



Half-year Report 2022

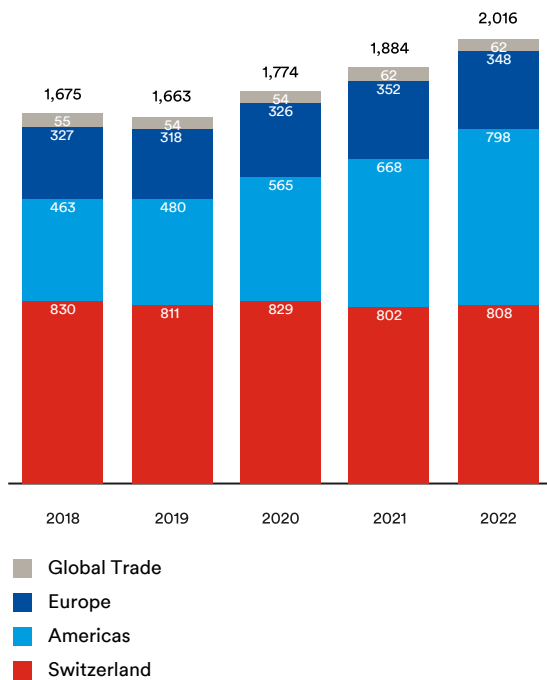
Best dairy
moments

Key figures Emmi Group

| in CHF million | First 6 months 2022 | First 6 months 2021 |
|---|---------------------|---------------------|
| Net sales | 2,016 | 1,884 |
| Sales development in % | 7.1 | 6.2 |
| Net sales increase in organic terms in % | 5.4 | 3.7 |
| Acquisition effect in % | 2.3 | 3.2 |
| Currency effect in % | -0.6 | -0.7 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 163.7 | 186.4 |
| as % of net sales | 8.1 | 9.9 |
| Earnings before interest and taxes (EBIT) | 108.6 | 129.4 |
| as % of net sales | 5.4 | 6.9 |
| Net profit | 78.1 | 98.7 |
| as % of net sales | 3.9 | 5.2 |
| Investment in fixed assets (excl. acquisitions) | 79.9 | 60.1 |
| as % of net sales | 4.0 | 3.2 |
| Headcount (full-time equivalents) as at 30.6. | 9,281 | 8,862 |
| Headcount (full-time equivalents) at half-year average | 9,274 | 8,690 |
| Net sales per employee in CHF 000s (average) | 217 | 217 |
| | 30.6.2022 | 31.12.2021 |
| Total assets | 2,539 | 2,471 |
| of which shareholders' equity incl. minority interests | 1,180 | 1,182 |
| as % of total assets | 46.5 | 47.8 |
| Market capitalisation | 4,975 | 5,756 |

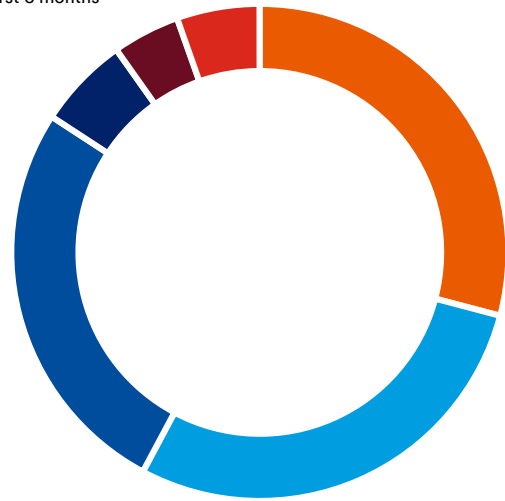
Net sales

in CHF million, first 6 months



Net sales by product group

first 6 months

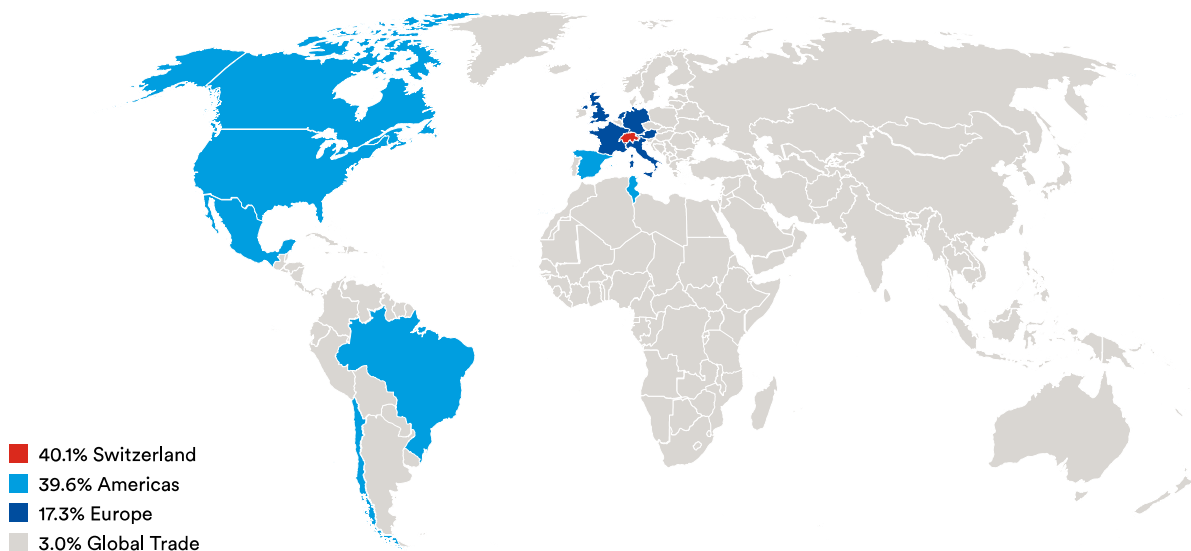


- 29.1% Dairy products
- 28.7% Cheese
- 26.4% Fresh products
- 6.0% Fresh cheese
- 4.4% Powder/concentrates
- 5.4% Other products/services

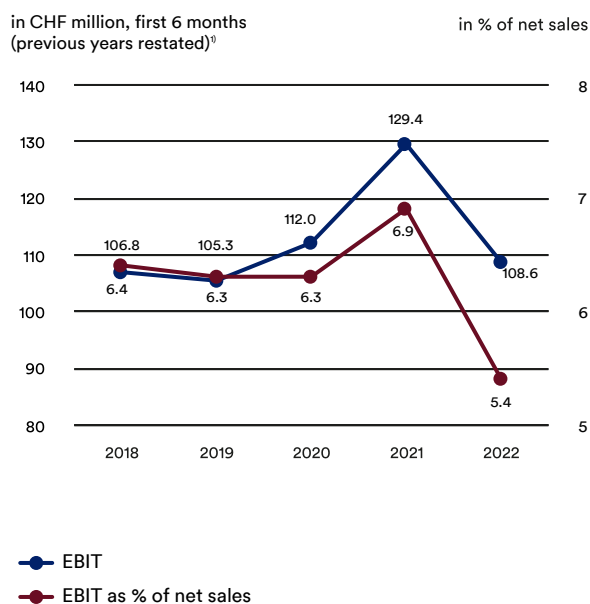
The companies in France have been part of division Europe since 1 January 2022 (previously division Americas). The previous year's figures have been restated accordingly.

Net sales by division

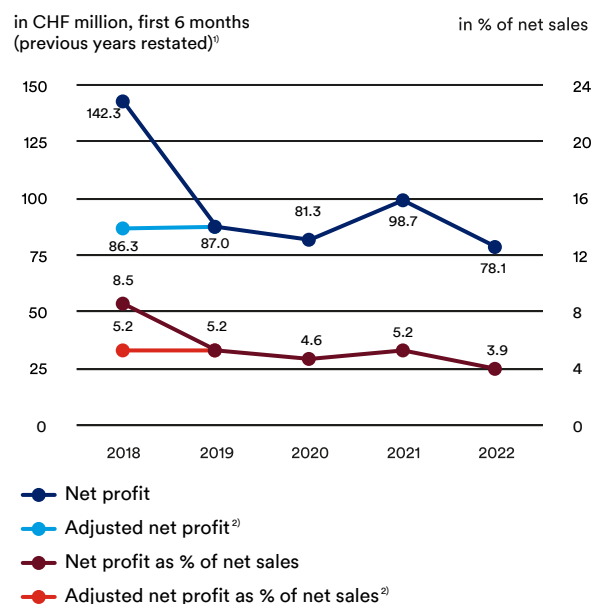
first 6 months



EBIT



Net profit



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

² The adjustment effect in 2018 arose from the gain on the sale of the minority interest in Icelandic Milk and Skyr Corporation ("siggi's").

Progress towards our targets as at the end of 2021



100% of employees have a development plan in place¹

58%

50% of all vacancies are filled by internal candidates¹

45%



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

20%

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

-7%

Vision netZERO 2050

50% reduction in waste (vs. 2017)

19%

50% less food waste¹ (vs. 2017)

13%

Zero waste disposal in landfills

4%

100% recyclable packaging

initiated



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

International

initiated

Switzerland

85%

Further development of the Swiss industry standard



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

3%

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

-2%

Reduction in water consumption along the value chain

Provisional target achievement levels as at 31 December 2021, taking into account acquisitions (Laticínios Porto Alegre, Leeb, Mexidelli, Pasticceria Quadrifoglio and Quillayes).

¹ Currently only Switzerland considered

Contents

Management report

- 6 Editorial
- 9 Our purpose
- 10 Our strategy
- 11 Our sustainability model
- 12 ESG at Emmi

Half-year results

- 13 Breakdown of the half-year results
- 22 Consolidated income statement
- 23 Consolidated balance sheet
- 24 Consolidated cash flow statement
- 25 Consolidated statement of changes in equity
- 26 Segment reporting
- 28 Notes to the half-year results

Editorial



Konrad Graber
Chairman BoD (right)

Urs Riedener
CEO (left)

Dear Shareholders

Economic and geopolitical upheaval and the suffering of the Ukrainian people have shaped the half-year. In addition, there are concerns about energy supply and the climate as well as a pandemic that refuses to subside. As people, society and companies, we have to adapt more and more quickly to a permanently changing environment.

“The needs of our stakeholders are at the centre of our strategy.”

Konrad Graber

Emmi is also constantly adapting in order to remain agile, efficient and relevant, and to continue to act innovatively and responsibly. By steadfastly pursuing and regularly validating our strategic direction and fostering a corporate culture that combines appreciation with a sense of purpose in individual activities, we are creating the best possible conditions for mutual long-term success.

Ambitiously developing strengths

In the spring, we honed our proven strategy, building on our strengths. Key future issues and the needs of our stakeholders are now anchored even more firmly at the centre of our activities. The same applies to our ambition to continue to operate our business in a resource-efficient, environmentally friendly and socially responsible manner on the basis of the Emmi sustainability model.

[› Our strategy, page 10](#) | [› Our sustainability model, page 11](#)

With the Emmi Purpose, we have also formalised why Emmi exists and what inspires us day after day: “Together, we create the best dairy moments – today and for generations to come.”

[› Our purpose, page 9](#)

On this basis, our teams have largely confirmed the resilience of our business model in an extremely challenging environment. With our locally based organisation, differentiated brand concepts and wide-ranging innovations, we have got people excited about our unique products and responded quickly to changing needs. At the same time, we have been able to counter spiralling purchasing, energy and logistics costs with targeted measures, some of which have taken effect with a time lag.

Half-year sales exceed CHF 2 billion for the first time

At CHF 2,016.5 million and organic growth of 5.4%, sales exceeded the two billion threshold for the first time. The main drivers were our international business, the continued recovery in the food service sector, and the sustained momentum of our innovative speciality desserts and brand concepts such as Emmi Caffè Latte.

This confirms our resolve to continue to drive forward our strategic alignment with a diversified product and country portfolio and its transformation, and to further strengthen our business in key markets and profitable niches. This also includes investments in the specialty cheese segment, where we successfully integrated the Athenos business in the USA, the leading US feta specialist acquired at the end of 2021. In addition, our resource-efficient new cheese plant in Emmen will start operations in autumn, positively impacting long-term value creation in central Switzerland.

“Emmi is also constantly adapting to remain agile, efficient and relevant.”

Urs Riedener

Broad-based dynamic

In our home market of Switzerland, we were able to slightly increase our sales. We achieved this despite the pandemic-related high volumes in the comparative period as well as the additional high import and price pressure exacerbated by the weakness of the euro. Differentiated brand concepts such as Emmi Caffè Latte and Emmi Energy Milk as well as the recovery of the food service and industrial customer business had a positive impact.

With impressive double-digit organic, price-driven growth, the dynamic continued in the division Americas. In Brazil, we were able to further expand our presence, and our companies in Mexico, Spain, Tunisia and the USA likewise recorded a good development.

The division Europe also contributed to the strong organic growth. Once again, our Italian speciality desserts and the continued momentum of Emmi Caffè Latte were the main contributors here. Adverse factors, on the other hand, included the normalisation of cheese sales compared with the high comparative figures influenced by the pandemic, particularly in the counter segment, and signs of a slowdown in demand fuelled by prices and exchange rates.

Input cost development dampens results

Overall, sales grew more strongly than operating results due to the delayed effect of cost-related sales price increases. This happened despite extensive measures to contain the continuing massive increase in raw material, other material, energy and logistics costs and persistent bottlenecks in the supply chain and in the labour market. Added to this, the war in Ukraine has fuelled cost increases and triggered uncertainty on the markets.

At CHF 108.6 million, EBIT decreased by 20.8 million compared with the prior-year period, corresponding to an EBIT margin of 5.4% (previous year: 6.9%). Net income amounted to CHF 78.1 million, a decrease of CHF 20.6 million compared with the first half of 2021. The net profit margin was 3.9% (previous year: 5.2%).

Uncertainty to continue into the second half of the year

There is no sign of brightening in the gloomy macro-economic and geopolitical situation, with a feedback effect on consumer demand and rising interest rate and currency risks. The strongly fluctuating infection figures are also a reminder that the coronavirus has not disappeared.

Accordingly, we will need to remain highly disciplined and cost-conscious also in the second half of the year and to pass on increases in purchasing prices in a responsible manner. The effect of the sales price increases is expected to contribute to an improvement in the margin situation over the course of the second half of the year. But in view of the challenging conditions and continuing historically high input costs, this will not fully offset the shortfall in the first half of the year.

While we are sticking to our medium-term forecast, we are slightly adjusting our outlook for the full year at EBIT level – from previously CHF 290 million to CHF 305 million to now CHF 265 million to CHF 280 million – as well as for the net profit margin at 4.5% to 5.0% (previously 5.0% to 5.5%). For sales development, we expect higher organic growth of 5% to 6% (previously 2.5% to 3.5%) due to input costs and inflation, with ranges for the division Americas of 10% to 12% (previously 6% to 8%), for the division Europe of 6% to 8% (previously 3% to 5%), and for the division Switzerland of 0.5% to 1.5% (previously -1% to 0%).

Focus on profitability

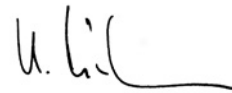
While the focus in the second half of 2022 will be on improving operational profitability, it remains important to continue to successfully shape Emmi's long-term development. Accordingly, we will continue to invest systematically in our employees, in successful products and in our brands, as well as in value-creating projects.

The sustainable design of our products and processes will also remain an integral part of our strategy. This will additionally strengthen our ability to create long-term value and remain attractive – especially for young people. Those who wait risk losing them as consumers.

We would like to thank you for the trust you have placed in Emmi and our brands and for your support along the way.



Konrad Graber
Chairman of the Board of Directors



Urs Riedener
CEO

The best dairy moments – dear to our hearts

Creating the best dairy moments is our passion. This is also expressed by the Emmi Purpose and guides our actions – today and in the future.

Taking responsibility for the long term has always been our hallmark. This innermost conviction is also expressed by our purpose. It stands for our passion to carefully produce high-quality dairy products and specialities that respect nature and people. Our purpose also guides our actions and the way we develop our business, our brands and our portfolio with integrity over the long term and create value for all our stakeholders.

While we operate our business sustainably and profitably and increasingly internationally, our Swiss roots and our high quality standards remain intact. The same applies to our ability to act in an entrepreneurial manner, to set trends with innovations and to manage an operational spectrum ranging from small artisanal businesses to state-of-the-art modern production facilities.

Proximity to the origin of our products, local roots and close cooperation with our regional milk suppliers also remain central to our responsible business model. With high-quality, regional and increasingly sustainably produced milk, we thus contribute to value creation in rural regions.

So that the best dairy moments become Emmi moments – today and for generations to come.

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



Further developing the tried and tested

Our sustainable economic success is based on a focused and proven strategy. As a recipe for a successful future we have now refined our approach.

We have built on our unique heritage in producing high-quality dairy products to forge a new path centred around our responsible business model and proven strategy.

Complemented by targeted acquisitions, we have thus grown from a regionally anchored organisation into an internationally successful group. With strong brand concepts, relevant innovations and a diversified portfolio, and supported by a highly agile, locally anchored organisation, we have also emerged successful from the stress test of a global crisis. Even if the unprecedented development of input costs is holding us back slightly in

the short term, we want to use this good starting position to expand our strengths in a targeted manner and to continue to operate competitively and successfully going forward. Having honed our proven strategy, we are integrating relevant future aspects and the changing needs of our stakeholders even more firmly within our business model.

As a recipe for a successful future, the Emmi Purpose and our strategy help us to focus on doing the right thing, to take responsibility for tomorrow and to be as well prepared as possible for change in a volatile world.



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 shared 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.



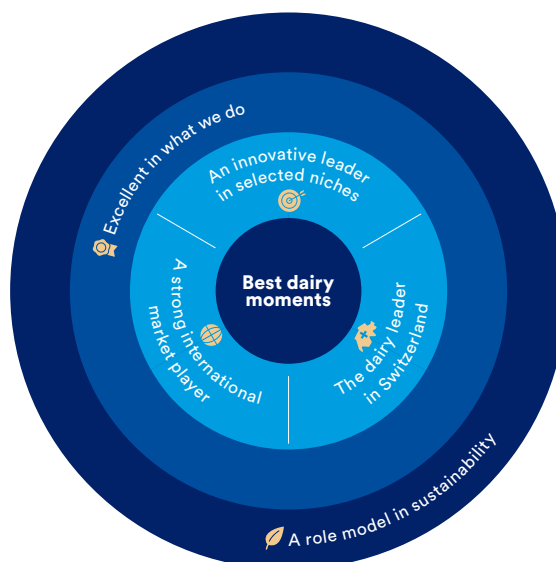
Excellent in what we do

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.

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.

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.

Stakeholder matrix

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.

Breakdown of the half-year results

Sales

Emmi generated sales of CHF 2,016.5 million in the first half of financial year 2022, compared with CHF 1,883.6 million in the prior-year period. This corresponds to total growth of 7.1%. Adjusted for overall positive acquisition effects of 2.3% and net negative foreign currency effects of 0.6%, organic growth was a pleasing 5.4%. This is significantly above our own forecast for the full year (2.5% to 3.5%). The international business again stood out with high organic growth momentum in the divisions Americas (11.8%) and Europe (6.5%), while the division Switzerland remained largely stable with organic growth of 0.8%.

Business development in the first half of 2022 was characterised by massive cost increases for raw materials, other materials, logistics and energy as well as ongoing disruptions in global supply chains exacerbated by highly inflationary trends. Organic growth, particularly in the international divisions, was therefore strongly influenced by input cost-related and inflation-induced price effects. In the division Americas, sales growth was primarily attributable to the growth markets of Brazil, Mexico and Tunisia, in addition to the companies in the USA and Spain. Growth in the division Europe was driven mainly by the sustained dynamic and innovative strength of our Italian dessert companies, as well as by the continued positive development of Emmi Caffè Latte in all European markets. The division Switzerland also increased sales slightly. In addition to price effects and a positive development of brand concepts, the recovery of the food service and industrial customer business after the coronavirus-related declines in previous years helped to compensate for the volume decline in the retail business. This expected decline was due to a normalisation of purchasing volumes following the brisk activity seen in the preceding years due to the pandemic, as well as to continuing high import and price pressure, which was additionally fuelled by the weakness of the euro.

The positive acquisition effect was due to the acquisition of the Athenos business in the USA, Emmi's most important foreign 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 had no impact on the Group.

The companies in France have been part of division Europe since 1 January 2022 (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 performance Switzerland

| in CHF million | Sales 1HY 2022 | Sales 1HY 2021 | Difference 2022/2021 | Acquisition effect | Organic growth |
|--------------------------|-------------------|-------------------|-------------------------|-----------------------|-------------------|
| Dairy products | 323.0 | 330.2 | -2.2 % | – | -2.2 % |
| Cheese | 182.2 | 189.2 | -3.7 % | – | -3.7 % |
| Fresh products | 177.0 | 172.4 | 2.7 % | – | 2.7 % |
| Fresh cheese | 52.1 | 53.0 | -1.8 % | – | -1.8 % |
| Powder/concentrates | 38.3 | 26.8 | 42.9 % | – | 42.9 % |
| Other products/services | 35.5 | 30.2 | 17.5 % | – | 17.5 % |
| Total Switzerland | 808.1 | 801.8 | 0.8 % | – | 0.8 % |

The division Switzerland generated net sales of CHF 808.1 million compared with CHF 801.8 million in the same period of the previous year. The resulting organic growth of 0.8% is above our own forecast for the full year (-1% to 0%). In addition to price effects, the recovery of the food service and industrial customer business following the coronavirus-related declines in the preceding years was partly responsible for this growth. Sales of differentiated brand concepts such as Emmi Caffè Latte and Emmi Energy Milk also continued to perform well. These positive effects were offset by the expected volume declines in the retail business, reflecting on the one hand a normalisation of the previous years, which were dominated by the pandemic, and on the other the persistently high import and price pressure exacerbated by the weakness of the euro. The division Switzerland accounted for 40.1% of Group sales (previous year: 42.5%).

Sales of **dairy products** (milk, cream and butter) decreased in the first half of 2022 from CHF 330.2 million to CHF 323.0 million. The organic decline of 2.2% reflects the significantly lower sales volumes in the retail trade, especially for milk, and was only partially offset by price effects.

The **cheese** segment recorded a decline of 3.7% to CHF 182.2 million compared with CHF 189.2 million in the same period of the previous year. This decrease mainly relates to traditional cheese varieties in the retail business, which essentially represents a further normalisation of purchasing volumes after the preceding years, which were dominated by the pandemic.

With **fresh products**, organic growth of 2.7% was achieved with an increase from CHF 172.4 million to CHF 177.0 million. The main drivers of this pleasing growth were in particular the proven brand concepts Emmi Caffè Latte and Emmi Energy Milk.

Sales of **fresh cheese** were down from CHF 53.0 million to CHF 52.1 million. This corresponds to an organic decline of 1.8%, which in turn was due to the contraction in volumes in the retail trade, especially affecting quark.

The **powder/concentrates** segment posted sales of CHF 38.3 million, compared with CHF 26.8 million in the prior-year period. The organic growth of 42.9% was based on higher sales volumes of milk powder to industrial customers following pandemic-related losses in previous years.

Other products/services saw organic sales growth of 17.5%, up from CHF 30.2 million to CHF 35.5 million, primarily due to increased sales of vegan products under the beleaf brand.

Sales performance Americas

| in CHF million | Sales 1HY 2022 | Sales 1HY 2021 | Difference 2022/2021 | Acquisition effect | Currency effect | Organic growth |
|-------------------------|-------------------|-------------------|-------------------------|-----------------------|--------------------|-------------------|
| Cheese | 307.1 | 249.1 | 23.3 % | 17.5 % | 3.4 % | 2.4 % |
| Dairy products | 212.3 | 188.5 | 12.6 % | – | -2.5 % | 15.1 % |
| Fresh products | 159.0 | 140.2 | 13.4 % | – | -0.5 % | 13.9 % |
| Fresh cheese | 47.1 | 32.9 | 43.3 % | – | 10.9 % | 32.4 % |
| Powder/concentrates | 19.0 | 12.5 | 52.2 % | – | 13.0 % | 39.2 % |
| Other products/services | 54.1 | 44.8 | 20.5 % | 0.7 % | -0.6 % | 20.4 % |
| Total Americas | 798.6 | 668.0 | 19.6 % | 6.6 % | 1.2 % | 11.8 % |

The division Americas includes the Emmi Group companies in the USA, Brazil, Spain, Tunisia, Chile, Mexico and Canada. 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.

Sales in the division Americas increased in the first half of 2022 from CHF 668.0 million to CHF 798.6 million. In addition to the acquisition effect related to the Athenos business with feta specialities in the USA, the total growth of 19.6% is chiefly attributable to the high organic growth of 11.8% driven by input cost-related and inflation-induced price effects. This significantly exceeded our own forecast for full-year 2021 (6% to 8%) in the first half of the year. The division Americas accounted for 39.6% of Group sales (previous year: 35.5%) and thus almost corresponds to the figure for the division Switzerland (40.1%).

Sales in the **cheese** segment amounted to CHF 307.1 million, compared with CHF 249.1 million in the same period last year, representing an overall increase of 23.3%. Adjusted for the acquisition effect from the purchase of the Athenos business in the USA and negative currency effects, organic growth was 2.4%. A significant positive contribution was made in particular by the companies in the USA, both with locally produced cheese specialities and those imported from Switzerland. The trading business in Mexico also recorded a positive development. However, the decline in sales in Chile due to distribution difficulties hampered performance in this segment.

Sales of **dairy products** rose by 12.6% overall, from CHF 188.5 million to CHF 212.3 million. After adjusting for negative currency effects, this resulted in significant organic growth of 15.1%. Brazil was the main driver of this development thanks to positive price effects and the start-up of a new factory for UHT milk in the previous year. In addition, Spain made a positive contribution to the dynamic sales growth with milk, as did Tunisia with butter.

Sales of **fresh products** also posted a significant increase of 13.4% from CHF 140.2 million to CHF 159.0 million. The largest contribution to organic growth of 13.9% was made by the speciality desserts produced in the USA. It is also pleasing to note that Emmi Caffè Latte in Spain was able to translate its momentum into increased sales, likewise providing a significant contribution to organic growth.

Sales in the **fresh cheese** and **powder/concentrates** segments, at CHF 47.1 million and CHF 19.0 million respectively, are of less significance for the division, but nevertheless recorded high organic growth of 32.4% and 39.2% respectively, especially in Brazil.

Other products/services generated sales of CHF 54.1 million, which corresponds to 20.4% organic growth. This was primarily due to increased sales of vegan products in Spain and California and to the trading business in Mexico.

Sales performance Europe

| in CHF million | Sales 1HY 2022 | Sales 1HY 2021 | Difference 2022/2021 | Acquisition effect | Currency effect | Organic growth |
|-------------------------|-------------------|-------------------|-------------------------|-----------------------|--------------------|-------------------|
| Fresh products | 178.7 | 171.3 | 4.3 % | – | -5.7 % | 10.0 % |
| Cheese | 59.5 | 78.5 | -24.3 % | -8.4 % | -4.5 % | -11.4 % |
| Dairy products | 50.5 | 46.4 | 8.7 % | – | -6.6 % | 15.3 % |
| Fresh cheese | 21.3 | 18.2 | 17.6 % | – | -7.2 % | 24.8 % |
| Powder/concentrates | 19.6 | 19.8 | -0.9 % | – | -6.0 % | 5.1 % |
| Other products/services | 18.5 | 17.7 | 5.1 % | – | -6.7 % | 11.8 % |
| Total Europe | 348.1 | 351.9 | -1.1 % | -1.9 % | -5.7 % | 6.5 % |

The division Europe incorporates the Emmi Group companies in Germany, Italy, the Netherlands, France, the UK and Austria. 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.

Sales in the division Europe amounted to CHF 348.1 million in the first half of 2022. Compared with CHF 351.9 million in the prior year, this constitutes a decline in sales of 1.1%. Excluding negative acquisition and currency effects, organic growth was 6.5%, above our expectations for the full year (3% to 5%). Input cost-related and inflation-induced price effects also had a strong impact on sales development in the division Europe. The division Europe accounted for 17.3% of Group sales (previous year: 18.7%).

Sales of **fresh products** were CHF 178.7 million, corresponding to growth of 4.3%. Adjusted for negative currency effects, organic growth was a pleasing 10.0%. This is mainly attributable to business with innovative speciality desserts from Italy and the continued positive momentum of Emmi Caffè Latte in all European markets.

In the **cheese** segment, sales amounted to CHF 59.5 million versus CHF 78.5 million in the same period of the previous year, representing a decline of 24.3% or 11.4% in organic terms. The decrease mainly affected Germany and the Netherlands with cheese specialities imported from Switzerland. This development was attributable to normalising sales compared with the high volumes of the prior-year period influenced by the pandemic, particularly at cheese counters, reinforced by signs of a slowdown in demand fuelled by prices and exchange rates.

Sales in the **dairy products** segment rose by 8.7% from CHF 46.4 million in the prior-year period to CHF 50.5 million. Organic growth amounted to 15.3%, mainly attributable to the increase in organic milk from Gläserne Molkerei in Germany.

In the **fresh cheese** segment, sales amounted to CHF 21.3 million compared with CHF 18.2 million in the same period of the previous year, representing growth of 17.6% or 24.8% in organic terms. This growth reflects the continued recovery of fresh goat's cheese sales at Bettinehoeve in the Netherlands. During the pandemic, sales had temporarily slumped due to the high proportion of sales in the food service business.

Sales generated with **powder/concentrates** decreased by 0.9% to CHF 19.6 million, compared with CHF 19.8 million in the same period of the previous year. However, organic sales grew by 5.1% due to the goat's milk powder business in the Netherlands.

In **other products/services**, the smallest segment by amounts, the division Europe generated sales of CHF 18.5 million, up from CHF 17.7 million in the prior-year period.

Sales performance Global Trade

| in CHF million | Sales 1HY 2022 | Sales 1HY 2021 | Difference 2022/2021 | Acquisition effect | Organic growth |
|---------------------------|-------------------|-------------------|-------------------------|-----------------------|-------------------|
| Cheese | 30.3 | 25.4 | 19.5 % | 26.0 % | -6.5 % |
| Fresh products | 18.2 | 17.7 | 2.8 % | – | 2.8 % |
| Powder/concentrates | 11.9 | 16.8 | -29.1 % | – | -29.1 % |
| Dairy products | 0.8 | 1.3 | -42.1 % | – | -42.1 % |
| Other products/services | 0.5 | 0.7 | -27.8 % | – | -27.8 % |
| Total Global Trade | 61.7 | 61.9 | -0.4 % | 10.6 % | -11.0 % |

The division Global Trade primarily comprises direct sales and exports of surpluses 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: 3.3%).

Sales of CHF 61.7 million were reported by the division Global Trade in the first half of 2022, compared with CHF 61.9 million in the same period of the previous year. Adjusted for acquisition effects, the overall decrease of 0.4% corresponded to an organic decline of 11.0%.

The organic decline in sales of 6.5% in the **cheese** segment was primarily due to the discontinuation of deliveries to Russia. Organic growth of 2.8% was achieved in the **fresh products** segment. This positive development was primarily driven by growing sales of yogurt in the Asian region. The decline of 29.1% in the **powder/concentrates** segment reflects lower exports of surpluses of skimmed milk powder, which were necessary in the prior-year period due to lower domestic sales.

Gross profit

Gross profit amounted to CHF 707.4 million in the first half of the year (previous year: CHF 699.8 million), an increase of CHF 7.6 million. While organic growth and the acquisition of the Athenos business in the USA in the previous year had a positive impact on gross profit, overall negative foreign exchange effects and in particular the significantly lower **gross profit margin** of 35.1% (compared with high 37.2% in the prior-year period) had a negative impact. Massively higher input costs and the delayed effect of sales price increases led to this development. Despite extensive measures, in particular sales price increases to contain the strongly negative effects, some of which were further aggravated by the war in Ukraine, and due to continuing bottlenecks in global supply chains and on the labour market, it has so far only been possible to offset part of the additional costs. These negative effects were mitigated by further strategic progress in the transformation of the company and product portfolio, and by the further intensification of measures to increase productivity and in procurement.

Operating result

Year-on-year **operating expenses** rose by CHF 30.5 million to CHF 545.8 million (previous year: CHF 515.3 million). Massive cost increases were also reflected here. These primarily related to logistics and energy costs, although they were more than offset by lower personnel, marketing and sales expenses in relation to sales. Overall, operating expenses as a percentage of sales therefore decreased marginally from 27.4% in the prior-year period to 27.1%. However, this only slightly reduced the decline in the gross profit margin, which ultimately impacted profitability.

Personnel expenses increased to CHF 281.6 million from CHF 268.8 million in the prior-year period. The increase of CHF 12.8 million was lower than the growth in sales, falling from 14.3% in the same period of the previous year to 14.0% in the first half of 2022. Although this relationship was more or less stable from an organic perspective, the main reason for the relative decline was the effect from the acquisition of the Athenos business in the USA.

Other operating expenses amounted to CHF 264.3 million in the period under review (previous year: CHF 246.5 million) and increased by CHF 17.8 million year on year. As a result of the war in Ukraine and the ongoing disruptions to global supply chains, energy and logistics costs in particular spiked once again. These cost increases were offset by savings in marketing and sales expenses, which decreased to CHF 60.6 million from CHF 67.7 million in the same period last year. Other operating expenses as a percentage of total sales thus remained constant at 13.1%.

Other operating income in the first half amounted to CHF 2.1 million, versus CHF 1.9 million in the prior-year period.

As a result of this development, **earnings before interest, taxes, depreciation and amortization (EBITDA)** fell by CHF 22.7 million to CHF 163.7 million in the first half of 2022 (previous year: CHF 186.4 million). The **EBITDA margin** consequently amounted to 8.1%, compared with 9.9% in the same period last year.

Depreciation on property, plant and equipment decreased by CHF 3.3 million from CHF 52.2 million to CHF 48.9 million in the reporting period. On the other hand, **amortisation on intangible assets** increased slightly from CHF 4.8 million to CHF 6.2 million.

Earnings before interest and taxes (EBIT) came in at CHF 108.6 million and were thus CHF 20.8 million below the EBIT of the prior-year period (CHF 129.4 million). As a result of the input cost-driven margin development described above, the **EBIT margin** also fell, dropping to 5.4% in the first half of 2022 (previous year: 6.9%). The margin shortfall at gross profit level was thus only partially reduced by lower operating expenses and depreciation on property, plant and equipment compared with sales.

Non-recurring effects in the half-year results 2022

No significant non-recurring effects were recorded in the period under review or in the prior-year period. For this reason, Emmi has opted not to disclose adjusted results.

Income from associates, financial result and income taxes

Income from associates and joint ventures recorded a gain of CHF 0.1 million in the first half of 2022 compared with CHF 3.1 million in the same period of the previous year.

The **financial result** (net financial expenses) rose by CHF 6.3 million year on year to CHF 10.5 million (previous year: CHF 4.2 million). This increase reflects a poorer foreign currency result due to higher hedging costs and a higher net interest expense. This was the outcome of the bond issued at the end of the previous year to finance the acquisition of the Athenos business in the USA coupled with the general increase in financing costs.

Income taxes amounted to CHF 17.2 million in the reporting period versus CHF 21.2 million in the prior-year period. The expected tax rate for full-year 2022 was 17.5% (previous year: 16.5%).

Net profit

Net profit including minority interests was CHF 81.0 million, compared with CHF 107.1 million in the prior-year period.

The share of **minority interests** in net profit was CHF 2.9 million, down from CHF 8.4 million in the prior-year period. The decrease of CHF 5.5 million is due to lower results from companies with minority interests as well as acquisitions of minority interests in the first half of the year.

After deducting minority interests, **net profit** was thus CHF 78.1 million (previous year: CHF 98.7 million). Accordingly, net profit fell by CHF 20.6 million or 20.8%. The **net profit margin** amounted to 3.9% (previous year: 5.2%) and **earnings per share** stood at CHF 14.61 at the end of the first half-year (previous year: CHF 18.45).

Assets, financing and cash flow

Total assets as at 30 June 2022 increased by CHF 68.0 million or 2.8% to CHF 2,539.4 million compared with 31 December 2021. **Operating net working capital** amounted to CHF 644.5 million, an increase of CHF 55.1 million versus 31 December 2021. At 9.4%, this increase was steeper than the growth in sales and resulted primarily from higher inventories, also to ensure the ability to deliver. Non-current assets recorded a total increase of CHF 38.0 million, mainly due to higher investments in property, plant and equipment compared with depreciation. On the financing side, short-term bank debt increased by CHF 49.2 million, while long-term bank debt decreased by CHF 12.8 million. The slightly higher financial debt combined with the lower cash and cash equivalents resulted in a **net debt** of CHF 509.3 million as at 30 June 2022, versus CHF 389.4 million as at 31 December 2021. The **equity ratio** was 46.5% as at 30 June 2022, compared with a slightly higher 47.8% as at 31 December 2021.

Cash inflow from operating activities amounted to CHF 53.4 million, down CHF 46.7 million on the previous-year figure of CHF 100.1 million. This negative deviation was driven by declines in profitability at EBITDA level and by the development of net working capital. The increase in net working capital impacted cash flow from operating activities by a total of CHF 71.9 million in the period under review. In the same period of the previous year, this figure was lower at CHF 41.3 million. In addition to sales growth, the year-on-year net increase in investments in operating net working capital was mainly due to the integration of the Athenos business in the USA. In the case of other receivables and prepayments and accrued income, the higher increase compared with the previous year resulted primarily from a margin call paid to hedge interest rate and currency risks for the long term. By contrast, lower tax payments had a positive impact on cash flow from operating activities. **Cash outflow from investing activities** was CHF 107.2 million, CHF 41.9 million above the previous year's figure of CHF 65.3 million. Investments in property, plant and equipment increased by CHF 18.1 million year on year, driven by major strategic projects, and amounted to CHF 79.4 million in the first half of the year. Cash outflow from acquisition activities also posted an increase to CHF 23.5 million from the low level of CHF 0.7 million in the same period of the previous year. Excluding the cash flow from acquisition activities, **free cash flow** was negative in the amount of CHF 30.3 million compared to a positive free cash flow of CHF 35.5 million in the same period of the previous year. **Cash outflow from financing activities** amounted to CHF 28.6 million and resulted mainly from dividend payments to shareholders and minority shareholders totalling CHF 75.9 million and cash inflow from additional financial liabilities. In the previous year, cash outflow from financing activities amounted to CHF 82.8 million, with a net cash outflow resulting from the change in financial liabilities. As a consequence of the cash flows described, **cash and cash equivalents** decreased by CHF 81.6 million versus 31 December 2021, from CHF 247.3 million to CHF 165.7 million.

Outlook for full-year 2022

There is no foreseeable brightening in the generally gloomy economic and geopolitical conditions, characterised by inflation, massively higher input, logistics and energy costs, as well as the war in Ukraine and the resulting pressure on margins. Added to this are rising risks of a wage-price spiral and potentially unfavourable developments in interest rates, exchange rates and the further course of the pandemic. The greatest uncertainty factor is the supply of gas and electricity.

The sales price increases will continue to have an impact in the second half of 2022, but will not fully compensate for the losses incurred in the first half of 2022, also due to the uncertain consumer demand in the overall economic context. Thanks to the consistent and disciplined implementation of its strategic priorities with a focus on differentiated brand concepts, the development of profitable niches and the acceleration of its ongoing excellence and efficiency programmes, Emmi believes it is on course to counteract these strongly negative effects, which will continue to persist in the second half of 2022.

Emmi remains well positioned strategically and is sticking to its medium-term forecast. For the full year 2022, Emmi expects organic growth at Group level of 5% to 6% (previously 2.5% to 3.5%), driven by higher input costs and inflation. In a market for dairy products that remains extremely competitive and is subject to high import and price pressure, including consumer tourism – exacerbated, in turn, by the weak euro – Emmi forecasts stable to slightly positive organic sales growth of between 0.5% and 1.5% (previously -1% and 0%) for the division Switzerland. In the international business, dynamic growth is expected to continue, with organic growth in the division Americas of 10% to 12% (previously 6% to 8%) and in the division Europe of 6% to 8% (previously 3% to 5%).

At EBIT level, Emmi expects a slightly lower result of CHF 265 million to 280 million (previously CHF 290 million to 305 million) and a net profit margin of 4.5% to 5.0% (previously 5.0% to 5.5%) due to the prevailing adverse conditions and persistently high input costs, some of which will continue to rise.

Consolidated income statement

in CHF 000s

| | First 6 months 2022 | % | First 6 months 2021 | % |
|---|---------------------|--------------|---------------------|--------------|
| Sales of products | 2,002,330 | | 1,869,367 | |
| Sales of services | 14,144 | | 14,222 | |
| Net sales | 2,016,474 | 100.0 | 1,883,589 | 100.0 |
| Change in inventories of semi-finished and finished products | 18,694 | -0.9 | -5,980 | 0.3 |
| Cost of materials and services | -1,327,738 | 65.8 | -1,177,795 | 62.5 |
| Gross profit | 707,430 | 35.1 | 699,814 | 37.2 |
| Other operating income | 2,115 | 0.1 | 1,901 | 0.1 |
| Personnel expenses | -281,571 | 14.0 | -268,752 | 14.3 |
| Other operating expenses | -264,276 | 13.1 | -246,547 | 13.1 |
| Operating expenses | -545,847 | 27.1 | -515,299 | 27.4 |
| Earnings before interest¹⁾, taxes, depreciation and amortisation (EBITDA) | 163,698 | 8.1 | 186,416 | 9.9 |
| Depreciation on property, plant and equipment | -48,867 | 2.4 | -52,242 | 2.8 |
| Amortisation on intangible assets | -6,193 | 0.3 | -4,774 | 0.2 |
| Earnings before interest¹⁾ and taxes (EBIT) | 108,638 | 5.4 | 129,400 | 6.9 |
| Income from associates and joint ventures | 105 | | 3,073 | |
| Financial result | -10,506 | | -4,238 | |
| Earnings before taxes (EBT) | 98,237 | 4.9 | 128,235 | 6.8 |
| Income taxes | -17,191 | | -21,159 | |
| Profit incl. minority interests | 81,046 | 4.0 | 107,076 | 5.7 |
| Minority interests | -2,912 | | -8,391 | |
| Net profit | 78,134 | 3.9 | 98,685 | 5.2 |
| Earnings per share (diluted/basic in CHF) | 14.61 | | 18.45 | |

¹⁾ 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 | 30.6.2022 | % | 31.12.2021 | % |
|--|------------------|--------------|------------------|--------------|
| Cash and cash equivalents | 165,726 | | 247,281 | |
| Securities | 2,946 | | 9,287 | |
| Trade receivables | 459,895 | | 475,084 | |
| Other receivables | 92,588 | | 61,135 | |
| Inventories | 519,871 | | 434,844 | |
| Prepayments and accrued income | 62,780 | | 46,212 | |
| Current assets | 1,303,806 | 51.3 | 1,273,843 | 51.5 |
| Investments in associates and joint ventures | 17,707 | | 18,144 | |
| Loans and other receivables | 16,093 | | 12,475 | |
| Securities | 8,141 | | 7,879 | |
| Employer contribution reserves | 1,670 | | 2,048 | |
| Deferred tax assets | 4,288 | | 2,714 | |
| Total financial assets | 47,899 | | 43,260 | |
| Prepayments and accrued income | 5,331 | | 5,305 | |
| Property, plant and equipment | 1,050,759 | | 1,015,418 | |
| Intangible assets | 131,585 | | 133,561 | |
| Non-current assets | 1,235,574 | 48.7 | 1,197,544 | 48.5 |
| Total assets | 2,539,380 | 100.0 | 2,471,387 | 100.0 |

Liabilities and shareholders' equity

| | | | | |
|--|------------------|--------------|------------------|--------------|
| Bank overdrafts | 153,855 | | 104,623 | |
| Finance lease liabilities | 727 | | 550 | |
| Loans | 32 | | 1,217 | |
| Trade payables | 335,285 | | 320,578 | |
| Other payables | 34,956 | | 22,807 | |
| Accrued liabilities and deferred income | 211,057 | | 199,314 | |
| Provisions | 5,572 | | 10,042 | |
| Current liabilities | 741,484 | 29.2 | 659,131 | 26.7 |
| Bank overdrafts | 38,453 | | 51,258 | |
| Finance lease liabilities | 505 | | 387 | |
| Loans | 946 | | 888 | |
| Bonds | 499,520 | | 499,520 | |
| Accrued liabilities and deferred income | 5,976 | | 8,530 | |
| Provisions | 72,054 | | 69,997 | |
| Non-current liabilities | 617,454 | 24.3 | 630,580 | 25.5 |
| Liabilities | 1,358,938 | 53.5 | 1,289,711 | 52.2 |
| Share capital | 53,498 | | 53,498 | |
| Capital reserves | 2,088 | | 2,088 | |
| Retained earnings | 1,017,808 | | 1,025,424 | |
| Shareholders' equity excl. minority interests | 1,073,394 | 42.3 | 1,081,010 | 43.7 |
| Minority interests | 107,048 | 4.2 | 100,666 | 4.1 |
| Shareholders' equity incl. minority interests | 1,180,442 | 46.5 | 1,181,676 | 47.8 |
| Total liabilities and shareholders' equity | 2,539,380 | 100.0 | 2,471,387 | 100.0 |

Consolidated cash flow statement

in CHF 000s

| | First 6 months 2022 | First 6 months 2021 |
|---|---------------------|---------------------|
| Profit incl. minority interests | 81,046 | 107,076 |
| Net interest expense | 6,366 | 3,388 |
| Income taxes | 17,191 | 21,159 |
| Result from sale of fixed assets | -488 | -423 |
| Depreciation and amortisation | 54,848 | 54,532 |
| Impairment charges | 212 | 2,484 |
| Change in provisions | -3,722 | 729 |
| Income from associates and joint ventures | -105 | -3,073 |
| Other non-cash adjustments | -2,349 | -10,817 |
| Cash flow before changes in net working capital, interest and taxes | 152,999 | 175,055 |
| Change in inventories | -82,659 | -71,054 |
| Change in trade receivables | 15,898 | 43,192 |
| Change in other receivables, prepayments and accrued income | -43,911 | -25,447 |
| Change in trade payables | 15,295 | -11,940 |
| Change in other payables, accrued liabilities and deferred income | 23,514 | 23,948 |
| Interest paid | -2,958 | -2,206 |
| Taxes paid | -24,777 | -31,432 |
| Cash flow from operating activities | 53,401 | 100,116 |
| Investments in property, plant and equipment | -79,394 | -61,276 |
| Proceeds from disposal of property, plant and equipment | 913 | 475 |
| Investments in intangible assets | -1,937 | -2,582 |
| Acquisition of consolidated investments/minority interests | -23,541 | -662 |
| Change in loans receivable | -4,231 | -2,025 |
| Dividend received | 510 | 555 |
| Interest received | 476 | 238 |
| Cash flow from investing activities | -107,204 | -65,277 |
| Change in other current financial liabilities | 44,015 | -7,122 |
| Change in other non-current financial liabilities | -2,200 | -2,992 |
| Share of minority interests in capital increase of a group company | 5,460 | - |
| Dividend paid to shareholders | -74,897 | -69,548 |
| Dividend paid to minority interests | -976 | -3,184 |
| Cash flow from financing activities | -28,598 | -82,846 |
| Currency translation | 846 | 3,260 |
| Net change in cash and cash equivalents | -81,555 | -44,747 |
| Cash and cash equivalents at beginning of period | 247,281 | 294,671 |
| Cash and cash equivalents at end of period | 165,726 | 249,924 |

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 as at 1 January 2021 | 53,498 | 2,088 | 1,179,718 | -108,267 | 1,071,451 | 1,127,037 | 106,029 | 1,233,066 |
| Profit incl. minority interests | – | – | 98,685 | – | 98,685 | 98,685 | 8,391 | 107,076 |
| Currency translation differences | – | – | – | 9,713 | 9,713 | 9,713 | 3,734 | 13,447 |
| Dividend | – | – | -69,548 | – | -69,548 | -69,548 | -3,184 | -72,732 |
| Shareholders' equity as at 30 June 2021 | 53,498 | 2,088 | 1,208,855 | -98,554 | 1,110,301 | 1,165,887 | 114,970 | 1,280,857 |
| Shareholders' equity as at 1 January 2022 | 53,498 | 2,088 | 1,144,526 | -119,102 | 1,025,424 | 1,081,010 | 100,666 | 1,181,676 |
| Capital increase of a group company | – | – | – | – | – | – | 5,460 | 5,460 |
| Offset goodwill | – | – | -13,351 | – | -13,351 | -13,351 | – | -13,351 |
| Acquisition of minority interests | – | – | – | – | – | – | -3,717 | -3,717 |
| Profit incl. minority interests | – | – | 78,134 | – | 78,134 | 78,134 | 2,912 | 81,046 |
| Currency translation differences | – | – | – | 2,498 | 2,498 | 2,498 | 2,703 | 5,201 |
| Dividend | – | – | -74,897 | – | -74,897 | -74,897 | -976 | -75,873 |
| Shareholders' equity as at 30 June 2022 | 53,498 | 2,088 | 1,134,412 | -116,604 | 1,017,808 | 1,073,394 | 107,048 | 1,180,442 |

Segment reporting

in CHF 000s

| Net sales by product groups and divisions | Switzerland | | Americas | | Europe | | Global Trade | | Group | |
|---|----------------|----------|----------------|--------------------------------------|----------------|--------------------------------------|---------------|----------|------------------|-----------|
| | 1HY 2022 | 1HY 2021 | 1HY 2022 | 1HY 2021 (restated) ¹⁾ | 1HY 2022 | 1HY 2021 (restated) ¹⁾ | 1HY 2022 | 1HY 2021 | 1HY 2022 | 1HY 2021 |
| Dairy products | 322,972 | 330,209 | 212,333 | 188,544 | 50,470 | 46,429 | 784 | 1,353 | 586,559 | 566,535 |
| as % of net sales | 40.0 | 41.2 | 26.6 | 28.2 | 14.5 | 13.2 | 1.3 | 2.2 | 29.1 | 30.1 |
| Cheese | 182,201 | 189,226 | 307,116 | 249,060 | 59,437 | 78,540 | 30,321 | 25,375 | 579,075 | 542,201 |
| as % of net sales | 22.6 | 23.6 | 38.4 | 37.3 | 17.1 | 22.3 | 49.1 | 41.0 | 28.7 | 28.8 |
| Fresh products | 177,039 | 172,340 | 159,004 | 140,203 | 178,656 | 171,299 | 18,166 | 17,674 | 532,865 | 501,516 |
| as % of net sales | 21.9 | 21.5 | 19.9 | 21.0 | 51.3 | 48.7 | 29.4 | 28.5 | 26.4 | 26.6 |
| Fresh cheese | 52,043 | 53,002 | 47,098 | 32,859 | 21,346 | 18,151 | – | – | 120,487 | 104,012 |
| as % of net sales | 6.4 | 6.6 | 5.9 | 4.9 | 6.2 | 5.2 | – | – | 6.0 | 5.5 |
| Powder/ concentrates | 38,335 | 26,819 | 19,018 | 12,495 | 19,590 | 19,766 | 11,891 | 16,781 | 88,834 | 75,861 |
| as % of net sales | 4.7 | 3.3 | 2.4 | 1.9 | 5.6 | 5.6 | 19.3 | 27.1 | 4.4 | 4.0 |
| Other products and services | 35,489 | 30,199 | 54,040 | 44,831 | 18,580 | 17,679 | 545 | 755 | 108,654 | 93,464 |
| as % of net sales | 4.4 | 3.8 | 6.8 | 6.7 | 5.3 | 5.0 | 0.9 | 1.2 | 5.4 | 5.0 |
| Net sales | 808,079 | 801,795 | 798,609 | 667,992 | 348,079 | 351,864 | 61,707 | 61,938 | 2,016,474 | 1,883,589 |
| as % of Group | 40.1 | 42.5 | 39.6 | 35.5 | 17.3 | 18.7 | 3.0 | 3.3 | 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 | 1HY 2022 | in % | 1HY 2021 | in % |
|-------------------------------|------------------|--------------|-----------|-------|
| Switzerland | 808,079 | 40.1 | 801,795 | 42.5 |
| Europe excl. Switzerland | 451,503 | 22.4 | 457,564 | 24.3 |
| North and South America | 630,587 | 31.2 | 502,728 | 26.7 |
| Africa | 88,764 | 4.4 | 86,244 | 4.6 |
| Asia/Pacific | 37,541 | 1.9 | 35,258 | 1.9 |
| Total | 2,016,474 | 100.0 | 1,883,589 | 100.0 |

Emmi does not publish segment results since this would cause significant competitive disadvantages towards stakeholders, 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, Spain, Chile, Brazil, Tunisia, Mexico and Canada. The division Europe comprises those in Germany, Italy, the Netherlands, France, the UK and Austria. The companies in France have been part of division Europe since 1 January 2022 (previously division Americas). The division Global Trade primarily comprises direct sales and exports of surpluses 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.

Notes to the half-year results

Principles of consolidation

Accounting principles

These consolidated interim financial statements comprise the unaudited half-year results of Emmi AG and its subsidiaries for the period ending 30 June 2022. The consolidated interim financial statements for 2022 have been prepared in compliance with Swiss GAAP FER 31 “Additional accounting and reporting recommendations for listed companies” and the consolidation and accounting principles described in the 2021 consolidated financial statements.

Income taxes are calculated based on an estimate of the expected income tax rate for the full-year 2022. The consolidated half-year results should be read in conjunction with the consolidated financial statements compiled for the financial year ended 31 December 2021, as they represent an update of the last complete financial statements and therefore do not contain all information and disclosures required in the year-end consolidated financial statements. The consolidated half-year results are presented in Swiss francs (CHF). Except where stated otherwise, all amounts are presented in thousands of Swiss francs.

The consolidated interim financial statements were approved by the Board of Directors of Emmi AG on 17 August 2022.

Changes to the scope of consolidation or capital share

Emmi Equator RTD Coffee LLC

Emmi Equator RTD Coffee LLC, based in Delaware, USA, in which Emmi holds a 70% stake, was established on 23 March 2022.

AVH dairy trade B.V.

Emmi increased its stake in AVH dairy trade B.V. from 90% to 100% on 11 April 2022.

Bettinehoeve B.V.

Emmi increased its stake in Bettinehoeve B.V. from 90% to 100% on 11 April 2022.

Goat Milk Powder B.V.

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

Hale GmbH, Leeb Biomilch GmbH

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

Emmi Javelin B.V.

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

Changes in the 2021 financial year

We refer to the consolidated financial statements 2021 for the changes to the scope of consolidation in financial year 2021.

Contingent 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 believes that none of the disputes will have any significant negative impact on the operating activities or on the Group's financial situation. Suitable provisions for expected outgoing payments have therefore been made.

Subsequent events

On 25 July 2022, Emmi announced the sale of its minority stake of 25% in Italian Ambrosi S.p.A. to French milk processor Lactalis. Completion of the transaction is subject to approval by the responsible competition authorities. The transaction has no significant effect on Emmi's consolidated financial statements.

From the balance sheet date until the consolidated financial statements were approved by the Board of Directors of Emmi AG on 17 August 2022, no other major events occurred which could adversely affect the validity of the interim financial statements for 2022.

Currency exchange rates in CHF

| | First 6 months average rates | | End rates | |
|---------|------------------------------|------|-------------|------------|
| | 2022 | 2021 | 30.6.2022 | 31.12.2021 |
| 1 BRL | 0.19 | 0.17 | 0.18 | 0.16 |
| 1 CAD | 0.74 | 0.73 | 0.74 | 0.72 |
| 100 CLP | 0.11 | 0.13 | 0.10 | 0.11 |
| 1 EUR | 1.03 | 1.09 | 1.00 | 1.04 |
| 1 GBP | 1.23 | 1.26 | 1.16 | 1.23 |
| 1 MXN | 0.05 | 0.05 | 0.05 | 0.04 |
| 1 TND | 0.32 | 0.33 | 0.31 | 0.32 |
| 1 USD | 0.94 | 0.91 | 0.96 | 0.91 |

Editing

Emmi Corporate Communications, Lucerne

Concept, design, usability and realisation

Farner Consulting AG, Zurich

Technical realisation

NeidhartSchön AG, Zurich

Translation

Lionbridge Switzerland AG, Basel

The Emmi Half-year Report is available in German and English. The German version is binding.

The Emmi Half-year Report or any extract thereof does not constitute an invitation to invest in Emmi shares. Any forward-looking statements are based on current assumptions and forecasts and involve certain risks and uncertainties. These could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include factors such as general economic conditions, foreign exchange rate and commodity price fluctuations, competitive pressures on products and pricing, regulatory developments, and IT failure risks.

Emmi is providing the information in this report as at 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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