

Best dairy moments

Half-year Report

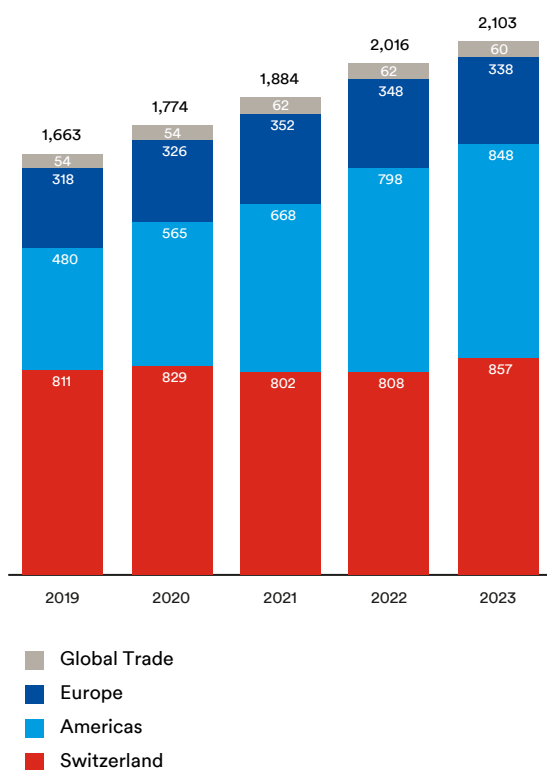
2023

Key figures Emmi Group

in CHF million	1st half-year 2023	1st half-year 2022
Net sales	2,103	2,016
Sales development in %	4.3	7.1
Net sales increase in organic terms in %	6.5	5.4
Acquisition effect in %		2.3
Currency effect in %	-2.2	-0.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	194.9	163.7
as % of net sales	9.3	8.1
Earnings before interest and taxes (EBIT)	138.5	108.6
as % of net sales	6.6	5.4
Net profit	97.8	78.1
as % of net sales	4.6	3.9
Investment in fixed assets (excl. acquisitions)	62.6	79.9
as % of net sales	3.0	4.0
Headcount (full-time equivalents) as at 30.6.	9,333	9,281
Headcount (full-time equivalents) at half-year average	9,329	9,274
Net sales per employee in CHF 000s (average)	225	217
	30.6.2023	31.12.2022
Total assets	2,717	2,635
of which shareholders' equity incl. minority interests	1,318	1,284
as % of total assets	48.5	48.7
Market capitalisation	4,537	4,189

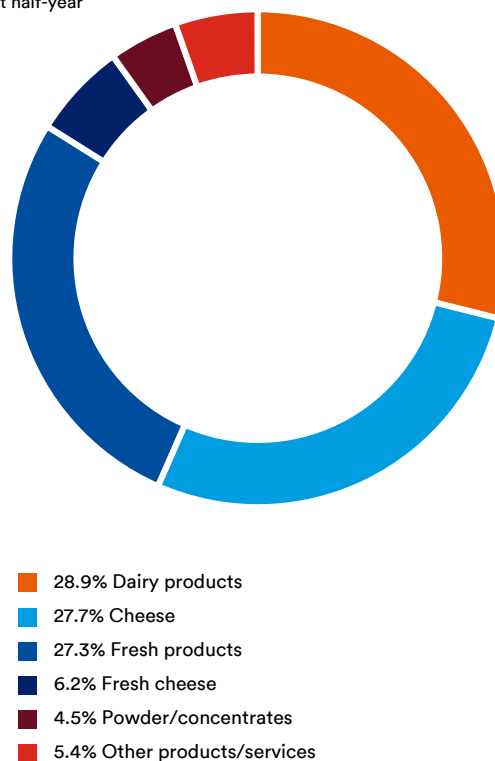
Net sales

in CHF million, 1st half-year



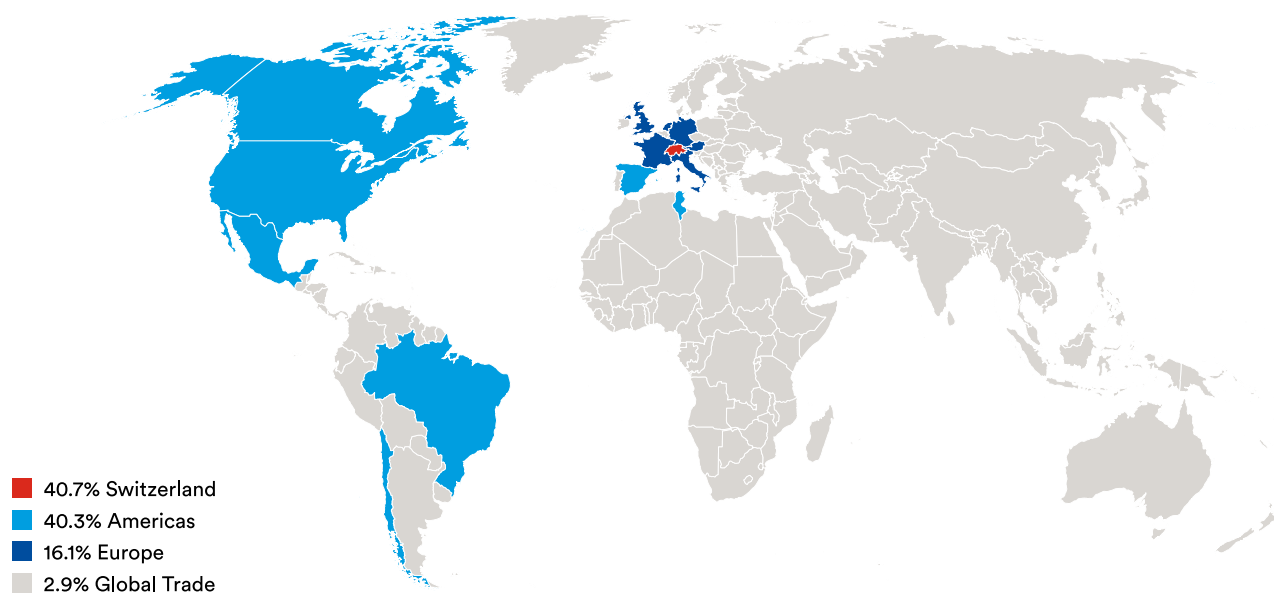
Net sales by product group

1st half-year



Net sales by division

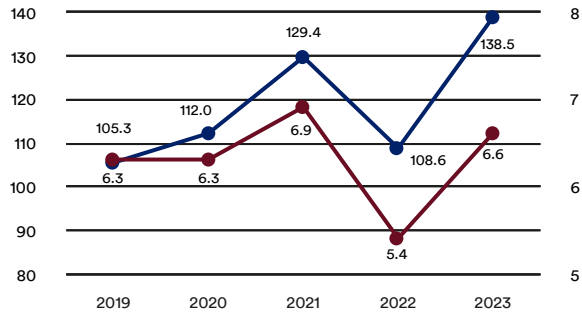
1st half-year



EBIT

in CHF million, 1st half-year
(2019 adjusted)¹⁾

as % of net sales

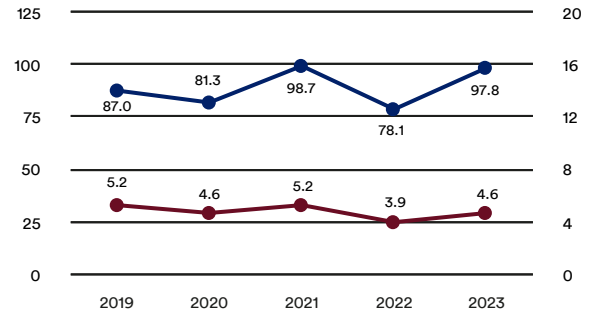


— EBIT
— EBIT as % of net sales

Net profit

in CHF million, 1st half-year
(2019 adjusted)¹⁾

as % of net sales



— Net profit
— Net profit as % of net sales

¹⁾ Figures for 2019 adjusted due to the change in the consolidation and accounting principles for goodwill in 2020.

Emmi sustainability targets with a 2027 time horizon



Developing employees

100% of employees have a development plan in place

Emmi Group¹⁾

46%

Switzerland

75%

Previous year: 58%

50% of all vacancies are filled by internal candidates

Emmi Group¹⁾

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%

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

-3%

Previous year: -2%³⁾

Vision netZERO 2050



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

Emmi Group¹⁾

initiated

Switzerland

87%

Previous year: 85%

Further development of the Swiss industry standard

Target achievement levels as at 31.12.2022

¹⁾ Considered for the first time | ²⁾ Currently only Switzerland considered | ³⁾ Corrected due to new data set

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Ricarda Demarmels
CEO

Urs Riedener
Chairman of the
Board of Directors

Dear Shareholders

In the first half of 2023, Emmi posted a solid performance in an ongoing challenging market environment. It continued to implement its strategy with clarity and consistency and made significant progress at the operational level compared to the difficult first half of 2022. Our employees around the world have once again impressively and enthusiastically demonstrated the many benefits that Emmi provides: Together, we produce high-quality dairy products with care and consideration for both people and nature in order to create the best dairy moments for our consumers – today and for generations to come. Our responsible business model geared towards long-term profitable growth as well as 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 an agile organisation with a strong local presence.

Strong sales growth along strategic priorities

The broad-based, price-driven organic sales growth of 6.5% in the first half of 2023 is based on the consistent imple-

mentation of strategy and differentiated market positions with innovative brand concepts as well as the diversified country and product portfolio.

Thanks to leading brand concepts such as Emmi Caffè Latte, Emmi Energy Milk and Jogurtpur and close cooperation with our customers, and supported by the renewed dynamism in the food service business, sales in the Swiss home market developed positively with organic growth of 6.0%.

In the international business, the strong momentum in the division Americas continued with organic growth of 9.6%. Markets such as Chile, the USA, Spain, Brazil and Mexico recorded significant growth, and the chilled premium desserts business in the USA performed particularly well. The division Europe reported modest organic growth of 2.0% due to the challenging economic environment. However, sales of Emmi Caffè Latte and fresh goat's cheese at Bettinehoeve were positive, while the export business with cheese from Switzerland and the goat's milk powder business in the Netherlands hampered sales performance.

High capacity for innovation in strategic markets and niches

Our strategic pillars have once again proven themselves to be important drivers of growth. With new ready-to-drink coffee varieties from Emmi Caffè Latte, which appeal specifically to Generation Z, we have succeeded in reaching a younger target group. Emmi recorded strong growth in the chilled premium desserts segment in the USA thanks to its high quality, innovative strength and customer focus. In the speciality cheese sector, the pressure on exports from Switzerland remains high. Nevertheless, we were able to achieve pleasing growth at Group level. The integration of Athenos' leading feta business in the key US market provided a significant boost to sales. However, performance in the area of plant-based milk alternatives is challenging.

“Emmi is pursuing its growth strategy with passion and respect for people and nature”

Urs Riedener

Our core priority is innovation that is geared towards relevant consumer trends and along growing categories. With our innovative brand concepts such as Emmi Caffè Latte with Fun Latte in Switzerland and Europe, Bontà Divina with a sugar-free, protein-enriched chocolate mousse in Italy, Cypress Grove with a cheddar made from goat's milk in the USA or Kaiku with a vegan Greek yogurt in Spain, we were once again able to inspire consumers with our products. Even outside our strategic niches, we impressed in Switzerland with innovations such as the Globi sales promotion for Aktivfit, organic milk in reusable glasses or milk packaging featuring Disney characters.

Responsibility through conviction

In line with our aspiration to be a role model in sustainability, as anchored in our corporate strategy, we published our seventh Sustainability Report in June 2023. This report provides an account of our long-standing commitment to sustainability and shows a positive overall development in all three areas of activity: employees, society and the environment. Together with partners, Emmi has established a science-based list of criteria for sustainable milk outside Switzerland. The co-initiated resource project “KlimaStaR Milch”, which aims to make the Swiss dairy industry more competitive in terms of climate protection as well as food and land competition, also got off to a successful start. Emmi likewise recorded a good performance in terms of decarbonising its energy supply and reducing waste and food waste.

Improved results thanks to recovery in international markets

Thanks to operational advances, particularly in the strategic niche of chilled premium desserts in the USA and in the important growth market of Chile, as well as continuing strong performance in Mexico and the ongoing recovery of the food service business, Emmi managed to improve significantly on the first half of 2022. Our major efforts with regard to efficiency programmes also had a supporting effect, as did our cost discipline and responsible price increases, which almost compensated for the significant increase in input costs.

The operating result at EBIT level increased by CHF 29.9 million to CHF 138.5 million in the first half of 2023, which corresponds to an EBIT margin of 6.6% (previous year: 5.4%). Net profit was CHF 97.8 million (previous year: CHF 78.1 million) and the net profit margin was 4.6% (previous year: 3.9%).

Ongoing portfolio transformation

As part of its ongoing and consistent portfolio transformation and its focus on profitable and strategic markets and niches, Emmi announced the disposal of Gläserne Molkerei on 6 July 2023, which was completed on 14 August 2023. This transaction has not yet had any impact on the half-year financial statements. In the second half of 2023, however, it will result in a one-off loss of around CHF 38 million in EBIT and around CHF 30 million in net profit. The negative cash impact of the transaction amounts to approximately CHF 10 million.

“Thanks to the hard work and great dedication shown by our teams, Emmi has been able to consolidate its position in an ongoing challenging environment.”

Ricarda Demarmels

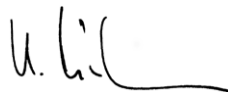
On 3 July 2023, Emmi also completed the sale of the non-strategic minority stake in Ambrosi in Italy, which was announced in the previous year. This transaction has also not had any impact on the half-year financial statements. However, it will have a positive effect of around CHF 3 million on net profit in the second half of 2023.

Confirmation of forecasts on a disposal-adjusted basis

Emmi maintains its outlook, adjusted for the special effects from the disposal of Gläserne Molkerei and Ambrosi as mentioned above, and expects organic sales growth of 3.0% to 4.0%, adjusted EBIT of CHF 275 million to CHF 295 million, and an adjusted net profit margin of 4.5% to 5.0% for 2023 as a whole. Emmi is also sticking to its medium-term forecast.

Continuity in supervision and management

The Annual General Meeting elected Urs Riedener as the new Chairman of the Board of Directors in April 2023. We would like to thank the outgoing Chairman Konrad Graber for his tireless efforts to secure a strategically sound footing for the Emmi Group over his many years of successful collaboration. Former CFO Ricarda Demarmels succeeded Urs Riedener as CEO of the Emmi Group at the beginning of the year. Sacha D. Gerber took up his position as the new CFO on 1 June 2023, and Raffael Payer will complete Group Management as the new CMO effective 1 October 2023. The Board of Directors and Group Management, backed by a strong management team and over 9,000 dedicated employees, are committed to making sure that Emmi stays on its course for success. We would like to thank each and every one of them for their hard work and loyalty.



Urs Riedener
Chairman of the
Board of Directors



Ricarda Demarmels
CEO

The best dairy moments – dear to our hearts

Creating the best dairy moments is our passion.
Our new purpose expresses this innermost conviction
and guides our actions – today and in the future.

Taking responsibility for the long term has always been our hallmark. This innermost conviction is now 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 what we do and the way we develop our business, our brands and our portfolio 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. We therefore contribute to creating value in rural areas with high-quality, regional and increasingly sustainably produced milk.

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



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.

Breakdown of the half-year results

Sales

Emmi generated sales of CHF 2,103.4 million in the first half of financial year 2023, compared with CHF 2,016.5 million in the prior-year period. This corresponds to total growth of 4.3%. Adjusted for net negative currency effects of 2.2%, the result was broad-based, price-driven organic growth of 6.5%. As expected, this is above our own forecast for the year as a whole (3% to 4%).

Both the division Switzerland with 6.0% as well as the international business in the divisions Americas and Europe performed well, with organic sales growth of 9.6% and 2.0% respectively. In the Swiss home market, key brands such as Emmi Caffè Latte, Emmi Energy Milk, Jogurtpur and Aktifit made their mark in the fresh products segment, as did Luzerner Rahmkäse and Gerber in the cheese segment. The main drivers of sales growth were the continued recovery of the food service business and growth in strategic retail channels. In the division Americas, besides the USA and Spain other important growth markets such as Chile, Mexico and Brazil also contributed to organic growth. The dessert business in the USA and the market in Chile performed particularly well after a decline in sales in the previous year due to operational delivery difficulties. Organic growth in the division Europe, however, was modest owing to the challenging economic environment. Positive factors included sales of Emmi Caffè Latte and fresh goat's cheese at Bettinehoeve, while sales performance was hampered by the export business with cheese from Switzerland and the goat's milk powder business in the Netherlands.

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

Sales development Switzerland

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Organic growth
Dairy products	337.7	323.0	4.5%
Fresh products	190.9	177.0	7.9%
Cheese	190.4	182.2	4.5%
Fresh cheese	59.1	52.1	13.5%
Powder/concentrates	41.1	38.3	7.2%
Other products/services	37.6	35.5	5.9%
Total Switzerland	856.8	808.1	6.0%

The division Switzerland generated net sales of CHF 856.8 million compared with CHF 808.1 million during the same period of the previous year. The resulting organic growth of 6.0% exceeded our own forecast for the year as a whole (1% to 2%). This growth is due in particular to the positive sales performance of brand concepts such as Emmi Caffè Latte, Emmi Energy Milk and Jogurtpur in the fresh products segment as well as Luzerner Rahmkäse and Gerber in the cheese segment. The ongoing recovery of the food service business and price effects also had a positive impact. The division Switzerland accounted for 40.7% of Group sales (previous year: 40.1%).

Sales of **dairy products** (milk, cream and butter) rose from CHF 323.0 million to CHF 337.7 million in the first half of 2023. This organic growth of 4.5% reflects price effects as well as the strong momentum in the food service business and with strategic retail channels. Emmi also impressed with innovations such as organic milk in reusable glasses and milk packaging featuring Disney characters.

Fresh products saw organic growth of 7.9%, up from CHF 177.0 million to CHF 190.9 million. The main growth drivers here were the proven brand concepts Emmi Caffè Latte, Emmi Energy Milk, Jogurtpur and Aktifit, which we also supported with innovations.

The **cheese** segment grew by 4.5% to CHF 190.4 million, compared with CHF 182.2 million during the same period in the previous year. In addition to successful brand concepts such as Luzerner Rahmkäse or Gerber, this increase is attributable to increased sales in the food service business.

Sales in the **fresh cheese** segment increased to CHF 59.1 million from CHF 52.1 million. This encouraging growth of 13.5% is largely due to higher sales of mozzarella and quark in the retail trade and in food service.

The **powder/concentrates** segment posted sales of CHF 41.1 million compared with CHF 38.3 million in the prior-year period. The organic growth of 7.2% reflects higher sales of milk powder to industrial customers.

Other products/services saw organic sales growth of 5.9%, up from CHF 35.5 million to CHF 37.6 million. This primarily relates to the increased turnover from services.

Sales development Americas

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Difference 2023/2022	Currency effect	Organic growth
Cheese	310.5	307.1	1.1%	-2.8%	3.9%
Dairy products	223.6	212.3	5.3%	-4.5%	9.8%
Fresh products	187.0	159.0	17.6%	-4.9%	22.5%
Fresh cheese	47.9	47.1	1.7%	-1.5%	3.2%
Powder/concentrates	22.6	19.0	18.7%	-4.5%	23.2%
Other products/services	56.9	54.1	5.2%	0.7%	4.5%
Total Americas	848.5	798.6	6.2%	-3.4%	9.6%

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

Sales in the division Americas improved in the first half of 2023 from CHF 798.6 million to CHF 848.5 million. This resulted in organic growth of 9.6% after taking net negative currency effects into account, which are largely attributable to the US dollar. As expected, this exceeded our own forecast for the year as a whole (6% to 8%) in the first half of the year. The primary growth driver was the fresh products segment, where Emmi Dessert USA and Kaiku in Spain recorded significant growth, including with Caffè Latte. Key growth markets such as Chile, Mexico and Brazil also contributed to the overall organic growth of the division. The division Americas accounted for 40.3% of Group sales (previous year: 39.6%), which is almost as high as the figure for the division Switzerland (40.7%).

The highest sales figures were in the **cheese** segment at CHF 310.5 million, compared with CHF 307.1 million in the prior-year period. After adjusting for negative currency effects, this resulted in organic growth of 3.9%. A positive contribution was made here by Chile with locally produced cheese, as well as by the trading business in Mexico and Canada with cheese imported from Switzerland. In another encouraging development, Athenos consolidated its leading position in the feta business in the key US market. However, the rest of the cheese business in the US, both with cheese imported from Switzerland and cheese produced locally in California and at Emmi Roth, hampered sales development in this segment.

Sales of **dairy products** rose by 5.3% overall, from CHF 212.3 million to CHF 223.6 million. This resulted in organic growth of 9.8% after adjusting for negative currency effects. Chile, which suffered a decline in sales in the previous year due to operational delivery problems, also stood out as a growth driver in this segment. While Brazil and Spain also reported significant growth, the milk shortage in Tunisia had a negative impact on sales performance.

Sales of **fresh products** saw a significant increase, up from CHF 159.0 million to CHF 187.0 million. The largest contribution to organic growth of 22.5% was made by the speciality desserts produced in the USA. Spain also recorded significant growth with Caffè Latte and yogurts, while Chile and Tunisia likewise made significant gains in this segment.

The remaining segments are of lesser importance for the division. The growth in the **fresh cheese** segment is primarily attributable to the trading business in Mexico, while the main driver of growth in the **powder/concentrates** segment was Brazil. In **other products/services**, the trading business in Mexico was once again the primary growth engine.

Sales development Europe

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Difference 2023/2022	Currency effect	Organic growth
Fresh products	178.0	178.7	-0.4%	-5.4%	5.0%
Cheese	54.2	59.5	-8.7%	-4.5%	-4.2%
Dairy products	47.2	50.5	-6.5%	-4.4%	-2.1%
Fresh cheese	23.6	21.3	10.5%	-5.2%	15.7%
Powder/concentrates	16.2	19.6	-17.1%	-3.9%	-13.2%
Other products/services	18.5	18.5	-0.2%	-4.7%	4.5%
Total Europe	337.7	348.1	-3.0%	-5.0%	2.0%

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

Sales in the division Europe amounted to CHF 337.7 million in the first half of 2023. Compared to CHF 348.1 million during the same period in the previous year, this represents a decline in sales of 3.0%. Growth thus came out at 2.0% in organic terms excluding negative currency effects, which is below our expectations for the year as a whole (3% to 5%). It is pleasing to note that Emmi Caffè Latte was largely able to defy the challenging environment, while the export business with cheese from Switzerland and the goat's milk powder business in the Netherlands hampered sales performance overall. The division Europe accounted for 16.1% of Group sales (previous year: 17.3%).

Sales of **fresh products** amounted to CHF 178.0 million, which corresponds to a decline in sales of 0.4%. Adjusted for negative currency effects, however, organic growth was 5.0%. A significant contribution was made by Emmi Caffè Latte, where the positive momentum continued unabated in all European markets even under difficult conditions. Growth was also achieved with Onken yogurts in the UK.

In the **cheese** segment, sales totalled CHF 54.2 million versus CHF 59.5 million during the same period in the previous year, representing a decline of 8.7%, or 4.2% in organic terms. The decrease mainly affected Germany and the Netherlands with cheese specialties imported from Switzerland, due in turn to the slowdown in demand fuelled by prices and exchange rates.

Sales in the **dairy products** segment fell by 6.5% year on year from CHF 50.5 million to CHF 47.2 million. This translates into an organic decline of 2.1%, attributable to lower sales volumes of organic milk at Gläserne Molkerei in Germany.

Sales in the **fresh cheese** segment were CHF 23.6 million, compared with CHF 21.3 million in the prior-year period. The growth of 10.5% – or 15.7% in organic terms – is due to the positive performance of fresh goat's cheese sales at Bettinehoeve in the Netherlands.

Sales generated with **powder/concentrates** decreased by 17.1% to CHF 16.2 million, compared with CHF 19.6 million during the same period in the previous year. The organic decrease of 13.2% relates to the decline in sales of goat's milk powder in the Netherlands. This negative development was exacerbated by economic uncertainties, high inventory levels at intermediaries worldwide and a lack of availability of raw materials.

In the **other products/services** segment, the division Europe generated sales of CHF 18.5 million, on a par with the same period in the previous year.

Sales development Global Trade

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Organic growth
Cheese	28.2	30.3	-6.9%
Fresh products	17.5	18.2	-3.9%
Powder/concentrates	13.9	11.9	17.1%
Dairy products	0.5	0.8	-30.7%
Other products/services	0.3	0.5	-54.7%
Total Global Trade	60.4	61.7	-2.1%

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 2.9% of Group sales (previous year: 3.0%).

Sales in the division Global Trade amounted to CHF 60.4 million in the first half of 2023. Compared to the CHF 61.7 million recorded in the same period of the previous year, this represents an organic decline of 2.1%.

The organic decrease in sales of 6.9% in the **cheese** segment is mainly due to the discontinuation of deliveries to Russia during the first half of 2022 and lower sales in the Asian region. The **fresh products** segment saw an organic decline of 3.9%, primarily due to the negative performance of yogurt in the Asian region. The growth of 17.1% in the **powder/concentrates** segment reflects the rise in exports of surpluses of skimmed-milk powder from Switzerland.

Gross profit

Gross profit was CHF 775.4 million in the first half of 2023, compared to CHF 707.4 million in the same period last year. The increase of CHF 68.0 million is primarily the result of a significantly higher **gross profit margin** of 36.9% (compared to a low 35.1% in the previous year), which partially made up for the margin lost in the previous year. This recovery is mainly due to operational improvements at individual foreign companies such as Quillayes Surlat in Chile or Emmi Dessert USA. Measures to increase productivity and in procurement also had a positive impact, as did the compensatory effect of delayed sales price increases.

Operating result

Operating expenses rose by CHF 37.8 million or 6.9% year on year to CHF 583.6 million (previous year: CHF 545.8 million). In relation to sales, operating expenses therefore amounted to 27.7% (previous year: 27.1%). The main reason for the increase is the significant rise in energy costs, which could only be partially offset by lower logistics and personnel expenses in relation to sales.

Personnel expenses increased to CHF 289.7 million from CHF 281.6 million in the prior-year period. The increase of CHF 8.1 million was nevertheless slightly below average in relation to sales development. Consequently, personnel expenses as a percentage of sales fell from 14.0% during the same period in the previous year to 13.7% in the first half of 2023.

Other operating expenses amounted to CHF 293.9 million (previous year: CHF 264.3 million), an increase of CHF 29.6 million year on year. This uptick is largely due to significantly higher energy costs as well as normalising marketing and sales expenses. However, lower logistics costs compared to the previous year had a compensating effect. When compared with sales, other operating expenses rose from 13.1% to 14.0%.

Other operating income amounted to CHF 3.1 million in the first half-year, versus CHF 2.1 million in the prior-year period.

As a result of this development, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** climbed by CHF 31.2 million to CHF 194.9 million in the first half of 2023 (previous year: CHF 163.7 million). The **EBITDA margin** consequently amounted to 9.3%, compared with 8.1% in the same period last year. Thanks to the encouraging increase in the gross profit margin, the EBITDA margin also trended higher despite a disproportionate rise in operating expenses, partially compensating for the margin loss recorded in the previous year.

Depreciation on property, plant and equipment increased by CHF 1.3 million in the reporting period, from CHF 48.9 million to CHF 50.2 million. However, **amortisation on intangible assets** decreased slightly from CHF 6.2 million to CHF 6.1 million.

Earnings before interest and taxes (EBIT) were CHF 138.5 million in the period under review, up CHF 29.9 million or 27.5% on the previous year (CHF 108.6 million). As a result of the margin trend described above, the **EBIT margin** also rose, increasing to 6.6% in the first half of 2023 from 5.4% in the previous year.

Non-recurring effects in the half-year results 2023

No 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. The sale of Gläserne Molkerei as well as the minority interest in Ambrosi S.p.A. represent non-recurring effects, but since both transactions took place after the balance sheet date, they are described as subsequent events in the half-year results 2023. See also page 30.

Income from associates, financial result and income taxes

Income from associates and joint ventures recorded a gain of CHF 0.9 million in the first half of 2023 compared with CHF 0.1 million during the same period in the previous year.

The **financial result** (net financial expenses) rose by CHF 1.5 million year on year to CHF 12.0 million (previous year: CHF 10.5 million). This increase mainly reflects the higher net interest expense, resulting from the refinancing of euro notes in the middle of last year and from the general increase in financing costs.

Income taxes amounted to CHF 21.0 million during the reporting period versus CHF 17.2 million in the prior-year period. The expected tax rate for the full-year 2023 is therefore 16.5%.

Net profit

Net profit including minority interests was CHF 106.4 million, compared with CHF 81.0 million in the prior-year period.

The share of **minority interests** in net profit was CHF 8.6 million, up from CHF 2.9 million in the same period last year. This increase of CHF 5.7 million is due to better results from companies with minority interests, especially in Chile and at Emmi Dessert USA.

After deducting minority interests, net profit was therefore CHF 97.8 million (previous year: CHF 78.1 million). Accordingly, **net profit** rose by CHF 19.7 million or 25.2%. The **net profit margin** amounted to 4.6% (previous year: 3.9%), and **earnings per share** stood at CHF 18.28 for the first half of 2023 (previous year: CHF 14.61).

Assets, financing and cash flow

Total assets as at 30 June 2023 were up 3.1% or CHF 81.2 million compared with 31 December 2022 to CHF 2,716.6 million. **Operating net working capital** was CHF 723.5 million, an increase of CHF 36.6 million or 5.3% versus 31 December 2022. Non-current assets overall recorded a slight increase of CHF 14.8 million, mainly due to higher investments in property, plant and equipment compared with depreciation. On the financing side, short- and long-term bank debt recorded a slight increase. In combination with the higher level of cash and cash equivalents, this resulted in **net debt** of CHF 448.3 million as at 30 June 2023 versus CHF 473.2 million as at 31 December 2022. The **equity ratio** of 48.5% as at 30 June 2023 was slightly lower than the 48.7% recorded on 31 December 2022.

Cash inflow from operating activities amounted to CHF 167.8 million, significantly above the previous year's low figure of CHF 53.4 million which was characterised by negative non-recurring effects. This positive development was driven by an increase in profitability at EBITDA level and by changes in net working capital. The change in net working capital had a positive effect, totalling CHF 4.1 million in the first half of 2023. During the same period in the previous year, however, this had a negative impact on cash flow from operating activities totalling CHF 71.9 million. The investment in operating net working capital was CHF 17.1 million lower than in the previous year. However, the largest contributor in terms of amount comes from the items contained in other net working capital, which had a positive effect of CHF 58.9 million year on year, and are largely related to cash flows concerning a margin call for the long-term hedging of interest rate and currency risks. Interest and taxes paid, on the other hand, were in line with the previous year. **Cash outflow from investing activities** was CHF 70.8 million, CHF 36.4 million lower than the prior-year figure of CHF 107.2 million. Investments in property, plant and equipment fell by CHF 15.1 million, driven by major strategic projects in the prior-year period, and amounted to CHF 64.3 million in the first half of 2023. Cash outflow from acquisition activities also decreased, falling to a low of CHF 3.3 million from CHF 23.5 million in the same period last year. Excluding cash flow from acquisition activities, this resulted in a **free cash flow** of CHF 100.3 million, compared to a negative free cash flow of CHF 30.3 million in the prior-year period. **Cash outflow from financing activities** amounted to CHF 65.6 million, stemming from dividend payments to shareholders and minority shareholders totalling CHF 79.4 million as well as the cash inflow from additional financial liabilities. In the previous year, cash outflow from financing activities amounted to CHF 28.6 million, with a higher net cash inflow resulting from the change in financial liabilities. Owing to the cash flows described above, **cash and cash equivalents** rose by CHF 30.7 million versus 31 December 2022, from CHF 202.2 million to CHF 232.9 million.

Outlook for full-year 2023

The challenging economic environment is expected to continue in the second half of 2023 and beyond. Although the rise in inflation appears largely to have peaked, higher levels of inflation will persist in the short and medium term. This means that input costs will remain high and will also climb further in certain areas due to inflation, which is easing slightly but continues to be an issue. The shortage of skilled workers and labour will continue to put pressure on personnel costs. At the same time, there are signs of an economic slowdown with recessionary trends evident in many of the markets of relevance to Emmi, which will further dampen consumer sentiment. This poses additional risks for the second half of the year, especially in terms of volume and price trends.

The Emmi Group is convinced that quality, strong brands and innovative concepts are more important than ever during times of restrained consumer sentiment.

Weaker consumer confidence and annual price effects are expected to undermine organic sales growth in the second half of the year. As a result, Emmi continues to expect organic sales growth at Group level of 3% to 4% for the year as a whole. The division Switzerland remains faced with a highly competitive market, with import and price pressure exacerbated by the strength of the Swiss franc, and Emmi is forecasting organic sales growth of between 2% and 3% (previously 1% to 2%). In its international business, Emmi expects organic growth of 6% to 8% (unchanged) in the division Americas and lower organic growth of 0% to 1% (previously 3% to 5%) in the division Europe.

Adjusted for the non-recurring effects from the divestment of Gläserne Molkerei and Ambrosi in the second half of 2023, Emmi confirms its forecasts for EBIT (CHF 275 million to 295 million) and for the net profit margin (4.5% to 5.0%). Emmi is also sticking to its medium-term forecast.

Consolidated income statement

in CHF 000s

	1st half-year 2023	%	1st half-year 2022	%
Sales of products	2,087,764		2,002,330	
Sales of services	15,613		14,144	
Net sales	2,103,377	100.0	2,016,474	100.0
Change in inventories of semi-finished and finished products	-23,354	1.1	18,694	-0.9
Cost of materials and services	-1,304,609	62.0	-1,327,738	65.8
Gross profit	775,414	36.9	707,430	35.1
Other operating income	3,067	0.1	2,115	0.1
Personnel expenses	-289,679	13.7	-281,571	14.0
Other operating expenses	-293,888	14.0	-264,276	13.1
Operating expenses	-583,567	27.7	-545,847	27.1
Earnings before interest¹⁾, taxes, depreciation and amortisation (EBITDA)	194,914	9.3	163,698	8.1
Depreciation of property, plant and equipment	-50,246	2.4	-48,867	2.4
Amortisation of intangible assets	-6,124	0.3	-6,193	0.3
Earnings before interest¹⁾ and taxes (EBIT)	138,544	6.6	108,638	5.4
Income from associates and joint ventures	932		105	
Financial result	-12,044		-10,506	
Earnings before taxes (EBT)	127,432	6.1	98,237	4.9
Income taxes	-21,032		-17,191	
Profit incl. minority interests	106,400	5.1	81,046	4.0
Minority interests	-8,594		-2,912	
Net profit	97,806	4.6	78,134	3.9
Earnings per share (diluted/basic in CHF)	18.28		14.61	

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	30.6.2023	%	31.12.2022	%
Cash and cash equivalents	232,891		202,195	
Securities	8,250		1,920	
Trade receivables	473,725		533,584	
Other receivables	69,167		58,611	
Inventories	567,967		508,240	
Prepayments and accrued income	71,824		52,872	
Current assets	1,423,824	52.4	1,357,422	51.5
Investments in associates and joint ventures	18,531		18,251	
Loans and other receivables	19,024		16,589	
Securities	6,428		7,775	
Employer contribution reserves	1,640		1,668	
Deferred tax assets	10,782		4,881	
Total financial assets	56,405		49,164	
Prepayments and accrued income	5,190		5,009	
Property, plant and equipment	1,113,758		1,100,243	
Intangible assets	117,457		123,601	
Non-current assets	1,292,810	47.6	1,278,017	48.5
Total assets	2,716,634	100.0	2,635,439	100.0
Liabilities and shareholders' equity				
Bank overdrafts	53,504		45,424	
Finance lease liabilities	444		677	
Loans	–		26	
Bonds	200,000		200,000	
Trade payables	318,173		354,931	
Other payables	54,628		30,720	
Accrued liabilities and deferred income	231,720		183,407	
Provisions	6,270		5,957	
Current liabilities	864,739	31.8	821,142	31.2
Bank overdrafts	154,182		145,806	
Finance lease liabilities	258		434	
Loans	525		2,028	
Bonds	299,520		299,520	
Accrued liabilities and deferred income	5,196		5,363	
Provisions	74,374		77,240	
Non-current liabilities	534,055	19.7	530,391	20.1
Liabilities	1,398,794	51.5	1,351,533	51.3
Share capital	53,498		53,498	
Capital reserves	2,088		2,088	
Retained earnings	1,137,796		1,113,790	
Shareholders' equity excl. minority interests	1,193,382	43.9	1,169,376	44.4
Minority interests	124,458	4.6	114,530	4.3
Shareholders' equity incl. minority interests	1,317,840	48.5	1,283,906	48.7
Total liabilities and shareholders' equity	2,716,634	100.0	2,635,439	100.0

Consolidated cash flow statement

in CHF 000s

	1st half-year 2023	1st half-year 2022
Profit incl. minority interests	106,400	81,046
Net interest expense	8,585	6,366
Income taxes	21,032	17,191
Result from sale of fixed assets	-197	-488
Depreciation and amortisation	56,317	54,848
Impairment charges	53	212
Change in provisions	315	-3,722
Income from associates and joint ventures	-932	-105
Other non-cash adjustments	431	-2,349
Cash flow before changes in net working capital, interest and taxes	192,004	152,999
Change in inventories	-57,956	-82,659
Change in trade receivables	62,335	15,898
Change in other receivables, prepayments and accrued income	-18,683	-43,911
Change in trade payables	-38,757	15,295
Change in other payables, accrued liabilities and deferred income	57,208	23,514
Interest paid	-4,239	-2,958
Taxes paid	-24,110	-24,777
Cash flow from operating activities	167,802	53,401
Investments in property, plant and equipment	-64,285	-79,394
Proceeds from disposal of property, plant and equipment	854	913
Investments in intangible assets	-1,386	-1,937
Acquisition of consolidated investments/businesses	-1,636	-5,983
Acquisition of minority interests	-1,659	-17,558
Change in loans receivable	-3,222	-4,231
Dividend received	51	510
Interest received	515	476
Cash flow from investing activities	-70,768	-107,204
Change in other current financial liabilities	7,575	44,015
Change in other non-current financial liabilities	6,220	-2,200
Share of minority shareholders in capital increases of Group companies	-	5,460
Dividend payments to shareholders	-77,572	-74,897
Dividend payments to minority shareholders	-1,812	-976
Cash flow from financing activities	-65,589	-28,598
Currency translation	-749	846
Net change in cash and cash equivalents	30,696	-81,555
Cash and cash equivalents at beginning of period	202,195	247,281
Cash and cash equivalents at end of period	232,891	165,726

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 2022	53,498	2,088	1,144,526	-119,102	1,025,424	1,081,010	100,666	1,181,676
Capital increase of Group companies	–	–	–	–	–	–	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 at 30 June 2022	53,498	2,088	1,134,412	-116,604	1,017,808	1,073,394	107,048	1,180,442
Shareholders' equity at 1 January 2023	53,498	2,088	1,239,193	-125,403	1,113,790	1,169,376	114,530	1,283,906
Offset goodwill	–	–	-862	–	-862	-862	–	-862
Acquisition of minority interests	–	–	–	–	–	–	-832	-832
Profit incl. minority interests	–	–	97,806	–	97,806	97,806	8,594	106,400
Currency translation differences	–	–	–	4,634	4,634	4,634	3,978	8,612
Dividend	–	–	-77,572	–	-77,572	-77,572	-1,812	-79,384
Shareholders' equity at 30 June 2023	53,498	2,088	1,258,565	-120,769	1,137,796	1,193,382	124,458	1,317,840

Segment reporting

in CHF 000s

Net sales by product group and division	Switzerland		Americas		Europe		Global Trade		Group	
	1HY 2023	1HY 2022	1HY 2023	1HY 2022	1HY 2023	1HY 2022	1HY 2023	1HY 2022	1HY 2023	1HY 2022
Dairy products	337,650	322,972	223,607	212,333	47,173	50,470	543	784	608,973	586,559
as % of net sales	39.4	40.0	26.4	26.6	14.0	14.5	0.9	1.3	28.9	29.1
Cheese	190,411	182,201	310,543	307,116	54,246	59,437	28,239	30,321	583,439	579,075
as % of net sales	22.2	22.6	36.6	38.4	16.0	17.1	46.7	49.1	27.7	28.7
Fresh products	190,940	177,039	186,957	159,004	177,960	178,656	17,466	18,166	573,323	532,865
as % of net sales	22.3	21.9	22.0	19.9	52.7	51.3	28.9	29.4	27.3	26.4
Fresh cheese	59,087	52,043	47,889	47,098	23,591	21,346	–	–	130,567	120,487
as % of net sales	6.9	6.4	5.6	5.9	7.0	6.2	–	–	6.2	6.0
Powder/ concentrates	41,088	38,335	22,580	19,018	16,235	19,590	13,929	11,891	93,832	88,834
as % of net sales	4.8	4.7	2.7	2.4	4.8	5.6	23.1	19.3	4.5	4.4
Other products/ services	37,583	35,489	56,877	54,040	18,536	18,580	247	545	113,243	108,654
as % of net sales	4.4	4.4	6.7	6.8	5.5	5.3	0.4	0.9	5.4	5.4
Net sales	856,759	808,079	848,453	798,609	337,741	348,079	60,424	61,707	2,103,377	2,016,474
as % of Group	40.7	40.1	40.3	39.6	16.1	17.3	2.9	3.0	100.0	100.0

Net sales by country group	1HY 2023	in %	1HY 2022	in %
Switzerland	856,759	40.7	808,079	40.1
North and South America	679,358	32.3	630,587	31.2
Europe excl. Switzerland	456,477	21.7	451,503	22.4
Africa	80,908	3.9	88,764	4.4
Asia/Pacific	29,875	1.4	37,541	1.9
Total	2,103,377	100.0	2,016,474	100.0

Emmi does not publish segment results since this would cause significant competitive disadvantages towards customers as well as towards 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, Chile, Spain, Tunisia, Mexico and Canada. The division Europe comprises those in Germany, Italy, the Netherlands, France, the UK and Austria. 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 2023. The interim consolidated financial statements for 2023 have been prepared in compliance with Swiss GAAP FER 31 “Complementary recommendation for listed companies” and the consolidation and accounting principles described in the 2022 consolidated financial statements.

Income taxes are calculated based on an estimate of the expected income tax rate for the full-year 2023. The consolidated half-year results should be read in conjunction with the consolidated financial statements compiled for the financial year ended 31 December 2022, 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 2023.

Changes to the scope of consolidation or capital share

SDA Gipuzkoa, S.L., Spain

SDA Gipuzkoa, S.L. was liquidated on 24 March 2023.

Big Red Cheese Company LLC, USA

Big Red Cheese Company LLC was liquidated on 14 April 2023.

Molkerei Biedermann AG, Switzerland

Molkerei Biedermann AG was merged with Emmi Schweiz AG on 2 June 2023.

Comalca 2000, S.A. de C.V. und Comalca Gourmet, S.A. de C.V., Mexico

On 7 June 2023, Mexideli 2000 Holding S.A. de C.V., in which Emmi holds a 51% stake, increased its holdings in Comalca 2000, S.A. de C.V. and Comalca Gourmet, S.A. de C.V. from 80% to 90%, respectively. This also increased Emmi's share of Alimentos Finos del Sureste, S.A. de C.V., which is wholly owned by Comalca Gourmet, S.A. de C.V.

Changes in financial year 2022

We refer to the consolidated financial statements for 2022 for changes to the scope of consolidation in financial year 2022.

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 3 July 2023, Emmi completed the sale of its minority stake of 25% in the Italian company Ambrosi S.p.A. to the French milk processor Lactalis. The transaction will result in a gain of approximately CHF 3 million in the result of associates and joint ventures in the second half of the year.

On 6 July 2023, Emmi announced the divestment of Gläserne Molkerei (consisting of the companies Gläserne Molkerei GmbH, Gläserne Molkerei Münchehofe GmbH and Hofmolkerei Münchehofe GmbH) to Munich-based Mutares, which specialises in turnaround situations. The transaction was completed on 14 August 2023. In financial year 2022, Gläserne Molkerei employed more than 120 employees and generated sales of around EUR 100 million. The sale will result in a one-off loss for Emmi in financial year 2023 of around CHF 38 million at EBIT level and around CHF 30 million at net profit level. This transaction had no effect on the 2023 half-year 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 2023, no other major events occurred which could adversely affect the validity of the interim financial statements for 2023.

Currency exchange rates in CHF

	1st half-year average rates		End rates	
	2023	2022	30.6.2023	31.12.2022
1 BRL	0.18	0.19	0.19	0.17
1 CAD	0.68	0.74	0.68	0.68
100 CLP	0.11	0.11	0.11	0.11
1 EUR	0.99	1.03	0.98	0.98
1 GBP	1.12	1.23	1.14	1.11
1 MXN	0.05	0.05	0.05	0.05
1 TND	0.30	0.32	0.29	0.30
1 USD	0.91	0.94	0.90	0.92

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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 provides 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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