oerlikon

Annual Report 2021

About Oerlikon

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

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

Emissions reduction in transportation, maximized longevity and performance of tools, increased energy efficiency, intelligent materials and sustainable polymer processing are proven hallmarks of our global leadership.

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

Headquartered in Pfaeffikon, Switzerland, the Group operates its business in two divisions – Surface Solutions and Polymer Processing Solutions. It has a global footprint of more than 11 800 employees at 207 locations in 38 countries and generated sales of CHF 2.65 billion in 2021.

Group Structure

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

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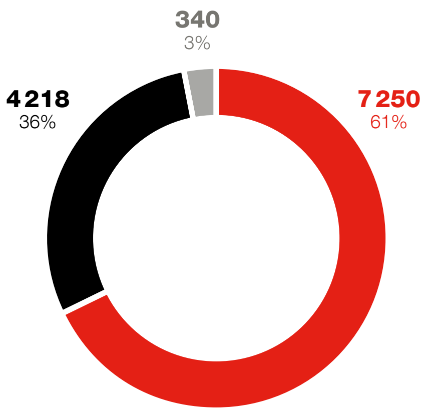
Surface Solutions Division	**Polymer Processing Solutions Division**
oerlikon balzers	oerlikon barmag
oerlikon metco	oerlikon neumag
oerlikon am	oerlikon nonwoven
	oerlikon hrsflow



Employees (FTE) 2021 by division[1]

- Surface Solutions Division
- Polymer Processing Solutions Division
- Others

[1] Continuing operations.

2021 at a Glance

Profitable growth with operational EBITDA significantly above pre-COVID level.

Strong strategic and operational execution: completed two accretive acquisitions, made excellent progress on sustainability initiatives and successfully mitigated supply chain shortages.

Polymer Processing Solutions with record sales, orders and strong margins, and accelerated diversification in non-filament business.

Surface Solutions capitalized on opportunities with market recovery to increase sales and improved profitability with disciplined cost containment. Gained foothold in luxury business with acquisition.

Order Intake
2.8 billion
24.8% above prior year

Sales
2.65 billion
17.3% above prior year

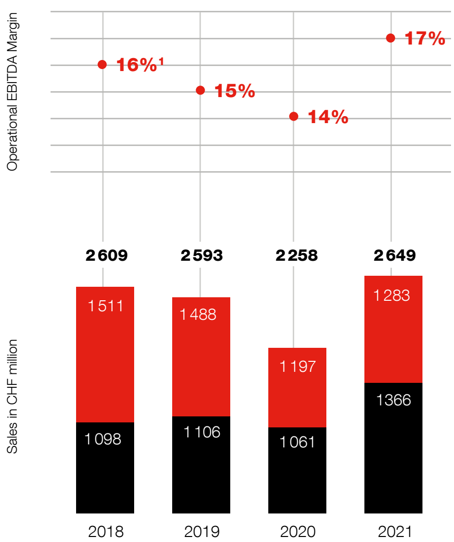
Operational EBITDA Margin
16.9%
2.6% points above prior year

Net Income
168 million
>100% above prior year

Earnings per Share
0.50
>100% above prior year

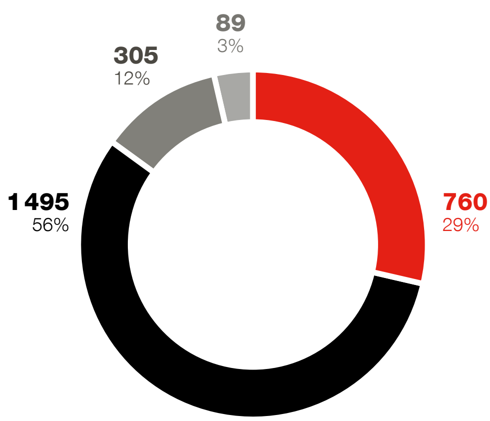
Ordinary Dividend Proposal
0.35
Stable for five years

All financial figures in CHF.



Oerlikon Group Sales
in CHF million

Operational EBITDA Margin
[1] This is EBITDA Margin as 2018 was not restated.
Surface Solutions Sales
Polymer Processing Solutions Sales



Sales 2021 by Region
in CHF million

Europe
Asia-Pacific
North America
Other regions

Interview with the Chairman and CEO

A conversation with Oerlikon Chairman of the Board, Michael Suess (MS), and Group CEO, Roland Fischer (RF).

Mr. Fischer, what were the highlights for 2021?

RF: We delivered a strong performance in 2021 in line with our guidance that was increased with half-year results. We grew the company and delivered strong margin expansion in 2021, and expect the profitable growth to continue in 2022.

We executed well operationally, efficiently managed cost and successfully mitigated supply chain shortages, which drove EBITDA above pre-COVID-19 levels. Moreover, we successfully executed two accretive bolt-on acquisitions, further diversified our business and made excellent progress in our sustainability initiatives. Once again, we proved that we have the right strategy, business model and people, underpinned by our excellent full-year performance.

Group order intake amounted to CHF 2.8 billion, an increase of 24.8% compared to the previous year (2020: CHF 2.2 billion) and Group sales increased by 17.3% to CHF 2.65 billion (2020: CHF 2.3 billion). Group operational EBITDA increased by 38.5% to CHF 447 million, corresponding to a margin of 16.9% (2020 operational EBITDA margin: 14.3%). The unadjusted EBITDA was CHF 444 million, or 16.7% of sales. Compared to 2020, results from continuing operations were higher by more than 300% to CHF 162 million (2020: CHF 38 million). Net results for 2021 significantly improved to CHF 168 million (2019: CHF 38 million). Consequently, earnings per share were CHF 0.50. With an equity ratio of 33%, the Group's financial position remains strong.

What key achievements marked the year?

RF: Our Polymer Processing Solutions Division achieved record orders and sales and significantly improved its EBITDA margin. We also scored a success with the acquisition of INglass as we accelerated our strategy in expanding our manmade fibers business into the high-growth polymer processing solutions market. Oerlikon HRSflow, the new brand that ensued from the acquisition, has a market-leading innovative hot runner systems technology, which is applied in multiple industries from automotive, consumer goods and household appliances to packaging, waste management, construction and transportation.

Our surface solutions business saw good top-line results, driven by strong sales and business development execution as the tooling, automotive and general industries gradually recover. The aerospace industry saw a slight reprieve from the pandemic but the recovery is off a very low base. Our successfully executed cost containment measures resulted in a notable 30% improvement of the division's operational EBITDA.

We also successfully closed an important acquisition for surface solutions – Coeurdor – a leading full-service provider of components for the fast-growing luxury goods industry. Coeurdor's creativity, agility and fast turnaround to meet the needs of customers in the highly demanding luxury market are strong additions to what we offer today in the high-end deco market.

What market factors impacted Oerlikon in 2021?

RF: Like many companies, we faced supply chain, logistics and energy bottlenecks, e.g. the energy crisis in

China, in 2021. We managed to mitigate the impacts and were only slightly affected by these developments. Our global production, service and supply chain networks supported us in minimizing the disruptions to our production and customer delivery. By carefully balancing between countries and industries, we were able to fulfill most of our customer needs and deliveries by reallocating resources and benefited from faster recoveries in certain countries and industries.

Looking ahead, we expect the markets to gradually recover as countries remove and relax COVID-19-related restrictions. The supply chain challenges are also expected to be short-term issues and will be overcome during the next months. We are in a strong position to capture opportunities as markets recover and will continue to implement our cost containment measures to drive further margin improvement.

What progress has Oerlikon made in sustainability?

RF: Following the publishing of our first Sustainability Report, we received very positive feedback from our stakeholders. Many of the sustainability benefits that we deliver to customers were already well known, since sustainability is an inherent part of our R&D. The report provided transparency to what we have in place and publicly transported our commitment to further foster sustainability in our technologies, solutions and operations.

In this year's Sustainability Report, which will be published on March 30, we are proud to show the progress we have made despite the pandemic challenges. To name a few, our top energy-intensive sites, which account for 50% of our total energy consumption, all have energy management systems in place. We organized our first Diversity Conference themed "I See You" to raise awareness on diversity, equity and inclusion. We were pleased to see more than 4 500 participations at the conference.

With the strong results, what does this mean for the dividend and outlook?

MS: The Board will propose a stable ordinary dividend of CHF 0.35 per share at the 2022 Annual General Meeting of Shareholders (AGM).

We will continue to execute on our strategy to expand our business in growth markets, leverage opportunities in recovering markets and maintain our focus on cost control. We will also continue to actively manage and mitigate any impacts stemming from short-term supply chain and COVID-19 issues. We expect the profitable growth to continue in 2022 with sales around CHF 2.9 billion and the operational EBITDA margin around 17.5%.

Can you comment on the changes on the Board and Executive Committee?

RF: To empower our operational businesses and increase our customer focus, Markus Tacke, Division CEO of Surface Solutions, and Georg Stausberg, Division CEO of Polymer Processing Solutions and Chief Sustainability Officer, both joined as members of the Executive Committee (EC) on January 1, 2021.

We also announced the retirement of Group CTO, Helmut Rudigier. Helmut joined Oerlikon in 1986 and has been the company's technology expert, particularly for innovative surface solutions, for many years. He contributed greatly to our R&D, our innovative technologies and the management team. We would like to thank Helmut for his valuable contributions and technological leadership at Oerlikon and wish him all the best in his retirement. To enable closer alignment of R&D with market and customer needs, the division CTOs have taken over leading and managing R&D of their respective Divisions since January 1, 2022.

MS: At the board level, Suzanne Thoma announced that she was not standing for re-election at the 2022 AGM. Suzanne joined the Board in 2019, and her extensive industry experience and strong business acumen were highly valued by the Board. On behalf of the Board, I would like to sincerely thank Suzanne for her considerable commitment and contribution to Oerlikon and wish her all the best for the future.

As her successor, the Board of Directors will propose Zhenguo Yao for election at the next AGM on April 5, 2022. All other Board members will stand for re-election.

You have today also announced a new Group leadership structure. Can you please explain why you are doing this?

RF: After six years leading the company, I have decided to step down for private reasons.

I am extremely proud of what we have achieved since I joined as CEO and how the company has transformed into a globally active engineering and technology company with a clear strategic focus and organization. In the past two years, the Surface Solutions Division has successfully implemented cost measures and embarked on a transformation to empower the regions and become closer to key markets. The Polymer Processing Solutions Division has successfully continued its strategic diversification into non-filaments markets. My priority now is to ensure a smooth transition, so that the company can continue to be a global market leader in advanced materials, surface engineering and polymer processing.

MS: I very much regret, but fully understand and respect, Roland's personal decision. On behalf of the Board, I would like to express our deep gratitude for his extraordinary service. He has been a key contributor in the successful transformation of Oerlikon.

Following Roland's decision, we evaluated different leadership models. Our two divisions are distinct from each other. They serve different customers in different industries and also differ in their growth potential. With the Executive Chair model, the division CEOs will gain agility in decision-making, which will enable them to expedite the execution of their business and ensure sustainable growth.

How will the new Executive Chair model work?

MS: The two current division CEOs, Markus Tacke and Georg Stausberg, will continue to have operational control and accountability to lead their divisions. As aforementioned, the new management model will ensure they have the added agility and speed of execution to run and grow their business.

I will assume the position of Executive Chair and oversee all Group-level management topics and lead the Executive Committee in addition to my role as Chairman of Oerlikon's Board of Directors.

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

With the Executive Chair model, how will you ensure good governance?

MS: To further strengthen our corporate governance, we will introduce a Lead Director and a new Governance Committee at the board level.

An elected independent member of the Board will be appointed as Lead Director, who will also chair the newly created Governance Committee, which will consist of a majority of independent members of the Board. The Lead Director, with the support of the Governance Committee, will be responsible for ensuring adequate control mechanisms.

Subject to re-election at the next AGM, Paul Adams will be appointed as Lead Director and chairman of the Governance Committee, and Gerhard Pegam and Zhenguo Yao will be appointed as members of the Governance Committee. Additionally, I will no longer be proposed as a member of the Human Resources Committee at the next AGM in adherence to good corporate governance.

Do you have any additional comments you wish to share?

Both: We would like to thank all our employees, the management team and our colleagues on the Board of Directors for their dedication and commitment demonstrated throughout 2021. In addition, I would like to thank our partners and customers for their confidence in our services, solutions and technologies, and our shareholders for their unwavering support and continued trust in Oerlikon.

Longer tool life, higher cutting speeds, more regrinds possibility, minimum quantity lubrication and dry machining are key benefits of Oerlikon Balzers BALINIT DURANA. Protected by this versatile coating for drills and cutting tools, including reamers, endmills and bevel gears, customers can use these tools in demanding machining and sustainably save production costs.

Contents

Our Strategy

Outgrow Markets, Sustain Profitable Growth and Drive ESG Progress

In 2021, Oerlikon continued focusing on executing its strategic priorities: driving sustainable innovation, cost containment and disciplined capital allocation.

Oerlikon outgrew its markets by focusing on its technology leadership and sustainable innovation. It also expanded into adjacent high-potential markets organically and through accretive acquisitions. The INglass acquisition accelerated the Group's diversification of its manmade fibers business into the high-growth polymer processing solutions market. The Coeurdor acquisition strengthened the company's offering in the luxury and high-end deco markets. Both adjacent markets are expected to bring considerable growth opportunities.

Oerlikon management's strong operational execution drove the Group's improvement in profitability. Applying strict cost focus, Oerlikon benefited from the improved operating leverage, which is reflected in the significantly improved 2021 operational EBITDA and net income.

Oerlikon also improved its return on capital employed (ROCE). The company achieved this by reinvesting capital and R&D investments in high-return and growth areas, introducing a standardized review process and adding ROCE as a part of management's long-term incentive program. As the company continued to maintain a strong balance sheet, the Board will propose to continue to return capital to shareholders in the form of stable dividends of CHF 0.35 per share at the 2022 Annual General Meeting of Shareholders.

Another strategic priority for the Group in 2021 was its sustainability efforts. Following the publishing of its first Sustainability Report, the Group launched a number of initiatives and took action to advance its environmental, social and governance goals. The Group made good progress on its targets, internally and externally.

Oerlikon continued to develop and deliver value-adding and climate-friendly solutions and services to customers. It also achieved milestones on social, environmental and governance topics. To name a few, it hosted a "topwomentech" jobinar, organized its first Diversity Conference, increased the number of sites with energy management systems, launched the project to define Scope 3 emissions and issued an updated Code of Conduct and new sustainability-related policies, as well as started the collaboration with EcoVadis to assess suppliers. Further details can be found in Oerlikon's 2021 Sustainability Report.

In 2021, Oerlikon invested CHF 105 million in R&D, which corresponds to 4.0% of total Group sales, affirming its continued commitment to investing in the development of sustainable innovations for customers.

All in all, the strong operational execution of the strategic priorities have resulted in growth in the top line and profitability, the completion of two accretive acquisitions, excellent progress in sustainability and the successful mitigation of supply chain shortages in 2021.

Examples of Strategic Actions / Achievements in 2021 Leveraging Core Competencies

EFFECTIVE R&D AND SUSTAINABLE INNOVATION

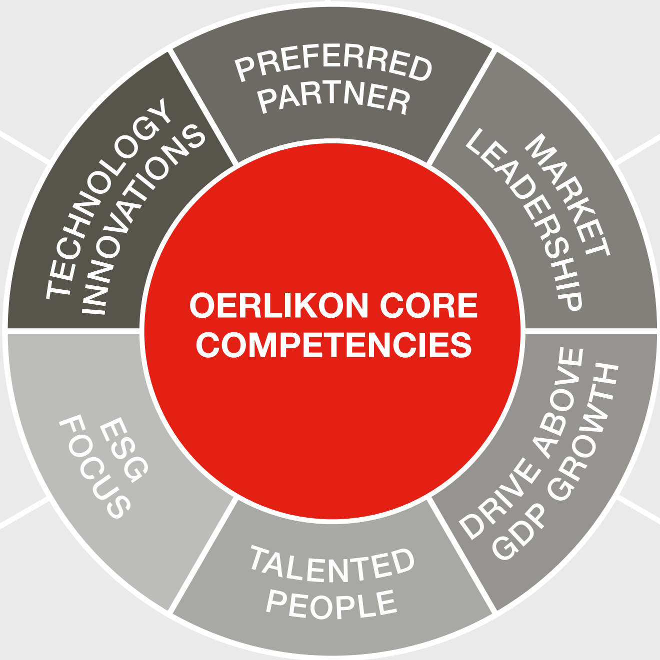
Among the many sustainable innovations delivered to customers in 2021 was the first nonwoven line for polypropylene geotextiles, which are used for separation, drainage, filtration and protection applications, and two new coating materials that can decrease over 3 600 kg of CO_2 emissions per 10 kg of production of materials.

PREFERRED PARTNER

Oerlikon aims to be the preferred partner of customers. An example is Unifi – a longterm partner for texturing solutions and Oerlikon's first customer for the eAFK Evo machine. Another example is Urwahn, to which Oerlikon delivered the 1 000th additively manufactured bicycle component. The bike features rear wheel elastic suspension, a GPS and a frame with LED lighting and BALINIT CROMA PLUS coating.

EFFECTIVE CAPITAL ALLOCATION

The accretive acquisition of INglass was part of the strategy to accelerate the diversification into high-growth non-filament businesses. With Coeurdor, Oerlikon gained a stronger foothold in the fast-moving and growing luxury components market.



SUSTAINABILITY DRIVEN

Oerlikon made excellent progress in delivering sustainable solutions to customers and in its own operations as it advances toward its 2030 ESG targets. To name a few, several sites have installed energy management systems and the first Diversity Conference took place, emphasizing the importance of diversity, equity and inclusion. See Oerlikon's 2021 Sustainability Report for more details.

EMPLOYER OF CHOICE

A global talent acquisition team was created to strengthen the recognition of Oerlikon as an employer of choice. Digital automation for recruitment is being rolled out globally, complementing ongoing engagement with university students. Oerlikon also successfully hosted its first "topwomentech" jobinar to attract and recruit female talents.

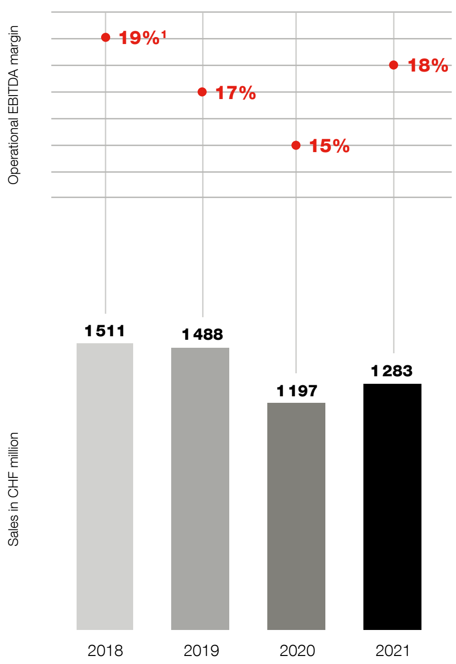
PROFITABLE GROWTH

Oerlikon management's and team's strong operational execution resulted in +17% of sales growth, driven by both divisions. The swift and decisive actions to implement cost-out programs and strict cost containment resulted in returning operating profitability to significantly above pre-COVID-19 levels.

Surface Solutions: Executed well on market recovery to grow sales, and improved EBITDA with strict cost focus

Surface Solutions capitalized on opportunities as the tooling and automotive sectors gradually recover and delivered growth in orders and sales. The strict cost containment measures drove the improvement in operating profitability. Boosting organic growth, the division successfully acquired Coeurdor, thereby gaining a stronger foothold in the fast-growing luxury goods industry.

A technology and market leader in attractive key markets, the division has a comprehensive portfolio of surface coating solutions, materials, components and equipment as well as a trusted base of customers, which positions it well to benefit when markets further recover. The division's global network of production and coating service centers, consisting of 171 sites in 37 countries, provides not only fast response times and timely delivery to customers but also the advantage of being able to balance resources to mitigate impacts from supply chain and logistics shortages in certain countries. Highly productive and reliable systems, standardized or customizable materials for surface coatings and additive manufacturing are other key factors that will drive the division's growth in end markets.



Sales in CHF million

● Operational EBITDA margin
[1] This is EBITDA Margin as 2018 was not restated.
■ Sales in CHF million

Driving Top-Line Growth

- Protect technology leadership.
- Outgrow GDP driven by strong value proposition.
- Exceed market growth by leveraging sustainability megatrends, R&D, cross-selling opportunities and expansion into new applications, industries and/or geographies (e.g. electric and future mobility solutions).

Driving Higher Profitability

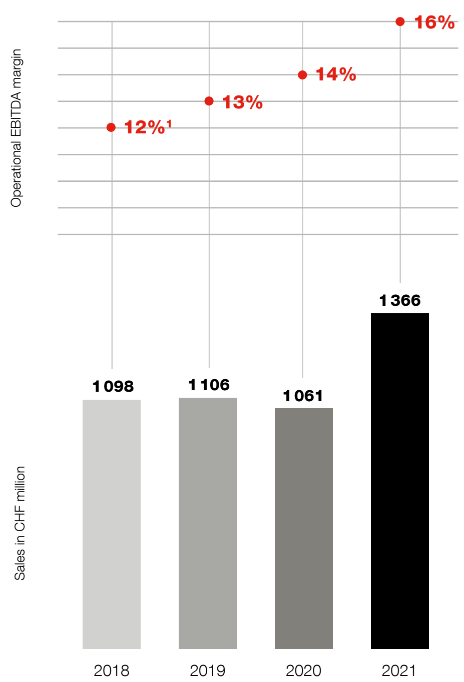
- Continue cost containment to improve margins
- Sustain good operating leverage
- Focus capital allocation in high-return and growth areas.
- Capitalize on potential upside from M&As.

Polymer Processing Solutions: Transforming Into a Growth Platform

Polymer Processing Solutions achieved record orders and sales and significantly improved its operational EBITDA margin, attributable also to the accretive acquisition of INglass. The increases in sales and order intake were noted across all regions, particularly driven by the higher demand for filament and texturing equipment, as well as by strong demand for non-filament solutions such as plant engineering and carpet yarn solutions in the U.S.

The Division accelerated its diversification strategy in 2021 with the acquisition of INglass, and will continue to diversify organically and through bolt-on acquisitions in high-growth non-filament business. Areas with growth potential include its newly acquired HRSflow control systems, carpet yarns, nonwovens, geotextiles and after-sales customer services.

As digitalization continues to gain momentum in being adopted in the polymer processing solutions markets, the division is well positioned at the forefront with smart factory and Industry 4.0-compliant solutions to support customers in increasing efficiency in yarn and textile manufacturing or in providing digital customer services such as remote monitoring. Moreover, the division is investing in R&D to develop innovative sustainable production solutions in areas such as biopolymers and polymer recycling, which will help to drive reductions in energy, emissions and resources used.



Sales in CHF million

● Operational EBITDA margin
[1] This is EBITDA Margin as 2018 was not restated.

■ Sales in CHF million

Driving Top-Line Growth

- Reinforce market leadership in filament equipment.
- Transform into a growth platform by further diversifying into non-filament.
- Leverage digitalization opportunities.
- Pioneer sustainability solutions.

Driving Higher Profitability

- Further improve operating leverage.
- Continued focus on cost control.

Driving Customers' ESG progress

Oerlikon enables customers, their customers and the industries they serve to **achieve more with less**. Specifically, the group aims to help customers to achieve more in terms of savings, efficiency and productivity, while using less resources such as energy and materials. In doing so, Oerlikon supports them to reach their sustainability and economic goals.

Below are some examples of Oerlikon's sustainable solutions for customers. Look out for Oerlikon's 2021 Sustainability Report that will be published on March 30, 2022. In the report, there will be an update on Oerlikon's actions, initiatives and progress toward its environmental, social and governance 2030 targets, case studies and much more.

-3%
in auto fuel consumption

+50m kWh
energy savings every year by DTY machines installed with the e-save heater technology

up to 40%
energy savings with filament equipment

-4%
polymer waste with FLEXflow Evo for medium/large parts

~80%
of recycled carpets are made by Oerlikon machines

up to 10%
better performance than an uncoated tool and >**20%** better than industry standard

-20%
workpiece weight with EcoGear

+5%
jet engine efficiency – avoids **25m** tonnes CO_2 annually

+3m t
of CO_2 reduction per year with recycled PET

-30%–50%
PM10[1] emissions with DiscCover Jet

-3620 kg
of CO_2 per 10 kg production with sustainable coating

[1] PM10 includes particles that have aerodynamic diameters less than or equal to 10 micrometers (µm)

sustainability.oerlikon.com

Business Report

Oerlikon Barmag's doffing system is the first handling step for winders. Fully automated, it is directly connected to the production machines to achieve maximum production efficiency and can match the needs of different winder types. Using laser scanners, the doffing system provides maximum operator safety as per European standards.

Group 2021 Performance

Oerlikon delivered profitable growth in 2021. The Polymer Processing Solutions Division achieved record orders and sales and strongly improved the operating margin in 2021. The Surface Solutions Division noted year-over-year increases in sales and orders as it capitalized on opportunities from the gradual recovery in general industries, tooling and automotive.

In 2021, Group order intake increased 24.8% to CHF 2 797 million, including a positive currency impact of 0.6%, compared to CHF 2 241 million in the previous year. Group sales increased by 17.3% in 2021 to CHF 2 649 million, including a positive currency impact of 0.7% (2020: CHF 2 258 million).

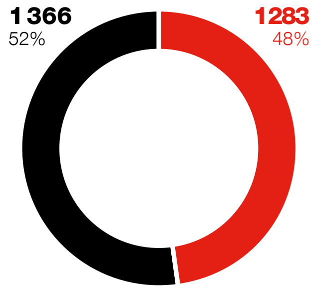
Group operational EBITDA increased by 38.5% to CHF 447 million, versus CHF 323 million in 2020. Correspondingly, the operational EBITDA margin improved to 16.9%, which was 260 basis points higher than the 14.3% in 2020, reflecting the sustained positive impacts from cost actions. The operational EBIT margin was 8.7% (CHF 231 million), compared to 5.3% (CHF 119 million) in the previous year. Group unadjusted EBITDA increased 54.2% to CHF 444 million, or 16.7% of sales, while Group unadjusted EBIT was CHF 220 million, or 8.3% of sales. In 2020, unadjusted Group EBITDA was CHF 288 million, or 12.7% of sales, and EBIT was CHF 73 million, or 3.2% of sales.

The Oerlikon Group's income from continuing operations in 2021 was CHF 162 million, compared with CHF 38 million in 2020, an increase of 326%. After effects from discontinued operations in 2021, net profit amounted to CHF 168 million in 2021, or earnings per share of CHF 0.50, versus CHF 38 million, or earnings per share of CHF 0.11, in 2020.

A Globally Balanced Business

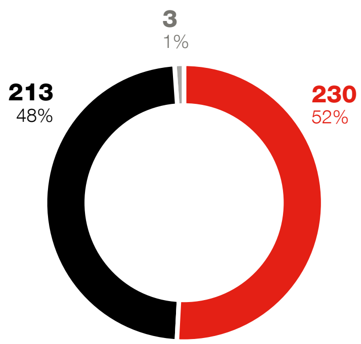
A portfolio and filled pipeline of innovative technologies, a global footprint and industry-leading scope of comprehensive services continue to be key components of Oerlikon's strategy. The Surface Solutions Division generated 48% of total Group sales in 2021, while the Polymer Processing Solutions Division accounted for 52% of Group sales.

With a global footprint serving customers in close proximity, Oerlikon operates 207 sites in 38 countries, with 97 sites in Europe, Middle East and Africa, 67 sites in Asia-Pacific and 43 sites in the Americas. Asia-Pacific continued to account for the largest proportion of Group



Sales 2021 by Division
in CHF million

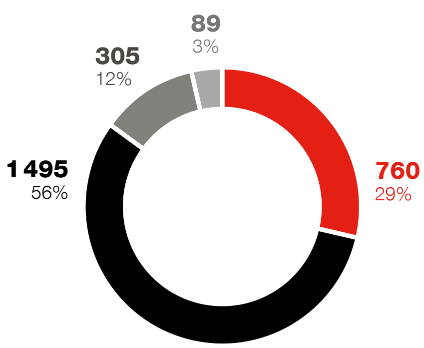
- Surface Solutions Division
- Polymer Processing Solutions Division



Operational EBITDA 2021 by Division[1]
in CHF million

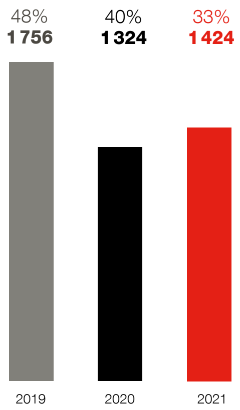
- Surface Solutions Division
- Polymer Processing Solutions Division
- Others

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



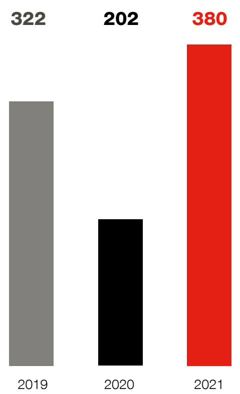
Sales 2021 by Region
in CHF million

- Europe
- Asia Pacific
- North-America
- Other regions



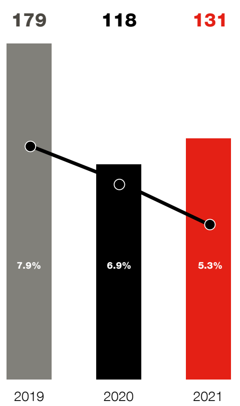
Equity[1]
in CHF million (as % of assets)

[1] Attributable to shareholders of the parent.



Operating Cash Flow[1]
in CHF million

[1] Before changes in net current assets.



Capital Expenditure
in CHF million

— In % of sales

sales in 2021. Sales in Asia-Pacific increased by 24% to CHF 1 495 million, or 56% of Group sales, versus CHF 1 208 million, or 54% of Group sales, in 2020. Europe remained the second-largest regional contributor to Group sales in 2021, with sales totaling CHF 760 million, or 29% of sales, compared with CHF 716 million, or 32% of sales, in 2020. Group sales in North America totaled CHF 305 million in 2021, versus CHF 271 million in 2020, and the share of the region's sales to Group shares remained constant at 12%. Sales in other regions was stable at 3% of Group sales in 2021, with sales of CHF 89 million, compared to CHF 62 million in 2020.

Solid Balance Sheet Strength with Equity Ratio of 33%

As of December 31, 2021, Oerlikon had total assets of CHF 4 341 million, compared to CHF 3 340 million at year-end 2020. The Oerlikon Group had equity (attributable to shareholders of the parent) of CHF 1 424 million, representing an equity ratio of 33%. The increase in total assets is attributed to an improved cash and cash equivalent position and increase in goodwill from the acquisitions.

Operating Cash Flow

Cash flow from operating activities before changes in net current assets increased by 88.1% to CHF 380 million due to the improved net result, compared with CHF 202 million in 2020. Net working capital, defined as trade and trade note receivables plus inventories minus trade payables and current customer advances, totaled CHF -57 million in 2021, versus CHF -86 million in 2020.

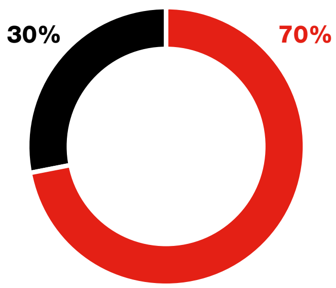
Capital expenditure (CAPEX) amounted to CHF 131 million, compared to CHF 118 million in 2020. Excluding amortization of acquired intangible assets, the CAPEX-to-depreciation ratio was 1.0 times.

Cash flow from investing activities was CHF -413 million in 2021 due to acquisitions, compared with CHF -108 million in 2020. Cash flow from financing activities amounted to CHF 266 million in 2021, compared with CHF -432 million in 2020. Oerlikon reported a change in cash and cash-equivalent position at the end of 2021 of CHF 187 million, compared with CHF -244 million at the end of 2020.

Oerlikon provides quality services to customers from 207 sites worldwide. In 2021, services accounted for 35% of Group revenues.

Commitment to R&D

Oerlikon remains committed to invest around 4% of its annual revenues in research and development (R&D). In 2021, R&D expenditure for the year were CHF 105 million, or 4.0% of Group sales, compared with CHF 101 million, or 4.5% of Group sales, in 2020.



R&D Expenditure by Division

- Surface Solutions Division
- Polymer Processing Solutions Division

Acquisitions and Divestitures

In June 2021, the Polymer Processing Solutions Division acquired INglass, accelerating its strategy to expand zinto the high-growth polymer processing solutions market. Oerlikon HRSflow, the new brand that ensued from the acquisition, has a market-leading innovative hot runner systems technology for multiple industries, from automotive, consumer goods and household appliances to packaging, waste management, construction and transportation.

An important acquisition for the Surface Solutions Division was also completed: Coeurdor – a leading full-service provider of components for the fast-growing luxury goods industry. Coeurdor's creativity, agility and fast turnaround to meet the needs of customers in the highly demanding luxury market are strong additions to what Oerlikon offers today in the high-end deco market.

Dividend Payout

Oerlikon believes that a dividend payout is an important means of returning value to shareholders. Thus, the Board of Directors is recommending an ordinary dividend payout, consistent with the previous four years, of CHF 0.35 per share at the 49th Annual General Meeting of Shareholders on April 5, 2022.

Surface Solutions Division

The division accounted for 48% of Oerlikon's sales and 52% of Group operational EBITDA in 2021. Offering products and services under the brands of Oerlikon Balzers, Oerlikon Metco and Oerlikon AM, the division capitalized on gradual market recovery in general industries, automotive and tooling. The aerospace market continued to be impacted by pandemic-related challenges, though Oerlikon noted a slight recovery in the second half of 2021, albeit off a low base. Effective cost programs were successfully executed, resulting in noticeably improved operating profitability.

Order intake for the division in 2021 increased by 17.6% to CHF 1 345 million. Sales of CHF 1 283 million were 7.2% higher, including an adverse currency impact of 0.8%. In Q4 2021, order intake increased 8.3% while sales increased 2.1%. Q4 2021 was impacted by automotive shortages while Q4 2020 saw restocking.

2021 operational EBITDA significantly improved by 30.3% to CHF 230 million, or 17.9% of sales, supported by sales growth and cost efficiency. In Q4 2021, the operational EBITDA margin was impacted by shortages in high-margin businesses (e.g. tooling and auto) and the non-repeat of positive effects in Q4 2020.

Operational EBIT in 2021 was CHF 72 million in 2021, or 5.6% of sales (2020: CHF 11 million, or 0.9% of sales). Unadjusted EBITDA was CHF 232 million, or 18.0% of sales, compared to CHF 144 million, or 12.0% of sales in 2020, and unadjusted EBIT was CHF 66 million, or 5.1% of sales (2020: CHF -32 million, or -2.7% of sales).

Key Developments

In 2021, the division saw sales increase in Asia-Pacific, Europe and other regions. Europe accounted for 45%, Asia-Pacific 33% (China 15%, India 4%, rest of Asia 13%), North America 18% and other regions of the world 5% of division sales.

Oerlikon Balzers signed a ten-year contract with MTU Aero Engines to apply MTU's proprietary erosion-resistant coating, ERCoat, on aerofoil components of next generation GTF aeroengines used in the Airbus A320neo aircraft. The coating will help to further improve the efficiency of this engine. MTU Aero Engines is partnering with Pratt & Whitney on this engine.

Oerlikon delivered the 1 000 th additively manufactured bicycle component to Urwahn and is partnering with them to codevelop further 3D products. Oerlikon AM secured the agreement to be the series supplier for Leica Hexagon Metrology's market-leading 3D laser scanner AS1.

In 2021, the division acquired Coeurdor – a leading full-service provider of components for the fast-growing luxury goods industry. Coeurdor's creativity, agility and fast turnaround to meet customers' needs in the highly demanding luxury market complements Oerlikon's offering in the high-end deco market and positions Oerlikon to grow in the luxury components business.

Order

Order intake (CHF)
1.3 bn

Sales (CHF)
1.3 bn

Operational EBITDA margin
17.9%

Sites
171

Employees (FTE)
7 250

R&D expenditure (CHF)
73 m

Polymer Processing Solutions Division

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

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

The division achieved record orders and sales in 2021 and accounted for 52% of the Oerlikon Group's 2021 sales and 48% of Group EBITDA. Order intake in 2021 increased significantly by 32.4% to CHF 1452 million year-over-year. Sales also increased notably by 28.7% to CHF 1366 million, including a positive currency impact of 2.4%.

Operational EBITDA improved to CHF 213 million, or 15.6% of sales, compared to CHF 151 million, or 14.2% of sales in 2020.

Key Developments

In 2021, the division saw sales increase across all regions, particularly in India and the US. China accounted for 64%, India 10%, Europe 14%, North America 5%, rest of Asia 5% and other regions of the world 2% of division sales.

The Xinfengming Group invested in innovative staple fiber technology from Oerlikon Neumag. This was the largest staple fiber plant order in the history of Oerlikon Neumag with this customer. This plant consists of eight complete staple fiber lines with a total of 320 spinning positions for the production of synthetic staple fibers. Oerlikon will not only supply the technology, but will also take over the engineering of the lines. Delivery is scheduled for 2022.

In 2021, Oerlikon sold three Phantom / Phantom lite lines to customers in China. Phantom technology is the patented process for hybrid nonwovens which combines the best of airlaid and spunmelt technologies to deliver new, flexible ways of creating wet and dry wipes. It offers additional benefits by reducing resources and cost, while increasing overall performance. These nonwovens are used in a broad range of hygiene applications, including wet wipes, personal hygiene products, surgical and anti-bacterial wipes, substrate for pads and hygienic core for diapers.

In November 2021, Oerlikon signed a cooperation agreement with the city of Wuxi and the local industrial park planning department for the construction of a new production building for the manufacturing site in Wuxi, China. The new production building is planned to be completed in 2023.

In 2021, the division acquired INglass, accelerating its strategy to expand into the high-growth polymer processing solutions market. Oerlikon HRSflow, the new brand that ensued from the acquisition, has a market-leading innovative hot runner systems technology for multiple industries, from automotive, consumer goods and household appliances to packaging, waste management, construction and transportation.

Order

Order intake (CHF)
1.5 bn

Sales (CHF)
1.4 bn

Operational EBITDA margin
15.6%

Sites
34

Employees (FTE)
4218

R&D expenditure (CHF)
31 m

R&D and Innovation

In 2021, Oerlikon invested 4.0% of total annual sales in R&D, corresponding to a sum of CHF 105 million, and filed 90 patents worldwide. Oerlikon's innovation pipeline is fueled by cutting-edge research and engineering processes to develop solutions that address customers' and markets' current and future needs, as well as to satisfy social and environmental considerations, such as energy efficiency and environmental sustainability.

Oerlikon continued its R&D partnerships with customers, universities, research institutes and external companies. One project, driven by Oerlikon's Digital Hub, is working on how to combine material property calculations with (internal) machine-learning approaches to identify and design new materials for specific applications. With another university, Oerlikon is jointly developing machine-learning-based analytics for material characterization. Oerlikon is also continuing to work on coating solutions for batteries and battery production with external companies and research institutes.

Leveraging the know-how and skills across the Group, cross-business R&D projects in 2021 included:

- Developing a new class of materials, using our Scoperta Rapid Alloy Development technology, for a power generation application that will meet customers' qualifications for the next generation of equipment.
- New powder materials in the same class as above were successfully tested in an engine and showed >2 times of improvement in a specific dimension. A second round of tests is being performed.

Oerlikon introduced a number of new technologies and solutions to the market in 2021 – ranging from new and enhanced equipment and systems to materials, coatings and services. Selected examples are listed as follows:

Materials

- Oerlikon introduced a new high entropy alloy that is optimal to additively produce structural components, such as centrifugal pump impellers. The new alloy is set to replace super duplex stainless steels.
- Materials have been developed for coating of solid oxide fuel cells (SOFC) to increase the fuel cells' energy efficiency.

Equipment, Products and Systems

- At ITMA Asia 2021, Oerlikon Barmag presented the next generation of its eAFK Evo solution. This automatic texturing solution can save up to 25% energy and offers up to 30% higher production speed, easy maintenance and top yarn quality.
- Oerlikon HRSflow launched HRScool Evo, an updated HRScool hydraulic cylinder system for hot runner injection molding, which offers sophisticated temperature management and does not require active liquid cooling of the actuation unit. Used for auto parts, HRScool Evo is optimal for temperature-critical applications and enables savings in costs and maintenance as the elimination of liquid cooling reduces the number of components.
- Oerlikon AM is the series supplier for Hexagon Metrology's flagship 3D scanning sensor, the Absolute Scanner AS1.
- Oerlikon AM delivered more than 1000 additively manufactured bicycle components to Urwahn.

Coatings and Services

- An Oerlikon Balzers' new BALDIA portfolio of diamond coatings was introduced. Diamond coatings are extremely wear-resistant, offer thermal conductivity and are chemically inert, making them the best choice for machining highly abrasive materials.
- Oerlikon also introduced its new Balzers BALORA portfolio, featuring the next generation of MCrAlY coatings based on Arc-PVD technology. BALORA coatings offer revolutionary properties for applications in high-temperature environments in aerospace and power generation.
- Oerlikon is jointly researching with partners to develop antibacterial and virucidal coatings for the aerospace sector. Viruses such as the SARS-CoV-2 virus can survive for a long time on plastics, which are particularly widely used in aircraft.
- An Oerlikon Balzers' coating is used to integrate intelligent functionalities such as camera technology, radar function and other sensors in the new BMW iX's kidney grille. BMW received a Grand Award from the Society of Plastics Engineers for this innovative kidney. Moreover, the forming tools used in the production of the kidney grille are coated with Oerlikon Balzers' BALINIT FUTURA NANO.

Digitalization

In 2021, Oerlikon further advanced its digital transformation consistently, focusing on the integration of digital solutions in the area of customer interface and the digital integration in operational areas such as support functions, production and supply chain.

The objectives for these projects are to make customer interfaces more user-friendly, to upgrade products and services and to achieve cost advantages through efficiency gains.

The upgrades bring simplification and flexibility to the range of services and provide not only the added value for existing customers to adapt to the ever-faster changes in their market environment, but they can also open up new markets and customer segments in the future for Oerlikon.

In 2021, the Digital Hub in Munich, Germany, was expanded to enable further scaling of digital business models and platforms, setting the course for further growth. Oerlikon is building up its talents, skills and capacities at the Hub – its innovation center – to drive further digital transformation. The focus is on the Industrial Internet of Things (IIoT), automation, digital sales and, increasingly, analytics and artificial intelligence. In particular, data science is increasingly gaining focus for use in implementing data-based business models.

Here are some examples of ongoing digital projects for customers in 2021:

- Digital sales platform: A digital sales platform based on modern cloud architecture was developed to open up new digital sales channels for increased customer benefit with reduced transaction costs.
- Smart coating center: Various automation projects are being implemented to increase flexibility, productivity and quality in the service center for surface coatings worldwide. Automation potential is realized through the use of cobots, visual inspection and process control with the help of artificial intelligence.
- myMetco: Oerlikon Metco's 24/7 e-commerce platform enables customers to securely, easily and efficiently order materials and spare parts for their Oerlikon Metco equipment online. The platform, launched in May 2020 in the U.S. proved to be popular with customers and is now being rolled out for customers in Europe, Middle East and Africa.

Operationally, digitalization and digitization initiatives were launched to increase efficiency and enable cost savings within Oerlikon.

Some examples of internal digital projects in 2021 include:

- Robot process automation (RPA): The use of RPA was extended to support functions such as finance, purchasing and human resources and delivered results in increasing efficiency. A total of more than four pilot projects for the automation of internal back-office activities were started, representing the first steps toward a more agile organization.
- SAP GO!: To simplify, harmonize and increase the efficiency of its business processes, Oerlikon continued the implementation of a global SAP system with the SAP GO! program, with the successful rollout in Austria, Hungary, the Czech Republic, Romania, Italy and in the United Kingdom in 2022. By the end of 2023, the program will be implemented in more than 130 Surface Solutions locations globally.
- Interactive boards: To reduce the usage of paper while still keeping employees informed, interactive information and shop-floor boards were piloted at ten Oerlikon Balzers sites and will be rolled out to other Surface Solutions sites in 2022.
- Cyber preparedness: The Information Security team worked with functions and divisions to fine-tune the crisis actions, plans, management, escalation and communication processes to raise cyber preparedness for scenarios involving full or partial attack.

Operational Excellence

Oerlikon recognizes that achieving operational excellence does much more than just optimizing the short term performance of the company; it changes people's minds, creates a safer, more productive workplace, contributes to bottom-line value creation and helps to shape the company transformation. Group-wide, Oerlikon Operational Excellence (OOE) is a standardized system that follows a 5-Year plan with Hoshin-Kanri strategy development, designed to strengthen the organization over the medium to long term. OOE focuses on optimizing operational performance in order to achieve sustained world-class status in manufacturing. The mission is to create a culture of data-driven innovation and improvements across all levels, with a strong focus on lean management, Six Sigma methods and empowerment of our employees. In recent years, the program has already improved efficiency, productivity, the safety awareness throughout the entire organization, and reduced energy consumption and CO_2 emissions.

World-Class Manufacturing

To ensure the highest level of customer satisfaction, Oerlikon provides best in class quality products and services driven by efficient and economically sound manufacturing.

Key highlights in 2021:

- Global OOE assessment initiative: To increase the OOE maturity level at the sites, the OOE community rolled out a global initiative that allows the organization to get a quick update on the maturity level. The initiative supports immediate best practice sharing and culture change on a global level.
- Lean management/Six Sigma training: Numerous advanced online and face-to-face training sessions were started to ensure company needs. The scope included lean management training and tools support, as well as Six Sigma Green Belt training for practitioners supplemented by project work to achieve customer expectation. Moreover, Oerlikon conducted a follow-up with one-on-one support and webinars to support the cultural change program implemented across the company.

World-Class Supply Chain Management

- Continued focus on strengthening the reliability of the supply chain. New challenges arising due to the COVID-19 pandemic were mitigated by vigilantly monitoring supplier development.
- Promptly managed global price inflation, especially for raw materials and components. Mitigation actions were put in place at the beginning of 2021, thus avoiding large amounts of surplus costs.
- By continuing and improving risk management efforts through the COVID-19 task force, the organization succeeded in developing strategies for medium- and long-term emergency scenarios, with a focus on supplier financial risk mitigation and material allocation.
- Strengthening e-procurement and process automation initiatives across the business, improving performance, cost-efficiency and transparency thanks to a decisive focus on digitalization and artificial intelligence solutions.
- Actively addressed sustainability in the supply chain and have established a partnership with EcoVadis to increase the transparency in the area of sustainability across the strategic suppliers landscape.

Environment

In 2021, Oerlikon made good progress on its environmental targets. Energy management systems (EnMS) were implemented at a number of new sites, including the top energy usage sites, which together account for 50% of Oerlikon's total energy consumption. The share of disposed waste was reduced in 2021 compared to the 2019 baseline.

The Group has set-up the process and methodology to consolidate and report on the share of electricity from renewable sources and the share of its R&D investment in sustainable products based on the newly defined sustainability criteria for products. Moreover, the Group has started the project to define Scope 3 emissions.

For further details on the company's operational, supply chain and environment initiatives, actions and progress, see Oerlikon's 2021 Sustainability Report.

Health & Safety

Oerlikon's foremost priority is to safeguard the health and wellbeing of its employees as mandated by the Group's Executive Committee and Board of Directors. The Group's health and safety ambition remains "Zero Harm to People", including our employees, contractors, visitors and the communities in which the company operates. The goal is to ensure that no one comes to harm within Oerlikon's sites or while working for the company at external locations.

Based on the belief that all injuries, occupational illnesses and diseases can be avoided, the company's health and safety commitment is to undertake all necessary measures to systematically apply the defined parameters, processes and tools, seek continuous improvement, assess and manage risks, provide training and conduct regular reviews.

Since 2016, Oerlikon has had in place a "Health, Safety and Environmental Sustainability" policy, which applies to the entire company worldwide. In 2021, that policy underwent a review and a new "Sustainability, Health, Safety and Environment (HSE)" policy was approved by the Board of Directors and came into effect in January 2022. The policy was updated to capture the sustainability and HSE ambitions, commitments and actions to be taken not only for HSE topics but also for other key sustainability areas, such as diversity and governance. The newly issued policy will be accessible online at www.oerlikon.com/en/sustainability/our-policies.

As the pandemic persisted in 2021, Oerlikon continued to enforce rules of operation on safe distancing, hand washing, use of masks and optimization of ventilation and further continued to utilize wearable sensors to reinforce safe distancing. At the same time, the company encouraged employees to get vaccinated at centers on sites or have time off to get vaccinated at a nearby center.

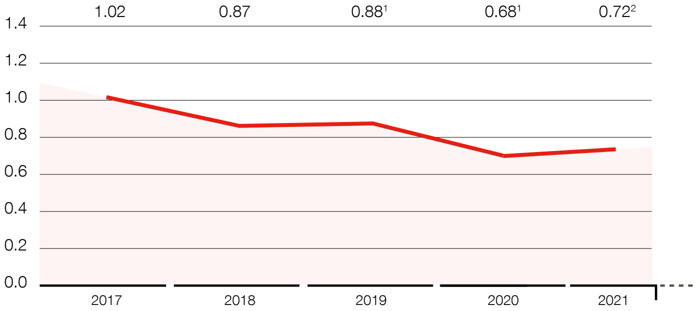
Oerlikon has been using the total accident frequency rate (TAFR) since 2017 to track the rate of recordable work-related injuries. TAFR is based on 200000 hours worked by employees. With the 2020 Sustainability Report, a TAFR target was set for 2030. In 2021, Oerlikon's TAFR was 0.72 (excluding acquisitions), which is a reduction of 18% compared to 0.88 in the 2019 baseline year (compared to previous 2016 baseline: -45%).

The Group also tracks the lost time accident (LTA) severity rate: the number of calendar days lost per each LTA per 200000 hours worked. The severity rate of 15.80 in 2021 represented a 54% increase over the previous year (which was 10.25) due to a few accidents in 2021 where longer recovery periods were needed.

In 2021, Oerlikon implemented further health and safety measures for employees. The Group organized once again its global HSE day – this time focusing on risk/hazard identification and proactively contributing to safety by following the four principles of: Spot it; Solve it; Share it; and Learn it. Global HSE days began in 2015 but paused for one year due to the pandemic.

For further information on the Group's health and safety initiatives and measures, including on product safety, refer to the Group's 2021 Sustainability Report.

TAFR (12-month rolling)



[1] Including acquisitions.
[2] Excluding acquisitions. Including acquisitions TAFR is 0.75.

Responsible Employer

Oerlikon is committed to creating an attractive, engaging and safe work place for employees. To this end, Oerlikon launched in 2021 a number of talent, diversity, culture and charity programs and initiatives.

The pandemic remained a key topic and Oerlikon continued to implement measures, such as the use of Kinexon Safe Tags, to ensure the safety and wellbeing of employees. Recognizing its role as a global citizen, Oerlikon ran and supported volunteer and charity campaigns such as the Tower of Hope to raise money for Doctors Without Borders and provided employees affected by the flood in Germany three days of paid leave so they could take care of their properties and support colleagues, families and friends.

Leveraging the capabilities of digitalization, Oerlikon introduced in 2021 additional automation tools using videos for some recruitment and rolled out an automated onboarding process, which not only increased efficiency but also promoted safety with reduced in-person human contact.

Among other HR actions taken during the year, Oerlikon continued running Horizons, the ongoing high-potential talent program, formed a new global talent acquisition team to drive recruitment and started to integrate its Success Model – defined by six statements to embed desired behaviors that contribute toward the company's success – into core processes such as talent acquisition. Further, a number of initiatives on diversity, equity and inclusion (DEI) were launched in 2021.

Diversity, Equity and Inclusion

Instead of focusing on one aspect of diversity, Oerlikon took a broader approach to ensure equal attention and focus is given to the different interest groups at Oerlikon.

In 2021, the first global Diversity Conference took place from December 1 to 3 with the theme "I See You". A series of external and internal speakers and panel discussions were held to raise awareness of DEI, its importance and why Oerlikon embraces it as a principle and a business value. The message was that DEI is not just "the right thing" ethically, but is also critical to meeting the expectations of employees and customers in diverse markets and recognizing the direct link between DEI and Oerlikon's competitive success.

In December 2021, a pilot training called "Inclusion in Action" for employees was launched to increase employees' understanding and awareness of inclusive thinking and unconscious bias. This program aims to help employees become more self-aware of personal bias and learn how to be more open, tolerant and inclusive in their thinking and actions. The training will be rolled out globally in 2022. A second training on wellbeing, mindfulness and trust building is also scheduled to be rolled out globally in 2022.

Another initiative in 2021 was Oerlikon hosting its first "topwomentech" jobinar to attract female talents. Additionally, an Oerlikon Women's Council was formed as a first employee support group with the mission to create a culture of inclusion, visibility and work/life balance for women and to identify actions and implement plans to continuously increase the share of women in leadership roles. This council will serve as a blueprint for other potential support groups.

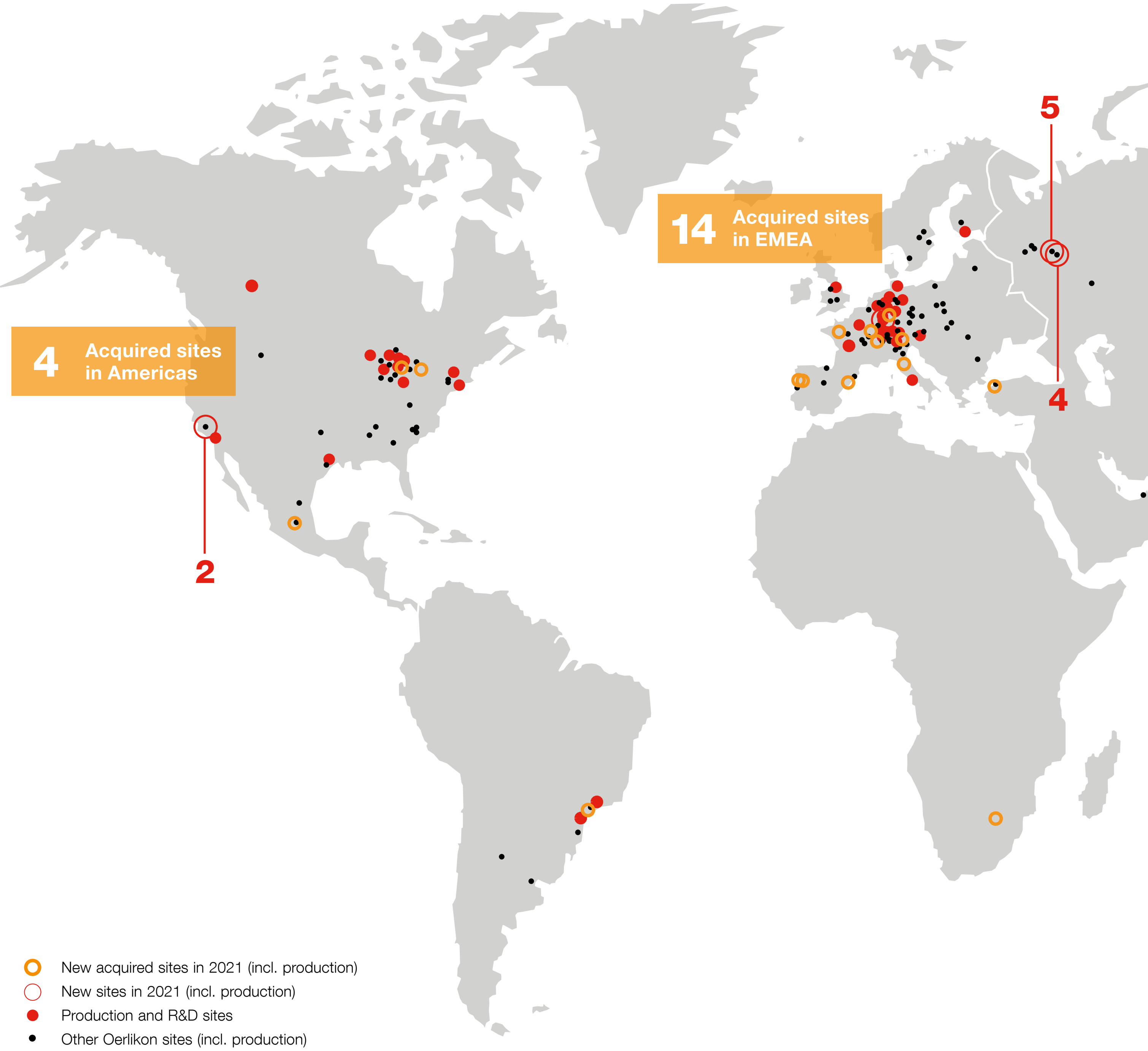
For further details of HR programs, progress and actions taken by Oerlikon in 2021, see the Social Commitment chapter of Oerlikon's 2021 Sustainability Report.

Employees (FTE)[1] 2021

[1] FTE = Full-time equivalent.
[2] Increase due mainly to acquisitions.

Serving our customers locally

Oerlikon has a global footprint with 207 sites in 38 countries. The Group is strongly committed to research and development, which is reflected by its 75 production and R&D sites world-wide. Together with its sales and services network of 189 sites, Oerlikon operates in close proximity to its customers, improving customer interaction, response times and satisfaction.



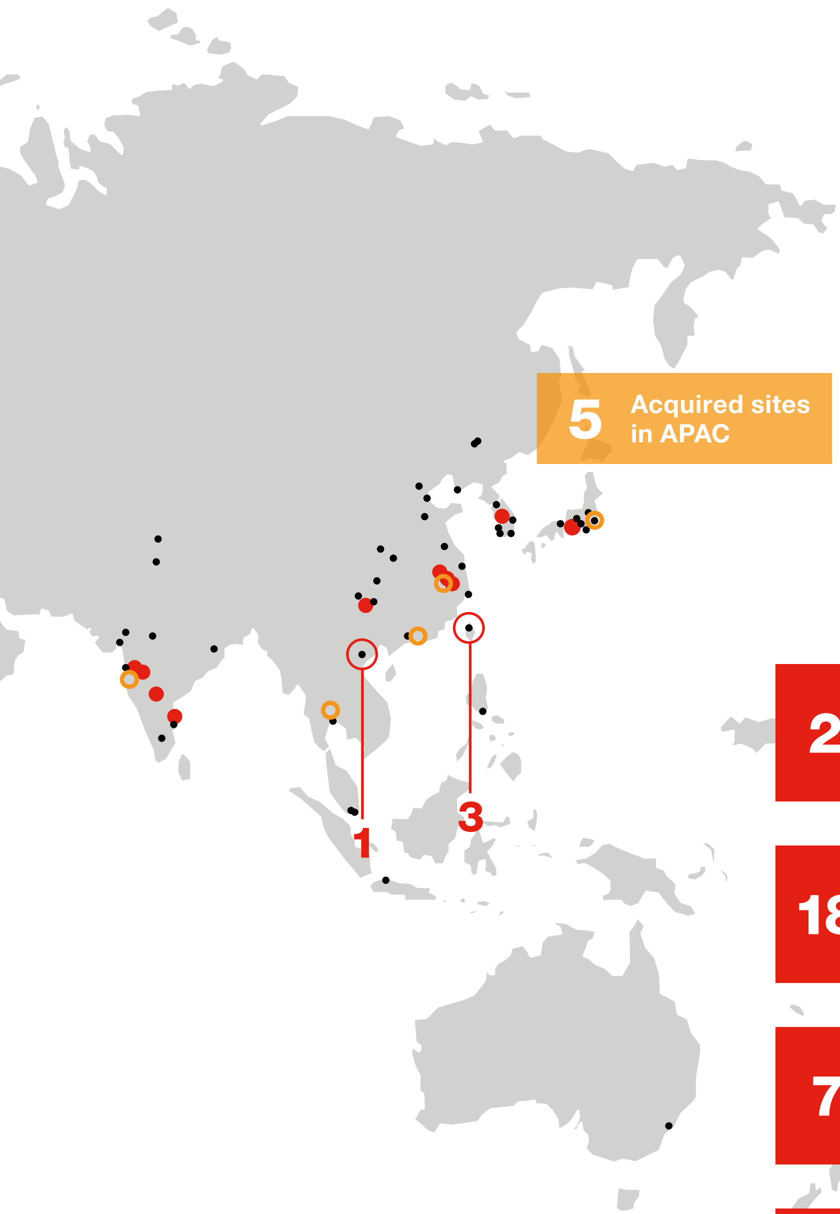
1 Surface Solutions Division
Coating Center
Hanoi, Vietnam

2 Surface Solutions Division
Coating Center
Rancho Cucamonga, CA, USA

3 Surface Solutions Division
Coating Center
Hsinchu County, Taiwan

4 Surface Solutions Division
Coating Services
Khimki, Russia

5 Surface Solutions Division
Production
Lyubertsy, Russia



23 Acquired Sites

7 Surface Solutions Division
16 Polymer Processing Solutions Division

189 Sales and Services Sites

155 Surface Solutions Division
34 Polymer Processing Solutions Division

75 Production and R&D sites

63 Surface Solutions Division
12 Polymer Processing Solutions Division

207 Sites globally

43 in the Americas
67 in Asia
97 in Europe, Middle East & Africa

Corporate Governance Report

Cutting tools for gear components are evermore stressed. With higher cutting speeds and extended operating time, automotive manufacturers and suppliers actively look into ways how to optimize production cost while still adhering to the needed tolerances. With Oerlikon Balzers' primeGear, it is possible to reduce manufacturing costs for gearing components by up to 40%, while providing the same or even better quality.

Corporate Governance

Oerlikon is committed to the principles of good corporate governance as they are defined, in particular, in the Swiss Code of Best Practice for Corporate Governance, issued by economiesuisse. Through this commitment, Oerlikon aims to sustainably reinforce the trust placed in it by the company's present and future shareholders, lenders, employees, business partners and the general public.

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

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

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

Group Structure and Shareholders

Operational Group Structure

The Oerlikon Group is divided into the following two Divisions: Polymer Processing Solutions and Surface Solutions. The operational responsibility lies with the Divisions, each of which is overseen by its own Division CEO. Business performance is reported according to this operational Group structure. For further information regarding the operational Group structure, see page 2 (Group Structure), page 16 et seqq. (Group 2021 Performance) and page 114 et seq. (Financial Report: Key Figures by Division).

Listed Group Company

OC Oerlikon Corporation AG, Pfäffikon is listed on the SIX Swiss Exchange (symbol: OERL; securities number: 81682; ISIN: CH0000816824). On December 31, 2021, the company's market capitalization came to a total of CHF 3 184 million. Its registered office is in Freienbach (Canton of Schwyz, Switzerland). For further information on OC Oerlikon Corporation AG, Pfäffikon see page 2.

Non-Listed Group Companies

As the parent company of the Group, OC Oerlikon Corporation AG, Pfäffikon owns all of the Group companies either directly or indirectly, mostly with a 100% interest. The local companies included in the scope of consolidation are shown on page 135 et seq. in their legal ownership structure, and on page 118 et seq., they are listed by country together with each company's place of registered office, share capital, percentage of shares owned and number of employees.

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

Cross-Shareholdings

There are no cross-shareholdings.

Significant Shareholders

	Number of Shares	Shareholdings [1] in Percent [2]
Liwet Holding AG, Zurich, Switzerland [3]	140 484 860 [4]	41.34
OC Oerlikon Corporation AG, Pfäffikon	13 119 789 [5]	3.862

1 As of December 31, 2021. Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA) (www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#).

2 Basis: shares issued (339 758 576).

3 The shares of Liwet Holding AG, Zurich, are ultimately held as follows:
(a) 44.46% by Columbus Trust, a trust established under the laws of the Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russia, and Zug, Switzerland.
(b) 19.455% by Amapola Development Inc, Panama, and Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia.
(c) 19.455% by Ali International Ltd., Bahamas, and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, London, United Kingdom.
(d) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Alexey Valerievich Moskov, Irina Arkadievna Matveeva, Mikhail Sergeevich Sivoldaev, Rinat Shavkiatovich Khalikov, Igor Vladimirovich Cheremikin and Andrey Alekseevich Shtorkh.

4 Source: Disclosure notification published by SIX Exchange Regulation Ltd on May 25, 2018.

5 13 119 789 is the effective number of treasury shares as per December 31, 2021. Oerlikon notified SIX Exchange Regulation Ltd when the threshold of 3% was exceeded by holding 10 234 717 treasury shares corresponding to 3.012%. Source: Disclosure notification published by SIX Exchange Regulation Ltd on June 30, 2021.

Capital Structure

Capital

The share capital of OC Oerlikon Corporation AG, Pfäffikon amounts to CHF 339 758 576, composed of 339 758 576 registered shares, each with a par value of CHF 1.00. The company also has conditional capital amounting to CHF 40 million for warrant and convertible bonds etc., and CHF 7.2 million for employee stock option plans.

Authorized Capital and Conditional Capital in Particular

Authorized Capital

The company has no authorized capital.

Conditional Capital for Warrant and Convertible Bonds

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

Conditional Capital for Employee Stock Option Plans

Pursuant to Art. 11b of the Articles of Association, the company's share capital will be increased by a maximum aggregate amount of CHF 7.2 million (corresponding to 2.12% of the current share capital), excluding the preemptive subscription rights of current shareholders, through the issuance of a maximum of 7.2 million fully paid-in registered shares with a par value of CHF 1.00

Building on Oerlikon's leading cascading arc technology, the SinplexPro 03C spray gun is designed for controlled atmosphere plasma spray and delivers exceptional benefits such as significantly reduced energy consumption and longer spray campaigns without process drift. While customers can choose to use parameters with hydrogen or helium as a secondary gas, the gun can operate on pure argon, thus increasing operational safety by eliminating the use of hydrogen and reducing operational costs by eliminating the need for helium.

each, by the exercise of option rights granted to the employees of the company or one of its Group companies under a stock option plan yet to be approved by the Board of Directors. The issuance of shares at less than the stock exchange price is permissible; further details will be determined by the Board of Directors.

Changes in Capital

The share capital has remained unchanged since 2016. Detailed information on changes in the total equity of OC Oerlikon Corporation AG, Pfäffikon can be found in the holding company's equity capital statement on page 131 of the Annual Report.

Shares and Participation Certificates

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

Profit-Sharing Certificates

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

Limitations on Transferability and Nominee Registrations

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

Convertible Bonds and Options

As at December 31, 2021, there were neither convertible bonds nor options outstanding.

The Oerlikon Board of Directors

Prof. Dr. Michael Süss

1963, German citizen
Chairman of the Board of Directors
Chairman of the Human Resources Committee
Chairman of the Strategy Committee

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

Other Activities and Vested Interests
Prof. Dr. Michael Süss is Executive Vice President for Asset Management of Witel Ltd., Zurich and a Member of the Advisory Board of Kinexon Beteiligungsgesellschaft mbH.

Gerhard Pegam

1962, Austrian citizen
Vice Chairman of the Board of Directors
Member of the Human Resources Committee
Member of the Strategy Committee
Chairman of the Audit & Finance Committee (since April 13, 2021)

Professional Background and Education
Gerhard Pegam was elected to the Board of Directors at the 2010 Annual General Meeting of Shareholders. In 2012, he founded his own consulting firm. From June 2011 until June 2012, he was a Corporate Officer of TDK Corporation, Japan. From 2001 until 2012, he was CEO of EPCOS AG, Germany, and from 2009 until 2012, he additionally served as a Board member of TDK-EPC Corp., the parent company of EPCOS AG. From 1982 to 2001, he held several management positions with EPCOS AG, the Siemens Group and Philips. Gerhard Pegam graduated from the Technical College Klagenfurt, Austria, with a degree in Electrical Engineering.

Other Activities and Vested Interests
Gerhard Pegam is a Board member of Schaffner Holding AG.

Paul Adams

1961, US citizen
Member of the Board of Directors
Member of the Strategy Committee
Member of the Human Resources Committee (since April 13, 2021)

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

Other Activities and Vested Interests
Paul Adams is a Member of the Board of Rolls Royce PLC and Aclara Resources and a Senior Advisor of VulcanForms.

Jürg Fedier

1955, Swiss citizen
Member of the Board of Directors (since April 13, 2021)
Member of the Strategy Committee (since April 13, 2021)

Professional Background and Education
Jürg Fedier was elected to the Board of Directors at the 2021 Annual General Meeting of Shareholders. He was Chief Financial Officer of the Oerlikon Group from January 2009 to December 2019. From 2007 to 2008, he acted as CFO of Ciba, Switzerland. Prior to that, Jürg Fedier held senior financial management positions at Dow Chemical for 30 years. Between 2006 and 2007, he was Head of Finance of Dow Europe and a member of its Executive Board. Before that, Jürg Fedier served as Vice President Finance for Dow Chemical Performance Chemicals, USA, and between 2000 and 2002 as Global Business Finance Director for Dow Chemical, Thermosets. From 1978 to 2000, he filled several management positions with Dow Chemical in the USA, in Europe and in Asia. Jürg Fedier holds a Commercial Diploma from the College of Commerce in Zurich, Switzerland, and completed international executive management programs at IMD, Lausanne, Switzerland, and the University of Michigan, USA.

Other Activities and Vested Interests
Jürg Fedier is a member of the Board of Directors of Dätwyler Holding AG und Ascom Holding AG and serves on the Advisory Board for the CFO Forum Schweiz.







From top left to right:
Prof. Dr. Michael Süss
Gerhard Pegam
Paul Adams
Irina Matveeva
Jürg Fedier
Alexey V. Moskov
Dr. Suzanne Thoma

Irina Matveeva

1973, Russian citizen
Member of the Board of Directors
Member of the Audit & Finance Committee

Professional Background and Education
Irina Matveeva was elected to the Board of Directors at the 2020 Annual General Meeting of Shareholders. She is the Chief Financial Officer of AO ComplexProm JSC in Moscow, Russia. Prior to that, Ms. Matveeva was the CEO of OLCOR M LLC and served as Financial Director of the Renova Group from 2010 to 2018. From 2007 to 2010, she held the position of Vice President Economics & Finance at Comstar-UTS OJSC. Ms. Matveeva graduated from the Moscow Technical University of Communications and Informatics with a degree in Information Systems in Economics and holds an Executive MBA degree from the University of Antwerp.

Other Activities and Vested Interests
Irina Matveeva currently serves as the Chairman of the Board of Directors of Metkombank PJSC, Moscow, Russia, and is a Member of the Board of Directors of T plus PJSC, Moscow, Russia, and Aeroporty Regionov Management Company JSC, Moscow, Russia.

Alexey V. Moskov

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

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

Other Activities and Vested Interests
Alexey V. Moskov is the President of the Board of Directors of Liwet Holding AG, Zurich, Switzerland, and a Board member of Sulzer AG, Winterthur, Switzerland.

Dr. Suzanne Thoma

1962, Swiss citizen
Member of the Board of Directors
Member of the Human Resources Committee
Member of the Audit & Finance Committee (since April 13, 2021)

Professional Background and Education
Dr. Suzanne Thoma was elected to the Board of Directors at the 2019 Annual General Meeting of Shareholders. She is Chief Executive Officer of BKW AG, Bern, Switzerland. Prior to being appointed CEO of BKW in 2013, she was a Member of the Group Executive Committee of BKW and was responsible for the Networks Division. Before that, she was head of the Automotive Division of the WICOR Group, Rapperswil-Jona, Switzerland, and the CEO of ROLIC Technologies Ltd, Allschwil, Switzerland. Dr. Suzanne Thoma also served in various management roles and countries at Ciba Specialty Chemicals Ltd. (now BASF). She holds a Master of Science degree in Chemical Engineering and a Ph.D. in Technical Sciences, both from the ETH Zurich, Switzerland. In addition, she holds a Bachelor of Business Administration degree from the Graduate School of Business Administration (GSBA), Zurich, Switzerland.

Other Activities and Vested Interests
Dr. Suzanne Thoma is Vice President of the Avenir Suisse foundation and a Board member of Sulzer, Winterthur, Switzerland.

Board of Directors

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

Members of the Board of Directors

In the year under review, the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon was composed of Prof. Dr. Michael Süss (Chairman), Gerhard Pegam (Vice Chairman), Paul Adams, Jürg Fedier (since April 13, 2021), Irina Matveeva, Geoffery Merszei (until April 13, 2021), Alexey V. Moskov and Dr. Suzanne Thoma. The six previous Board members who remained on the Board of Directors and the one new Board member were all reelected and elected, respectively, by the Annual General Meeting of Shareholders on April 13, 2021 for a term of office of one year. Oerlikon announced on December 6, 2021 that Dr. Suzanne Thoma has decided not to stand for re-election at the 2022 Annual General Meeting of Shareholders.

In the three financial years preceding the reporting period, except Jürg Fedier who was CFO until the end of 2019, none of the other members of the Board of Directors were involved in the executive management of OC Oerlikon Corporation AG, Pfäffikon or any other Group company. They also do not have any significant business connections with companies of the Oerlikon Group.

Other Activities and Vested Interests

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

Number of Permitted Mandates

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

Elections and Terms of Office

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

Internal Organizational Structure

The Board of Directors is the ultimate supervisory body of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group. It is responsible for the overall manage-

Composition of the Board of Directors

Name (Nationality)	Domicile	Position	Age	Joined	Term Expires	
Prof. Dr. Michael Süss (DE)	DE	Chairman	58	2015	2022	Non-executive
Gerhard Pegam (AT)	DE	Vice Chairman	59	2010	2022	Non-executive
Paul Adams (US)	US	Member	60	2019	2022	Non-executive
Jürg Fedier (CH)	CH	Member since April 13, 2021	66	2021	2022	Non-executive
Irina Matveeva (RU)	RU	Member	48	2020	2022	Non-executive
Geoffery Merszei (CA/CH)	CH	Member until April 13, 2021	70	2017	2021	Non-executive
Alexey V. Moskov (CY/IL/RU)	CH	Member	50	2016	2022	Non-executive
Dr. Suzanne Thoma (CH)	CH	Member	59	2019	2022	Non-executive

ment, oversight and control of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group, determines the Group strategy and oversees the CEO. It sets forth guidelines on the general and strategic direction of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group and periodically reviews their implementation.

The Board of Directors shall consist of at least three but not more than seven Board members, the majority of whom should be independent. In general, a Board member will be deemed to be independent if, during the three years immediately prior to taking up office, he was neither a member of the executive management of OC Oerlikon Corporation AG, Pfäffikon, the Oerlikon Group, an Oerlikon Group company or an audit firm of any of these, nor close to any of the latter, and had no significant business relations, whether directly or indirectly, with the Oerlikon Group. Should the Board of Directors exceptionally assign certain executive tasks for a limited period of time to one of its Board members, such assignment alone will, as a rule, not by itself qualify said Board member as a dependent member of the Board of Directors.

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

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

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

There are currently three permanent committees of the Board of Directors, namely the Audit & Finance Committee (AFC), the Human Resources Committee (HRC) and the Strategy Committee (SC).

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

Composition of Committees of the Board of Directors

Name (Nationality)	Audit & Finance Committee (AFC)	Human Resources Committee (HRC)	Strategy Committee (SC)
Prof. Dr. Michael Süss (DE)		Chairman	Chairman
Gerhard Pegam (AT)	Chairman since April 13, 2021	Member	Member
Paul Adams (US)		Member since April 13, 2021	Member
Jürg Fedier (CH)			Member since April 13, 2021
Irina Matveeva (RU)	Member		
Geoffery Merszei (CA/CH)	Chairman until April 13, 2021	Member until April 13, 2021	
Alexey V. Moskov (CY/IL/RU)		Member	
Dr. Suzanne Thoma (CH)	Member since April 13, 2021	Member	

Audit & Finance Committee (AFC)

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

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

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

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

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

Human Resources Committee (HRC)

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

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

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

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

Strategy Committee (SC)

As a rule, the SC is composed of at least three members of the Board of Directors. All but one must be independent from the Oerlikon Group and may not be performing any executive management duties within the Oerlikon Group while in office, may not have significant business relations with OC Oerlikon Corporation AG, Pfäffikon or the Oerlikon Group and may not have been a member of the Executive Committee in the preceding three years. The SC checks that Oerlikon's strategy is properly implemented and complied with by the Executive Committee and all other management levels of the Oerlikon Group. Furthermore, it ensures that the Board of Directors becomes aware on a timely basis of changing trends, technologies, markets, habits and terms of trade that could jeopardize Oerlikon's strategy.

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

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

Work Methods of the Board of Directors and its Committees

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

In 2021, seven physical Board meetings were held, of which four were ordinary Board meetings (average duration: eight hours) and three were Board workshops (average duration: approximately two days). The main topics of the workshops were strategy, human resources and business excellence/innovation. In addition, the Board held six telephone conferences (average duration: 45 minutes). The members of the Executive Committee were invited to all meetings, workshops and conference calls of the Board of Directors.

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

The AFC and the SC convene by invitation of their respective chairman as often as business requires, but at least four times annually (meetings of the SC can be replaced by strategy meetings of the full Board, if appropriate). The HRC meets at the invitation of its chairman at least three times a year, or more often if necessary.

In 2021, there were six meetings of the AFC, lasting on average four hours. The members of the AFC participated in the meetings along with the CFO, representatives of the corporate functions concerned (in particular Group Accounting & Reporting, Group Controlling and Internal Audit). The external auditors (PricewaterhouseCoopers Ltd) took part in all six AFC meetings. In 2021, the HRC held three meetings, lasting on average four hours, the SC held one meeting, lasting four hours. The members of the HRC participated in the meetings of the HRC along with the CEO and the CHRO. The members of the SC participated in the meetings of the SC, along with the members of the Executive Committee.

Definition of Areas of Responsibility

Pursuant to Art. 716b of the Swiss Code of Obligations and Art. 22 para. 3 of the Articles of Association, the Board of Directors has, in principle, delegated the operational management of the business of OC Oerlikon Corporation AG, Pfäffikon and of the Oerlikon Group to the CEO. The scope of tasks for which the Board of Directors bears responsibility essentially encompasses those inalienable and non-delegable duties defined by law. These include:

- The ultimate direction of the business of OC Oerlikon Corporation AG, Pfäffikon and issuing of the relevant directives.
- Laying down the organization of OC Oerlikon Corporation AG, Pfäffikon.
- Formulating accounting procedures, financial controls and financial planning.
- Nominating and removing persons entrusted with the management and representation of OC Oerlikon Corporation AG, Pfäffikon and regulating the power to sign for OC Oerlikon Corporation AG, Pfäffikon.
- The ultimate supervision of those persons entrusted with management of OC Oerlikon Corporation AG, Pfäffikon with particular regard to adherence to the relevant law, to the Articles of Association and to the regulations and directives of OC Oerlikon Corporation AG, Pfäffikon.
- Issuing the Annual Report and the compensation report, preparing for the Annual General Meeting of Shareholders and carrying out its resolutions.
- Informing the court in case of indebtedness.
- Determining the strategic direction and approving the strategy for the Oerlikon Group and its Divisions.

According to the company's Organizational and Governance Rules, it is also incumbent upon the Board of Directors to decide on (1) overall budget planning and capital expenditures off budget of at least CHF 100 million; (2) acquisitions and divestments of strategic relevance or such transactions involving an enterprise value of at least CHF 25 million or a series of such transactions involving an enterprise value of at least CHF 100 million on an aggregated basis; (3) the establishment, liquidation or restructuring of strategy-relevant companies or businesses; (4) the purchase and sale of real estate with a financial value exceeding CHF 25 million; and (5) the initiation and settlement of civil law litigation with amounts in dispute of more than CHF 50 million. Furthermore, sustainability is endorsed and overseen by the Board of Directors. The Board agenda covers sustainability topics throughout the year and dedicates significant time for the purpose of establishing the overall guidance for Oerlikon's Group sustainability strategy. The Board has mandated a dedicated Chief Sustainability Officer (CSO), who is a member of the Executive Committee and reports to the Group CEO, to monitor, align and execute the sustainability strategy. Led by the CSO, the Sustainability Management Team (SMT) works closely with the Divisions and Group functions in executing the sustainability strategy, rolling out programs and action plans and increasing dialogue and awareness with stakeholders.

The CEO is responsible for all issues relating to the operational management of the business of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group, to the extent that such decisions are not expressly reserved for the Board of Directors or delegated to individual Group companies. The Executive Committee is the supreme advisory body advising the CEO with respect to the management of the business of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group. The Executive Committee is chaired by the CEO. In the event of an Executive Committee member dissenting from a decision of the CEO, the member may immediately request the CEO to submit the matter to the Chairman of the Board of Directors for his recommendation. However, the CEO will take the final decision on all issues relating to the operational management.

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

Information and Control Instruments vis-à-vis the Executive Committee

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

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

Each member of the Board of Directors receives a copy of the monthly report, which includes i.a. an overview of the Group performance, the financials of the Group and the Divisions as well as an M&A project update. The CEO reports at Board of Directors' meetings on the day-to-day operations, operating results and important business matters. Extraordinary occurrences (if any) must be immediately communicated to the Chairman of the Board of Directors and to the Chairman of the relevant committee. With the approval of the Chairman, members of the Board of Directors may also access specific business records and/or obtain information from any employee of the Oerlikon Group. The Board of Directors and its committees regularly take advice from members of the Executive Committee in order to ensure that the most comprehensive and up-to-date information on the state of the company and all relevant elements are included in its decision-making. Additionally, Heads of corporate functions or other experts may be consulted on a case-by-case basis in order to gain detailed and comprehensive information on complex matters.

Accounting & Reporting

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

Controlling

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

Risk Management

Oerlikon has a risk management system in place with which the enterprise-wide risk management is centrally managed and decentrally implemented. A key component of it is the generation and semiannual update of risk profiles for the Group as a whole, as well as for its individual Divisions and Group Functions. All types of risks, internal and external, such as market, credit and operational risks are considered, including compliance and reputational aspects, and actions are defined in order to mitigate the risk exposure. Internal risk reporting to the Executive Committee is performed semiannually and annually to the AFC and the Board of Directors based on consolidated risk reports. On this basis, the Board of Directors monitors the risk profile of the Group and the risk mitigation actions. For further information regarding risk management, see page 55 et seqq. (Risk Management and Compliance) and pages 105 et seqq. (Note 21 to the consolidated financial statements).

Compliance

There is a Group-wide compliance function that focuses on compliance within the regulatory spectrum, as well as legal and internal regulations which include the Group's ethical standards, values and principals. The company's written Code of Conduct, which was updated in 2020 and accompanied by a new compliance e-training introduced in 2021 showcases the company's commitment by ensuring preventive measures such as training and communication are well within its remit.

Oerlikon has enhanced and promoted behavioral aspects of leadership awareness while dealing with integrity issues by implementing and revising its business partner integrity screening process. Further, the compliance program emphasized the establishment of data compliance to enhance all aspects of data privacy and information security. In 2017, Compliance prepared for the implementation of the EU's General Data Protection Regulation (GDPR), which came into effect on May 25, 2018. In 2019 and 2020, the Global Data Privacy and Compliance Officer has continued to prioritize and focus on the implementation of GDPR requirements in Oerlikon's projects, processes, documentation and awareness programs. From the end of 2019, Oerlikon has started focusing on China and Russia. Moreover, the Group is aiming to improve its alignment with applicable data protection and cybersecurity requirements. In 2021, the Global Data Privacy and Compliance Officer focused on optimizing the internal GDPR handling to further align with the Privacy By Design Principle. Data protection trainings were intensified, new data protection guidance was issued, data protection processes were streamlined.

The new legal requirements concerning the data transfers outside of the EEA, Switzerland and the UK to non-adequate countries has been also a top priority for 2021 and will still be prioritized in 2022. Moreover, the Group worked on further aligning its framework and processes with data protection laws in Asia and Latin America in 2021. For further information regarding compliance, see page 57 (Compliance and Ethics).

Internal Audit

An internal audit is an independent and objective assurance activity that assists Oerlikon in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, controls and governance processes. The Head of Internal Audit reports functionally to the AFC and administratively to the CFO. The AFC approves the budget, the resources and the internal audit plan. Internal Audit closely coordinates its plans and activities with the external auditor. Internal Audit projects are selected on the basis of a Group-wide risk assessment in coordination with Group Risk Management. The annual audit plan strikes the appropriate balance between operational, financial, compliance and follow-up reviews. The results of internal audits are communicated to the responsible management team, the Executive Committee, the AFC, the Chairman of the Board and the external auditors through formal audit reports. In 2021, Internal Audit conducted 43 internal audits.

External Audit

The external auditor examines the books and accounts of OC Oerlikon Corporation AG, Pfäffikon and those of the Oerlikon Group, coordinating its audit plan with that of Internal Audit. Upon completion of the audit, the external auditor prepares a comprehensive auditor's report to inform the AFC and the Board of Directors about the detailed findings of the audit, and prepares a summary thereof for the Annual General Meeting of Shareholders. In 2021, the external auditors participated in all six AFC meetings. Since 2016, the external audit has been carried out by PricewaterhouseCoopers Ltd. For further information regarding the external auditors, see page 43 et seq.

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

The Oerlikon Executive Committee[1]

Leadership and Accountability

Dr. Roland Fischer

Professional Background and Education

Dr. Roland Fischer was appointed Chief Executive Officer effective March 1, 2016. Prior to Oerlikon, Dr. Fischer held senior management positions at Siemens AG, the most recent as CEO of the Power and Gas Division, from 2013 to 2015. Between 2011 and 2012, Dr. Fischer served as CEO of the Fossil Power Generation Division, and from 2008 to 2011, he was CEO of the Fossil Power Generation Business Unit – Products, Siemens, Germany. Before joining Siemens, Dr. Fischer spent 18 years at MTU Aero Engines AG in diverse management positions in Germany and Malaysia, lastly serving as Senior Vice President, Defence Programs, in Germany. Dr. Fischer graduated from the University of Stuttgart, Germany, with a degree in Aeronautical Engineering, and holds a Ph.D. (Dr. Ing.) in Aeronautical Engineering from the University of Karlsruhe, Germany.

Other Activities and Vested Interests

None.

Philipp Müller

Professional Background and Education

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

Other Activities and Vested Interests

None.

Dr. Helmut Rudigier

Professional Background and Education

Dr. Helmut Rudigier was appointed Group Chief Technology Officer effective November 1, 2017. He joined Oerlikon Balzers in 1986 as R&D Project Manager after completing his post-doctoral research on low-temperature physics at ETH Zurich. Since then, he was promoted to diverse research and management roles, including Manager R&D Balzers Thin Films, Manager Production Site Balzers, Manager R&D Division Optics, Business Development Telecommunication (fiber optics), CTO of Oerlikon Balzers and CTO of the Division Surface Solutions. Dr. Rudigier represents Oerlikon on the Committee for Research and Technology of the Liechtenstein Chamber of Commerce and Industry. He holds a Ph.D. from the Institute of Solid State Physics at ETH Zurich, Switzerland, and has completed executive management programs at the University of California, Los Angeles, USA, and at IMD, Lausanne, Switzerland.

Other Activities and Vested Interests

Dr. Rudigier is a Member of the Scientific Advisory Committee of the Leibniz Institute of Surface Engineering (IOM) in Leipzig, Germany and a Board Member of the Advanced Manufacturing Technology Transfer Centers (AM-TTC). Dr. Rudigier also lectures at the NTB Interstate University of Applied Sciences of Technology in Buchs, St. Gallen, Switzerland.

Anna Ryzhova

Professional Background and Education

Anna Ryzhova was appointed Chief Human Resources Officer effective October 10, 2016. Ms. Ryzhova has over 15 years of experience in leading HR functions, 13 of which were at the Renova Group in senior HR executive roles. Most recently, Anna Ryzhova was Chief Human Resources Officer at Witel Ltd., Zurich, Switzerland. From 2010 to 2015, she served as HR and Corporate Relations Director at the Renova Group Corporate Center in Moscow Russia. Anna Ryzhova holds a Master's degree in Economics from the National Research University Higher School of Economics in Moscow and an Executive MBA from IMD, Lausanne, Switzerland.

Other Activities and Vested Interests

None.






From top left to right:
Dr. Roland Fischer
Philipp Müller
Anna Ryzhova
Dr. Helmut Rudigier
Georg Stausberg
Dr. Markus Tacke

Georg Stausberg

Professional Background and Education

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

Other Activities and Vested Interests

None

Dr. Markus Tacke

Professional Background and Education

Dr. Markus Tacke has been appointed as a Member of the Executive Committee as per January 1, 2021 and CEO of the Surface Solutions Division, effective October 1, 2020. Dr. Tacke has over 25 years of leadership experience in the renewable energy and gas turbine industries and is highly recognized for his ability to reposition and develop businesses. Before joining Oerlikon, he was CEO of Siemens Gamesa Renewable Energy S.A. from 2017 to 2020. Prior to that, Dr. Tacke held a number of leadership positions within Siemens' energy businesses, the last of which being CEO of their Wind Power and Renewables Division. Dr. Tacke holds a Mechanical Engineering Degree from the Technical University of Darmstadt, Germany, a Master's Degree in Engineering from Cornell University, New York, USA, and a PhD from the Technical University of Darmstadt, Germany.

Other Activities and Vested Interests

Chairman of the Board of RHEMAG, Frankfurt, Germany.

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

Executive Committee

Management Philosophy

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

Members of the Executive Committee

On December 31, 2021, the Executive Committee consisted of Dr. Roland Fischer, CEO (since March 1, 2016), Philipp Müller, CFO (since January 1, 2020), Dr. Helmut Rudigier, CTO (since November 1, 2017, until December 31, 2021), Anna Ryzhova, CHRO (since October 10, 2016), Dr. Markus Tacke, CEO of the Surface Solutions Division (since January 1, 2021) and Georg Stausberg, CEO of the Polymer Processing Solutions Division (since January 1, 2021). Oerlikon announced on November 3, 2021 that Dr. Helmut Rudigier is retiring at the end of 2021 and that the Executive Committee will consist of the remaining five members.

With the exception of Dr. Helmut Rudigier and Georg Stausberg, the other members of Oerlikon's Executive Committee did not previously carry out tasks for OC Oerlikon Corporation AG, Pfäffikon or any other Group company. For further information, see page 40 et seq.

Other Activities and Vested Interests

Regarding the activities of the members of the Executive Committee in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law, as well as permanent management and consultancy functions for Swiss and foreign interest groups and official functions and political posts, see page 40 et seq.

Number of Permitted Mandates

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

Management Contracts

There are no management contracts with third parties.

Shareholders' Participation

Voting Rights Restrictions and Representation

The right to vote and the other member rights may only be exercised by shareholders or beneficiaries who are registered in the share register. Any shareholder may appoint the independent proxy, another registered shareholder with written authorization or his legal representative to act as proxy to represent his shares at the General Meeting of Shareholders. The Chairman decides whether to recognize the power of attorney. Regarding the written or electronic issuing of the proxy and of instructions to the independent proxy, the Articles of Association do not contain any provisions that deviate from the legal provisions. Entitled to vote in the General Meeting of Shareholders are the shareholders whose names are entered into the share register as shareholders with voting rights at the cut-off date to be determined by the Board of Directors (as a rule, the cut-off date is six working days before the General Meeting of Shareholders). Otherwise, there are no restrictions on voting rights.

Composition of the Executive Committee

Name	Nationality	Age	Position	Joined	In Position Since
Dr. Roland Fischer	DE	59	CEO	2016	01.03.2016
Philipp Müller	DE	43	CFO	2019	01.01.2020
Anna Ryzhova	RU	42	CHRO	2016	10.10.2016
Dr. Helmut Rudigier	AT	66	CTO	1986	01.11.2017
Georg Stausberg	DE	58	CEO Polymer Processing Solutions Division	1989	01.01.2021
Dr. Markus Tacke	DE	56	CEO Surface Solutions Division	2020	01.01.2021

Statutory Quorums

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

Convocation of the Annual General Meeting of Shareholders

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

Inclusion of Items on the Agenda

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

Entry into the Share Register

The 49th General Meeting of Shareholders will be held on April 5, 2022. Entitled to vote in the General Meeting of Shareholders are those shareholders whose names are entered into the share register as shareholders with voting rights at the cut-off date to be determined by the Board of Directors.

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

The minutes of the 48th General Meeting of Shareholders, held on April 13, 2021, can be viewed on the website at www.oerlikon.com/en/company/annual-general-meeting-of-shareholders. Shareholders may also read the minutes at Group headquarters upon prior notice. The minutes of the 2022 Annual General Meeting of Shareholders will be published on the Oerlikon website as soon as they have been compiled.

Changes of Control and Defense Measures

Duty to Make an Offer

In accordance with the Articles of Association of OC Oerlikon Corporation AG, Pfäffikon a person who acquires shares in the company is not required to make a public purchase bid pursuant to Art. 125 para. 3 of the Financial Market Infrastructure Act (opting-out).

Clauses on Changes of Control

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

Auditors

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

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

Auditing Fees

In the calendar year 2021, PricewaterhouseCoopers Ltd invoiced the company CHF 2.6 million in global auditing fees.

Additional Fees

In the calendar year 2021, PricewaterhouseCoopers Ltd invoiced the company CHF 0.7 million for additional services. The additional fees were mainly invoiced for worldwide general and project-specific tax consultancy services.

Informational Instruments Pertaining to an External Audit

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

Once the auditing work has been completed, the AFC assesses the results and findings of the external audit, discusses its assessment with the lead auditor in charge and reports the relevant findings to the Board of Directors. Furthermore, the AFC submits proposals in response to the external auditors' recommendations, objections and other discovered deficiencies, if any, to the Board of Directors for consideration and monitors the implementation of any relevant action decided upon by the Board of Directors.

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

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

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

Material Changes Since Balance Sheet Date

Oerlikon announced on March 1, 2022, that Group CEO Dr. Roland Fischer is stepping down for private reasons, effective June 30, 2022, and that Prof. Dr. Michael Suess will assume the position of Executive Chair, in addition to his role as Chairman of the Board of Directors, effective July 1, 2022.

Information Policy

General

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

Apart from its audited Annual Report and Half-Year Report, which are prepared in accordance with the International Financial Reporting Standards (IFRS), Oerlikon publishes its key financial figures and a related commentary for the first and third quarters of its financial year. In this way, Oerlikon increases its communication and transparency on its financial development. Additionally, Oerlikon issues press releases on key company news during the year to ensure that shareholders and market participants are informed of significant changes and developments in the company. The company's website, www.oerlikon.com, offers a permanently accessible platform for all current information concerning the company.

For all news, the publication medium is the Swiss Official Gazette of Commerce. The Board may select additional publishing media. Communications to registered shareholders must be sent in writing to the most recent address provided by the shareholders to the company.

Press Releases

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

Press releases published in 2021, along with previous releases dating back to January 2004, can be accessed on Oerlikon's website at www.oerlikon.com/en/company/media/press-releases. Those interested in receiving the company's press releases regularly by e-mail can subscribe for the service at www.oerlikon.com/en/company/media/registration-for-corporate-news

Financial Calendar

For the financial calendar with Oerlikon's 2022 key financial disclosure events, please refer to page 63 of this Annual Report. The financial calendar, including further details on dates of road shows, conferences and events, can be found at www.oerlikon.com/en/investors/financial-calendar.

Quiet Periods (Blackout Periods)

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

Contact

Please refer to page 63 of this Annual Report for contact information for the Oerlikon Group, Investor Relations and Corporate Communications.

Shareholder Letter

Remuneration Report

Dear Shareholders

It is my pleasure as Chairman of the Human Resources Committee (HRC) to present to you the 2021 Remuneration Report of OC Oerlikon Corporation AG, Pfäffikon.

The year 2021 saw Oerlikon continue to perform despite the adverse conditions created by the ongoing global pandemic. Like our underlying business operations, Oerlikon's robust corporate governance processes and controls carried on in 2021 with little disruption despite this difficult situation.

The main focus of the HRC this year was the transformation of the Group toward a more integrated and customer-focused organization. This included the appointment of the two division CEOs, Dr. Markus Tacke and Georg Stausberg, to the Executive Committee as of January 1, 2021, to leverage our talent pipeline for new roles as well as to use our restructuring efforts for fostering an even more customer-focused culture.

In the area of compensation, adjustments were made to the remuneration of the Executive Committee members for 2021. As announced in the 2020 Remuneration Report, the following changes to the compensation plans of the Executive Committee were implemented in 2021:

- Short-term incentive (STI): The annual cash bonus is based on financial performance (70%) and on individual performance (30%). Effective as of 2021, financial performance is based solely on the Group and divisions' measures to simplify levels and foster cross-business collaboration. In addition, the financial objective EBITDA has been replaced by EBIT to better address profitability. Since under the new system the Executive Committee members also have business-related individual targets, the overall weighting of the group or division performance in their incentives remains similar to previous years.
- Long-term incentive (LTI): The LTI consists of a combination of Restricted Stock Units (RSU) and Performance Share Awards (PSA). For 2021 grants, the PSA are subject to a three-year vesting period based on the Return on Capital Employed (ROCE) multiplied by an absolute Total Shareholder Return (TSR) modifier, instead of the two TSR measures previously used. This decision was made to place primary focus on an internal key performance index (KPI) to assess profitability and capital efficiency, while not losing sight of returns to our shareholders. The new design leads to a potential payout of 50% to 132% plus dividend equivalents. Further, the portion of RSU has been increased to split both instruments in equal portions.

Further details on these changes are included in this Remuneration Report. In addition, the HRC performed its regular activities throughout the year, such as performance goal setting and assessment of the Executive Committee, the determination of the compensation of the members of the Board of Directors and the Executive Committee, as well as the preparation of the Remuneration Report and the say-on-pay vote at the Annual General Meeting of Shareholders (AGM).

We continue to provide a high level of transparency. In this year's Remuneration Report, we show again the compensation of the Executive Committee from three perspectives, namely the effective compensation that was paid in 2021, the forward-looking target value that was granted in 2021 and its market value at year-end. These perspectives enable shareholders to better interpret the amounts on which they are voting, that is, the target value granted, and to monitor the relationship between the company's performance and management's compensation.

The proposals of the Board of Directors for the binding votes on the remuneration of the members of the Executive Committee and the Board of Directors will be published with the invitation to the 2022 AGM.

Sincerely

Prof. Dr. Michael Süss
Chairman of the Human Resources Committee

This Remuneration Report provides detailed information on compensation programs at Oerlikon, on the compensation awarded to the members of the Board of Directors and the Executive Committee for 2021 and on the governance framework around compensation. It is written in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (OaEC), the SIX Exchange Regulation Ltd's Directive on Information relating to Corporate Governance, and the principles of the Swiss Code of Best Practice for Corporate Governance by economiesuisse.

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

Compensation for the Board of Directors and the Executive Committee is made up of various components, which are described in detail in this report. This section discloses a summary of the following aspects for 2021:

- General principles of the compensation policy
- Setting and approving compensation
- Compensation systems and compensation paid or granted to the Board of Directors in 2021
- Compensation systems and compensation paid or granted to the Executive Committee in 2021

Compensation Policy

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

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

Determining Compensation

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

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

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

- competitive, transparent and fair, by analyzing comparable companies and salary trends in the market;
- commensurate with the company's results and individual performance;
- consistent with Oerlikon's values and long-term strategy.

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

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

Based on the Compensation Ordinance, the aggregate amounts for compensation of the Board of Directors and the Executive Committee are subject to approval by the AGM. Within these confines, the internal approval and decision processes are as follows:

Approval Process

Decision on	Prepared by	Set by	Approved by
Compensation of members of the Board of Directors, incl. Chairman	Chairman	Human Resources Committee	Board of Directors
Compensation of the CEO, incl. fixed and variable compensation	Chairman	Human Resources Committee	Board of Directors
Compensation of the other members of the Executive Committee, incl. fixed and variable compensation	CEO	Human Resources Committee	Board of Directors
Maximum aggregate amount of – total compensation of the Board of Directors – fixed compensation of the Executive Committee – variable compensation of the Executive Committee	Chairman	Human Resources Committee	Board of Directors

The Chairman of the Board of Directors is present at the meeting when decisions are approved by the Board of Directors, including his own remuneration. In his role as Chairman of the HRC, he is also involved in the determination of Board remuneration, but abstains on decisions regarding his own remuneration. Members of the Board of Directors, other than those of the HRC, do not participate in determining the remuneration of Directors.

The CEO is involved in determining the remuneration of members of the Executive Committee and is present when the Board of Directors approves it, except when concerning his own remuneration. Members of the Executive Committee are not present when decisions on their respective compensation are made.

Board of Directors

Compensation System

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

Cash Compensation

in CHF 000	Compensation	Expense Allowance
Member of the Board of Directors	75	35
Chairman of the Board of Directors	275	
Vice Chair of the Board of Directors	125	
Chairman of a Committee	50	
Member of a Committee	30	

The compensation is reviewed by the HRC on an annual basis and, if necessary, adjusted by the Board of Directors based on a proposal by the HRC, prior to submitting the aggregate amount to a vote at the AGM.

No adjustment was made to the cash compensation of the Board of Directors in 2021.

The value of RSU is fixed at CHF 125 000 per Board member and CHF 280 000 for the Chairman of the Board. The number of RSU is determined by the share price at the grant date. RSU are blocked from the grant date on the day of the AGM until the following AGM, at which time they are converted into Oerlikon shares. For Directors resigning their mandate prior to the end of the term, the number of RSU converted into Oerlikon shares may be reduced at the sole discretion of the Board of Directors. The RSU program is financed with treasury shares.

No changes to the equity compensation for members of the Board of Directors have been made since 2008.

Compensation 2021

No member of the Board of Directors served in an executive role in 2021. The Board of Directors consists of seven non-executive members, whose total remuneration in 2021 was CHF 2.5 million, which represents an increase with respect to 2020, driven primarily by the election of Jürg Fedier to the board, the departure of Geoffrey Merszei from the Board and the election of Gerhard Pegam to Chair of the Audit & Finance Committee. Since all components are fixed, no ratio between fixed and variable compensation is presented.

Compensation of Non-executive Members of the Board of Directors (Audited)

in CHF 000	Board of Directors	Strategy Committee	Audit & Finance Committee	Human Resources Committee	Cash	RSU[1]	Other[2]	Total Compensation 2021	Market Value per Dec. 31, 2021[3]	Total Compensation 2020[4]
Prof. Dr. Michael Süss	C	C		C	375	280	35	**690**	652	690
Gerhard Pegam	V	M	C[6]	M	229	125	35	**389**	372	375
Alexey Moskov	M			M	105	125	35	**265**	248	265
Geoffery Merszei	M[5]		C[5]	M[5]	43			**43**	43	315
Paul Adams	M	M		M[6]	127	125	35	**287**	270	265
Suzanne Thoma	M		M[6]	M	127	125	35	**287**	270	265
David Metzger					–	–	–	–	–	28
Irina Matveeva	M		M		105	125	35	**265**	248	237
Jürg Fedier	M[6]	M[6]			76	125	35	**236**	219	–
Total					1 187	1 030	245	**2 462**	2 322	2 440
Mandatory Employer Contributions[7]								**130**	123	129

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

[1] The share price at grant date of RSU was CHF 10.85.

[2] Other compensation consists of an expense allowance.

[3] The value as of year-end is based on a share price of CHF 9.37.

[4] The total amount in 2020 includes an additional member who served until the AGM 2021.

[5] Until April 13, 2021.

[6] As of April 13, 2021.

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

Members of the Board of Directors did not receive any fees or other remuneration for additional services to OC Oerlikon or its subsidiaries in the 2021 business year. Neither OC Oerlikon nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Board of Directors or related parties in 2021 or 2020.

No compensation was paid to any former members of the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon or a Group company or related parties in 2021 or 2020.

The AGM on April 7, 2020 approved a maximum aggregate amount of compensation for the Board of Directors for the term from April 7, 2020 until April 13, 2021 of CHF 2.6 million. The following table shows the reconciliation between the effective Board compensation and the amount approved for this period.

April 7, 2020 – April 13, 2021

in CHF 000	Cash Compensation	RSU	Other	Total	Approved Amount 2020–2021
Mandate 2020/21 – Apr. 20 – Apr. 21	1 165	1 030	245	2 440	2 600

Management

Compensation System

The compensation system for the Executive Committee (EC) consists of fixed and variable components. The fixed component entails a base salary commensurate with the role and local market level and, depending on local practice, includes allowances and fringe benefits. The variable component entails a performance-related annual cash bonus (Short-Term Incentive, STI) and a three-year performance-related equity program (Long-Term Incentive, LTI). The mix between these components is defined by the profile, strategic impact and pay level of the role, as described hereinafter.

In 2021, the proportion of variable compensation of members of the EC continued to be between 50% and 100% of the base salary for the target STI and between 34% and 150% of the base salary for the target LTI.

Annual Base Salary

The annual base salary is determined primarily by the executive's tasks, responsibilities, skills and managerial experience, as well as market conditions, and is paid in cash. It was last benchmarked in 2021 with the data from Mercer provided in 2020, which uses a position evaluation methodology to size each role and applies it to compensation data from companies in Switzerland and Germany. Comparisons are made across a broad spectrum of branches except Financial Services and Life Sciences. Mercer also provides other compensation services to the Oerlikon Group and its subsidiaries. No other data or providers were considered in 2021.

STI Program

The STI program is a simple and clear annual cash bonus aimed at motivating managers and specialists to focus their efforts on specific financial and individual objectives. It is intended to help them align their efforts, promote initiative and contribute to the performance of individuals and the company.

The STI program for the EC consists of financial and individual objectives. As announced in 2020, some adjustments to the STI program were made to promote a more integrated and customer-focused approach. Financial objectives include sales growth, operating free cash flow and return on net assets (RONA). EBITDA was replaced by EBIT for 2021. Overall, the financial objectives account for 70% (2020: 80%) of the target bonus, while individual objectives account for 30% (2020: 20%). One third of individual objectives are linked to more focused business results.

Financial objectives are set for the Group and the two divisions (Oerlikon Surface Solutions and Oerlikon Polymer Processing Solutions) to simplify levels and foster collaboration across divisions. The measures chosen aim to increase the growth, profitability and cash efficiency of the Oerlikon Group. All three measures are weighted equally by one third. The weighted result is multiplied with a modifier of 0.9, 1.0 or 1.1, depending on whether the RONA of the Oerlikon Group is within a competitive range. The RONA metric was added to increase the emphasis on efficient capital allocation by company leadership.

STI Program

	Financial Objectives	Individual Objectives
Purpose	Increase business growth, profitability and cash efficiency	Focus on medium- and long-term objectives such as business and people development
Weight	70% of target amount	30% of target amount
Conditions	Sales growth: 33 ⅓% EBIT: 33 ⅓% Operating free cash flow: 33 ⅓%	Targets set and weighed individually 1/3 of targets are business related
Multiplier	RONA: 0.9–1.1	Safety (total accident frequency rate): 0.9–1.1
Potential	0–200%	

Individual objectives focus on medium- and longer-term business objectives such as inorganic growth and people development. As mentioned above, one third of these objectives must be specifically linked to further Group or division-related metrics. The weighted result is multiplied with a modifier of 0.9, 1.0 or 1.1, depending on whether the safety targets of the respective business are within a competitive range.

The Board of Directors approves the financial objectives of members of the Executive Committee for the following year at their year-end meeting. Individual objectives are approved at the meeting in February.

Financial targets are based on the annual budget and the payout on the actual financial results. A financial result at target corresponds to a payout of 100% of the target bonus, at the lower threshold 50%, and below the lower threshold 0%. Individual objectives are generally capped at 100% of the target bonus. In certain cases, a specific milestone or individual objective can be rewarded with more than 100%. A cap of 200% of the target applies to STI payout.

The HRC monitors the STI performance at each of its meetings during the year and endorses the required accruals, which form the basis of the disclosure below at the December meeting.

Finally, the HRC determines the overall STI payout, both for levels exceeding 100% and for levels between 50% and 90%, based on factual business circumstances and reasonable business judgment in order to achieve a fair result originating from true performance, and makes a recommendation to the Board of Directors for a final decision in February following the performance year. At this meeting, the HRC also recommends to the Board of Directors the aggregate amount for variable pay components that are submitted to a vote at the AGM for approval.

In 2021, the payout for the STI 2021 for the CEO is 106.5%, and for the other members of the Executive Committee, it averaged 105.8%. The payout of the STI 2020 for the CEO was 82%, and for the other members of the Executive Committee, it averaged 82%.

Long-Term Incentive (LTI) Program

Oerlikon is a global technology group with a strategy to expand its worldwide leading position as a powerhouse in surface solutions and advanced polymer processing. To successfully implement this strategy, it is vital for the Oerlikon Group to attract, motivate and retain key executives.

To support this strategy, Oerlikon's compensation policy is designed to align a significant portion of compensation of the Executive Committee to the company's long-term performance and to strengthen the Executive Committee's alignment with shareholders' interests. Members of the EC are eligible for an LTI award.

The LTI award includes two components. A portion of the award is granted in the form of Restricted Stock Units (RSU) and a portion of the award is granted in Performance Share Awards (PSA), both of which are subject to a three-year performance period.

The RSU award is designed to provide participants with an ownership interest in the long-term value creation of the company by making them shareholders, while the PSA award is designed to reward participants for future performance. The number of units to be granted is determined by dividing the target face value amount by the closing share price and exchange rate of the day prior to the allocation date. For the grants in 2021, half of the awards are issued as PSA and the other half as RSU.

The vesting of the PSA is conditional upon the achievement of two specific performance objectives over a prospective period of three years. Starting from 2021, the performance conditions are Return on Capital Employed (ROCE) and absolute Total Shareholder Return (TSR). The change from the relative TSR measure used in the past to an internal KPI was made (i) to reduce complexity created by a combination of two TSR measures, and (ii) to focus on an internal KPI in the LTI program to make it more tangible. ROCE was chosen for the internal KPI as it reflects the strategic priorities of the Group to improve efficient capital allocation.

To determine the final number of PSA, the effective average annual ROCE achievement over the performance period is mapped to a payout factor between 0% and 150% and multiplied with the effective TSR modifier of either 0.9, 1.0 or 1.1, depending on whether the absolute TSR achievement is below, within or above a preset TSR target corridor determined by the Board of Directors at the beginning of the program.

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

The grant of RSU is not tied to performance but rather to service conditions.

Considering the equal split between RSU and PSA, the potential payout for the 2021 awards effectively ranges between 50% and 132.5% of the target, plus dividend equivalents.

The number of PSA granted, multiplied by the final payout factor, together with the number of RSU granted, including dividend equivalents per share, correspond to the final vesting value.

LTI Program

	Performance Share Awards (PSA)		Restricted Stock Units (RSU)
Purpose	Increase the value created for shareholders		Increase attraction and retention of executives
Weight	50% of target amount		50% of target amount
Conditions	ROCE	Absolute Total Shareholder Return (aTSR)	Service
Potential	0–150%	0.9 – 1.1	100%

Target, Performance and Payout per December 31, 2021 for the current programs are:

	ROCE			aTSR			rTSR				
	Target	per Dec. 31, 2021[1]	**Payout**	Target	per Dec. 31, 2021	**Payout**	per Dec. 31, 2021	**Payout**	Dividend Equivalent Payout	RSU Payout	**Potential Total Payout per Dec. 31, 2021**
LTI 2019–2022				65.0%	2.9%	**8.3%**	27.5%	**62.4%**	23.2%	100%	**78.9%**
LTI 2020–2023				25.0%	2.4%	**6.7%**	35.2%	**75.3%**	13.3%	100%	**71.1%**
LTI 2021–2024	10.0%	9.2%	80.0%	30–60.0%	Modifier	**90.0%**	NA		3.7%	100%	**89.7%**

E.g. LTI 2020–23: 6.7% * 40% + 75.3% * 20% + 13.30% + 100% * 40% = 71.1%
E.g. LTI 2021–24: 80.0% * 0.5 * 0.9 + 3.70% + 100% * 50% = 89.7%

[1] Estimated performance over the 3-year performance period.

At the beginning of the plan, participants can elect whether the effective number of units are fully converted into shares or whether 70% are received in shares and 30% are sold upon vesting to receive the corresponding value in cash.

In cases of termination by mutual agreement, expiration of the employment contract (eg. retirement, death, disability) or due to dismissal for reasons other than for cause or performance, grants vest at the next regular vesting date. If the termination occurs in the same year as the grant, the grant is reduced to a prorated number of units. In any other cases, the unvested awards are forfeited.

The Board of Directors is authorized to amend, supplement, suspend or terminate the plan at its discretion and at any point in time, including corporate events affecting the underlying shares.

The LTI program is financed with treasury shares.

Benefits

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

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

Shareholding requirement

Members of the EC are required to build a significant personal shareholding in the business to further align the interests of the management and shareholders. The minimum threshold is a percentage of the annual base salary.

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

Current members of the EC are required to reach their minimum investment limit within three full vesting periods after the time of implementation of the guideline or after nomination to the Executive Committee. The shareholding of the individuals is reviewed regularly. Members of the Executive Committee are encouraged to retain and use their LTI shares, once vested, to meet this requirement of the remuneration policy.

Employment Agreements

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

Compensation 2021

Effective Compensation

The following section discloses the pay components effectively received in 2021, including salary and bonus payments, contributions to pension plans, fringe benefits, as well as the actual value of equity plans vested in the year under review. This perspective reflects the income effectively received by members of the EC, which in 2021 amounted to CHF 7.3 million (2020: CHF 6.1 million). The highest compensation effectively received by an individual member of the EC in 2021 was CHF 2.6 million (2020: CHF 3.0 million).

The effective remuneration increased compared to the previous year mainly due to a higher number of EC members.

Effective Compensation of Members of the EC

	Fixed Compensation			**Variable Compensation**			
in CHF 000	Base salary	Pension	Other [1]	Bonus [2]	Equity Plans (Effective Value at Vesting Date) [3]	Total Effective Compensation 2021	Total Compensation 2020
Total compensation to members of the Executive Committee	3 556	918	143	1 878	850	7 345	6 110
Thereof highest paid to one individual: Dr. Roland Fischer (CEO)	1 000	236	20	822	494	2 573	2 968

[1] Other compensation includes fringe benefits such as car allowance or relocation, disclosed at the fair market value.
[2] The bonus is determined on the Group and individual level and depends on business and individual performance. For 2021, the bonus payout as effectively received by the EC members in 2021 is disclosed.
[3] Equity plans include the LTI plan 2018 based on PSA and RSU.

Granted Compensation

The following section discloses the granted pay components in 2021, including salary and bonus payments, contributions to pension plans, fringe benefits as well as the target value of equity programs at grant date. This perspective reflects the compensation potential provided to members of the EC, which in 2021 amounted to CHF 10.4 million. The highest compensation granted to an individual member of the EC in 2021 was CHF 3.8 million.

One member's target compensation was modified in light of the enlargement of the role. No other members' target compensation was modified in 2021. Differences to the previous year stem mainly from an increase in the number of EC members, higher bonus payout and a higher LTI valuation due to the new KPIs used in 2021.

Granted Compensation of Members of the EC (Audited)

	Fixed Compensation			**Variable Compensation**				
in CHF 000	Base salary	Pension	Other [1]	Bonus [2]	LTI 2021–2024 (Target Value at Grant Date) [3]	Total Granted Compensation 2021	Total Granted Compensation (Market Value per Dec. 31, 2021) [4]	Total Granted Compensation 2020
Total compensation to members of the Executive Committee	3 556	918	143	2 756	2 990	10 362	9 863	6 670
Thereof highest paid to one individual: Dr. Roland Fischer (CEO)	1 000	236	20	1 065	1 500	3 821	3 571	3 282
Estimated Mandatory Employer Contributions [5]						549	523	354

[1] Other compensation includes fringe benefits such as car allowance or relocation.
[2] The bonus is determined based on Group and individual performance.
[3] The LTI 2021 consists of 50% PSA and 50% RSU. The fair value at grant date for the PSA portion was CHF 10.67 and CHF 10.67 for the RSU portion. The performance of the LTI plan per December 31, 2021 was 89.7%. The RSU portion is subject to service, but not to performance conditions. The effective performance of the plan will be determined as of December 31, 2023 and the effective value at the time of vesting on April 30, 2024 and disclosed as effective compensation in the remuneration report the following year.
[4] The market value as of year-end is based on a share price of CHF 9.37 on Dec. 31, 2021 and a performance of the PSA portion of the LTI of 89.7%.
[5] The Compensation Ordinance requires the disclosure of estimated employer contributions to social security. These are estimated at 5.3% for the full Executive Committee, though actual contributions for non-Swiss-based members may differ based on local legislation.

Granted Compensation of Former Members of the EC (Audited)

in CHF 000	Fixed Compensation			Total Granted Compensation 2021	Total Granted Compensation 2020[1]
	Base salary	Pension	Other		
Total compensation to former members of the EC	0	0	0	0	1 026

[1] Compensation includes a contractually agreed non-competition agreement for the duration of one year and a customary farewell gift, including social security contributions.

The Annual General Meeting of Shareholders on April 9, 2020 approved a maximum aggregate amount of the fixed compensation of the Executive Committee from July 1, 2020 until June 30, 2021 of CHF 4.0 million. The table below shows the reconciliation between the effective Executive Committee compensation and the amount approved for this period.

July 1, 2020 – June 30, 2021

in CHF 000	Base salary	Pension	Other	Total	Approved Amount 2020–2021
Period Jul 20 – Jun 21	2 957	809	137	3 904	4 000

Current or former members of the EC did not receive any fees or other remuneration for additional services to OC Oerlikon or its subsidiaries in the 2021 business year. Neither OC Oerlikon nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the EC or related parties in 2021 or 2020.

During 2021, no compensation was paid to related parties, either by OC Oerlikon Corporation AG, Pfäffikon or by any other company of the Oerlikon Group.

Report of the statutory auditor

to the General Meeting of OC Oerlikon Corporation AG

Pfäffikon

We have audited the remuneration report of OC Oerlikon Corporation AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the section “Compensation of Non-executive Members of the Board of Directors” labelled ‘audited’ on page 48 and section “Granted compensation of members of the Executive Committee” labelled ‘audited’ on page 52 and 53 of the remuneration report.

Board of Directors’ responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report of OC Oerlikon Corporation AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

René Rausenberger	Oliver Illa
Audit expert Auditor in charge	Audit expert

Zürich, 25 February 2022

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Risk Management and Compliance

Oerlikon's Risk Management System

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

Objectives and Principles

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

Organization

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

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

Process and Reporting

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

Culture

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

Current Situation

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

Market Risks

- Economic slowdown and business cycles: As a result, order intake, sales and profitability could decrease. Such effects could be overlain and worsened by additional COVID-19 waves and additional lockdowns.
- Competition: Competition and overcapacity in various markets could exert pressure on prices or trigger a decline in orders. As a result, order intake, sales and profitability could decrease.
- Digitalization: Industry 4.0 could change the marketplace, and failing to adapt and to seize opportunities could further increase pressure from competition.
- E-mobility: The automotive industry is in a fundamental change from combustion engines toward electrical and digital mobility. Suppliers in the entire value chain will also be affected, and sales and profitability could decrease.
- Foreign currency effects (transaction and translation risk): Unfavorable currency developments, mainly with respect to the euro and US dollar, could trigger higher procurement costs and lower sales figures. In addition, profitability could decline as a result of local currencies being translated into the Group's reporting currency (the Swiss franc). The above-mentioned foreign currency effects could also be impacted by increasing inflation rates and corresponding monetary policy actions.
- Country risks: For example, geopolitical events, regulations, new or higher taxes and fees, currency appreciation or depreciation, higher interest rates, reduced growth, or loss of proprietary information (intellectual property) could cause sales to decline and costs to rise. As a result, profitability could decrease.

Credit Risks

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

Operational Risks

- Additional costs/warranties: Insufficient product quality or machines and equipment that fail to perform as promised could lead to additional manufacturing costs and/or contractual warranty obligations. This could reduce profitability.
- Technology risks: If technologies do not prove successful in the market, order intake and sales targets may not be reached. Impairment charges may have to be reported.
- Legal: Oerlikon is exposed to numerous legal risks as a result of its international operations. These include, in particular, risks in the areas of competition and antitrust law, patent law, tax law, environmental protection law, trade control law and data protection law. Oerlikon has a valuable portfolio of industrial property rights, such as patents and trademarks. These property rights can become the target of attacks and infringements.
- Supply chain: Disruptions in supply chains could trigger delays in delivering products and services. In addition, tightening on the supply side could lead to price increases (in interdependence with inflation risks, as stated under Market Risks).
- Loss of key people/shortage of qualified skilled staff and managers: If key people leave the company and qualified skilled staff and managers are not available, sales and profitability targets may not be reached.
- IT security: Cyber attacks could result in business interruption, loss of data, and ultimately in loss of profit, additional costs and reputational damage.

Compliance and Ethics

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

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

In 2020, Oerlikon updated its long-standing Code of Conduct. Since then, most of its non-operational staff, excluding employees from acquisitions and in Germany, have completed the electronic training. Face-to-face training for operational employees will begin in 2022 and will continue in 2023. Oerlikon continues to promote ethical behavioral aspects of leadership awareness while dealing with integrity issues. Oerlikon has done so by implementing and updating its business partner integrity screening process.

In 2015 and 2016, the compliance program emphasized the establishment of data compliance to enhance data privacy and information security management. In 2017, Compliance prepared for the implementation of the EU's General Data Protection Regulation (GDPR), which came into effect on May 25, 2018. In 2019 and 2020, the Global Data Privacy and Compliance Officer continued to prioritize and focus on the implementation of GDPR requirements into Oerlikon's projects, processes, documentation and awareness programs.

As of the end of 2019, Oerlikon has started focusing on China and Russia. Moreover, the Group took steps and planned to improve its alignment with applicable data protection and cybersecurity laws in the rest of Asia and Latin America in 2020 and 2021.

In 2021, the Global Data Privacy and Compliance Officer focused on finalizing the GDPR framework and optimizing the internal GDPR handling to align with the Privacy by Design principles. Data protection training was intensified, new data protection guidance was issued, data protection processes were streamlined.

The implementation of the new legal requirements concerning the data transfers outside of the EEA, Switzerland and the UK to non-adequate countries was also a top priority for 2021 and will still be prioritized in 2022.

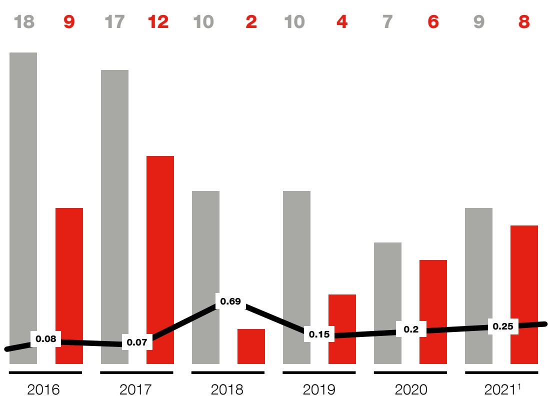
The Compliance program has a three-pillar framework:

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

Compliance Enforcement

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

In 2021, Oerlikon received 9 complaints via the reporting hotline, which is intended primarily to alert management to anti-bribery and corruption issues, but which yielded information on additional topics as well. There were 8 substantiated cases: 4 related to incidents of Code of Conduct and 4 related to cyber fraud. The company has terminated the employment of staff members when evidence has proven that they engaged in improper behavior.



Compliance cases 2016–2021

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

[1] The damages incurred were all related to cyber fraud.

Financial Report

Oerlikon's HRSFlow FLEXflow is an electrical driven hot runner system with an advanced control unit that assures accurate and flexible control of pressure and flow rate at each part of the mold injection process. With this system, there is no risk of overfilling, underfilling or flash formation when filling multiple cavities simultaneously. Using FLEXflow will enable customers to reduce wastage of materials and decrease the production costs of molded parts by up to 30%.

Information for Shareholders

Stock price performance

The Oerlikon stock price closed at CHF 9.37 at year-end 2021. This represents a 2% increase in 2021. The total shareholder return, which takes into account stock price performance and reinvested dividends, amounted to 6% in 2021 and 43% since 2016.

2021 stock markets were positively impacted by the global economic recovery, which was partly offset by concerns around rising interest rates, shortages (e.g. semiconductor chips, logistics, labor) and the appearance of new COVID-19 variants. The SMI Mid (SMIM) Index increased by 20% and the STOXX Europe Total Market General Industrials Index rose by 19% in 2021.

Compared to the afore mentioned indices, Oerlikon's 2021 stock price performance was impacted by its above average automotive exposure and the related semiconductor chip shortages in H2. Oerlikon's aviation exposure and the appearance of the new COVID-19 variant 'Omicron' also had an impact in Q4. Furthermore, Oerlikon's stock was excluded from the SMIM Index in mid-September 2021.

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

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

Stock Performance[1]

	2021	Since 2016
Oerlikon	2%	5%
SMIM Index	20%	80%
STOXX Europe Total Market General Industrials	19%	57%

[1] All indices in CHF for comparability reasons.

Total Shareholder Return (incl. Dividend)[1]

	2021	Since 2016
Oerlikon	6%	43%
SMIM Index	22%	107%
STOXX Europe Total Market General Industrials	19%	57%

[1] All indices in CHF for comparability reasons.

Analyst recommendations

As of the end of 2021, eleven sell-side research analysts covered the Oerlikon stock, publishing regular research. Five analysts rated the stock as “buy”, five as “hold” and one as “sell”. The table below shows the analyst recommendations as per the end of 2021:

Broker	Recommendation[1]	Price Target
AlphaValue	Buy	11.8
Baader Helvea	Sell	9.0
Credit Suisse	Hold	11.0
Deutsche Bank	Hold	10.5
Kepler Cheuvreux	Buy	12.0
Octavian	Buy	13.8
RBC Capital Markets	Hold	10.8
Stifel	Hold	12.2
UBS	Buy	13.4
Vontobel	Buy	13.3
ZKB	Hold	11.1

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

Dividend

The proposed 2021 dividend per share amounts to CHF 0.35 (2020: CHF 0.35) and will be paid in H1 2022 subject to approval at the Annual General Meeting (AGM). The proposed dividend represents a dividend yield of 3.7% based on the closing price of year-end 2021.

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

Yield

	2021	2020	2019	2018	2017	2016	2015
Year-end stock price	9.4	9.2	11.4	11.0	16.5	10	9.0
Year average stock price	10.1	8.2	11.4	14.7	13.2	9.3	11.0
Underlying earnings per share (undiluted)[1]	0.63	0.30	0.46	0.59	0.50	0.31	0.61
Ordinary dividend per share	0.35	0.35	0.35	0.35	0.35	0.30	0.30
Extraordinary dividend per share			0.65	0.65			
Dividend per Share	0.35	0.35	1.00	1.00	0.35	0.30	0.30
% of year-end price	3.7%	3.8%	8.8%	9.1%	2.1%	3.0%	3.4%
% of average price	3.5%	4.3%	8.8%	6.8%	2.7%	3.2%	2.7%
Ordinary as % of underlying EPS	56%	117%	76%	59%	70%	97%	49%

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

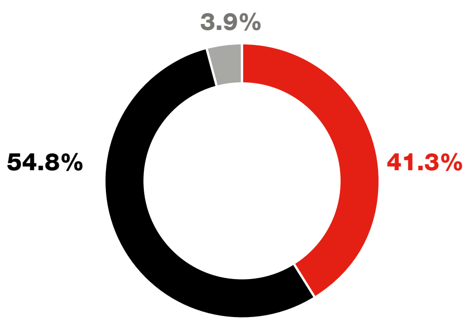
Shareholder Structure

The holdings of Liwet Holding AG amounted to 41.3% of outstanding shares at the end of the year (2020: 41.3%).

Treasury shares of 13 119 789 accounted for 3.9% of the share capital (2020: 13 936 546). Oerlikon announced on November 5, 2019, that its Board of Directors had decided to initiate a share buyback program. Over a period of up to 36 months, shares amounting to a maximum of 10% of the share capital recorded in the commercial register are expected to be repurchased in the open market over the ordinary trading line on SIX Swiss Exchange. The share buyback program started on November 7, 2019. From the beginning of the program to the end of current financial year, Oerlikon has repurchased 16 832 459 shares, with an average acquisition price of CHF 8.92 per share and representing 5.0% of the share capital. Oerlikon intends to utilize the repurchased securities to finance potential inorganic growth and to fund its global long-term employee incentive program. Oerlikon used 3 737 187 treasury shares for inorganic growth in 2021.

Oerlikon's free float totaled 54.8% (2020: 54.5%) as of December 31, 2021.

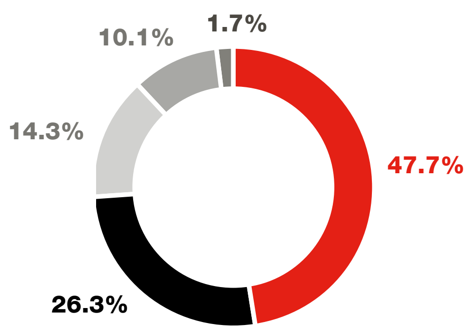
Oerlikon regularly commissions an analysis of its shareholder base in order to track the composition of registered shareholders as well as that of nonregistered shareholders. The latest study from December 2021 shows that the share capital held by private investors (retail) amounted to 10.8%. The other 89.2% is owned by professional investors, which include financial investors such as Liwet Holding AG and institutional investors, insurance companies and pension funds. The geographic distribution of the holdings of institutional investors was diversified, with Switzerland accounting for 47.7%, North America for 26.3%, continental Europe (excl. Switzerland) for 14.3% and the UK and Ireland representing 10.1%.



Shareholder Structure

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

[1] Source for Liwet Holding AG: Disclosure notification published by SIX Exchange Regulation on May 25, 2018.



Regional Distribution of Institutional Investors

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

External Financing

Syndicated Credit Facility Agreement

On December 7, 2021, Oerlikon signed an agreement for an unsecured syndicated sustainability-linked revolving credit facility amounting to CHF 600 million. The facility comprises a revolving credit facility and an ancillary credit facility with a five-year term and two optional one-year extensions. The new facility replaces the former revolving credit facility of the same amount one year ahead of its final maturity date. At the balance sheet date, no liquidity was drawn from the cash facility of the syndicated revolving credit facility.

Cash and cash equivalents amounted to CHF 601 million at the balance sheet date. The Group had total net debt of CHF 341 million as of December 31, 2021.

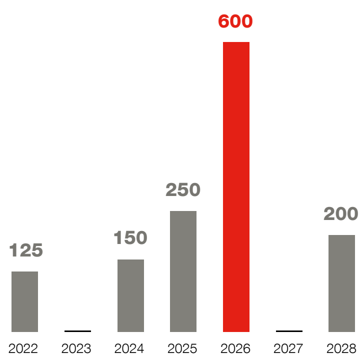
Capital Market Bonds and Other Debt Instruments

On May 27, 2021, Oerlikon issued three CHF-denominated senior unsecured bonds in the domestic capital market. The bonds have a total volume of CHF 575 million and tenors of 1.5, 4.5 and 7.5 years respectively.

At the 2021 balance sheet date, the Group had loans and borrowings amounting to CHF 748 million, attributable primarily to the four outstanding domestic bonds. The creditworthiness of the domestic bonds was BBB– as assessed by UBS, BBB as assessed by Zürcher Kantonalbank, and low BBB as assessed by Credit Suisse (all investment grade). All assessments remained unchanged with a stable outlook. Since 2017, fedafin AG has also been covering Oerlikon’s bonds. The Group also had total current and non-current lease liabilities of CHF 212 million as at December 31, 2021.

Financing Instruments
as of December 31, 2021

- Credit facility CHF 600 million
  [1] No liquidity was drawn as of the balance sheet date.
- Swiss bonds CHF 725 million



Maturity of Financing Instruments
as of December 31, 2021

- Credit facility CHF 600 million
- Swiss bonds CHF 725 million

Outstanding Bonds as of December 31, 2021

ISIN	Coupon	Maturity	Volume	Issue price	Price as of Dec. 31, 2021[1]	Price as of Dec. 31, 2020[1]
CH1112455782	0.000%	November 25, 2022, redemption at par	CHF 125 million	100.000%	100.16%	n.a
CH0244692536	2.625%	June 17, 2024, redemption at par	CHF 150 million	100.000%	106.05%	105.75%
CH1112455790	0.375%	November 27, 2025, redemption at par	CHF 250 million	100.078%	100.50%	n.a
CH1112455808	0.800%	November 27, 2028, redemption at par	CHF 200 million	100.091%	101.55%	n.a

[1] Source: Refinitiv

Financial Calendar and Contacts

Financial calendar

March 1, 2022
Q4/FY 2021 results and publication of Annual Report 2021

April 5, 2022
2022 Annual General Meeting of Shareholders, Pfäffikon SZ

May 3, 2022
Q1 2022 results

August 3, 2022
Q2/HY 2022 results and publication of Interim Report 2022

November 3, 2022
Q3/9M 2022 results

Dates of roadshows, conferences and other events can be found in the financial calendar on our website at www.oerlikon.com/en/investors

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Key Figures Oerlikon Group

Key Figures Oerlikon Group

in CHF million	**January 1 to December 31, 2021**	January 1 to December 31, 2020
Order intake	2797	2241
Order backlog	736	581
Sales	2649	2258
EBITDA[1]	444	288
- as % of sales[1]	16.7%	12.7%
Operational EBITDA[1, 2, 3]	447	323
- as % of sales[1, 2, 3]	16.9%	14.3%
EBIT[1]	220	73
- as % of sales[1]	8.3%	3.2%
Operational EBIT[1, 2, 4]	231	119
- as % of sales[1, 2, 4]	8.7%	5.3%
Result from continuing operations	162	38
Result from discontinuing operations, net of income taxes	6	–
Net result	168	38
– as % of equity attributable to shareholders of the parent	12%	3%
Cash flow from operating activities[5]	324	310
Capital expenditure for property, plant and equipment and intangible assets	131	118
Total assets	4341	3340
Equity attributable to shareholders of the parent	1424	1324
– as % of total assets	33%	40%
Net debt/net cash[6]	–341	59
Net operating assets[7]	2204	1637
Number of employees (full-time equivalents)	11808	10692
Personnel expense	796	780
Research and development expenditure[8]	105	101

[1] Continuing operations.

[2] Since this year, Operational EBITDA and Operational EBIT are additionally adjusted by acquisition and integration costs. For comparability reasons, last year figures have been adjusted accordingly.

[3] Operational EBITDA is defined as EBITDA, adjusted by expenses directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates as well as acquisition and integration costs.

[4] Operational EBIT is defined as EBIT, adjusted by expenses and impairments directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates, goodwill and intangible assets acquired in a business combination as well as acquisition and integration costs.

[5] Cash flow from operating activities before changes in net current assets amounts to CHF 380 million (previous year: CHF 202 million).

[6] Net debt/ net cash includes cash and cash equivalents, deposits and marketable securities less current and non-current debt.

[7] Net operating assets are defined as operating assets (total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets) less operating liabilities (total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities).

[8] Research and development expenditure includes expenses recognized as intangible assets in the amount of CHF 22 million (previous year: CHF 25 million).

Key share-related figures[1]

in CHF	**January 1 to December 31, 2021**	January 1 to December 31, 2020
Share price		
Year high	11.21	11.36
Year low	8.90	5.75
Year-end	9.37	9.15
Total shares issued at year-end	339758576	339758576
Market capitalization at year-end in CHF million	3184	3109
EBIT per share[2]	0.67	0.22
Operational EBIT per share[2]	0.71	0.36
Earnings per share	0.50	0.11
Cash flow from operating activities per share	0.99	0.94
Equity per share[3]	4.36	4.02
Dividend per share	0.35[4]	0.35[5]

[1] Average number of shares with voting and dividend rights (undiluted).

[2] Continuing operations.

[3] Attributable to shareholders of the parent.

[4] Dividend proposal for 2021, to be paid in 2022.

[5] For financial year 2020, paid in 2021.

Key Figures by Division

in CHF million	**January 1 to December 31, 2021**	January 1 to December 31, 2020
Oerlikon Group[1]		
Order intake	2797	2241
Order backlog	736	581
Sales	2649	2258
EBITDA	444	288
– as % of sales	16.7%	12.7%
Operational EBITDA[2]	447	323
– as % of sales[2]	16.9%	14.3%
EBIT	220	73
– as % of sales	8.3%	3.2%
Operational EBIT[2]	231	119
– as % of sales[2]	8.7%	5.3%
Net operating assets	2204	1637
Number of employees (full-time equivalents)	11808	10692
Surface Solutions Division		
Order intake	1345	1144
Order backlog	178	124
Sales	1290	1202
– thereof sales to third parties	1283	1197
EBITDA	232	144
– as % of sales	18.0%	12.0%
Operational EBITDA[2]	230	177
– as % of sales[2]	17.9%	14.7%
EBIT	66	–32
– as % of sales	5.1%	–2.7%
Operational EBIT[2]	72	11
– as % of sales[2]	5.6%	0.9%
Net operating assets	1629	1582
Number of employees (full-time equivalents)	7250	7241
Polymer Processing Solutions Division		
Order intake	1452	1097
Order backlog	558	457
Sales	1366	1061
– thereof sales to third parties	1366	1061
EBITDA	208	150
– as % of sales	15.2%	14.1%
Operational EBITDA[2]	213	151
– as % of sales[2]	15.6%	14.2%
EBIT	158	118
– as % of sales	11.6%	11.2%
Operational EBIT[2]	163	120
– as % of sales[2]	12.0%	11.3%
Net operating assets	463	11
Number of employees (full-time equivalents)	4218	3115

[1] Continuing operations.

[2] Since this year, Operational EBITDA and Operational EBIT are additionally adjusted by acquisition and integration costs. For comparability reasons, last-year figures have been adjusted accordingly.

Consolidated Income Statement

in CHF million	Notes	**January 1 to December 31, 2021**	January 1 to December 31, 2020
Sales of goods		1 731	1 463
Services rendered		918	795
Total sales	3	**2 649**	**2 258**
Cost of sales		–1 903	–1 700
Gross profit		**746**	**558**
Marketing and selling		–174	–164
Research and development		–134	–118
Administration		–216	–229
Other income	4	26	54
Other expense	4	–28	–27
Result before interest and taxes (EBIT)		**220**	**73**
Financial income	6	17	7
Financial expense	6	–20	–21
Result before taxes (EBT)		**217**	**60**
Income taxes	7	–55	–22
Result from continuing operations		**162**	**38**
Result from discontinued operations, net of income taxes	2	6	–
Net result		**168**	**38**
Attributable to:			
Shareholders of the parent		164	35
Non-controlling interests		4	3
Earnings per share in CHF	8	0.50	0.11
Diluted earnings per share in CHF	8	0.50	0.11
Earnings per registered share continuing operations in CHF		0.48	0.11
Diluted earnings per registered share continuing operations in CHF		0.48	0.11
Earnings per registered share discontinued operations in CHF		0.02	0.00
Diluted earnings per registered share discontinued operations in CHF		0.02	0.00
EBITDA		**444**	**288**
Operational EBIT		**231**	**119**
Operational EBITDA		**447**	**323**

Consolidated Statement of Comprehensive Income

in CHF million	Notes	**January 1 to December 31, 2021**	January 1 to December 31, 2020
Net result		168	38
Other comprehensive income			
Items that will never be reclassified to the income statement			
Remeasurement of defined benefit plans	16	72	–2
Gain from revaluation of investments in equity instruments designated at fair value through other comprehensive income		9	–
Income taxes on items that will never be reclassified to the income statement		–14	3
		66	1
Items that are or may be reclassified subsequently to the income statement			
Gains and losses from hedging		5	–
Conversion differences		–27	–79
Income taxes on items that are or may be reclassified subsequently to the income statement		–1	–
		–24	–79
Other comprehensive income for the period, net of taxes		**43**	**–78**
Total comprehensive income for the period		**210**	**–41**
Attributable to:			
Shareholders of the parent		207	–43
Non-controlling interests		3	3

Consolidated Balance Sheet

Assets

in CHF million	Notes	December 31, 2021	December 31, 2020
Cash and cash equivalents	9	601	414
Current financial investments and derivatives	10	26	19
Trade and trade notes receivable	11	440	303
Current contract assets	3	85	38
Other receivables	11	114	93
Current income tax receivables		34	31
Inventories	12	407	310
Prepaid expenses and accrued income		26	25
Current assets		**1 734**	**1 233**
Loans and other non-current financial receivables	11	30	13
Non-current financial investments	10	41	30
Property, plant and equipment	13	583	567
Right-of-use assets	14	209	204
Goodwill and intangible assets	15	1 538	1 135
Post-employment benefit assets	16	58	20
Deferred tax assets	7	145	139
Non-current contract assets	3	5	–
Non-current assets		**2 607**	**2 108**
Total assets		**4 341**	**3 340**

Liabilities and equity

in CHF million	Notes	December 31, 2021	December 31, 2020
Trade payables	17	355	284
Current contract liabilities	3	549	415
Current lease liabilities	17	31	31
Current financial liabilities and derivatives	17	142	12
Other current payables	17	106	72
Accrued liabilities	18	216	186
Current income taxes payable		56	47
Current post-employment benefit liabilities	16	19	15
Other current provisions	19	47	60
Current liabilities		**1 522**	**1 122**
Non-current lease liabilities	20	181	175
Non-current loans and borrowings	20	611	157
Other non-current liabilities		44	12
Non-current post-employment benefit liabilities	16	288	346
Deferred tax liabilities	7	171	125
Other non-current provisions	19	55	50
Non-current liabilities		**1 351**	**866**
Total liabilities		**2 873**	**1 988**
Share capital		340	340
Treasury shares		–120	–123
Retained earnings and reserves		1 204	1 107
Equity attributable to shareholders of the parent		**1 424**	**1 324**
Non-controlling interests		45	28
Total equity		**1 469**	**1 352**
Total liabilities and equity		**4 341**	**3 340**

Consolidated Cash Flow Statement[1]

in CHF million	Notes	January 1 to December 31, 2021	January 1 to December 31, 2020
Net result		168	38
Income taxes		55	22
Interest expense (net)		10	11
Depreciation of property, plant and equipment	13	96	96
Depreciation of right-of-use assets	14	37	36
Amortization of intangible assets	15	83	71
Addition to other provisions (net)	19	1	22
Impairment losses on property, plant and equipment	13	–	5
Impairment losses on right-of-use assets	14	1	–
Impairment losses on intangible assets	15	7	6
Decrease in post-employment benefit liabilities		–8	–12
Gain from sale of non-current assets		–	–1
Gain on equity interests in newly consolidated companies	2	–	–18
Income taxes paid		–63	–63
Share-based payments		4	5
Other non-cash items		–11	–16
Cash flow from operating activities before changes in net current assets		380	202
Increase in receivables, contract assets, prepaid expenses and accrued income		–133	–27
Increase/decrease in inventories		–80	21
Increase in payables, accrued liabilities and use of other provisions		19	17
Increase in contract liabilities		137	98
Non-cash impact on net current assets due to hedge accounting		1	–1
Cash flow from changes in net current assets		–57	108
Cash flow from operating activities		**324**	**310**
Purchase of property, plant and equipment	13	–83	–64
Proceeds from sale of property, plant and equipment		2	6
Purchase of intangible assets	15	–48	–53
Acquisition of subsidiaries, net of cash acquired	2	–289	–18
Investments in associates		–3	–2
Proceeds from marketable securities		2	16
Loans made to other parties		–2	–
Proceeds from financial investments		2	2
Interest received		6	5
Cash flow from investing activities		**–413**	**–108**
Dividends paid		–116	–331
Purchase of treasury shares		–32	–65
Repayment of financial debt		–109	–455
Proceeds from financial debt		573	464
Principal elements of lease payments		–36	–32
Interest paid		–15	–14
Cash flow from financing activities		**266**	**–432**
Conversion adjustments to cash and cash equivalents		10	–13
Increase/decrease in cash and cash equivalents		**187**	**–244**
Cash and cash equivalents at the beginning of the period	9	414	658
Cash and cash equivalents at the end of the period	9	601	414
Increase/decrease in cash and cash equivalents		**187**	**–244**

[1] The cash flow statement is presented including cash effects from discontinued operations. Refer to Note 2 for cash flow from discontinued operations.

Consolidated Statement of Changes in Equity

in CHF million	Share capital[1]	Additional paid-in capital[2]	Treasury shares[3]	Conversion differences	Retained earnings	Hedge accounting	Fair value adjustment	Income taxes	**Total equity attributable to shareholders**	Non-controlling interests	**Total share-holders' equity**
Balance at January 1, 2020	**340**	**558**	**–63**	**–185**	**1 008**	**–**	**–**	**98**	**1 756**	**13**	**1 769**
Net result	–	–	–	–	35	–	–	–	35	3	38
Remeasurement of defined benefit plans	–	–	–	–	–2	–	–	3	1	–	1
Conversion differences	–	–	–	–79	–	–	–	–	–79	–	–79
Other comprehensive income for the period	**–**	**–**	**–**	**–79**	**–2**	**–**	**–**	**3**	**–78**	**–**	**–78**
Total comprehensive income for the period	**–**	**–**	**–**	**–79**	**32**	**–**	**–**	**3**	**–43**	**3**	**–41**
Dividend distributions	–	–	–	–	–328	–	–	–	–328	–3	–331
Share-based payments	–	–	5	–	1	–	–	–	5	–	5
Purchase of treasury shares[4]	–	–	–65	–	–	–	–	–	–65	–	–65
Contributions and distributions	**–**	**–**	**–60**	**–**	**–328**	**–**	**–**	**–**	**–388**	**–3**	**–391**
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	–	–	15	15
Changes in ownership interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15**	**15**
Total transactions with owners of the company	**–**	**–**	**–60**	**–**	**–328**	**–**	**–**	**–**	**–388**	**12**	**–376**
Balance at December 31, 2020	**340**	**558**	**–123**	**–264**	**713**	**–**	**–**	**101**	**1 324**	**28**	**1 352**
Net result	–	–	–	–	164	–	–	–	164	4	168
Gains and losses from hedging	–	–	–	–	–	5	–	–1	3	–	3
Remeasurement of defined benefit plans	–	–	–	–	72	–	–	–13	59	–	59
Gain from revaluation of investments in equity instruments designated at fair value through other comprehensive income	–	–	–	–	–	–	9	–1	7	–	7
Conversion differences	–	–	–	–27	–	–	–	–	–27	–1	–27
Other comprehensive income for the period	**–**	**–**	**–**	**–27**	**72**	**5**	**9**	**–15**	**43**	**–1**	**42**
Total comprehensive income for the period	**–**	**–**	**–**	**–27**	**236**	**5**	**9**	**–15**	**207**	**3**	**210**
Dividend distributions	–	–	–	–	–114	–	–	–	–114	–2	–116
Share-based payments	–	–	2	–	2	–	–	–	4	–	4
Purchase of treasury shares[4]	–	–	–32	–	–	–	–	–	–32	–	–32
Transfer of treasury shares[5]	–	–	33	–	7	–	–	–	40	–	40
Contributions and distributions	**–**	**–**	**3**	**–**	**–105**	**–**	**–**	**–**	**–102**	**–2**	**–104**
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–5	–	–	–	–5	15	11
Changes in ownership interests	**–**	**–**	**–**	**–**	**–5**	**–**	**–**	**–**	**–5**	**15**	**11**
Total transactions with owners of the company	**–**	**–**	**3**	**–**	**–110**	**–**	**–**	**–**	**–107**	**13**	**–94**
Balance at December 31, 2021	**340**	**558**	**–120**	**–291**	**838**	**5**	**9**	**86**	**1 424**	**45**	**1 469**

[1] The share capital of OC Oerlikon Corporation AG, Pfäffikon consists of 339 758 576 fully paid registered shares (previous year: 339 758 576) of a nominal value of CHF 1 each. On December 31, 2021, conditional capital amounted to CHF 47 200 000 (previous year: CHF 47 200 000).

[2] As of December 31, 2021, additional paid-in capital includes CHF 330 million (previous year: CHF 330 million) of legal reserves in OC Oerlikon Corporation AG, Pfäffikon.

[3] As of December 31, 2021, the Group held 13 119 789 own shares (previous year: 13 936 546).

[4] OC Oerlikon Corporation Inc., Pfäffikon informed on November 5, 2019 that the Board of Directors has approved to buy back own shares for up to a maximum of 10% of the share capital. The effective size of the buyback program depends, among other things, on the number of treasury shares held and the market situation. The repurchased registered shares shall be used as a reserve for future M&A transactions and employee benefit plans. The program started in November 2019 and will run up to 36 months. In 2021, 3 157 406 shares (previous year: 8 845 053) were repurchased as part of the share buyback program for a consideration of CHF 32 million. (previous year: CHF 65 million). Since the inception of the share buyback program in 2019, a total of 16 832 459 shares have been bought for CHF 150 million.

[5] The transfer of treasury shares was part of the consideration for the acquisition of INglass S.p.A. (see Note 2 “Acquisitions and Divestments”).

Significant Accounting Principles

Company operations
OC Oerlikon Corporation AG, Pfäffikon is a Swiss public company located in Churerstrasse 120, Pfäffikon, canton of Schwyz, Switzerland. It is the ultimate parent company of the Oerlikon Group, a leading high-tech industrial Group which provides innovative industrial and cutting-edge technologies for surface solutions and polymer processing solutions.

Apart from its activities in Switzerland, the Oerlikon Group operates primarily in EU member states, North America and Asia, and has a workforce of 11 808 employees (full-time equivalents).

Basis of preparation
The consolidated financial statements of OC Oerlikon Corporation AG, Pfäffikon have been prepared in accordance with International Financial Reporting Standards (IFRS) and Swiss company law. These accounting standards have been applied consistently in all periods presented in this report except for the changes explained in section "Adoption of new and revised accounting standards". The consolidated financial statements are presented in Swiss francs (CHF). The consolidated financial statements were approved by the Board of Directors on February 25, 2022, and will be submitted to the Annual General Meeting of Shareholders on April 5, 2022 for approval. All standards issued by the International Accounting Standards Board (IASB) and all interpretations of the IFRS Interpretations Committee (IFRIC) effective at the date of the consolidated financial statements have been taken into account. All line item amounts in the consolidated financial statements are presented in millions of Swiss francs, and all such amounts (including totals and subtotals) have been rounded according to common commercial practice. Thus an addition of the figures presented can result in rounding differences. Values of assets and liabilities have been determined in accordance with the historical cost convention, with the exception of derivative financial instruments, contingent considerations and financial assets that are held at fair value. These consolidated financial statements are published in English and German. If there is any divergence in the wording, the English original text is authoritative.

Judgments, estimates and assumptions
Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the values of reported revenues, expenses, assets, liabilities and contingent liabilities at the reporting date. These estimates and assumptions are constantly being revised. Depending on the issues involved, revision of such assumptions can have an effect on the current period, as well as potentially on future periods. These estimates, judgments and assumptions are based on historical experience and other factors that are believed to be reasonable and justified as expectations of future events.

However, actual results can differ from these estimates. Moreover, consistent application of the chosen accounting principles can require management to make decisions that may have a material impact on the amounts reported in the annual financial statements. Above all, assessment of business transactions that involve complex structures or legal forms call for decisions on management's part. The most important accounting estimates are to be found in:

Business combinations: Where the Group acquires control of another business, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business shall be recognized, separately from goodwill.
This process involves management making an assessment of the fair value of these items. Management judgment is particularly involved in the recognition and measurement of the following items:
- Intellectual property. This may include technologies, patents, licenses, trademarks and similar rights for currently marketed products.
- Customer relationships.
- Contingencies such as legal, tax and environmental matters.
- The recoverability of any accumulated tax losses previously incurred by the acquired company.

In all cases, management makes an assessment based on the underlying economic substance of the items concerned, and not only on the contractual terms, in order to fairly present these items (refer to Note 2 for details).

Impairment of value: At December 31, 2021, the Group had CHF 583 million in property, plant and equipment and CHF 1 538 million in goodwill and intangible assets. A detailed test for impairment of the carrying amount is carried out for goodwill and other intangible assets with indefinite useful life annually or, as for all other assets, if there is any indication of a loss of value. Goodwill and other intangible assets with indefinite useful life are allocated to the cash-generating units (CGUs) that are expected to benefit from the synergies of the business combination that gave rise to the goodwill. The recoverable amount of the CGUs (or Group of CGUs) is determined based on the value in use. In the same way, future cash flows from the use of tangible fixed assets can be estimated and the carrying value tested using the same rules. These tests use estimates of future cash flows to be expected from the use of the assets concerned, or from their potential sale. Actual cash flows may vary significantly from these estimates following changes of plan for the use of assets such as land and buildings, technological obsolescence or market changes (refer to Note 13 for impairment of property, plant and equipment and Note 15 for impairment of goodwill and intangible assets).

Provisions and contingent liabilities: At December 31, 2021, the Group had CHF 102 million in provisions and CHF 1 million in contingent liabilities. In the ordinary course of their business, companies of the Group may become involved in litigious conflicts or disagreements with third parties. Provisions are made to cover the Group's exposure in such matters, based on a realistic estimate of the economic outflow that may result. However, the ultimate resolution of such disputes can give rise to claims against the Group, which may not be fully covered by provisions or insurance. Specific warranty provisions are set up for known warranty claims as required, and also for situations where it is known from recent experience that the company is exposed to claims, usually for technical reasons. Besides this, a general provision is made for other possible claims, based on experience and linked to sales volumes. In cases where the company has entered into contractual obligations whose cost exceeds the economic benefit to be expected, corresponding provisions are made. These are based on management's estimates (refer to Note 19 for provisions and Note 25 for contingent liabilities).

Pensions: At December 31, 2021, the carrying amount of the Group's post-employment liabilities (net) was CHF 249 million. The estimates and assumptions used to determine the underlying defined benefit obligations of CHF 803 million are based on future projections and actuarial calculations that have been determined together with the actuaries (refer to Note 16 for details).

Taxes on income: At December 31, 2021, the Group had current income tax receivables of CHF 34 million, current income taxes payable of CHF 56 million, deferred tax assets of CHF 145 million and deferred tax liabilities of CHF 171 million. Estimates are used initially to determine amounts receivable and payable with respect of current and deferred taxes on income. These estimates are based on interpretation of existing tax law and regulations. Many internal and external factors can influence the final determination of amounts receivable or payable, such as changes in tax law, changes in tax rates, the level of future profits and fiscal audits carried out by the tax authorities (refer to Note 7 for details).

Discontinued operations

Effects from the sale of the Drive Systems Division are shown as discontinued operations.

Adoption of new and revised accounting standards

With respect to the new and revised accounting standards applicable as of January 1, 2021, the following two amendments have relevance to the Oerlikon Group:

Interest Rate Benchmark Reform - Phase 2 (Amendment to IFRS 9, IAS 39, IFRS 7 and IFRS 16):
The amendments provide practical expedients for modifications of financial instruments and lease contracts resulting from the IBOR reform and, in the same context, targeted relief for financial instruments qualifying for hedge accounting and address issues affecting financial reporting in the period leading up to IBOR reform.

COVID-19-Related Rent Concessions (Amendments to IFRS 16):
The amendments allow lessees to recognize rent concessions as income and not as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. This amendment has already been early adopted as per January 1, 2020.

There were no other new or amended standards and interpretations effective for the financial year beginning on January 1, 2021, that had significant impact on the Group's consolidated financial statements.

Newly published accounting standards not early adopted

Certain new accounting standards and interpretations have been published by the IASB that are not mandatory for the December 31, 2021 reporting period yet and that have not been early adopted by the Oerlikon Group. None of them was expected to have a material impact on the Group's financial statements.

Principles of consolidation

Subsidiaries

December 31 is the uniform closing date for all subsidiaries included in the consolidated financial statements. Subsidiaries are all entities over which OC Oerlikon Corporation AG, Pfäffikon has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Oerlikon Group from the date on which control commences until the date on which control ceases.

Non-controlling interests are recorded separately under equity in the consolidated financial statements. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions.

All consolidated subsidiaries held are shown in the listing at the end of the notes.

Disposal of subsidiaries

When the Group ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the income statement. Amounts previously recognized in other comprehensive income that may be reclassified to the income statement are reclassified to the income statement. Any retained interest in the former subsidiary is remeasured to its fair value at the date when control is lost.

Business combinations and goodwill

The Oerlikon Group accounts for business combinations using the acquisition method when control is transferred to the Group (see above under "Subsidiaries"). At the date of their initial consolidation, the identifiable assets acquired and liabilities assumed of subsidiaries are measured at fair value. Goodwill is measured at the acquisition date as the fair value of the consideration transferred plus the amount of non-controlling interests in the acquiree less the net recognized assets. Transaction costs are expensed as incurred, except if related to the issue of debt or equity. Goodwill denominated in foreign currencies is translated into Swiss francs at the rates prevailing at the balance sheet date.

Translation of foreign currencies

The accounts of foreign entities are prepared in the relevant functional currency and translated into Swiss francs in accordance with IAS 21. An entity's functional currency is the currency of the primary economic environment in which the entity operates. In the consolidation, assets and liabilities of foreign subsidiaries are translated into Swiss francs at the exchange rate prevailing on the balance sheet date, while income, expenses and cash flows are translated using average rates for the year. Differences resulting from the respective translation into Swiss francs are recognized in other comprehensive income. Exchange gains and losses, as recorded in the individual company accounts of subsidiaries, are included in the income statement. Excluded from this rule are specific long-term intercompany monetary items that form part of the net investment in a foreign subsidiary whose exchange translation differences are recognized in other comprehensive income.

In the year that a foreign entity is divested, the cumulative translation differences recorded in other comprehensive income are reclassified to the income statement as part of the gain or loss upon disposal.

Elimination of intercompany transactions and profits
Intercompany assets, liabilities, income, expenses and cash flows are eliminated in the consolidated financial statements. The same applies to profits on intercompany sales not yet realized through sales to third parties, as well as profits on transfers of fixed assets and investments in subsidiaries.

Segment information
The Group consists of the following reportable Segments:

- The Surface Solutions Division is a world-leading supplier of advanced materials and surface technologies for components and tools used in a wide range of industrial applications where superior materials and surface performance are required.
- The Polymer Processing Solutions Division (formerly named as Manmade Fibers Division) is a world market leader for solutions and systems used to manufacture manmade fibers that enable customers to produce high-quality synthetic fibers.

The Segment reporting of the Oerlikon Group is in accordance with the "management approach" and based on the internal structure and reporting. The Chief Executive Officer (CEO) performs the function of the Chief Operating Decision Maker (CODM), assesses performance and makes resource allocation decisions.

The internal reporting to the CODM is based on uniform Group accounting principles, which correspond to those used in the consolidated financial statements. Intersegment pricing is determined on an arm's length basis.

Assets

Financial assets: Financial assets such as Cash and cash equivalents (Note 9), Current and non-current financial investments and derivatives (Note 10), Trade and trade notes receivable (Note 11), and Loans and other non-current financial receivables (Note 11) are initially measured at fair value. Subsequent measurement depends on their classification according to IFRS 9 based on the entity's business model either at amortized cost, fair value through profit and loss or fair value through OCI. Debt and equity securities include debt instruments frequently traded. Other debt investments (i.e. trade and trade notes receivables, deposits) are for held and collect purposes. For more information, please refer to Note 21.

Contract assets: Contract assets are an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance). Contract assets include incremental costs to fulfill a contract.

Inventories: Inventories consisting of raw materials, purchased components and trade merchandise are carried at the lower of cost or net realizable value using FIFO or weighted average cost valuation methods. Self-made components, work in progress and finished goods are carried at production cost. This includes all related material and labor costs, as well as a reasonable allocation of indirect production costs. Recognizable reductions in value resulting from excess inventory, reduced replacement cost or sales price and similar are taken into account through appropriate write-downs of inventory items.

Right-of-use assets and lease liabilities: The Oerlikon Group recognizes a right-of-use asset and a lease liability at the lease commencement date. At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Vehicles and other items of plant, equipment and furniture typically have a lease term between 3 and 5 years. Production and administrative buildings have an expected lease term of 5 to 20 years (including extension options where the Group is reasonably certain that they will be exercised). However, the Oerlikon Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets (e.g. IT or office equipment). The Oerlikon Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Oerlikon Group's incremental borrowing rate. Generally, the Oerlikon Group uses country- and duration-specific incremental borrowing rates as the discount rate.

The Oerlikon Group applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Property, plant and equipment: Tangible fixed assets are recorded at historical purchase or production costs, less necessary depreciation. Components of PP&E that have a differing useful life are recorded separately and depreciated accordingly (component approach). Depreciation is calculated on a straight-line basis according to the expected useful life of the asset as follows:

	Years
Plant, equipment and furniture:	
– IT hardware	3–7
– Company cars	4–7
– Trucks and electric vehicles	5–10
– Technical installations and machines	5–15
– Other operating and business equipment	3–15
Production and administration buildings:	
– Central building installations	10–25
– Leasehold improvements	2–20
– Plant and administrative buildings – used operationally	20–60

Developed land and facilities under construction are not depreciated.

Estimated useful lives and residual values are examined annually.

Major spare parts and servicing equipment qualify as property, plant and equipment when an entity expects to use them during more than one period.

Intangible assets and goodwill: Intangible assets are identifiable non-monetary assets without physical substance from which future economic benefits are expected to flow to the Group. Intangible assets are amortized on a straight-line basis over their expected useful lives as follows:

	Years
Development costs:	5
Other intangible assets:	
– Software	2–3
– ERP platform	7
– Licenses, patents and technologies	5–10
– Acquired customer relations	5–23

In the case of intangible assets with indefinite useful lives, an impairment test of the asset value is conducted annually at the balance sheet date, or earlier at the occurrence of a triggering event. Goodwill and brands are not amortized, but instead tested annually for possible value impairment.

Development costs are recognized as intangible assets if they meet the criteria for such recognition set forth in IAS 38. The cost capitalized comprises all costs directly attributable to the development process. After the development phase is complete, the asset is amortized over its estimated useful life.

Liabilities

Financial liabilities: Financial liabilities, such as Trade payables (Note 17), Current financial liabilities and derivatives (Note 17), Other current payables (Note 17), Non-current loans and borrowing (Note 20), and Other non-current liabilities (Note 21), are initially measured at fair value less directly attributable costs. Subsequent measurement depends on their classification according to IFRS 9 either at amortized cost or fair value through profit and loss. For more information, please refer to Note 21.

Contract liabilities: Contract liabilities are an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from customers.

Current and non-current provisions: Provisions are set up for obligations arising from past events if the future outflow of resources is more likely than not and can be estimated reliably. Other provisions represent uncertainties for which a best estimate is made in arriving at the amount reserved. Non-current provisions are discounted at a pretax rate that reflects the current market assessments of the time value of money.

Restructuring provisions: Provisions are established in cases where a detailed restructuring plan exists and the Group has informed those concerned, or the restructuring process has started.

Onerous contracts: Provisions are established when unavoidable estimated costs to fulfill a contract exceed the related contract revenues. The difference is provided against income in the current period. When accounts are prepared, the related risks are reassessed systematically by all Business Units and all costs are adjusted as required. This reassessment is generally based on the "most likely outcome", which uses assumptions regarding technical feasibility and timely realization of the projects and includes a quantification of the risks. The actual future obligation can vary from these estimates.

Warranty provisions: Provisions are established for known customer claims and also for potential warranty exposure.

Product liability: Provisions are established for known claims; potential exposure is not provided for.

Acquirees' contingent liabilities: In a business combination, a contingent liability of the acquiree is recognized in acquisition accounting if it is a present obligation that arises from past events and its fair value can be measured reliably. The probability of payment being required is not relevant in determining whether a contingent liability that is a present obligation should be recognized in a business combination, but this probability will impact its fair value. A contingent liability recognized is initially measured at its fair value. Subsequently, it is measured at the higher of its acquisition-date fair value and the amount that would be recognized in accordance with the requirements for the provisions above. A contingent liability initially recognized in a business combination is not derecognized until it is settled, canceled or it expires.

Post-employment benefits provisions: The Oerlikon Group operates various post-employment benefit schemes, including both defined benefit and defined contribution plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability (asset) recognized in the balance sheet in respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, taking into account any asset ceiling. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Remeasurements of the net defined benefit liability (asset) are charged or credited to other comprehensive income in the period in which they arise.

Current and past service costs are recognized immediately in the income statement (operating result).

Net interest on the net defined benefit liability comprises interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling. The net interest is calculated using the same discount rate that is used in calculating the defined benefit obligation, applied to the net defined liability at the start of the period, taking into account any changes from contribution or benefit payments. Net interest on the net defined benefit liability is recognized in the income statement (financial result).

The contributions to defined contribution plans are recognized in the income statement (operating result) when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Treasury shares: Treasury shares are shown as a reduction of shareholders' equity. Gains or losses arising from the sale of treasury shares are also shown in the consolidated statement of changes in equity, in retained earnings.

Income statement

Sales of goods and services: Revenue is recognized to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when performance obligations have been satisfied, i.e. when control of goods or services has been transferred to the customer, and if it is probable that the economic benefits will flow to the company. In accordance with the recognition criteria of IFRS 15, control may be transferred either at a point in time or over time.

Revenue is measured based on the consideration the Oerlikon Group received or expects to receive in exchange for its goods and services. If a contract contains more than one performance obligation, the overall consideration is allocated to the different components affected based on the standalone observable selling price of each performance obligation. The consideration received in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal of cumulative recognized revenue will not occur. The respective estimate is updated regularly. Sales commissions, which the company would not have incurred if the contract were not obtained, are recognized as contract costs (assets). Unless the amortization period is less than one year (expensed as occurred), contract costs are amortized over the duration of the contract and subject to impairment. Sales payment terms are in line with the industry's standards, and deferred payment terms are agreed only in rare circumstances.

Remaining performance obligation: Remaining performance obligation is the aggregate amount of consideration to which an entity expects to be entitled in the future in exchange for transferring promised goods or services to a customer (promised in a contract), which are unsatisfied, or partially unsatisfied, as of the end of the reporting period. As a practical expedient, no disclosure is given for performance obligations related to contracts with an original expected duration of one year or less.
Although conceptually very similar, the calculation of remaining performance obligations does not necessarily align with the disclosed order backlog. A remaining performance obligation only qualifies as order backlog when specific cash down payments or additional preconditions in terms of customer financing are fulfilled.

Other income and expenses: Other income consists of income from real estate, investments, licenses, patents, income from reversal of provisions for acquired contingent liabilities (net of adjustment on related indemnification assets), income from a risk and revenue share agreement and non-operating assets. Other expenses consist of non-operating expenses, taxes not based on income, expenses related to a risk and revenue share agreement, and integration and acquisition costs.

Financial expenses: Interest expense is recognized in the income statement by using the effective interest rate method. Borrowing costs that can be directly allocated to the construction, buildup or purchase of a qualified asset are capitalized through the costs of the assets.

Current income taxes: Current income taxes are accrued on the basis of income reported locally for the financial year by the individual Group companies in keeping with the current year taxation principle.

Deferred taxes: Wherever local company tax values differ from Group values (temporary differences), deferred taxes are determined and recorded by applying tax rates enacted or substantially enacted at the balance sheet date to the differences (balance sheet liability method). Taxes on dividends from subsidiaries are only accrued when distributions are contemplated. The value of deferred tax assets deriving from tax losses carried forward is subject to annual review. Tax losses are only recognized as assets if they are expected to be realized, offset against taxable profits of Group companies individually or in tax groups. In countries or companies where realization of the losses cannot be foreseen, no asset is recognized. Management believes that its estimates are appropriate and that uncertainties in the valuation of tax assets and liabilities have been appropriately addressed. Deferred tax is not recognized for: a) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting profit nor taxable profit or loss; b) temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and c) taxable temporary differences arising on the initial recognition of goodwill.

Earnings per share: Earnings per share (EPS) is based on the portion of consolidated net profit attributable to shareholders of OC Oerlikon Corporation AG, Pfäffikon divided by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share additionally take into account all potential equity securities that could have come into existence as the result of an exercise of option rights.

Assets and liabilities classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is reclassified into "discontinued operations" if it has been disposed of or is classified as held for sale and if it represents a major line of business or geographical area of operations and is part of a single coordinated plan to be disposed. Non-current assets and disposal groups held for sale are carried at the lower of their carrying amount or fair value less cost to sell, and any value impairments are recognized in the income statement. Depreciation of non-current assets ceases when the respective qualification as assets held for sale is met.

All disclosures in the notes to the consolidated financial statements refer to continuing operations, except where otherwise indicated.

Risks

Financial risk management/financial instruments: The Group is exposed to various financial risks, such as market risks (including foreign exchange risk, interest rate risk and pricing risk), credit risk and liquidity risk. The Group's financial risk management aims to limit any adverse effects that the markets may have on the Group's financial health at an acceptable hedging cost. Risk limitation does not mean complete exclusion of financial risks, rather it means following a policy of economically sensible management of the Group's finances within an agreed framework of documented authority. The Group uses derivative financial instruments to hedge certain risks. Only preapproved instruments are used, and as a fundamental rule, no speculative transactions are conducted in the areas of foreign exchange or interest rates. No hedges are entered into without a corresponding base transaction. Management monitors and steers such risks continuously with the support of Group Treasury, which identifies and evaluates all financial risks by working with the Group's operating companies and hedging the risks as appropriate. The Group has documented guidelines for financial risk management covering the use of derivative and non-derivative financial instruments and policies for use of surplus funds.

Foreign exchange risks: Risks related to fluctuations in foreign currencies are in certain instances hedged at Group level (refer to Note 21, "Financial instruments").

Interest rate risks: Risks related to fluctuations in interest rates are monitored by Group Treasury and in certain instances hedged at Group level (refer to Note 21, "Financial instruments").

Credit risks: Risks of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations are monitored locally by the individual Group companies (refer to Note 21, "Financial instruments").

Liquidity risks: The Oerlikon Group supervises and manages the Group's liquidity centrally to ensure that outstanding financial liabilities can at all times be met within their maturity period and at an acceptable financing cost (refer to Note 21, "Financial instruments").

Contingent liabilities

Contingent liabilities represent potential obligations whose impact depends on the occurrence of one or more future events that cannot be influenced. Contingent liabilities are also existing obligations that are not expected to result in a future outflow of benefits, or where the outflow of benefits cannot reliably be quantified.

Participation plans/share-based payments

Members of the Executive Committee and senior management may receive a portion of their compensation as a long-term bonus in the form of awards for OC Oerlikon Corporation AG, Pfäffikon shares under various plans. The fair value is determined on the day such share-based remuneration is granted and charged to the income statement on a straight-line basis over the vesting period within the operating results, with a corresponding increase in equity (equity settled plans).

Alternative performance measures

The Oerlikon Group uses the following alternative performance measures:

Operational EBITDA: Operational EBITDA is defined as EBITDA, adjusted by expenses directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates as well as acquisition and integration costs.

Operational EBIT: Operational EBIT is defined as EBIT, adjusted by expenses and impairments directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations as well as impairments on associates, goodwill and intangible assets acquired in a business combination as well as acquisition and integration costs.

Since this year, operational EBITDA and operational EBIT are additionally adjusted by acquisition and integration costs. For comparability reasons, last year figures have been adjusted accordingly.

Reconciliation of Operational Figures

2021

in CHF million		Operational figures	Restructuring [1]	Discontinued activities	Impairments [3]	Acquisition and Integration costs [4]	Unadjusted figures
Surface Solutions Division	**Sales**	**1 283**	–	–	–	–	**1 283**
	EBITDA	**230**	3	–	–	–1	**232**
	EBIT	**72**	3	–	–8	–1	**66**
Polymer Processing Solutions Division	**Sales**	**1 366**	–	–	–	–	**1 366**
	EBITDA	**213**	–1	–	–	–4	**208**
	EBIT	**163**	–1	–	–	–4	**158**
Total Divisions	**Sales**	**2 649**	–	–	–	–	**2 649**
	EBITDA	**443**	2	–	–	–5	**440**
	EBIT	**236**	2	–	–8	–5	**224**
Group / Eliminations	**Sales**	**0**	–	–	–	–	**0**
	EBITDA	**3**	–	–	–	–	**4**
	EBIT	**–5**	–	–	–	–	**–5**
Total from continuing operations	**Sales**	**2 649**	–	–	–	–	**2 649**
	EBITDA	**447**	2	–	–	–5	**444**
	EBIT	**231**	2	–	–8	–5	**220**

2020

in CHF million		Operational figures	Restructuring [1]	Discontinued activities [2]	Impairments [3]	Acquisition and Integration costs [4]	Unadjusted figures
Surface Solutions Division	**Sales**	**1 197**	–	–	–	–	**1 197**
	EBITDA	**177**	–22	–10	–	–	**144**
	EBIT	**11**	–22	–12	–9	–	**–32**
Polymer Processing Solutions Division	**Sales**	**1 061**	–	–	–	–	**1 061**
	EBITDA	**151**	–1	–	–	–	**150**
	EBIT	**120**	–1	–	–	–	**118**
Total Divisions	**Sales**	**2 258**	–	–	–	–	**2 258**
	EBITDA	**328**	–21	–10	–	–	**294**
	EBIT	**130**	–21	–12	–9	–	**86**
Group / Eliminations	**Sales**	**0**	–	–	–	–	**0**
	EBITDA	**–5**	1	–	–	–2	**–6**
	EBIT	**–12**	1	–	–	–2	**–13**
Total from continuing operations	**Sales**	**2 258**	–	–	–	–	**2 258**
	EBITDA	**323**	–22	–10	–	–2	**288**
	EBIT	**119**	–22	–12	–9	–2	**73**

[1] Expenses related to restructuring mainly include personnel costs.

[2] Effects from discontinued activities not qualifying as discontinued operations includes mainly the business of AM Medical.

[3] Impairments related to restructuring.

[4] Since this year, Operational EBITDA and Operational EBIT are additionally adjusted by acquisition and integration costs. For comparability reasons last year figures have been adjusted accordingly.

Notes to the Consolidated Financial Statements

Group structure

Note 1

Subsidiaries

A list of Oerlikon's subsidiaries can be found on pages 118 and 119.

During the financial year 2021, the following significant changes in the Group structure occurred:

Acquisitions

On May 28, 2021, Oerlikon acquired 85% of SAS COEURDOR and indirectly 68% of FCM S.p.A., 85% of FIR. Parts S.r.l., 85% of Mercurio S.r.l., and 85% of Cubimatéria Polimentos Unipessoal Lda.

On June 9, 2021, Oerlikon acquired INglass S.p.A. and indirectly H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., HRS Hot Runner Systems NA Inc., HRS (Hangzhou) Trading Co. Ltd., HRS (Hong Kong) Limited, INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., HRS France S.à r.l., HRSflow GmbH, HRS Flow India Private Limited, HRS JAPAN Co. Ltd., HRS Flow Mexico S. DE R.L. DE C.V., SCC Assistência Técnica, Unipessoal Lda, INglass HRS South Africa (Pty) Ltd., Sistemas De Canal Caliente Ibérica. S.L.U., HRS Flow Thailand Co. Ltd., INglass HRS Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd., and INglass USA Inc.

Further information can be found in Note 2 “Acquisitions and Divestments”.

Liquidation of subsidiaries

As of April 1, 2021, Oerlikon Textile Systems Far East Ltd. was liquidated.

Mergers

Company	Merged into	Date
Oerlikon AM GmbH	Oerlikon AM Europe GmbH	April 28, 2021
Oerlikon Metco (Japan) Ltd.	Oerlikon Nihon Balzers Coating Co. Ltd.	June 1, 2021
Oerlikon China Equity Ltd.	Oerlikon Textile China Investments Ltd.	August 24, 2021

Non-controlling interests

The following Group companies have non-controlling interests as of December 31:

		Non-controlling interests in %	
Company	**Country**	**2021**	2020
Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd.	China	40.00	40.00
Zigong Golden China Speciality Carbides Co., Ltd.	China	40.00	40.00
SAS COEURDOR	France	14.99	–
Teknoweb Materials S.r.l.	Italy	33.10	33.10
FCM S.p.A.	Italy	31.99	–
FIR. Parts S.r.l.	Italy	14.99	–
Mercurio S.r.l.	Italy	14.99	–
Oerlikon Balzers Coating Luxembourg S.à r.l.	Luxembourg	40.00	40.00
Cubimatéria Polimentos Unipessoal Lda	Portugal	14.99	–
Oerlikon Balzers Coating Korea Co. Ltd.	South Korea	10.10	10.10

The share that non-controlling interests have in the Oerlikon Group's activities and cash flows are not material.

Interests in joint arrangements and associates

The Oerlikon Group does not hold any significant interests in joint arrangements and associates.

Significant prior-year changes in Group structure

Acquisitions

On January 31, 2020, Oerlikon took over the majority stake in Teknoweb Materials S.r.l., which was established in 2017 as a joint venture (Oerlikon’s share: 49.9%). In the transaction, an additional 17% share was acquired, increasing Oerlikon’s total share to 66.9% and with gaining of control resulting in the full consolidation of the company.

Further information can be found in Note 2 “Acquisitions and Divestments”.

Foundation and liquidation of subsidiaries

As of January 17, 2020, Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd. was founded.

As of December 31, 2020, Oerlikon AM Medical Inc. was liquidated.

Mergers

Company	Merged into	Date
Sucotec AG	Oerlikon Surface Solutions AG, Pfäffikon	June 3, 2020
AMT Solutions Holding AG	Oerlikon Surface Solutions AG, Pfäffikon	June 18, 2020
Oerlikon (Liechtenstein) Holding AG	OC Oerlikon Balzers AG	August 19, 2020
InnoDisc AG	OC Oerlikon Management AG, Pfäffikon	August 30, 2020
AMT AG	Oerlikon Metco AG, Wohlen	October 21, 2020
AM Munich Research Institute GmbH	Oerlikon AM GmbH	November 20, 2020
D-Coat GmbH	Oerlikon Balzers Coating Germany GmbH	November 30, 2020
Unaxis GmbH	OC Oerlikon Management AG, Pfäffikon	December 4, 2020

Acquisitions and Divestments

Note 2

Acquisitions in 2021

On May 28, 2021, Oerlikon acquired a 85% share in **SAS COEURDOR**, a leading full-service provider for the design, manufacturing and coating of metallic components to world leading luxury brands. Coeurdor's accessories form parts of leather bags, belts, watches and other luxury goods. Coeurdor is headquartered in France and has production facilities in Italy and Portugal, employing a skilled workforce of more than 220 employees. With this acquisition, the Surface Solutions Division is expanding its offering and foothold in the luxury goods market.

The total purchase consideration for the acquisition of Coeurdor amounts to CHF 103 million and includes CHF 79 million paid in cash in the reporting period and contingent consideration of CHF 9 million. The non-controlling interest of CHF 15 million was determined based on the full goodwill method. The contingent consideration relates to earnout arrangements which are based on financial metrics (EBITDA targets). The potential undiscounted amount payable under the agreements amounts to between CHF 0 million and CHF 11 million. The fair value of the contingent consideration was estimated by calculating the present value of the expected future cash flows. The calculations are based on the current estimates of the fulfillment of the conditions on which the payment of the earnouts depends. As part of the transaction, call/put options have been agreed for the acquisition of the 15% non-controlling interest, for which a liability of CHF 5 million has been recognized.

Contingent liabilities of CHF 2 million have been recognized primarily due to potential environmental and occupational risks.

The goodwill of CHF 57 million arising from the acquisition is mainly attributable to the strengthening of Oerlikon's market position in the luxury and high-end deco market and expected synergies from combining the operations of the acquired businesses with the Oerlikon Group. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs amounting to CHF 1 million have been recognized under other expense in the consolidated income statement for the period ended December 31, 2021.

On April 22, 2021, Oerlikon signed an agreement to acquire **INglass S.p.A.**, a global leader in high precision polymer flow control equipment. These systems are used to enable effective and energy-saving plastic injection molding. Headquartered in Italy, INglass has more than 1 000 employees and production plants in Italy, China and the US. After receiving all the required merger control approvals, Oerlikon and INglass S.p.A. successfully closed the acquisition on June 9, 2021. The acquisition accelerates Oerlikon's strategy in diversifying its manmade fibers business to expand into the high-growth polymer processing solution market. The Manmade Fibers Division was renamed to Polymer Processing Solutions.

The total purchase consideration for the acquisition of INglass S.p.A. amounts to CHF 358 million and includes CHF 239 million paid in cash at the closing of the transaction, the transfer of treasury shares of OC Oerlikon Corporation AG, Pfäffikon, with a fair value of CHF 40 million at closing date, CHF 13 million deferred payment that was settled in the second half of 2021 and contingent consideration of CHF 66 million. The contingent consideration relates to earnout arrangements which are based on financial metrics (EBITDA targets). The potential undiscounted amount payable under the agreements amounts to between CHF 0 million and CHF 66 million. The fair value of the contingent consideration was estimated by calculating the present value of the expected future cash flows. The calculations are based on the current estimates of the fulfillment of the conditions on which the payment of the earnouts depends.

In the second half of 2021, the fair value of the contingent consideration as per acquisition date was increased by CHF 11 million to CHF 66 million. The identification and valuation of acquired assets and liabilities was further refined and the allocation of the purchase price adjusted accordingly to reflect the revised balances.

Contingent liabilities of CHF 12 million have been recognized primarily due to potential tax and environmental risks. Any potential cash outflow is estimated to occur during the next 5 years. The selling shareholders have contractually agreed to indemnify Oerlikon for these risks.

The goodwill of CHF 215 million arising from the acquisition is mainly attributable to the value of expected synergies and economies of scale expected from combining the operations of INglass S.p.A. and Oerlikon. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisition-related costs amounting to CHF 3 million have been recognized under other expense in the consolidated income statement for the period ended December 31, 2021.

The following table summarizes the fair values of consideration and non-controlling interests, as well as assets acquired and liabilities assumed at the date of the acquisition:

in CHF million	Coeurdor May 28, 2021	INglass June 9, 2021	**Total**
Cash	79	239	318
Transfer of treasury shares	–	40	40
Deferred payment	–	13	13
Contingent consideration	9	66	75
Non-controlling interest	15	–	15
Total	**103**	**358**	**461**

Acquisitions and Divestments

Note 2 (cont.)

Recognized amounts of identifiable assets acquired and liabilities assumed

in CHF million	Coeurdor May 28, 2021	INglass June 9, 2021	**Total**
Cash and cash equivalents	12	33	45
Current financial investments	3	–	3
Trade and other receivables, prepaid expenses and accrued income	7	82	89
Current income tax receivables	–	4	4
Inventories	8	17	25
Loans and other non-current financial receivables	6	12	19
Property, plant and equipment	7	32	38
Right-of-use assets	1	15	15
Intangible assets	34	172	206
Deferred tax assets	1	17	18
Trade payables	–2	–21	–23
Current lease liabilities	–	–2	–2
Current financial liabilities and derivatives[1]	–8	–106	–113
Other current payables and accrued liabilities	–3	–24	–27
Current income tax payable	–	–7	–7
Other current provisions	–3	–2	–5
Non-current lease liabilities	–1	–12	–13
Non-current loans and borrowings	–2	–7	–9
Non-current post-employment benefit liabilities	–	–	–1
Deferred tax liabilities	–11	–43	–54
Other non-current provisions	–4	–16	–21
Total identifiable net assets	**46**	**143**	**189**
Goodwill	57	215	271
Total net assets	**103**	**358**	**461**

[1] Financial liabilities of CHF 55 million have been repaid immediately after the acquisition of INglass.

The above amounts represent the preliminary allocation of the purchase prices. Due to the timing of the acquisitions, certain information required to complete the final purchase price allocations remains outstanding.

Since their acquisition, Coeurdor and INglass contributed CHF 121 million in total sales and CHF 15 million in net income to the Oerlikon Group. Had the transactions taken place at January 1, 2021, the Group's total sales and net income for the period ended December 31, 2021 would have amounted to approximately CHF 2 729 million and CHF 173 million, respectively. These amounts have been determined based on the assumption that the fair value adjustments at the acquisition date, determined provisionally, would have been the same at January 1, 2021.

Cash flows from acquisitions of subsidiaries

in CHF million	**December 31, 2021**
Cash consideration paid	–318
Deferred payment	–13
Cash acquired	45
Payments for acquisitions in prior years	–2
Total cash flows from acquisitions, net of cash acquired	**–289**

Acquisitions in 2020

On January 31, 2020, Oerlikon took over the majority stake in **Teknoweb Materials S.r.l.**, which was established in 2017 as a joint venture (Oerlikon's share 49.9%) to extend the nonwoven production system portfolio in the Polymer Processing Solutions Division to include the attractive market for disposable nonwovens. In the transaction, an additional 17% share was acquired, increasing Oerlikon's total share to 66.9% and with the gaining of control resulting in the full consolidation of the company.

On December 15, 2020, Oerlikon acquired the **Thermal Insulation Systems Business** from Crosslink GmbH located in Cadolzburg, Germany, for a purchase consideration of CHF 3 million. The business specializes in the development of Thermal Insulation Material solutions for Battery Electric Vehicles for the global automotive industry. This acquisition is in line with Oerlikon's strategy to focus and expand its technologies and competencies. The acquired assets consist mainly of intangible assets of CHF 3 million (of which goodwill CHF 2 million). The impact of the acquisition on the group's net assets, financial position and result are not material and therefore the below details relate only to the abovementioned acquisition of Teknoweb.

The purchase consideration for the additional 17% share in Teknoweb amounts to CHF 14 million, all of which was paid as cash in 2020.

The previously held equity interest and the non-controlling interest in Teknoweb were measured at fair value at the acquisition date. The fair value was determined with a discounted cash flow analysis with adjustments for control premium and marketability. Significant inputs in the discounted cash flow analysis include a discount rate of 17% based on the weighted average cost of capital (WACC) and a growth rate of the terminal value of 1%.

Acquisitions and Divestments

Note 2 (cont.)

The remeasuring of the equity interest held in the acquiree immediately before the acquisition to its fair value resulted in a gain of CHF 18 million, which was recognized under other income in the consolidated income statement for the period ended December 31, 2020.

The goodwill of CHF 27 million arising from the acquisition is mainly attributable to a strengthening of the market position, the expertise of the workforce and the expected synergies from combining the operations of the acquired businesses with the Oerlikon Group. None of the goodwill is expected to be deductible for income tax purposes.

The following table summarizes the fair values of consideration paid, previously held equity interests and non-controlling interests, as well as assets acquired and liabilities assumed at the date of the acquisition:

in CHF million	**2020**
Consideration for acquisition of additional 17% share (paid in cash)	14
Previously held equity interest (revalued)	22
Non-controlling interest	15
Total	**51**

Recognized amounts of identifiable assets acquired and liabilities assumed

in CHF million	**2020**
Cash and cash equivalents	1
Trade and other receivables, prepaid expenses and accrued income	2
Current contract assets	5
Inventories	3
Non-current financial investments	2
Property, plant and equipment	3
Right-of-use assets	3
Intangible assets	33
Trade payables	–7
Current contract liabilities	–7
Current and non-current lease liabilities	–3
Current financial liabilities	–1
Deferred tax liabilities	–10
Total identifiable net assets	**24**
Goodwill	27
Total net assets	**51**

Acquisition-related costs of below CHF 1 million have been recognized under other expenses in the consolidated income statement for the period ended December 31, 2020.

From the date of acquisition until December 31, 2020, the acquired business has contributed CHF 24 million to total sales and CHF -1 million to the net result of the Oerlikon Group. Had the transaction taken place at January 1, 2020, the Group's total sales and net result for the period ended December 31, 2020 would have amounted to approximately CHF 2 258 million and CHF 37 million, respectively. These amounts have been determined based on the assumption that the fair-value adjustments at the acquisition date would have been the same at January 1, 2020.

Divestment of the Drive Systems Division in 2019

In 2021, a partial settlement with the buyers of the Drive Systems Division led to a cash-out of CHF 9 million (included in Cash flow from operating activities, previous year: CHF 1 million). The reassessment of the related obligations resulted in a gain on sale of discontinued operations of CHF 6 million, which is included in the result from discontinued operations, net of income taxes. The gain is fully attributable to the shareholders of the parent.

Revenue

Note 3

Disaggregation of revenue from contracts with customers by divisions and market[1]:

in CHF million	Surface Solutions Division		Polymer Processing Solutions Division		Total	
	January 1 to December 31, 2021	January 1 to December 31, 2020	**January 1 to December 31, 2021**	January 1 to December 31, 2020	**January 1 to December 31, 2021**	January 1 to December 31, 2020
Automotive	363	320	–	–	363	320
Aviation	144	167	–	–	144	167
Filament	–	–	871	700	871	700
Flow Control	–	–	122	39	122	39
General Industry	335	294	–	–	335	294
Industrial and Interiors	–	–	141	141	141	141
Nonwoven and Plant Engineering	–	–	232	182	232	182
Power Generation	63	68	–	–	63	68
Tooling	379	349	–	–	379	349
Total revenue from contracts with customers	**1 283**	**1 197**	**1 366**	**1 061**	**2 649**	**2 258**

[1] The definitions of the different markets in the Polymer Processing Solutions Division have been adjusted to align with the new organization structure. For comparability reasons, prior year figures have been adjusted accordingly.

Significant changes in contract assets and contract liabilities balances during the period:

in CHF million	**2021**	2020
Opening balance - Contract assets	**38**	**13**
Opening balance - Contract liabilities	**–415**	**–313**
Net opening balance	**–377**	**–300**
Increase due to revenue recognized over time during the year (including revenue catch-up)[1]	839	697
Decrease due to transfer of AR (sales invoiced, but no advance payments received) or due advanced payments received (not yet invoiced)	–927	–773
Additions of contract costs[2]	5	–
Net closing balance	**–460**	**–376**
Thereof presented as contract assets[2]	**90**	**38**
Thereof presented as contract liabilities	**–549**	**–415**

[1] Of which CHF 415 million were already included in contract liabilities at the beginning of the period (previous year: CHF 313 million).

[2] Thereof CHF 3 million recognized from costs to fulfill a contract (previous year: CHF 0 million) and CHF 1 million from costs to obtain a contract (previous year: CHF 0 million).

Transaction price allocated to the remaining performance obligations:

Revenue related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date is expected to be recognized in the future as follows:

in CHF million	**2021**	2020
< 1 year	1 384	870
1-2 years	1 069	918
2-3 years	213	202
beyond 3 years	–	–
Total	**2 666**	**1 990**

Other income and expense

Note 4

in CHF million	2021	2020
Licensing, patent and know-how income	1	2
Other income[1]	25	53
Other income	**26**	**54**
Taxes not based on income	–9	–8
Other expense	–19	–19
Other expense	**–28**	**–27**
Other income and expense, net	**–2**	**27**

[1] The previous year includes effects of the remeasuring of the equity interest in Teknoweb Materials S.r.l. of CHF 18 million (refer to Note 2 “Acquisitions and Divestments”).

Expenses included in EBIT

Note 5

in CHF million	2021	2020
Personnel expense		
Salaries and wages	645	615
Social security and other employee benefits[1]	151	165
Total	**796**	**780**
Depreciation and amortization		
– Property, plant and equipment	96	96
of which in:		
Cost of sales	80	82
Marketing and selling	1	1
Research and development	6	5
Administration	9	8
– Right-of-use assets	37	36
of which in:		
Cost of sales	25	24
Marketing and selling	2	2
Research and development	1	1
Administration	9	9
– Intangible assets	83	71
of which in:		
Cost of sales	5	2
Marketing and selling	24	20
Research and development	46	42
Administration	8	6
Total	**216**	**203**

[1] Included in the expense for social security and other employee benefits is CHF 30 million (previous year: CHF 30 million) attributable to specific post-employment benefit plans of the individual companies. The remainder includes the legally required benefit contributions of Group companies, as well as other social security expenses.

Financial income and expense

Note 6

in CHF million	2021	2020
Interest income	6	5
Other financial income	1	1
Foreign currency gain, net	11	–
Net gain on hedging transactions recognized in the income statement	–	1
Financial income	**17**	**7**
Interest on financial debt	–9	–7
Interest on liabilities for benefit plans, net	–1	–2
Interest expense for lease liabilities	–6	–7
Other financial expense	–3	–2
Foreign currency loss, net	–	–3
Net loss on hedging transactions recognized in the income statement	–1	–
Financial expense	**–20**	**–21**
Financial expense, net	**–3**	**–14**

Income taxes

Note 7

in CHF million	Continuing operations 2021	Discontinued operations 2021	Total 2021	Continuing operations 2020	Discontinued operations 2020	Total 2020
Current income tax expense (-) /income (+)	–66	–	**–66**	–29	–	**–29**
Deferred tax income (+) /expense (-)	11	–	**11**	6	–	**6**
Total	**–55**	**–**	**–55**	**–22**	**–**	**–22**

Analysis of tax expense

in CHF million	2021	2020
Result before taxes from continuing operations	217	60
Result before taxes from discontinued operations	6	–
Total	**223**	**60**
Tax expense from continuing operations	–55	–22
Tax expense from discontinued operations	–	–
Total	**–55**	**–22**
Expected tax expense (-)[1]	–52	–16
Difference between actual and expected tax expense	**–3**	**–6**

The difference between the tax expense is calcuated using the weighted average tax rate of the continuing operations of Oerlikon Group (expected tax expense) of 24% (previous year expected tax rate: 27%) and the effective tax expense arises from the factors mentioned below.

Non-taxable income and non-deductible expenses	3	–18
Unrecognized deferred taxes on current-year losses	–6	–5
Non-refundable withholding taxes	–11	–14
Income tax expense for prior years	1	27
Recognition of previously not recognized tax losses	11	5
Other effects	–1	–1
Difference between actual and expected tax expense	**–3**	**–6**

[1] The expected tax expense is calculated from the various profits and losses of the individual group companies, using local tax rates. From these a composite tax rate is developed, averaged over the whole Group.

Deferred taxes

Note 7 (cont.)

Composition of deferred taxes

in CHF million	**2021** Deferred tax balances Assets	**2021** Deferred tax balances Liabilities	2020 Deferred tax balances Assets	2020 Deferred tax balances Liabilities
Trade receivable	3	5	2	10
Other receivables and accruals	–	36	–	18
Inventories	79	1	58	–
Post-employment benefit assets	–	8	–	3
Financial assets	–	12	–	9
Property, plant and equipment	26	65	24	67
Intangible assets	24	157	12	122
Assets	**132**	**284**	**97**	**229**
Trade payable	8	1	10	2
Other current and non-current liabilities	21	59	18	40
Financial liabilities	51	1	46	–
Provisions	73	2	86	2
Liabilities	**152**	**63**	**160**	**44**
Deferred tax asset from recognized tax loss carry forwards[1]	36	–	30	–
Offsetting	–176	–176	–147	–147
Total	**145**	**171**	**139**	**125**

[1] As per end of 2021 tax loss carry forwards of CHF 172 million for federal taxes and CHF 64 million for state/local taxes were recognized (previous year: CHF 116 million for federal taxes and CHF 75 million for state/local taxes).

Movement in deferred tax balances during the year

in CHF million	**2021**	2020
Balance at January 1	**14**	**14**
Recognized in profit or loss	11	6
Recognized in other comprehensive income	–15	3
Acquired in acquisitions (see Note 2)	–36	–9
Balance at December 31	**–26**	**14**

Unrecognized deferred tax liabilities:

At December 31, 2021 there were temporary differences of CHF 322 million (previous year: CHF 246 million) with regard to investments in subsidiaries for which no deferred tax liabilities with a potential tax effect of CHF 32 million (previous year: CHF 25 million) were recognized since the Group controls the timing of the reversal of the related taxable temporary differences and management is convinced that they will not reverse in the foreseeable future.

Deferred taxes on temporary differences amounting to CHF 338 million with a potential tax effect of CHF 18 million (previous year: CHF 15 million) are not recognized.

Deferred taxes

Note 7 (cont.)

Utilization of tax loss carry forwards is limited as follows:

	2021		2020		2021		2020	
	Tax losses not recognized as deferred tax assets		Tax losses not recognized as deferred tax assets		**Total tax loss carry-forwards**		Total tax loss carry-forwards	
in CHF million	**federal tax**	**state/local tax**	federal tax	state/local tax	**federal tax**	**state/local tax**	federal tax	state/local tax
1 year	–	13	–	7	–	13	–	7
2 years	11	18	–	12	11	18	–	12
3 years	–	5	11	18	1	5	11	18
4 years	6	6	–	4	11	6	1	4
5 years	4	8	7	6	17	17	9	6
Over 5 years	48	116	39	120	53	121	51	128
thereof with no expiry	19	25	84	20	167	75	186	87
Total	**88**	**190**	**141**	**188**	**260**	**254**	**258**	**263**

Compared to previous year tax loss carry forwards not recognized decreased on federal level (decrease of CHF 53 million). On state level the tax loss carry forwards not recognized increased by CHF 2 million.

The deferred tax on not recognized tax loss carry forwards would amount to CHF 28 million in 2021 (previous year: CHF 38 million).

Earnings per share

Note 8

Earnings per share of CHF 0.50 (previous year: CHF 0.11) have been calculated on the basis of a net result of CHF 164 million (previous year: CHF 35 million), attributable to shareholders of the parent, and the average weighted number of outstanding shares (issued shares less treasury shares). In 2021, the average weighted number of shares entitled to vote and receive dividends amounted to 326 870 948 (previous year: 329 079 576). Diluted earnings per share amounted to CHF 0.50 (previous year: CHF 0.11). The average weighted number of shares used in the calculation of diluted earnings per share amounted to 326 870 948 (previous year: 329 079 576).

Number of outstanding shares	**2021**	2020
Total shares issued at year-end	339 758 576	339 758 576
Weighted average number of shares outstanding for the year	326 870 948	329 079 576
Effect of potential exercise of option rights	–	–
Weighted average number of shares diluted for the year	326 870 948	329 079 576

Cash and cash equivalents

Note 9

in CHF million	**2021**	2020
Cash, postal and bank current accounts	269	222
Time deposits	136	42
Money market funds[1]	196	150
Total	**601**	**414**

[1] Investment-grade rated money market funds available on a daily basis.

CHF 330 million (previous year: CHF 221 million) of total cash and cash equivalents are held in countries in which local exchange control regulations with regard to capital export exist. If the Group complies with legal and tax regulations, such liquid funds are at its disposition within a reasonable period of time.

Cash and cash equivalents are held in the following currencies:

Currency

in CHF million	**2021**	2020
CHF	123	98
EUR	47	43
USD	35	40
CNY	296	189
HKD	46	–
Other	54	44
Total	**601**	**414**

Financial investments

Note 10

in CHF million	**2021**	2020
Deposits	8	4
Debt and equity securities	10	11
Foreign exchange contracts	8	4
Current financial investments and derivatives	**26**	**19**
Investments in associates and joint arrangements	13	10
Other investments[1]	28	20
Non-current financial investments	**41**	**30**
Total	**67**	**49**

[1] Non-current other investments mainly include a 12.62% (previous year: 14.54%) investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) that is carried at fair value through other comprehensive income of CHF 27 million (previous year: CHF 19 million).

Loans and receivables

Note 11

in CHF million	2021	2020
Current		
Trade receivables	418	278
Trade notes receivable	23	24
Current contract assets	85	38
Other receivables[1]	114	93
Non-current		
Loans and other non-current financial receivables	30	13
Non-current contract assets	5	–
Total	**674**	**447**

[1] Other receivables mainly include Receivables from Swiss and foreign tax authorities (VAT).

Inventories

Note 12

	2021			2020		
in CHF million	Gross value	Value adjustment	**Net value**	Gross value	Value adjustment	**Net value**
Raw material and components	179	–13	**167**	119	–10	**110**
Work in progress	149	–5	**144**	116	–5	**111**
Finished goods and trade merchandise	128	–31	**97**	115	–26	**89**
Total	456	–49	**407**	350	–40	**310**

Amounts charged to the income statement for write-downs of inventories in the reporting year were CHF 8 million (previous year, CHF 5 million). In 2021, inventories of CHF 1 141 million (previous year: CHF 980 million) were recognized as an expense during the period and included in cost of sales.

Property, plant and equipment

Note 13

in CHF million	Plant, equipment and furniture	Production and administration buildings	Developed land	Facilities under construction	**2021 Total**
Cost					
Balance at January 1, 2021	1 305	328	35	48	1 715
Conversion differences	–22	–4	–1	–1	–28
Changes in the scope of consolidated companies	20	17	1	–	38
Additions	32	2	–	50	83
Disposals	–3	–	–	–	–3
Transfers	39	11	–	–50	–
Balance at December 31, 2021	1 370	353	34	47	1 805
Accumulated depreciation and impairment losses					
Balance at January 1, 2021	–938	–210	–	–	–1 149
Conversion differences	18	3	–	–	21
Depreciation	–84	–12	–	–	–96
Disposals	1	–	–	–	1
Balance at December 31, 2021	–1 004	–219	–	–	–1 223
Net Group values at January 1, 2021	367	118	35	48	567
Net Group values at December 31, 2021	**367**	**135**	**34**	**47**	**583**

Open purchase commitments for property, plant and equipment at the end of 2021 amounted to CHF 8 million (previous year: CHF 9 million).

in CHF million	Plant, equipment and furniture	Production and administration buildings	Developed land	Facilities under construction	**2020 Total**
Cost					
Balance at January 1, 2020	1 310	326	36	59	1 730
Conversion differences	–60	–8	–1	–2	–71
Changes in the scope of consolidated companies	1	2	–	–	3
Additions	23	1	–	40	64
Disposals	–6	–1	–	–	–7
Transfers	37	8	–	–49	–4
Balance at December 31, 2020	1 305	328	35	48	1 715
Accumulated depreciation and impairment losses					
Balance at January 1, 2020	–891	–205	–	–	–1 096
Conversion differences	40	5	–	–	45
Depreciation	–86	–10	–	–	–96
Impairment losses	–5	–	–	–	–5
Disposals	2	–	–	–	2
Transfers	2	1	–	–	2
Balance at December 31, 2020	–938	–210	–	–	–1 149
Net Group values at January 1, 2020	419	121	36	59	634
Net Group values at December 31, 2020	**367**	**118**	**35**	**48**	**567**

Right-of-use assets

Note 14

Leases as lessee

in CHF million	Plant, equipment and furniture	Production and administration buildings	2021 Total
Balance at January 1, 2021	**19**	**185**	**204**
Depreciation	–8	–29	–37
Impairment losses	–	–1	–1
Additions	7	25	32
Disposals	–	–2	–2
Changes in the scope of consolidated companies	4	12	15
Conversion differences	–	–2	–2
Balance at December 31, 2021	**21**	**188**	**209**

No material contracts have been signed and are not yet included in the balance sheet (previous year: no material contracts).

in CHF million	Plant, equipment and furniture	Production and administration buildings	2020 Total
Balance at January 1, 2020	**22**	**189**	**211**
Depreciation	–8	–29	–36
Additions	6	32	38
Disposals	–	–1	–1
Changes in the scope of consolidated companies	–	3	3
Conversion differences	–1	–9	–10
Balance at December 31, 2020	**19**	**185**	**204**

Amounts included in the consolidated income statement

Leases

in CHF million	2021	2020
Depreciation and impairments on right-of-use assets	–38	–36
Expenses relating to short-term leases	–1	–1
Expenses relating to low-value leases, excluding short-term leases of low-value assets	–2	–2
Expense for variable lease payments not included in lease liabilities	–1	–1
Interest on lease liabilities (included in financial expense)	–6	–7

The income recognized through COVID-19-related rent concessions was less than CHF 1 million in 2021 (previous year: less than CHF 1 million).

Amounts included in the statement of cash flows

in CHF million	2021	2020
Total cash outflow for leases	–46	–43

Leases as lessor

The Group leases out selected buildings and machines. All leases are classified as operating leases from a lessor perspective.

During 2021, the Group recognized rental income of CHF 3 million (previous year: CHF 4 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

in CHF million	2021	2020
Due in 1st year	4	3
Due in 2nd year	3	2
Due in 3rd year	3	1
Due in or beyond 4th year	5	4
Total	**15**	**10**

Goodwill and intangible assets

Note 15

in CHF million	Goodwill	Brands	Development costs	Other intangible assets[1]	**2021 Total**
Cost					
Balance at January 1, 2021	751	145	215	637	1 748
Conversion differences	–26	–5	–3	–12	–47
Changes in the scope of consolidated companies	271	27	4	174	476
Additions	–	–	22	26	48
Disposals	–	–	–	–35	–35
Transfers	–	–	3	–2	1
Balance at December 31, 2021	995	167	240	787	2 190
Accumulated amortization and impairment losses					
Balance at January 1, 2021	–189	–	–110	–314	–613
Conversion differences	9	–	2	5	15
Amortization	–	–	–23	–60	–83
Impairment losses	–	–	–7	–	–7
Disposals	–	–	–	35	35
Transfers	–	–	–3	2	–1
Balance at December 31, 2021	–180	–	–140	–332	–653
Net Group values at January 1, 2021	562	145	105	323	1 135
Net Group values at December 31, 2021	**815**	**167**	**100**	**456**	**1 538**

[1] The net book values contain mainly acquired customer relations (CHF 291 million), licenses, patents and technologies (CHF 94 million) and software (CHF 69 million).

The capitalized development costs pertain to the Divisions as follows:

Capitalized development costs for the period

in CHF million	**2021**	2020
Surface Solutions Division	15	18
Polymer Processing Solutions Division	7	8
Total	**22**	**25**

Goodwill and intangible assets

Note 15 (cont.)

Goodwill and brands are attributed to the Divisions as follows:

Goodwill and brands

in CHF million	Goodwill 2021	Goodwill 2020	Brands 2021	Brands 2020
Surface Solutions Division	469	421	21	21
Polymer Processing Solutions Division	346	142	147	124
Total	**815**	**562**	**167**	**145**

Goodwill and Brands are allocated to those cash-generating units (CGUs) that are expected to benefit from the relevant business combination. Both the Surface Solutions Division and the Polymer Processing Solutions Division correspond to one group of CGUs and represent the lowest level at which goodwill is monitored by management.

Goodwill and Brands are tested annually for possible impairment using discounted cash flow analysis. Asset values used in the impairment testing are based on value in use and on the latest forecasts approved by management. The fair value measurement was categorized as Level 3 based on the inputs in the valuation technique used. The forecast period used for future cash flows covers the years 2022 to 2026. The discount rates used are based on the weighted average cost of capital (WACC) derived from peer groups adjusted to specific risks of the businesses concerned and the countries in which they operate. The capital costs were determined using the capital asset pricing model (CAPM).

The annual impairment test carried out at division level for Surface Solutions and Polymer Processing Solutions supported the carrying amounts and therefore no need for impairment was identified. Assumptions used in the impairment testing are presented below for goodwill and brands allocated to the Surface Solutions and the Polymer Processing Solutions Divisions.

The following growth and pre-tax discount rates were used:

Growth and discount rates per Division and Business Unit

	Growth rates[1] 2021	Growth rates[1] 2020	Discount rates 2021	Discount rates 2020
Surface Solutions Division	**2.0%**	**2.0%**	**10.0%**	**10.5%**
Polymer Processing Solutions Division	**2.0%**	**2.0%**	**11.4%**	**12.7%**

[1] For periods following the five-year plan period after 2026 (previous year: 2025).

For 2021 and 2020, a reasonably possible change in a key assumption would not give rise to an impairment.

Goodwill and intangible assets

Note 15 (cont.)

Previous year

in CHF million	Goodwill	Brands	Development costs	Other intangible assets[1]	**2020 Total**
Cost					
Balance at January 1, 2020	732	146	191	635	1 704
Conversion differences	–11	–1	–2	–16	–29
Changes in the scope of consolidated companies	29	–	–	34	62
Additions	–	–	25	28	53
Disposals	–	–	–	–43	–43
Balance at December 31, 2020	751	145	215	637	1 748
Accumulated amortization and impairment losses					
Balance at January 1, 2020	–189	–	–89	–309	–588
Conversion differences	1	–	–	7	8
Amortization	–	–	–20	–50	–71
Impairment losses	–	–	–1	–5	–6
Disposals	–	–	–	43	43
Balance at December 31, 2020	–189	–	–110	–314	–613
Net book values at January 1, 2020	543	146	102	326	1 117
Net book values at December 31, 2020	**562**	**145**	**105**	**323**	**1 135**

[1] The net book values contain mainly acquired customer relations (CHF 209 million), licenses, patents and technologies (CHF 63 million) and software (CHF 48 million).

Post-employment benefits

Note 16

in CHF million	2021 Total	2021 due within 1 year	2021 due beyond 1 year	2020 Total	2020 due within 1 year	2020 due beyond 1 year
Net defined benefit liability[1]	**230**	13	217	**328**	14	314
Other employee benefit liabilities	**19**	6	13	**14**	1	13
Total on the balance sheet	**249**	**19**	**230**	**341**	**15**	**326**
Post-employment benefit assets	**58**	–	58	**20**	–	20
Post-employment benefit liabilities	**307**	19	288	**361**	15	346

[1] In 2021, net defined benefit liability related to funded plans was CHF 64 million and CHF 166 million related to unfunded plans (previous year: funded CHF 140 million and CHF 188 million related to unfunded plans).

Post-employment benefit expense

in CHF million	2021 Total	2021 Defined benefit	2021 Defined contribution	2020 Total	2020 Defined benefit	2020 Defined contribution
Pension cost (operating)[1]	**30**	22	8	**30**	21	8
Pension cost (financial)	**1**	1	–	**2**	2	–
Total post-employment benefit plan cost in the income statement	**32**	23	8	**32**	24	8

Post-employment benefits

Note 16 (cont.)

Defined benefit plans

The Group's material defined benefit pension plans are located in Germany, the USA and Switzerland and account for 97% of the Group's net defined benefit liability (previous year: 97%). Usually, the plans are established as trusts independent of the Group and are funded by payments from Group companies and by employees. The cash funding of these plans is designed to ensure that present and future contributions should be sufficient to meet future liabilities. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. Most of the major plans in Germany are unfunded and, as the result, the Group pays pensions to retired employees directly from its own financial resources.

Pension plans in Germany

12 unfunded and 6 funded defined benefit plans existed in 2021 (previous year: 12 and 6 respectively). These pension arrangements are governed by the German Occupational Pensions Act (BetrAVG). The employer is required by German law to increase pension payments every three years according to price inflation as measured by the Consumer Price Index ("Verbraucherpreisindex – VPI") or according to comparable pay grades. In case of unfunded pension plans, the Group pays pensions to retired employees directly from its own financial resources. Funded pension plans are administered through a Contractual Trust Agreement (CTA). In a CTA arrangement, the assets are outsourced to an independent entity (e.g. a trust), which has the sole purpose of financing, paying out and ensuring benefits. The transferred assets are completely segregated from the employer's assets to protect these assets against the risk of the employer's insolvency. The employer is free to determine the scope and the kinds of assets that are to be transferred to the Trust and used for funding the pension liabilities. No minimum funding requirements or regular funding obligations apply to CTAs. Based on a special trust agreement between the employer and the Trust, the Trust acquires legal titles in the transferred assets, while the economic ownership rests with the employer. By creating the CTA, the employer creates additional insolvency protection for the beneficiaries.

Pension plans in the USA

1 funded defined benefit plan existed in 2021 (previous year: 1 funded). The Oerlikon USA Holding, Inc. Pension Plan is non-contributory for the employees. The plan uses a final-average-pay-based formula with benefits based on members' years of service and final average pay earned while in the employ of a participating company. This plan has been closed to new members since 2006 and benefit accruals under the plan ceased in January 2010. Participants receive their benefits in the form of monthly annuities, which are actuarially reduced for early retirement and/or election of a form of payment providing for continued payments after the participant's death to a surviving beneficiary. Some participants have the option of receiving their benefits in a single lump-sum payment in lieu of an annuity. The plan does not provide for automatic pension increases. The companies' contributions to the defined benefit plan are made based on US pension funding regulations in the form of cash. Employees joining Oerlikon USA Holding after specified dates participate in a defined contribution pension plan.

Pension plans in Switzerland and Liechtenstein

7 funded defined benefit plans existed in 2021 (previous year: 7 plans). These plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The pension plan assets are held within a separate foundation and cannot revert to the employer. The Board of Trustees, the most senior governing body of the collective foundation, is responsible for investment strategy and policy. This Board is composed of equal numbers of employees and employer representatives. The plans provide old-age, disability and death-in-service (survivors') benefits to plan participants, their spouses and children, as defined in pension plan rules compliant with the BVG, which specifies the minimum benefits to be provided. Pension funds are financed according to a level premium system, which means that every insured person directly finances his/her own retirement benefits and saves up for his/her retirement. The insured and the employer usually pay equal contributions to the pension fund in case of retirement benefits. The employer must contribute an amount that equals at least the contributions of all employees together. Disability and survivors' benefits are funded via risk contributions; the corresponding benefits are defined based on the current salary.

The following risks arise from the 7 funded defined benefit plans (5 autonomous and 2 partly-autonomous).

The autonomous pension institutions bear the risks from the savings process, the asset management and the demographic risks (longevity, death, disability). The respective pension institution may change the funding system (contributions and future benefits) at any time. In case of a deficit according to BVG and if there are no other measures, the pension institution may require contributions for financial recovery by the employer.

The partly-autonomous pension institutions insure the demographic risks with a life insurance company, but bear the risks from the savings process and asset management. The respective pension institution may change the funding system (contributions and future benefits) at any time. In case of a deficit according to BVG and if there are no other measures, the pension institution may require contributions for financial recovery from the employer. With respect to the insured demographic risks, there are further risks, namely that the insurance coverage is only of a temporary nature (cancellation by the life insurance company) and that the inherent risks of the plan result in variable insurance premiums over time.

Post-employment benefits

Note 16 (cont.)

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

in CHF million	Defined benefit obligation 2021	Defined benefit obligation 2020	Fair value of plan assets 2021	Fair value of plan assets 2020	Adjustment to asset ceiling 2021	Adjustment to asset ceiling 2020	Net defined benefit liability 2021	Net defined benefit liability 2020
Balance at January 1	**883**	**895**	**–563**	**–564**	**8**	**8**	**328**	**338**
Included in the income statement								
Current service cost (employer)	21	21	–	–	–	–	21	21
Loss on settlement	1	–	–	–	–	–	1	–
Interest expense on defined benefit obligation	3	4	–	–	–	–	3	4
Interest income on plan assets	–	–	–2	–2	–	–	–2	–2
Administration cost (excl. cost for managing plan assets)[1]	–	–	–	–	–	–	–	–
Total in the income statement	**25**	**26**	**–2**	**–2**	**–**	**–**	**23**	**24**
Included in other comprehensive income								
Remeasurement gain (-)/loss (+) arising from:	–42	16	–41	–14	11	–	–72	2
– Actuarial gain (-)/loss (+) arising from:								
– demographic assumptions	–18	8	–	–	–	–	–18	8
– financial assumptions	–21	7	–	–	–	–	–21	7
– experience adjustments	–3	1	–	–	–	–	–3	1
– Return on plan assets excluding interest income	–	–	–41	–14	–	–	–41	–14
– Change in effect of asset ceiling excluding interest expense/income	–	–	–	–	11	–	11	–
Effect of movements in exchange rates	–15	–6	3	4	–	–	–12	–2
Total in other comprehensive income	**–57**	**10**	**–38**	**–10**	**11**	**–**	**–84**	**–**
Other effects								
Employer contributions[2]	–	–	–19	–20	–	–	–19	–20
Employee contributions	8	8	–8	–8	–	–	–	–
Benefits paid/deposited	–57	–55	40	41	–	–	–18	–14
Effect of business combination and disposal	1	–	–	–	–	–	–	–
Total in other effects	**–49**	**–47**	**12**	**13**	**–**	**–**	**–37**	**–34**
Balance at December 31	**803**	**883**	**–591**	**–563**	**19**	**8**	**230**	**328**

of which:

in CHF million								
– Germany	334	374	–56	–57	–	–	277	317
– USA	47	49	–43	–37	–	–	4	11
– Switzerland/Liechtenstein	409	444	–485	–463	19	8	–57	–11

[1] Administration costs are less than CHF 1 million (previous year: less than CHF 1 million).

[2] Employer contributions to defined benefit plans for 2022 are expected to be approximately CHF 18 million.

Post-employment benefits

Note 16 (cont.)

The plan assets consist of the following:

in CHF million	2021 Total	2021 Quoted	2021 Unquoted	2021 %	2020 Total	2020 Quoted	2020 Unquoted	2020 %
Equity instruments	**146**	**146**	**–**	**25%**	**131**	**131**	**–**	**23%**
Debt instruments, of which in:	**182**	**182**	**–**	**31%**	**180**	**180**	**–**	**32%**
– Government bonds	55	55	–		46	46	–	
– Corporate bonds - investment grade	128	128	–		134	134	–	
Real estate, of which in:	**127**	**59**	**68**	**22%**	**124**	**67**	**57**	**22%**
– Properties[1]	68	–	68		57	–	57	
– Real estate funds	59	59	–		67	67	–	
Cash and cash equivalents	**24**	**24**	**–**	**4%**	**26**	**26**	**–**	**5%**
Investment funds	**85**	**55**	**29**	**14%**	**78**	**46**	**33**	**14%**
Other	**27**	**17**	**9**	**5%**	**23**	**20**	**3**	**4%**
Total plan assets	**591**	**484**	**107**	**100%**	**563**	**471**	**92**	**100%**

[1] Real estate in Germany with a fair value of CHF 8 million (previous year: CHF 8 million) is rented by a Group company with an annual rent of CHF 1 million (previous year: CHF 1 million).

Plan assets

In the Group's financial statements, the difference between the actual return on plan assets and interest income is recorded as remeasurement directly to other comprehensive income. During 2021, the actual return on plan assets was a gain of CHF 43 million (previous year: gain of CHF 16 million). The recognition of a net defined benefit asset is limited to the present value of any economic benefits available out of refunds from the plans or reductions in future contributions to the plans.

Post-employment benefits

Note 16 (cont.)

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date for significant defined benefit plans in Germany, the USA and Switzerland/Liechtenstein (FL) (expressed as weighted averages):

Assumptions used in actuarial calculations			2021			2020
in percent	Germany	USA	Switzer-land/FL	Germany	USA	Switzer-land/FL
Discount rate	0.6	2.7	0.2	0.5	2.4	0.1
Future salary increases	0.1	–	1.0	0.1	–	1.0
Future pension increases	1.7	–	–	1.6	–	–

The discount rate is determined by reference to market yields at the end of the reporting period on AA- and AAA-rated corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the obligations.

Longevities

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date are provided below:

Longevities			2021			2020
in years	Germany	USA	Switzer-land/FL	Germany	USA	Switzer-land/FL
Retiring at the end of the reporting period:						
– Males	21.9	20.5	22.7	21.7	20.4	23.1
– Females	25.5	22.5	25.5	25.3	22.4	25.8
Retiring 20 years after the end of the reporting period:						
– Males	24.7	22.0	25.0	24.6	21.9	24.9
– Females	27.7	23.9	27.5	27.6	23.8	27.6

			2021			2020
Weighted average duration of the defined benefit obligation	Germany	USA	Switzer-land/FL	Germany	USA	Switzer-land/FL
Number of years	11.3	10.1	15.1	11.3	10.5	14.9

The Group's major pension plans give members lump-sum or annuity benefit payment options. The Group values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

						Defined benefit obligation in 2021
			Increase			Decrease
Sensitivity analysis	Germany	USA	Switzer-land/FL	Germany	USA	Switzer-land/FL
Discount rate (0.5% movement)	–17	–2	–26	19	2	30
Future salary (0.5% movement)	–	–	3	–	–	–3
Future pension (0.5% movement)	11	–	21	–10	–	–19
Future mortality (1 year movement)	–21	–2	–15	17	2	14

						Defined benefit obligation in 2020
			Increase			Decrease
Sensitivity analysis	Germany	USA	Switzer-land/FL	Germany	USA	Switzer-land/FL
Discount rate (0.5% movement)	–20	–2	–31	23	3	36
Future salary (0.5% movement)	–	–	4	–	–	–4
Future pension (0.5% movement)	16	–	25	–12	–	–23
Future mortality (1 year movement)	–24	–2	–15	20	2	15

Current financial liabilities

Note 17

in CHF million	2021	2020
Lease liabilities	31	31
Bond[1]	125	–
Current loans and borrowings	13	8
Foreign exchange contracts	5	4
Total current financial liabilities and derivatives	**173**	**43**
Trade payables	355	284
Other payables	106	72
Total current financial liabilities	**635**	**399**

[1] Refer to Note 20 “Loans and borrowings” for terms and conditions.

Accrued liabilities

Note 18

in CHF million	2021	2020
Accrued personnel expenses	94	81
Accrued material expenses	38	44
Other accrued liabilities[1]	84	62
Total accrued liabilities	**216**	**186**

[1] Contains mainly accrued expenses for services.

Provisions

Note 19

in CHF million	Product warranties	Acquiree's contingent liabilities[1]	Restructuring[2]	Other provisions[3]	2021 Total
Balance at January 1, 2021	20	23	28	39	**110**
Conversion differences	–	–	–	–1	**–1**
Change in the scope of consolidated companies	2	14	–	9	**26**
Additions[4]	9	1	2	9	**21**
Amounts used	–3	–	–17	–13	**–33**
Amounts reversed	–5	–	–7	–8	**–21**
Balance at December 31, 2021	**23**	**37**	**7**	**35**	**102**
of which:					
Due within 1 year	23	–	5	20	**47**
Due beyond 1 year	1	37	2	16	**55**

[1] Acquiree’s contingent liabilities pertain to the Surface Solutions Division (CHF 26 million) and to the Polymer Processing Solutions Division (CHF 12 million). Contingent liabilities in the Surface Solutions Division have been recognized primarily due to several environmental liabilities and potential tax risks. Any potential cash outflow is estimated to occur during the next 10 years. The selling shareholder has contractually agreed to indemnify Oerlikon for an amount up to CHF 20 million related to certain of these environmental liabilities. The related indemnification asset amounts to CHF 10 million (previous year: CHF 10 million). In the Polymer Processing Solutions Division the contingent liabilities have been recognized primarily due to potential tax and environmental risks. Any potential cash outflow is estimated to occur during the next 5 years. The selling shareholders have contractually agreed to indemnify Oerlikon for these risks.

[2] The restructuring provision pertains mainly to the Surface Solutions Division (CHF 4 million) and relates to a productivity program primarily aimed at reducing structural costs in the Division. The provision mostly relates to personnel expenses.

[3] Consists mainly of provisions for pending litigation, technical risks, onerous contracts as well as environmental and tax risks.

[4] Includes unwinding of discount for non-current provisions.

Loans and borrowings

Note 20

in CHF million	2021	2020
Bonds	599	150
Lease liabilities	181	175
Other loans and borrowings	12	7
Total non-current loans, borrowings and lease liabilities	**792**	**332**

The terms and conditions of outstanding loans are as follows:

2021

in CHF million	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**
Syndicated loan/Revolving Credit Facility	CHF	risk free rate + 0.600%	2026	–	–
Bond	CHF	0.000%	2022	125	125
Bond	CHF	2.625%	2024	150	150
Bond	CHF	0.375%	2025	250	249
Bond	CHF	0.800%	2028	200	199
Lease liabilities	var.	var.	var.	212	212
Various current and non-current liabilities	var.	var.	var.	24	24
Total loans, borrowings and lease liabilities					**960**
– Current loans, borrowings and lease liabilities					168
– Non-current loans, borrowings and lease liabilities					792

2020

in CHF million	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Syndicated loan/Revolving Credit Facility	CHF	Libor + 0.600%	2022	–	–
Bond	CHF	2.625%	2024	150	150
Lease liabilities	var.	var.	var.	206	206
Various current and non-current liabilities	EUR	var.	var.	15	15
Total loans, borrowings and lease liabilities					**371**
– Current loans, borrowings and lease liabilities					39
– Non-current loans, borrowings and lease liabilities					332

Syndicated loan facility
In 2021, Oerlikon signed an agreement for an unsecured syndicated sustainability-linked credit facility, comprising of a revolving credit facility and an ancillary credit facility, amounting to CHF 600 million. The initial maturity is in 2026, with two additional one-year extension options and an accordeon feature, at the full discretion of the lenders. As of December 31, 2021, the drawn revolving credit facility balance was zero, and out of CHF 215 million allocated to the ancillary credit facility, the amount of CHF 69 million was used for issuing guarantees.

As per December 31, 2021, the interest rate of the loan under the syndicated credit facility is defined as the applicable risk free rate plus a margin of 0.60% per year, subject to a margin grid based on the ratio of Net debt to EBITDA (within a range of 0.50% and 1.90%).

As of December 31, 2021 the syndicated credit facility contains the following financial covenant, which is tested quarterly:

– Net debt/EBITDA

In 2021 the Group was in compliance with all covenants.

Bonds
On June 17, 2014, the Oerlikon Group issued a 10 year CHF 150 million straight bond with a nominal interest of 2.625% (effective interest: 2.625%).

On May 27, 2021, the Oerlikon Group issued a 1.5 year CHF 125 million straight bond with a nominal interest of 0.000% (effective interest: 0.000%), a 4.5 year CHF 250 million straight bond with a nominal interest of 0.375% (effective interest: 0.358%) and a 7.5 year CHF 200 million straight bond with a nominal interest of 0.800% (effective interest: 0.788%).

Financial instruments

Note 21

The carrying amounts and fair values of financial assets and liabilities as of December 31, 2021, including their levels in the fair value hierarchy, are as follows:

in CHF million	Carrying amount: Fair value – through other comprehensive income	Carrying amount: Fair value – through profit & loss	Carrying amount: Amortized cost[1]	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets								
Foreign exchange contracts	6	2	–	**8**	–	8	–	**8**
Debt and equity securities	–	10	–	**10**	10	–	–	**10**
Other investments	28	–	–	**28**	–	–	28	**28**
Cash and cash equivalents	–	–	601	**601**	–	–	–	**–**
Deposits	–	–	8	**8**	–	–	–	**–**
Trade and trade notes receivable	–	–	440	**440**				
Current contract assets	–	–	85	**85**				
Loans and other non-current financial receivables	–	–	4	**4**				
Total	**34**	**12**	**1 139**	**1 185**				
Financial liabilities								
Foreign exchange contracts	1	4	–	**5**	–	5	–	**5**
Other liabilities	–	82	3	**85**	–	–	82	**82**
Bonds	–	–	723	**723**	739	–	–	**739**
Lease liabilities	–	–	212	**212**				
Trade payables	–	–	355	**355**				
Accrued liabilities	–	–	122	**122**				
Other loans and borrowings	–	–	24	**24**				
Total	**1**	**86**	**1 440**	**1 528**				

[1] With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values.

Financial instruments

Note 21 (cont.)

The carrying amounts and fair values of financial assets and liabilities as of December 31, 2020, including their levels in the fair value hierarchy, are as follows:

	Carrying amount				Fair value			
in CHF million	Fair value – through other comprehensive income	Fair value – through profit & loss	Amortized cost[1]	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets								
Foreign exchange contracts	1	3	–	**4**	–	4	–	**4**
Debt and equity securities	–	11	–	**11**	11	–	–	**11**
Other investments	20	–	–	**20**	–	–	20	**20**
Cash and cash equivalents	–	–	414	**414**	–	–	–	–
Deposits	–	–	4	**4**	–	–	–	**–**
Trade and trade notes receivable	–	–	303	**303**				
Current contract assets	–	–	38	**38**				
Loans and other non-current financial receivables	–	–	1	**1**				
Total	**21**	**14**	**760**	**795**				
Financial liabilities								
Foreign exchange contracts	–	4	–	**4**	–	4	–	**4**
Other liabilities	–	11	3	**14**	–	–	11	**11**
Bonds	–	–	150	**150**	159	–	–	**159**
Lease liabilities	–	–	206	**206**				
Trade payables	–	–	284	**284**				
Accrued liabilities	–	–	105	**105**				
Other loans and borrowings	–	–	14	**14**				
Total	**–**	**15**	**763**	**778**				

[1] With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values.

Measurement of fair values

The different levels of fair values have been defined as follows:

- **Level 1:** unadjusted quoted prices for identical assets or liabilities in active markets.
- **Level 2:** inputs (other than quoted prices mentioned in Level 1) for identical or similar assets or liabilities that are observable either directly or indirectly in active markets.
- **Level 3:** valuation inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 1 fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume providing information on an ongoing basis. Instruments included in level 1 comprise investments in various debt and equity instruments via investment funds.

Level 2 fair values

The following table shows the valuation technique used in measuring level 2 fair values:

Type of financial instruments	**Valuation technique**
Foreign exchange contracts	The fair values of foreign exchange hedging contracts are derived from quoted foreign exchange rates received from brokers.

Financial instruments

Note 21 (cont.)

Level 3 fair values
The following table shows the valuation technique used in measuring level 3 fair values:

Type of financial instruments	Valuation technique
Other investments	Other investments mainly include a 12.62% (2020: 14.54%) investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) that is carried at fair value through other comprehensive income. Such investments are valued initially at fair value through the established purchase price between a willing buyer and seller and subsequently adjusted based on fair value less costs of disposal derived from a discounted cash flow analysis. The forecast period used for future cash flows covers the years 2022 to 2030. For the periods following the plan period a growth rate of 3% was assumed. The discount rate of 27% is based on the weighted average cost of capital (WACC).The capital costs were determined using the capital asset pricing model (CAPM).
Other non-current liabilities	The valuation of the contingent considerations is based on the current estimate of the fulfillment of the conditions on which the payment of the earnout depends. The fair value is based on various unobservable inputs. A change in these inputs may result in a significantly higher or lower fair value.

Transfers between levels of fair values
There were no transfers between levels during the year.

Financial risk management
The Group has exposure to the following risks arising from financial instruments:
- credit risk
- liquidity risk
- market risk

Credit risk
Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's customer receivables, investment securities and cash placed with banks.

The credit or default risk associated with operating receivables is monitored locally by the individual Group companies. These companies follow a credit policy defined by each operating unit, under which each new customer is analyzed individually for creditworthiness before payment and delivery terms and conditions are offered. Credit ratings are reviewed regularly, and limits are set and monitored on an ongoing basis.

Trade receivables are valued at the original invoiced amount less any necessary value adjustments for default risks. These risks are insured with third parties only in exceptional cases. Value adjustments are set at varying levels corresponding to risks recognized in the different Business Units.

As a fundamental principle, the Group places funds only with investment grade rated domestic and foreign banking institutions, and Group Treasury periodically assesses the relevant ratings and credit default spreads of these banking institutions.

The Oerlikon Group's maximum credit risk from financial instruments is reflected in the book values of the individual financial assets as per year-end. There are no commitments or obligations which might lead to an exposure exceeding these book values. The maximum credit risk is therefore:

in CHF million	**2021**	2020
Cash and cash equivalents	601	414
Deposits	8	4
Debt and equity securities	10	11
Derivatives used for hedging	8	4
Trade and trade notes receivable	440	303
Current contract assets	85	38
Loans and other non-current financial receivables	4	1
Total	**1 156**	**775**

At December 31, trade and trade notes receivables are distributed geographically (by location of the Group company) as follows:

in CHF million	**2021**	2020
Asia	168	118
Europe	208	138
North America	58	41
Other	6	5
Total	**440**	**303**

No concentrations of risk to the Group are expected from the outstanding receivables.

Financial instruments

Note 21 (cont.)

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

in CHF million	2021 Gross amount	2021 Value adjustment	2020 Gross amount	2020 Value adjustment
Current (not due)	**325**	**–2**	**232**	**–1**
Total past due	**132**	**–15**	**86**	**–13**
0–30 days	55	–	36	–
31–60 days	20	–	11	–
61–90 days	11	–	9	–1
91–120 days	7	–1	8	–1
Over 120 days	40	–14	22	–11
Total	**458**	**–17**	**317**	**–15**

The allowance for doubtful debts is based on the Expected Credit Loss (ECL) method, which consists in applying a current and forward-looking model to identify factors that may affect the ability of customers to settle their obligations as agreed. The Group applies IFRS 9 simplified approach and calculates expected credit losses using a provision matrix where trade receivables are grouped based on different customer attributes. If substantial expected payment delays occur, receivables are assessed individually for further impairment.

Reconciliation of changes in allowance accounts for credit losses:

in CHF million	2021	2020
Balance at January 1	–15	–10
Additional impairment losses charged to income	–6	–8
Reversal of impairment losses	2	2
Write-off	2	1
Balance at December 31	**–17**	**–15**

Liquidity risk

Liquidity risk is the risk that the Oerlikon Group may be unable to discharge its financial liabilities in a timely manner or at acceptable cost. Oerlikon supervises and manages the Group's liquidity centrally in order to ensure that outstanding financial liabilities can at all times be met within their maturity period and at acceptable financing cost. Group Treasury prepares and provides the relevant decision support and arranges for the availability of the relevant funds once approval is given.

Oerlikon's liquidity is monitored using short-, medium- and long-term rolling forecasts, about which senior management is kept informed. On the basis of these plans, Oerlikon mobilizes the necessary liquid funds and takes any further steps necessary in a timely manner.

The remaining contractual maturities of financial liabilities as of December 31 were as follows:

in CHF million	2021 Carrying amount	Contractual cash flow	within 1 year	1 to 5 years	more than 5 years	of which secured
Trade payables	355	355	355	–	–	–
Loans and borrowings[1]	748	783	152	428	203	–
Lease liabilities	212	278	38	106	134	–
Accrued liabilities	122	122	122	–	–	–
Other liabilities	85	85	44	39	2	–
Non-derivative financial liabilities	**1 523**	**1 624**	**712**	**573**	**339**	**–**
Foreign exchange contracts used for hedging	3	865	772	93	–	–
– thereof: for hedging fx-outflows (notional value)	–	529	526	2	–	–
– thereof: for hedging fx-inflows (notional value)	–	336	246	91	–	–
Derivative financial instruments[2]	**3**	**865**	**772**	**93**	**–**	**–**
Total	**1 526**	**2 489**	**1 484**	**666**	**339**	**–**

[1] Loans and borrowings mainly include four Swiss franc bonds of CHF 725 million, maturing in November 2022, June 2024, November 2025 and November 2028 with capitalized transaction costs of CHF 2 million. Besides the repayments, the contractual cash flows include mainly future interest payments of the Swiss franc bonds until maturity and commitment fees of the syndicated credit facility.

[2] Contractual cash flows relate to underlying transactions that cover the contractual cash flows almost completely.

Financial instruments

Note 21 (cont.)

in CHF million	Carrying amount	Contractual cash flow	within 1 year	1 to 5 years	more than 5 years	of which secured
						2020
Trade payables	284	284	284	–	–	–
Loans and borrowings[1]	165	181	14	166	1	–
Lease liabilities	206	275	35	100	140	–
Accrued liabilities	105	105	105	–	–	–
Other liabilities	14	14	4	7	2	–
Non-derivative financial liabilities	**774**	**859**	**443**	**273**	**143**	**–**
Foreign exchange contracts used for hedging	–1	795	789	5	–	–
– thereof: for hedging fx-outflows (notional value)	–	680	677	2	–	–
– thereof: for hedging fx-inflows (notional value)	–	115	112	3	–	–
Derivative financial instruments[2]	**–1**	**795**	**789**	**5**	**–**	**–**
Total	**773**	**1 654**	**1 232**	**278**	**143**	**–**

[1] Loans and borrowings mainly include one Swiss franc bond of CHF 150 million, maturing in June 2024. There are no capitalized transaction costs included. Besides the repayments, the contractual cash flows include mainly future interest payments of the Swiss franc bond until maturity and commitment fees of the syndicated credit facility.

[2] Contractual cash flows relate to underlying transactions that cover the contractual cash flows almost completely.

Changes in liabilities arising from financial activities[1]

in CHF million	2021	2020
Liabilities from financial activities as of January 1	**371**	**363**
Cash flows from financing activities		
Repayment of financial debt	–109	–455
Proceeds from financial debt	573	464
Principal elements of lease payments	–36	–32
Total cash flows from financing activities	**428**	**–22**
Non-cash changes		
Increase of lease liabilities (net)	30	37
Increase from acquisitions	135	3
Conversion differences	–4	–9
Total non-cash changes	**161**	**30**
Liabilities from financial activities as of December 31	**960**	**371**

[1] Liabilities from financial activities consist of loans and borrowings and lease liabilities.

Financial instruments

Note 21 (cont.)

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may change as a result of fluctuations in market prices. The Oerlikon Group is exposed in particular to fluctuations in foreign exchange and interest rates. The Group also has a minor risk from exposure to fluctuations in raw material prices.

Foreign exchange risk

Foreign exchange transaction risk

Due to its most significant markets, the Group is primarily exposed to exchange risks versus the USD and EUR. If costs and revenues of Group companies are incurred or earned in differing or in non-functional currencies, the underlying business transactions are hedged on a centrally coordinated basis by means of commonly used financial instruments. Group companies make regular plans for receipt or payment of cash in foreign currencies and advise these to Group Treasury, which hedges the related exchange risks using external contracts with investment grade rated banks.

The Group's hedging strategy for exchange risks distinguishes between the routine business of supplying components or spare parts and the Group's project activities. For the routine business, cash flows in foreign currencies are hedged for a whole year in advance, based on the annual budget. The hedging quota, i.e. the percentage of the base volume to be hedged, is set forth in the related guidelines. Periodically, a check is performed as to whether the latest forecast of business volumes calls for an increase or a reduction in the hedging volume. For projects, the exchange risks are hedged when the contract is entered into. For special transactions that do not fall into either category – routine or project – the hedging strategy can be determined for individual cases.

Foreign exchange translation risk

Translation exposure arises from consolidation of foreign currency denominated financial statements of the Group's subsidiaries. The Group's consolidated financial statements are reported in Swiss francs. The translation risk arising from foreign subsidiary balance sheets, which affects the consolidated Group equity is not hedged.

Foreign exchange economic risk

The Group policy is not to hedge long-term foreign exchange risk.

The following rates were used to convert the most important foreign currencies in the financial statements:

		Average rates	Change		Year-end rates	Change
	2021	2020	21/20	**2021**	2020	21/20
1 USD	0.915	0.938	–2.5%	0.913	0.881	3.7%
1 EUR	1.081	1.070	1.0%	1.034	1.083	–4.6%
100 CNY	14.173	13.598	4.2%	14.358	13.460	6.7%
100 HKD	11.760	12.091	–2.7%	11.715	11.361	3.1%
100 JPY	0.832	0.879	–5.3%	0.794	0.854	–7.1%
1 SGD	0.680	0.680	0.0%	0.677	0.666	1.5%

Sensitivity analysis

For the sensitivity analysis, the two most important currencies were selected in which the Group holds significant amounts of receivables and payables. Based on a two-year volatility of 6.87% (USD/CHF) and 3.76% (EUR/CHF), a corresponding appreciation of the foreign currencies on December 31, 2021, would have changed the equity and the income statement by the amounts listed below.

		2021		2020
Effect in CHF million	**Equity**	**Income statement**	Equity	Income statement
USD	1	2	2	2
EUR	–1	1	1	–

A depreciation of the two foreign currencies by 6.87% (USD/CHF) and 3.76% (EUR/CHF) against the Swiss franc would have had the same but opposite effect on the equity and the income statement, assuming all other variables remain constant. In the previous period, the sensitivity analysis was calculated with 6.36% (USD/CHF) and 3.69% (EUR/CHF).

Financial instruments

Note 21 (cont.)

The Group's exposure to foreign exchange risk was as follows, based on nominal amounts as of December 31:

in million	EUR 2021	USD 2021	CHF 2021	EUR 2020	USD 2020	CHF 2020
Trade receivables	21	29	–	15	37	1
Trade payables	15	7	1	6	9	1
Net financial position	15	23	1	1	26	–1
Gross exposure consolidated balance sheet	**51**	**58**	**2**	**22**	**72**	**1**
Gross foreign exchange risk in business operations	**–81**	**259**	**–23**	**–41**	**–19**	**–27**
Open net foreign exchange forward contracts	**36**	**–236**	**18**	**16**	**–21**	**20**
Net exposure	**6**	**82**	**–3**	**–3**	**32**	**–6**

Interest rate risk

Oerlikon is mainly exposed to interest rate risk in relation to its liquid funds, which are placed at variable rates or held as short-term investments.

Group Treasury prepares and provides the relevant decision support for senior management (Board of Directors, senior financial management) and arranges for hedging against interest rate fluctuations, once approval is given. Such hedging is carried out using derivative financial instruments, such as interest rate swaps and interest rate caps.

As of December 31, the interest rate profile of the Group's interest-bearing financial instruments was:

in CHF million	2021 Net carrying amount	2020 Net carrying amount
Fixed rate interest		
Financial assets	9	3
Financial liabilities	–959	–370
Total	**–950**	**–368**
Variable rate interest		
Financial assets	615	427
Financial liabilities	–3	–1
Total	**612**	**426**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect in CHF million	Income statement 100 bp increase	Income statement 100 bp decrease
2021		
Cash flow sensitivity	5	–5
2020		
Cash flow sensitivity	3	–3

The assumption in the underlying sensitivity analysis is that an increase as well as a decrease by 100 bp has a full impact on interest income and expense. Due to the overall low interest rate environment, a decrease by 100 bp would lead to a negative average interest rate. The tax impact has been included in all figures regarding interest sensitivity.

A change of 100 basis points in interest rates would have the same impact in Group equity, as there is no direct impact in Other Comprehensive Income.

Financial instruments

Note 21 (cont.)

Derivative assets and liabilities

in CHF million	2021 Contract volume	2021 Fair value positive	2021 Fair value negative	2020 Contract volume	2020 Fair value positive	2020 Fair value negative
Foreign exchange contracts	**865**	**8**	**5**	**795**	**4**	**4**

Based on the Group's business activities, the following main currency pairs are hedged: EUR/USD, EUR/CHF, EUR/CNY, USD/CNY, and CNY/CHF. Positive and negative changes in fair values of foreign exchange contracts are offset by the corresponding gain or loss on the hedged transactions. The maximum risk from counterparty non-performance is equal to the positive market value of outstanding derivatives as per year-end. In view of the reputation of the counterparties, this risk is deemed to be minimal. In principle, the maturities of currency hedges correspond to the maturity of the hedged transactions. If the maturity of the base transaction shifts, the maturity of the hedge contract will be shifted correspondingly (roll-over/swaps). Thus, the cash flows deriving from the hedge contracts are synchronized with the impact of the base transaction in the income statement. The hedging transactions are first recorded in Other Comprehensive Income, then released to the income statement when the base transaction is recorded. For this reason, there is no need for a separate presentation of the maturities of hedge contracts and their underlying transactions.

Maturity structure of open foreign exchange contracts at December 31:

in CHF million	Carrying amount	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	more than 5 years
Foreign exchange contracts							
2021	3	**865**	613	158	90	3	–
2020	–1	**795**	708	81	5	–	–

Netting of financial assets and liabilities
No significant netting of financial assets and liabilities occurred in 2021 and 2020.

Capital Management

Note 22

Oerlikon Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using the ratios shown below:

in CHF million	2021	2020
Total assets	4 341	3 340
Equity attributable to shareholders of the parent	1 424	1 324
Equity ratio in %	**33%**	**40%**

With an equity ratio of 33% (previous year: 40%), the Oerlikon Group is within the target range of its financial strategy. The currently outstanding bonds have an investment grade rating.

	2021	2020
Return on Capital Employed (ROCE) in %	**7.6%**	**3.1%**

Return on Capital Employed (ROCE) is defined as NOPAT (Net-Operating Profit After Tax) on the basis of 12 months rolling over the Capital Employed per year-end whereas NOPAT is composed of EBIT deducted by current and deferred income taxes and Capital Employed is composed of third party net operating assets, current income tax receivables and current income taxes payable and deferred tax assets and liabilities.

OC Oerlikon participation plans

Note 23

On December 31, 2021, the following equity-settled plans were open, pursuant to which the holder is entitled to shares of OC Oerlikon Corporation AG, Pfäffikon:

Restricted Stock Units (RSU)
Members of the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon, receive a portion of their compensation by means of Restricted Stock Units (RSU), which are allocated on the day of the Annual General Meeting of Shareholders and vest upon the next Annual General Meeting of Shareholders, at which time they are converted into Oerlikon shares. For Directors resigning their mandate prior to the end of the term, the number of RSU converted into shares is determined at the sole discretion of the Board of Directors. The fair value at grant date for the 2021 plan is CHF 10.50 and is based on the stock price at grant date of CHF 10.85 and an expected dividend of CHF 0.35. The RSU allocated in 2021 will vest on April 6, 2022.

Under the Long-Term Incentive Plan (LTI), members of the Executive Committee and senior management may receive a portion of their compensation as long-term bonus in the form of awards for OC Oerlikon Corporation AG, Pfäffikon, shares that are based on a vesting period of three years. Upon vesting, the RSU are converted into shares. For each RSU granted, the equivalent of dividends paid per share to shareholders during the vesting period is added to the final payout. The fair value for the 2021 plan is based on the stock price at grant date of CHF 10.67. The RSU allocated in 2021 will vest on May 1, 2024.

A small number of additional RSU grants was made in 2021 under a discretionary plan to selected members of senior management.

Year of allocation	Outstanding on 1.1.	Granted in 2021	Forfeited in 2021	Exercised in 2021	Outstanding on 31.12.	Fair value at grant date in CHF[1]	Expense 2021 in CHF million	Vesting period
2016	8763	–	–	–	8763	-	-	06.04.16 - 12.04.17
2019	161981	–	6167	23269	132545	-	0.6	01.05.19 - 30.04.22
2020	407091	–	18000	134814	254277	-	0.9	08.04.20 - 30.04.23
2021	–	360777	1123	–	359654	10.63	1.4	14.04.21 - 30.04.24
Total	**577835**	**360777**	**25290**	**158083**	**755239**		**2.8**	

[1] The fair values relate to the units granted in 2021.

Performance Share Awards (PSA)
Under the Long-Term Incentive Plan (LTI), members of the Executive Committee and senior management may receive a portion of their compensation as long-term bonus in the form of awards for OC Oerlikon Corporation AG, Pfäffikon, shares that are based on performance conditions and a vesting period of three years. The achievement of the performance conditions determines the effective number of total Performance Share Awards (PSA). Upon vesting, the effective number of PSA is converted into shares. For each PSA granted, the equivalent of dividends paid per share to shareholders during the vesting period is added to the final payout.

Performance conditions for the 2021 plan are Return on Capital Employed (ROCE) and absolute Total Shareholder Return (TSR) of Oerlikon. ROCE is defined as NOPAT (Non-Operating Profit After Tax) over Capital Employed. TSR is defined as the net change in share price plus any dividend distributions over a period of time. To determine the final number of PSA, the effective average annual ROCE achievement over the performance period is mapped to a payout factor between 0% and 150% and multiplied with the effective TSR modifier of either 0.9, 1.0 or 1.1, depending on whether the absolute TSR achievement is below, within or above a pre-set TSR target corridor, determined by the Board of Directors at the beginning of the program.

The fair value for the 2021 plan is based on the stock price at grant date of CHF 10.67 and a TSR multiplier of 1.0. The PSA allocated in 2021 will vest on May 1, 2024.

Year of allocation	Outstanding on 1.1.	Granted in 2021	Forfeited in 2021	Exercised in 2021	Outstanding on 31.12.	Fair value at grant date in CHF[1]	Expense 2021 in CHF million	Vesting period
2018	256295	–	13100	243195	–	-	0.3	01.05.18 - 30.04.21
2019	203362	–	9249	15105	179008	-	0.7	01.05.19 - 30.04.22
2020	410970	–	26997	5871	378102	-	0.6	01.05.20 - 30.04.23
2021	–	252843	1123	–	251720	10.67	0.6	01.05.21 - 30.04.24
Total	**870627**	**252843**	**50469**	**264171**	**808830**		**2.2**	

[1] The fair values relate to the awards granted in 2021.

Related party transactions

Note 24

Related parties include joint arrangements, associates members of the Board of Directors, the Executive Committee, employee benefit plans or important shareholders as well as companies under their control. Transactions with related parties are generally conducted at arm's length.

Primary shareholder

The share capital of CHF 339758576 consists of 339758576 registered shares, each with a par value of CHF 1.00. On December 31, 2021, conditional capital amounted to CHF 47200000.

The shareholders registered as holding more than 5% of the shares as at December 31, 2021 were:

	Share ownership[1]	
Shareholder	Number of shares	in %[2]
Liwet Holding AG, Zurich, Switzerland[3]	140484860[4]	41.34%

[1] Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA), published by SIX Exchange Regulation.

[2] Basis: Shares issued (339758576).

[3] The shares of Liwet Holding AG are ultimately held as follows:
A) 44.46% by Columbus Trust, a trust established under the laws of Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russian Federation and Zug, Switzerland.
B) 19.455% by Amapola Development Inc., Panama and Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia.
C) 19.455% by Ali International Ltd., Bahamas and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, London, United Kingdom.
D) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Moskov Alexey Valerievich, Matveeva Irina Arkadievna, Sivoldaev Mikhail Sergeevich, Khalikov Rinat Shavkiatovich, Cheremikin Igor Vladimirovich and Shtorkh Andrey Alekseevich.

[4] Source: Disclosure notification by Liwet Holding AG published by SIX Exchange Regulation on May 25, 2018.

Share ownership, options and related instruments

The disclosure below follows Art. 663c, Para. 3, of the Swiss Code of Obligations, which requires disclosure of share ownership, options and related instruments individually for each member of the Board of Directors and Executive Committee, including shares, options and related instruments held by persons closely related to, and by companies controlled by members of the Board of Directors and Executive Committee.

Members of the Board of Directors	Number of shares	Number of Restricted Stock Units (RSU)
Prof. Dr. Michael Süss	1327410	25807
Gerhard Pegam	33412	11521
Paul Adams	18282	11521
Irina Matveeva	11374	11521
Alexey V. Moskov	55380	11521
Dr. Suzanne Thoma	23211	11521
Jürg Fedier (since April 13, 2021)	708303	11521
Total	**2177372**	**94933**

Members of the Executive Committee	Number of shares	Number of Performance Share Awards (PSA)	Number of Restricted Stock Units (RSU)
Dr. Roland Fischer	239195	262443	198392
Philipp Müller	9507	56453	57081
Anna Ryzhova	23423	52039	39379
Dr. Helmut Rudigier	27313	17498	13228
Georg Stausberg	80404	50730	39132
Dr. Markus Tacke	10000	23664	21243
Total	**389842**	**462827**	**368455**

Related party transactions

Note 24 (cont.)

Overview on the compensation of the Board of Directors and the Executive Committee

	Executive Committee		Board of Directors	
in CHF thousand	**2021**	2020	**2021**	2020
Short-term employee benefits	5577	4070	1432	1410
Post-employment benefits	918	692	–	–
Share-based payments	850	1851	1030	1030
Total	**7345**	**6614**	**2462**	**2440**

Disclosures required by the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies on Board and Executive compensation are shown in the Remuneration Report.

Group companies
An overview of the Group subsidiary companies can be found on pages 118 and 119. Transactions between the parent company and its subsidiaries as well as between the Group subsidiaries themselves have been eliminated in the consolidated annual financial statements.

Related party transactions
In 2021, OC Oerlikon sold goods and services to joint arrangements and associates in the amount of CHF 4 million (previous year: CHF 7 million). From these transactions accounts receivables in the amount of CHF 2 million (previous year: CHF 2 million) were outstanding as of December 31, 2021. The Group purchased goods and services from joint arrangements and associates in the amount of CHF 26 million (previous year: CHF 23 million). From these transactions accounts payables in the amount of CHF 3 million (previous year: CHF 1 million) were outstanding as of December 31, 2021.

The Group received services from key management personnel in the amount of CHF 0.1 million in 2021 (previous year: CHF 0.1 million).

Participation plans: see Note 23.

During the year under review, there were no other related party transactions.

Contingent liabilities

Note 25

Contingent liabilities as of December 31, 2021 amount to CHF 1 million, mostly for excise duties and debt guarantees (previous year: CHF 1 million).

Pledged assets

Note 26

As of December 31, 2021 CHF 4 milion assets were pledged as a security (previous year: CHF 9 million).

Subsequent events

Note 27

No events occurred between the balance sheet date and the date on which this report was approved by the Board of Directors that could have a significant impact on the consolidated financial statements 2021.

Segment Information

in CHF million	Surface Solutions Division 2021	Surface Solutions Division 2020	Polymer Processing Solutions Division 2021	Polymer Processing Solutions Division 2020	Total Divisions 2021	Total Divisions 2020
Order intake	**1 345**	**1 144**	**1 452**	**1 097**	**2 797**	**2 241**
Order backlog	**178**	**124**	**558**	**457**	**736**	**581**
Sales						
Sales to third parties	1 283	1 197	1 366	1 061	2 649	2 258
Sales to other Divisions	7	5	–	–	7	5
Eliminations	–7	–5	–	–	–7	–5
	1 283	**1 197**	**1 366**	**1 061**	**2 649**	**2 258**
Sales to third parties by market region						
Asia/Pacific	418	374	1 076	834	1 495	1 208
Europe	575	537	185	179	760	716
North America	232	239	74	33	305	271
Other regions	58	47	32	16	89	62
	1 283	**1 197**	**1 366**	**1 061**	**2 649**	**2 258**
Sales to third parties by location						
Asia/Pacific	**379**	**349**	**519**	**356**	**898**	**704**
thereof China	137	122	498	346	635	468
Europe	**621**	**579**	**807**	**687**	**1 428**	**1 266**
thereof Switzerland/Liechtenstein	117	119	–	–	117	119
Germany	299	288	736	665	1 036	954
North America	**248**	**239**	**36**	**18**	**285**	**257**
thereof USA	225	217	36	18	262	236
Other regions	**35**	**31**	**3**	**–**	**38**	**31**
	1 283	**1 197**	**1 366**	**1 061**	**2 649**	**2 258**
Timing of revenue recognition						
At a point in time	1 283	1 197	527	364	1 810	1 561
Transferred over time	–	–	839	697	839	697
	1 283	**1 197**	**1 366**	**1 061**	**2 649**	**2 258**
Capital expenditure for property, plant and equipment, and intangible assets[1]						
Asia/Pacific	16	9	3	1	19	10
Europe	43	38	30	30	73	68
North America	14	12	–	–	15	12
Other regions	2	3	–	–	2	3
	75	**62**	**33**	**31**	**109**	**93**
Operational EBITDA[2]	**230**	**177**	**213**	**151**	**443**	**328**
Operational EBIT[2]	**72**	**11**	**163**	**120**	**236**	**130**
Other material items						
Research and development expense	–96	–87	–37	–30	–133	–117
Depreciation and amortization	–158	–166	–49	–31	–207	–197
Impairment of property, plant and equipment and right-of-use assets	–1	–5	–	–	–1	–5
Impairment of intangible assets	–7	–6	–	–	–7	–6
Restructuring income/expense	3	–22	–1	–1	2	–23
Net operating assets	**31.12.21**	31.12.20	**31.12.21**	31.12.20	**31.12.21**	31.12.20
Operating assets[3]	1 923	1 854	1 447	774	3 370	2 628
Operating liabilities[4]	–295	–271	–984	–763	–1 279	–1 034
	1 629	**1 582**	**463**	**11**	**2 091**	**1 593**
Number of employees (full-time equivalents)	**31.12.21**	31.12.20	**31.12.21**	31.12.20	**31.12.21**	31.12.20
Asia/Pacific	1 832	1 792	1 727	1 134	3 559	2 926
Europe	3 855	3 893	2 326	1 927	6 180	5 820
North America	1 207	1 219	141	54	1 348	1 273
Other regions	356	337	25	–	381	337
	7 250	**7 241**	**4 218**	**3 115**	**11 469**	**10 355**

	Group/ Eliminations		Total from continuing operations	
	2021	2020	**2021**	2020
	–	**–**	**2 797**	**2 241**
	–	**–**	**736**	**581**
	–	–	2 649	2 258
	–7	–5	–	–
	7	5	–	–
	–	**–**	**2 649**	**2 258**
	–	–	1 495	1 208
	–	–	760	716
	–	–	305	271
	–	–	89	62
	–	**–**	**2 649**	**2 258**
	–	**–**	**898**	**704**
	–	–	635	468
	–	**–**	**1 428**	**1 266**
	–	–	117	119
	–	–	1 036	954
	–	**–**	**285**	**257**
	–	–	262	236
	–	**–**	**38**	**31**
	–	**–**	**2 649**	**2 258**
	–	–	1 810	1 561
	–	–	839	697
	–	**–**	**2 649**	**2 258**
	–	–	19	10
	22	25	95	93
	–	–	15	12
	–	–	2	3
	22	**25**	**131**	**118**
	3	**–5**	**447**	**323**
	–5	**–12**	**231**	**119**
	–1	–1	–134	–118
	–8	–7	–216	–203
	–	–	–1	–5
	–	–	–7	–6
	–	1	2	–22
	31.12.21	31.12.20	**31.12.21**	31.12.20
	155	104	3 525	2 732
	–42	–60	–1 321	–1 095
	113	**44**	**2 204**	**1 637**
	31.12.21	31.12.20	**31.12.21**	31.12.20
	–	–	3 559	2 926
	337	331	6 517	6 151
	–	–	1 348	1 273
	3	5	384	342
	340	**336**	**11 808**	**10 692**

[1] Does not include non-current assets acquired through business combinations.

[2] Since this year, Operational EBITDA and Operational EBIT are additionally adjusted by acquisition and integration costs. For comparability reasons, last-year figures have been adjusted accordingly.

[3] Operating assets include total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets.

[4] Operating liabilities include total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities.

Reconciliation to the consolidated balance sheet

in CHF million	December 31, 2021	December 31, 2020
Operating assets	3525	2732
Cash and cash equivalents	601	414
Current financial investments	18	16
Current income tax receivables	34	31
Deferred tax assets	145	139
Other non-operating assets	18	9
Total assets	**4341**	**3340**
Operating liabilities	1321	1095
Lease liabilities	212	206
Current financial liabilities	137	8
Non-current loans and borrowings	611	157
Current income tax payable	56	47
Non-current post-employment benefit liabilities[1]	275	334
Deferred tax liabilities	171	125
Other non-operating liabilities	89	16
Total liabilities	**2873**	**1988**

[1] Excluding other employee benefit liabilities (refer to Note 16 “Post-employment benefits”).

Geographical information on non-current assets

in CHF million		2021	2020
Asia/Pacific		**271**	**214**
thereof	China	155	88
Europe		**1 865**	**1 475**
thereof	Switzerland/Liechtenstein	1 203	904
	Germany	340	360
North America		**253**	**245**
thereof	USA	244	236
Other regions		**16**	**16**
Total		**2 405**	**1 949**

Non-current assets as shown in the table above do not include deferred tax assets and post-employment benefit assets.

Information about major customers

In 2021 and 2020, no customer represented 10% or more of the company's third-party sales.

Companies by Country

Country	Name, registered office of consolidated companies by country	Currency	Share capital[1]	Group owns %	Number of employees
Australia	Oerlikon Metco Australia Pty Ltd., Bella Vista, NSW/AU	AUD	500 000	100.00	5
Austria	Oerlikon Balzers Coating Austria GmbH, Kapfenberg/AT	EUR	350 000	100.00	136
Austria	OT Textile Verwaltungs GmbH, Kapfenberg/AT	EUR	35 000	100.00	–
Belgium	Oerlikon Balzers Coating Benelux N.V., St.-Truiden/BE	EUR	620 000	100.00	41
Brazil	H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., São Paulo, SP/BR	BRL	5 225 000	100.00	15
Brazil	Oerlikon Balzers Revestimentos Metálicos Ltda., Jundiaí, SP/BR	BRL	31 343 200	99.99	130
Brazil	Oerlikon Friction Systems do Brasil Ltda., Diadema, SP/BR	BRL	4 418 300	100.00	21
Canada	HRS Hot Runner Systems NA Inc., Halifax, NS/CA	CAD	487 000	100.00	28
Canada	Oerlikon Metco (Canada) Inc., Fort Saskatchewan, AB/CA	CAD	100	100.00	75
China	HRS (Hangzhou) Trading Co. Ltd., Hangzhou/CN	CNY	2 000 000	100.00	–
China	HRS (Hong Kong) Limited, Hong Kong/CN	HKD	10 000	100.00	1
China	INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., Hangzhou/CN	EUR	10 800 000	100.00	427
China	Oerlikon (China) Technology Co. Ltd., Suzhou/CN	USD	30 000 000	100.00	436
China	Oerlikon Balzers Coating (Suzhou) Co. Ltd., Suzhou/CN	USD	6 150 000	100.00	423
China	Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd., Yangzhou/CN	CNY	100 000 000	60.00	101
China	Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd., Wuxi/CN	CNY	21 011 000	100.00	–
China	Oerlikon Metco Surface Technology (Shanghai) Co. Ltd., Shanghai/CN	CHF	9 500 000	100.00	270
China	Oerlikon Textile China Investments Ltd., Hong Kong/CN	HKD	266 052 500	100.00	–
China	Oerlikon Textile Far East Ltd., Hong Kong/CN	HKD	100 000	100.00	–
China	Oerlikon Textile Machinery (Wuxi) Co. Ltd., Wuxi/CN	USD	7 000 000	100.00	194
China	Oerlikon Textile Technology (Beijing) Co. Ltd., Beijing/CN	USD	1 112 200	100.00	270
China	Zigong Golden China Specialty Carbides Co., Ltd., Zigong/CN	CNY	10 000 000	60.00	50
Finland	Oerlikon Balzers Coating Finland Oy, Helsinki/FI	EUR	2 500	100.00	33
France	HRS France S.à r.l., Bonchamp-lès-Laval/FR	EUR	710 000	100.00	5
France	Oerlikon Balzers France SAS, Ferrières-en-Brie/FR	EUR	4 900 000	100.00	174
France	SAS COEURDOR, Maîche (Belfort)/FR	EUR	1 010 700	85.01	136
Germany	AC-Automation GmbH & Co. KG, Bernkastel-Kues/DE	EUR	200 000	100.00	67
Germany	AC-Verwaltungs GmbH, Bernkastel-Kues/DE	EUR	25 000	100.00	–
Germany	Dr. Schippers Unterstützungskasse GmbH, Remscheid/DE	EUR	26 000	100.00	–
Germany	HRSflow GmbH, Frankfurt a.M./DE	EUR	25 000	100.00	19
Germany	Oerlikon AM Europe GmbH, Feldkirchen/DE	EUR	51 000	100.00	165
Germany	Oerlikon Balzers Coating Germany GmbH, Bingen/DE	EUR	511 300	100.00	751
Germany	Oerlikon Business Services GmbH, Remscheid/DE	EUR	25 000	100.00	25
Germany	Oerlikon Deutschland Holding GmbH, Remscheid/DE	EUR	30 680 000	100.00	–
Germany	Oerlikon Friction Systems (Germany) GmbH, Bremen/DE	EUR	1 000 000	100.00	95
Germany	Oerlikon Metaplas GmbH, Salzgitter/DE	EUR	1 000 000	100.00	124
Germany	Oerlikon Metco Coatings GmbH, Salzgitter/DE	EUR	1 000 000	100.00	71
Germany	Oerlikon Metco Coating Services GmbH, Langenfeld/DE	EUR	1 533 900	100.00	50
Germany	Oerlikon Metco Europe GmbH, Raunheim/DE	EUR	1 000 000	100.00	103
Germany	Oerlikon Metco WOKA GmbH, Barchfeld/DE	EUR	1 000 000	100.00	130
Germany	Oerlikon Surface Solutions Holding GmbH, Raunheim/DE	EUR	17 345 100	100.00	–
Germany	Oerlikon Textile GmbH & Co. KG, Remscheid/DE	EUR	41 000 000	100.00	1 845
Germany	Oerlikon Vermögens-Verwaltungs GmbH, Remscheid/DE	EUR	25 000	100.00	–
Germany	W. Reiners Verwaltungs-GmbH, Remscheid/DE	EUR	38 346 900	100.00	–
Great Britain	Oerlikon Balzers Coating UK Ltd., Milton Keynes/GB	GBP	2 000 000	100.00	53
Great Britain	Oerlikon Metco (UK) Ltd., Cwmbran/GB	GBP	500 000	100.00	18
Great Britain	Oerlikon Metco Coatings Ltd., Dukinfield/GB	GBP	57 100	100.00	39
Great Britain	Oerlikon Neomet Ltd., Stockport/GB	GBP	292 700	100.00	20
Hungary	Oerlikon Eldim (HU) Kft., Debrecen/HU	HUF	161 000 000	100.00	150
India	HRS Flow India Private Limited, Pune/IN	INR	5 000 000	100.00	93
India	Oerlikon Balzers Coating India Ltd., Pune/IN	INR	70 000 000	100.00	347
India	Oerlikon Friction Systems (India) Ltd., Chennai/IN	INR	7 100 000	100.00	95
India	Oerlikon Textile India Pvt. Ltd., Mumbai/IN	INR	57 360 000	100.00	186
Italy	FCM S.p.A., Campi Bisenzio (FI)/IT	EUR	50 000	68.00	16
Italy	FIR. Parts S.r.l. Milano/IT	EUR	10 000	85.01	–
Italy	INglass S.p.A., San Polo di Piave/IT	EUR	2 750 000	100.00	316
Italy	Mercurio S.r.l, Milano/IT	EUR	10 000	85.01	1
Italy	Oerlikon Balzers Coating Italy S.p.A., Brugherio/IT	EUR	129 100	100.00	93
Italy	Oerlikon Friction Systems (Italia) S.r.l., Caivano/IT	EUR	250 000	100.00	42
Italy	Teknoweb Materials S.r.l., Palazzo Pignano/IT	EUR	20 000	66.90	41
Japan	HRS JAPAN Co. Ltd, Tokyo/JP	JPY	80 000 000	100.00	8
Japan	Oerlikon Japan Co., Ltd., Hiratsuka/JP (formerly: Oerlikon Nihon Balzers Coating Co. Ltd., Hiratsuka/JP)	JPY	100 000 000	100.00	242

Country	Name, registered office of consolidated companies by country	Currency	Share capital[1]	Group owns %	Number of employees
Liechtenstein	OC Oerlikon Balzers AG, Balzers/LI	CHF	1 000 000	100.00	69
Liechtenstein	Oerlikon Balzers Coating AG, Balzers/LI	CHF	1 000 000	100.00	211
Luxembourg	Oerlikon Balzers Coating Luxembourg S.à r.l., Differdange-Niederkorn/LU	EUR	1 000 000	60.00	19
Malaysia	Oerlikon Balzers Coating Malaysia Sdn. Bhd., Kuala Lumpur/MY	MYR	6 000 000	100.00	35
Mexico	HRS Flow Mexico S. DE R.L. DE C.V., Querétaro/MX	MXN	750 000	100.00	7
Mexico	Oerlikon Balzers Coating Mexico S.A. de C.V., Querétaro/MX	MXN	71 458 000	100.00	158
Netherlands	Oerlikon Eldim (NL) B.V., Lomm/NL	EUR	396 400	100.00	129
Philippines	Oerlikon Balzers Coating Philippines Inc., Muntinlupa/PH	PHP	15 000 000	99.99	11
Poland	Oerlikon Balzers Coating Poland Sp. z.o.o., Polkowice Dolne/PL	PLN	5 000 000	100.00	120
Poland	Oerlikon Business Services Europe Sp. z.o.o., Warsaw/PL	PLN	5 000	100.00	117
Portugal	Cubimatéria Polimentos Unipessoal Lda, Fundão/Castelo Branco/PT	EUR	5 000	85.01	98
Portugal	SCC Assistência Técnica Unipessoal Lda, Albergaria-a-Velha/PT	EUR	70 000	100.00	27
Russia	Oerlikon OSS CIS LLC, Moscow/RU (formerly: Oerlikon Metco Rus LLC, Lyubertsy/RU)	RUB	18 600 000	100.00	45
Russia	Oerlikon Rus LLC, Moscow/RU	RUB	1 700 000	100.00	–
Russia	OOO Oerlikon Balzers Rus, Elektrostal/RU	RUB	1 000 000	100.00	–
Singapore	Oerlikon Balzers Coating Singapore Pte. Ltd., Singapore/SG	SGD	6 000 000	100.00	–
Singapore	Oerlikon Metco (Singapore) Pte. Ltd., Singapore/SG	SGD	600 000	100.00	22
Slovakia	Oerlikon Balzers Coating Slovakia s.r.o., Bratislava/SK	EUR	20 060 000	100.00	208
South Africa	INglass HRS South Africa (Pty) Ltd., Johannesburg/ZA	ZAR	100	100.00	3
South Korea	Oerlikon Balzers Coating Korea Co. Ltd., Pyongtaek/KR	KRW	6 300 000 000	89.90	188
Spain	Oerlikon Balzers Coating Spain S.A.U., Antzuola/ES	EUR	150 300	100.00	87
Spain	Sistemas De Canal Caliente Ibérica. S.L.U., Begues/ES	EUR	30 000	100.00	6
Sweden	Oerlikon Balzers Coating Sweden AB, Stockholm/SE	SEK	11 600 000	100.00	56
Switzerland	OC Oerlikon Corporation AG, Pfäffikon, Freienbach/CH	CHF	339 758 600	100.00	–
Switzerland	OC Oerlikon Management AG, Pfäffikon, Freienbach/CH	CHF	2 000 000	100.00	76
Switzerland	OC Oerlikon Textile Holding AG, Pfäffikon, Freienbach/CH	CHF	112 019 600	100.00	–
Switzerland	Oerlikon Balzers Coating SA, Brügg, Brügg/CH	CHF	100 000	100.00	27
Switzerland	Oerlikon IT Solutions AG, Pfäffikon, Freienbach/CH	CHF	500 000	100.00	49
Switzerland	Oerlikon Metco AG, Wohlen, Wohlen/CH	CHF	5 000 000	100.00	226
Switzerland	Oerlikon Surface Solutions AG, Pfäffikon, Freienbach/CH	CHF	10 000 000	100.00	235
Taiwan	Oerlikon Balzers Coating Taiwan Co. Ltd., Taipeh/TW	TWD	500 000	100.00	10
Thailand	HRS Flow (Thailand) Co. Ltd, Bangkok/TH	THB	2 000 000	100.00	3
Thailand	Oerlikon Balzers Coating (Thailand) Co. Ltd., Chonburi/TH	THB	80 000 000	99.99	57
Turkey	Inglass HRS Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd. Sti., Nilüfer, Bursa/TR	TRY	799 600	100.00	8
Turkey	Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi, Bursa/TR	TRY	2 500 000	99.99	71
USA	INglass USA Inc., Byron Center, MI/US	USD	13 376 500	100.00	57
USA	Oerlikon AM US Inc., Wilmington, DE/US	USD	2 000	100.00	40
USA	Oerlikon Balzers Coating USA Inc., Wilmington, DE/US	USD	20 000	100.00	479
USA	Oerlikon Friction Systems (US) Inc., Dayton OH/US	USD	1 000	100.00	156
USA	Oerlikon Management USA Inc., Pittsburgh, PA/US	USD	500 000	100.00	–
USA	Oerlikon Metco (US) Inc., Westbury NY/US	USD	1 000	100.00	458
USA	Oerlikon Textile Inc., Charlotte, NC/US	USD	3 000 000	100.00	56
USA	Oerlikon USA Holding Inc., Wilmington, DE/US	USD	40 234 000	100.00	–
Vietnam	Oerlikon Balzers Coating Vietnam Co., Ltd., Bac Ninh/VN	USD	1 000 000	100.00	12

[1] Share capital partly rounded to full hundred. Some articles of association and trade registers still contain old European currencies that are converted to EUR.

Report of the statutory auditor

to the General Meeting of OC Oerlikon Corporation AG

Pfäffikon

Report on the audit of the Financial Report (consolidated financial statements)

Opinion

We have audited the consolidated financial statements of OC Oerlikon Corporation AG and its subsidiaries (the Group), which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income for the year ended 31 December 2021, the Consolidated Balance Sheet as at 31 December 2021, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity, Reconciliation of Operational Figures for the year ended 31 December 2021, and Notes to the consolidated financial statements, including a summary of significant accounting principles.

In our opinion, the consolidated financial statements (pages 66 to 119) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 11'100'000

We concluded full scope and account balances audit work at 30 reporting units in various countries. Our audit scope addressed over 74% of Group's sales.

As key audit matters the following areas of focus have been identified:

Impairment assessment of goodwill

Acquisition INglass S.p.A.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 11'100'000
Benchmark applied	EBITDA
Rationale for the materiality benchmark applied	We chose EBTIDA as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 555'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors. As Group auditor, we performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements, Acquisition INglass S.p.A. and of the impairment testing of goodwill. Where full scope audits or specific account balances audit work was performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level, specifying the materiality thresholds to be applied, participating in local closing meetings (virtual), conducting telephone calls with the component auditors and reviewing the reporting received.

Key audit matters

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

Impairment assessment of goodwill

Key audit matter	How our audit addressed the key audit matter
The impairment assessment of goodwill is considered a key audit matter due to the size of the balance (goodwill: CHF 815 million) and the significant estimates required of management. The main estimate relates to the future cash flows of the underlying businesses as well as the discount rates applied to perform the necessary impairment tests. Please refer to pages 93 - 95 (Goodwill and intangible assets). Goodwill is tested annually for potential impairment whereby the carrying value is compared with the recoverable amount (which is estimated as the higher of the fair value less costs of disposal and the value in use).	We obtained the impairment analyses undertaken by management and performed the following procedures: • We assessed the determination of the carrying values of the assets of individual cash-generating units and the allocation of goodwill to those units. We ensured that the value in use calculations are based on the latest business plans. • We assessed the reasonableness of the business plan by comparing the implicit growth rates with market data. • We compared the revenue and the EBIT of the year under review with the budget in order to identify, in retrospect, any forecasts that were too optimistic and to assess the accuracy of the estimates that were made. • We compared model inputs, such as weighted average cost of capital, long-term growth rate and other assumptions, with observable market data. • We assessed the discount rate, by assessing the risk-adjusted cost of capital used to derive the discount rate for the Group. • We performed thorough sensitivity analyses on the key assumptions to ascertain the extent of changes in those assumptions that would be required for the goodwill to be impaired. Overall, on the basis of our work performed on the impairment testing model, the supporting evidence as well as our own sensitivity analyses, we concluded that the results of the impairment tests performed by management were reasonable.

Acquisition INglass S.p.A.

Key audit matter	How our audit addressed the key audit matter
On 9 June 2021, OC Oerlikon Corporation AG acquired 100% of the shares of INglass S.p.A., headquartered in Italy. The assessment of the acquisition of INglass S.p.A. was deemed a key audit matter because of the critical estimates made by Management concerning the purchase price allocation in the opening balance sheet. In particular, the identification and valuation of intangible assets involved significant judgment. Please refer to pages 80 - 82 (Acquisitions and Divestments) in the notes to the consolidated financial statements.	We assessed whether amounts reported on the opening balance sheet as at 9 June 2021 had been identified in line with the purchase agreement and recognized according to the provisions of IFRS 3 “Business Combinations”. We performed procedures including the following: • We identified significant components of the INglass S.p.A. Group and performed procedures to assess the existence, completeness, and valuation of net assets of those entities. • We assessed the completeness of identified intangible assets against our own expectations, formed from discussions with the Management as well as the industry expertise of our valuation experts. • To assess the valuation models included in the valuation report, we involved our internal valuation experts, who specifically performed the following: - Comparison with similar transactions and available market data of the royalty and attrition rates used to value brands, technology and customer relationships. - Assessment of the reasonableness of the discount rate. - Assessment of the technical and arithmetical correctness of the valuation report. • In addition, we assessed whether the transaction was accounted for and disclosed in the financial statements in accordance with the provisions of IFRS 3 “Business Combinations”. Our audit procedures are appropriate to corroborate Management’s allocation of the purchase price to the identifiable assets and liabilities measured at fair value and Management’s disclosure of the purchase of INglass S.p.A. in the 2021 consolidated financial statements.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of OC Oerlikon Corporation AG and our auditor’s reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

René Rausenberger	Oliver Illa
Audit expert Auditor in charge	Audit expert

Zürich, 25 February 2022

OC Oerlikon Corporation AG, Pfäffikon

Income Statement of OC Oerlikon Corporation AG, Pfäffikon

in CHF	Notes	**2021**	2020
Income from investments	2.1	227 481 082	12 871 327
Financial income	2.2	20 876 069	27 805 825
Other income	2.3	37 729 992	32 566 778
Total income		**286 087 143**	**73 243 930**
Financial expenses	2.4	–23 724 168	–8 559 200
Personnel expenses		–2 748 642	–2 332 853
Other expenses	2.5	–34 144 576	–51 486 788
Result before taxes and value adjustments on investments		**225 469 757**	**10 865 089**
Valuation adjustments on investments	2.6	–	–19 460 776
Result before taxes		**225 469 757**	**–8 595 687**
Direct taxes		1 102 562	552 811
Result for the year		**226 572 319**	**–8 042 876**

Balance Sheet at December 31 of OC Oerlikon Corporation AG, Pfäffikon

Assets

in CHF	Notes	2021	2020
Cash and cash equivalents	3.1	194 108 512	100 913 530
Current financial receivables			
- from third parties		43 841	33 291
- from companies in which the entity holds an investment	3.2	703 130 874	514 100 078
Prepaid expenses and accrued income		3 982 837	1 787 723
Current assets		**901 266 064**	**616 834 622**
Non-current financial receivables			
- from third parties		2 160 726	184 158
- from companies in which the entity holds an investment	3.3	394 693 959	417 773 344
Other non-current financial assets	3.4	18 781 806	18 532 800
Investments	3.5	1 875 858 448	1 875 858 448
Non-current assets		**2 291 494 940**	**2 312 348 751**
Total assets		**3 192 761 004**	**2 929 183 373**

Liabilities and equity

in CHF	Notes	2021	2020
Current interest-bearing payables			
- due to third parties	3.7	125 000 000	–
- due to companies in which the entity holds an investment	3.6	688 599 139	921 202 558
Current payables			
- due to third parties		270 029	488 533
- due to companies in which the entity holds an investment		489 379	363 470
- due to shareholders		25 877	24 295
Accrued liabilities and deferred income		6 753 942	9 708 814
Current liabilities		**821 138 366**	**931 787 670**
Non-current interest-bearing payables			
- due to third parties	3.7	600 000 000	150 000 000
- due to companies in which the entity holds an investment	3.8	162 411 244	361 063 284
Provisions	3.9	31 892 520	31 644 020
Non-current liabilities		**794 303 764**	**542 707 304**
Total liabilities		**1 615 442 130**	**1 474 494 974**
Share capital	3.10	339 758 576	339 758 576
Legal capital reserves			
– Reserves from capital contributions	3.11	259 102 841	259 102 841
Legal retained earnings			
– General legal retained earnings		70 593 765	70 593 765
Voluntary retained earnings			
– Free reserves and statutory reserves		293 910 850	293 910 850
– Available earnings			
- Profit brought forward		507 090 113	621 995 724
- Result for the year		226 572 319	–8 042 876
Treasury shares	3.12	–119 709 590	–122 630 481
Total equity		**1 577 318 874**	**1 454 688 399**
Total liabilities and equity		**3 192 761 004**	**2 929 183 373**

Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

Principles (1)

General aspects (1.1)

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Financial receivables (1.2)

Financial receivables include loans from third parties and from companies in which the entity holds an investment. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

Treasury shares (1.3)

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized directly in equity in the position profit brought forward.

Interest-bearing payables (1.4)

Interest-bearing payables are recognized in the balance sheet at nominal value.

Foregoing a cash flow statement and additional disclosures in the notes (1.5)

As OC Oerlikon Corporation AG, Pfäffikon has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing payables and audit fees in the notes, as well as a cash flow statement, in accordance with the law.

Information on income statement items (2)

Income from investments (2.1)

The income from investments consists of dividend income from companies in which the entity holds an investment.

Financial income (2.2)

Financial income mainly includes interest income from loans from companies in which the entity holds an investment as well as net exchange gains (if any).

Other income (2.3)

Other income consists mainly of trademark fees.

Financial expenses (2.4)

Financial expenses include interest expenses due to companies in which the entity holds an investment and due to third parties as well as net exchange losses (if any).

Other expenses (2.5)

Other expenses consist mainly of management service fees charged by OC Oerlikon Management AG, Pfäffikon.

Valuation adjustments on loans and investments (2.6)

In 2020 OC Oerlikon Corporation AG needed to book a value adjustment of CHF 19 million on an investment.

Information on balance sheet items (3)

Cash and cash equivalents (3.1)

This item consists mainly of current balances denominated in CHF, EUR and HKD and is held with European banks (2020: CHF, EUR, USD).

Current financial receivables from companies in which the entity holds an investment (3.2)

The current financial receivables from companies in which the entity holds an investment consist mainly of cash pool deposits in CHF and EUR.

Non-current financial receivables from companies in which the entity holds an investment (3.3)

The non-current financial receivables from companies in which the entity holds an investment consist mainly of non-current deposits denominated in EUR.

Other non-current financial assets (3.4)

The other non-current financial assets consist mainly of a 12.62% investment in an unquoted equity investment (2020: 14.54%).

Investments (3.5)

Investments held by OC Oerlikon Corporation AG, Pfäffikon are recorded at historical costs less any valuation adjustments. The list of investments can be found in the section "Investments".

Current interest-bearing payables due to companies in which the entity holds an investment (3.6)

The current interest-bearing payables due to companies in which the entity holds an investment contain mainly cash pool debts in CHF, EUR and USD.

Interest-bearing payables due to third parties (3.7)

The interest-bearing payables due to third parties contain the following bond:

Conditions on outstanding bond:

	CHF thousand	CHF thousand	CHF thousand	CHF thousand
	2014–2024	**2021–2022**	**2021–2025**	**2021–2028**
Nominal value				
December 31, 2021	150000	125000	250000	200000
December 31, 2020	150000	0	0	0
Interest	2.625%	0.000%	0.375%	0.800%
Duration in years	10	1.5	4.5	7.5
Maturity	June 17, 2024	November 25, 2022	November 27, 2025	November 27, 2028

Additional information about the bond can be found in Note 20 of the Group's consolidated financial statements.

Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

Non-current interest-bearing payables due to companies in which the entity holds an investment (3.8)
The non-current interest-bearing payables due to companies in which the entity holds an investment contain long-term loans mainly in CNY and HKD (2020: CHF and CNY).

Provisions (3.9)
Provisions cover mainly risks related to investments and other risks.

Share capital (3.10)
The share capital of CHF 339 758 576 (previous year: CHF 339 758 576) consists of 339 758 576 registered shares (previous year: 339 758 576), each with a par value of CHF 1.00. On December 31, 2021, conditional capital amounted to CHF 47 200 000 (previous year: 47 200 000).

Reserves from capital contributions (3.11)
As of December 31, 2021, OC Oerlikon Corporation AG, Pfäffikon, shows reserves from capital contributions of CHF 259 102 841. Thereof CHF 258 555 674 are not yet available for distribution due to the current practice of the Swiss Federal Tax Authorities.

Treasury shares (3.12)
Treasury shares are shown directly in equity.

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

in CHF	Amount	Number of treasury shares	Lowest rate	Highest rate	Average rate of treasury shares
Balance at January 1, 2020	62 917 220	5 597 805	–	–	–
Acquisitions	64 600 990	8 845 111	5.522	11.367	7.304
Allocation to board members	–615 232	–65 622	–	–	9.375
Allocation to management	–4 272 497	–440 748	–	–	9.694
Balance at December 31, 2020	122630481	13 936 546	–	–	–

On November 5, 2019 the Board of Directors has approved to buy back own shares for up to a maximum of 10% of the share capital. The effective size of the buyback program depends, among other things, on the number of treasury shares held and the market situation. The repurchased registered shares shall be used as a reserve for future M&A transactions and employee benefit plans. The program started in November 2019 and will run for up to 36 months. As of December 31, 2021, 16 832 459 shares were repurchased as part of the share buyback program for a consideration of CHF 150 million.

Other information (4)
Joint and several liabilities in favor of Group companies (4.1)
VAT group
OC Oerlikon Corporation AG, Pfäffikon belongs to a VAT group and therefore all participants are jointly liable to the Swiss Federal Tax Administration for the value-added tax debts of the whole Group.

Cash pooling group
OC Oerlikon Corporation AG, Pfäffikon is liable for liabilities of the cash pool participants.

Full-time equivalents (4.2)
OC Oerlikon Corporation AG, Pfäffikon does not have any employees.

Contingent liabilities (4.3)
The contingent liabilities relate primarily to corporate guarantees and bank guarantees in favor of companies in which the entity holds an investment and amount to CHF 392 million (previous year: CHF 325 million).

Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

Significant shareholders (4.4)

Significant shareholders registered as holding more than 5% of the shares as at December 31, were:

Share ownership[1]

	2021		2020	
Shareholder	**Number of shares**	in %[2]	Number of shares	in %
Liwet Holding Ltd., Zurich, Switzerland[3]	140 484 860[4]	41.34%	140 484 860[4]	41.34%

[1] Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA), published by SIX Exchange Regulation.

[2] Basis: Shares issued (339 758 576).

[3] The shares of Liwet Holding Ltd. are ultimately held as follows:
A) 44.46% by Columbus Trust, a trust established under the laws of Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russia and Zug, Switzerland.
B) 19.455% by Amapola Development Inc, Panama, and Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia.
C) 19.455% by Ali International Ltd., Bahamas, and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, London, United Kingdom.
D) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Moskov Alexey Valerievich, Matveeva Irina Arkadievna, Sivoldaev Mikhail Sergeevich, Khalikov Rinat Shavkiatovich, Cheremikin Igor Vladimirovich and Shtorkh Andrey Alekseevich.

[4] Source: Disclosure notification by Liwet Holding Ltd. published by SIX Exchange Regulation on May 25, 2018.

Equity owned by Executive Committee and the Board of Directors, including any related parties (4.5)

Members of the Board of Directors:

	2021	2020
	Number of shares	Number of shares
Prof. Dr. Michael Süss	1 327 410	1 229 926
Gerhard Pegam	33 412	22 038
Paul Adams	18 282	6 908
Irina Matveeva (since April 7, 2020)	11 374	n.a.
Geoffery Merszei	n.a.	27 882
Alexey V. Moskov	55 380	40 939
Dr. Suzanne Thoma	23 211	8 770
Jürg Fedier (since April 13, 2021)	708 303	n.a.
Total	**2 177 372**	**1 336 463**

Members of the Executive Committee:

	2021	2020
	Number of shares	**Number of shares**
Dr. Roland Fischer	239 195	215 176
Philipp Müller	9 507	n.a.
Anna Ryzhova	23 423	17 227
Dr. Helmut Rudigier	27 313	25 225
Georg Stausberger	80 404	n.a.
Dr. Markus Tacke	10 000	n.a.
Total	**389 842**	**257 628**

Shares or options on shares for members of the Board of Directors, Executive Committee and Senior Management (4.6)

Shares or options on shares are used for share-based compensation of members of the Board of Directors compensated by OC Oerlikon Corporation AG, Pfäffikon as well as of the Executive Committee and Senior Management employed by other companies of the Group. The number of Restricted Stock Units (RSU) and Performance Share Awards (PSA) is calculated based on fair value at grant date. The allocation was as follows:

	2021		2020	
in CHF thousand	**Number of RSU and PSA**	**Amount**	Number of RSU and PSA	Amount
Allocated to authorized members	613 620	6 564	883 860	5 328

For year 2021 a total of 613 620 Restricted Stock Units (RSU) and Performance Share Awards (PSA) are allocated and the total granted value for share-based-programms amounts to CHF 6.6 million. Thereof, 94 933 allocated Restricted Stock Units (RSU) and a granted value of CHF 1.0 million relates to the Board of Directors. Another 280 242 allocated Restricted Stock Units (RSU) and Performance Share Awards (PSA) and a granted value of CHF 3.0 million is attributed for the Executive Committee.

For year 2020 a total of 883 860 Restricted Stock Units (RSU) and Performance Share Awards (PSA) are allocated and the total granted value for share-based-programms amounts to CHF 5.3 million. Thereof, 126 384 allocated Restricted Stock Units (RSU) and a granted value of CHF 1.0 million relates to the Board of Directors. Another 318 124 allocated Restricted Stock Units (RSU) and Performance Share Awards (PSA) and a granted value of CHF 1.9 million is attributed for the Executive Committee.

Significant events after the balance sheet date (4.7)

There are no other significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Investments

Company	Place of business	Currency	Share capital 2021	2020	Capital and share of votes in % 2021	2020
OC Oerlikon Management AG, Pfäffikon	Freienbach/CH	CHF	2 000 000	2 000 000	100.00	100.00
OC Oerlikon Textile Holding AG, Pfäffikon	Freienbach/CH	CHF	112 019 600	112 019 600	100.00	100.00
Oerlikon Balzers Coating (Thailand) Co. Ltd.	Chonburi/TH	THB	80 000 000	80 000 000	99.99	99.99
Oerlikon Balzers Coating India Ltd.	Pune/IN	INR	70 000 000	70 000 000	78.40	78.40
Oerlikon Balzers Coating Korea Co. Ltd.	Pyongtaek/KR	KRW	6 300 000 000	6 300 000 000	89.10	89.10
Oerlikon Balzers Coating Luxembourg S.à.r.l.	Differdange-Niedercorn/LU	EUR	1 000 000	1 000 000	60.00	60.00
Oerlikon Balzers Coating Sweden AB	Stockholm/SE	SEK	11 600 000	11 600 000	100.00	100.00
Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi	Bursa/TR	TRY	2 500 000	2 500 000	99.99	99.99
Oerlikon Business Services Europe Sp. z.o.o.	Warsaw/PL	PLN	5 000	5 000	100.00	100.00
Oerlikon Deutschland Holding GmbH	Remscheid/DE	EUR	30 680 000	30 680 000	10.00	10.00
Oerlikon IT Solutions AG, Pfäffikon	Freienbach/CH	CHF	500 000	500 000	100.00	100.00
Oerlikon Surface Solutions AG, Pfäffikon	Freienbach/CH	CHF	10 000 000	10 000 000	100.00	100.00
Oerlikon USA Holding Inc.	Wilmington DE/USA	USD	40 234 000	40 234 000	100.00	100.00
Oerlikon Vermögens-Verwaltungs GmbH	Remscheid/DE	EUR	25 000	25 000	100.00	100.00
OOO Oerlikon Balzers Rus	Elektrostal/RU	RUB	1 000 000	1 000 000	100.00	100.00
PT Oerlikon Balzers Artoda Indonesia	Bekasi/ID	IDR	18 000 000 000	18 000 000 000	42.00	42.00

Refer to "Companies by Country" on pages 118 and 119 for a complete list of companies that are held directly and indirectly by OC Oerlikon Corporation AG.

Changes in Equity of OC Oerlikon Corporation AG, Pfäffikon

in CHF million	Share capital	Reserves from capital contributions	General legal retained earnings	Free reserves and statutory reserves	Available earnings	Treasury shares	Total equity
Balance at December 31, 2018	**339.8**	**597.4**	**70.6**	**293.9**	**840.2**	**–12.7**	**2 129.2**
Changes in treasury shares	0.0	0.0	0.0	0.0	0.1	–50.2	–50.2
Dividend payment	0.0	–338.3	0.0	0.0	0.0	0.0	–338.3
Result for the year	0.0	0.0	0.0	0.0	111.0	0.0	111.0
Balance at December 31, 2019	**339.8**	**259.1**	**70.6**	**293.9**	**951.3**	**–62.9**	**1 851.7**
Changes in treasury shares	0.0	0.0	0.0	0.0	–1.2	–59.7	–60.9
Dividend payment	0.0	0.0	0.0	0.0	–328.1	0.0	–328.1
Result for the year	0.0	0.0	0.0	0.0	–8.0	0.0	–8.0
Balance at December 31, 2020	**339.8**	**259.1**	**70.6**	**293.9**	**614.0**	**–122.6**	**1 454.7**
Changes in treasury shares	0.0	0.0	0.0	0.0	7.2	2.9	10.1
Dividend payment	0.0	0.0	0.0	0.0	–114.1	0.0	–114.1
Result for the year	0.0	0.0	0.0	0.0	226.6	0.0	226.6
Balance at December 31, 2021	**339.8**	**259.1**	**70.6**	**293.9**	**733.7**	**–119.7**	**1 577.3**

Proposal of the Board of Directors

The available earnings amount to:

in CHF	**2021**
Retained earnings brought forward	499 878 381
Gain on treasury shares	7 211 732
Result for the year	226 572 319
Available earnings	**733 662 432**

The Board of Directors proposes to the Annual General Meeting of Shareholders that the available earnings are allocated as follows:

Distribution of a dividend of CHF 0.35 (before withholding tax) on dividend-bearing shares with a nominal value of CHF 1.00 each	118 915 502
Balance to be carried forward	**614 746 930**

The company will not pay a dividend on treasury shares held by OC Oerlikon Corporation AG, Pfäffikon.

Pfäffikon SZ, February 25, 2022

On behalf of the Board of Directors
Chairman

Prof. Dr. Michael Süss

Report of the statutory auditor

to the General Meeting of OC Oerlikon Corporation AG

Pfäffikon

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OC Oerlikon Corporation AG, which comprise the Income Statement for the year ended 31 December 2021, the Balance Sheet as at 31 December 2021, Notes to the Financial Statements investments and the Changes in Equity of OC Oerlikon Corporation AG, Pfäffikon for the year ended 31 December 2021.

In our opinion, the financial statements (pages 125 to 131) as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

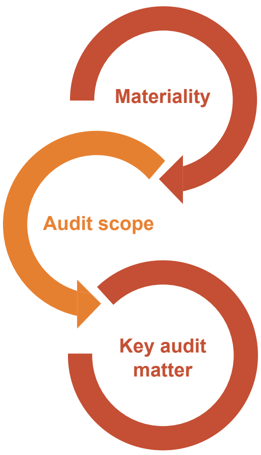
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 15'770'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 15'770'000
Benchmark applied	net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because OC Oerlikon Corporation AG, Pfäffikon is a holding company that mainly holds investments in subsidiaries. The profit of the holding company fluctuates from year to year depending on whether investees pay dividends. Furthermore, net assets is considered a key element for the user of the financial statements and it is a generally accepted benchmark for determining materiality.

We agreed with the Audit Committee that we would report to them misstatements above CHF 788'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
The valuation of investments is considered a key audit matter due to the size of the investment balance (CHF 1'876 million), the significant estimates involved in the valuation process and the estimation of the future profitability of the individual directly and indirectly held investments.	In our audit of the investments, we performed audit procedures including the following: • To identify indicators of impairment of individual investments, we compared the investment value with the shareholders' equity and financial performance of the respective subsidiaries. • We reperformed the valuation assessment carried out by management. Our assessment included the evaluation of the investments' underlying net assets as well as, in some cases, the evaluation of their capitalised earnings value and the appropriateness of the discount rates applied. Overall, based on the procedures performed, we concluded that management's assessments are based upon reasonable and consistently applied assumptions that support management's valuation conclusions.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

We further confirm that the proposal of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger	Oliver Illa
Audit expert Auditor in charge	Audit expert

Zürich, 25 February 2022

Legal structure

Legal structure of consolidated companies as per December 31, 2021

OC Oerlikon Corporation AG, Pfäffikon, Freienbach/CH
–OC Oerlikon Management AG, Pfäffikon, Freienbach/CH
· Oerlikon Rus LLC, Moscow/RU
–OC Oerlikon Textile Holding AG, Pfäffikon, Freienbach/CH
· Oerlikon Textile China Investments Ltd., Hong Kong/CN
· · Oerlikon (China) Technology Co. Ltd., Suzhou/CN
· · · Oerlikon Metco Surface Technology (Shanghai) Co. Ltd., Shanghai/CN
· · Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd., Wuxi/CN
· · Oerlikon Textile Machinery (Wuxi) Co. Ltd., Wuxi/CN
· Oerlikon Barmag Huitong (Yangzhou) Engineering Co., Ltd, Yangzhou/CN
· OT Textile Verwaltungs GmbH, Kapfenberg/AT
· Teknoweb Materials S.r.l., Palazzo Pignano/IT
· W. Reiners Verwaltungs-GmbH, Remscheid/DE
· · Dr. Schippers Unterstützungskasse GmbH, Remscheid/DE
· · Oerlikon Textile GmbH & Co. KG, Remscheid/DE
· · · AC Automation GmbH & Co. KG, Bernkastel-Kues/DE
· · · AC-Verwaltungs GmbH, Bernkastel-Kues/DE
· · · Oerlikon Deutschland Holding GmbH, Remscheid/DE
· · · · Oerlikon Balzers Coating Benelux N.V., St.-Truiden/BE
· · · · Oerlikon Business Services GmbH, Remscheid/DE
· · · · Oerlikon Surface Solutions Holding GmbH, Raunheim/DE
· · · · · Oerlikon AM Europe GmbH, Feldkirchen/DE
· · · · · Oerlikon Balzers Coating Germany GmbH, Bingen/DE
· · · · · Oerlikon Friction Systems (Germany) GmbH, Bremen/DE
· · · · · Oerlikon Metaplas GmbH, Salzgitter/DE
· · · · · Oerlikon Metco Coatings GmbH, Salzgitter/DE
· · · · · Oerlikon Metco Coating Services GmbH, Langenfeld/DE
· · · · · Oerlikon Metco Europe GmbH, Raunheim/DE
· · · · · Oerlikon Metco WOKA GmbH, Barchfeld/DE
· · · Oerlikon Textile Far East Ltd., Hong Kong/CN
· · · · Oerlikon Textile Technology (Beijing) Co. Ltd., Beijing/CN
· · · Oerlikon Textile India Pvt. Ltd., Mumbai/IN
· INglass S.p.A., San Polo di Piave/IT
· · HRS Hot Runner Systems NA Inc., Halifax, NS/CA
· · INglass USA Inc., Byron Center, MI/US
· · HRS Flow Mexico S. DE R.L. DE C.V., Querétaro/MX
· · H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., São Paulo, SP/BR
· · Sistemas De Canal Caliente Ibérica. S.L.U., Begues/ES
· · · SCC Assistência Técnica, Unipessoal Lda, Albergaria-a-Velha/PT
· · HRSflow GmbH, Frankfurt a.M./DE
· · HRS France S.à r.l., Bonchamp-lès-Laval/FR
· · HRS JAPAN Co. Ltd, Tokyo/JP
· · HRS Flow (Thailand) Co. Ltd, Bangkok/TH
· · HRS (Hong Kong) Limited, Hong Kong/CN
· · · HRS (Hangzhou) Trading Co. Ltd., Hangzhou/CN
· · INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., Hangzhou/CN
· · INglass HRS South Africa (Pty) Ltd, Johannesburg/ZA
· · HRS Flow India Private Limited, Pune/IN
· · Inglass HRS Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd. Sti., Nilüfer,Bursa/TR
–Oerlikon Balzers Coating India Pvt. Ltd., Pune/IN
· Oerlikon Friction Systems (India) Ltd., Chennai/IN
–Oerlikon Balzers Coating (Thailand) Co. Ltd., Chonburi/TH
–Oerlikon Balzers Coating Korea Co. Ltd., Pyongtaek/KR
–Oerlikon Balzers Coating Luxembourg S.à r.l., Differdange-Niedercorn/LU
–Oerlikon Balzers Coating Sweden AB, Stockholm/SE
· Oerlikon Balzers Coating Finland Oy, Helsinki/FI
–Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi, Bursa/TR
–Oerlikon Business Services Europe Sp. z.o.o., Warsaw/PL
–Oerlikon IT Solutions AG, Pfäffikon, Freienbach/CH
–Oerlikon Surface Solutions AG, Pfäffikon, Freienbach/CH
· OC Oerlikon Balzers AG, Balzers/LI

Legal structure of consolidated companies as per December 31, 2021

· Oerlikon Balzers Coating AG, Balzers/LI
· Oerlikon Balzers Coating (Suzhou) Co. Ltd., Suzhou/CN
· Oerlikon Balzers Coating Austria GmbH, Kapfenberg/AT
· Oerlikon Balzers Coating Italy S.p.A., Brugherio/IT
· Oerlikon Balzers Coating SA, Brügg, Brügg/CH
· Oerlikon Balzers Coating Singapore Pte. Ltd., Singapore/SG
· Oerlikon Balzers Coating Spain S.A.U, Antzuola/ES
· Oerlikon Balzers Coating Poland Sp. z.o.o., Polkowice Dolne/PL
· Oerlikon Balzers Coating Mexico S.A. de C.V., Querétaro/MX
· Oerlikon Balzers Coating Malaysia Sdn. Bhd., Kuala Lumpur/MY
· Oerlikon Balzers Coating Philippines, Inc., Muntinlupa/PH
· Oerlikon Balzers Coating Slovakia s.r.o., Bratislava/SK
· Oerlikon Balzers Coating Taiwan Co. Ltd., Taipeh/TW
· Oerlikon Balzers Coating UK Ltd., Milton Keynes/GB
  · Oerlikon Metco Coatings Ltd., Dukinfield/GB
· Oerlikon Balzers Coating Vietnam Co., Ltd., Bac Ninh/VN
· Oerlikon Balzers France SAS, Ferrières-en-Brie/FR
· Oerlikon Balzers Revestimentos Metálicos Ltda., Jundiaí, SP/BR
  · Oerlikon Friction Systems do Brasil Ltda., Diadema, SP/BR
· Oerlikon Eldim (NL) B.V., Lomm/NL
  · Oerlikon Eldim (HU) Kft., Debrecen/HU
· Oerlikon Friction Systems (Italia) S.r.l., Caivano/IT
· Oerlikon Metco (Canada) Inc., Fort Saskatchewan, AB/CA
· Oerlikon Metco (UK) Ltd., Cwmbran/GB
· Oerlikon Metco (Singapore) Pte. Ltd., Singapore/SG
  · Zigong Golden China Speciality Carbides Co. Ltd., Zigong/CN
· Oerlikon Metco AG, Wohlen, Wohlen/CH
· Oerlikon Metco Australia Pty Ltd., Bella Vista, NSW/AU
· Oerlikon OSS CIS LLC, Moscow/RU
· Oerlikon Neomet Ltd., Stockport/GB
· Oerlikon Japan Co., Ltd., Hiratsuka/JP
· SAS COEURDOR, Maîche (Belfort)/FR
  · Cubimatéria Polimentos Unipessoal Lda, Fundão/Castelo Branco/PT
  · FIR. Parts S.r.l, Milan/IT
    · FCM S.p.A., Campi Bisenzio (FI)/IT
    · Mercurio S.r.l, Milan/IT
– Oerlikon USA Holding Inc., Wilmington, DE/US
· Oerlikon AM US Inc., Wilmington, DE/US
· Oerlikon Balzers Coating USA Inc., Wilmington, DE/US
· Oerlikon Metco (US) Inc., Westbury NY/US
· Oerlikon Friction Systems (US) Inc., Dayton OH/US
· Oerlikon Management USA Inc., Pittsburgh, PA/US
· Oerlikon Textile Inc., Charlotte, NC/US
– Oerlikon Vermögens-Verwaltungs GmbH, Remscheid/DE
– OOO Oerlikon Balzers Rus, Elektrostal/RU

Glossary

General

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

Surface Solutions Division

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

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

Polymer Processing Solutions Division

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

This annual report is also available in German.
The English language version of Oerlikon's Annual Report is the binding version.

Disclaimer and cautionary statements

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