

2020/21 Condensed Half-Year Report

Your Specialist
for Hazardous
Reactions.

Content

Summary/Outlook	3
Group Financial Statements DOTTIKON ES Group	10
Consolidated Income Statements	11
Consolidated Balance Sheets	12
Consolidated Cash Flow Statements	13
Consolidated Statements of Changes in Equity	14
Notes	15
Investor Relations	16

Dear Shareholder,

Herewith we present to you DOTTIKON ES Group's Condensed Half-Year Report 2020/21 for the period from April 1 to September 30, 2020.

In the first business half-year, net sales were CHF 91.8 million, up 17.8 percent compared to the previous-year period. This is the result of broad-based growth diversified over several market-approved, patent-protected products of different customers, with innovative, chemically manufactured APIs for various indications. Growth was mainly unaffected by COVID-19 and will continue. Net income was CHF 21.1 million, up 36.9 percent compared to the previous-year period.

Growth is set to continue throughout the current full business year 2020/21, and the related increased production output – net sales plus inventory changes in semi-finished and finished goods – as well as the high production capacity utilization resulted in another increase in semi-finished and finished goods by CHF 12.2 million. The respective material expenses rose underproportionately by 10.5 percent to CHF 25.6 million. This represents a slightly lower share in relation to the production output of 24.6 percent (previous-year period: 25.1 percent). Personnel expenses rose by 7.3 percent to CHF 36.5 million due to a higher number of staff and higher wages. The average staff number rose by 5.9 percent compared to the previous-year period to around 630 full-time equivalents. In combination with higher capitalized own

KEY FIGURES, APRIL–SEPTEMBER

CHF million (unaudited)	2019	2020	Changes
Net sales	77.9	91.8	17.8%
EBITDA	27.9	33.9	21.5%
EBITDA margin (in % of net sales)	35.8%	36.9%	
EBIT	18.7	24.6	31.5%
EBIT margin (in % of net sales)	24.0%	26.8%	
Net income	15.4	21.1	36.9%
Net income margin (in % of net sales)	19.8%	23.0%	
Cash flow from operating activities	18.1	46.3	156.2%
Employees (FTEs, six-month average)	595	630	5.9%

production due to intensified investment activities as well as increased operational maintenance related to higher capacity utilization, earnings before interest, taxes, depreciation, and amortization (EBITDA) were above the previous-year period with CHF 33.9 million (previous-year period: CHF 27.9 million). The EBITDA margin was 36.9 percent (previous-year period: 35.8 percent). At CHF 9.3 million, depreciation and amortization were slightly higher than in the previous-year period. Earnings before interest and taxes (EBIT) were CHF 24.6 million, up 31.5 percent compared to the previous-year period, while the EBIT margin was 26.8 percent (previous-year period: 24.0 percent). Combined with the financial result and the income taxes, net income was CHF 21.1 million (previous-year period: CHF 15.4 million) with a net income margin of 23.0 percent (previous-year period: 19.8 percent). Cash flow from operating activities was CHF 46.3 million in the reporting period (previous-year period: CHF 18.1 million), while cash outflows from investments were CHF 22.5 million (previous-year period: CHF 23.1 million). The free cash flow was CHF 23.8 million in the reporting period. At the end of the reporting period, cash and cash equivalents were CHF 66.6 million. The equity ratio amounted to 80.3 percent.

The global economy has experienced a sharp decline amid the Corona pandemic and the countermeasures taken. Broad-based testing reveals the virus SARS-CoV-2 as less dangerous than assumed in spring. Still, lethality appears to be higher for older people with pre-existing conditions than a strong flu. Numerous countries had initially eased their measures, but the revitalization of the economy that has just begun is already threatened by the second and third waves of the pandemic and the resulting government measures. A more sustainable recovery of the global economy will be dependent on either the availability of vaccines against the virus or a rational approach to the pandemic on the way to reaching population immunity. The monetary and fiscal measures taken so far around the globe provide an important safety net for the economic activity in the short term, while at the same time causing unprecedented levels of government debt. Central banks have started to finance, either directly or indirectly,

vast portions of the resulting increase in government debt. Combined with the looming bankruptcy of numerous small and medium-sized enterprises and the observable renunciation of the globalization trend, the central banks' long-awaited inflation could suddenly set in.

The tripolar world order led by the United States, China, and Russia continues. NATO, the formerly successful North Atlantic military alliance, is softening, despite a deteriorating strategic environment for the United States and Europe in which a strong, unified NATO would be of utmost importance. China aims at fully annexing and integrating Hong Kong, Taiwan, as well as the South and East China Sea. To this end, the nation rearms its military forces and pursues a strategy of political order based on the wellbeing of the collective and surveillance with modern technologies. Moreover, China steps up its influence in the international system and in multilateral forums, skillfully using the retreat of the United States for its own interests. Russia, meanwhile, aims at reviving the old Soviet Union. It uses economic, political, and military means to achieve this goal, as can be seen in Syria, the South Caucasus, Eastern Ukraine, and Belarus. The Baltic States and Poland feel increasingly threatened. Just like the United States, Europe is basically in a tough competition with Russia and China about values and order, influence, technological leadership, and markets, but has so far hesitated to take a clear position in the US-Russian and US-Chinese conflicts. All of these factors add fuel to the reigning unpredictability and uncertainty. The further course of the domestic policy in the United States will have a decisive impact on geopolitical developments, with the United States' success rate in overcoming the deep social rift among citizens regarding values, origin, education, and wealth playing a key role.

Values such as consistency, trust, and reliability, as well as cultural regional anchoring and proximity become increasingly important in crises to establish a trust base for existing and future business as well as political relations. The pandemic has unveiled interdependencies and strategic weaknesses in many places. The consequence is a rising quest to reduce geopolitical dependencies and interests. Against the back of the proliferation of the tripolar world order and the resulting regionalization, the repatriation trend continues, resulting in a more

broad-based regional value chain for sensitive goods despite the fact that costs will rise for the benefit of greater supply security. For the coming decade, the North West is expected to experience a period of reindustrialization. Professional specialists will regain the significance that they deserve. This development can contribute to bridging the current social rift. To this end, however, governments must take on the challenge inherent in their key tasks to build the foundation for (i) education with a focus on language (verbal and written), mathematics, natural sciences, technology, and IT by means of demanding public education for capable people regardless of their origin; (ii) personal security and safety, health, and protection of property; (iii) sufficient water and power supply; as well as (iv) a functional transportation infrastructure. The financial means have to be freed up by a step-by-step reduction of the governmental social benefits, funding services, and regulation, which had been increased continually in the past, while at the same time giving more responsibility back to individuals and enterprises. In this transition, a temperate compromise that is built on fact-based logic for the welfare of the collective must take precedence over particular interests. Real sustainability is a well-balanced compromise between fundamental values – not principles – of a society, the economy, and the environment. It's about meeting the needs of the present without compromising the ability of future generations to meet their own needs. Or, translated into chemical terms: sufficient yield with minimum cost of resources (i.e. material and energy).

Demographic developments, accelerated market approvals for generics, biosimilars, and novel drugs, government attempts to reduce drug prices, as well as a rise in drug demand remain key medium- and long-term volume growth and innovation drivers in the pharmaceutical market. The demographic trends ensure further long-term volume growth. Fast-growing pharmaceutical markets over the last few years were innovative specialty drugs and patent-free biosimilars in developed pharmaceutical markets on the one hand, and generics in pharmerging markets on the other hand. Future pharma sales growth will be driven by prescription drugs with annual growth rates of 7 to 8 percent as well as by patent-protected innovations. For innovative, patent-protected small molecule drugs (APIs), annual growth

rates are expected to reach 6 to 7 percent. Biotechs increasingly and successfully introduce their own developments to the market and have expanded their market share compared to large pharmaceutical companies. This was made possible thanks to a very liquid capital market over the last ten years as well as increased long-term risk appetite of investors due to a lack of alternatives. In 2019, the Food and Drug Administration (FDA) approved 48 new drugs, 38 of which were small molecules. By early October 2020, the FDA has already approved 40 new drugs, 31 of which were small molecules. Extrapolated for the full year, this would correspond to 53 market approvals for 2020 or a 10 percent increase over the previous year. For the years ahead, the number of new market approvals is expected to rise. Analysts estimate that the FDA will approve more than 500 new drugs over the coming six years on the back of the well-filled biotech and pharma pipeline. The key growth drivers over the coming few years remain innovative small molecules developed by US and European biotech companies for these two markets.

The trend to repatriate drug substance and drug product manufacturing that set in a few years ago and was mainly driven by concerns regarding quality and reliability has gained traction amid uncompromising implementation of stricter environmental regulation in Asia and an intensified trade dispute between the United States and China. The revelation of strategic weaknesses in medical supplies amid the COVID-19 crisis will have the same effect. In combination with the expected reindustrialization and the respective need for regionally sourced chemical products, this will inevitably result in shortages in high-quality and technologically versatile chemical process development and API manufacturing capacities. Those are exactly the capacities that innovative biotech and pharmaceutical companies will require for the development and market introduction of their new small molecule drugs. The market is already showing initial signs of capacity bottlenecks.

The main risks to the generally positive outlook for the pharma market are larger warlike geopolitical upheavals or a renewed global financial crisis due to unexpectedly fast interest rate hikes. In addition, results could be adversely affected by disruptions in the supply chain due

to production downtime among Asian chemical producers related to environmental regulation issues, earlier competitive pressure amid a large number of new market approvals for similar indications, tougher governmental drug price regulation, and the occurrence of unwanted side effects related to insufficient drug safety tests on the back of accelerated market approvals.

In the current pharmaceutical environment, DOTTIKON ES is well positioned to capture the imminent growth potential. The performance leadership strategy – strategic partner and specialist for hazardous reactions – is reaffirmed: By using enabling technology, we develop and manufacture high-quality, demanding chemical products safely and efficiently. We cultivate an integrated partnership with our customers. By applying our full development and manufacturing capabilities, we support our customers in the successful execution of their strategy. In doing so, we create more value for our customers than our competitors. We continue to focus on safety, reliability, high flexibility, and speed, and are thus strengthening our position as strategic development and manufacturing partner and performance leader. Our one-site strategy allows reduced decision and communication pathways. The pharmaceutical market is and remains our main market with ongoing growth potential. The utilization of existing plants is increased with targeted debottlenecking investments until mid-2021 to facilitate the capturing of the ongoing volume growth. The planning of new raw material, intermediates, and API warehouses has been continued. To secure long-term growth, a new chemical multi-purpose plant will be constructed and will be operational in 2025. At the same time, the initiated planning for additional chemical pilot plant and API drying capacities is being continued. Against this background, investments for the current full business-year 2020/21 will be high and rise further thereafter. In order to finance the capacity expansion plans, we have started the implementation phase for the raising of external financing. In order to secure long-term growth, our independent Performance Chemicals project team continues to develop new, innovative products to satisfy currently unmet market needs outside the pharmaceutical market and brings these products closer to market readiness.

For the ongoing full business year 2020/21, we expect net sales above CHF 200 million. The infrastructure and production capacity expansion and buildup to address the ongoing growth continues. To this end, the Board of Directors has approved an investment of CHF 275 million for the construction of a new chemical multipurpose production plant for APIs. The plant will be operational in 2025.

Dottikon, November 19, 2020

A handwritten signature in black ink, consisting of stylized initials 'MB' followed by a flourish.

Dr. Markus Blocher

Chairman of the Board of Directors

Group Financial Statements DOTTIKON ES Group

Consolidated Income Statements

April–September
CHF thousand and %
(unaudited, condensed)

	2019	%	2020	%
Net sales	77'933	100.0	91'793	100.0
Changes in semi-finished and finished goods	14'298		12'236	
Other operating income	2'752		2'815	
Material expenses	-23'182		-25'617	
Personnel expenses	-34'014		-36'493	
Other operating expenses	-9'872		-10'823	
Operating result before depreciation and amortization (EBITDA)	27'915	35.8	33'911	36.9
Depreciation and amortization	-9'209		-9'306	
Operating result (EBIT)	18'706	24.0	24'605	26.8
Financial income	253		133	
Financial expenses	-186		-233	
Financial result	67		-100	
Result from associated companies	0		0	
Net income before taxes	18'773	24.1	24'505	26.7
Income taxes	-3'335		-3'378	
Net income	15'438	19.8	21'127	23.0
Basic/diluted earnings per share in CHF	12.33		16.86	
Weighted average number of shares	1'252'148		1'253'114	

Consolidated Balance Sheets

CHF thousand and %
(unaudited, condensed)

	31.03.2020	%	30.09.2020	%
Cash and cash equivalents	42'843		66'634	
Current financial assets	0		0	
Trade receivables	35'144		23'295	
Other receivables	2'373		2'598	
Inventories	78'656		89'907	
Prepaid expenses and accrued income	1'440		1'826	
Current assets	160'456	32.8	184'260	34.9
Property, plant and equipment	283'679		297'559	
Intangible assets	592		532	
Investments in associated companies	1'272		1'272	
Assets from employer contribution reserve	43'843		43'843	
Non-current assets	329'386	67.2	343'206	65.1
Assets	489'842	100.0	527'466	100.0
Trade payables	10'397		12'183	
Income tax liabilities	2'622		5'925	
Other current liabilities	15'374		25'878	
Current provisions	48		46	
Accrued expenses and deferred income	23'226		23'487	
Current liabilities	51'667	10.5	67'519	12.8
Non-current provisions	5'420		5'420	
Deferred tax liabilities	30'805		30'854	
Non-current liabilities	36'225	7.4	36'274	6.9
Liabilities	87'892	17.9	103'793	19.7
Share capital	127		127	
Share premium	62'158		62'645	
Retained earnings	343'746		364'808	
Own shares	-4'081		-3'907	
Shareholders' equity	401'950	82.1	423'673	80.3
Shareholders' equity and liabilities	489'842	100.0	527'466	100.0

Consolidated Cash Flow Statements

April–September
CHF thousand
(unaudited, condensed)

	2019	2020
Net income	15'438	21'127
Income taxes	3'335	3'378
Financial result	-67	100
Depreciation of property, plant and equipment	9'093	9'151
Amortization of intangible assets	116	155
Result from associated companies	0	0
Other non-cash income and expenses	286	236
Interest received	3	0
Interest paid	-7	-9
Income taxes paid	-10	-11
Changes in		
Trade receivables	-538	11'863
Other receivables as well as prepaid expenses and accrued income	-1'263	-555
Inventories	-9'513	-11'251
Trade payables	-1'000	1'762
Other current liabilities as well as accrued expenses and deferred income	2'202	10'370
Provisions	-1	-2
Cash flow from operating activities	18'074	46'314
Outflows of		
Current financial assets	0	0
Property, plant and equipment	-23'028	-22'473
Intangible assets	-88	-27
Inflows of		
Current financial assets	0	0
Property, plant and equipment	19	12
Intangible assets	0	0
Cash flow from investing activities	-23'097	-22'488
Dividends paid	0	0
Purchase of own shares	0	0
Disposal of own shares	0	0
Cash flow from financing activities	0	0
Currency translation effect on cash and cash equivalents	-86	-35
Net change in cash and cash equivalents	-5'109	23'791
Cash and cash equivalents at the beginning of the reporting period	43'833	42'843
Cash and cash equivalents at the end of the reporting period	38'724	66'634

Consolidated Statements of Changes in Equity

CHF thousand
(unaudited, condensed)

	Share capital	Share premium	Changes in fair value of foreign exchange forwards	Other retained earnings	Own shares	Shareholders' equity
Balance 01.04.2019	127	61'826	17	310'727	-4'357	368'340
Net income				15'438		15'438
Changes of foreign exchange forwards			52			52
Income taxes on items recognized directly in equity			-10			-10
Dividends paid						0
Changes in own shares		332			276	608
Balance 30.09.2019	127	62'158	59	326'165	-4'081	384'428
Balance 01.04.2020	127	62'158	-140	343'886	-4'081	401'950
Net income				21'127		21'127
Changes of foreign exchange forwards			-80			-80
Income taxes on items recognized directly in equity			15			15
Dividends paid						0
Changes in own shares		487			174	661
Balance 30.09.2020	127	62'645	-205	365'013	-3'907	423'673

Notes to the Group Financial Statements of DOTTIKON ES Group (condensed)

1 SEGMENT REPORTING

DOTTIKON ES Group manufactures high-quality performance chemicals, intermediates, and exclusive active pharmaceutical ingredients (APIs) for the world's leading chemical and pharmaceutical industry. DOTTIKON ES Group is specialized in hazardous reactions and positions itself as strategic development and manufacturing partner and performance leader. DOTTIKON ES Group uses, maintains, and continuously expands its versatile technology and equipment portfolio to design, develop, and optimize chemical processes and technical manufacturing procedures for the rapid scale-up from kilograms to multi-tons in order to produce and deliver the respective market volumes.

According to Swiss GAAP FER 31 "Complementary Recommendation for Listed Public Companies", the reportable operating segments are determined using the segment reporting to the top management level for corporate management. DOTTIKON ES Group's top management level is the Board of Directors. In addition to its statutory tasks, the Board of Directors is responsible for the strategic focus and management of the Group. Strategic and important operational decisions of DOTTIKON ES Group are taken by the Board of Directors.

DOTTIKON ES Group builds on one single production site with the performance leadership strategy as strategic partner and specialist for hazardous reactions. DOTTIKON ES Group mainly executes strongly heterogeneous projects with a focus on the exclusive synthesis of fine chemicals. Therefore, a differentiation in several operating segments is not informative. The financial reporting to the Board of Directors is prepared in a single segment. DOTTIKON ES Group allocates resources and assesses their performance on entity level.

Therefore, the required information according to Swiss GAAP FER 31.8 "Segment Reporting" is shown in the consolidated interim financial statements.

2 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The consolidated interim financial statements were approved for issue by the Board of Directors on November 19, 2020.

No significant events have occurred between September 30, 2020, and November 19, 2020, that would require an adjustment of the Group's carrying amounts of assets and liabilities.

The Board of Directors of DOTTIKON ES HOLDING AG has decided to convene an Extraordinary General Meeting on November 27, 2020. The following amendments to the by-laws will be proposed to the General Meeting

- Share split in the ratio of 1:10 (from nominal value CHF 0.10 to CHF 0.01)
- Building additional options to support growth by authorizing the Board of Directors to issue new registered shares using authorized share capital of up to 10 percent of the current share capital

The corresponding media release was published on October 20, 2020 (https://dottikon.com/upload/PDF/Investors/Media_Releases/EN/media_release_2020-10-20.pdf). No further events have occurred that would need to be disclosed under this heading.

Investor Relations

Issue Annual Report 2020/21

May 28, 2021

Annual General Meeting for the Business Year 2020/21

July 2, 2021

Issue Half-Year Report 2021/22

November 26, 2021

DOTTIKON ES HOLDING AG is listed on the SIX Swiss Exchange.

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Security number: 2073900

ISIN: CH0020739006

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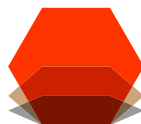
Marlene Born, CFO

investor-relations@dottikon.com

DOTTIKON ES manufactures high-quality performance chemicals, intermediates, and exclusive active pharmaceutical ingredients (APIs) for the world's leading chemical and pharmaceutical industry. The company with its production site in Dottikon (Aargau, Switzerland) is specialized in hazardous reactions and positions itself as strategic development and manufacturing partner and performance leader. Its safety culture created over the past 105 years guides the innovative use of hazardous reactions, low-temperature and high-pressure chemistry, as well as continuous processing in order to challenge, tighten, or shorten conventional chemical synthesis routes, improve selectivities, yields, and purities, and reduce waste. The versatile technology and equipment portfolio is used, maintained, and continuously expanded to design, develop, and optimize chemical processes and technical manufacturing procedures for the rapid scale-up from kilograms to multi-tons in order to produce and deliver the respective market volumes. DOTTIKON ES' one-site strategy allows reduced decision and communication pathways. This ensures rapid and efficient project development as well as clear and transparent data and process documentation and customer communication.

DISCLAIMER

Statements on future events or developments, particularly on the estimation of future business, reflect the view of the management of DOTTIKON ES HOLDING AG in the moment of composition. Since these naturally contain uncertainties and risks, they are given without guarantee and any liability is denied. DOTTIKON ES HOLDING AG refuses to actualize any forward-looking statements. The Internet version of these financial statements is exposed to fraudulent manipulation possibilities that are within such a medium, and is therefore without guarantee. The comprehensive Half-Year Report is available in German. Only the comprehensive German version submitted to the SIX Swiss Exchange is legally binding.



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