



DOTTIKON ES – Gas and Electricity Saving Precaution Measures Against Shortages

Dottikon, Switzerland, October 13, 2022 – DOTTIKON ES Group, positioned as strategic development and manufacturing partner and specialized in the area of hazardous reactions and the exclusive synthesis of active pharmaceutical ingredients (API) and fine chemicals, will implement savings measures from October 17, 2022, as a precaution against potential gas and electricity shortages.

With the decommissioning of coal and nuclear power plants and the delayed expansion of new power generation facilities, the low-snow winter and hot-dry summer, as well as the reduced gas supply volumes from Russia, the risk of gas and electricity shortages in Europe – and therefore also in Switzerland – has increased significantly. Gas and electricity prices rose sharply as a result. Since the expansion and building of sufficient new alternative energy generators and energy storage capacities as well as the corresponding infrastructure will take at least another 15 years, gas and electricity shortages are to be expected repeatedly in the coming years, especially in winter. DOTTIKON ES manufactures around 200 life-saving active pharmaceutical ingredients and high-value precursors for the world's leading pharmaceutical and biotech companies. APIs account for more than 70 percent, the entire product segment for drug products for over 90 percent of DOTTIKON ES' annual revenues. DOTTIKON ES has repeatedly performed strategic supply duties for Switzerland with explosives, food additives, and drug products over the course of its 109-year corporate history. Due to DOTTIKON ES' critical infrastructure, Switzerland's Federal Office for National Economic Supply has classified DOTTIKON ES as system and supply relevant. This based on the fact that, in accordance with articles 101–103 of the Federal Constitution, Switzerland has stipulated the safe and non-interrupted supply of essential APIs and drug products to the population and has laid down the required precautions to secure this supply, especially in crisis situations. The tasks transferred to DOTTIKON ES by the Canton of Aargau to fight chemical and biological incidents in large areas of the Canton expands this system and supply relevance to the public emergency response services.

The manufacturing site of DOTTIKON ES is a large gas and electricity consumer. However, in the case of a shortage, the supply of gas and electricity is not guaranteed even for companies that are classified as system and supply relevant such as DOTTIKON ES. Due to the inability to fully comply with all cGMP requirements applicable to API manufacturing in case of a complete electricity blackout lasting more than one hour at the Dottikon site, this might result in damages of up to CHF 30 million per occurrence. Moreover, the Swiss and worldwide supply of the corresponding drug products, for which DOTTIKON ES sometimes is the single supplier for APIs, might be interrupted for months or years, resulting in life-threatening situations for the patients. Repeated unpredictable electricity supply interruptions would also increase the risk for major incidents with corresponding potential hazard for people and environment. These risks must be actively reduced at both the federal and the corporate level.

DOTTIKON ES can substitute approximately 95 percent of its gas consumption by switching to oil in its dual-fuel system plants. Respective oil tank reserves have already been built up. The majority of DOTTIKON ES' electricity demand for the coming months is secured by contracts in terms of price, but this does not secure supply in shortage situations. Once the company's own photovoltaic plant on the new raw materials warehouse currently under construction becomes



operational, DOTTIKON ES will generate up to 5 percent of its annual electricity consumption on-site in the coming years. With the planned commissioning of its own back-up electricity supply plant in 2024/25, DOTTIKON ES will become able to cover its full electrical power demand on-site in compliance with the Ordinance on Air Pollution Control (OAPC) over longer time periods in the event of an emergency.

Like many other industrial companies in Switzerland, DOTTIKON ES already has several emergency power generators in place which can bridge electricity supply in the event of a short-term power failure. However, in the event of a prolonged power failure, they are only capable to secure a safe production shutdown. Provided the suspension of the state-imposed OAPC operating limit of 50 hours per year, these emergency power generators could reduce DOTTIKON ES' external electricity consumption by around 25 percent in a 30-percent load operation parallel to the Cantonal electricity utility AEW's electrical grid feed to the site. Correspondingly, DOTTIKON ES has built up fuel reserves and procured a truck for refueling. These measures contribute significantly to the reduction of the above-mentioned risks.

In addition, with regard to creating more secure framework conditions for precaution measures for companies for electricity shortages, DOTTIKON ES demands that the Federal Government adopt the following resolutions as soon as possible

- Suspension of the OAPC operation limit of 50 hours per year during electricity shortages
- Crediting of companies' own electricity generation with emergency power generators to their electricity consumption reduction quota during electricity shortages
- Exemption for CO₂ emissions or from CO₂ levies related to the operation of the emergency power generators during electricity shortages

Prolonged electricity blackouts can cause massive damage to most industrial companies in Switzerland, with serious consequences for the entire economy and the population. In a shortage situation, electricity cuts must therefore be prevented with effective measures. Possible measures are consumption reduction and additional generation. Every gas and electricity saving effort conserves the reserves, enables a more reliable future energy production and reduces costs. Each additional generation enables the prevention of serious economic damage for Switzerland.

DOTTIKON ES will therefore implement the following measures, among others, to reduce electricity consumption throughout its operations from October 17, 2022:

Air conditioning

Wherever possible, the maximum heating in winter and minimum cooling capacities in summer are defined and set centrally by means of a control system. The safety and cGMP specifications required for the pharmaceutical industry and any operationally necessary exceptions are taken into account.

Reduced state / Switching off

Equipment, ventilation, and lighting are either turned off or set to a controlled reduced state when not in use for extended periods to reduce energy consumption. For this, the implementa-



tion effort versus the savings potential as well as the context of the general impact of an energy shortage on the population and economy is duly considered according to common sense and implemented according to internal procedures. The sole exception to this requirement is lighting for security and safety reasons as related to the 24/7 operations.

Appropriate power-saving checklists and instructions are drawn up and will, after corresponding safety and quality risk assessment checks, be applied to equipment in plants and laboratories. Advertising lighting (DOTTIKON tower and logos) will be switched off.

Insulation and protection from sunlight

Cooled rooms such as reefer containers are insulated additionally using cost-effective suitable measures and, like cooled rooms with window surfaces, are protected from direct sunlight.

Elevators

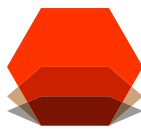
Elevators, especially for goods, are restricted to the transport of materials or the use in case of health-related movement restrictions.

Use of private appliances

The use of private appliances such as electric heaters, fans, refrigerators and coolers is prohibited.

DOTTIKON ES manufactures high-quality performance chemicals, intermediates, and exclusive active pharmaceutical ingredients (APIs) for the world's leading chemical, biotech, 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 sustainably. 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 and management, clear and transparent data and process documentation, and close customer communication.



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

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