2018/19
Condensed Annual Report

Your Specialist for Hazardous Reactions.

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The Annual Report 2018/19 in English includes only condensed financial information.
The comprehensive Annual Report 2018/19 is available in German.

Dear Shareholder,

Herewith we present to you DOTTIKON ES Group's Condensed Annual Report 2018/19 for the period from April 1, 2018, to March 31, 2019. Despite a clearly stronger second business half-year, net sales and net income for the full business year 2018/19 remained below the previous year's figures on the back of a weak first business half-year as a result of increased sourcing complexity, campaign interruptions, and the resulting production and delivery acceptance delays.

This year's Annual Report is dedicated to our new laboratory facility G017, which was officially inaugurated on May 10, 2019. It currently offers workplaces for 150 employees in the areas of routefinding, process design, chemical process and analytical method development, quality assurance, product safety, validation, registration, and quality control, with an option to expand to 200 workplaces with little time of preparation. This allows DOTTIKON ES to satisfy the risen market demand for services related to chemical process development and the manufacturing of active pharmaceutical ingredients.

Review

At CHF 147.7 million, net sales in the business year 2018/19 were 6.6 percent lower than in the previous year. Compared with the already strong second half of the previous business year, net sales for the second business half-year 2018/19 rose by 3.3 percent to CHF 91.1 million. The production output for the full business year – net sales plus inventory changes in semi-finished and finished goods – declined by 1.6 percent compared to the previous year. The strong increase in semi-finished and finished goods by CHF 12.2 million reflects the high order volume for the ongoing business year 2019/20. Despite lower net sales, together with the more material-intensive product mix, this increase in inventory resulted in a CHF 3.6 million increase in material expenses compared to the previous year. The increase in personnel expenses of 3.2 percent was roughly at par with the 3.3 percent buildup in the average full-time equivalent employees to handle the strong increase in order volumes and rise in market demand in the second business half-year. In the reporting year, existing projects and customer relationships were further developed, while new projects were acquired and new customer relations were built. Overall, this contributed significantly to the broad-based growth in the second half of the business year 2018/19. In the reporting year, lower net sales, the increase in semi-finished and finished goods, the related increase in material expenses, and higher personnel expenses resulted in an EBITDA of CHF 39.9 million, 15.3 percent lower than in the previous year, and an EBITDA

KEY FIGURES, APRIL–MARCH

CHF million	2017/18[A]	2018/19	Changes
Net sales	158.2	147.7	–6.6%
EBITDA	47.1	39.9	–15.3%
EBITDA margin (in % of net sales)	29.7%	27.0%	
EBIT	30.8	20.2	–34.5%
EBIT margin (in % of net sales)	19.5%	13.6%	
Net income	25.8	16.3	–37.1%
Net income margin (in % of net sales)	16.3%	11.0%	
Cash flow from operating activities	39.2	38.2	–2.6%
Employees (FTE, annual average)	573	592	3.3%

[A] Restated, see "Changes in Corporate Accounting Principles", pages 20 and 21

margin of 27.0 percent (previous year: 29.7 percent). When looking at the second business half-year alone, EBITDA was CHF 30.1 million (previous year: CHF 27.2 million), thus 10.8 percent above the previous-year period. The EBIDTA margin for this period was 33.0 percent (previous year: 30.8 percent). Depreciation and amortization for the full business year 2018/19 stood at CHF 19.7 million, thus 21.2 percent above the previous-year figure, mainly due to an impairment of CHF 4 million. Performed planning for a new chemical multipurpose plant in the business year 2018/19 was partially impaired due to challenging subsoil foundation properties that forced a redimensioning of the project. In the reporting year, higher depreciation and amortization resulted in an EBIT of CHF 20.2 million and a net income of CHF 16.3 million, 34.5 percent and 37.1 percent below the previous year's results, respectively. The EBIT margin stood at 13.6 percent (previous year: 19.5 percent), the net income margin at 11.0 percent (previous year: 16.3 percent). In the second business half-year and excluding the impairment, the EBIT margin was 23.9 percent (previous year: 22.0 percent) and the net income margin was 19.2 percent (previous year: 18.5 percent), which illustrates the accelerated momentum of the second business half-year.

Despite a significant increase in cash outflows from investments in additional development and production capacities by around 37 percent to CHF 48.8 million, cash and cash equivalents only decreased by CHF 10.7 million to CHF 43.8 million thanks to strong cash flow from operating activities of CHF 38.2 million (previous year: CHF 39.2 million). The equity ratio remains around 80 percent.

Assessment of situation

Geopolitical risks with the key players United States, Russia, and China remain present and unpredictable. This intensifies the potential for economic and fiscal, but also military conflicts. Global economic risks persist and have increased due to record global debt and a slowdown of the economic momentum. Demographic developments, the accelerated market approval for generics, biosimilars, and novel drugs, the attempt by the US government to reduce drug prices, and the steep rise in drug demand in China, combined with inexpensive capital, are key volume growth and innovation drivers in the pharmaceutical market.

The demographic developments continue to ensure further long-term volume growth. Global life expectancy continues to rise, even though it has started to lose momentum in industrialized nations where life expectancy is already at high levels. The aging population, and hence the demand for drugs, continue to rise.

Due to state-imposed efforts to boost generics and cut health care costs, the global volume share of generics for prescription and over-the-counter drugs has increased to around 90 percent, but given the lower prices, they only account for 40 percent of global sales. The sales share of patent-protected drugs remains at around 60 percent, and with annual growth rates of 4 to 7 percent in the coming years, it is set to outgrow the generics share, where growth is expected at 2 to 5 percent. Contrary to the tactics adopted by the rest of the world, the United States have so far tried to curb the rising health care costs by stepping up the economic competition. Pharmaceutical companies tried to combat the pressure from rebates by continually increasing their list prices. This has focused public attention on the steep increase in drug list prices and animated politicians to step up for drug price regulation. At this point, the overall impact of these measures is not clear yet.

Innovation of biopharmaceutical companies remains high. In 2018, the FDA approved a record 59 novel drugs. At roughly three-quarters, the share of small molecules was comparable to the previous year. On average, the FDA is expected to approve more than 50 novel drugs annually over the coming 5 years. Small and medium-sized biotech companies account for a significant percentage of innovation, and they increasingly introduce their products into the market by themselves. Large pharmaceutical companies are facing lower returns on their research and development expenses due to a lack of in-house innovation.

For the years ahead, expected annual growth rates for the global pharmaceutical market stand at 3 to 6 percent, slightly below the growth rates seen over the last few years. More than 50 percent of global growth is linked to the 3 main indication areas oncology, diabetes, and autoimmune diseases. The main growth markets will be the United States and the currently second-largest pharma market China, followed by the most important European nations Germany, Italy, France, Great Britain, and Spain. In China, economic growth over the past few years and the improved health care system have given more Chinese patients access to drugs.

Due to a still promising pharmaceutical market for innovative drugs, low interest rates, and a lack of investment alternatives, financing in the biotech sector remains favorable. Many biotechs have taken advantage of the favorable financing environment and have raised enough money to finance their main activities for a few years. A radical financial market correction, however, could have a significant detrimental impact on the currently intact environment. In less favorable financing conditions, biotechs will reduce their expenses and focus their resources on the most promising product candidates.

The trend to repatriate drug substance and drug product manufacturing from Asia to the West continues, mainly driven by concerns regarding supply, quality, intellectual property, intensified

regulatory pressure of US and European authorities, and rising costs. In addition, demand for chemical process and analytical method development, API manufacturing including related services and documentation, and the respective outsourcing thereof is on the rise. Large pharmaceutical companies have reduced their development capacities and production plants significantly amid extensive restructuring programs, while smaller biotechs have little interest in building own process development and production capacities. Custom Development and Manufacturing Organizations (CDMOs) play a vital role in rendering these services as well as in diversifying approval risks and quantity requirement volatility. In addition, biotechs can rely on the long-standing Chemical Manufacturing Control experience of CDMOs for the proper supporting data and documentation required for the market approval application. CDMOs are expected to be strategic partners with a long-term perspective, rather than opportunistic service providers. Reliability, an impeccable quality track record, and profound experience are key criteria in selecting a CDMO, as a change in CDMO is time-consuming and switching costs are high.
The global pharma pipeline is promising and full of innovation. Market approval processes have accelerated and competitive pressure is intensifying. Quality requirements continue to increase, resulting in longer cGMP sequences in chemical API synthesis, and foster higher manufacturing volume requirements. In combination with the increased repatriation and outsourcing of small molecule API production, the lack of process development and production experience and capacities among biotech and pharmaceutical companies has already created first bottlenecks in high-quality, technologically proficient chemical process development and API manufacturing capacities. This creates a promising perspective for high-quality, technologically experienced, and specialized CDMOs such as DOTTIKON ES, particularly in API manufacturing.

Outlook

In the current pharmaceutical environment, DOTTIKON ES remains well positioned to capture the imminent medium-term growth potential amid the continuously expanded process development, analytical, API manufacturing, and drying capacities and long-term growth potential due to additional investments.
The corporate 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.
The pharmaceutical market is and remains our main market with ongoing growth potential. In order to capture this growth, a new laboratory facility with additional process development and analytical capacities has been built and additional capacities for large-scale API drying were created. In addition, we intend to increase utilization of our existing plants with targeted debottlenecking investments in order to capture the expected medium-term sales growth. In addition, the planning for a new raw material, intermediates, and API warehouse and the redesign and subsequent resumption of the planning activities for a new multipurpose API production plant aim to secure long-term growth. Furthermore, we have initiated the planning for additional pilot plant and API drying capacities. Against this background, investments will remain high also for the ongoing business year 2019/20. From today's point of view, external financing options to

finance the capacity expansion plans from 2020 are in evaluation. In order to ensure long-term growth, the independent Performance Chemicals project team develops new proprietary innovative products to satisfy currently unmet market needs outside the pharmaceutical market and brings these products closer to market readiness.
Our one-site strategy allows short decision and communication pathways. This ensures rapid and efficient project development as well as clear and transparent data and process documentation and customer communication. The safety culture created over 105 years guides innovative use of hazardous reactions, low-temperature and high-pressure chemistry, as well as continuous processing. This shortens conventional chemical synthesis routes, increases yields, selectivities, and purities, and reduces waste. We use, maintain and continuously expand our versatile technology and equipment portfolio to design, develop, and optimize chemical processes for the scale-up from kilograms to multi-tons to produce and deliver the respective market volumes.
For the ongoing full business year 2019/20, we expect net sales above the previous year's figure.

Dottikon, May 16, 2019

Dr. Markus Blocher
Chairman of the Board of Directors

Group Financial Statements DOTTIKON ES Group

Consolidated Income Statements

April–March
CHF thousand and %
(condensed)

[A] Restated, see "Changes in Corporate Accounting Principles", pages 20 and 21

	Notes	2017/18[A]	%	2018/19	%
Net sales		**158'231**	**100.0**	**147'710**	**100.0**
Changes in semi-finished and finished goods		4'184		12'153	
Other operating income		3'889		5'421	
Material expenses		–35'876		–39'493	
Personnel expenses	(3)	–64'204		–66'267	
Other operating expenses	(4)	–19'164		–19'659	
Operating result before depreciation and amortization (EBITDA)		**47'060**	**29.7**	**39'865**	**27.0**
Depreciation and amortization	(7, 8)	–16'261		–19'706	
Operating result (EBIT)		**30'799**	**19.5**	**20'159**	**13.6**
Financial income		1'231		800	
Financial expenses		–696		–1'376	
Financial result		**535**		**–576**	
Result from associated companies		**8**		**21**	
Net income before taxes		**31'342**	**19.8**	**19'604**	**13.3**
Income taxes		–5'508		–3'347	
Net income		**25'834**	**16.3**	**16'257**	**11.0**
Basic/diluted earnings per share in CHF		**20.67**		**13.00**	
Weighted average number of shares		**1'250'075**		**1'250'948**	

Consolidated Balance Sheets

CHF thousand and %
(condensed)

[A] Restated, see "Changes in Corporate Accounting Principles", pages 20 and 21

	Notes	31.03.2018[A]	%	31.03.2019	%
Cash and cash equivalents		54'581		43'833	
Current financial assets		0		0	
Trade receivables	(5)	53'933		41'202	
Other receivables		902		1'541	
Inventories	(6)	52'143		67'088	
Prepaid expenses and accrued income		763		1'198	
Current assets		**162'322**	**37.0**	**154'862**	**33.4**
Property, plant and equipment	(7)	231'476		263'963	
Intangible assets	(8)	512		729	
Investments in associated companies		1'232		1'253	
Assets from employer contribution reserve		42'835		42'284	
Non-current assets		**276'055**	**63.0**	**308'229**	**66.6**
Assets		**438'377**	**100.0**	**463'091**	**100.0**
Trade payables		10'061		12'751	
Income tax liabilities		1'962		1'276	
Other current liabilities		15'963		17'588	
Current provisions	(9)	500		50	
Accrued expenses and deferred income		21'769		26'545	
Current liabilities		**50'255**	**11.5**	**58'210**	**12.6**
Non-current provisions	(9)	4'985		5'420	
Deferred tax liabilities		31'662		31'121	
Non-current liabilities		**36'647**	**8.3**	**36'541**	**7.9**
Liabilities		**86'902**	**19.8**	**94'751**	**20.5**
Share capital		127		127	
Share premium		61'358		61'826	
Retained earnings		294'507		310'744	
Own shares		–4'517		–4'357	
Shareholders' equity		**351'475**	**80.2**	**368'340**	**79.5**
Shareholders' equity and liabilities		**438'377**	**100.0**	**463'091**	**100.0**

Consolidated Cash Flow Statements

April–March
CHF thousand
(condensed)

[A] Restated, see "Changes in Corporate Accounting Principles", pages 20 and 21

	Notes	2017/18[A]	2018/19
Net income		25'834	16'257
Income taxes		5'508	3'347
Financial result		–535	576
Depreciation of property, plant and equipment	(7)	16'075	19'509
Amortization of intangible assets	(8)	186	197
Result from associated companies		–8	–21
Other non-cash income and expenses		254	316
Interest received		37	35
Interest paid		–20	–15
Income taxes paid		–46	–4'569
Changes in			
Trade receivables		–10'797	12'727
Other receivables as well as prepaid expenses and accrued income		663	–1'066
Inventories	(6)	–6'695	–14'945
Trade payables		1'677	2'599
Other current liabilities as well as accrued expenses and deferred income		7'180	3'244
Provisions	(9)	–120	–15
Cash flow from operating activities		**39'193**	**38'176**
Outflows of			
Current financial assets		0	0
Property, plant and equipment	(7)	–35'381	–48'347
Intangible assets	(8)	–270	–463
Inflows of			
Current financial assets		3'000	0
Property, plant and equipment	(7)	0	0
Intangible assets	(8)	0	0
Cash flow from investing activities		**–32'651**	**–48'810**
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		318	–114
Net change in cash and cash equivalents		**6'860**	**–10'748**
Cash and cash equivalents at the beginning of the reporting period		47'721	54'581
Cash and cash equivalents at the end of the reporting period		**54'581**	**43'833**

Consolidated Statements of Changes in Equity

CHF thousand
(condensed)

[A] Changes in own shares in the reporting year 2018/19: disposal of 857 shares within the shareholding program for employees (previous year: disposal of 961 shares within the shareholding program for employees)
[B] Restated, see "Changes in Corporate Accounting Principles", pages 20 and 21

	Share capital	Share premium	Changes in fair value of foreign exchange forwards	Other retained earnings	Own shares[A]	Shareholders' equity
Balance 01.04.2017 according to IFRS	**127**	**60'901**	**52**	**254'842**	**–4'704**	**311'218**
Adjustments Swiss GAAP FER[B]				13'794		13'794
Balance 01.04.2017 according to Swiss GAAP FER	**127**	**60'901**	**52**	**268'636**	**–4'704**	**325'012**
Net income				**25'834**		**25'834**
Changes of foreign exchange forwards			–19			–19
Income taxes on items recognized directly in equity			4			4
Dividends paid						0
Changes in own shares		457			187	644
Balance 31.03.2018 according to Swiss GAAP FER	**127**	**61'358**	**37**	**294'470**	**–4'517**	**351'475**
Balance 01.04.2018 according to Swiss GAAP FER	**127**	**61'358**	**37**	**294'470**	**–4'517**	**351'475**
Net income				**16'257**		**16'257**
Changes of foreign exchange forwards			–25			–25
Income taxes on items recognized directly in equity			5			5
Dividends paid						0
Changes in own shares		468			160	628
Balance 31.03.2019 according to Swiss GAAP FER	**127**	**61'826**	**17**	**310'727**	**–4'357**	**368'340**

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

1 CHANGES IN CORPORATE ACCOUNTING PRINCIPLES

Change to Swiss GAAP FER

The Board of Directors of DOTTIKON ES HOLDING AG decided to change the accounting standard from IFRS to Swiss GAAP FER, effective from April 1, 2018. The company starts reporting under the new accounting standard beginning with its reporting year 2018/19. The corresponding media releases from July 7, 2017, and October 11, 2017, are available under the link https://dottikon.com/dottikon-es-en/investors/ir-archive/media-releases/

The change of the accounting standard is due to a substantial increase in the scope of regulations within IFRS, especially "IFRS 15 – Revenue from Contracts with Customers", as formal requirements increasingly overrule economically reasonable behavior, which would have adversely affected the core operating business of DOTTIKON ES.

The corresponding application led to a material impact with regard to the Group Financial Statements, and the previous year's figures have been restated retrospectively as of April 1, 2017. The impacts due to the application of Swiss GAAP FER are explained separately below.

Employee benefits

In accordance with Swiss GAAP FER 16 "Pension Benefit Obligations", an economic obligation or a benefit from Swiss pension schemes is determined from the statements made on the basis of Swiss GAAP FER 26 "Accounting of Pension Plans". Employer contribution reserves are capitalized in accordance with Swiss GAAP FER 16. Under IFRS, defined benefit plans were calculated in accordance with the projected unit credit method and recognized in accordance with IAS 19.

Financial income

In the business year 2017/18, the employer contribution reserve was subject to interest. Changes in the value of the employer contribution reserve, mainly from interest bearing, are recognized in the financial result.

Deferred taxes

The above-mentioned valuation and balance sheet adjustments have an impact on deferred income taxes in the balance sheet and income statement.

Presentation and structure

The presentation and structure of the income statement, balance sheet, cash flow statement, and statement of changes in equity were adjusted to meet the requirements of Swiss GAAP FER.

Among others, according to Swiss GAAP FER 4 "Cash Flow Statement", cash equivalents with a maturity of up to 90 days from the balance sheet date were allocated to cash and cash equivalents (effect of reclassification as of March 31, 2018: CHF 7'915 thousand; as of April 1, 2017: CHF 7'404 thousand). Furthermore, the balance sheet item "Other receivables" was split into "Other receivables" and "Prepaid expenses and accrued income" and the balance sheet item "Other current liabilities" into "Other current liabilities" and "Accrued expenses and deferred income".

The previous periods were restated in order to ensure comparability with the presentation of the period under review.

The implications of the above-mentioned adjustments for equity and the income statement of DOTTIKON ES Group are summarized in the following tables.

Adjustments shareholders' equity:

CHF thousand	01.04.2017	31.03.2018
Shareholders' equity according to IFRS	**311'218**	**341'097**
Adjustment assets from employer contribution reserve	16'936	12'739
Adjustment deferred tax liabilities	–3'142	–2'361
Shareholders' equity according to Swiss GAAP FER	**325'012**	**351'475**

Adjustments net income:

CHF thousand/April–March	2017/18
Net income according to IFRS	**25'876**
Adjustment employee benefits	–267
Adjustment financial income	215
Adjustment deferred income taxes	10
Net income according to Swiss GAAP FER	**25'834**

2 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 is positioning itself as strategic development and manufacturing partner. DOTTIKON ES Group uses its versatile technology and equipment portfolio to design, develop and optimize chemical processes, and scale up from kilograms to multi-tons.

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 strategy of performance leadership as specialist for hazardous reactions. DOTTIKON ES Group mainly executes projects with focus on the exclusive synthesis of fine chemicals which are strongly heterogeneous. 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 Group Financial Statements.

3 PERSONNEL EXPENSES

CHF thousand/April–March	2017/18[A]	2018/19
Wages and salaries	54'766	56'484
Employee benefits[B]	4'125	4'366
Social security	4'576	4'671
Other personnel expenses	737	746
Personnel expenses	**64'204**	**66'267**

[A] Restated
[B] See "Changes in Corporate Accounting Principles", pages 20 and 21

4 OTHER OPERATING EXPENSES

CHF thousand/April–March	2017/18	2018/19
Rent	116	198
Repair and maintenance	9'051	9'343
Insurance, duties, and fees	1'257	1'238
Administration and promotion	2'245	2'230
Loss on disposal of non-current assets[A]	272	321
Supplies	4'605	4'630
Various other operating expenses[B]	1'618	1'699
Other operating expenses	**19'164**	**19'659**

[A] Mainly includes replacement of plant and building components with carrying amounts
[B] Mainly includes costs for waste disposal, selling, and food for staff restaurant

5 TRADE RECEIVABLES

Trade receivables are value adjusted as follows:

CHF thousand/31.03.	2017/18	2018/19
Trade receivables, gross	53'993	41'245
Individual value adjustments	0	0
Overall value adjustments	–60	–43
Trade receivables, net	**53'933**	**41'202**

At the balance sheet date, as in the previous year, there were no bad debts to be written off. Receivables which are not due and not subject to individual value adjustments are mainly receivables arising from long-standing customer relationships. Based on past experience, DOTTIKON ES Group does not anticipate any significant defaults.

At the balance sheet date, the aging structure of trade receivables which are not subject to individual value adjustments was as follows:

CHF thousand/31.03.	2017/18	2018/19
Not yet due	52'243	36'537
1 to 30 days overdue	1'749	4'300
31 to 60 days overdue	1	44
61 to 90 days overdue	0	26
More than 90 days overdue[A]	0	338
Total	**53'993**	**41'245**

[A] Reporting year 2018/19: receivables fully paid in April 2019

6 INVENTORIES

CHF thousand/31.03.	2017/18	2018/19
Raw materials	11'078	12'985
Supplies[A]	4'997	6'121
Trading goods	154	218
Semi-finished goods	16'182	22'046
Finished goods	19'732	25'718
Inventories	**52'143**	**67'088**

[A] Mainly includes precious metals in the form of catalysts for production purposes

Value adjustments deducted from the above-mentioned inventory balances amount to CHF 4'149 thousand as of March 31, 2019 (previous year: CHF 3'621 thousand).

7 DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

CHF thousand		Land[A]	Buildings	Technical plant and machinery	Other property, plant and equipment	Plants under construction[B]	Total
	Cost						
	Balance 01.04.2017	**8'699**	**140'947**	**326'253**	**13'638**	**29'538**	**519'075**
	Additions[C]	0	3'271	9'336	767	26'982	40'356
	Disposals	0	–1'286	–5'614	–590	0	–7'490
	Reclassifications	0	4'434	13'071	121	–17'676	–50
	Balance 31.03.2018	**8'699**	**147'366**	**343'046**	**13'936**	**38'844**	**551'891**
	Balance 01.04.2018	**8'699**	**147'366**	**343'046**	**13'936**	**38'844**	**551'891**
	Additions[C]	0	2'710	10'159	1'064	38'400	52'333
	Disposals[D]	0	–1'005	–5'057	–495	–4'000	–10'557
	Reclassifications	0	985	3'685	126	–4'818	–22
	Balance 31.03.2019	**8'699**	**150'056**	**351'833**	**14'631**	**68'426**	**593'645**
	Depreciation, accumulated						
	Balance 01.04.2017	**0**	**–80'360**	**–220'499**	**–10'699**	**0**	**–311'558**
	Additions	0	–4'000	–11'495	–580	0	–16'075
	Disposals	0	1'238	5'395	585	0	7'218
	Reclassifications	0	0	0	0	0	0
	Balance 31.03.2018	**0**	**–83'122**	**–226'599**	**–10'694**	**0**	**–320'415**
	Balance 01.04.2018	**0**	**–83'122**	**–226'599**	**–10'694**	**0**	**–320'415**
	Additions[D]	0	–2'727	–12'024	–758	–4'000	–19'509
	Disposals[D]	0	936	4'811	495	4'000	10'242
	Reclassifications	0	0	0	0	0	0
	Balance 31.03.2019	**0**	**–84'913**	**–233'812**	**–10'957**	**0**	**–329'682**
	Carrying amounts						
	01.04.2017	**8'699**	**60'587**	**105'754**	**2'939**	**29'538**	**207'517**
	31.03.2018	**8'699**	**64'244**	**116'447**	**3'242**	**38'844**	**231'476**
	31.03.2019	**8'699**	**65'143**	**118'021**	**3'674**	**68'426**	**263'963**

[A] Share of unbuilt land as of 31.03.2019: CHF 1'854 thousand (31.03.2018: CHF 1'854 thousand and 01.04.2017: CHF 1'854 thousand) as well as share of built land as of 31.03.2019: CHF 6'845 thousand (31.03.2018: CHF 6'845 thousand and 01.04.2017: CHF 6'845 thousand)

[B] Thereof prepayments for plants under construction: 31.03.2019: CHF 0 thousand (31.03.2018: CHF 362 thousand and 01.04.2017: CHF 0 thousand)

[C] Capital expenditure reflects cost of acquired property, plant and equipment (without consideration of cash outflow)

[D] Reporting year 2018/19: within the scope of the planning of the basic design for a new multipurpose plant, the project has to be redimensioned due to challenging subsoil foundation properties. CHF 4'000 thousand of accumulated planning work within plants under construction are not able to be capitalized and were depreciated as well as derecognized

The insurance value of property, plant and equipment amounts to CHF 617'954 thousand as of March 31, 2019 (previous year: CHF 578'634 thousand). Capital commitments for property, plant and equipment amount to CHF 17'117 thousand as of March 31, 2019 (previous year: CHF 37'112 thousand). As mentioned in footnote D, property, plant and equipment was impaired by CHF 4'000 thousand in the reporting year 2018/19 (previous year: CHF 0 thousand). No interests were capitalized in the reporting and the previous year.

8 DEVELOPMENT OF INTANGIBLE ASSETS

CHF thousand		Software	Total
	Cost		
	Balance 01.04.2017	**3'195**	**3'195**
	Additions[A]	134	134
	Disposals	–210	–210
	Reclassifications	50	50
	Balance 31.03.2018	**3'169**	**3'169**
	Balance 01.04.2018	**3'169**	**3'169**
	Additions[A]	398	398
	Disposals	–18	–18
	Reclassifications	22	22
	Balance 31.03.2019	**3'571**	**3'571**
	Amortization, accumulated		
	Balance 01.04.2017	**–2'681**	**–2'681**
	Additions	–186	–186
	Disposals	210	210
	Reclassifications	0	0
	Balance 31.03.2018	**–2'657**	**–2'657**
	Balance 01.04.2018	**–2'657**	**–2'657**
	Additions	–197	–197
	Disposals	12	12
	Reclassifications	0	0
	Balance 31.03.2019	**–2'842**	**–2'842**
	Carrying amounts		
	01.04.2017	**514**	**514**
	31.03.2018	**512**	**512**
	31.03.2019	**729**	**729**

[A] Capital expenditure reflects cost of acquired intangible assets (without consideration of cash outflow)

No development costs were capitalized in the reporting year 2018/19 and the previous year since no capitalization criteria were met. Expenses for research and development of CHF 16'129 thousand (previous year: CHF 15'850 thousand) were charged to the income statement. Capital commitments for intangible assets amount to CHF 131 thousand as of March 31, 2019 (previous year: CHF 406 thousand). There was no impairment on intangible assets in the reporting year 2018/19 and the previous year. No interests were capitalized in the reporting and the previous year.

9 PROVISIONS

Environmental provisions for soil rehabilitation (former storage tanks) were recognized and have changed as follows:

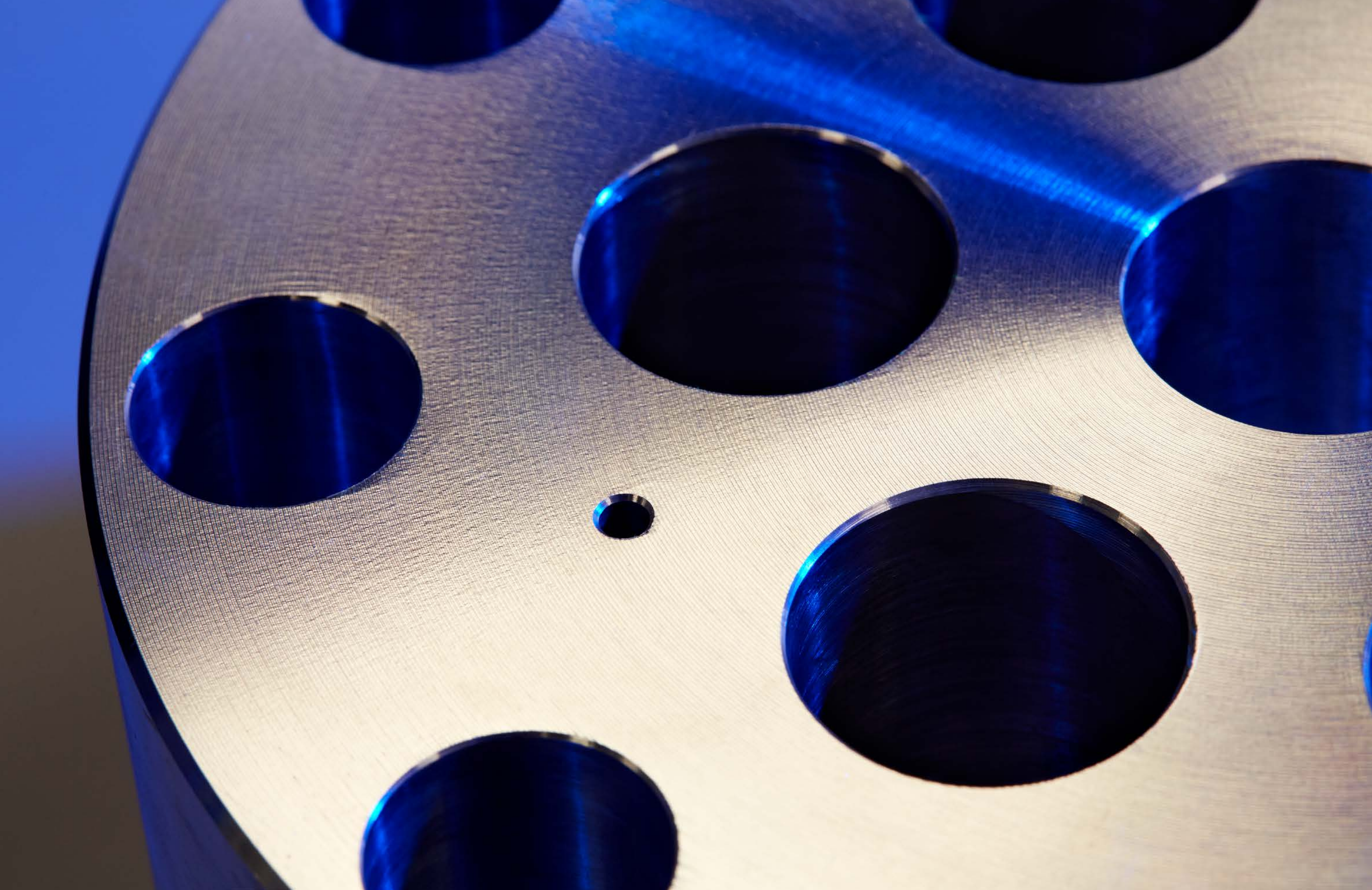
CHF thousand	2017/18	2018/19
Balance 01.04.	5'605	5'485
Additional provisions charged to income	0	0
Consumption with neutral impact on income	–120	–15
Unused amounts reversed and released to income	0	0
Balance 31.03.	**5'485**	**5'470**
thereof current[A]	500	50
thereof non-current[A]	4'985	5'420

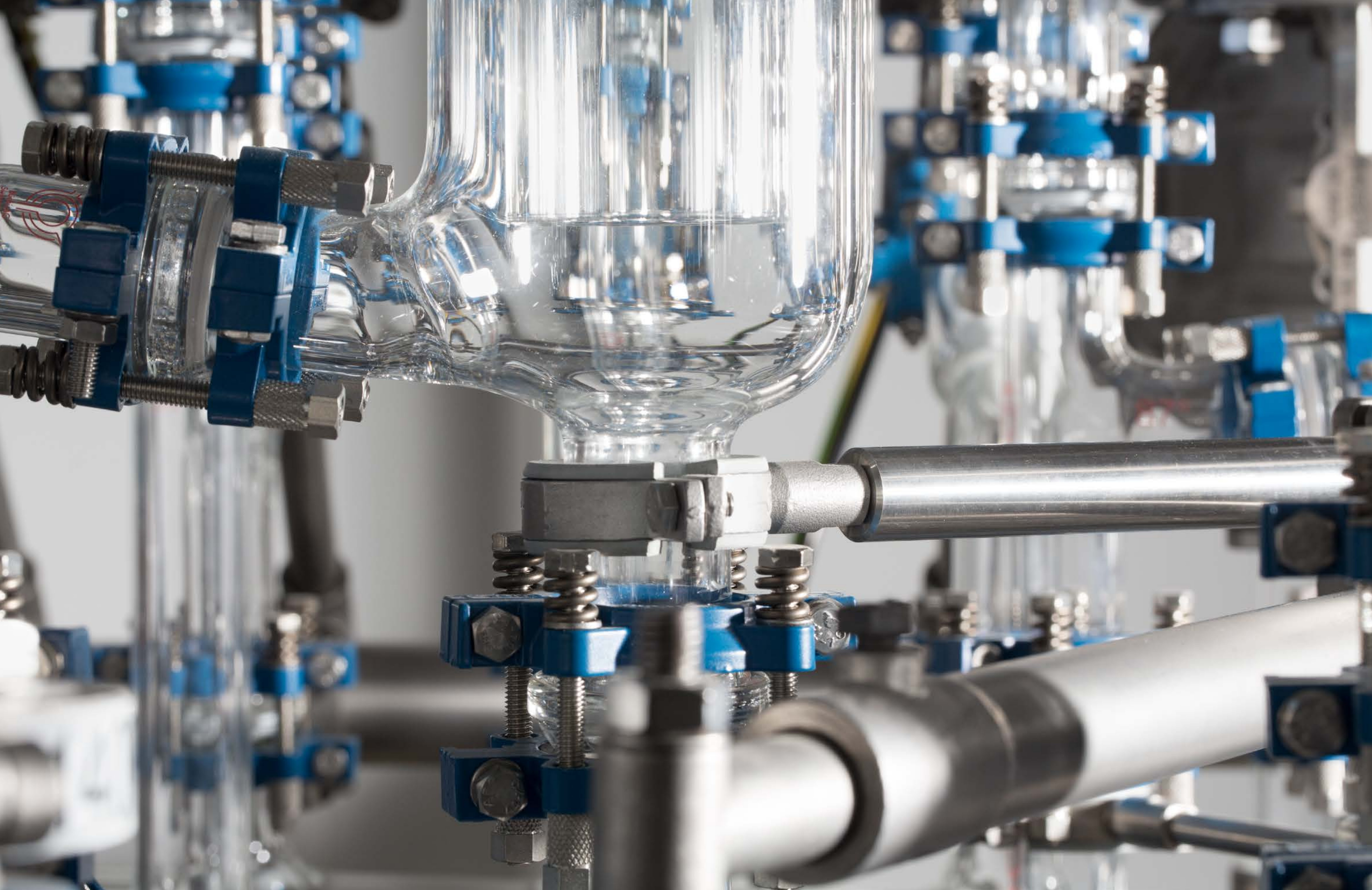
[A] Within the scope of the revised project plan for soil rehabilitation, CHF 435 thousand of the current provisions shown as of March 31, 2018, were reclassified as non-current provisions

10 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Group Financial Statements were approved for issue by the Board of Directors on May 16, 2019. They are subject to approval by the Annual General Meeting. No significant events have occurred between March 31, 2019, and May 16, 2019, that would require an adjustment of the Group's carrying amounts of assets and liabilities or that would need to be disclosed under this heading.

G017

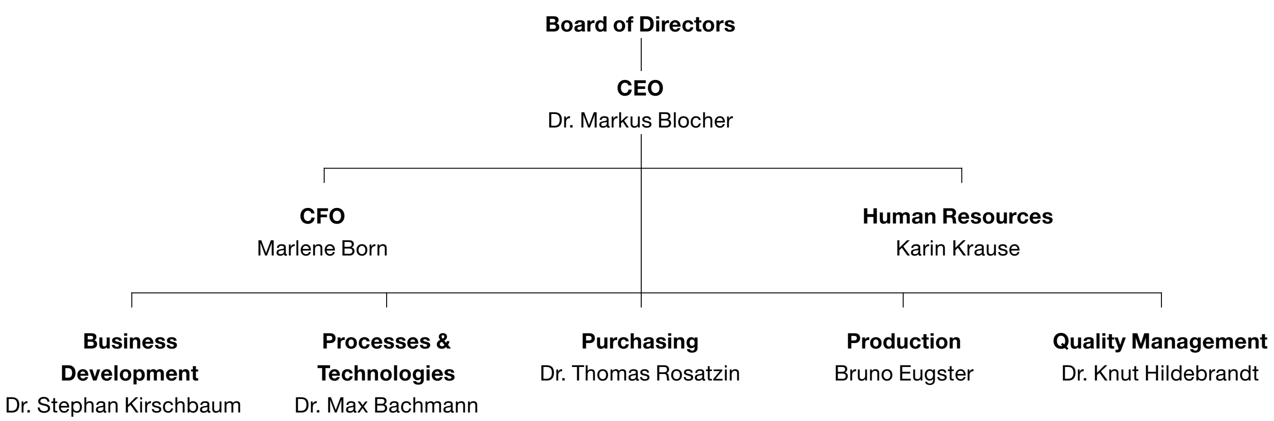




Dottikon ES Holding AG
Photography: Anja Wille-Schori

Corporate Governance

Corporate Governance (condensed)



GROUP STRUCTURE AND SHAREHOLDERS

Group structure

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 is positioning itself as strategic development and manufacturing partner. DOTTIKON ES Group uses its versatile technology and equipment portfolio to design, develop and optimize chemical processes, and scale up from kilograms to multi-tons.

The operating management structure of the Group is organized by functions according to the illustration on the left.

DOTTIKON ES HOLDING AG, holding company of DOTTIKON ES Group, has its domicile in Dottikon and is listed at the SIX Swiss Exchange (DESN; security number 2073900; ISIN CH0020739006). The share capital amounts to CHF 127'264.40 as of March 31, 2019 (previous year: CHF 127'264.40). The market capitalization as of March 31, 2019, is CHF 566'326'580 (previous year: CHF 875'579'072). As in the previous year, there are no further listed companies in the Group.

DOTTIKON ES HOLDING AG has investments in the following companies

- DOTTIKON EXCLUSIVE SYNTHESIS AG
  Domicile in Dottikon/share capital CHF 102'000
  Investment share of 100 percent/fully consolidated
  Branch/purpose: chemicals/process development, manufacturing, and sale of chemical intermediates and active pharmaceutical ingredients
- DOTTIKON ES MANAGEMENT AG
  Domicile in Dottikon/share capital CHF 100'000
  Investment share of 100 percent/fully consolidated
  Branch/purpose: chemicals/management of investment companies, as well as review and assessment to evaluate their strategies
- DOTTIKON ES AMERICA, Inc.
  Domicile in Delaware, USA/share capital CHF 0
  Investment share of 100 percent/fully consolidated
  Branch/purpose: chemicals/business development, marketing, and consulting services for investment companies
- SYSTAG, System Technik AG
  Domicile in Rüschlikon/share capital CHF 410'000
  Investment share of 47.1 percent/equity method
  Branch/purpose: automated process technology/development and manufacturing of integrated solutions for automated chemical process development as well as software and engineering services

Significant shareholders

The following shareholders hold more than 3 percent of the registered share capital:

In % of total share capital of DOTTIKON ES HOLDING AG	31.03.2018	31.03.2019
Markus Blocher, Wollerau[A]	71.7	71.7
Peter Grogg, Hergiswil NW[B]	7.0	7.0
Miriam Baumann, Rheinfelden	5.1	5.1
UBS Fund Management (Switzerland) AG, Basel	4.4	4.5

[A] Holds 54.4% as of 31.03.2019 (31.03.2018: 54.4%) through EVOLMA Holding AG, Wollerau

[B] Through Ingro Finanz AG, Bubendorf

Participations of members of the Board of Directors, Senior Management or persons related to them

Members of the Board of Directors and Senior Management as well as their related parties hold the following registered shares of DOTTIKON ES HOLDING AG as of March 31, 2019 (previous year: March 31, 2018):

Participations of the members of the Board of Directors and Senior Management	Number of registered shares 31.03.2018	Number of registered shares 31.03.2019
Markus Blocher[A] Chairman of the Board of Directors CEO/Managing Director	912'842	912'973
Thomas Früh Deputy Chairman of the Board of Directors non-executive	50	50
Alfred Scheidegger Member of the Board of Directors non-executive	5	5
Marlene Born CFO	529	598
Karin Krause Head of Human Resources	30	66
Stephan Kirschbaum Head of Business Development	1'136	1'211
Max Bachmann Head of Processes & Technologies	542	535
Thomas Rosatzin Head of Purchasing	241	187
Bruno Eugster Head of Production	370	434
Knut Hildebrandt Head of Quality Management	339	315
Total members of the Board of Directors and Senior Management	**916'084**	**916'374**

[A] Holds 691'733 registered shares as of 31.03.2019 (31.03.2018: 691'733 registered shares) through EVOLMA Holding AG, Wollerau

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS OF DOTTIKON ES HOLDING AG — As of March 31, 2019

Name	Nationality	Born	Position	Title	Term of office
Markus Blocher	Swiss	1971	Chairman, executive[A]	Dipl. Chem. ETH, Dr. sc. nat. ETH	2010–2019
Thomas Früh	Swiss	1957	Deputy Chairman, non-executive	Dipl. Chem. ETH, Dr. sc. nat. ETH	2012–2019
Alfred Scheidegger	Swiss	1957	Member, non-executive	Dr. phil. II	2011–2019

[A] CEO/Managing Director

Markus Blocher

Professional background/career

Since 2012	Chairman of the Board of Directors of DOTTIKON ES HOLDING AG
2010–2012	Member of the Board of Directors of DOTTIKON ES HOLDING AG
Since 2003	CEO of today's DOTTIKON ES Group[A]
2002–2003	Responsible for special projects in the EMS Group
2000–2002	Consultant, McKinsey&Company, Zurich

[A] See Notes "Senior Management"

Other activities and binding interests

- Chairman of the Board of Directors of EVOLMA Holding AG
- Chairman of the Board of Directors of SYSTAG, System Technik AG
- Chairman of the Board of Directors of frugan Holding AG as well as of its subsidiaries agrofrucht-Inn AG, agrocult AG, and cultivport AG
- President of the Foundation Board of the pension plan of DOTTIKON ES Group and of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG

Thomas Früh

Professional background/career

Since 2012	Deputy Chairman of the Board of Directors of DOTTIKON ES HOLDING AG
Since 2012	CEO of Bachem Group and Bachem Holding AG
2001–2012	COO of Bachem AG, Switzerland
1998–2000	COO of Bachem Bioscience, Inc., King of Prussia, Pennsylvania USA
1997–1998	Head of Production Department, Bachem AG, Switzerland
1994–1997	Department Head Crop Protection Research, Ciba, Basel
1990–1994	Project Leader Pharma Research Ciba, Japan

Other activities and binding interests

- Chairman of the Board of Directors of Bachem AG (Switzerland), Bachem Americas, Inc. (USA), Bachem (UK) Ltd., and since July 2018 of Bachem Japan K.K. (Japan)
- Director of Bachem Distribution Services GmbH (Germany)
- President of the Foundation Board of the foundation SimplyScience
- Vice president (before board member) of the business association scienceindustries
- Board member of Handelskammer beider Basel (HKBB)

Alfred Scheidegger

Professional background/career

Since 2017	Member of the Senior Management of Nextech Invest AG
Since 2011	Member of the Board of Directors of DOTTIKON ES HOLDING AG
1998–2017	Founder and CEO of Nextech Invest AG
1995–1998	Administrative Director and member of the Board of ETH Zurich
1992–1995	CEO Swiss Scientific Computing Center (CSCS), Manno
1987–1991	Project Leader Ciba-Geigy in Basel and Japan

Other activities and binding interests

- Chairman of the Board of Directors of Nextech Holding AG and Nextech Invest AG
- Member of the Board of Directors of Nextech III GP AG
- Director of Nextech Venture (Principals) Limited, Jersey
- Representative of the partner with unlimited liability of Nextech III Oncology Kommanditgesellschaft für kollektive Kapitalanlagen
- Member of the Board of Directors of Cleave Biosciences, Burlingame, CA, USA (until May 2019)
- Member of the Foundation Board of Rising Tide Foundation

The 2 members of the Board of Directors, Thomas Früh and Alfred Scheidegger, did not have any executive function within the DOTTIKON ES Group in the past 3 years before the reporting year 2018/19. Neither of them nor any related party had significant business relations with DOTTIKON ES Group in the past years since being elected to the Board of Directors of DOTTIKON ES HOLDING AG.
In the reporting year 2014/15, DOTTIKON EXCLUSIVE SYNTHESIS AG and Bachem AG signed a cooperation agreement for the development, manufacturing, and distribution of amino acids and their derivatives. Despite personnel relations with DOTTIKON EXCLUSIVE SYNTHESIS AG, Bachem AG is not qualified as a related party. To provide higher transparency, the existence of a cooperation agreement is disclosed under this heading.
The composition of the Board of Directors of DOTTIKON EXCLUSIVE SYNTHESIS AG and DOTTIKON ES MANAGEMENT AG is the same as the composition of DOTTIKON ES HOLDING AG.

SENIOR MANAGEMENT

MEMBERS OF THE SENIOR MANAGEMENT OF DOTTIKON ES GROUP As of March 31, 2019

Name	Nationality	Born	Function	Title	Member since
Markus Blocher	Swiss	1971	CEO/Managing Director	Dipl. Chem. ETH, Dr. sc. nat. ETH	2003
Marlene Born	Swiss	1975	CFO	Eidg. dipl. Expertin in Rechnungslegung/Controlling	2006
Karin Krause	Swiss	1968	Head of Human Resources	MAS Human Resource Management FH	2017
Stephan Kirschbaum	German	1967	Head of Business Development	Dipl. Chem., Dr. rer. nat.	2010
Max Bachmann	Swiss	1954	Head of Processes & Technologies	Dipl. Chem. ETH, Dr. sc. nat. ETH	1999
Thomas Rosatzin	Swiss	1962	Head of Purchasing	Dipl. mikrobiol., Dr. sc. nat. ETH, MBA	2014
Bruno Eugster	Swiss	1955	Head of Production	Chemiker HTL	1997
Knut Hildebrandt	German	1958	Head of Quality Management	Dipl. Chem., Dr. rer. nat.	1999

Markus Blocher

Professional background/career

Since 2003	CEO of today's DOTTIKON ES Group
2002–2003	Responsible for special projects in the EMS Group
2000–2002	Consultant, McKinsey&Company, Zurich
1997–2000	Scientist and doctorate at ETH Zurich

Other activities and binding interests

- Chairman of the Board of Directors of DOTTIKON ES HOLDING AG (see Notes "Board of Directors")
- CEO of DOTTIKON EXCLUSIVE SYNTHESIS AG, DOTTIKON ES HOLDING AG, and DOTTIKON ES MANAGEMENT AG
- Chairman of the Board of Directors of EVOLMA Holding AG
- Chairman of the Board of Directors of SYSTAG, System Technik AG
- Chairman of the Board of Directors of frugan Holding AG as well as of its subsidiaries agrofrucht-Inn AG, agrocult AG, and cultivport AG
- President of the Foundation Board of the pension plan of DOTTIKON ES Group and of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG

Marlene Born

Professional background/career

Since 2006	CFO of DOTTIKON ES Group
2005–2006	Controller at DOTTIKON ES Group
2000–2005	Head of Accounting, Migros Verteilzentrum Suhr AG, Suhr
2000	Controller, ABB Normelec, Zurich
1995–2000	Accountant, Treuhandbüro Deragisch, Baden

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG, DOTTIKON ES HOLDING AG, and DOTTIKON ES MANAGEMENT AG
- Member of the Foundation Board of the pension plan of DOTTIKON ES Group
- Vice president of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG

Karin Krause

Professional background/career

Since 2015	Head of Human Resources of DOTTIKON ES Group
2011–2015	Head of Human Resources, Senn AG, Oftringen
2005–2011	Head of Financial Accounting and Human Resources, Deputy CFO, Senn AG, Oftringen
2003–2005	Head of Financial Accounting and Human Resources, Wematech AG, Wangenried
1999–2003	Accountant clerk, Amcor Rentsch AG, Rickenbach
1995–1999	Human Resource clerk, Amcor Rentsch AG, Rickenbach

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG and DOTTIKON ES MANAGEMENT AG

Stephan Kirschbaum

Professional background/career

Since 2009	Head of Business Development of DOTTIKON ES Group
2005–2009	Head of Strategic Projects and Head of Management Support HR&E in Wealth Management & Swiss Bank, UBS AG, Zurich
1999–2005	Consultant and Engagement Manager, McKinsey&Company, Munich DE
1997–1999	Research Scientist at University of California, Santa Barbara USA
1994–1997	Doctorate at University of Karlsruhe DE

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG
- Chairman of the Board of Directors and CEO of DOTTIKON ES AMERICA, Inc.

Max Bachmann

Professional background/career

Since 2009	Head of Processes & Technologies of DOTTIKON ES Group
2003–2009	Head of Business Development of today's DOTTIKON ES Group
1999–2003	Head of Research & Development of today's DOTTIKON ES Group
1989–1999	Several leading positions at today's DOTTIKON ES Group, lastly Head of Production Facilities

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG and DOTTIKON ES MANAGEMENT AG

Thomas Rosatzin

Professional background/career

Since 2014	Head of Purchasing of DOTTIKON ES Group
2007–2013	CEO of RohnerChem (Rohner AG), Pratteln
2005–2007	COO of Induchem AG, Volketswil
2001–2005	Head Product Line Management, UNAXIS/ESEC, Steinhausen
1995–2001	Business Unit Manager Paper Processing Chemicals, Dr. W. Kolb AG, Hedingen

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG
- Member of the welfare application decision panel of Aeugst a. A. (since April 2018)

Bruno Eugster

Professional background/career

Since 1999	Head of Production of today's DOTTIKON ES Group
1997–1999	Head of Technical Services of today's DOTTIKON ES Group
1979–1997	Several leading positions at today's DOTTIKON ES Group, lastly Head of Production Facilities

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG
- Member of the Board of Directors of Messer Schweiz AG (until November 2018)
- Member of the Board of the Chamber of Aargauische Industrie- und Handelskammer (AIHK), therein president of the section Freiamt
- Expert judge, labor court, canton Aargau (through December 2020)

Knut Hildebrandt

Professional background/career

Since 1999	Head of Quality Management of today's DOTTIKON ES Group
1989–1999	Several leading positions at today's DOTTIKON ES Group, lastly Project Manager Production

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG

Investor Relations

Annual General Meeting for the Business Year 2018/19
July 5, 2019

Issue Half-Year Report 2019/20
November 29, 2019

Issue Annual Report 2019/20
May 29, 2020

Annual General Meeting for the Business Year 2019/20
July 3, 2020

DOTTIKON ES HOLDING AG is listed at the SIX Swiss Exchange.
Symbol: DESN
Security number: 2073900
ISIN: CH0020739006

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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 is positioning itself as strategic development and manufacturing partner. Its safety culture created over 105 years guides innovative use of hazardous reactions, low-temperature and high-pressure chemistry, as well as continuous processing. This shortens conventional chemical synthesis routes, increases yields, selectivities and purities, and reduces waste. The versatile technology and equipment portfolio is used to design, develop and optimize chemical processes, and scale up from kilograms to multi-tons.
DOTTIKON ES' one-site strategy allows reduced decision and communication pathways. This ensures rapid and efficient project development as well as clear and transparent communication with customers.

IMPRESSUM
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