

2019/20
Condensed
Annual Report
Your Specialist
for Hazardous
Reactions.





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Dear Shareholder,

Herewith we present to you DOTTIKON ES Group's Condensed Annual Report 2019/20 for the period from April 1, 2019, to March 31, 2020. The fourth quarter of the business year fell into the period of the COVID-19 pandemic, which was initially limited to China but soon spread around the globe. The conscientious commitment of our employees and the employees of our suppliers on site, in compliance with the applicable hygiene and behavior rules, secured the production and timely delivery of vital APIs for life-saving medication even during the pandemic. This year's Annual Report is therefore dedicated to all these employees and shows perspectives from various vantage points taken on our site in Dottikon (Aargau, Switzerland).

Review

At CHF 174.8 million, net sales in the business year 2019/20 were 18.3 percent higher than in the previous year and were broad-based in terms of products and customers. The production output for the full business year – net sales plus inventory changes in semi-finished and finished goods – increased by 15.7 percent compared to the previous year. The CHF 10.2 million increase in semi-finished and finished goods reflects the high order volume for the ongoing business year 2020/21. Capitalized own production and hence other operating income increased due to significant investments in new production capacities. Material expenses stood at CHF 44.8 million, representing 24.2 percent of the production output, and were slightly below the previous-year figure in relative terms. Personnel expenses rose by CHF 3.6 million or 5.4 percent to CHF 69.9 million. The increase was in equal proportion due to the 2.4 percent staff buildup and to

higher wages. In combination with higher other operating expenses, earnings before interest, taxes, depreciation, and amortization (EBITDA) were CHF 55.4 million, up 39.0 percent compared to the previous year, while the EBITDA margin was 31.7 percent (previous year: 27.0 percent). Due to an impairment charge in the previous year, depreciation and amortization at CHF 18.9 million was CHF 0.8 million lower compared to the previous year despite commissioning the new lab building for research and development as well as quality management and additional chemical production capacities. Earnings before interest and taxes (EBIT) stood at CHF 36.5 million, 80.9 percent higher than in the previous year, and the EBIT margin was 20.9 percent (previous year: 13.6 percent). The financial result was CHF 2.1 million higher than in the previous year, mainly due to the valuation of the employer contribution reserve related to higher pension fund investment returns. With the Federal Act on Tax Reform and AHV Financing coming into effect, and due to the application of the additional tax deduction for research and development expenses contained therein, income taxes were CHF 4.8 million owing to the high share

KEY FIGURES, APRIL–MARCH

CHF million	2018/19	2019/20	Changes
Net sales	147.7	174.8	18.3%
EBITDA	39.9	55.4	39.0%
EBITDA margin (in % of net sales)	27.0%	31.7%	
EBIT	20.2	36.5	80.9%
EBIT margin (in % of net sales)	13.6%	20.9%	
Net income	16.3	33.2	104.0%
Net income margin (in % of net sales)	11.0%	19.0%	
Cash flow from operating activities	38.2	43.7	14.5%
Employees (FTE, annual average)	592	606	2.4%

of research and development activities. This translates into a tax rate of around 13 percent (previous year: around 17 percent). Net income stood at CHF 33.2 million (previous year: CHF 16.3 million), and the net income margin was 19.0 percent (previous year: 11.0 percent). The cash flow from operating activities stood at CHF 43.7 million, up 14.5 percent compared to the previous year. Cash outflows from investments were CHF 44.4 million, 9.1 percent lower than in the previous year. Cash and cash equivalents decreased slightly to CHF 42.8 million (previous year: CHF 43.8 million). The equity ratio is a strong 82.1 percent.

Assessment of situation

The United States, China, and Russia continue to establish and lead a tripolar world order. The COVID-19 pandemic has unmasked the vulnerability and interdependence of these opponents. Europe is crumbling, which will spark nationalism and secession efforts after the pandemic. This fuels the potential for economic, fiscal, as well as military conflicts. The major strategies to combat SARS-CoV-2 have created a generational conflict paradox: The older generation is protected at the expense of the younger generation's future, who in turn today live off the wealth created by the older generation. The desperate attempt to return from the mitigation to the containment phase with lockdown measures will result in a major delay in establishing herd immunity and generate considerable economic damage. With this strategy, global economic mobility can only be regained with the wide availability of a vaccine, provided that the protective measures implemented by the individual nations are lifted by then. Because of the lockdown measures in response to the pandemic, the global economy has experienced an abrupt collapse and has been in steep decline since February 2020. For the first time

since the Great Depression of the 1930s, industrialized, emerging, and developing economies will simultaneously slide into recession. Existing global debt has risen further from its previous record high, and the increasingly expansive monetary policies implemented to soften the blow from the adverse impact of the lockdown measures further aggravate this situation and are set to burden the global economic development in the long term. The COVID-19 crisis has bluntly revealed the risks and interdependencies within the global value chains created by a long phase characterized by global economies of scale and the outsourcing of key value chain segments. Values such as consistency, reliability, and trust, as well as cultural and regional proximity become increasingly important amid the crisis and establish the foundation of trust for future economic as well as political relations. If this development results in more broadly based regional supply chains, the costs for goods will inevitably rise. In combination with the decisively expansive monetary policies, this could result in inflation. Such a scenario would force central banks to deviate from their low interest rate policies, which would bring about potentially disastrous increases in interest rates for heavily indebted countries, companies, and individuals.

Demographic developments, accelerated market approvals for generics, biosimilars, and novel drugs, government attempts to reduce drug prices, as well as a steep rise in drug demand in China remain key medium- and long-term volume growth and innovation drivers in the pharmaceutical market. The demographic trends ensure further long-term volume growth. Global life expectancy continues to rise, even if it is at lower rates than in the previous years in industrialized countries. In the short term, there will be a COVID-19 effect related to the clearly higher mortality rate among over-65-year-olds. In the most important drug sales nations, the 65+ age group represents between 11 (China) and 28 percent (Japan) of the population. If over a

long period, neither a vaccine nor new drug treatments to drastically reduce the SARS-CoV-2 infection or COVID-19 mortality rates are available, global annual drug sales could plummet by around CHF 50 billion. In addition, the development of drug candidates unrelated to COVID-19 will be adversely affected when hospitals are overwhelmed. Once the crisis is over, cost pressure in the health care system is likely to diminish given an increase in health awareness, despite the fact that governments will need to cut their budgets in light of higher government debt. Despite this development, global drug spending will surpass the CHF 1'000 billion mark in the years ahead. In developed markets, the strong increase in spending on novel specialty drugs is offset by lower prices for the most important drugs on the back of a loss of exclusivity. In contrast, in pharmerging markets, the increase in access to the health care system seen over the last decade and the respective volume and spending growth are slowing down. On the one hand, the increase in global drug spending is due to a wider use of primarily generic diabetes, respiratory tract, cardiovascular, and oncology drugs. On the other hand, it is attributable to new specialty drugs and innovative products, which currently make up 36 percent of global drug spending and, with annual growth rates of 5 to 8 percent, continue to inch closer to a sales share of 40 percent. The respective sales growth is most significant in developed pharma markets, which represent over 60 percent of global drug sales. In these markets, their share is already 44 percent, with an expected increase to 52 percent over the coming five years. Just as before, strong profitable growth over the coming five years will therefore be fueled by specialty drug sales in developed markets. In 2019, the FDA approved 48 new drugs, 38 of which were small molecules and a further 10 were biologics. The share of biologics among drug candidates that await their approval has increased further in 2019, reaching 40 percent despite higher develop-

ment costs as well as far more demanding requirements in terms of quality and supply chain management. Even so, small molecules are set to defend their global drug sales market share of a little over two thirds over the next five years, with half of this share attributable to patent-protected or branded generic small molecule drugs, while biologics only account for 20 percent. The market for so-called Custom Development and Manufacturing Organizations (CDMOs) is set to grow by 7 percent over the coming five years on the back of the underlying pharma volume market growth and the growing outsourcing trend. The main drivers are, on the one hand, large pharmaceutical companies which have previously only outsourced 20 percent of newly approved drugs and now increasingly opt for in-house manufacturing of biologics while instead outsourcing small molecule manufacturing; and on the other hand, small and medium-sized biotechs which outsource roughly 80 percent and now increasingly gain market shares among newly approved drugs.

Given that biologics, biosimilars, cell and genetic therapy, as well as drug product manufacturing and sterile filling promised higher relative growth and margins compared to small molecule API manufacturing, CDMOs have invested heavily in these areas by means of acquisitions as well as buildup and expansion efforts. In addition to debottlenecking and expansion investments in existing production plants, however, there was hardly any buildup of new small molecule API production capacity. The trend to repatriate drug substance and drug product manufacturing to the West, driven by concerns regarding quality and reliability, is still ongoing and gains further traction on the back of China's strict enforcement of environmental requirements, its reduction in the number of chemical parks and a further intensification of the trade dispute between the United States and China. It is safe to assume that the COVID-19 crisis will have a

similar effect. As a result, shortages in high-quality and technologically versatile process development and API manufacturing capacities are inevitable.

Outlook

In the current market and pharmaceutical environment and with the continuously expanded chemical process development as well as the analytical and API manufacturing capacities at its Dottikon site in Switzerland, DOTTIKON ES is well positioned to capture the imminent small molecule growth potential in the short term, and secure it with ongoing expansion investments in the medium term, as well as with the construction of new production plants in the long term. 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 and performance leader.

The small molecules pharmaceutical market is and remains our main market with ongoing growth potential. The utilization of existing plants is increased with targeted debottlenecking investments to facilitate the capturing of the expected medium-term sales growth. The planning of a new multipurpose API production plant to secure long-term growth has reached a stage that allows for the beginning of construction during the ongoing business year 2020/21. At the same

time, 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 2020/21. From today's point of view, initial external financing options for 2020 to finance the capacity expansion plans are in preparation. In order to ensure long-term growth, our independent Performance Chemicals project team continues to develop new, innovative proprietary 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 the previous year's figure.

Dottikon, May 14, 2020

A handwritten signature in black ink, appearing to read 'M. Blocher', with a stylized flourish at the end.

Dr. Markus Blocher
Chairman of the Board of Directors





Group Financial Statements DOTTIKON ES Group

Consolidated Income Statements

April–March
CHF thousand and %
(condensed)

	Notes	2018/19	%	2019/20	%
Net sales		147'710	100.0	174'770	100.0
Changes in semi-finished and finished goods		12'153		10'189	
Other operating income		5'421		6'385	
Material expenses		−39'493		−44'846	
Personnel expenses	(2)	−66'267		−69'852	
Other operating expenses	(3)	−19'659		−21'238	
Operating result before depreciation and amortization (EBITDA)		39'865	27.0	55'408	31.7
Depreciation and amortization	(8, 9)	−19'706		−18'940	
Operating result (EBIT)		20'159	13.6	36'468	20.9
Financial income		800		1'929	
Financial expenses		−1'376		−420	
Financial result	(4)	−576		1'509	
Result from associated companies		21		19	
Net income before taxes		19'604	13.3	37'996	21.7
Income taxes	(5)	−3'347		−4'837	
Net income		16'257	11.0	33'159	19.0
Basic/diluted earnings per share in CHF		13.00		26.48	
Weighted average number of shares		1'250'948		1'252'264	

Consolidated Balance Sheets

CHF thousand and %
(condensed)

	Notes	31.03.2019	%	31.03.2020	%
Cash and cash equivalents		43'833		42'843	
Current financial assets		0		0	
Trade receivables	(6)	41'202		35'144	
Other receivables		1'541		2'373	
Inventories	(7)	67'088		78'656	
Prepaid expenses and accrued income		1'198		1'440	
Current assets		154'862	33.4	160'456	32.8
Property, plant and equipment	(8)	263'963		283'679	
Intangible assets	(9)	729		592	
Investments in associated companies		1'253		1'272	
Assets from employer contribution reserve		42'284		43'843	
Non-current assets		308'229	66.6	329'386	67.2
Assets		463'091	100.0	489'842	100.0
Trade payables		12'751		10'397	
Income tax liabilities		1'276		2'622	
Other current liabilities		17'588		15'374	
Current provisions	(10)	50		48	
Accrued expenses and deferred income		26'545		23'226	
Current liabilities		58'210	12.6	51'667	10.5
Non-current provisions	(10)	5'420		5'420	
Deferred tax liabilities	(5)	31'121		30'805	
Non-current liabilities		36'541	7.9	36'225	7.4
Liabilities		94'751	20.5	87'892	17.9
Share capital		127		127	
Share premium		61'826		62'158	
Retained earnings		310'744		343'746	
Own shares		−4'357		−4'081	
Shareholders' equity		368'340	79.5	401'950	82.1
Shareholders' equity and liabilities		463'091	100.0	489'842	100.0

Consolidated Cash Flow Statements

April–March
CHF thousand
(condensed)

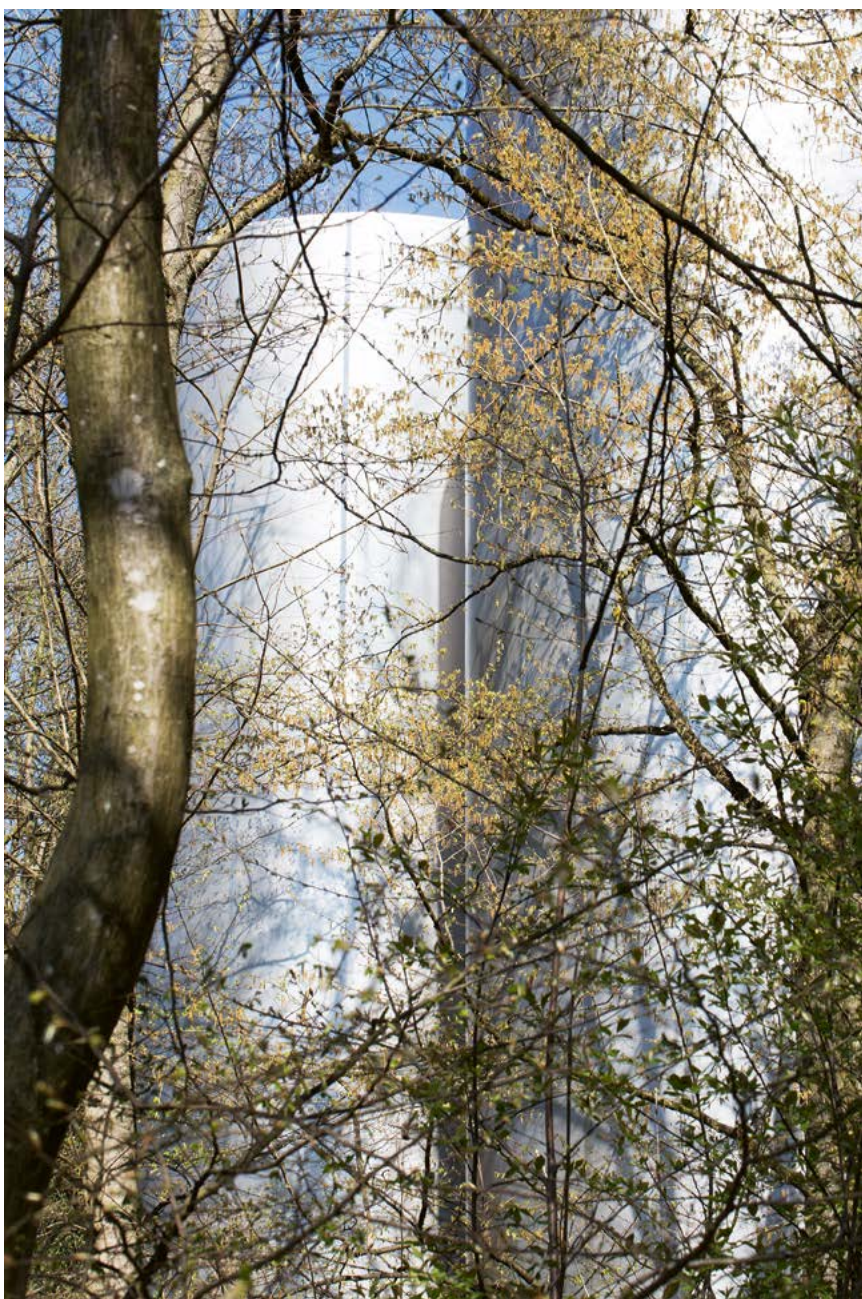
	Notes	2018/19	2019/20
Net income		16'257	33'159
Income taxes	(5)	3'347	4'837
Financial result	(4)	576	–1'509
Depreciation of property, plant and equipment	(8)	19'509	18'708
Amortization of intangible assets	(9)	197	232
Result from associated companies		–21	–19
Other non-cash income and expenses		316	1'091
Interest received	(4)	35	5
Interest paid	(4)	–15	–13
Income taxes paid	(5)	–4'569	–3'771
Changes in			
Trade receivables		12'727	6'068
Other receivables as well as prepaid expenses and accrued income		–1'066	–1'122
Inventories	(7)	–14'945	–11'568
Trade payables		2'599	–1'560
Other current liabilities as well as accrued expenses and deferred income		3'244	–834
Provisions	(10)	–15	–2
Cash flow from operating activities		38'176	43'702
Outflows of			
Current financial assets		0	0
Property, plant and equipment	(8)	–48'347	–44'245
Intangible assets	(9)	–463	–159
Inflows of			
Current financial assets		0	0
Property, plant and equipment	(8)	0	20
Intangible assets	(9)	0	0
Cash flow from investing activities		–48'810	–44'384
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		–114	–308
Net change in cash and cash equivalents		–10'748	–990
Cash and cash equivalents at the beginning of the reporting period		54'581	43'833
Cash and cash equivalents at the end of the reporting period		43'833	42'843

Consolidated Statements of Changes in Equity

CHF thousand
(condensed)

^A Changes in own shares in the reporting year 2019/20:
disposal of 1'367 shares within the shareholding program for employees
(previous year: disposal of 857 shares within the shareholding program for employees)

	Share capital	Share premium	Changes in fair value of foreign exchange forwards	Other retained earnings	Own shares ^A	Shareholders' equity
Balance 01.04.2018	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	127	61'826	17	310'727	–4'357	368'340
Balance 01.04.2019	127	61'826	17	310'727	–4'357	368'340
Net income				33'159		33'159
Changes of foreign exchange forwards			–193			–193
Income taxes on items recognized directly in equity			36			36
Dividends paid						0
Changes in own shares		332			276	608
Balance 31.03.2020	127	62'158	–140	343'886	–4'081	401'950



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 strategy of performance leadership as 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 Group Financial Statements.

2 PERSONNEL EXPENSES

CHF thousand/April–March	2018/19	2019/20
Wages and salaries	56'484	59'453
Employee benefits	4'366	4'540
Social security	4'671	4'904
Other personnel expenses	746	955
Personnel expenses	66'267	69'852

3 OTHER OPERATING EXPENSES

CHF thousand/April–March	2018/19	2019/20
Rent	198	324
Repair and maintenance	9'343	9'707
Insurance, duties, and fees	1'238	1'283
Administration and promotion	2'230	2'409
Loss on disposal of non-current assets ^A	321	465
Supplies	4'630	5'025
Various other operating expenses ^B	1'699	2'025
Other operating expenses	19'659	21'238

^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

4 FINANCIAL RESULT

Financial income includes the following:

CHF thousand/April–March	2018/19	2019/20
Interest income ^A	35	1'564
Income from foreign currency valuation	765	365
Financial income	800	1'929

^A Reporting year 2019/20: thereof CHF 1'559 thousand due to changes in the value of the employer contribution reserve, mainly from interest bearing

Financial expenses include the following:

CHF thousand/April–March	2018/19	2019/20
Bank charges, interest expenses ^A	566	13
Expenses from foreign currency valuation	810	407
Financial expenses	1'376	420

^A Previous year: thereof CHF 551 thousand due to changes in the value of the employer contribution reserve, mainly from interest bearing

Foreign exchange gain recognized in the income statement amounts to CHF 94 thousand during the reporting year 2019/20 (previous year: foreign exchange gain of CHF 187 thousand) and is allocated to the following positions of the income statement ("+" foreign exchange gain; "–" foreign exchange loss)

- Net sales CHF +39 thousand (previous year: CHF +78 thousand)
- Material expenses CHF +97 thousand (previous year: CHF +154 thousand)
- Financial income CHF +365 thousand (previous year: CHF +765 thousand)
- Financial expenses CHF –407 thousand (previous year: CHF –810 thousand)

5 INCOME TAXES

Income taxes can be analyzed as follows:

CHF thousand/April–March	2018/19	2019/20
Net income before taxes	19'604	37'996
Tax expenses at the applicable tax rate of 18.6% (previous year: 18.6%) ^A	3'646	7'067
Additional taxable deductions ^B	0	–2'229
Deviations due to different tax rates of the Group companies ^C	–301	–17
Debit (credit) adjustments recognized for previous periods, net	2	1
Effect of deferred tax rate adjustment ^D	0	15
Other effects	0	0
Recognized income tax expenses	3'347	4'837

^A The applicable tax rate corresponds to the tax rate at the headquarters of DOTTIKON EXCLUSIVE SYNTHESIS AG, which is domiciled in Switzerland and which most significantly affects the Group result in the long term
^B Reporting year 2019/20: effect of additional taxable deductions of research and development expenses 2019/20 due to changes in the tax law as of January 1, 2020, "tax proposal 17" (TP17)
^C Deviations mainly result from different allocation of the results of the Group companies
^D Reporting year 2019/20: higher income tax rate of DOTTIKON ES HOLDING AG at the domicile by abolishing the holding privilege due to changes in the tax law as of January 1, 2020, "tax proposal 17" (TP17)

CHF thousand/April–March	2018/19	2019/20
Attributable to the following positions:		
Current income tax	3'883	5'117
Deferred income tax	–536	–280
Recognized income tax expenses	3'347	4'837

Deferred tax liabilities are attributable to the following positions:

CHF thousand/31.03.	2018/19	2019/20
Property, plant and equipment	14'503	13'107
Inventories	4'991	5'852
Non-current provisions	3'033	3'033
Assets from employer contribution reserve	7'865	8'155
Other balance sheet positions	729	658
Deferred tax liabilities^A	31'121	30'805

^A Only includes deferred tax liabilities; there are no deferred tax assets

6 TRADE RECEIVABLES

Trade receivables are value adjusted as follows:

CHF thousand/31.03.	2018/19	2019/20
Trade receivables, gross	41'245	35'179
Individual value adjustments	0	0
Overall value adjustments	–43	–35
Trade receivables, net	41'202	35'144

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.	2018/19	2019/20
Not yet due	36'537	32'313
1 to 30 days overdue	4'300	2'859
31 to 60 days overdue	44	7
61 to 90 days overdue	26	0
More than 90 days overdue ^A	338	0
Total	41'245	35'179

^A Previous year: receivables fully paid in April 2019

7 INVENTORIES

CHF thousand/31.03.	2018/19	2019/20
Raw materials	12'985	14'606
Supplies ^A	6'121	6'246
Trading goods	218	119
Semi-finished goods	22'046	26'329
Finished goods	25'718	31'356
Inventories	67'088	78'656

^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 3'954 thousand as of March 31, 2020 (previous year: CHF 4'149 thousand).

8 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 01.04.2018	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 01.04.2018	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							
01.04.2018	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	
31.03.2020	8'699	95'016	125'498	10'379	44'087	283'679	

^A Share of unbuilt land as of 31.03.2020: CHF 1'854 thousand (31.03.2019: CHF 1'854 thousand and 01.04.2018: CHF 1'854 thousand) as well as share of built land as of 31.03.2020: CHF 6'845 thousand (31.03.2019: CHF 6'845 thousand and 01.04.2018: CHF 6'845 thousand)

^B Thereof prepayments for plants under construction, 31.03.2020: CHF 0 thousand (31.03.2019: CHF 0 thousand and 01.04.2018: CHF 362 thousand)

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

^D Previous year: within the scope of the planning of the basic design for a new multipurpose plant, the project had to be redimensioned due to challenging subsoil foundation properties. CHF 4'000 thousand of accumulated planning work within plants under construction were not able to be capitalized and have been depreciated as well as derecognized

The insurance value of property, plant and equipment amounts to CHF 643'393 thousand as of March 31, 2020 (previous year: CHF 617'954 thousand). Capital commitments for property, plant and equipment amount to CHF 14'275 thousand as of March 31, 2020 (previous year: CHF 17'117 thousand). There was no impairment on property, plant and equipment in the reporting year 2019/20 (previous year: as mentioned in footnote D, property, plant and equipment was impaired by CHF 4'000 thousand). No interests were capitalized in the reporting and the previous year.

9 DEVELOPMENT OF INTANGIBLE ASSETS

9 DEVELOPMENT OF INTANGIBLE ASSETS		Software	Total
CHF thousand	Cost		
	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
	Balance 01.04.2019	3'571	3'571
	Additions ^A	68	68
	Disposals	−90	−90
	Reclassifications	27	27
	Balance 31.03.2020	3'576	3'576
	Amortization, accumulated		
	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
	Balance 01.04.2019	−2'842	−2'842
	Additions	−232	−232
	Disposals	90	90
	Reclassifications	0	0
	Balance 31.03.2020	−2'984	−2'984
	Carrying amounts		
	01.04.2018	512	512
	31.03.2019	729	729
	31.03.2020	592	592

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

No development costs were capitalized in the reporting year 2019/20 and the previous year since no capitalization criteria were met. Expenses for research and development of CHF 18'321 thousand (previous year: CHF 16'129 thousand) were charged to the income statement. Capital commitments for intangible assets amount to CHF 39 thousand as of March 31, 2020 (previous year: CHF 131 thousand). There was no impairment on intangible assets in the reporting year 2019/20 and the previous year. No interests were capitalized in the reporting and the previous year.

10 PROVISIONS

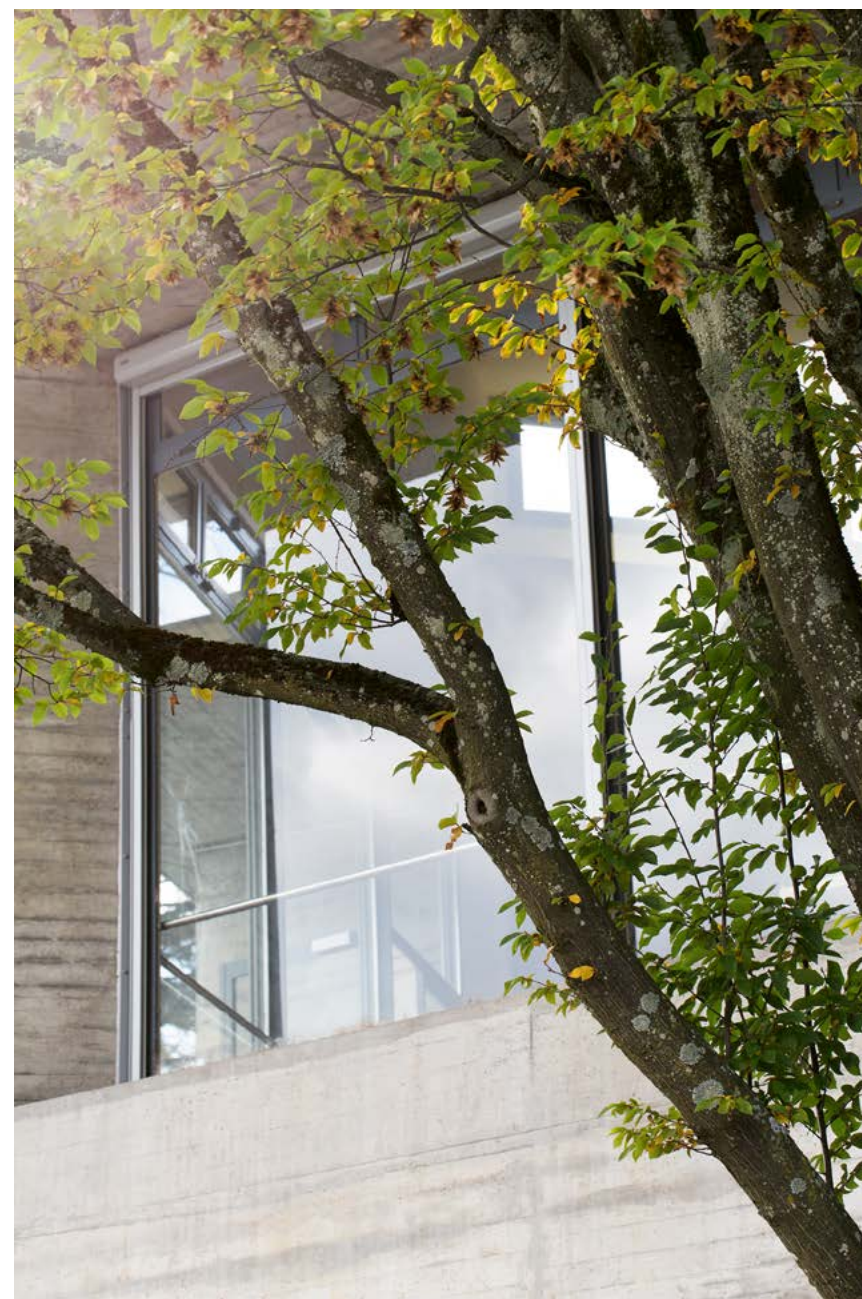
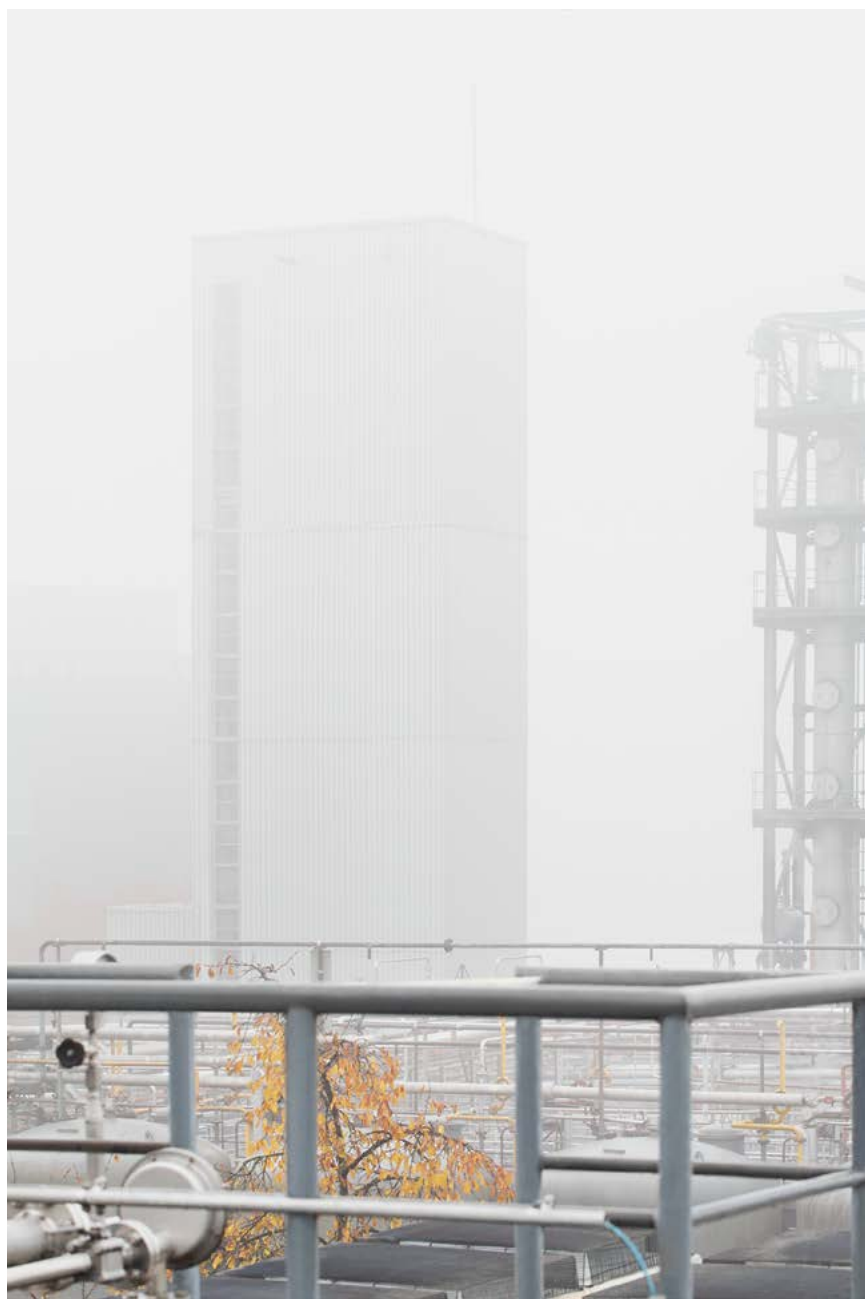
Environmental provisions for soil rehabilitation (former storage tanks) were recognized and have changed as follows:

CHF thousand	2018/19	2019/20
Balance 01.04.	5'485	5'470
Additional provisions charged to income	0	0
Consumption with neutral impact on income	−15	−2
Unused amounts reversed and released to income	0	0
Balance 31.03.	5'470	5'468
thereof current	50	48
thereof non-current	5'420	5'420

11 SIGNIFICANT EVENTS AFTER

THE BALANCE SHEET DATE

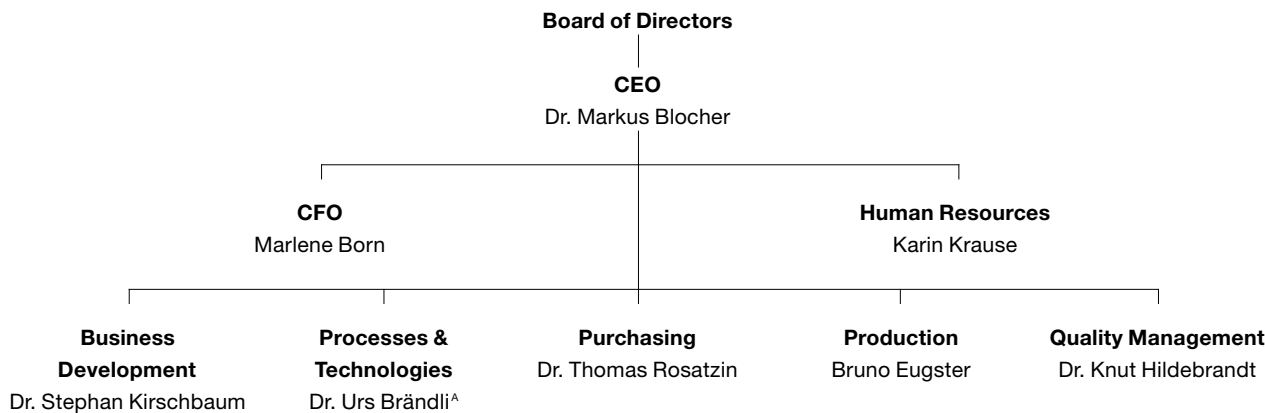
The Group Financial Statements were approved for issue by the Board of Directors on May 14, 2020. They are subject to approval by the Annual General Meeting. No significant events have occurred between March 31, 2020, and May 14, 2020, that would require an adjustment of the Group's carrying amounts of assets and liabilities or that would need to be disclosed under this heading.





Corporate Governance

Corporate Governance (condensed)



^A As of January 2020, until December 2019 Dr. Max Bachmann

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 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.

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 on the SIX Swiss Exchange (DESN; security number 2073900; ISIN CH0020739006). The share capital amounts to CHF 127'264.40 as of March 31, 2020 (previous year: CHF 127'264.40). The market capitalization as of March 31, 2020, is CHF 819'582'736 (previous year: CHF 566'326'580). 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 49.7 percent (previous year: 47.1 percent)^A/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

^A In the reporting year 2019/20, SYSTAG, System Technik AG acquired and recognized own shares in the balance sheet. As a result, as of March 31, 2020, DOTTIKON ES HOLDING AG has a participation of 49.7 percent in SYSTAG, System Technik AG

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	31.03.2019	31.03.2020
Markus Blocher, Wollerau ^A	71.7	71.8
Peter Grogg, Hergiswil NW ^B	7.0	7.0
Miriam Baumann, Rheinfelden	5.1	5.1
UBS Fund Management (Switzerland) AG, Basel	4.5	4.6

^A Holds 59.4% as of 31.03.2020 (31.03.2019: 54.4%) through EVOLMA Holding AG, Wollerau

^B Through Ingro Finanz AG, Bubendorf

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

Members of the Board of Directors, Advisory Board, Senior Management as well as their related parties hold the following registered shares of DOTTIKON ES HOLDING AG as of March 31, 2020 (previous year: March 31, 2019):

Participations of the members of the Board of Directors, Advisory Board, and Senior Management	Number of registered shares 31.03.2019	Number of registered shares 31.03.2020
Markus Blocher ^A Chairman of the Board of Directors CEO/Managing Director	912'973	914'212
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
Bernhard Urwyler ^B Advisory counselor non-executive	–	0
Marlene Born CFO	598	699
Karin Krause Head of Human Resources	66	122
Stephan Kirschbaum Head of Business Development	1'211	1'312
Max Bachmann ^C Head of Processes & Technologies	535	–
Urs Brändli ^D Head of Processes & Technologies	–	302
Thomas Rosatzin Head of Purchasing	187	246
Bruno Eugster Head of Production	434	527
Knut Hildebrandt Head of Quality Management	315	301
Total members of the Board of Directors, Advisory Board, and Senior Management	916'374	917'776

^A Holds 756'424 registered shares as of 31.03.2020 (31.03.2019: 691'733 registered shares) through EVOLMA Holding AG, Wollerau

^B As of March 2020; there were no participation positions to be disclosed as of March 31, 2019

^C Until December 2019; there are no participation positions to be disclosed as of March 31, 2020

^D As of January 2020; there were no participation positions to be disclosed as of March 31, 2019

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS OF DOTTIKON ES HOLDING AG					As of March 31, 2020
Name	Nationality	Born	Position	Title	Term of office
Markus Blocher	Swiss	1971	Chairman, executive ^A	Dipl. Chem. ETH, Dr. sc. nat. ETH	2010–2020
Thomas Früh	Swiss	1957	Deputy Chairman, non-executive	Dipl. Chem. ETH, Dr. sc. nat. ETH	2012–2020
Alfred Scheidegger	Swiss	1957	Member, non-executive	Dr. phil. II	2011–2020

^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
- President of the Foundation Board of the pension plan of DOTTIKON ES Group and of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG
- Chairman of the Board of Directors of frugan Holding AG as well as of its subsidiary Evide AG (formerly agrofrucht-Inn AG)
- Chairman of the Board of Directors of agrocult AG (until May 2019) and cultivport AG (until June 2019)

Thomas Früh

Professional background/career	
Since 2012	Deputy Chairman of the Board of Directors of DOTTIKON ES HOLDING AG
2012–2019 ^A	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

^A Until December 2019

Other activities and binding interests

- Member of the Board of Directors of Bachem Holding AG (as of April 2020)
- Chairman of the Board of Directors of MFC Beteiligungs AG (as of April 2020)
- President of the Foundation Board of the foundation SimplyScience
- Vice president of the business association scienceindustries
- Board member of Handelskammer beider Basel (HKBB)
- Until December 2019 Chairman of the Board of Directors of Bachem AG (Switzerland), Bachem Americas, Inc. (USA), Bachem (UK) Ltd., and of Bachem Japan K.K. (Japan)
- Until December 2019 Director of Bachem Distribution Services GmbH (Germany)

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 2019/20. 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.

Advisory counselor

As of March 1, 2020, DOTTIKON ES Group appointed Dr. Bernhard Urwyler as advisory counselor. Bernhard Urwyler holds a doctoral degree in chemistry and looks back on more than 30 years of experience in chemical development and production. He leads the chemical production unit of Syngenta CP Produktion Monthey SA, VS.

SENIOR MANAGEMENT

MEMBERS OF THE SENIOR MANAGEMENT OF DOTTIKON ES GROUP					As of March 31, 2020
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
Urs Brändli ^A	Swiss	1960	Head of Processes & Technologies ^B	Dipl. Chem. ETH, Dr. sc. nat. ETH	2020
Thomas Rosatzin	Swiss	1962	Head of Purchasing	Dipl. mikrobiol., Dr. sc. nat. ETH, MBA	2014
Bruno Eugster ^C	Swiss	1955	Head of Production	Chemiker HTL	1997
Knut Hildebrandt	German	1958	Head of Quality Management	Dipl. Chem., Dr. rer. nat.	1999

^A As of January 2020

^B Until December 2019 Max Bachmann

^C Until May 2020

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

- President of the Foundation Board of the pension plan of DOTTIKON ES Group and of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG
- Chairman of the Board of Directors of frugan Holding AG as well as of its subsidiary Evide AG (formerly agrofrucht-Inn AG)
- Chairman of the Board of Directors of agrocult AG (until May 2019) and cultivport AG (until June 2019)

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.

Urs Brändli

Professional background/career	
Since 2020 [^]	Head of Processes & Technologies of DOTTIKON ES Group
2003–2019	Head of Research & Development of today's DOTTIKON ES Group
1995–2003	Project Manager in Research & Development at today's DOTTIKON ES Group
1990–1995	Head of Laboratory in Research & Development at today's DOTTIKON ES Group

[^] As of January 2020

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG and DOTTIKON ES MANAGEMENT AG (as of January 2020)

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.

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

[^] Until May 2020

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG (until May 2020)
- Member of the Board of the Chamber of Aargauische Industrie- und Handelskammer (AIHK), therein president of the section Freiamt (until December 2019)
- 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

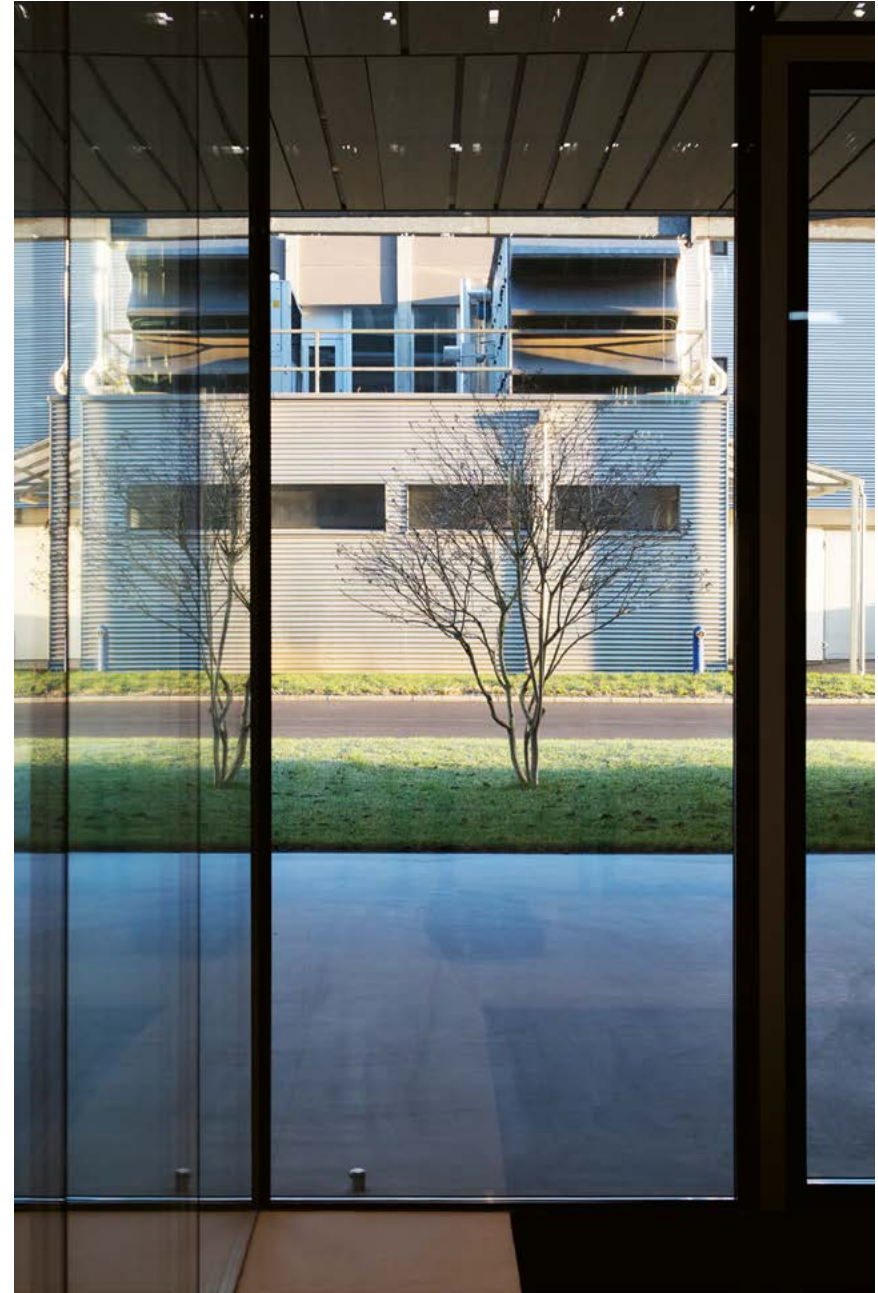
Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG

Changes in Senior Management in the reporting year 2019/20

On December 31, 2019, Max Bachmann handed over the Senior Management position of Head of Processes & Technologies to Urs Brändli upon reaching the official retirement age. Urs Brändli was appointed as member of the Senior Management and Head of Processes & Technologies on January 1, 2020. Max Bachmann will continue to actively support DOTTIKON ES Group in the current phase of growth and capacity expansion and will be responsible for Debottlenecking and New Production Facilities Projects.

Information regarding the person of Max Bachmann can be found in the Condensed Annual Report 2018/19 on pages 37 and 38, available under the following internet link https://dottikon.com/upload/PDF/Investors/Financial_Reports/EN/annual_report_2018_19.pdf.





Investor Relations

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

Issue Half-Year Report 2020/21
November 27, 2020

Issue Annual Report 2020/21
May 28, 2021

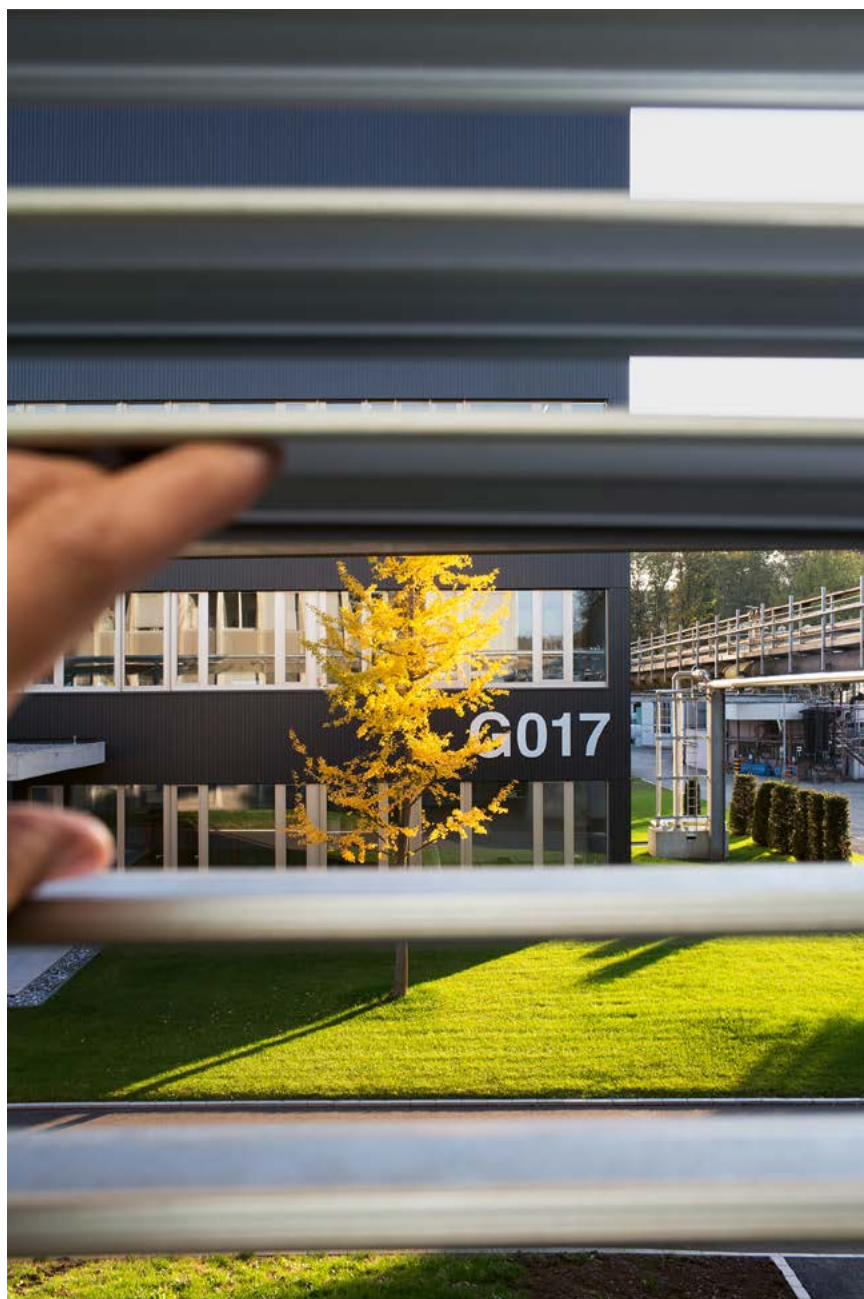
Annual General Meeting for the Business Year 2020/21
July 2, 2021

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

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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 Annual Report is available in German. Only the comprehensive German version submitted to the SIX Swiss Exchange is legally binding.

IMPRINT

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Anja Wille-Schori, Zurich
www.anjawille.com

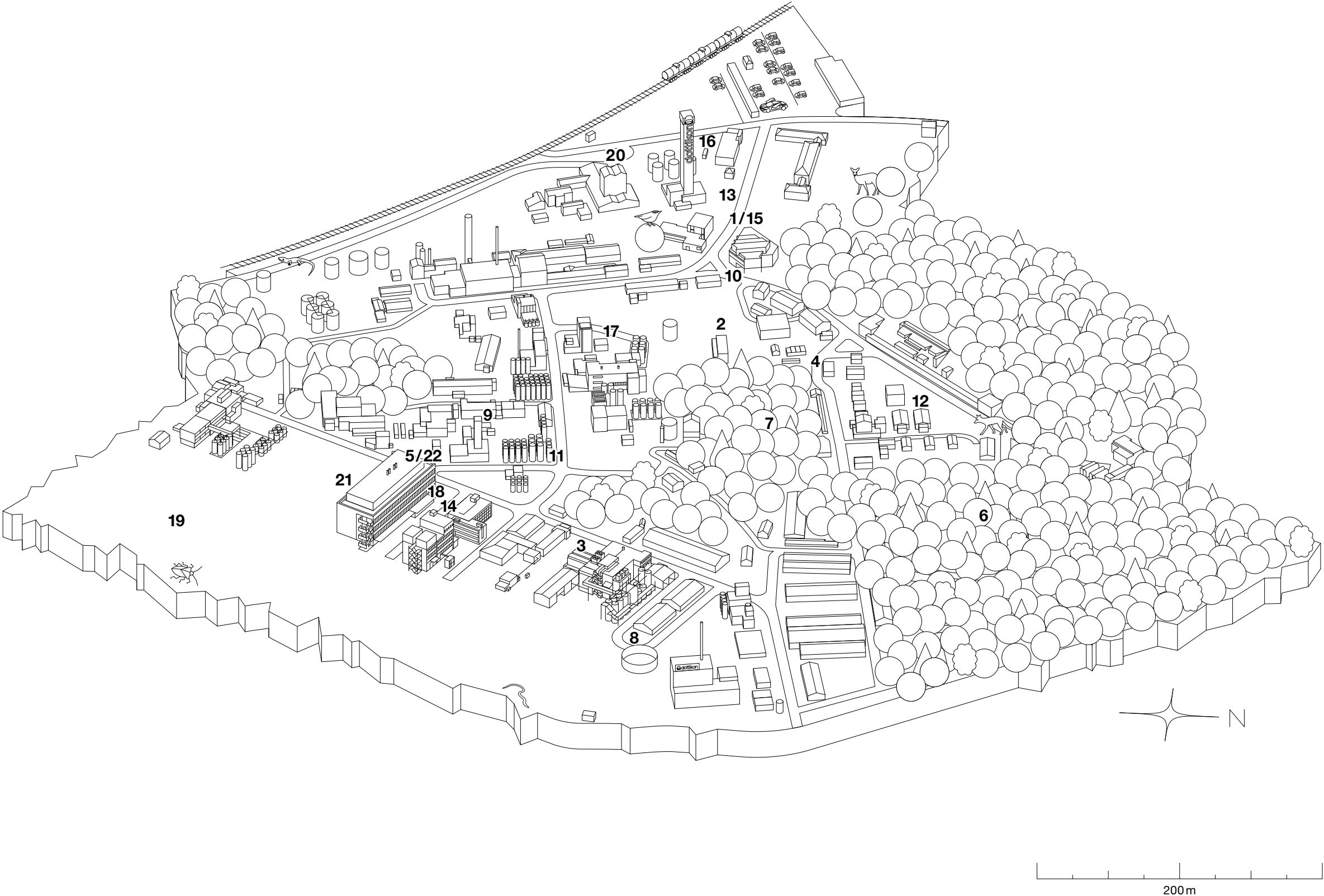
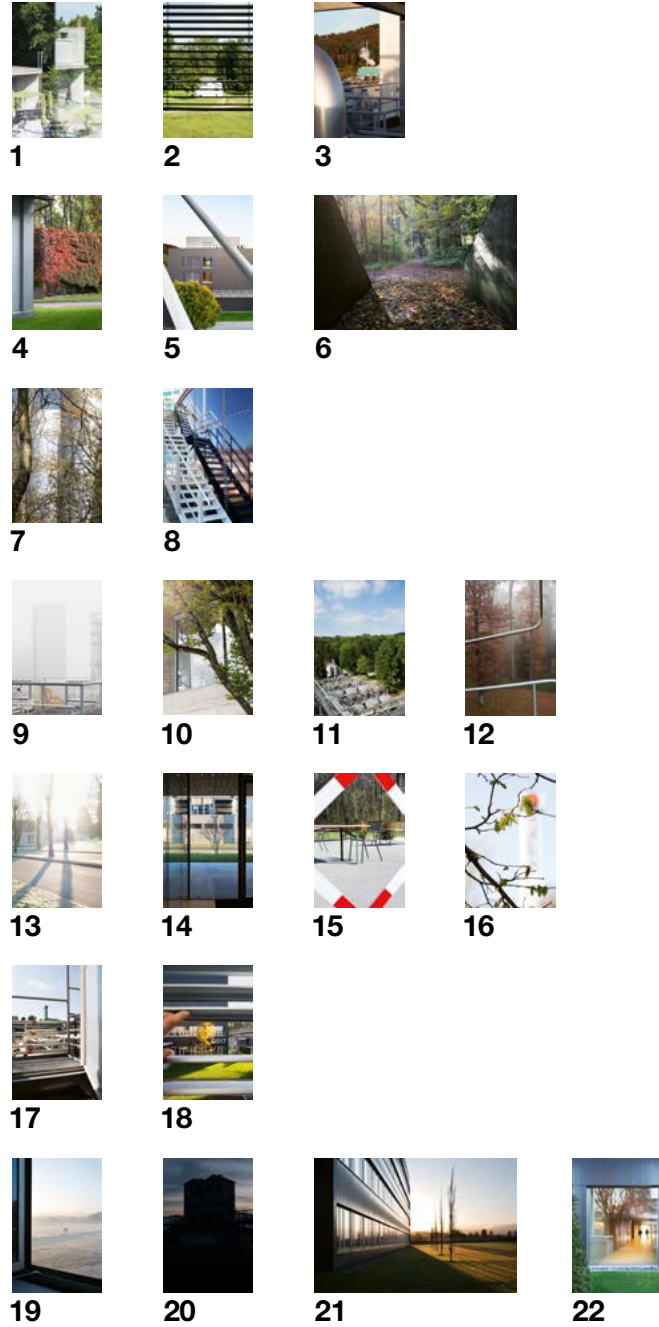
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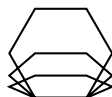






Schematic overview





Dottikon ES Holding AG

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