

# BACHEM

ANNUAL REPORT

20

23

# CHANGE AND CONTINUITY

Bachem is a leading, innovation-driven company specializing in the development and manufacture of peptides and oligonucleotides. The company, which has over 50 years of experience and expertise, provides products for research, clinical development, and commercial application to pharmaceutical and biotechnology companies worldwide and offers a comprehensive range of services. Bachem operates internationally with headquarters in Switzerland and locations in Europe, the US and Asia. The company is listed on the SIX Swiss Exchange. For further information, see:

[www.bachem.com](http://www.bachem.com)



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# WALKTHROUGH 2023



MARCH 3

## DIVERSIFICATION OF LARGE- SCALE CUSTOMER PORTFOLIO

Conclusion of a long-term framework agreement for a development project with peptides with a volume worth over CHF 500 million 2027–2031.



MARCH 7

## BUSINESS RESULTS: BACHEM ACHIEVES SOLID SALES GROWTH IN 2022

Sales increase by +5.7% year-on-year to CHF 531.7 million. EBITDA margin of 30.2%.



MARCH 10

## CAPITAL INCREASE

Raising of CHF 108.1 million in an accelerated bookbuilding process. The proceeds will be used to expand capacity at all locations.



APRIL 20

## ANNUAL GENERAL MEETING 2023

Dividend increased to CHF 0.75 per share. All proposals of the Board of Directors approved.



MAY 7

## TIDES USA

Presentations including the control of mutagenic and genotoxic substances in peptides and challenges for large-volume production of peptides.



JUNE 24

## BACHEM AT THE AMERICAN PEPTIDE SYMPOSIUM

The Vincent du Vigneaud Prize for outstanding peptide research goes to Marcey Waters and Helma Wennemers.



JULY 27

## SLIGHT SALES GROWTH IN THE FIRST HALF OF 2023

Group sales increase to CHF 239.9 million (+2.1%, +5.3% in local currencies). EBITDA margin of 21.9%.



SEPTEMBER 15

## BACHEM REORGANIZES RESPONSIBILITIES IN GROUP MANAGEMENT

CEO Thomas Meier takes on additional duties as Chief Operations Officer (COO) and has combined responsibility for the strategic and operational direction of production.



OCTOBER 24

## BACHEM AT THE CPHI TRADE FAIR IN BARCELONA

Bachem presents solutions for scalable oligonucleotide production and oligonucleotide quality control.

# LETTER TO SHAREHOLDERS

## DEAR SHAREHOLDERS

**In 2023, Bachem increased sales by 8.6% to CHF 577.3 million. Profit at EBITDA level rose by 3.9% to CHF 166.7 million with a margin of 28.9%. If one takes into account the influence of the strong Swiss Franc, sales even grew by 12.8% and the EBITDA-margin was at 30.5%.**

Bachem has thus delivered a good annual result. The Board of Directors will propose to the Annual General Meeting that the dividend be increased by CHF 0.05 to CHF 0.80 per share.

As a specialist in peptides and oligonucleotides, Bachem is a leading supplier of complex molecules. In this space, a paradigm shift is taking place. For a long time, peptides were a niche product compared to other classes of active pharmaceutical ingredients. In the future, the top-selling pharmaceutical products worldwide will be based on peptides. This will lead to larger and longer term order volumes, a trend that continued in 2023. We announced a second significant order for peptides in March.

Bachem is expanding and driving changes within the company to accommodate this shift. A key priority is the construction of the world's most modern plant for the production of high volumes of peptides and oligonucleotides (building "K") in Bubendorf. This new plant is scheduled to go into operation in the second half of 2024 and will be subsequently further expanded.

However, more capacity alone is not enough. The new world of large-scale production also requires additional processes and skills.

Bachem was able to achieve this growth last year thanks to improved capacity utilization of existing plants and, above all, the enormous commitment of its employees. We would like to thank our more than 2 000 employees for this!

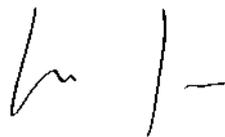
The year also brought challenges. The organization had to be adjusted in the USA, particularly at the Torrance site, which led to redundancies. In Vionnaz, a fire in November led to temporary restrictions on small molecule production, luckily without any serious injuries.

The long-term strategy remains unchanged. Bachem has set itself the goal of remaining one of the leading companies for peptides and oligonucleotides, both in large-volume production and in the clinical development business. In order to remain competitive in the long term, Bachem also intends to defend a leading position in the industry in the production technology for TIDES molecules.

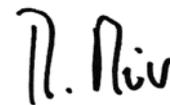
Thanks to a strong market environment and our capacity expansion, we see the potential to reach one billion in sales by 2026 with an EBITDA margin of over 30%.

We are approaching 2024 confidently, building on our leading expertise and our highly motivated employees.

We would like to thank you, dear shareholders, for your trust and support.



**Dr. Kuno Sommer**  
Chairman  
of the Board of Directors



**Thomas Meier**  
CEO and Chairman of the  
Group Executive Board

# CORPORATE EXECUTIVE COMMITTEE



**Dr. Günther Loidl**  
Chief Technology Officer (CTO)

**Alain Schaffter**  
Chief Financial Officer (CFO)

**Dr. Torsten Wöhr**  
Chief Commercial Officer (CCO)

**Thomas Meier**  
Chief Executive Officer (CEO)  
Chief Operations Officer (COO)

# MARKET ENVIRONMENT AND TRENDS



**Global demand for peptides and oligonucleotides (TIDES) by the pharmaceutical and biotechnology industry continues to grow. In 2023, the main headlines were captured by a new generation of medicinal products for diabetes and obesity. However, the role of chemically synthesized peptides and oligonucleotides is much bigger than this.**

## **Complex “TIDES” molecules: from niche modality to mainstream**

Suppliers to pharmaceutical and biotechnology companies – CDMOs (Contract Development & Manufacturing Organizations) – are becoming more critical. In particular, the complex production of peptides and oligonucleotides favors specialized companies such as Bachem, which build customer relationships in early clinical development phases and accompany and support customers in all aspects of the development and approval process. This often allows the customer relationship to continue after a drug’s approval.

## **Spotlight on GLP-1 drugs in Diabetes and Obesity**

Over one billion people suffer from obesity and over 530 million from diabetes worldwide, according to the WHO.

Both are chronic diseases that can lead to serious health complications, including heart disease, stroke, blindness, and kidney failure. The burden of disease for these conditions is high across the world, as is the cost of diabetes and obesity and the related complications to society.

A new generation of medicines, based on peptides are becoming available to treat diabetes and obesity. The use of glucagon-like peptide 1 (GLP-1) agonists in diabetes and obesity are major drivers of growth in the market for peptides. 2023 saw additional approvals for these drugs, as well as announcements by both originator pharma companies and pharma suppliers to ramp up manufacturing capabilities.

## **Beyond GLP-1**

The growth of GLP-1 is putting the spotlight on the need for larger manufacturing volumes for peptides. This development adds to a trend with biopharma companies increasingly leveraging suppliers for the manufacture of drug product, even when partial in-house production is maintained.

The demand for synthetically (i.e., chemically) produced peptides continues to grow strongly. However, other factors are also shaping the market:

## **GROWTH TRENDS FOR TIDES**

**MORE COMPLEX MOLECULES**

**LARGER PRODUCTION VOLUMES**

**INNOVATIONS IN CHEMICAL SYNTHESIS**

**NEW MEDICAL APPLICATIONS**

- The trend towards larger manufacturing volumes is fueled by oral dosage forms that require more active ingredient quantities.
- Cost-effective chemical manufacturing is now available for molecules that could previously only be made recombinantly. These include several generics that promise expanded access to peptide-based medicines.
- Peptides are being used in new therapeutic indications areas.

With these driving forces, the global peptide API market is estimated to be CHF 1.6 billion, with over 1,100 pharma peptide projects worldwide. Currently, there are an estimated 83 marketed peptides in the world.

The global oligo API market is estimated to be CHF 1.3 billion, with 18 approved oligos globally and numerous recent and emerging new indications, such as psoriasis, polycythemia vera, IBD, and CV diseases. The potential application areas for oligonucleotides are therefore growing, as well – both in their use against rare diseases and in common diseases.

### Macroeconomic challenges

Overall, the market for complex “TIDES” molecules is a growing and dynamic market with significant upside potential. However, there are also a number of challenges that companies need to navigate in order to be successful.

The CDMO market is not free from risk and 2023 did highlight some. For one, the need to increase volumes requires high level of capital, which means being able to secure customer trust for pre-payments in strained financial markets.

In addition, higher interest rates have made it more difficult for small biotech companies to receive funding, with fewer early-stage projects and less opportunity for small-scale manufacturing.

### A space for specialists with resilience

So what do companies need to succeed in this environment?

- Smart portfolio selection, with expertise in identifying the right molecules.
- Focus on TIDES expertise, with people-based know-in chemical synthesis of these complex molecules.
- Large-scale transformation and sufficient portfolio expansion.
- Solid financing, favouring well-leveraged companies with enough stability and long-term resilience.



The high degree of complexity of TIDES requires specialized and rare knowledge of chemistry and technology that needs to be maintained.

# VISION, MISSION AND STRATEGIC FOUNDATIONS

**We are convinced that the role of TIDES as ingredients for medicines will grow in significance in the years ahead. Our products and services can positively impact patients' lives by helping to bring new and innovative therapies to market.**

Bachem offers a differentiated value proposition that addresses pharma and biotech companies' unique needs in developing and manufacturing peptides and oligonucleotides.

In the world of active pharmaceutical ingredients, peptides and oligonucleotides, also known as TIDES, play a special role between chemically produced "small molecules" and biotechnologically produced "large molecules". They can be produced chemically, but require specialized knowledge in production and purification due to their complexity and molecular mass.

Our vision is clear: we want to remain the world's leading company in the development and production of peptides and oligonucleotides.

Our mission is to continue to develop our company as the world's leading specialist for peptides and oligonu-

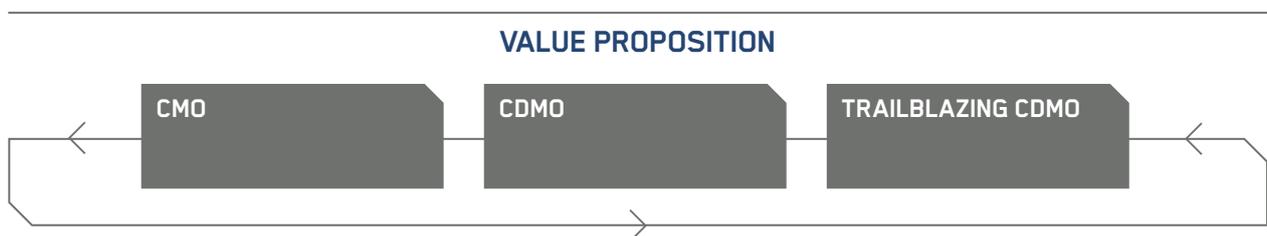
cleotides. We are working towards a turnover of more than one billion Swiss francs and high profitability and want to maintain an unsurpassed position in our market.

Bachem's focus is to be the supplier in this class of API that best covers the entire spectrum of contract development and manufacturing (CDMO) for the pharma and biotech industry. By combining all three segments, pharmaceutical and biotech companies can take advantage of Bachem's expertise.

Our offer covers three areas:

- Production of large quantities of standardized active pharmaceutical ingredients (APIs) according to the customer's exact process specifications **(CMO)**.
- Services and manufacturing for customers conducting clinical trials prior to regulatory approval **(CDMO)**.
- Pioneering role in the development and use of new manufacturing technologies that increase efficiency and production yields **(trailblazing CDMO)**

Bachem has identified five strategic foundations in order to remain a leader. The combination of these foundations sets us apart from our competitors.



STRATEGIC FOUNDATIONS



**People and Culture**

The production of peptides and oligonucleotides thrives on the expertise within the company. Bachem has the world’s largest team of specialists in TIDES (PepTIDES and OligonucleoTIDES). We retain top talent and continuously recruit new talent to maintain this competitive advantage.

**Innovation and technology**

Bachem is a technology leader in the production of TIDES. We combine our expertise in chemical synthesis with modern process technology. We are increasingly relying on automation, making production steps more efficient and thus setting new standards throughout the industry. In doing so, we build on a culture that is open to change.

**Sustainability**

Together with our customers, we enable medical progress: our products and services make an important contribution to society. Responsibility for employees, society, and the environment are deeply rooted at Bachem: As an employer and through vocational training, we assume corporate responsibility at our sites. In addition, we have set ourselves climate protection targets and strive for diversity in our workforce. For us, ethical conduct is the essential prerequisite for entrepreneurial action.

**Customer focus and service**

We want our customers to have a consistently positive experience with Bachem, whether they are large corporations or specialized companies and regardless of where they are in the world. Customers value our expertise, from developing and producing peptides and oligonucleotides to handling complex regulatory dossiers. We stand for trusting, long-term partnerships.

**Operational excellence and quality**

Bachem stands for efficiency and quality. When expanding our capacities, we balance long-term plans against efficiency and profitability. The pharmaceutical and biotechnology industries demand high production and quality standards – our top priorities.

# 2023 IN BRIEF

**SALES GROWTH**  
in CHF million

**+45.6**

**EBITDA MARGIN**  
in percent

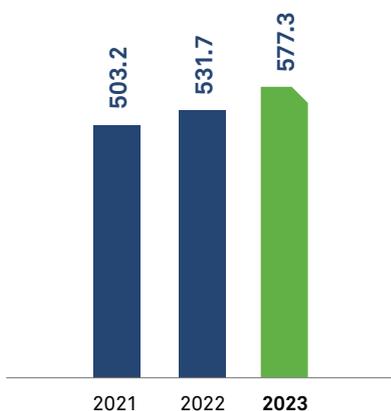
**28.9**

**EARNINGS  
PER SHARE**  
in CHF

**1.50**

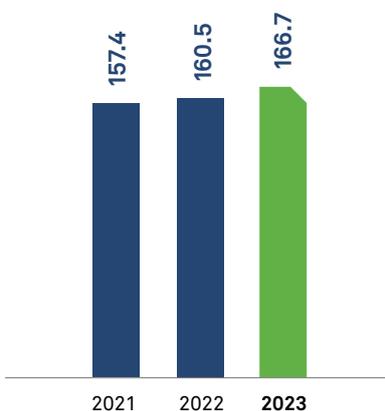
## SALES

in CHF million



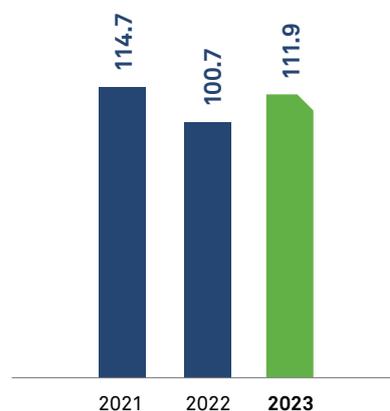
## EBITDA

in CHF million



## NET INCOME

in CHF million



	2023	2022	Changes in	
			CHF	LC
Sales (in CHF million)	577.3	531.7	+ 8.6%	+ 12.8%
EBITDA (in CHF million)	166.7	160.5	+ 3.9%	+ 13.9%
EBITDA margin	28.9%	30.2%		
EBIT (in CHF million)	129.4	127.2	+ 1.7%	+ 14.1%
EBIT margin	22.4%	23.9%		
Net income (in CHF million)	111.9	100.7	+ 11.1%	
Net income margin	19.4%	18.9%		
Earnings per share (in CHF)	1.50	1.37	+ 9.7%	
Cash flow from operating activities (in CHF million)	249.9	92.6	+ 169.7%	
Return on equity	9.0%	8.8%		
Number of employees (in full-time equivalents)	2 006	1 776		
Sales per employee <sup>1</sup> (in CHF)	312 000	319 000		

<sup>1</sup> Basis: average full-time equivalents excluding apprentices.

## SITES

**1**  
**TORRANCE**  
USA

Acquired 1996  
API development  
and production  
GMP-site  
183 employees

**2**  
**VISTA**  
USA

Acquired 2015  
API development  
and production  
GMP-site  
126 employees

**3**  
**BUBENDORF**  
CH

Founded 1971  
Bachem  
Headquarters  
GMP-site  
1 588 employees

**4**  
**VIONNAZ**  
CH

Acquired 2001  
Small Molecule  
API  
GMP-site  
132 employees

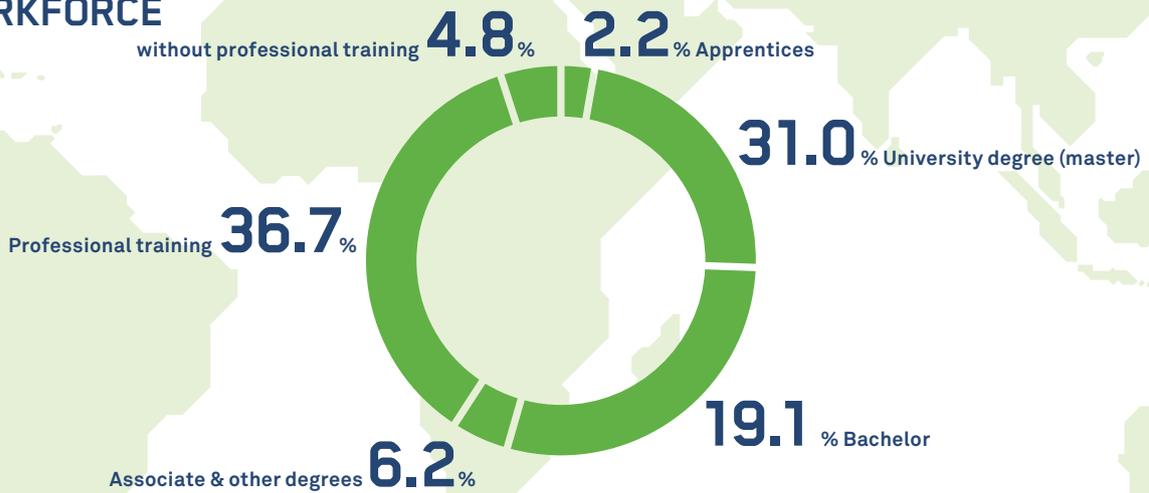
**5**  
**ST. HELENS**  
UK

Acquired 1999  
Center of Excellence  
Research &  
Specialties  
ISO13485  
certified  
46 employees

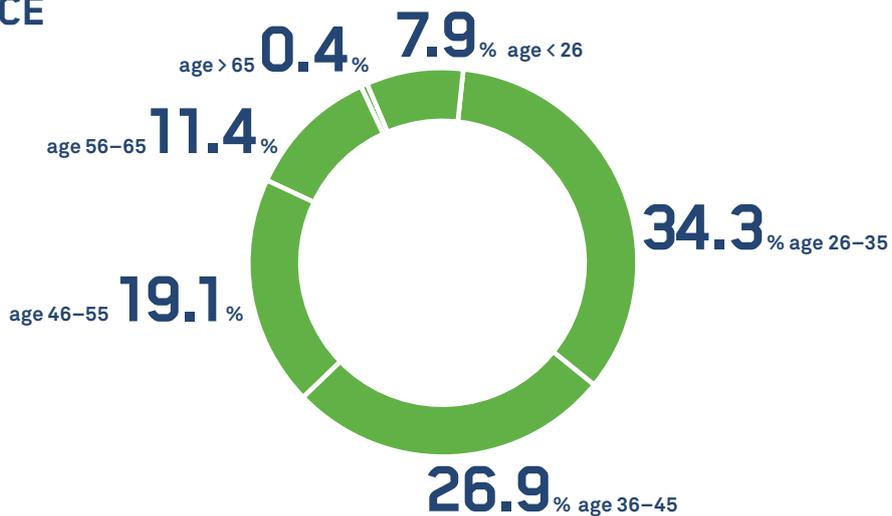
**6**  
**TOKYO**  
Japan

Founded 2018  
Sales for Asia  
3 employees

## EDUCATION OF WORKFORCE



## AGE OF WORKFORCE



# GROUP RESULTS

**Bachem achieved a good result in 2023 and can report higher sales and strong profitability. The expansion of capacity, the conclusion of major long-term contracts and the integration of many new employees also shaped the year and placed high demands on the team. Bachem is developing rapidly.**

## Sales

The Bachem Group (SIX: BANB) increased sales in Swiss francs by 8.6% to CHF 577.3 million in 2023. In local currencies, sales increased by 12.8%. The second half of the year saw an increase of sales by 13.7% compared to the second half of last year, from CHF 296.9 million to CHF 337.5 million.

## DYNAMIC SECOND HALF

### Profit development

Bachem is undergoing a transformation, as the organization both adapts to the growth of the past years while preparing to enter the production of active ingredients on a ton scale. This also includes expanding the workforce, particularly during the first half of 2023. The corresponding expenses have a temporary impact on the development of the margin.

Operating income before depreciation and amortization (EBITDA) increased by 3.9% to CHF 166.7 million (local currencies: +13.9%). This results in an EBITDA margin of 28.9% (2022: 30.2%). In local currencies the EBITDA-margin was 30.5%.

Operating income (EBIT) rose by 1.7% to CHF 129.4 million (local currencies: +14.1%).

The EBIT margin in the reporting year was reduced to 22.4% (2022: 23.9%), primarily due to increased depreciation and amortization resulting from the commissioning of investments.

Net income is CHF 111.9 million (+11.1%) with a margin of 19.4% (2022: 18.9%).

Due to one-time payments resulting from efficiency measures at the US sites in the first half year, the income statement lists one-time costs of CHF 1.5 million. Adjusted for these one-time costs, EBITDA is CHF 168.2 million and the EBITDA margin is 29.1%.

### Cost structure

Gross profit could be increased to CHF 177.0 million in the reporting year (2022: CHF 171.3 million) and amounts to 30.7% of sales (2022: 32.2%). The strong Swiss franc had a significant impact in lowering the gross profit margin and could only partially be compensated by cost-containment measures. A different product mix as well as

higher input costs also added to a slightly reduced margin.

## STRONG SWISS FRANC

Marketing and sales costs amounted to CHF 18.0 million (2022: CHF 18.8 million) and decreased from 3.5% to 3.1% of sales. The decreased costs are due to efficiently implemented focus on core topics and more targeted participation in congresses, as well as the associated travel expenses.

Research and development costs increased to CHF 11.0 million (2022: CHF 7.2 million), representing 1.9% of sales (2022: 1.4%). Further investments are to be made in this area in the future in order to further expand Bachem's technology leadership.

General administrative costs of CHF 19.4 million (2022: CHF 19.0 million) sank as a percentage of sales from 3.6% to 3.4%. Higher costs were incurred among other things due to the ongoing expansion of functions to manage a larger organization.

Overall, cost development in the future will continue to follow the needs of long-term company growth.

### Negative contribution from the financial result

The financial result in the reporting year shows a net loss of CHF 4.7 million (2022: net loss CHF 15.2 million). Securities contributed

a net gain of CHF 0.6 million (2022: net loss CHF 13.2 million). In addition, CHF 1.7 million could be generated as interest on cash and cash equivalents.

After a foreign exchange loss of CHF 1.3 million was reported the last year, this loss amounted to CHF 6.6 million in the reporting period. The foreign exchange loss was significantly influenced at the balance sheet date of US dollar loans granted to subsidiaries by the holding company.

### Extraordinary loss

On November 21, 2023, a fire broke out on the production site in Vionnaz in the canton of Valais. This resulted in property damage to the building, installations and laboratory equipment and the business was partially interrupted. As at the reporting date, the investigations and analyses had not yet been completed. This event resulted in a net loss of CHF 0.5 million in the 2023 financial statements.

### Further reduction in tax rate

Income tax expenses amounted to CHF 12.3 million, resulting in a Group-wide tax rate of 9.9% (2022: CHF 11.4 million or 10.2%). The tax rate decreased compared to the prior year as a consequence of higher profits in countries with lower tax rates.

In the prior period, the tax authorities made the final assessment of the tax treatment of new tax instruments related to the Swiss tax reform, which were claimed for

the years 2020 and 2021. This led to a reduction in tax liabilities of CHF 1.9 million, which was recorded affecting net income.

## SOLID FINANCING

### Equity and liabilities

Equity as of December 31, 2023, is CHF 1 321 million (December 31, 2022: CHF 1 170 million), the equity ratio is 78.5% (previous year: 84.5%). The reduction in the equity ratio is due to the sharp increase in total assets, driven by the expansion and growth. As last year, there are no outstanding loans as of December 31, 2023.

On March 10, 2023, Bachem could secure a net cash inflow (after deduction of transaction costs) of CHF 105.9 million through a capital increase by means of an accelerated bookbuilding process. In the process, 1 250 000 new shares with a nominal value of CHF 0.01 each were issued. Bachem's share capital is now CHF 750 000 (previously: CHF 737 500). The new shares were listed and admitted to trading on the SIX Swiss Exchange on March 13, 2023.

### Cash flow

In 2023, cash flow from operating activities before changes in net working capital amounted to CHF 313.0 million, an increase of around 95% (2022: CHF 160.6 million). This increase is primarily due to non-current prepayments from customers for future deliveries and services, which amounted to CHF

145.6 million in the reporting year (2022: none). These prepayments were used in order to finance the large investments into capacity expansion and net working capital.

Net working capital increased by CHF 63.2 million (2022: increase by CHF 67.9 million). This increase was mainly influenced by the growth-related increase in trade receivables in the amount of CHF 9.7 million and an inventory build-up of CHF 38.1 million, intended to ensure future production and timely deliveries to customers. In addition, the first receivables from the insurance company resulting from the fire at the Vionnaz plant were recognized.

As a result, operating cash flow was CHF 249.9 million in the reporting year (2022: CHF 92.6 million).

Within the context of capacity expansion and for ongoing investments, cash and cash equivalents of CHF 268.4 million were used (2022: CHF 142.3 million).

In order to finance investments Bachem sold securities in the amount of CHF 94.9 million during the reporting period. A gross total of CHF 56.2 million was distributed as dividends.

The increase in cash and cash equivalents in the financial year amounted to CHF 126.3 million (2022: increase CHF 57.7 million); thus, the balance as of December 31, 2023 amounts to CHF 157.7 million (December 31, 2022: CHF 31.5 million).

### Planned dividend increase

In 2023, earnings per share (EPS) increased from CHF 1.37 to CHF 1.50. The Board of Directors will propose to the Annual General Meeting in April 2024 to increase the dividend to CHF 0.80 per share (previous year: CHF 0.75). Half of the distribution is to be made from reserves from capital contribution.

### Outlook

For 2024 Bachem expects growth in local currencies in the mid- to high-single-digit percentage range. The EBITDA-margin in local currencies should remain stable compared to the previous year. For 2026, the company aims for annual sales of more than CHF 1 billion and an EBITDA margin of over 30%.



**Strong profitability secures the company's future – the Bubendorf site is currently undergoing significant expansion.**

# INNOVATION AND TECHNOLOGY

**The chemical manufacturing of TIDES active ingredients is undergoing a fundamental change. Larger volumes require more efficient and environmentally friendly production processes. As a TIDES expert, Bachem is committed to innovation to remain a global leader.**

#### **Optimizing the use of starting materials and solvents**

While the focus of production used to be on low kilogram quantities, the demand for active ingredients is increasing rapidly today. This poses major challenges for manufacturing technology and the materials used. In addition, pharmaceutical companies increasingly expect sustainable manufacturing processes that reduce the ecological footprint of production.

#### **TIDES technology and process research at Bachem**

Bachem is constantly investing in the development of new technologies to reduce the use of solvents and improve product yield. This brings environmental, economic and social benefits and contributes to Bachem's long-term competitiveness.

Technologies developed with partners include **continuous chromatography**, which eliminates time-consuming manual process steps and solvents, **molecular hiving**, which also uses smaller amounts of solvent, and **chemo-enzymatic peptide synthesis (CEPS)** for more complex peptide chains.

The protection of technology through patents is becoming more important. In some cases, Bachem holds its own intellectual property in the innovations or is the first user of new partner technologies.

In 2023, Bachem invested around CHF 11.0 million in its own research activities across 40 projects, 17 of which were in partnerships.

#### **Stirred-bed technology for oligonucleotides**

With more than one hundred oligonucleotides in advanced clinical trials, a potential metric ton demand for certain products is expected.

Conventional solid phase oligonucleotide synthesis cannot easily fulfil this demand. Stirred-bed technology merges proven approaches from peptide manufacturing with new chemical adaptations. This allows for seamless, highly scalable production of oligonucleotides that delivers homogeneous material on a ton scale and reduces the amount of solvent required.

## **INCREASED DEMAND REQUIRES INNOVATIVE SOLUTIONS**

#### **Innovation management at Bachem**

Innovation management at Bachem encompasses all business units. The most important basis for innovation is a positive corporate culture that is open to change. All Bachem employees should develop new ideas that are of benefit to the company and Bachem's customers. The innovation management system is based on three pillars: improvements in production technology, improvement of business processes, and broad, continuous improvements in all business areas. The best innovations are awarded annual prizes at Bachem.

# CUSTOMERS AND PIPELINE

**In 2023, growth was driven by the CMC Development product category and commercial peptides.**

## Product categories

Bachem's sales are divided into three product categories:

“Research & Specialties” includes the catalog business, the custom synthesis business for universities or research departments of pharmaceutical companies and products for specific applications, including cosmetics, diagnostics, and excipients in formulations or process aids.

The category “CMC Development” (“Chemical Manufacturing and Controls”) includes products that are in clinical development. Customers are mainly pharmaceutical and biotech companies. Bachem offers a great deal of experience in dealing with the approval process for active ingredients and a high degree of flexibility and willingness to provide services, as well as intensive project management with experienced project managers.

“Commercial API” includes both patent-protected NCEs and generic active ingredients without patent protection. For products with marketing authorization, the focus is on cost-effective, volume-based, and reliable manufacturing. The transition requires careful and long-term planning. Long-term supply contracts usually govern purchase volumes, prices, and other commitments.

## Sales by product category

Bachem achieved sales of CHF 309.0 million (2022: CHF 298.8 million, +3.4%) with commercial active ingredients. A decline in sales of commercial oligonucleotide products was successfully compensated for by growth in patented and generic peptides.

In the clinical medicines category (CMC Development), sales increased to CHF 227.5 million (2022: CHF 185.8 million, +22.4%) driven by strong peptide – as well as oligonucleotide-based development projects.

Due to the high demand for production capacity for active pharmaceutical ingredients, non-medical projects with small peptide volumes were temporarily not prioritized. Business with research chemicals and specialty products (Research & Specialties) therefore declined to CHF 40.8 million (2022: CHF 47.1 million, –13.5%).

## Pipeline

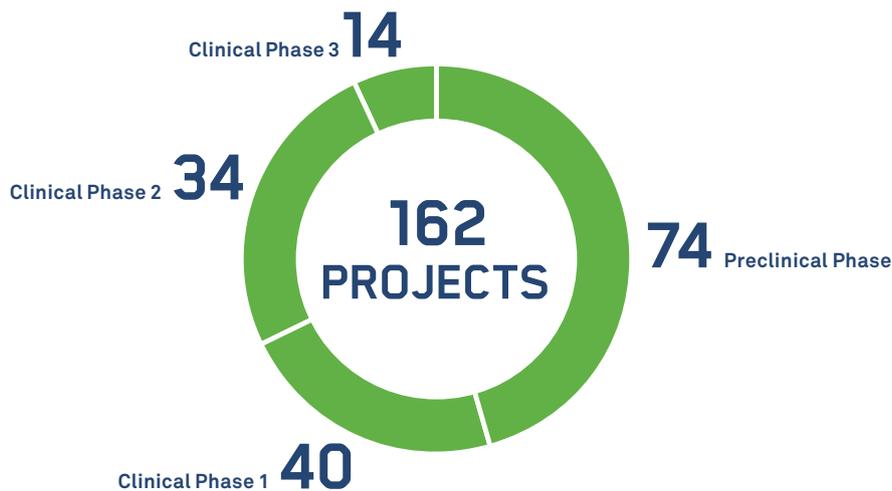
In its pipeline of customer projects in clinical and pre-clinical development, the quality of pipeline projects matters more to Bachem than the number of projects. Financing challenges at smaller biotech companies have led to a certain streamlining of the pipeline, particularly for projects in the preclinical and early clinical phase.



**A close dialog with customers from the pharmaceutical and biotech industry is essential for the success of projects.**

## ROBUST PROJECT PIPELINE

Projects with New Chemical Entities – NCE



The pipeline is broadly diversified across therapeutic areas and includes projects from the fields of metabolic diseases, oncology, neuroscience, inflammatory diseases and infectious diseases, as well as other therapeutic areas.

Bachem is also developing various generic peptide active ingredients that can be produced in stock and supplied to generics companies in the event of patent expiry.

### Long-term supply contracts

Bachem has publicly disclosed two long-term large volume contracts for peptides. Peptide customer “A” will be supplied with increasing quantities of material from 2023 and has ordered volumes worth around CHF 1 billion for the period 2025–2029.

Peptide customer “B” is already cooperating with Bachem as part of a clinical development project. The potential order volume in the event of commercialization is over CHF 500 million for the period 2027–2031.

An additional long-term project is a development partnership with the company Eli Lilly in oligonucleotides, which has the potential to reach around CHF 100 million by 2029.

### Growth by region

Broken down by sales region, the Europe/Asia region generated CHF 362.2 million. (2022: CHF 316.4 million, +14.4%). The North America region accounted for CHF 215.2 million in sales (2022: CHF 215.3 million, –0.1%).

# OPERATIONS AND CAPACITY EXPANSION

**The growing demand for peptides and oligonucleotides requires Bachem to make a clear commitment to expanding its manufacturing capacities. The pharmaceutical and biotechnology industry also demands strict production standards and impeccable quality, and Bachem is committed to this throughout the entire production chain.**

## **Strategy**

Bachem invested CHF 269 million in the entire production network in 2023 with a focus here on building capacity for larger volumes of TIDES.

In 2023, Bachem's management adopted an internal strategy for the entire GMP production network in order to further develop the capacities of the individual sites in line with each other and with customer requirements.

## **Building K**

The world's leading center for TIDES is being further expanded in Bubendorf with Building K. While the original plans for the building focused on multi-functional systems for medium-sized projects, the specifications were adapted to high-volume production during the construction phase in order to better meet customer requirements.

The first manufacturing lines in Bachem's largest and most complex production building to date are scheduled to go into operation in the course of the second half of 2024. The building will then be expanded on a modular basis, so that the production capacities in Bubendorf will more than double in the final expansion phase.

## **Further expansion in Bubendorf**

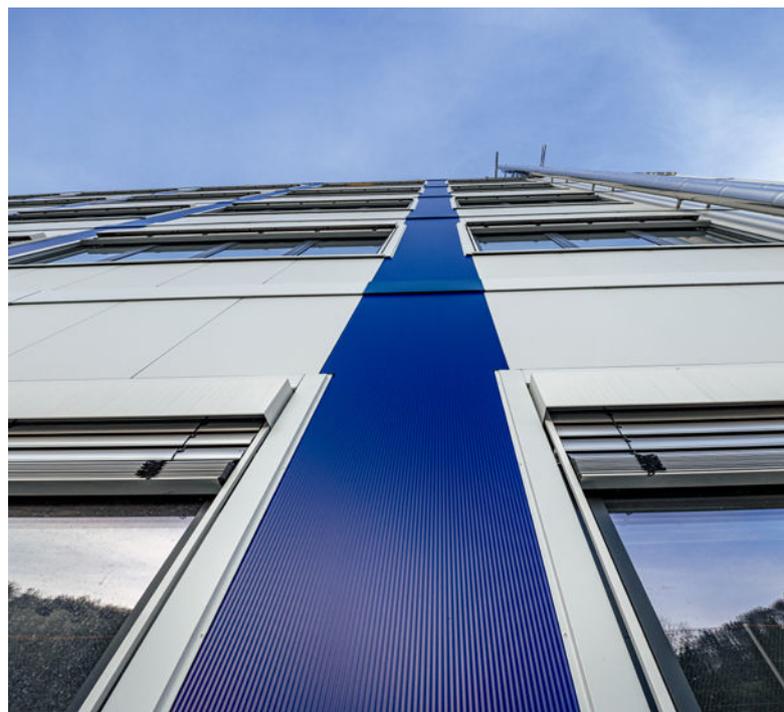
In addition to Building K, additional systems are being installed in Building G in Bubendorf, which can also be used for larger commercial projects. These will create

additional flexibility for the transitional phase before Building K goes into operation, particularly for supplying Bachem's strategic key accounts. A 24/7 shift system was introduced on heavily used equipment in order to optimize capacity utilization.

Further investments in Bubendorf also serve Bachem's strategy of remaining an attractive employer. In 2023, for example, a new office building was opened with open-plan work and meeting rooms, a modern canteen and daycare space and parking facilities were expanded.

## **Sisslerfeld**

Sisslerfeld (municipality of Eiken, canton of Aargau), a new production site is to go into operation by the end of the decade. With a total area of up to 155,000 m<sup>2</sup>,



**Building K in Bubendorf is Bachem's largest expansion project and will double the capacity in Bubendorf when completed.**



**The Sisslerfeld site offers sufficient space to meet the long-term demand for TIDES production.**

the site offers adequate space for further long-term expansion of the Bachem Group's production capacity.

Bachem is acquiring the land in stages. The second portion of land was purchased in 2023 and the legal entity "Bachem Sisslerfeld" was created. This also enabled the development plan for the site to be submitted to the authorities at the end of the year.

### **Vionnaz**

The Vionnaz site produces amino acid derivatives (AADs), which are used as precursors for the production of peptides at other sites. The site also produces some small molecules for generics customers.

On November 21, a fire broke out in a production building. One person was slightly injured, the surrounding population and environment were not affected. An internal and official investigation was initiated. Production was partially resumed from January 2024. In view of strong inventories, the market situation and alternative purchasing options for AADs, Bachem therefore does not expect any significant commercial impact.

### **USA**

Due to changes in Bachem's portfolio, a reorganization took place at the US locations in the first half of the year. This included a reduction of around 50 jobs, primarily in Torrance. Both sites in Torrance and Vista will continue to be developed as important plants in the production network.

In Vista, capacity for medium and larger production volumes is being expanded, partly in order to serve larger customer projects in conjunction with Bubendorf. In Torrance, on the other hand, the site will focus on promising small scale and development projects and modernizing the facilities.

### **Quality**

A high standard of quality is essential for Bachem, customers, regulatory authorities and, last but not least, patients as end consumers.

In 2023, a total of three regulatory standard inspections at Bachem GMP production sites were carried out by health authorities without any critical observations.

Due to the increased network-character of the sites, Bachem is also further developing its quality units. Among other things, a Group Quality organization was founded to successfully exchange practices between sites and to pay greater attention to cross-group quality standards.

# SUSTAINABILITY REPORT

**Bachem took additional significant steps towards even more sustainable corporate management in 2023. Progress was made on the planned measures to achieve our global targets in occupational safety, diversity at work, energy use, and greenhouse gas emissions.**

All locations were included in the calculation of Scope 3 GHG emissions, with the aim of pursuing a reduction path in this area in the future. The Human Rights Due Diligence (HRDD) was also revised in the reporting year, whereby the entire value chain was screened for possible violations of human rights.

### Values, Goals and Progress

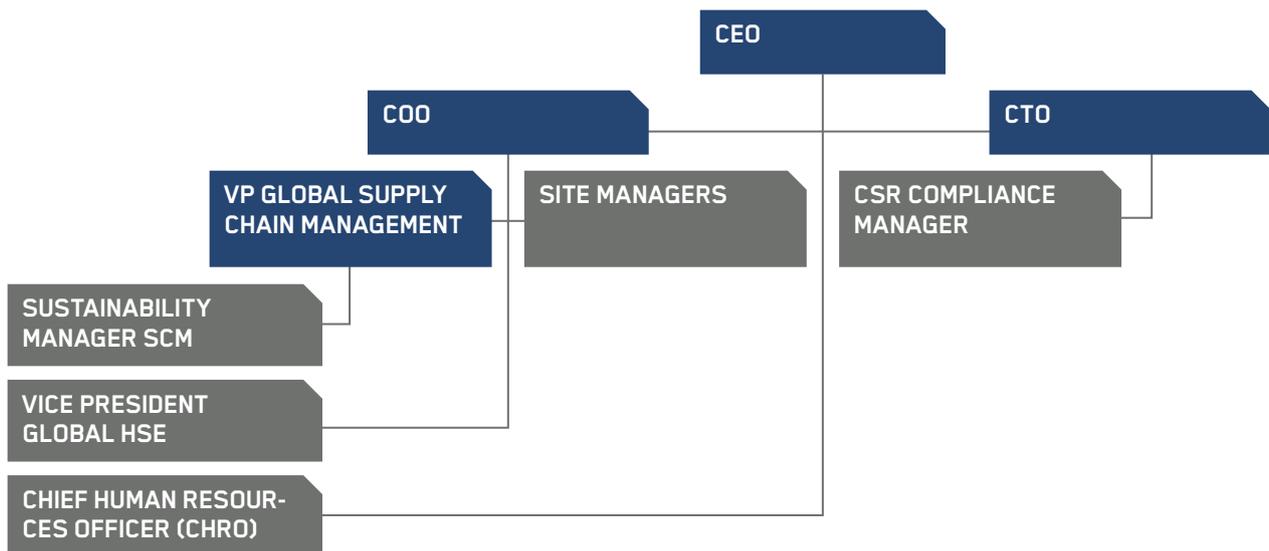
Bachem assumes responsibility towards its customers, employees, society, and the environment. The company

continuously monitors and improves its social, economic, and environmental performance. We believe that ethically correct behavior and integrity are essential for long-term business success, which is why sustainability is one of our five strategic priorities.

Our CSR Bachem Management System is based on an in-depth materiality analysis conducted based on the standard “GRI 3: Material Topics 2021,” and the United Nations Sustainable Development Goals (SDGs) most relevant to our business. In the fourth Group-wide assessment of our sustainability performance by EcoVadis, we were once again able to increase the score, but were awarded a gold medal instead of platinum as in 2022 due to the increased requirements. However, the Bachem Group is still among the top 1% of companies assessed by EcoVadis worldwide in the manufacture of pharmaceutical raw materials sector.

In 2023, the Bachem sites again planned and implemented further measures with a view to achieving the following global long-term goals:

### CSR LEADERSHIP TEAM (GREY)



- Reducing energy consumption per FTE by 20% by 2026
- Reducing the accident rate to 1.0 by 2026
- Halving greenhouse gas emissions per FTE by 2026 and becoming climate neutral by 2030
- Increasing the proportion of women in the workforce and in management by 10% by 2026 and taking account of the local communities to which we belong in the workforce

Bachem is continuing to routinely monitor and improve its performance to ensure that we can both foster exemplary management practices and satisfy stakeholder demands. To this end, the Executive Committee approves an annual “CSR Improvement Plan”, which is based on the one hand on the long-term targets set by the Board of Directors and on the other hand on proposals from the sites. The newly created positions of Chief Human Resources Officer (CHRO) and Vice President Global HSE, together with the Sustainability

Manager SCM and the CSR Compliance Manager, now form the CSR Core Team, which manages and monitors the implementation of this improvement plan.

**About the Sustainability Report**

For Bachem, promoting a responsible approach to society and the environment is just as important as a responsible approach to products and finances. By doing so, the company is playing an active role in making the world more sustainable.

This is the fourth Bachem sustainability report that follows the principles of the Global Reporting Initiative (GRI). The Group intends to publish its sustainability report annually. The GRI content index can be found at [www.bachem.com/about-bachem/sustainability](http://www.bachem.com/about-bachem/sustainability).

Bachem has reported in accordance with the GRI-Standards for the period from 1 January 2023 to 31 December 2023. It has not been externally audited.



**SDG 3: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES**

As the Group provides a full range of services to the pharma and biotech industries, specializing in the development of innovative, efficient manufacturing processes and the reliable production of active pharmaceutical ingredients, Bachem enables its customers, in a spirit of partnership, to improve health and increase life expectancy.



**SDG 8: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL**

Bachem is fully committed to improving its triple bottom line in an accounting framework with social, environmental and economical aspects. However, we are also aware that the economic performance achieved together with the customers is the driving force behind sustainable development. Therefore, the Company puts a strong focus on continuous growth through innovation, creating attractive jobs in a safe and secure working environment, and contributing to the regional economies operated within.



**SDG 4: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL**

Bachem’s performance is predicated on very high educational achievements of the workforce at every level. In addition to the professional qualifications acquired through a vocational apprenticeship or university degree programs, the Company attaches great importance to providing employees with training and continuing education. The Group continuously increases the number of youths and adults who have relevant skills for employment and entrepreneurship.



**SDG 12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS**

Bachem aims to contribute to the overall goal of decoupling economic growth from adverse impacts on human health and the environment. The safety of employees and the surrounding communities is consequently of fundamental interest to the Company. This includes a sound management of chemicals, reducing their release to air, water and soil as well as the reduction of waste generated.

The following table provides an overview of the material topics and how they are related to the SDGs.

# PEOPLE, CULTURE, EMPLOYER



In 2023 the number of employees surpassed 2000 for the first time.

The development and production of peptides and oligonucleotides requires world-leading expertise. That is why Bachem has the world's largest team of qualified specialists in TIDES (PepTIDES and OligonucleoTIDES). Talented employees are a long-term competitive advantage. Accordingly, Bachem needs to retain and recruit talent on an ongoing

#### Workforce and diversity

Bachem is committed to a diverse team: in 2023, people from 44 nations worked at Bachem, and 30.4 percent of the workforce last year were women. 479 out of 2078 employees are under thirty. By 2026, Bachem aims to increase the proportion of women in the workforce, but especially in senior management and regional management committees, by 10%. To this end, we are making efforts to attract women to scientific professions and management positions. Furthermore, we aim to ensure that our sites' local communities are represented in the workforce.

Bachem AG has been awarded the Fair-ON-Pay certificate by SGS (Société Générale de Surveillance SA). The certificate recognizes that internal equal pay between women and men complies with Swiss federal requirements.

Bachem completed its first participation in an industry salary survey in 2023 to serve as an additional data point for salary adjustments for upcoming salary reviews.

At the end of 2023, 16.8 % of the workforce was working part time (2022: 14.9%).

Bachem offers employees equal opportunities and working conditions regardless of age, gender, religion,





At Bachem, team work takes central stage:  
Our people share a passion for making an impact.

### Human Resources strategy

In 2022, a global human resources management function was introduced for the entire company. The Executive Committee and Board of Directors approved a multi-year human resources strategy. The focus of implementation in 2023 was on strengthening recruitment, the technical onboarding of new employees, the compensation function & data analysis, and business partnering. Future priorities include the introduction of an employee survey, the implementation of specialist career paths and stronger development for managers.

### Talent management

All employees are covered by regular performance and career development reviews based on criteria known to the employee and his or her superior.

Regular target meetings serve as a dialog between employees and their superiors: mutual expectations and performance are agreed upon, as are opportunities for personal and professional development. A succession planning program identifies management talent and nominates and develops them specifically to take on new positions. Parallel to the management career path, there is a program to promote specialist career

paths for employees with career opportunities that do not involve personnel management tasks.

## DEDICATED TO CONSTANT LEARNING & DEVELOPMENT

### Equity and fair pay

Bachem AG carries the Fair-ON-Pay label as a testament to its lasting commitment to equal pay for women and men.

Fair-ON-Pay verifies equal pay between women and men in the workplace and awards companies that comply with it. Fair-ONPay is a statistical analysis of equal pay based on Logib, which is recognized as best practice by EPIC (Equal Pay International Coalition). The Fair-ON-Pay analyses are carried out by recognized experts in equal pay from Comp-On AG, and lead to a certification valid for 4 years, issued by SGS as an independent quality auditor.

**MATERIAL TOPICS**

**AMBITION**



**BEING AN ATTRACTIVE EMPLOYER**

OCCUPATIONAL HEALTH AND SAFETY	Achieve a high level of safety and health for all persons working at Bachem.	●		●	
DIVERSITY UND EQUAL OPPORTUNITY	Provide equal terms of employment to all employees.			●	
LABOR RIGHTS AND FAIR WORKING CONDITIONS	Prevent adverse social impacts by upholding commonly accepted labor standards and refraining from discrimination.			●	
PERSONAL DEVELOPMENT OF EMPLOYEES INCL. VOCATIONAL TRAINING	Promote vocational training and invest in performance and career development.		●		
<b>TALENT MANAGEMENT</b>	Attract, retain and develop talented and committed staff.		●		

PERSONNEL	2023		2022		
	FTE	%	FTE	%	
<b>EMPLOYEE DISTRIBUTION BY JOB CATEGORY</b>					
MARKETING AND SALES	100.9	5.0	103.0	5.8	
ADMINISTRATION	158.0	7.9	139.0	7.8	
SUPPLY CHAIN	81.9	4.1	73.8	4.2	
ENGINEERING AND SERVICES	280.5	14.0	255.0	14.4	
QUALITY ASSURANCE AND REGULATORY AFFAIRS	492.5	24.5	444.7	25.0	
RESEARCH/DEVELOPMENT AND PRODUCTION	892.0	44.5	760.8	42.8	
<b>GEOGRAPHIC DISTRIBUTION</b>					
EUROPE	1694.3	84.5	1376.9	77.5	
USA	308.5	15.4	395.4	22.3	
ASIA	3.0	0.1	4.0	0.2	
<b>EMPLOYEE DISTRIBUTION BY GENDER</b>					
WORKFORCE (TOTAL)	WOMEN	608.8	30.4	534.2	30.1
	MEN	1397.0	69.6	1242.1	69.9
UPPER MANAGEMENT	WOMEN	28.7	22.4	22.7	20.2
	MEN	99.2	77.6	89.4	79.8
REGIONAL EXECUTIVE COMMITTEES	WOMEN	10.6	23.9	10.0	22.8
	MEN	33.8	76.1	33.9	77.2
CORPORATE EXECUTIVE COMMITTEE	WOMEN	0.0	0.0	0.0	0.0
	MEN	4.0	100.0	5.0	100.0
BOARD OF DIRECTORS	WOMEN	2.0	40.0	2.0	40.0
	MEN	3.0	60.0	3.0	60.0
<b>EMPLOYEE DISTRIBUTION BY AGE</b>					
AGE < 26	158.5	7.9	181.9	10.3	
AGE 26-35	687.6	34.3	550.8	31.0	
AGE 36-45	538.8	26.9	456.6	25.7	
AGE 46-55	383.7	19.1	366.2	20.6	
AGE 56-65	229.0	11.4	211.8	11.9	
AGE 65	8.2	0.4	9.0	0.5	

# SAFEGUARDING THE ENVIRONMENT

**Bachem assumes responsibility for future generations by conserving resources, avoiding environmental risks and reducing the emission of environmentally harmful gases. We are therefore constantly improving our environmental performance, helping to reduce or prevent global warming, and developing and implementing new approaches for boosting our employees' environmental awareness.**

## Energy consumption and GHG emissions

Energy consumption per FTE was reduced further in 2023. Bachem is well on track to achieve its target of keeping energy consumption per FTE 20% below the 2020 level by 2026. Relative Scope 1 and Scope 2 greenhouse gas (GHG) emissions could not be reduced any further in the reporting year.

The Scope 3 GHG emissions recorded for the first time in 2022 showed a sharp increase per capita. The main

reason for this is due to updated emission factors from the external database and the fact that more goods were purchased and more buildings and facilities were constructed.

There is still a lack of data on the customer side for the "processing of products sold" category. By 2026, Scope 1 and 2 GHG emissions are to be halved compared to 2020 and Bachem is to become climate neutral by 2030. In the coming years, Bachem will continuously work on improving the data situation and on ways to also reduce Scope 3 GHG emissions. The aim is to follow a reduction path here too in the future.



Bachem publishes its greenhouse gas emissions via the Carbon Disclosure Project (CDP) and achieved a "B" rating in 2023. This certifies that we have good environmental management and is higher than the average in the biotech and pharma industry.

## Water, waste and emissions

Water is a vital natural resource. Water consumption is systematically monitored and corrective measures are taken depending on the results. In addition, employees

## RESPONSIBLE CARE KEY FIGURES

	2023	2022	2021	2020	2019
LTIR <sup>1</sup>	1.5	1.1	1.6		
LOST WORKING DAYS, NUMBER/EMPLOYEE	0.12	0.07	0.07	0.10	0.10
HEALTH SAFETY ENVIRONMENT STAFF, NUMBER	16.6	16.0	16.5	15.0	10.5
ENVIRONMENT KEY FIGURES					
TOTAL ENERGY CONSUMPTION, GJ/EMPLOYEE	87	91	96	113	126
SCOPE 1 GHG EMISSIONS, T CO <sub>2</sub> eq/EMPLOYEE	2.8	2.6	3.0		
SCOPE 2 GHG EMISSIONS, T CO <sub>2</sub> eq/EMPLOYEE	1.0	0.9	1.0		
SCOPE 3 GHG EMISSIONS, T CO <sub>2</sub> eq/FTE	55.9	19.9			
NO <sub>x</sub> , KG/EMPLOYEE	2.9	2.6	2.5	3.0	4.0
SO <sub>2</sub> , KG/EMPLOYEE	0.10	0.19	0.22	0.20	0.40
VOC, KG/EMPLOYEE	12.8	12.7	17.8	16.0	16.0
TOC, KG/EMPLOYEE	1.2	1.5	2.2	3.0	3.0
HAZARDOUS WASTE DISPOSED OF, KG/EMPLOYEE	7209	7802	8810	9270	7470
TOTAL WATER CONSUMPTION, M <sup>3</sup> /EMPLOYEE	83	81	85	106	106

<sup>1</sup> As from 2021 on we report the Lost Time Incident Ratio (LTIR) in relation to 200 000 working hours. The 2021 values have been clarified compared to the Annual Report 2021.

**MATERIAL TOPICS**

**AMBITION**



**SAFEGUARDING THE ENVIRONMENT**

ENERGY CONSUMPTION AND GHG EMISSIONS	Monitor and reduce energy consumption and GHG emissions.			●
RESOURCE CONSUMPTION	Monitor and reduce resource consumption.		●	●
ENVIRONMENTAL IMPACT	Monitor and reduce impacts on the environment.		●	●
WASTE AND RECYCLING	Manage the transport and disposal of effluents and waste in order to maximize safety and minimize environmental impacts.			●
GREEN CHEMISTRY	Redesign processes to minimize the use and generation of hazardous substances, and reduce the environmental impact.		●	

are encouraged to use water responsibly. Nevertheless, a slight increase in total water consumption per employee was recorded in the reporting year.

With regard to the transport and disposal of wastewater and waste, Bachem strives to organize this as efficiently and effectively as possible, thereby maximizing safety and minimizing environmental impact. The company works closely with the relevant local authorities. Wastewater is pretreated in accordance with regulatory requirements and discharged for final treatment into public wastewater treatment plants that meet all state and federal requirements.

In addition, Bachem strives to reduce waste from its facilities through efficient collection, disposal and recycling processes. These measures have once again led to a reduction in the amount of hazardous waste that has to be disposed of. This is despite a large amount of extinguishing water that was generated due to a fire at the Vionnaz plant in the fall.

All other recorded emissions, with the exception of NOX and VOC, were kept constant or reduced in relative values during the reporting period.

**Green chemistry**

Bachem is evaluating and developing more environmentally friendly alternatives to established peptide manufacturing technologies to complement and expand

Bachem’s technology platform. For part of this work, Bachem is partnering with other companies in the industry to join forces and collaborate in this important area. These activities enable Bachem to support customers in developing efficient and more sustainable manufacturing processes. One focus to date has been the systematic evaluation of alternative solvents for SPPS. The results were published in peer-reviewed journals.

Bachem is an associate member of the American Chemical Society Green Chemistry Institute Pharmaceutical Roundtable to share information and ideas with other companies involved in green chemistry and to contribute to the goals of the Institute.

# ACTING ETHICALLY

**For Bachem, ethically correct behavior and integrity are essential for sustainable business success. The professional and personal integrity of employees is a key prerequisite for meeting the high quality standards of all stakeholders. Bachem’s principles for ethically correct conduct and integrity are binding for all employees, set out in writing and applied without exception.**

## Sustainable procurement

We recognize that sustainability is a perpetual process of improvement and are therefore committed to advancing our practices year after year. Therefore, in 2023, we have fortified our efforts to prioritize ethical and responsible behavior throughout our procurement processes with our ongoing supply chain sustainability initiatives.

## Foundational elements of sustainable procurement:

Risk Assessments and Due Diligence are fundamental to Bachem’s Sustainable Procurement strategy, establishing a solid foundation and facilitating transparency in identifying and addressing environmental, social, and ethical risks throughout our supply chain. Through

regular supply chain risk assessments, active engagement in due diligence processes, and upholding our Global Code of Conduct for Supplying Partners, we identify key areas of concern, guide specific actions, and uphold sustainability as a core principle of our operations.

## Supplier sustainability assessments & responsible sourcing practices:

To ensure that our suppliers adhere to ethical and responsible standards outlined in our Code of Conduct for Supplying Partners, we conduct regular sustainability assessments using EcoVadis. EcoVadis follows international sustainability standards (including UNGC, GRI, ISO, etc.) and evaluates 21 indicators across four main pillars: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement. Over the past year, we consistently invited those suppliers identified as having high or medium sustainability risks to participate in our sustainable procurement initiative. 75% of these partners have completed the EcoVadis sustainability assessment, demonstrating their commitment to transparency and improvement. Moving forward, we will continue to address sustainability issues with our suppliers while expanding our assessments to encompass more of our supplier base.

Bachem recognizes the environmental and social risks associated with palm oil production. As a member of

## MATERIAL TOPICS

## AMBITION



ACTING ETHICALLY					
SUSTAINABLE PROCUREMENT	Establish procurement practices that lessen negative economic, social or environmental impacts in the supply chain.				●
CORRUPTION AND FAIR COMPETITION	Omit corrupt practices, compete fairly and adhere to integrity, governance, and responsible business conduct.				●
RESPECT FOR HUMAN RIGHTS	Respect and comply with the principles expressed in the United Nations Declaration of Human Rights.			●	
LEGAL COMPLIANCE	Comply with all laws and regulations in the social, economic or environmental area.				●
STAKEHOLDER DIALOG	Maintain the dialog with people or groups having an interest in Bachem and can either affect or be affected by our business.				●

RSPO, we take responsibility for promoting environmentally friendly and socially responsible palm oil production. Our Bubendorf (CH) site is RSPO Supply Chain Certification Standard certified, enabling us to handle sustainable palm oil derivatives.

As we continue on our sustainability journey, we remain steadfast in our commitment to realizing opportunities for sustainable development through our procurement activities and enhancing sustainability across our entire supply chain.

### Corruption and fair competition

To preclude bribery and corruption, and to ensure that we, as a company, compete fairly as well as act responsibly and with integrity, Bachem employees receive training on conduct when they are appointed and each year thereafter. Through this training, Bachem intends to ensure that employees do not demand or solicit gifts or personal benefits of any type from third parties, that they avoid situations in which their personal interests could conflict with Bachem's interests and that they inform their line manager if a conflict of interest does arise.

As a company, Bachem does not grant any benefits or make any concessions if this is not in accordance with local laws or practices, or is not entered in its books properly. Bachem does not grant, demand or accept any illegal discounts, kickback payments, "unofficial" payments or any type of unauthorized gifts or favors. No confirmed cases of corruption were registered in 2023, and no legal proceedings were pending or concluded due to anti-competitive conduct or contraventions against antitrust or monopolies legislation.

### Legal Compliance and Respect for Human Rights

Bachem requires all employees to comply with all laws and regulations applicable to their activities, including internal policies. To this end, all employees receive training upon hire and annually thereafter, with training covering topics such as information security, discrimination and harassment, and whistleblowing.

Bachem adheres to the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council in 2021. On this basis, a human rights due diligence (HRDD) process has been implemented, following the OECD Due Diligence Guidance for

Responsible Business Conduct, to proactively manage potential and actual negative human rights impacts along our entire value chain. The HRDD was fundamentally revised in 2023 regular intervals and is available at [www.bachem.com/about-bachem/sustainability/acting-ethically](http://www.bachem.com/about-bachem/sustainability/acting-ethically).

In 2023, no significant fines or non-monetary penalties were issued for non-compliance with laws and regulations in social, economic or environmental matters.

### Stakeholder dialog

Maintaining dialog with people and groups who have an interest in Bachem and who are or could be affected by the Group's business activities is in the company's own interests. At the same time, this dialog is also an indication that it appreciates its responsibility towards society. Bachem looks and acts beyond its corporate boundaries, and involves its key stakeholders in an ongoing, transparent, open and honest dialog.

**Bachem's principles for ethically correct behavior and integrity are mandatory for all employees.**



# QUALITY AND SAFETY

**Producing active pharmaceutical ingredients against the backdrop of increasing demands from customers and authorities requires a commitment to high quality practiced on a daily basis.**

## **Guaranteeing the highest quality in products and services**

Bachem offers and supplies its customers products and services of the highest quality. As part of its business model, the Group supports the development of new medicinal products from the early stages of design and development, via clinical trials and market approval, right through to the later stages of their life cycle as mature products or generic medicines. Bachem ensures absolute quality and safety by extensive surveillance of the manufacturing process.

Bachem seeks to be a leader in its business and to maintain profitability. The company intends to grow steadily with an innovative and efficient organizational structure, and aims to be a dependable supplier. Bachem respects all data security provisions and confidentiality obligations, and manages these in an information security system.

## **Product safety and quality**

Bachem adheres to standards that ensure its products and services meet customer needs in full and satisfy regulatory requirements. Processes have been introduced at all sites to make sure that the substances produced and supplied meet internal, customer and regulatory requirements, thereby ensuring that manufacturing risks to the health and safety of its employees and customers are reduced to a minimum. Data relating to product nonconformities and customer feedback are used for ongoing improvements.

For all GMP-compliant active substances that Bachem supplies, it is the customer's responsibility, during their subsequent use, to ensure patient health and safety, e.g. in clinical studies. For products not subject to GMP regulations, Bachem provides material safety data sheets (MSDS).

The performance of our pharmaceutical quality system is monitored via customer audits, official inspections and our own inspections. There were no critical observations from regulatory inspections, and the audit findings confirmed that the sites' quality systems are in a good condition and meet expectations. Where appropriate, corrective and preventive actions (CAPA) were implemented.

Workplace hygiene is a basic requirement for the safe handling of active substances, and forms an integral part of employee health and safety at Bachem. The company's strategy for achieving optimal workplace hygiene is built on personal hygiene, a basic hygiene strategy and a control banding procedure. This approach is based on systematic principles of personal hygiene, such as employee clothing and personal care. The hygiene strategy is also intended to prevent the release of active substances and their dissemination by applying technical and organizational measures, with the latter involving the analysis and optimization of personnel and material flows, guidelines for cleaning procedures and waste disposal. The control banding procedure serves to monitor the concentrations of active substances in the production environment and keep them low enough to safely prevent an effective dose being absorbed during work processes.

## **Delivery reliability as a supplier**

As a contract manufacturer, the outstanding quality of our products and services, together with total compliance with GMP guidelines, form the basis for our commercial success. This is ensured by means of targeted investment, well trained and qualified staff and our existing quality system. Our current track record with customers and public authorities shows that we are well positioned. We are part of our customers' supply chain.

As a supplier and partner, one of our most important contributions to sustainability is enabling our customers to improve health and promote society's wellbeing. This is crucially dependent on the continuity of Bachem's supply chain, which we want to maintain by proactively reducing risks based on our Supply Chain Risk Management (SCRM) framework.

Constant monitoring and improvement are achieved by means of external and internal audits, the CAPA system and regular reviews of the quality system. Quality incidents such as rejected batches, customer complaints and deviations are reported monthly to facilitate monitoring by management. No withdrawal from the market of prescription or over-the-counter (OTC) drug batches due to Bachem's failure to meet quality standards was reported in 2023.

All employees are trained to an appropriate level in the relevant regulations, and at some sites, every employee must sign to say they have received and understand the employee handbook in which the corporate policy relating to confidentiality is set out. These efforts led to the gratifying outcome that, in 2023 once again, no justified complaints were received concerning violations of customer data protection.

**Information security**

Bachem concludes confidential non-disclosure agreements with all key customers and suppliers. Internal and external confidentiality are ensured by a framework of corporate and local regulations. These include the Code of Conduct, the Information Security Management Policy, the IT Security Guidelines and the Information Security User Guidelines. Further SOPs and guidelines govern the implementation and maintenance of the IT infrastructure, hardware, software and electronic data, as well as the handling and retention of paper documentation. Systems exist to identify, track and correct discrepancies and information security breaches.

**MATERIAL TOPICS**

**AMBITION**



GUARANTEEING HIGHEST QUALITY IN PRODUCTS AND SERVICES					
PRODUCT SAFETY AND QUALITY	Uphold standards to guarantee that products and services fully satisfy customer's needs and comply with the regulatory requirements.	●			
EFFICIENT ORGANIZATION	Strive for processes or tasks to be carried out using the least resources per output.			●	
INNOVATION AND CONTINUOUS GROWTH	Continuously expand Bachem's know-how in chemistry and technology, and promote growth through creativity and adaptability.	●		●	
DELIVERY RELIABILITY AS A SUPPLIER	Optimize the number of deliveries made without any error regarding time, place, price, quantity, or quality.	●			
INFORMATION SECURITY	Handle information responsibly and conforming with laws and guidelines to protect customer privacy as well as Bachem's intellectual property.				●

# CORPORATE GOVERNANCE

Corporate governance encompasses all of the principles aimed at safeguarding sustainable company interests. While maintaining decision-making capability and efficiency at the highest level of a company, these principles are intended to guarantee transparency and a healthy balance of management and control.

## 1 Group structure and shareholders

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**BACHEM HOLDING AG**

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**BOARD OF DIRECTORS**

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**CORPORATE EXECUTIVE COMMITTEE**

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**BACHEM AG**

**BACHEM  
AMERICAS,  
INC.**

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**BACHEM  
SISSLERFELD AG**

**PENINSULA  
LABORATORIES,  
LLC**

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**BACHEM  
DISTRIBUTION  
SERVICES GMBH**

**BACHEM JAPAN K. K.**

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**BACHEM (UK) LTD**

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**1.1 Group structure**

Bachem Holding AG, headquartered in Bubendorf, Switzerland, is listed at the SIX Swiss Exchange in Zurich (valor number: 117649372; ISIN: CH1176493729; SIX: BANB; Reuters: BANB.S; Bloomberg: BANB:SW). Market capitalization at December 31, 2023, was CHF 4.9 billion. No other Bachem companies are listed.

All consolidated companies are listed in note 25 on page 77 of the notes to the consolidated financial statements including company name, location, registered capital, and participation.

**1.2 Significant shareholders**

Shareholders with more than 3% of voting rights on December 31, 2023, are disclosed in note 10 on page 89 of the notes to the financial statements of Bachem Holding AG. The disclosure is based on the shareholder disclosure notifications pursuant to Article 120 of the Swiss Financial Market Infrastructure Act (FMIA). The detailed disclosure notifications pursuant to Article 120 FMIA can be found under: [https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/. There are no shareholders' agreements.](https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/)

**1.3 Cross-shareholdings**

There are no cross-shareholdings with other companies.

**2 Capital structure****2.1 Capital**

At December 31, 2023, the nominal share capital of Bachem Holding AG was CHF 750 000. The Company's Articles of Association do not provide for a capital band or conditional capital.

**2.2 Capital band and conditional capital in particular**

There is no capital band and no conditional capital outstanding.

**2.3 Changes in capital**

In the year 2023, the share capital was increased and in the year 2022, a share split took place. Details are disclosed in the notes to the consolidated financial statements in note 22 on page 76. In 2021, a share capital increase took place. Details are disclosed on page 67 of the Annual Report 2021 (<https://www.bachem.com/about-bachem/investors-and-media/reports-and-presentations/>). All changes in equity for

the years 2023 and 2022 are listed on page 55 of the consolidated financial statements. Changes for 2021 are listed on page 47 of the Annual Report 2021 (<https://www.bachem.com/about-bachem/investors-and-media/reports-and-presentations/>).

**2.4 Shares and participation certificates**

At December 31, 2023, Bachem Holding AG had 75 000 000 registered shares at a nominal value of CHF 0.01 issued, all fully paid-in. Each registered share carries one vote at the Annual General Meeting of the Company, provided the shareholder has been recorded in the Company's share register (see item 2.6). All shares are fully entitled to dividends. There are no participation certificates.

**2.5 Dividend-right certificates**

Bachem has not issued any dividend-right certificates.

**2.6 Limitations on transferability and nominee registrations**

Registered shares of Bachem can be transferred without restriction. The Company may only reject an acquirer as a shareholder if the acquirer does not expressly declare at the Company's request that he/she/it has acquired the shares in his/her/its own name and for own account, that there is no agreement on the redemption or return of corresponding shares and that the acquirer bears the economic risk associated with the shares. Where registered shares have been acquired by inheritance, division of estate or matrimonial property law the acquirer cannot be rejected. There are no further registration restrictions (e.g. percentage limitation). The registration of nominees without voting rights is permitted; nominee registrations including voting rights have to be approved on request by the Board of Directors on a case-by-case basis. During the reporting period, no nominees with voting rights have been registered nor have there any other exceptions to entering the share register been granted by the Board.

**2.7 Convertible bonds and options**

The Company has not issued any convertible bonds or options.

### 3 Board of Directors

#### 3.1 Members of the Board of Directors

The Board of Directors is comprised of non-executive members only.

**Kuno Sommer (1956)<sup>1</sup>, Ph.D. in Business Administration, Chairman, Swiss. Since 2012, elected until 2024.**



Dr. Kuno Sommer worked for Roche from 1986 to 1999 in various functions, including four years in the USA. He was ultimately a member of the Executive Committee of Roche, responsible

for the Flavors and Fragrances division, today Givaudan. From 2000 to 2006, he was CEO of Berna Biotech. Kuno Sommer is Chairman of the Board of Sunstar-Holding AG, of Kenta Biotech AG, of TargImmune Therapeutics AG and, until September 1, 2023, of Infors AG as well as member of the Board of Directors of Spexis AG.

**Nicole Grogg Hötzer (1973)<sup>1,2</sup>, Graduate Biologist, Vice-Chairwoman, Swiss. Since 2011, elected until 2024.**



Nicole Grogg Hötzer graduated in biology at Basel University in 1999. Afterwards, she worked in various positions in the field of regulatory affairs until 2009. In 2002, she began her postgraduate

studies in business administration at the University of Applied Sciences Basel, which she completed successfully in 2004. Nicole Grogg Hötzer is Chairwoman of the Board of Directors of MFC Beteiligungs AG as well as Vice-Chairwoman of the Board of Directors of Ingro Finanz AG, of Hotel Bad Schauenburg AG and of Sunstar-Holding AG.

**Alex Fässler (1955)<sup>1,2</sup>, Dr. sc. nat. ETH, Member, Swiss/American. Since 2021, elected until 2024.**



Dr. Alex Fässler began his industrial career at Ciba-Geigy, later Novartis, where he held various positions in preclinical Research in Basel, New Jersey and England. He joined Bachem AG

in 1998, and thereafter served as Head of Production in the US subsidiary, site manager and finally as regional COO for the Americas. After his return to Switzerland in 2013 he was appointed COO of Bachem Europe, and from 2017 to 2018 he held the function of COO of the Bachem Group, and was a member of the Corporate Executive Committee.

**Steffen Lang (1967)<sup>2</sup>, Ph.D., Member, German/Swiss. Since 2020, elected until 2024.**



Dr. Steffen Lang has been President Operations, Novartis since 2022. He is a member of the Executive Committee of Novartis. Prior to his current appointment, Mr. Lang served as Global

Head Novartis Technical Operations from 2017 to 2022. He joined Novartis in 1994 as Head of Laboratory in Research, and over the years has held various positions within Pharmaceuticals Development and Technical Operations. Mr. Lang holds a doctorate in pharmaceutical technology from the Swiss Federal Institute of Technology (ETHZ), and a degree in pharmaceutical sciences from the University of Heidelberg in Germany.

**Helma Wennemers (1969), Prof., Member, German. Since 2014, elected until 2024.**



Helma Wennemers graduated with a diploma degree in chemistry from Johann Wolfgang Goethe-University in Frankfurt in 1993. Three years later, she earned a doctorate degree from

Columbia University, New York. She then pursued post-doctoral studies at Nagoya University before accepting the “Bachem-Stiftungs-Assistenzprofessur” at the University of Basel in 1999, where she became Associate Professor in 2003. Since 2011, she is Professor at the Laboratory of Organic Chemistry at ETH Zurich. Helma Wennemers’ research has been recognized by several awards, including the Leonidas Zervas Award from the European Peptide Society (2010), the Pedler Award from the Royal Society of Chemistry (2016), the Inhoffen Medal from the Helmholtz Center (2017), the Arthur C. Cope Scholar Award from the American Chemical Society (2021), the Scoffone Prize from the Italian Peptide Society (2022) and the “Vincent du Vigneaud Award” from the American Peptide Society (2023).

#### 3.2 Other activities and vested interests

Other activities of the members of the Board of Directors are described in the paragraph above.

#### 3.3 Number of permitted activities

No member of the Board of Directors may hold more than ten other mandates, of which no more than three may be board memberships in other listed companies. A mandate as chair of the Board of Directors counts as two mandates. The following mandates are not subject to the aforementioned limitations:

- Mandates in companies controlled by the Company or controlling the Company

<sup>1</sup> Member of the Compensation Committee

<sup>2</sup> Member of the Investment Committee

- Mandates held by a member of the Board of Directors on the instructions of the Company or a company controlled by it
- Mandates in associations, charitable foundations, family foundations as well as personnel welfare foundations without economic purpose

Mandates shall be deemed to be activities which the members of the Board of Directors are entitled to perform in comparable functions in other companies with an economic purpose. Mandates in different legal entities which are under uniform control or the same economic entitlement of such other company shall be considered as one mandate.

#### **3.4 Elections and terms of office**

The members of the Board of Directors and its chair and the members of the Compensation Committee and the committee chair are elected by shareholders at the Annual General Meeting for a one-year term of office. Reelection is permitted. Elections are individual. All elections and motions at the Annual General Meeting are taken by open vote unless requested otherwise by the majority of votes. For information concerning first election and remaining term of office, see item 3.1.

#### **3.5 Internal organizational structure**

During 2023, the Board of Directors held four full-day and two one-hour meetings as well as one full-day strategy conference. The Corporate Executive Committee attends generally the Board meetings (see item 3.7). All members of the Board of Directors were present at all meetings and the minutes were kept by an external lawyer in each case. One member of the Corporate Executive Committee was absent from a full-day meeting and the strategy meeting, and only one member of the Corporate Executive Committee attended the two one-hour meetings. If necessary, additional persons will attend Board meetings as guests to discuss specific items on the agenda. During 2023, the four Board meetings and the strategy conference were attended by a total of 21 guests. In 2023, no external consultants were called in.

Meetings are prepared by the Chairman and by committees of various compositions. Decisions are taken by the full Board. The Board can decide when more than half of its members are present. It decides by majority of votes. In case of a tie, the vote of the Chairman decides.

The Board of Directors has established a Compensation Committee (committee members are listed in section 3.1). The Compensation Committee assists the Board of Directors in formulating and periodically reviewing Bachem's compensation strategy and guidelines as well as the performance criteria used to determine the total compensation paid to each member of the Corporate Executive Committee and helps to prepare the proposals of the Board of Directors to the Annual General Meeting regarding the compensation paid to members of the Board of Directors and of the Corporate Executive Committee. The committee also files motions asking the Board of Directors to establish or change the variable compensation and employee stock ownership plans based on personal performance and/or Company earnings. All proposals put forth by the Compensation Committee shall be subject to approval by the full Board of Directors. The Compensation Committee held two one-hour meetings during the year under review.

The Board of Directors has established an Investment Committee (committee members are listed in item 3.1). The Investment Committee supports the Board of Directors in its function as the ultimate supervisory body and in the exercise of its financial powers and duties, particularly with respect to capital expenditure decisions. It examines the annual capital investment budget and the multi-year capital investment plans of the Corporate Executive Committee and the pertinent reports addressed to the Board of Directors. Furthermore, the Investment Committee evaluates and determines the level of detail required for individual capital investment proposals. The Committee held four half-day meetings during the year under review.

The Audit Committee evaluates in particular the following tasks of the Corporate Executive Committee: the appropriateness and adequacy of the corporate financial and control systems, the financial part of the annual budget and the mid-term planning, as well as the consolidated annual results. Furthermore, the Audit Committee on behalf of the Board receives, analyzes and evaluates the audit reports of the statutory auditor. The tasks of the Audit Committee as described in the organization regulations currently are performed by the full Board, since considering the size of the Board with its five members, the Board of Directors has renounced the formation of additional firm committees.

Since 2012, Dr. h.c. Peter Grogg, the founder, majority shareholder, CEO and Chairman of the Bachem Group for many years, is Honorary Chairman of the Bachem Holding AG. According to the bylaws, the Honorary Chairman does not execute any institutional function, but is allowed to take part in the Board meetings as an advisory guest with no voting rights.

### 3.6 Definition of areas of responsibility

Pursuant to the Swiss Code of Obligations and the Articles of Association of the Company, the Board of Directors has the following non-transferable and inalienable duties:

- The overall management of the Company and issuing the required directives
- Determining the Company's organization
- Organizing the accounting, financial control and financial planning systems
- Appointing and dismissing persons entrusted with managing and representing the Company
- Overall supervision of the persons entrusted with managing the Company, in particular with regard to compliance with the law, Articles of Association, operational regulations and directives
- Compiling the annual report
- Preparing for the shareholders' meeting and implementing its resolutions
- Filing an application for a debt restructuring moratorium and notifying the court in the event that the Company is overindebted
- Preparing the remuneration report
- Regulating the details of the payment of the dividend

Per definition, in its organization regulations, the Board has delegated the management of ongoing operations to the Corporate Executive Committee under the leadership of the CEO. The Corporate Executive Committee is composed of the CEO, the CFO, the CTO, the CCO, and the COO (see item 4.1). The CEO in particular is responsible for the overall operational leadership. Based on the proposal of the Compensation Committee, the Board defines compensation for members of the Corporate Executive Committee and for the regional COOs (see item 3.5). Furthermore, the Board is in charge of the consolidated financial statements of the Bachem Group, as well as the financial statements of Bachem Holding AG, including reports of the external auditors.

It also assesses whether recommendations of the auditors have been implemented. The detailed tasks of the Board of Directors are described in the organization regulations.

### 3.7 Information and control instruments vis-à-vis the Corporate Executive Committee

The Corporate Executive Committee attends generally the meetings of the Board in order to provide updates about the ongoing business, important events within the Group and about the execution of tasks delegated to the Corporate Executive Committee. Furthermore, the Board is informed about the most important key figures. The management information system (MIS) at Bachem is structured as follows: Each individual Group company prepares a monthly report including balance sheets, income statements and other operating key figures, as well as comments. On a monthly basis, balance sheets, income statements, cash flow statements and statements of changes in equity, as well as various key figures of the Group and the subsidiaries, are prepared and consolidated.

Budgets are controlled several times a year and compared to latest estimates per subsidiary and for the consolidated results. On the occasion of the Board meetings, financial reports are discussed with the Corporate Executive Committee. Extraordinary events and important decisions are immediately brought to the attention of all Board members. In addition, the Chairman regularly meets members of the Corporate Executive Committee for discussions of business development, status of projects and important events. He receives all minutes of Corporate Executive Committee meetings, which are also available to the other members of the Board, if required.

Additional aspects of the information and control instruments are the internal control system (ICS) and the risk management system, which is described on page 62 under the title risk assessment. Due to its size, the Bachem Group does not carry out its own internal audit.

### 3.8 Gender guidelines

The Board of Directors is made up of 40% women and 60% men. The legal guidelines are therefore met.

Further information on gender guidelines can be found in the compensation report on page 48 of this Annual Report.

## 4 Corporate Executive Committee

### 4.1 Members of the Corporate Executive Committee

**Thomas Meier (1968), degree in Chemistry and as Industrial Engineer, CEO & COO, Swiss. Since 2020.**



Thomas Meier joined Bachem AG in 1993. From 2001 to 2004, he headed up peptide manufacturing at Peninsula Laboratories, Inc., in San Carlos, California. Since January 1, 2020,

Thomas Meier is CEO of the Bachem Group and Chairman of the Corporate Executive Committee. Since September 15, 2023, he is also COO of the Bachem Group. After an apprenticeship as chemical laboratory technician at the ETH in Zurich, Thomas Meier obtained a degree in chemistry from the ZHAW School of Engineering. Parallel to working, he obtained a degree as Industrial Engineer STA (Swiss Technical Association) and completed the Advanced Management Program at INSEAD Business School, Fontainebleau/Paris. Thomas Meier is a member of the Board of Directors of Viollier AG, Chairman of the Board of AdRegeneer AG and a Board member of the business association scienceindustries and the Chamber of Commerce of both Basel.

**Günther Loidl (1970), Dr. rer. nat., CTO, German. Since 2015.**



Günther Loidl joined Bachem in 2000. He held several functions in Research and Development (R&D) and Active Pharmaceutical Ingredient Manufacturing and became Vice President R&D in 2012. Since 2015, he is CTO of the Bachem

Group and a member of the Corporate Executive Committee. He studied chemistry in Regensburg (Germany) and Leeds (UK) and obtained his doctorate under the supervision of Prof. Dr. Luis Moroder at the Max Planck Institute of Biochemistry in Martinsried (Germany).

**Alain Schaffter (1977), Swiss certified public accountant, CFO, Swiss. Since 2021.**



Alain Schaffter joined Bachem in 2021 as CFO. He started his career as an auditor at PricewaterhouseCoopers. In 2010, he moved into the pharmaceutical industry and became Head

Group Finance of the listed Acino Group before joining Polyphor, a Basel-based biotech company, as CFO in 2016. In early 2018, he started to work as a consultant for several companies in the Life Science Industry. From mid-2018 he served as Head Special Finance Projects at Solvias AG and from 2020 on, in addition as Head Finance M&A and CFO of the Solvias Group on an ad interim basis. Alain Schaffter holds a degree as a Swiss certified public accountant as well as a Federal certificate of higher vocational education and training for fiduciaries.

**Roland Schürmann (1964), degree in Chemistry, COO, Swiss.**



**July 1, 2020 until September 14, 2023.**

Roland Schürmann joined Bachem Americas, Inc. in Torrance, California in 2016. He was first Vice President Manufacturing and became Site Manager Torrance in May 2017. From July 1, 2020 until September 14, 2023, Roland Schürmann was COO of the Bachem Group and a member of the Corporate Executive Committee. After completing his education, he worked as a chemical laboratory technician at Ciba-Geigy AG and as a production chemist at F. Hoffmann-La Roche Ltd from 1984 to 1997. After holding various management positions at Siegfried AG in Zofingen, Switzerland, Roland Schürmann became Head of Chemical Production in 2004. Parallel to working, he was a senior lecturer for Chemical Technology from 1999 to 2015 at the vocational college in Aarau. Roland Schürmann has a university of applied sciences degree in chemistry from School of Engineering Burgdorf.

**Torsten Wöhr (1968), Dr. sc., CCO, German. Since 2022.**



Torsten Wöhr joined Bachem in 2017 as Sales Director for the company's generic API business. Two years later, together with a small team of dedicated professionals, he launched Bachem's oligonucleotide program which has since

developed into a new core business for Bachem. Prior to joining Bachem, he has spent 12 years in the United States where he held commercial leadership roles in pharmaceutical manufacturing and life sciences companies including Genzyme, Corden Pharma, and Abcam. He brings over 25 years of industry experience to Bachem's leadership team. Torsten Wöhr studied biochemistry & molecular biology at the Swiss Federal Institute of Technology (ETH) Zurich and holds a doctorate in bioorganic chemistry from the University of Lausanne/EPFL and a postgraduate degree in Industrial Engineering and Management, ETH Zurich.

### 4.2 Other activities and vested interests

Other activities of the members of the Executive Committee are described in the paragraph above.

### 4.3 Number of permitted activities

Subject to the approval of the Board of Directors, a member of the Corporate Executive Committee may not hold more than five additional mandates. No member of the Corporate Executive Committee may serve as chairperson of the Board of Directors of a listed company. The following mandates are not subject to the aforementioned limitations:

- Mandates in companies controlled by the Company or controlling the Company
- Mandates held by a member of the Corporate Executive Committee on the instructions of the Company or a company controlled by it
- Mandates in associations, charitable foundations, family foundations as well as personnel welfare foundations without economic purpose

Mandates are defined as roles and responsibilities in the supreme governing body of a legal entity that is required to be entered in an official commercial register or a comparable foreign register. Mandates in different legal entities controlled by the same body or entity or that have the same beneficial owners are deemed to be a single mandate.

#### 4.4 Management contracts

Bachem has not entered into any management contracts.

#### 4.5 Gender guidelines

The Corporate Executive Committee is made up of 100% men.

Further information on gender guidelines can be found in the compensation report on page 48 of this Annual Report.

### 5 Compensation, shareholdings and loans

For details on compensation and the shareholdings of the Board of Directors and the Corporate Executive Committee as well as the employee share plans of the Bachem Group, please refer to the compensation report starting on page 41 of this Annual Report.

### 6 Shareholders' participation rights

#### 6.1 Voting rights restrictions and representation

Whoever is identified by entry in the share register on the day of dispatch of the invitation or who are authorized to do so in writing by the shareholder shall be entitled to vote. Legal representatives do not require a written power of attorney. The Board of Directors may permit other forms of authorization vis-à-vis the Company, unless the Articles of Association provide otherwise.

Shareholders may have their participation rights, in particular their voting rights, exercised by a representative of their choice. The delegation of voting rights of corporate bodies and the delegation of voting rights to custodian banks is excluded.

Any shareholder recorded in the share register may be represented at the shareholders' meeting by the independent voting representative.

The independent voting representative is elected by the shareholders' meeting for a term of office until the end of the next ordinary shareholders' meeting. Re-election is permitted. If the Company has no independent voting representative, the Board of Directors shall appoint an independent voting representative for the next shareholders' meeting.

The Board of Directors may issue regulations on attendance and representation at the General Meeting of Shareholders.

Shareholders may issue the independent voting representative with instructions on any motion relating to items on the agenda tabled in the notice convening the meeting and with general instructions on unannounced motions relating to items on the agenda and on new items on the agenda in accordance with Article 704b Swiss Code of Obligations.

#### 6.2 Quorums required by the Articles of Association

The General Meeting of Shareholders shall pass its resolutions and carry out its elections with a majority of the votes allocated to the shares cast to the extent that mandatory law does not provide otherwise. Abstentions and blank votes will not be taken into account when calculating the majority.

#### 6.3 Convocation of the General Meetings of Shareholders

The General Meeting of Shareholders is convened by the Board of Directors, or, if necessary, by the external auditors. The liquidators and the representatives of bond creditors also have the right to convene a General Meeting. The General Meeting of Shareholders may also be convened by resolution of the General Meeting of Shareholders.

The ordinary Annual General Meeting shall take place annually within six months of the end of the financial year. Extraordinary General Meetings shall be convened as required.

Shareholders who alone or together represent at least 5% of the share capital or voting rights may request that the Board of Directors convene a General Meeting of Shareholders.

A General Meeting of Shareholders shall be convened at least 20 days prior to the date of the meeting by publication in the Swiss Official Gazette of Commerce.

#### **6.4 Inclusion of items on the agenda**

Shareholders who alone or together represent at least 0.5% of the share capital or of the voting rights may request that an item be placed on the agenda or request that motions relating to items on the agenda be included in the notice convening the General Meeting of Shareholders. Shareholders may submit a brief explanation when placing an item on the agenda or tabling motions. This must be included in the notice convening the General Meeting of Shareholders. Requests for items to be included on the agenda or motions relating to items on the agenda must be submitted at least 45 days before the General Meeting of Shareholders.

#### **6.5 Entries in the share register**

The share register is usually closed ten days before the General Meeting of Shareholders. The Board of Directors approves on request exceptions for late permission. The effective date of closure is published in time in the financial calendar on the Company's website: <https://www.bachem.com/about-bachem/investors-and-media/financial-events/>.

### **7 Changes of control and defense measures**

#### **7.1 Duty to make an offer**

The Articles of Association of Bachem Holding AG do not envisage a duty to submit a public purchase offer according to article 135 and 163 of the Federal Financial Markets Infrastructure Act (FinfraG) (Opting Out).

#### **7.2 Clauses on changes of control**

Neither members of the Board of Directors nor members of the Corporate Executive Committee have a contractual agreement in case of change of control.

### **8 Auditors**

#### **8.1 Duration of the mandate and term of office of the lead auditor**

Mazars AG, Zurich, has been statutory auditor of the Bachem Group and the Bachem Holding AG since 2019. Cyprian Bumann has been lead auditor since the business year 2019. The rotation period of the lead auditor is based on the maximum statutory length for Swiss companies of seven years (Swiss Code of Obligations, article 730a, paragraph 2). Auditors are elected by the Annual General Meeting on an annual basis.

#### **8.2 Auditing fees**

Auditing fees of Mazars for the Bachem Group amounted to CHF 205 thousand for the business year 2023. Fees for audit services on Bachem companies by other auditors totaled CHF 11 thousand.

#### **8.3 Additional fees**

Apart from the audit services, Mazars did not provide any additional services during the reporting year. Additional services, mainly in the area of tax consulting, conducted by other auditors amounted to CHF 1 thousand.

#### **8.4 Information instruments pertaining to the external audit**

The Board of Directors is responsible for the evaluation of the external auditors and determines the audit scope and plan on an annual basis. For this purpose, the external auditors prepare a report for the attention of the Board of Directors. The external auditors meet with the Board of Directors at least once a year. During this meeting, the management letters concerning the individual companies and the consolidated financial statements that are summarized in the audit report are discussed. Furthermore, the external auditors provide an overview on all audits conducted as well as on current trends in Swiss GAAP FER and other relevant laws and standards. In 2023, the external auditors attended two Board of Directors meetings. The performance assessment of the external auditor and the audit fees is made based on the independency and objectivity of the external auditors, the presented reports, the shown technical and operational competences, the involved resources, as well as the open and effective communication and coordination with internal staff.

## **9 Information policy**

The Bachem Group has an open and up-to-date information policy that treats all target groups of the capital investment market equally. The most important information tools are the annual report and the half-year report, the website ([www.bachem.com](http://www.bachem.com)), press releases, the presentation of the financial statements for media and analysts, as well as the Annual General Meeting. A General Meeting of Shareholders is convened at least 20 days prior to the date of the meeting by publication in the Swiss Official Gazette of Commerce. Shareholders are in addition informed on important matters by letter. The financial calendar, financial publications and other important information are available on the website in the Investors & Media section (<https://www.bachem.com/about-bachem/investors-and-media/>).

As a company listed on the SIX Swiss Exchange, Bachem is obliged to publish information that is relevant to its share price (obligation to disclose price-sensitive facts (ad hoc publicity), Art. 53 of the "Listing Rules"). These rules can be viewed under: <https://www.ser-ag.com/dam/downloads/regulation/listing/listing-rules/lr-en.pdf>. An e-mail distribution list enables anyone interested to receive ad hoc messages free of charge and promptly. To subscribe, go to: [https://www.bachem.com/about-bachem/investors-and-media/#investor\\_news](https://www.bachem.com/about-bachem/investors-and-media/#investor_news) (push system). Previous ad hoc announcements can be accessed at: <https://www.bachem.com/about-bachem/investors-and-media/> (pull system).

For specific questions regarding Bachem, contact our investor relations responsible, Dr. Daniel Grotzky, Bachem Holding AG, Hauptstrasse 144, CH-4416 Bubendorf, phone +41 58 595 2021, [ir@bachem.com](mailto:ir@bachem.com).

## **10 Quiet periods**

For the Honorary Chairman, the members of the Board of Directors, the members of the Corporate Executive Committee, the regional executive managers, the executive managers of larger Group companies and other persons, whose official duties gives them access to reporting numbers, including their related parties, the quiet period in connection with the semi-annual and the annual report begins on the last calendar day of the respective reporting period. The quiet period ends on the day of the corresponding publication. All the details, also covering further quiet periods in relation to potentially price-relevant projects, are regulated in a corresponding internal directive. No exceptions to the general quiet period rules were granted in the reporting year.

# COMPENSATION REPORT

**The compensation report contains information on the compensation of the members of the Board of Directors and the Corporate Executive Committee. It substantially adheres to the provisions set forth in Bachem's Articles of Association and the Swiss Code of Obligations.**

## **Basic compensation policy**

Consistent adherence to the highest quality standards and an industry-wide reputation for innovation are based on the expertise and many years of experience of our employees. In acknowledgment thereof, the central objectives of Bachem's compensation policy are to recruit and retain the best specialists. The compensation system is rooted in the principles of transparency, performance-oriented pay, and lasting value creation. It is aimed to attract, incentivize and retain employees committed to the successful development of the company by offering comprehensive pay packages competitive with peer market practice. In addition to external benchmarking, one of Bachem's central concerns is to ensure internal fairness and an appropriate ratio between the highest and lowest compensation. For this reason, the remuneration of the CEO should generally not be more than 12 times the lowest wage for a qualified specialist employee.

Bachem's compensation model is based on the "Bachem Incentive Plan" (STI) and the "Long-Term Incentive Plan" (LTI). These two plans set the overall compensation mechanisms for all employees of the Bachem Group and the main part of the compensation of the members of the Corporate Executive Committee.

The basic principles underlying the system of compensation described in the STI and LTI are:

- Total compensation is understood as compensation for total performance
- Total compensation is focused on sustainable corporate success and therefore further the long-term interests of all stakeholders
- Targets and objectives pertinent to the expected total performance are assigned and/or agreed upon
- The subsequent assessment of total performance takes into consideration internal and individual factors as well as external forces and factors of consequence

- All employees have a stake in the company's success within the scope of their function under the STI
- All employees are assigned individual, mutually agreed upon objectives that have a positive impact on the company
- Senior management receives part of its total compensation in the form of blocked company shares

The STI and the LTI are not utilized to determine the compensation paid to the (non-executive) members of the Board of Directors. To ensure true independence, neither performance-oriented nor individual objectives are applied in setting the overall compensation of the members of the Board of Directors.

### Management and control of compensation

The remuneration and share-based payment plans offered to the Board of Directors and the Corporate Executive Committee are determined annually by the Board of Directors acting on a proposal by the Compensation Committee, which shall consist of three members of the Board of Directors. Compensation shall be determined in compliance with all applicable legal, statutory and contractual requirements and, at the Board's own discretion, subject to subsequent approval by the General Meeting.

The General Meeting shall cast a prospective vote on and set with binding force the aggregate compensation of the Board of Directors for the period extending to the close of the next Annual General Meeting.

In addition, the resolutions of the Board of Directors regarding the maximum total amount of fixed and variable short-term compensation (STI), the compensation of a maximum fixed number of shares and a maximum total amount of a long-term variable compensation (LTI) for the members of the Corporate Executive Committee for the next financial year are submitted prospectively to the Annual General Meeting for approval. If a new individual is appointed to the Corporate Executive Committee or an existing Corporate Executive Committee member is promoted after the aggregate amount of compensation for the period has been approved, the Board of Directors shall be entitled to provide an additional amount of compensation should the approved amount of aggregate compensation not be sufficient. The additional compensation provided per

member of the Corporate Executive Committee shall not exceed 25% of the aggregate amount approved by the General Meeting.

The Compensation Committee supports the Board of Directors in determining and periodically reviewing the compensation strategy and guidelines as well as in formulating the resolutions to be submitted for approval at the General Meeting. Furthermore, the Compensation Committee submits proposals to the Board of Directors regarding key performance criteria to be used in setting individual total compensation for the members of the Corporate Executive Committee. The Committee shall also submit proposals to the Board of Directors for establishing or revising individual performance- and/or profit-based variable compensation and stock award plans.

Based on the guidelines approved by the full Board of Directors, the Compensation Committee measures the extent to which the financial and non-financial targets of the members of the Corporate Executive Committee have been achieved and makes specific recommendations regarding compensation. These recommendations and the proposals for the compensation of the members of the Board of Directors are presented to the Board of Directors for review and approval.

The Compensation Committee meets as often as necessary to carry out its responsibilities, but at least once every year. It held two one-hour meetings in 2023. No external specialists were called in during the period under review.

The Board of Directors discloses the actual compensation paid to members of the Board of Directors and the Corporate Executive Committee in the compensation report. This report is audited annually by the auditors.

### Compensation of the Board of Directors

Compensation paid to the (non-executive) members of the Board of Directors consists of a fixed base fee set independently of the operating results and meeting fees.

The amount of the base fee is determined by the given roles and responsibilities and the associated requirements in terms of time and tasks assigned. The gross remuneration per quarter is CHF 48 000 for the Chairman and CHF 22 500 for the other members of the Board of Directors. Meeting fees are CHF 600 per half a day and per meeting participant.

The company may assign individual members additional tasks that go beyond the nature and scope of their given mandate. Compensation of such work shall be paid separately as invoiced. In the year under review, no such payments were made.

In congruence with the company's compensation philosophy, there are no agreements between Bachem and the members of the Board of Directors granting entitlement to severance payments, any other benefits on separation from service or loans and borrowings.

**Compensation of the Corporate Executive Committee**

The total compensation (TC) paid to the members of the Corporate Executive Committee consists of a base salary (BS) guaranteed by employment contract, a short-term variable component in accordance with the Group-wide "Bachem Incentive Plan" (STI), a long-term variable component in the form of a fixed number of shares (FS) and a second long-term variable component in accordance with the new "Long-Term Incentive Plan" (LTI). The compensation of a fixed number of shares has a long-term character due to the five-year blocking of

**OVERVIEW OF DUTIES AND RESPONSIBILITIES**

BODY/FUNCTION	DUTIES AND RESPONSIBILITIES
ANNUAL GENERAL MEETING	<ul style="list-style-type: none"> <li>- Elect and remove the members of the Board of Directors and the Compensation Committee</li> <li>- Prospectively set the aggregate amount of annual compensation of the Board of Directors</li> <li>- Prospectively approve the maximum aggregate amount of fixed and variable compensation of the Corporate Executive Committee</li> </ul>
BOARD OF DIRECTORS	<ul style="list-style-type: none"> <li>- Determine and periodically review Bachem's compensation policy and guidelines</li> <li>- Submit proposals at the General Meeting regarding compensation of members of the Board of Directors and Corporate Executive Committee</li> <li>- Set performance targets and objectives for short- and long-term variable compensation components within the overall compensation of the Corporate Executive Committee members and determine target achievement levels</li> <li>- Establish performance-based variable compensation and stock award plans</li> <li>- Prepare the compensation report</li> </ul>
COMPENSATION COMMITTEE	<ul style="list-style-type: none"> <li>- Support the Board of Directors in setting and periodically reviewing Bachem's compensation policy and guidelines</li> <li>- Submit proposals to the Board of Directors on the compensation of the members of the Board of Directors</li> <li>- Support the Board of Directors in determining the key financial and non-financial performance criteria used to set the individual total compensation of the members of the Corporate Executive Committee</li> <li>- Submit proposals to the Board of Directors for establishing or revising performance- and/or profit-based variable compensation and stock award plans</li> <li>- Prepare proposals put to the General Meeting regarding compensation of members of the Board of Directors and Corporate Executive Committee</li> </ul>
AUDITORS	<ul style="list-style-type: none"> <li>- Audit of quantitative information on compensations, loans, borrowings and shareholdings as well as of quantitative information on activities at other companies and gender representation in the Board of Directors and in the Corporate Executive Committee in the compensation report</li> </ul>

the shares. The LTI introduced in the 2023 financial year regulates the long-term compensation for members of the Corporate Executive Committee and defined key employees.

The short-term variable compensation is based on performance values that take into account the annual result in relation to the budget approved by the Board of Directors. This compensation is paid in cash and in blocked shares of the company. The shares are blocked for three years after actual transfer. The long-term variable compensation LTI is based on the multi-year plan approved by the Board of Directors. This compensation is paid in blocked shares of the company. The shares are blocked for three years after actual transfer.

The blocking of the shares ensures that the members of the Corporate Executive Committee are committed to sustainable corporate development and value creation. The blocked shares carry full voting and dividend rights, but may not be sold during the blocking period.

**Total compensation:**  $TC = BS + STI + FS + LTI$

**Short-term variable**

**compensation:**  $STI = BS \times 0.69 \times TF$

**Factor:**  $TF = PTI \times 0.2 + GTI \times 0.8$

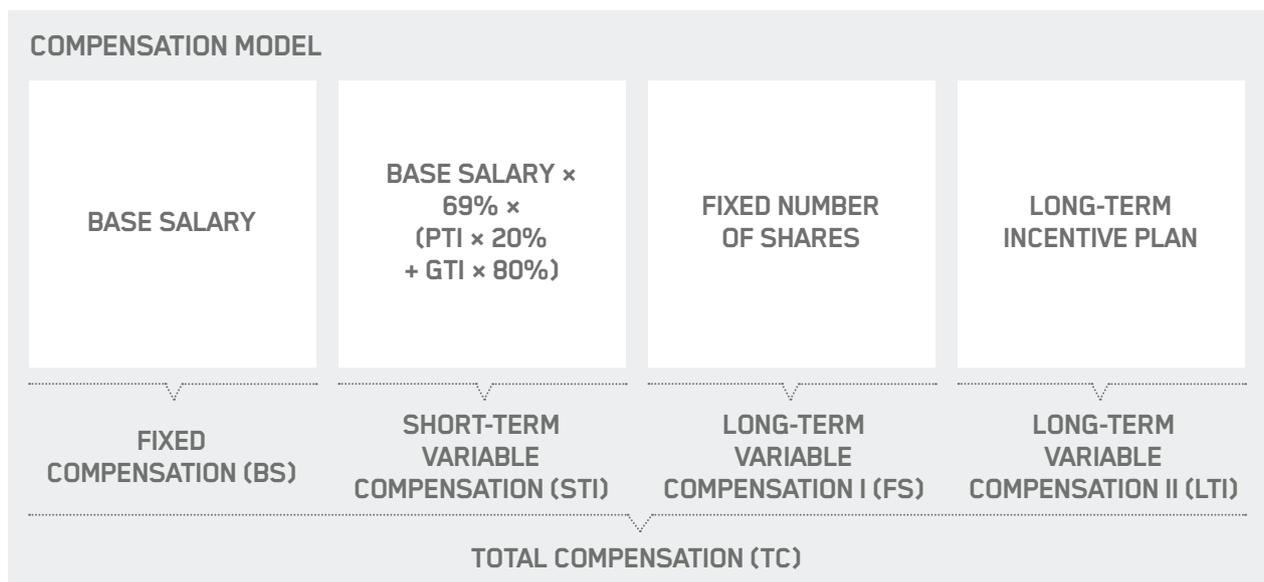
**Long-term variable**

**compensation I:**  $FS = \text{Fixed number of shares}$

**Long-term variable**

**compensation II:**  $LTI = \text{Long-Term Incentive Plan}$

The short-term variable compensation is calculated by multiplying 69% of the base salary by a factor derived from the weighted achievement scores for the Bachem Group financial targets (Group Target Incentives/GTI), which are typically based on sales and profits, and with respect to three to five individual objectives (Personal Target Incentives/PTI). The Board of Directors assesses the overall achievement scores with respect to Group-wide and individual targets based on a proposal by the Compensation Committee. The achievement of individual objectives is divided into five achievement levels: 0%, 80%, 100%, 120% and 150%. 30% of the short-term variable compensation will be paid out as company shares. These shares will be blocked for three years after the transfer date and disclosed in the compensation report at discounted value in accordance with applicable tax laws. The aforementioned proportion of variable compensation is converted into a specific number of awarded shares using the average daily closing price for the corresponding fiscal year.



As part of the long-term variable compensation I, the CEO is allocated 375 shares and the other members of the Corporate Executive Committee 250 shares each per financial year. The number can be increased at the discretion of the Board of Directors. The shares allocated in accordance with the long-term variable compensation are blocked for five years after the transfer date and disclosed in the compensation report at discounted value in accordance with applicable tax laws.

The long-term variable compensation II, Long-Term Incentive Plan (LTI), is subject to a three-year vesting period. The performance target is the percentage ratio between EBITDA growth in % and net sales growth in % in the respective performance period. The period in which the achievement of the performance target is measured begins on January 1 of the financial year preceding the allocation of the LTI amount and ends on December 31 of the financial year preceding the end of the vesting period and lasts a total of four years. The entitlement to remuneration is based on a fixed amount in Swiss francs. The range of the degree of target achievement is determined by the Board of Directors and is between 50% and 150%. The final LTI amount is converted into a number of shares at the end of the vesting period. This conversion is based on the average daily closing price for the full financial year preceding the end of the vesting period. The allocated LTI amounts are shown in the compensation report with a target achievement level of 100% and on an undiscounted basis. As per March 1, 2023, the CEO was allocated an LTI amount of CHF 100 000 and the other members of the Corporate Executive Committee CHF 75 000 each.

The Group targets set for the 2023 fiscal year were achieved. In view of the assessment of the total performance, the Board of Directors has set the Group Target Incentive rate at 100% as proposed by the Compensation Committee. In the reporting year, the variable compensation of the members of the Corporate Executive Committee therefore amounted to a total of around 106% of the fixed salaries according to the disclosed compensation.

In congruence with the company's compensation philosophy, there are no agreements between Bachem and the members of the Corporate Executive Committee granting entitlement to severance payments, any other benefits on separation from service or loans and borrowings.

Further information on the Bachem Group's share plans can be found in the notes to the consolidated financial statements on pages 61 and 77.

**Compensation to the Board of Directors and the Corporate Executive Committee**

<b>2023</b> in CHF 1 000	Fixed salaries, fees <sup>2</sup>	Variable salaries STI <sup>3</sup>	Share-based payments STI <sup>3</sup>	Share-based payments FS <sup>3</sup>	Share-based payments LTI <sup>4</sup>	Pension plan contribution <sup>2</sup>	Other social security expenses <sup>2</sup>	Total
Kuno Sommer (Chairman)	198						12	<b>210</b>
Nicole Grogg Hötzer (Vice-Chairwoman)	98						8	<b>106</b>
Alex Fässler (Member)	98						5	<b>103</b>
Steffen Lang (Member)	98						8	<b>106</b>
Helma Wennemers (Member)	96						7	<b>103</b>
<b>Total Board of Directors</b>	<b>588</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>628</b>
Thomas Meier (CEO & COO)	308	149	53	22	100	81	39	<b>752</b>
Rest of the Corporate Executive Committee <sup>5</sup>	890	435	156	58	300	209	106	<b>2 154</b>
<b>Total Corporate Executive Committee</b>	<b>1 198</b>	<b>584</b>	<b>209</b>	<b>80</b>	<b>400</b>	<b>290</b>	<b>145</b>	<b>2 906</b>
<b>Total</b>	<b>1 786</b>	<b>584</b>	<b>209</b>	<b>80</b>	<b>400</b>	<b>290</b>	<b>185</b>	<b>3 534</b>

<b>2022</b> <sup>1</sup> in CHF 1 000	Fixed salaries, fees <sup>2</sup>	Variable salaries STI <sup>3</sup>	Share-based payments STI <sup>3</sup>	Share-based payments FS <sup>3</sup>	Share-based payments LTI <sup>4</sup>	Pension plan contribution <sup>2</sup>	Other social security expenses <sup>2</sup>	Total
Kuno Sommer (Chairman)	198						12	<b>210</b>
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Steffen Lang (Member)	98						8	<b>106</b>
Helma Wennemers (Member)	96						7	<b>103</b>
<b>Total Board of Directors</b>	<b>588</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>628</b>
Thomas Meier (CEO)	298	126	46	23		68	43	<b>604</b>
Rest of the Corporate Executive Committee	903	392	141	62		201	139	<b>1 838</b>
<b>Total Corporate Executive Committee</b>	<b>1 201</b>	<b>518</b>	<b>187</b>	<b>85</b>	<b>0</b>	<b>269</b>	<b>182</b>	<b>2 442</b>
<b>Total</b>	<b>1 789</b>	<b>518</b>	<b>187</b>	<b>85</b>	<b>0</b>	<b>269</b>	<b>222</b>	<b>3 070</b>

<sup>1</sup> Since the reporting year, share-based payments are presented in more detail. The previous year's figures have been adjusted to ensure comparability.

<sup>2</sup> Effective values according to the salary statement of the respective year.

<sup>3</sup> Calculated values in accordance with tax valuation principles. The actual payment or allocation takes place in the following year.

<sup>4</sup> LTI amounts allocated at the beginning of the vesting period on March 1. Undiscounted amounts with a target achievement level of 100%.

<sup>5</sup> The disclosure includes the compensation of Roland Schürmann for the period from January 1, 2023 to October 31, 2023.

Lump-sum allowances to the Board of Directors and the Corporate Executive Committee are not part of the compensations, since they compensate for expenses.

Shareholdings of the Board of Directors and the Corporate Executive Committee

	Number of free shares	Number of blocked shares	Number of shares total	Shares allocated in reporting period
<b>December 31, 2023</b>				
Kuno Sommer (Chairman)	48 000		48 000	
Nicole Grogg Hötzer (Vice-Chairwoman) <sup>2</sup>	66 900		66 900	
Alex Fässler (Member) <sup>2</sup>	33 580		33 580	
Steffen Lang (Member)	50		50	
Helma Wennemers (Member)	9 750		9 750	
<b>Total Board of Directors</b>	<b>158 280</b>	<b>0</b>	<b>158 280</b>	<b>0</b>
Thomas Meier (CEO & COO)	12 830	3 222	16 052	1 032
Günther Loidl (CTO)	13 355	2 388	15 743	748
Alain Schaffter (CFO)	0	1 401	1 401	751
Roland Schürmann (COO until September 14, 2023)	n/a	n/a	n/a	763
Torsten Wöhr (CCO)	410	1 172	1 582	682
<b>Total Corporate Executive Committee</b>	<b>26 595</b>	<b>8 183</b>	<b>34 778</b>	<b>3 976</b>
<b>Total</b>	<b>184 875</b>	<b>8 183</b>	<b>193 058</b>	<b>3 976</b>

	Number of free shares	Number of blocked shares	Number of shares total	Shares allocated in reporting period
<b>December 31, 2022<sup>1</sup></b>				
Kuno Sommer (Chairman)	48 000		48 000	
Nicole Grogg Hötzer (Vice-Chairwoman) <sup>2</sup>	66 900		66 900	
Alex Fässler (Member) <sup>2</sup>	32 940	640	33 580	
Steffen Lang (Member)	2 250		2 250	
Helma Wennemers (Member)	9 750		9 750	
<b>Total Board of Directors</b>	<b>159 840</b>	<b>640</b>	<b>160 480</b>	<b>0</b>
Thomas Meier (CEO)	11 120	3 900	15 020	1 000
Günther Loidl (CTO)	11 695	3 300	14 995	730
Alain Schaffter (CFO)	0	650	650	650
Roland Schürmann (COO)	995	1 700	2 695	745
Torsten Wöhr (CCO)	0	900	900	165
<b>Total Corporate Executive Committee</b>	<b>23 810</b>	<b>10 450</b>	<b>34 260</b>	<b>3 290</b>
<b>Total</b>	<b>183 650</b>	<b>11 090</b>	<b>194 740</b>	<b>3 290</b>

<sup>1</sup> The previous year's figures were adjusted slightly in connection with the definition of related parties.

<sup>2</sup> Ownership of shares incl. related parties. For disclosure purposes, spouses/life partners and minor children were identified as related parties.

**Activities at other companies**

The table below provides an overview of the activities of members of the Board of Directors and of the Corporate Executive Committee at other companies and organizations.

**Gender representation in the Board of Directors and in the Corporate Executive Committee**

Article 734 paragraph f of the Swiss Code of Obligations requires a statement in the compensation report unless each gender makes up at least 30 per cent of the Board of Directors and 20 per cent of the Corporate Executive Committee.

The Board of Directors is made up of 40% women and 60% men and the Corporate Executive Committee of 100% men.

The Board of Directors strives for a balanced composition of the Corporate Executive Committee, which ensures that the expertise and experience required for Bachem are sufficiently represented for the respective business areas, while at the same time taking into

account the increasing requirements in the industry. Various criteria are therefore taken into account when selecting members of the Corporate Executive Committee, including industry experience, experience in leadership and management functions, knowledge in the areas of finance and accounting, compliance and law, expertise in the areas of environment, social engagement and governance (ESG) and information technology. Bachem strives to improve gender diversity and other diversity criteria within the company and pursues an active succession planning and external recruitment policy. For the talent pool for future management positions, including the Corporate Executive Committee, emphasis is also placed on increasing the proportion of female employees. To this end, Bachem offers flexible working models to make it easier to reconcile work and family life. These measures are intended to encourage women in particular to aspire to management positions and make it easier for them to obtain and retain them. In the medium to long term, these measures should lead to a more balanced gender distribution in Bachem's Corporate Executive Committee.

**ACTIVITIES AT OTHER COMPANIES**

MEMBER	COMPANY/ORGANIZATION	FUNCTION/ACTIVITY
<b>Kuno Sommer</b>	Sunstar-Holding AG	Chairman of the Board of Directors
	Kenta Biotech AG	Chairman of the Board of Directors
	TargImmune Therapeutics AG	Chairman of the Board of Directors
	Infors AG (until September 1, 2023)	Chairman of the Board of Directors
	Spexis AG	Member of the Board of Directors
<b>Nicole Grogg Hötzer</b>	MFC Beteiligungs AG	Chairwoman of the Board of Directors
	Ingro Finanz AG	Vice-Chairwoman of the Board of Directors
	Hotel Bad Schauenburg AG	Vice-Chairwoman of the Board of Directors
	Sunstar-Holding AG	Vice-Chairwoman of the Board of Directors
<b>Steffen Lang</b>	Novartis Group	Member of the Executive Committee
	Various Novartis Group companies	Member of the Board of Directors
<b>Helma Wennemers</b>	ETH Zurich	Professor
<b>Thomas Meier</b>	AdRegeneer AG	Chairman of the Board of Directors
	Viollier AG	Member of the Board of Directors
	Business association scienceindustries	Member of the Board
	Chamber of Commerce of both Basel	Member of the Board

## **Report on the Audit of the Compensation Report**

### **Opinion**

We have audited the Compensation Report of Bachem Holding AG (the Company) for the year ended December 31, 2023. The audit was limited to the information pursuant to Art. 734a–734f of the Swiss Code of Obligations (CO) on pages 46 to 48 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a–734f CO in the accompanying Compensation Report complies with Swiss law and the Company's articles of incorporation.

### **Basis for Opinion**

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibility for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the pages 46 to 48 in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Board of Directors' Responsibilities for the Compensation Report**

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's Responsibilities for the Audit of the Compensation Report**

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors and/or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and/or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Zurich, February 26, 2024

MAZARS AG

Cyprian Bumann  
Licensed Audit Expert  
(Auditor in Charge)

Barbara Herold  
Licensed Audit Expert

# FINANCIAL REPORT 2023

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### FINANCIAL CALENDAR

# CONSOLIDATED INCOME STATEMENT

For the years ended December 31

in CHF 1000	Notes	<b>2023</b>	2022
Net sales	1/2	577 316	531 741
Cost of goods sold		- 400 353	- 360 462
<b>Gross profit</b>		<b>176 963</b>	<b>171 279</b>
Other income		818	911
Marketing and sales costs		- 17 958	- 18 783
Research and development costs		- 11 041	- 7 203
General administrative costs		- 19 402	- 18 980
<b>Operating income (EBIT)</b>	<b>2</b>	<b>129 380</b>	<b>127 224</b>
Financial income	5	6 338	2 062
Financial expenses	6	- 11 010	- 17 212
<b>Ordinary income</b>		<b>124 708</b>	<b>112 074</b>
Extraordinary loss	29	- 500	0
<b>Income before taxes</b>		<b>124 208</b>	<b>112 074</b>
Income taxes	7	- 12 349	- 11 390
<b>Net income<sup>1</sup></b>		<b>111 859</b>	<b>100 684</b>
<b>Earnings per share (CHF)</b>	<b>8</b>	<b>1.50</b>	<b>1.37</b>

<sup>1</sup> The net income is completely attributable to the equity holders of the parent company.

The notes on pages 56 to 80 are an integral part of the consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

At December 31, 2023 and 2022

in CHF 1000	Notes	Dec. 31, 2023	Dec. 31, 2022
<b>Assets</b>			
Cash and cash equivalents		157 725	31 451
Securities	9	140 802	236 976
Trade receivables	10	176 103	171 042
Other current receivables	11	5 741	5 069
Prepaid expenses and accrued income	12	18 461	4 688
Current income tax asset		1 711	3 148
Inventories	13	340 988	308 046
<b>Total current assets</b>		<b>841 531</b>	<b>760 420</b>
Property, plant and equipment	14	814 552	599 790
Intangible assets	15	13 962	13 819
Assets from employer contribution reserve	4	0	320
Deferred tax assets		12 835	9 520
<b>Total non-current assets</b>		<b>841 349</b>	<b>623 449</b>
<b>Total assets</b>		<b>1 682 880</b>	<b>1 383 869</b>
<b>Liabilities and equity</b>			
Trade payables	16	29 089	32 071
Other current liabilities	17	76 079	83 483
Accrued expenses and deferred income	18	45 777	37 753
Current income tax liabilities		13 592	11 134
Current financial liabilities	19	183	339
<b>Total current liabilities</b>		<b>164 720</b>	<b>164 780</b>
Other non-current liabilities	20	145 561	0
Non-current financial liabilities	19	218	352
Deferred tax liabilities	7	51 858	49 076
<b>Total non-current liabilities</b>		<b>197 637</b>	<b>49 428</b>
<b>Total liabilities</b>		<b>362 357</b>	<b>214 208</b>
Share capital	22	750	738
Retained earnings		711 727	628 361
Offset goodwill		- 1 404	- 1 404
Share premium		662 819	583 887
Own shares		- 1 820	- 1 959
Cumulative translation differences		- 51 549	- 39 962
<b>Total capital and reserves attributable to the equity holders of the company</b>		<b>1 320 523</b>	<b>1 169 661</b>
<b>Total liabilities and equity</b>		<b>1 682 880</b>	<b>1 383 869</b>

The notes on pages 56 to 80 are an integral part of the consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the years ended December 31

in CHF 1000	Notes	2023	2022
<b>Cash flow from operating activities</b>			
Net income		111 859	100 684
Adjustments for:			
Income taxes	7	12 349	11 390
Depreciation, amortization and impairment	2/14/15	45 204	33 318
Financial income	5	- 6 338	- 2 062
Financial expenses	6	11 010	17 212
Share-based payments	23	1 319	752
Loss on sale/scraping of property, plant and equipment		141	299
Change in other non-current liabilities		145 561	0
Usage of employer contribution reserves	4	320	0
Income taxes paid		- 8 405	- 1 027
<b>Cash flow from operating activities before changes in net working capital</b>		<b>313 020</b>	<b>160 566</b>
Change in trade receivables		- 9 747	- 66 227
Change in other current receivables, prepaid expenses and accrued income		- 14 220	623
Change in inventories		- 38 100	- 35 171
Change in trade payables		- 2 818	6 931
Change in other current liabilities, accrued expenses and deferred income		1 729	25 926
<b>Cash flow from operating activities</b>		<b>249 864</b>	<b>92 648</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment		- 264 564	- 138 458
Sales of property, plant and equipment		22	0
Investments in intangible assets		- 3 838	- 3 886
Acquisitions	27	0	- 21 866
Sales of securities		94 906	101 000
Interest received		934	15
Other financial payments and proceeds		1 733	44
<b>Cash flow from investing activities</b>		<b>- 170 807</b>	<b>- 63 151</b>
<b>Cash flow from financing activities</b>			
Capital increase	22	105 867	0
Dividends paid	24	- 56 236	- 51 620
Repayment of financial liabilities		- 327	- 33 870
Additions of own shares	22	- 585	- 1 442
Interest paid		- 30	- 74
<b>Cash flow from financing activities</b>		<b>48 689</b>	<b>- 87 006</b>
Net effect of currency translation on cash and cash equivalents		- 1 472	- 231
<b>Net change in cash and cash equivalents</b>		<b>126 274</b>	<b>- 57 740</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>31 451</b>	<b>89 191</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>157 725</b>	<b>31 451</b>
<b>Net change in cash and cash equivalents</b>		<b>126 274</b>	<b>- 57 740</b>

The notes on pages 56 to 80 are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31

2023 in CHF 1 000	Notes	Share capital	Retained earnings <sup>1</sup>	Offset goodwill <sup>1</sup>	Share premium	Own shares	Cumulative translation differences	Total
<b>Balance at January 1</b>		<b>738</b>	<b>628 361</b>	<b>- 1 404</b>	<b>583 887</b>	<b>- 1 959</b>	<b>- 39 962</b>	<b>1 169 661</b>
Capital increase	22	12			108 113			<b>108 125</b>
Transaction costs of the capital increase (net of tax)	22				- 2 033			<b>- 2 033</b>
Net income according to income statement			111 859					<b>111 859</b>
Dividends	24		- 28 493		- 27 743			<b>- 56 236</b>
Transactions with own shares (net of tax)					331	- 916		<b>- 585</b>
Share-based payments	23				264	1 055		<b>1 319</b>
Cumulative translation differences							- 11 587	<b>- 11 587</b>
<b>Balance at December 31</b>		<b>750</b>	<b>711 727</b>	<b>- 1 404</b>	<b>662 819</b>	<b>- 1 820</b>	<b>- 51 549</b>	<b>1 320 523</b>

2022 in CHF 1 000	Notes	Share capital	Retained earnings <sup>1</sup>	Offset goodwill <sup>1</sup>	Share premium	Own shares	Cumulative translation differences	Total
<b>Balance at January 1</b>		<b>738</b>	<b>553 487</b>	<b>- 1 352</b>	<b>609 597</b>	<b>- 1 169</b>	<b>- 40 303</b>	<b>1 120 998</b>
Net income according to income statement			100 684					<b>100 684</b>
Dividends	24		- 25 810		- 25 810			<b>- 51 620</b>
Offset goodwill	27			- 52				<b>- 52</b>
Transactions with own shares (net of tax)					210	- 1 652		<b>- 1 442</b>
Share-based payments	23				- 110	862		<b>752</b>
Cumulative translation differences							341	<b>341</b>
<b>Balance at December 31</b>		<b>738</b>	<b>628 361</b>	<b>- 1 404</b>	<b>583 887</b>	<b>- 1 959</b>	<b>- 39 962</b>	<b>1 169 661</b>

<sup>1</sup> Previously, offset goodwill in equity was reported net within retained earnings. Now, it is reported gross. In order to ensure comparability, the previous year has been adjusted accordingly.

As of December 31, 2023, the accumulated non-distributable reserves amount to CHF 12 650 thousand (previous year: CHF 12 648 thousand).

The notes on pages 56 to 80 are an integral part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## General information

### Business activities

Bachem is a leading, innovation-driven company specializing in the development and manufacture of peptides and oligonucleotides. The company, which has 50 years of experience and expertise, provides products for research, clinical development, and commercial application to pharmaceutical and biotechnology companies worldwide and offers a comprehensive range of services. Bachem operates internationally with headquarters in Switzerland and locations in Europe, the US and Asia. The company is listed on the SIX Swiss Exchange.

### Approval of the consolidated financial statements

The consolidated financial statements have been accepted by the Board of Directors of Bachem Holding AG on February 26, 2024, to be presented for approval by the Annual General Meeting on April 24, 2024.

## Accounting policies

### Principles of consolidation

The financial reporting of the Bachem Group is in accordance with all Swiss Accounting and Reporting Recommendations (Swiss GAAP FER), the accounting and valuation policies as set out below, and the provisions of Swiss law. The consolidated financial statements are based on historical costs, except for the revaluation of financial assets and liabilities at fair value.

The financial statements of the companies on which the consolidated accounts are based are drawn up in accordance with standard principles applied throughout the Group in the preparation of financial statements. The annual reporting period for the individual companies of the Group ends on December 31.

All material cost and income items are recognized on an accrual basis. All internal transactions within the Group such as expenses and income, receivables and liabilities and unrealized profits are eliminated in the process of consolidation.

Acquired companies are consolidated according to the purchase method. Companies which are acquired or sold during the financial year are included in the consolidated accounts from the date of acquisition or up to the date of sale. Unless otherwise indicated, all figures included in these financial statements and in the associated notes are rounded to the nearest CHF 1000.

### Changes in accounting policies

The Bachem Group applied Swiss GAAP FER 30 (revised 2022) for the first time in the 2023 financial year. In accordance with the corresponding transitional provisions and the framework concept, the new principles were applied retrospectively as if they had always been applied. In accordance with the requirements of Swiss GAAP FER 30/37, goodwill offset against equity is now reported as a separate component in equity. Otherwise, the first-time application had no material effects on the consolidated financial statements.

### Scope of consolidation

The consolidated financial statements of Bachem comprise the financial statements of Bachem Holding AG and all companies in Switzerland and abroad that are controlled by Bachem Holding AG (with over 50% of the voting rights being held). The full list of the consolidated companies is to be found under note 25.

### Investments in subsidiaries

If the Bachem Group directly or indirectly has a voting majority in a company, or if it directly or indirectly controls a company in any other way, then the full amount of the assets and liabilities, expenses and income of the company in question is included in the consolidated financial statements. Minority interests in the income of companies that do not form part of the Group, and minority interests in the equity of subsidiaries, are shown separately.

Internal transactions and balances between Group companies are eliminated. Inter-company profits from inventories and deliveries within Group companies that have not yet been realized through sales to third parties are eliminated.

### Investments in associates

Investments in associated companies where the possibility of significant influence on business policy exists are reported according to the equity method and initially recognized at acquisition value. Following acquisition, changes in the level of participation and any value impairments are taken into account. The share in the profit and the dilutive effect of these associated companies are recognized in the income statement.

### Currency translation

The individual companies of the Group draw up their financial statements in local currencies. Transactions in other currencies are recorded by the companies using the exchange rate applicable on the transaction date. Foreign currency profits and losses arising from the processing of such transactions and from the translation of financial assets or liabilities in foreign currencies are recognized in the income statement, except in the case of long-term loans provided to companies of the Group as equity loans, for which foreign currency gains are recorded directly in equity.

The consolidated financial statements are drawn up in Swiss francs. The translation into Swiss francs of the assets and liabilities as set out in the local balance sheets is performed at the exchange rate on the period-end date.

The translation of the income statement and the cash flow statement is undertaken at the weighted average exchange rate for the reporting year. The currency-related translation differences arising from the translation of the balance sheet and income statement are allocated directly to equity. In the event of the sale of a foreign business unit, these exchange rate differences are recorded in the income statement as part of the profit or loss arising from the sale.

The following exchange rates were used for foreign currency translation:

in CHF	Income statement average rates		Balance sheet year-end rates	
	2023	2022	2023	2022
USD	<b>0.90</b>	0.95	<b>0.84</b>	0.92
EUR	<b>0.97</b>	1.00	<b>0.93</b>	0.99
GBP	<b>1.12</b>	1.18	<b>1.07</b>	1.12
JPY (100)	<b>0.64</b>	0.73	<b>0.60</b>	0.71

### Revenue recognition

#### *Sale of products*

The reported net sales correspond to the invoiced product deliveries to third parties after deducting sales tax, discounts and other sales deductions. Sales are recorded after the ownership-related transfer of the risks and rewards to the buyer took place. Inter-company sales are eliminated.

#### *Sale of services*

Revenue from the sale of services is booked in the accounting period in which the services were rendered.

#### *Interest and dividend income*

Interest income is recorded on a pro rata basis. Dividend income is booked on the date on which the legal entitlement to payment arises.

### Segment information

Segment information is based on the information used by the Corporate Executive Committee for managing the business. The business segments have been derived from the organizational structure and the internal reporting.

In addition to the business segments Europe/Asia and North America, which are identified on the basis of geographical territory, a column entitled "Corporate and eliminations" is provided in the segment reporting. This column does not represent a separate business segment, and in addition to the corporate activities includes the eliminations necessary for the reporting of the consolidated amounts.

The Group management measures the performance of the segments on the basis of the operating income before depreciation and amortization (EBITDA).

For the two segments “Europe/Asia” and “North America,” products and services of the product categories Commercial API, CMC Development and Research & Specialties form the basis for sales.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, credit balances at banks and financial investments with a residual term of not more than three months after the balance sheet date.

The cash flow statement is based on the sum of cash and cash equivalents as defined above.

### **Financial assets**

Securities classified as current assets are carried at actual values. In the case of listed securities, this corresponds to the stock exchange price on the balance sheet date. Unlisted securities classified as current assets are carried at acquisition cost less any value adjustments.

Financial assets classified as non-current assets are generally carried at cost less impairment, if any.

Changes in the carrying amount are recognized in the income statement.

### **Derivative financial instruments and hedging transactions**

Derivative financial instruments are initially recognized on the date of conclusion of the contract at fair value, and the transaction costs are expensed in the income statement. Subsequent measurement is also based on fair value. Bachem uses derivative financial instruments primarily to hedge exchange rate risks. However, it does not apply hedge accounting in this context. Instead, gains and losses arising from changes in the value are taken directly to the income statement.

### **Trade and other receivables**

Trade receivables and other receivables are recognized at the nominal value less an allowance for impaired receivables. A provision is formed when there is objective evidence that not all receivables will be collected. The impairment loss corresponds to the difference between the carrying amount of the receivable in question and the estimated net payment from customers and is recorded as a deduction in net sales.

### **Inventories**

The inventories comprise raw materials (including supplies and consumables), work in progress as well as semi-finished and finished goods. They are measured at acquisition cost or Group production cost or (if lower) at net realizable value. Production costs comprise all production costs and an appropriate proportion of production overheads. Inventories are measured at weighted average cost. For slow-moving inventory items and for inventories with a lower net realizable value, an appropriate valuation provision is made. Net realizable value is the estimated selling price in the ordinary course of business, less the variable costs necessary to make the sale.

### **Property, plant and equipment and depreciation**

Property, plant and equipment are shown at net book value, after deduction of accumulated depreciation. They are measured at acquisition or manufacturing cost and depreciated on a straight-line basis over the estimated useful life of the asset, except for land, which is not depreciated. Government grants effect a reduction in acquisition or production costs. Property, plant and equipment that is withdrawn from use or sold is derecognized from the property, plant and equipment at the corresponding acquisition or production cost less accumulated depreciation. The gain or loss on disposal of property, plant and equipment is recognized in the income statement.

The estimated useful lives of the main types of property, plant and equipment to be depreciated are given below:

Buildings	20 to 40 years
Installations	10 to 20 years
Laboratory equipment	5 to 15 years
Others	3 to 10 years

The depreciation rates reflect the expected economic useful life of the asset in question. Maintenance costs are charged to expense as incurred. Additional costs which extend the estimated useful life of an asset and lead to future economic benefit are capitalized, provided that a reliable determination of these costs is possible. All other costs for repair and maintenance are recorded as expenses in the income statement.

An asset is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In this case, Bachem estimates the future projected cash flows that will result from the use of the asset and its possible disposal. If the total amount of these projected cash flows is less than the carrying amount of the asset, an impairment loss in the amount of the difference between the carrying amount and the net realizable value is recognized.

### Leases

Finance leases which, from a business point of view, are purchases of assets through long-term financing agreements, are capitalized as fixed assets at the purchase price and depreciated over the useful life of the asset if the leased asset is transferred to the lessee at the end of the lease term. If there is no reasonable certainty that the leased assets will be transferred into the ownership of the lessee at the end of the lease term, they are valued at the present value of the future lease payments or at the lower of acquisition cost or

net fair value and depreciated over the term of the lease agreement or over the economic useful life if shorter.

The corresponding liabilities are included in current or non-current financial liabilities depending on the lease term. With finance leases, depreciation expenses as well as financial expenses are recognized in the income statement in each accounting period. Operating lease payments are recognized as expenses in the income statement on a straight-line basis over the lease term.

### Intangible assets

#### *Goodwill*

The difference between the price paid for an acquired company and the fair value of the net identifiable assets acquired (goodwill) on the date of acquisition is offset against equity. The effects on the income statement of a theoretical capitalization and ordinary amortization as well as any impairment over a useful life of five years are disclosed in the notes.

In the event of the sale of a subsidiary, any goodwill acquired at an earlier date and offset against equity is accounted for at initial cost in order to determine the gain or loss in the income statement.

#### *Patents and licenses*

Patents and licenses that have been acquired are shown at their historical acquisition cost less accumulated amortization and impairment, if any. Amortization is on a straight-line basis over 3 to 5 years, based on their useful lives. Current costs for patents and licenses are expensed in the income statement as incurred. Patents and licenses are tested for impairment whenever there are indications of impairment.

#### *Brands*

Acquired brands are carried at historical cost less impairment, if any. The amortization period is 20 years.

*Software*

Software is shown at acquisition or production cost plus the software implementation costs, less accumulated amortization and impairment, if any, and is amortized on a straight-line basis over the estimated useful life of 3 to 5 years. Software is tested for impairment whenever there are indications of impairment. Costs related to the development or maintenance of IT systems are expensed in the income statement. Costs related to IT projects will be capitalized only if an intangible asset can be identified and completed which will provide a future economic benefit over several years; capitalized software development costs are amortized on a straight-line basis over an estimated useful life of 3 to 5 years.

*Research and development costs*

Research costs are taken directly to the income statement when incurred. Development costs are capitalized as intangible assets only if an intangible asset can be identified and completed which will provide a future economic benefit over several years, and if the cost of this asset can be reliably determined. Capitalized development costs are amortized on a straight-line basis over an estimated useful life of 5 to 8 years. The corresponding amortization is recognized in the income statement as research and development costs. In addition, capitalized development costs are tested for impairment on a regular basis and an impairment loss will be recognized if there are indications of impairment. In particular, development costs in connection with the process development of new generics are capitalized according to the progress made in the project in question, since all cumulative criteria for capitalization are met.

**Financial liabilities**

Financial liabilities comprise loans, borrowings and finance lease liabilities.

Initially, financial liabilities are measured at fair value net of transaction costs incurred and, subsequently, they are stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the liability using the effective interest method.

The total or partial amount of a financial liability which is due or scheduled for repayment in the following 12 months is shown under current liabilities.

**Taxes**

Income taxes include both current and deferred taxes. Income taxes are shown in the income statement, except to the extent that they relate to items recognized directly in equity. Current taxes comprise the income tax expected to be paid for the current reporting year and the balancing adjustment in respect of income tax assets and liabilities from previous years. If no distribution of profits is planned, withholding taxes and other taxes on possible subsequent distributions are not taken into account, as retained profits are ordinarily reinvested.

Deferred taxes are determined on the basis of temporary differences between the tax basis of assets and liabilities and their carrying amounts in the balance sheets of the Group companies prepared for consolidation purposes (comprehensive liability method). Deferred tax assets and liabilities at Group level, calculated on the basis of the applicable local tax rates, are reported as non-current assets and non-current liabilities, respectively.

Deferred tax assets for tax loss carry-forwards have only been recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Changes to tax laws or tax rates that have been enacted at the balance sheet date are considered when determining the applicable tax rates, insofar as they are likely to be applicable when the deferred tax assets or liabilities are realized.

**Pension benefit obligations**

The pension and retirement benefits for employees are based on the regulations and practices in the respective countries in which Bachem is represented.

The actual economic effects of employee pension plans on the Group are calculated at the balance sheet date. An economic obligation is recognized as a liability if the conditions for the formation of a provision are met. An economic benefit is capitalized if it can be utilized for the future Group contributions to employee pension plans. Disposable employer contribution reserves are capitalized. The economic effects of pension plan funding surpluses and shortfalls, and changes in employer contribution reserves, if any, are recognized in the income statement together with the accrued contributions for the same period.

**Employee compensation (share-based payments)**

The Board of Directors passes, depending on the course of business, a resolution to grant all employees a variable share of company profits as part of their annual compensation. The amount of this variable pay depends on the level of fulfilment of individual personal objectives and on the attainment of financial targets by the local Group companies and the Bachem Group. The aggregate amount of variable pay awarded is recognized as accrued staff costs at the end of the year and paid out after the beginning of the following year.

Members of the Corporate Executive Committee, the regional executive managers and the executive managers of larger Group companies receive 25% to 30% of the variable pay in the form of shares. The number of shares that can be granted is calculated on the basis of the average closing prices for the financial year in question. The shares are blocked for a period of three years, but are not subject to any further vesting conditions. The expense is measured at the estimated

fair value at the grant date, accrued and booked as an increase in equity (share premium). Any differences between the accrued and actual amounts are corrected in the income statement for the following year.

The members of the Corporate Executive Committee also receive a fixed number of shares per financial year (CEO: 375 shares, other members of the Corporate Executive Committee: 250 shares). The number can be increased at the discretion of the Board of Directors. The shares are blocked for a period of five years, but are not subject to any further vesting conditions. At year-end, the expense is measured at the estimated fair value at the grant date, accrued and booked as an increase in equity (share premium). Any differences between the accrued and actual amounts are corrected in the income statement for the following year.

Members of the Corporate Executive Committee and defined key employees receive entitlements under the Long-Term Incentive Plan (LTI). This remuneration is subject to a vesting period of three years. The performance target is the percentage ratio between EBITDA growth in % and net sales growth in % in the respective performance period. The period in which the achievement of the performance target is measured begins on January 1 of the financial year preceding the allocation of the LTI amount and ends on December 31 of the financial year preceding the end of the vesting period and lasts a total of four years. The entitlement to remuneration is based on a fixed amount in CHF. The range of the degree of target achievement is determined by the Board of Directors and is between 50% and 150%. The final LTI amount is converted into a number of shares at the end of the vesting period based on the average daily closing price of the full financial year preceding the end of the vesting period. The shares are blocked for three years after the effective transfer, but are not subject to any further vesting conditions. The expense is estimated at the future fair value of the allocation, accrued over the vesting period and recognized as an increase in equity (share premium). Any differences to the actual allocation are corrected in the income statement.

Bachem holds own shares to fulfill its obligations under its share plans.

### **Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred.

### **Provisions**

Provisions are recognized if a present legal or constructive obligation has arisen as a result of a past event, the outflow of funds to settle this obligation is probable, and the amount of the obligation can be estimated reliably. The provisions recognized represent the best estimate of the ultimate obligation taking into account foreign currency effects and the time value of money.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability.

### **Own shares**

Own shares are shown at acquisition cost and deducted from equity. Gains or losses on the sale of own shares are recognized in share premium.

### **Dividend distribution**

Dividends to shareholders are recorded as liabilities at the time the resolution to pay a dividend is made.

### **Risk assessment**

Risks are assessed at Bachem Group during the course of the ordinary board meetings. The Corporate Executive Committee normally takes part in all meetings of the Board of Directors, and is thus fully involved in the risk assessment process. The strategic, operational and financial risks in the various business areas and at the various levels are discussed and, if necessary, measures are defined to minimize risk.

The Corporate Executive Committee meets with the Chief Operating Officers of the individual companies of the Group several times a year in the context of local board meetings, and risks for the respective business units are assessed. The results of these discussions are included in the risk assessment process at Group level.

At the local board meetings, Group-wide risks and their impact on the local entities are also discussed.

For each business area, international meetings take place at least once a year, at which the members of the management discuss area-specific issues and current risks. The Corporate Executive Committee is represented at these international meetings and raises the relevant points in the Group-wide risk assessment process.

### **Financial risk factors**

As a result of its worldwide activities, Bachem is exposed to various financial risks such as currency risks, interest rate risks and liquidity risks. Bachem's general risk management focuses on the unpredictability of developments in the financial markets, and is aimed at reducing the potentially negative effects on its financial performance to a minimum. This includes the occasional use of derivative financial instruments as an economic hedge against financial risks, without applying hedge accounting as such. Bachem works exclusively with first-class financial institutions in this context.

#### *Foreign exchange risk*

Bachem is internationally active and is therefore exposed to the foreign exchange risk arising from the fluctuations in the exchange rates of foreign currencies, primarily the US dollar and the euro. The risks relate to expected future transactions, assets and liabilities shown in the balance sheet, and net investments in foreign business operations. If material exchange rate fluctuations are expected, Group Treasury assesses the risks arising from exchange rate fluctuations and if necessary hedges these risks using derivative financial instruments.

*Interest rate risk*

Interest-bearing securities and cash holdings are exposed to changes in the market interest rates. Changes in market interest rates have an influence on cash flows (cash flow risk) and on the fair value of interest-bearing securities (fair value risk). Interest rate risk is currently not hedged. However, Bachem has the possibility of using financial instruments such as interest rate swaps to hedge some of this exposure.

*Price risk*

The Group purchases equities, bonds and options for capital management purposes. In accordance with internal investment regulations, both direct and indirect investments are permitted. Investment guidelines are defined for each asset class.

Investment decisions are taken by an investment committee.

*Credit risk*

Credit risks arise when customers or financial institutions are not able to settle their obligations as agreed. Credit risks can apply to cash and cash equivalents, deposits at financial institutions, and customer receivables. Any financial institution with which Bachem does business must have a minimum rating of "A" from an independent rating agency.

Because of the different customer structures in the various business areas, there are no general credit limits that apply across the Group, but the creditworthiness of each business area's customers is systematically evaluated. In this context, the financial situation, previous experience and/or other factors are taken into consideration and if necessary the customers are required to make prepayments.

*Liquidity risk*

Liquidity risk is defined as the risk that the Group could not be able to meet its financial obligations on time. Bachem monitors its liquidity by careful liquidity management and maintains an adequate level of liquidity that exceeds its daily and monthly operating funds requirement. This includes maintaining a sufficient reserve of liquid funds and marketable securities. Bachem can also obtain loans under favorable conditions at any time through various framework agreements.

A rolling liquidity plan is drawn up on the basis of expected cash flows and is regularly updated. To ensure that it is able to meet its short-term liabilities, Bachem holds a minimum amount of liquid funds which is continually reviewed and adjusted if necessary.

In note 21, the contractual maturities of financial liabilities are disclosed.

*Capital management*

In the context of capital management, Bachem ensures that the continuation of the operational activity of the Group is guaranteed and an appropriate return on investment for the shareholders can be achieved. In order to achieve these objectives, Bachem can adjust the dividend payments, repay capital to shareholders, and issue new shares.

Bachem monitors its capital structure on the basis of the equity ratio.

### Related parties

Companies and persons are regarded as being related if one of the entities directly or indirectly controls the other entity, is controlled by it, or is subject to joint control with the other entity, if it has an interest in the other entity which gives it a significant influence on the entity, if it has joint control over the entity with another person or if it is an associated company or a joint venture of the entity. The most senior managers of the Group and their close family members are also regarded as related persons, as are providers of pension plans for the benefit of Group employees.

### Critical accounting estimates and assumptions

The preparation of the financial statements in accordance with Swiss GAAP FER requires the use of certain critical accounting estimates. In addition, the Corporate Executive Committee is required to exercise its judgment in the application of the Group accounting policies. The estimates and assumptions seldom correspond exactly to the actual results and developments. Explanatory notes are provided below, concerning those areas that involve a higher level of judgment and complexity, and the areas in which assumptions and estimates are of particular importance for the consolidated financial statements:

#### *Income taxes*

Bachem has to pay income taxes in several countries. Significant judgments are required in accounting for income tax provisions. The definitive amount of tax due is uncertain. The Group measures the amount of the tax assets and liabilities in respect of adjustments to tax assessments and in respect of expected tax audits on the basis of estimates as to whether and in what amount additional taxes will become payable.

#### *Provision for slow-moving inventory items*

Bachem's inventory items are characterized by an extremely long shelf life. Nevertheless, due to commercial considerations, a valuation provision for slow-moving inventory items is determined, which takes into account the salability of the corresponding products. This system-supported provision is principally based on historical consumption and for certain products additionally on a coverage analysis.

#### *Capitalized development costs*

Development costs for own products are capitalized if the capitalization criteria pursuant to Swiss GAAP FER are fulfilled. Management regularly reviews capitalized development costs for impairment. To this end, discounted cash flow analyses are drawn up that are based on assumptions such as the discount rate and forecasts of future income, costs and capital investments in connection with individual projects. As a result of changes in the economic environment and market conditions, the assumptions used in the calculations may deviate from the actual results. These deviations can have a significant influence on the capitalized development costs in future periods.

## 1 Net sales

The reported net sales consist of the following:

in CHF 1 000	2023	2022
Products	514 409	488 149
Services	62 907	43 592
<b>Total net sales</b>	<b>577 316</b>	<b>531 741</b>

in CHF 1 000	2023	2022
Commercial API	309 028	298 794
CMC Development	227 525	185 848
Research & Specialties	40 763	47 099
<b>Total net sales</b>	<b>577 316</b>	<b>531 741</b>

## 2 Segment information

The presented values are based on the same valuation principles according to Swiss GAAP FER as used for the whole consolidated financial statements.

in CHF 1 000	Europe/ Asia	North America	Total segments	Corporate and eliminations	Consolidated values
<b>Sales information 2023</b>					
Net sales third parties	362 154	215 162	577 316	0	<b>577 316</b>
Net sales intersegment	144 310	26 007	170 317	- 170 317	<b>0</b>
<b>Total net sales</b>	<b>506 464</b>	<b>241 169</b>	<b>747 633</b>	<b>- 170 317</b>	<b>577 316</b>
<b>Income information 2023</b>					
Operating income before depreciation and amortization (EBITDA)	151 111	18 340	169 451	- 2 715 <sup>1</sup>	<b>166 736</b>
Operating income (EBIT)	119 465	12 637	132 102	- 2 722 <sup>1</sup>	<b>129 380</b>
<b>Other information 2023</b>					
Additions in property, plant and equipment and intangible assets	241 602	17 984	259 586	9 420	<b>269 006</b>
Depreciation and amortization	- 31 646	- 5 703	- 37 349	- 7	<b>- 37 356</b>
Total assets	1 240 410	242 472	1 482 882	199 998 <sup>2</sup>	<b>1 682 880</b>
Total liabilities	912 317	123 702	1 036 019	- 673 662 <sup>3</sup>	<b>362 357</b>

<sup>1</sup> The amount consists of the operating income from corporate activities of CHF - 2.1 million and of eliminations in the value of CHF - 0.6 million.

<sup>2</sup> The amount consists of corporate assets such as cash and cash equivalents, securities and loans to Group companies in the total of CHF 884.7 million and of eliminations in the value of CHF - 684.7 million.

<sup>3</sup> The amount consists of corporate liabilities of CHF 8.2 million and of eliminations in the value of CHF - 681.9 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in CHF 1000	Europe/ Asia	North America	Total segments	Corporate and eliminations	Consolidated values
<b>Sales information 2022</b>					
Net sales third parties	316 442	215 299	531 741	0	<b>531 741</b>
Net sales intersegment	98 746	7 754	106 500	- 106 500	<b>0</b>
<b>Total net sales</b>	<b>415 188</b>	<b>223 053</b>	<b>638 241</b>	<b>- 106 500</b>	<b>531 741</b>
<b>Income information 2022</b>					
Operating income before depreciation and amortization (EBITDA)	142 136	25 414	167 550	- 7 008 <sup>1</sup>	<b>160 542</b>
Operating income (EBIT)	114 899	19 344	134 243	- 7 019 <sup>1</sup>	<b>127 224</b>
<b>Other information 2022</b>					
Additions in property, plant and equipment and intangible assets	122 853	9 672	132 525	10 230	<b>142 755</b>
Depreciation and amortization	- 27 237	- 6 070	- 33 307	- 11	<b>- 33 318</b>
Total assets	942 426	220 560	1 162 986	220 883 <sup>2</sup>	<b>1 383 869</b>
Total liabilities	671 201	96 685	767 886	- 553 678 <sup>3</sup>	<b>214 208</b>

<sup>1</sup> The amount consists of the operating income from corporate activities of CHF - 7.2 million and of eliminations in the value of CHF 0.2 million.

<sup>2</sup> The amount consists of corporate assets such as cash and cash equivalents, securities and loans to Group companies in the total of CHF 783.8 million and of eliminations in the value of CHF - 562.9 million.

<sup>3</sup> The amount consists of corporate liabilities of CHF 6.5 million and of eliminations in the value of CHF - 560.2 million.

### Information about geographical areas – net sales third parties

in CHF 1000	2023	2022
Switzerland	70 705	56 495
USA	205 393	210 559
Belgium	53 984	35 323
Denmark	43 065	41 221
Japan	36 555	31 005
Great Britain	35 436	32 502
Rest of the world	132 178	124 636
<b>Total</b>	<b>577 316</b>	<b>531 741</b>

Net sales are attributed to the individual countries based on the invoice address of the respective customer.

### 3 Staff costs

in CHF 1000	2023	2022
Salaries and wages	- 206 001	- 175 272
Pension expenses	- 14 214	- 11 409
Other social security expenses	- 27 995	- 26 269
Share-based payments	- 1 319	- 752
External staff costs	- 5 811	- 5 314
Other personnel-related costs	- 8 758	- 8 707
<b>Total staff costs</b>	<b>- 264 098</b>	<b>- 227 723</b>

#### 4 Post-employment benefits

Post-employment benefits are based on the regulations and circumstances in each country where Bachem is represented.

The following figures give an overview of the financial position of the pension plans.

Economical benefit/economical obligation and pension expenses in CHF 1 000	Surplus/ deficit	Economical share of the Bachem Group		Change with effect on income statement	Contri- butions	Pension expenses in staff costs	
	Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2022	2023	2023	2023	2022
Patronage funds	0	0	0	0	0	0	0
Plans without surplus/deficit	0	0	0	0	1 070	1 070	1 171
Plans with surplus	0	0	0	0	13 144	13 144	10 238
Plans with deficit	0	0	0	0	0	0	0
Plans without own assets	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14 214</b>	<b>14 214</b>	<b>11 409</b>

Employer contribution reserves in CHF 1 000	Nominal value	Renounced use	Asset according to balance sheet		Change	Result from employer contribution reserves in staff costs	
	Dec. 31, 2023	Dec. 31, 2023	2023	2022	2023	2023	2022
Patronage funds	0	0	0	0	0	0	0
Pension institution	0	0	0	320	-320	320	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>-320</b>	<b>320</b>	<b>0</b>

#### 5 Financial income

in CHF 1 000	2023	2022
Interest income	1 683	15
Gains on securities	4 650	2 037
Other financial income	5	10
<b>Total financial income</b>	<b>6 338</b>	<b>2 062</b>

#### 6 Financial expenses

in CHF 1 000	2023	2022
Interest expenses	-31	-74
Losses on securities	-4 087	-15 189
Other financial expenses	-336	-645
Foreign exchange result	-6 556	-1 304
<b>Total financial expenses</b>	<b>-11 010</b>	<b>-17 212</b>

Other financial expenses mainly include bank charges.

## 7 Income taxes

in CHF 1000	<b>2023</b>	2022
Current taxes	- 13 011	- 11 103
Deferred taxes	662	- 287
<b>Total income taxes</b>	<b>- 12 349</b>	<b>- 11 390</b>

The following table shows the difference between the expected Group tax rate (the weighted average tax rate is based on the earnings before taxes of each Group company) and the effective tax rate:

<b>Tax rate reconciliation</b> in %	<b>2023</b>	2022
<b>Expected tax rate</b>	<b>16.7</b>	<b>18.8</b>
Change in tax loss carry-forwards	0.0	0.0
Revaluation of deferred taxes	- 0.4	- 0.9
Tax credits and allowances	- 6.2	- 6.0
Non tax deductible expenditures	0.1	0.0
Adjustments for prior periods	- 0.3	- 1.7
<b>Effective tax rate</b>	<b>9.9</b>	<b>10.2</b>

The expected tax rate has decreased compared to the prior year as a consequence of higher profits in countries with lower tax rates.

In Switzerland, new regulations on corporate taxation came into force on January 1, 2020. Since the tax rates in the cantons relevant for Bachem are being adjusted gradually, there will be annual revaluations of deferred tax positions up to 2024, which are recognized in the income statement. This fact is shown in the above presentation in the line revaluation of deferred taxes. The impact from the assertion of tax instruments related to this tax reform is included in the line tax credits and allowances. In the prior period, the tax authorities made the final assessment of the tax treatment of new tax instruments related to the Swiss tax reform, which were claimed for the years 2020 and 2021. This led to a reduction in tax liabilities of CHF 1.9 million, which was recorded affecting net income and which is shown in the above presentation in the line adjustments for prior periods.

At the end of the year, there were deferred tax assets for unused tax loss carry-forwards in the amount of CHF 0.0 million (2022: CHF 0.2 million).

<b>Movement of deferred tax liabilities</b> in CHF 1000	<b>2023</b>	2022
<b>Deferred tax liabilities at January 1</b>	<b>49 076</b>	<b>42 439</b>
Change in scope of consolidation	0	2 252
Recognized in income statement	3 896	4 451
Currency translation differences	- 1 114	- 66
<b>Deferred tax liabilities at December 31</b>	<b>51 858</b>	<b>49 076</b>

## 8 Earnings per share

Earnings per share (EPS) are calculated by dividing net income by the weighted average number of shares outstanding during the reporting period.

<b>Earnings per share</b>	<b>2023</b>	2022
Net income (in CHF 1 000)	111 859	100 684
Average number of shares outstanding	74 688 455	73 734 613
<b>Earnings per share (in CHF)</b>	<b>1.50</b>	<b>1.37</b>

Earnings per share are calculated based on the shares outstanding after the split of May 5, 2022. There are no options, convertible bonds or similar that have a dilutive effect.

## 9 Securities

in CHF 1 000	<b>Dec. 31, 2023</b>	Dec. 31, 2022
Money market	0	26 637
Bonds	101 334	166 973
Shares	39 468	43 366
<b>Total securities</b>	<b>140 802</b>	<b>236 976</b>

The securities consist of direct and indirect investments in marketable, easily realizable securities. They are valued at market values, stock exchange prices, on the balance sheet date.

## 10 Trade receivables

in CHF 1 000	<b>Dec. 31, 2023</b>	Dec. 31, 2022
Trade receivables	178 027	172 381
Provision for impairment of trade receivables	- 1 924	- 1 339
<b>Total trade receivables</b>	<b>176 103</b>	<b>171 042</b>

Trade receivables are generally free of interest and due within 30 to 90 days.

The movements on the provision for impairment of trade receivables are as follows:

<b>Movement of provision for impairment of trade receivables</b> in CHF 1 000	<b>2023</b>	2022
<b>Provision for impairment of trade receivables at January 1</b>	<b>- 1 339</b>	<b>- 79</b>
Provision for receivables impairment	- 607	- 1 277
Receivables written off during the year as uncollectable	2	16
Unused amounts reversed	0	0
Currency translation differences	20	1
<b>Provision for impairment of trade receivables at December 31</b>	<b>- 1 924</b>	<b>- 1 339</b>

The aging analysis of trade receivables is as follows:

Aging analysis in CHF 1000	Total	Not due	Overdue and not impaired				Overdue and partially impaired	
			< 31 days	31-60 days	61-90 days	91-180 days	1-180 days	> 180 days
December 31, 2023	<b>178 027</b>	163 657	7 996	3 310	199	760	49	2 056
December 31, 2022	172 381	150 257	16 009	3 408	1 057	199	0	1 451

### 11 Other current receivables

in CHF 1000	Dec. 31, 2023	Dec. 31, 2022
Other receivables	5 741	5 069
<b>Total other current receivables</b>	<b>5 741</b>	<b>5 069</b>

Other receivables contain VAT and withholding tax receivables and other receivables against third parties.

### 12 Prepaid expenses and accrued income

in CHF 1000	Dec. 31, 2023	Dec. 31, 2022
Prepaid expenses and accrued income	18 461	4 688
<b>Total prepaid expenses and accrued income</b>	<b>18 461</b>	<b>4 688</b>

Prepaid expenses and accrued income comprise payments for not yet received services as well as accrued income (see note 29).

### 13 Inventories

in CHF 1000	Dec. 31, 2023	Dec. 31, 2022
Raw materials	95 690	79 934
Work in progress	36 227	36 582
Semi-finished and finished goods	209 071	191 530
<b>Total inventories</b>	<b>340 988</b>	<b>308 046</b>

The valuation provision in the total amount of CHF 39.9 million (2022: CHF 39.8 million) is included in the above line items. The change as well as the utilization of the provision are included in the cost of goods sold.

## 14 Property, plant and equipment

2023 in CHF 1 000	Land and buildings	Installations and laboratory equipment	Other property, plant and equipment	Assets under construction	Total
<b>Cost at January 1</b>	<b>296 264</b>	<b>415 940</b>	<b>26 064</b>	<b>193 383</b>	<b>931 651</b>
Additions	9 420	0	0	256 151	<b>265 571</b>
Disposals	- 915	- 24 597	- 1 480	0	<b>- 26 992</b>
Reclassifications	28 053	38 434	8 939	- 75 626	<b>- 200</b>
Currency translation differences	- 5 380	- 6 372	- 662	- 1 537	<b>- 13 951</b>
<b>Cost at December 31</b>	<b>327 442</b>	<b>423 405</b>	<b>32 861</b>	<b>372 371</b>	<b>1 156 079</b>
<b>Accumulated at January 1</b>	<b>- 92 759</b>	<b>- 223 557</b>	<b>- 15 545</b>	<b>0</b>	<b>- 331 861</b>
Depreciation	- 7 895	- 23 156	- 2 845	0	<b>- 33 896</b>
Impairment <sup>1</sup>	- 884	- 6 545	- 419	0	<b>- 7 848</b>
Disposals	912	24 444	1 476	0	<b>26 832</b>
Currency translation differences	1 504	3 375	367	0	<b>5 246</b>
<b>Accumulated depreciation at December 31</b>	<b>- 99 122</b>	<b>- 225 439</b>	<b>- 16 966</b>	<b>0</b>	<b>- 341 527</b>
<b>Net book value at December 31</b>	<b>228 320</b>	<b>197 966</b>	<b>15 895</b>	<b>372 371</b>	<b>814 552</b>

<sup>1</sup> See note 29.

2022 in CHF 1 000	Land and buildings	Installations and laboratory equipment	Other property, plant and equipment	Assets under construction	Total
<b>Cost at January 1</b>	<b>244 709</b>	<b>383 147</b>	<b>25 293</b>	<b>103 034</b>	<b>756 183</b>
Change in scope of consolidation	32 918	0	0	11 988	<b>44 906</b>
Additions	10 230	0	0	128 742	<b>138 972</b>
Disposals	- 56	- 7 312	- 1 350	0	<b>- 8 718</b>
Reclassifications	8 126	39 993	2 078	- 50 274	<b>- 77</b>
Currency translation differences	337	112	43	- 107	<b>385</b>
<b>Cost at December 31</b>	<b>296 264</b>	<b>415 940</b>	<b>26 064</b>	<b>193 383</b>	<b>931 651</b>
<b>Accumulated depreciation at January 1</b>	<b>- 86 066</b>	<b>- 209 901</b>	<b>- 14 498</b>	<b>0</b>	<b>- 310 465</b>
Depreciation	- 6 699	- 20 765	- 2 390	0	<b>- 29 854</b>
Disposals	38	7 032	1 349	0	<b>8 419</b>
Currency translation differences	- 32	77	- 6	0	<b>39</b>
<b>Accumulated depreciation at December 31</b>	<b>- 92 759</b>	<b>- 223 557</b>	<b>- 15 545</b>	<b>0</b>	<b>- 331 861</b>
<b>Net book value at December 31</b>	<b>203 505</b>	<b>192 383</b>	<b>10 519</b>	<b>193 383</b>	<b>599 790</b>

As of December 31, 2023, Bachem had undeveloped land in the amount of CHF 19.7 million (previous year: CHF 10.2 million).

The carrying amount of fixed assets under finance lease contracts at year-end 2023 amounted to CHF 0.4 million (2022: CHF 0.7 million). Depreciation relating to fixed assets under finance lease amounted to CHF 0.3 million (2022: CHF 0.4 million).

No assets were pledged for security of own liabilities in 2023 and 2022. The Group's obligation under finance leases is secured by the lessors' title to the leased assets.

<b>Present value of finance lease liabilities</b> in CHF 1 000	<b>Dec. 31, 2023</b>	Dec. 31, 2022
Within 1 year	183	339
Between 1 and 5 years	218	352
More than 5 years	0	0
<b>Present value of finance lease liabilities</b>	<b>401</b>	<b>691</b>

Currently, there are finance lease contracts related to office, IT and inventory equipment. The remaining life of the contracts is between 1 and 5 years.

<b>Operating lease liabilities – minimum lease payments</b> in CHF 1 000	<b>Dec. 31, 2023</b>	Dec. 31, 2022
Within 1 year	848	801
Between 1 and 5 years	1 095	1 566
More than 5 years	184	350
<b>Total future minimum operating lease payments</b>	<b>2 127</b>	<b>2 717</b>

Currently, there are operating leases for office facilities, vehicles, parking spaces and buildings. The remaining life of the contracts is between 1 and 7 years.

The recognized expenses for operating leases in the consolidated income statement 2023 was CHF 1.0 million (2022: CHF 1.2 million).

15 Intangible assets

2023 in CHF 1 000	Software	Capitalized development costs	Total
<b>Cost at January 1</b>	<b>29 355</b>	<b>917</b>	<b>30 272</b>
Additions	3 435	0	<b>3 435</b>
Disposals	- 1 948	0	<b>- 1 948</b>
Reclassifications	200	0	<b>200</b>
Currency translation differences	- 99	0	<b>- 99</b>
<b>Cost at December 31</b>	<b>30 943</b>	<b>917</b>	<b>31 860</b>
<b>Accumulated amortization at January 1</b>	<b>- 15 536</b>	<b>- 917</b>	<b>- 16 453</b>
Amortization	- 3 460	0	<b>- 3 460</b>
Disposals	1 945	0	<b>1 945</b>
Currency translation differences	70	0	<b>70</b>
<b>Accumulated amortization at December 31</b>	<b>- 16 981</b>	<b>- 917</b>	<b>- 17 898</b>
<b>Net book value at December 31</b>	<b>13 962</b>	<b>0</b>	<b>13 962</b>

2022 in CHF 1 000	Software	Capitalized development costs	Total
<b>Cost at January 1</b>	<b>28 606</b>	<b>2 660</b>	<b>31 266</b>
Additions	3 783	0	<b>3 783</b>
Disposals	- 3 260	- 1 743	<b>- 5 003</b>
Reclassifications	77	0	<b>77</b>
Currency translation differences	149	0	<b>149</b>
<b>Cost at December 31</b>	<b>29 355</b>	<b>917</b>	<b>30 272</b>
<b>Accumulated amortization at January 1</b>	<b>- 15 203</b>	<b>- 2 660</b>	<b>- 17 863</b>
Amortization	- 3 464	0	<b>- 3 464</b>
Disposals	3 260	1 743	<b>5 003</b>
Currency translation differences	- 129	0	<b>- 129</b>
<b>Accumulated amortization at December 31</b>	<b>- 15 536</b>	<b>- 917</b>	<b>- 16 453</b>
<b>Net book value at December 31</b>	<b>13 819</b>	<b>0</b>	<b>13 819</b>

## 16 Trade payables

in CHF 1 000	Dec. 31, 2023	Dec. 31, 2022
Trade payables	29 089	32 071
<b>Total trade payables</b>	<b>29 089</b>	<b>32 071</b>

In general, trade payables are free of interest and paid within the given payment terms. The majority of the outstanding trade payables is due within the first 30 days after the balance sheet date.

## 17 Other current liabilities

in CHF 1 000	Dec. 31, 2023	Dec. 31, 2022
Other liabilities	46 415	45 313
Prepayments from customers	29 664	38 170
<b>Total other current liabilities</b>	<b>76 079</b>	<b>83 483</b>

Other current liabilities mainly consist of value-added tax liabilities, owed social security charges, liabilities from investment projects, prepayments from customers and other liabilities to third parties. See note 20 regarding non-current prepayments from customers.

## 18 Accrued expenses and deferred income

in CHF 1 000	Dec. 31, 2023	Dec. 31, 2022
Accrued expenses and deferred income	45 777	37 753
<b>Total accrued expenses and deferred income</b>	<b>45 777</b>	<b>37 753</b>

Accrued expenses and deferred income mainly consist of accruals for staff costs.

## 19 Financial liabilities

in CHF 1 000	Dec. 31, 2023	Dec. 31, 2022
Bank loans	0	0
Finance lease liabilities	401	691
<b>Total financial liabilities</b>	<b>401</b>	<b>691</b>
Thereof current financial liabilities	183	339
Thereof non-current financial liabilities	218	352

In the prior year, bank loans brought forward from last year of CHF 20.0 million and loans from the related party Ingro Finanz AG in the amount of CHF 13.5 million, which were taken over in connection with the acquisition of Ingro Immobilien AG (see note 27), were repaid.

Details concerning finance leases are disclosed in note 14.

## 20 Other non-current liabilities

in CHF 1 000	Dec. 31, 2023	Dec. 31, 2022
Other non-current liabilities	145 561	0
<b>Total other non-current liabilities</b>	<b>145 561</b>	<b>0</b>

Other non-current liabilities consist exclusively of non-current prepayments from customers. For these prepayments, the deliveries and services to be provided are expected in a period of more than 12 months after the balance sheet date.

## 21 Maturities of financial liabilities

The following tables show the contractual maturities of financial liabilities as per balance sheet date (discounted cash flows):

<b>December 31, 2023</b> in CHF 1 000	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Trade payables	21 604	7 485	0			<b>29 089</b>
Other current liabilities	36 838	10 194	29 047			<b>76 079</b>
Accrued expenses and deferred income	16 430	3 563	25 784			<b>45 777</b>
Current income tax liabilities	0	397	13 195			<b>13 592</b>
Current financial liabilities	41	39	103			<b>183</b>
Other non-current liabilities				145 561	0	<b>145 561</b>
Non-current financial liabilities				218	0	<b>218</b>

<b>December 31, 2022</b> in CHF 1 000	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Trade payables	24 452	7 619	0			<b>32 071</b>
Other current liabilities	43 714	8 652	31 117			<b>83 483</b>
Accrued expenses and deferred income	10 702	3 473	23 578			<b>37 753</b>
Current income tax liabilities	0	0	11 134			<b>11 134</b>
Current financial liabilities	42	62	235			<b>339</b>
Other non-current liabilities				0	0	<b>0</b>
Non-current financial liabilities				352	0	<b>352</b>

## 22 Share capital

The shares of Bachem Holding AG are traded at the SIX Swiss Exchange in Zurich under valor number 117 649 372. All shares are registered shares which are eligible to vote and entitled to dividend. The important shareholders are listed in the notes to the financial statements of Bachem Holding AG in note 10 on page 89.

	Dec. 31, 2023	Dec. 31, 2022
<b>Shares Bachem A</b>		
Number of shares	n/a	7 002 059
Number of fully paid-in shares	n/a	7 002 059
Par value per share (in CHF)	n/a	0.05
<b>Shares Bachem B</b>		
Number of shares	75 000 000	73 750 000
Number of fully paid-in shares	75 000 000	73 750 000
Par value per share (in CHF)	0.01	0.01
<b>Total number of shares</b>	<b>75 000 000</b>	<b>73 750 000</b>
<b>Total share capital (in CHF)</b>	<b>750 000</b>	<b>737 500</b>

On March 10, 2023, the share capital was increased by 1 250 000 registered shares with a nominal value of CHF 0.01 per share. The placement price per share was CHF 86.50. The transaction costs of the capital increase amounted to CHF 2.3 million (before taxes).

On May 5, 2022, all non-listed shares of the type “Bachem A” were converted into listed shares of the type “Bachem B”, and subsequently the par value of all Bachem shares was split in the ratio of 1:5. The par value per share is now CHF 0.01 (previously CHF 0.05).

Own shares are reserved for distribution under the employee participation plans. The following two tables show values after the share split.

Own shares	Dec. 31, 2022	Purchases	Transfer to employees	Dec. 31, 2023
Number				
Employee participation plans at the price of CHF 69.08	28 800	8 000 <sup>1</sup>	- 10 445	26 355
<b>Total own shares</b>	<b>28 800</b>	<b>8 000</b>	<b>- 10 445</b>	<b>26 355</b>

<sup>1</sup> The shares were acquired on the market at an average price of CHF 73.16.

	Dec. 31, 2023	Dec. 31, 2022
<b>Outstanding shares</b>		
Total number of shares	75 000 000	73 750 000
Number of own shares	- 26 355	- 28 800
<b>Total shares outstanding</b>	<b>74 973 645</b>	<b>73 721 200</b>

### 23 Share-based payment

The employee and management participation plans are described in the accounting policies on pages 61. The recognized expenses for share-based payments in the reporting period amounted to CHF 1.3 million (2022: CHF 0.8 million).

The following table shows values after the share split (see note 22).

<b>Shares granted</b> Number/CHF	<b>2023</b>	2022
Number of granted shares	10 445	9 075
Average fair value per share at grant date in CHF	101.00	113.00

Bachem holds own shares in order to meet its obligations under the employee participation plans. For the change in the number of Bachem shares outstanding, please refer to note 22.

### 24 Dividend distribution

On April 25, 2023, a dividend of CHF 56.2 million, respectively CHF 0.75 per share, was distributed for the year 2022 (previous year: CHF 51.6 million, respectively CHF 0.70 per share). Dividend values per share are based on the number of shares after the share split in the ratio of 1:5 (see note 22).

The Board of Directors will propose a dividend of CHF 0.80 per share or a total of CHF 60.0 million on 74 973 645 shares entitled to dividend, to the Annual General Meeting for the year 2023. The number of shares entitled to dividend may change up to the Annual General Meeting on April 24, 2024, due to the granting of shares to employees or the purchase/sale of own shares.

### 25 Consolidated companies

<b>Consolidated company</b>	Country	Currency	Registered capital	<b>Equity share Dec. 31, 2023</b>	Equity share Dec. 31, 2022
Bachem Holding AG, Bubendorf	Switzerland	CHF	750 000	100%	100%
Bachem AG, Bubendorf	Switzerland	CHF	25 000 000	100%	100%
Bachem Sisslerfeld AG, Baden <sup>1</sup>	Switzerland	CHF	100 000	100%	n/a
Bachem Distribution Services GmbH, Weil am Rhein	Germany	EUR	128 000	100%	100%
Bachem (UK) Ltd., St. Helens	England	GBP	2 500	100%	100%
Bachem Americas, Inc., Torrance	USA	USD	3 000	100%	100%
Peninsula Laboratories, LLC, San Carlos	USA	USD	32 000	100%	100%
Bachem Japan K.K., Tokyo	Japan	JPY	10 000 000	100%	100%

<sup>1</sup> Foundation as of August 17, 2023.

## 26 Related party transactions

Breiten Immobilien AG (until April 24, 2022, see note 27), Chemoforma AG, Hotel Bad Schauenburg AG, Ingro Finanz AG, MFC Beteiligungs AG, Peninsula Laboratories International, Inc., the pension fund of the Swiss Group Companies, Sunstar Group as well as the Board of Directors, and the Corporate Executive Committee of Bachem Holding AG are considered related parties. The following tables show an overview of the transactions and balances with related parties:

<b>Transactions</b> in CHF 1 000	<b>2023</b>	2022
Breiten Immobilien AG (lease of business premises and parking spaces)	0	-321
Breiten Immobilien AG (rendering of services)	0	5
Chemoforma AG (sale of goods)	5	6
Hotel Bad Schauenburg AG (seminars)	-70	-43
Ingro Finanz AG (acquisition Ingro Immobilien AG)	0	-23 800
Ingro Finanz AG (repayment loan from acquisition)	0	-13 500
Ingro Finanz AG (dividend paid out)	-29 218	-27 270
Pension fund in Switzerland (employer's contribution)	-13 144	-10 238
Sunstar Group (seminars)	0	-32
<b>Total transactions with related parties</b>	<b>-42 427</b>	<b>-75 193</b>

<b>Balances</b> in CHF 1 000	<b>Dec. 31, 2023</b>	Dec. 31, 2022
Hotel Bad Schauenburg AG (seminars)	-5	-5
<b>Total balances with related parties</b>	<b>-5</b>	<b>-5</b>

Transactions with related parties are performed at arm's length. This means in particular that products are sold to related parties at the same prices as to third parties.

## 27 Acquisitions

As of April 25, 2022, Bachem AG has taken over all shares of Ingro Immobilien AG in Hergiswil (NW), Switzerland, including the 100% investment in Breiten Immobilien AG in Bubendorf (BL), Switzerland, from the related party Ingro Finanz AG. Neither Ingro Immobilien AG nor Breiten Immobilien AG had any employees. Before the takeover, Bachem AG rented various properties on the site of Breiten Immobilien AG. Both acquired companies were merged into Bachem AG after the takeover was completed.

The purchase price paid was CHF 23.8 million and the fair value of the net assets acquired amounted to CHF 23.7 million. The main balance sheet items at the time of acquisition are: cash of CHF 1.9 million, receivables of CHF 1.1 million, property, plant and equipment including assets under construction of CHF 44.9 million, current liabilities of CHF 8.4 million, loans from the related party Ingro Finanz AG in the amount of CHF 13.5 million and deferred tax liabilities of CHF 2.3 million.

The goodwill from this transaction in the amount of CHF 0.1 million was offset against equity.

The impact of the acquisition on the net income for the prior period is not material.

### 28 Theoretical goodwill

Goodwill is offset against equity at the time of purchase of a subsidiary. The theoretical capitalization of goodwill, based on a useful life of 5 years, would have the following impact on the consolidated balance sheet:

Theoretical goodwill in CHF 1 000	2023	2022
<b>Theoretical cost at January 1</b>	<b>1 404</b>	<b>1 352</b>
Additions from acquisitions	0	52
<b>Theoretical cost at December 31</b>	<b>1 404</b>	<b>1 404</b>
<b>Theoretical accumulated amortization at January 1</b>	<b>- 1 362</b>	<b>- 1 352</b>
Theoretical amortization	- 11	- 10
<b>Theoretical accumulated amortization at December 31</b>	<b>- 1 373</b>	<b>- 1 362</b>
<b>Theoretical net book value of goodwill at December 31</b>	<b>31</b>	<b>42</b>

Acquisitions are translated into CHF with the exchange rate applicable on their respective transaction dates. As a result of this procedure, no currency adjustments are necessary in the above statement of changes in goodwill.

Had goodwill been capitalized and amortized, the theoretical effect on net income would have been as follows:

in CHF 1 000	2023	2022
<b>Net income according to income statement</b>	<b>111 859</b>	<b>100 684</b>
Theoretical amortization of goodwill	- 11	- 10
<b>Theoretical net income after amortization of goodwill</b>	<b>111 848</b>	<b>100 674</b>

## 29 Extraordinary loss

in CHF 1 000	<b>2023</b>	2022
Accrued income from insurance claims <sup>1</sup>	11 441	0
<b>Total extraordinary income</b>	<b>11 441</b>	<b>0</b>
Miscellaneous event-related expenses	- 4 093	0
Impairment of property, plant and equipment <sup>2</sup>	- 7 848	0
<b>Total extraordinary expenses</b>	<b>- 11 941</b>	<b>0</b>
<b>Total extraordinary loss</b>	<b>- 500</b>	<b>0</b>

<sup>1</sup> See note 12.

<sup>2</sup> See note 15.

On November 21, 2023, a fire broke out on the production site in Vionnaz in the canton of Valais. This resulted in property damage to the building, installations and laboratory equipment and the business was partially interrupted. As at the reporting date, the investigations and analyses had not yet been completed. The figures disclosed are based in parts on estimates and reflect the information available at the time the financial statements were prepared. There is comprehensive insurance cover for property damage and business interruption with a deductible of CHF 0.5 million.

The expected insurance claims corresponding to the expenses recognized were accrued, taking the contractual deductible into account. The expenses incurred up to the balance sheet date for clean-up, repairs and business interruption are reported in the line miscellaneous event-related expenses.

## 30 Contingent liabilities and other commitments

There are no contingent liabilities or other commitments at the balance sheet date.

## 31 Events after the balance sheet date

There have been no material events after the balance sheet date.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Bachem Holding AG and its subsidiaries (the Group), consisting of the consolidated balance sheet as of December 31, 2023, the consolidated income statement, the consolidated cash flow statement, and the consolidated statement of changes in equity for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 52 to 80) give a true and fair view of the consolidated financial position of the Group as of December 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). Our responsibilities under these rules and standards are described in more detail in the section "Statutory Auditor's Responsibilities for Auditing the Consolidated Financial Statements" of our report. We are independent of the Group in accordance with Swiss law and the requirements of the profession, and we have fulfilled our other professional conduct obligations in accordance with these requirements.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant for our audit of the consolidated financial statements for the reporting period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters.

### Inventory Provision

#### Key audit matter

Inventories amounted to CHF 341.0 million as of December 31, 2023, after deduction of the impairment of CHF 39.9 million. This represents 20% of total assets.

We consider the valuation of inventories to be a key audit matter given the magnitude of this balance sheet position and the judgement involved in determining the required product category-based inventory provision for slow movers and products with a lower net realizable value.

#### How our audit addressed the key audit matter

We performed the following procedures in relation to inventory provision:

- Assessment of the existence and effectiveness of the key controls applied in the determination of system-based value adjustments and specific valuation allowances.
- We discussed and assessed with Bachem the assumptions underlying the system-based determination of the impairment charge for slow moving inventories.

**Key audit matter**

The calculation of the inventory provision is carried out system-based at the level of individual articles according to historical consumption as well as a range analysis for certain products. In addition, individual value adjustments for articles are made on a case-by-case basis.

Please refer to page 58 (Accounting policies), page 64 (Critical estimates and accounting assumptions) and page 70 (Note 13 Inventories) of the Annual Report.

**How our audit addressed the key audit matter**

- We tested the system-based calculation of the inventory provision and the completeness and accuracy of the slow moving report on a sample basis.
- We discussed the requirement for inventory provisions recorded on a case-by-case basis with Bachem and tested supporting documentation on a sample basis.
- In addition, we assessed Bachem's net realizable value analysis comparing the production costs with the estimated selling price less cost to sell and tested the estimated selling price with sales invoices on a sample basis.

Based on the audit procedures performed, we have addressed the risk of incorrect inventory provision. We have no audit findings to report.

**Other Information**

The Board of Directors is responsible for the other information. Other information includes the information contained in the Annual Report, but does not include the consolidated financial statements and our related reports.

Our opinion on the consolidated financial statements does not extend to the other information and we do not express any form of audit conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and to assess whether the other information is materially inconsistent with the consolidated financial statements or our knowledge gained during the audit, or otherwise appears to be materially misrepresented.

If, on the basis of the work we have carried out, we determine that there is a material misrepresentation of this other information, we are obliged to report that fact. We have nothing to report in this context.

**Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Board of Directors is responsible for preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and for applying the going concern basis of accounting, unless the Board of Directors intends either to liquidate the Group or cease operations, or has no realistic alternative.

**Statutory Auditor's Responsibilities for Auditing the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect material misstatements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A more detailed description of our responsibilities for auditing the consolidated financial statements can be found on the EXPERTsuisse website: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description is part of our report.

**Report on Other Legal and Regulatory Requirements**

In accordance with Art. 728a para. 1 item. 3 CO and PS-CH 890, we confirm that an internal control system for the preparation of the consolidated financial statements exists in accordance with the requirements of the Board of Directors.

We recommend that you approve these consolidated financial statements.

Zurich, February 26, 2024

MAZARS AG

Cyprian Bumann  
Licensed Audit Expert  
(Auditor in Charge)

Barbara Herold  
Licensed Audit Expert

**INCOME STATEMENT**

For the years ended December 31

in CHF 1000	Notes	<b>2023</b>	2022
<b>Income</b>			
Income from investments	1	20000	44426
Income from licenses		56598	43750
Interest income	2	15020	4700
Other financial income	3	4650	2352
Other income		0	5
<b>Total income</b>		<b>96268</b>	<b>95233</b>
<b>Expenses</b>			
Staff costs	4	0	-4088
Other administrative expenses	4	-12573	-9707
Interest expenses		0	-41
Other financial expenses	5	-12187	-15709
Depreciation and amortization		-7	-11
<b>Total expenses</b>		<b>-24767</b>	<b>-29556</b>
<b>Ordinary net income before taxes</b>		<b>71501</b>	<b>65677</b>
Income taxes		-5040	-2478
<b>Net income for the year</b>		<b>66461</b>	<b>63199</b>

**BALANCE SHEET**

At December 31, 2023 and 2022

in CHF 1000	Notes	<b>Dec. 31, 2023</b>	Dec. 31, 2022
<b>Assets</b>			
Cash and cash equivalents		117 348	4 403
Securities	6	140 802	236 976
Other receivables from third parties		4 011	3 240
Other receivables from group companies		14 222	9 628
Prepaid expenses and accrued income from third parties		251	1 898
Prepaid expenses and accrued income from group companies	1	20 023	40 025
<b>Total current assets</b>		<b>296 657</b>	<b>296 170</b>
Loans to group companies		588 030	477 040
Investments	7	135 147	115 397
Property, plant and equipment	8	0	10 232
Intangible assets		0	5
<b>Total non-current assets</b>		<b>723 177</b>	<b>602 674</b>
<b>Total assets</b>		<b>1 019 834</b>	<b>898 844</b>
<b>Liabilities and equity</b>			
Other current liabilities to third parties		1	241
Other current liabilities to group companies		4 514	2 692
Deferred income and accrued expenses		5 017	4 429
<b>Total current liabilities</b>		<b>9 532</b>	<b>7 362</b>
<b>Total liabilities</b>		<b>9 532</b>	<b>7 362</b>
Share capital	12	750	738
Statutory capital reserves			
Reserves from capital contribution	12	644 976	564 607
Other capital reserves		6 843	6 511
Statutory retained earnings		147	147
Voluntary retained earnings		102 669	102 669
Available earnings			
Net income brought forward		190 276	155 570
Net income for the year		66 461	63 199
Own shares	11	- 1 820	- 1 959
<b>Total equity</b>		<b>1 010 302</b>	<b>891 482</b>
<b>Total liabilities and equity</b>		<b>1 019 834</b>	<b>898 844</b>

# NOTES TO THE FINANCIAL STATEMENTS OF BACHEM HOLDING AG

## Accounting policies

### General information

These financial statements were prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Significant valuation principles that have been applied in the preparation of these financial statements which are not prescribed by law are described below.

### Presentation of cash flow statement and additional disclosures in the notes dispensed with

As Bachem Holding AG has prepared consolidated financial statements under a recognized accounting standard (Swiss GAAP FER), it has decided, in accordance with the law, to dispense with the presentation of information on interest-bearing liabilities and audit fees in the notes, a cash flow statement, and an annual review.

### Valuation principles

Assets are valued at no more than cost. Liabilities are carried at nominal value.

All assets and liabilities in foreign currencies are translated by applying the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the income statement.

Earnings and expenses originating in foreign currencies are translated at the exchange rate prevailing on the respective transaction dates.

### Income from investments

Income from investments includes dividends from Group companies and, until the end of 2022, other income from investments as well as management fees from Group companies (see note 4).

### Securities

Securities classified as current assets are carried at actual values. In the case of listed securities, this corresponds to the stock exchange price on the balance sheet date. Changes in the carrying amount are recognized in the income statement.

### Investments

Investments are shown at historical acquisition costs less impairment, if any. They are usually valued individually unless they are considered to be one economic entity and thus combined into one group.

### Own shares

Own shares are recognized in equity as a negative item at cost as per the date of acquisition. Upon subsequent sale, any gain or loss is recognized in capital reserves in equity.

### Share-based payments

Part of the variable compensation to the members of the Corporate Executive Committee is paid in the form of Company shares. The acquisition cost of the shares was recognized as personnel expenses until the end of 2022 (see note 4).

### 1 Income from investments

in CHF 1 000	<b>2023</b>	2022
Dividend income	20 000	40 000
Other income from investments	0	4 426
<b>Total income from investments</b>	<b>20 000</b>	<b>44 426</b>

On February 9, 2024, the ordinary Annual General Meeting from Bachem AG has decided to distribute a dividend in the amount of CHF 20.0 million for the business year 2023 to its sole shareholder, Bachem Holding AG. Following an economical approach, this entitlement to profits, respectively income from investment has already been recorded by Bachem Holding AG in this year's financial statements 2023 simultaneous to the disclosure of the profit in the books of the 100% subsidiary Bachem AG. The corresponding income is shown in the line dividend income and the corresponding accrual in the line prepaid expenses and accrued income from group companies.

### 2 Interest income

in CHF 1 000	<b>2023</b>	2022
Interest income group companies	13 343	4 699
Interest income third parties	1 677	1
<b>Total interest income</b>	<b>15 020</b>	<b>4 700</b>

### 3 Other financial income

in CHF 1 000	<b>2023</b>	2022
Gains on securities	4 650	2 037
Foreign exchange result	0	315
<b>Total interest expenses</b>	<b>4 650</b>	<b>2 352</b>

### 4 Reorganization

As of January 1, 2023, all employees were transferred from Bachem Holding AG to Bachem AG. The reorganization has resulted in optimizations and synergies in administrative processes.

Costs in connection with the management, administration and communication of the Bachem Group as well as the holding and management of investments are reported in the line other administrative expenses. This also includes pro rata staff costs recharged.

## 5 Other financial expenses

in CHF 1 000	<b>2023</b>	2022
Bank service charges	- 262	- 520
Transaction costs capital increase	- 2 258	0
Losses on securities	- 4 087	- 15 189
Foreign exchange result	- 5 580	0
<b>Total other financial expenses</b>	<b>- 12 187</b>	<b>- 15 709</b>

Further details related to the capital increase are disclosed in note 12.

## 6 Securities

in CHF 1 000	<b>Dec. 31, 2023</b>	Dec. 31, 2022
Money market	0	26 637
Bonds	101 334	166 973
Shares	39 468	43 366
<b>Total securities</b>	<b>140 802</b>	<b>236 976</b>

The securities consist of direct and indirect investments in marketable, easily realizable securities. They are valued at market values, stock exchange prices, on the balance sheet date.

## 7 Investments

<b>Company</b>	Location	<b>Capital and voting share Dec. 31, 2023</b>	Capital and voting share Dec. 31, 2022
Bachem AG	Bubendorf, Switzerland	100%	100%
Bachem Sisslerfeld AG	Baden, Schweiz	100%	n/a
Bachem Distribution Services GmbH	Weil am Rhein, Germany	100%	100%
Bachem (UK) Ltd.	St. Helens, England	100%	100%
Bachem Americas, Inc.	Torrance, USA	100%	100%
Peninsula Laboratories, LLC	San Carlos, USA	100%	100%
Bachem Japan K.K.	Tokyo, Japan	100%	100%

All companies are directly or indirectly held with 100%.

## 8 Property, plant and equipment

The undeveloped land in the amount of CHF 10.2 million reported as of December 31, 2022, was transferred to the newly founded company, Bachem Sisslerfeld AG, in the reporting year.

## 9 Shareholdings of the Board of Directors and the Corporate Executive Committee

Details of the shareholdings of the Board of Directors and the Corporate Executive Committee are disclosed in the compensation report on page 47.

**10 Important shareholders**

Based on the available information, the following shareholders own more than 3% of the registered share capital:

Percentage of total share capital	<b>Dec. 31, 2023</b>	Dec. 31, 2022
P. Grogg (via Ingro Finanz AG)	52.1	52.8
Peter and Madeleine Grogg	5.4	5.5
The Capital Group Companies, Inc.	> 5.0 & < 10.0	< 5.0
BlackRock, Inc.	n/a	< 5.0

**11 Own shares**

Details to the holding and the changes in own shares are disclosed in the notes 22 and 23 of the consolidated financial statements.

**12 Capital increase and share split**

On March 10, 2023, the share capital was increased by 1 250 000 registered shares with a nominal value of CHF 0.01 per share. The placement price per share was CHF 86.50. The transaction costs of the capital increase in the amount of CHF 2.3 million were recognized in the line other financial expenses in the income statement.

On May 5, 2022, all non-listed shares of the type “Bachem A” were converted into listed shares of the type “Bachem B”, and subsequently the par value of all Bachem shares was split in the ratio of 1:5. The par value per share is now CHF 0.01 (previously CHF 0.05).

**13 Full-time positions**

The average number of full-time positions during the reporting year was 0 (prior year: below 50; see note 4).

**14 Value-added tax group**

For value-added tax purposes, Bachem Holding AG reports as a group to the Federal Tax Authorities. This group includes Bachem AG, Bachem Sisslerfeld AG and Bachem Holding AG. The entity is solidly liable for all taxes relating to value-added tax inclusive interests, during the taxation as a group.

**15 Events after the balance sheet date**

There have been no material events after the balance sheet date.

# APPROPRIATION OF AVAILABLE EARNINGS

## Proposal of the Board of Directors for the appropriation of available earnings and for the appropriation of reserves from capital contribution

<b>Appropriation of available earnings</b>		
Net income brought forward at January 1	CHF	190 276 249.24
Net income for the year 2023	CHF	66 461 325.57
Available to the Annual General Meeting	CHF	256 737 574.81
Allocation to the statutory retained earnings	CHF	2 500.00
Dividend payment of CHF 0.40 per registered share for the business year 2023 on 74 973 645 registered shares entitled to dividend	CHF	29 989 458.00
Net income to be carried forward	CHF	226 745 616.81
<b>Appropriation of reserves from capital contribution</b>		
Balance before appropriation of reserves from capital contribution	CHF	644 976 201.48
Transfer to free reserves for dividend payment of CHF 0.40 per registered share from reserves from capital contribution for the business year 2023 on 74 973 645 registered shares entitled to dividend	CHF	29 989 458.00
Reserves from capital contribution to be carried forward	CHF	614 986 743.48

The total amount of dividend mentioned in the proposal of the Board of Directors has been calculated on the basis of numbers of shares entitled to dividend on the day of the Board meeting. The number of shares entitled to dividend may change up to the Annual General Meeting on April 24, 2024, due to the granting of shares to employees or the purchase/sale of own shares.

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Bachem Holding AG (the Company), consisting of the balance sheet as of December 31, 2023, the income statement for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements as of December 31, 2023 (pages 84 to 89) comply with Swiss law and the Articles of Incorporation.

### **Basis for Opinion**

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). Our responsibilities under these rules and standards are described in more detail in the section "Statutory Auditor's Responsibilities for Auditing the Financial Statements" of our report. We are independent of the Company in accordance with Swiss law and the requirements of the profession, and we have fulfilled our other professional conduct obligations in accordance with these requirements.

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

### **Key Audit Matters**

Key audit matters are those matters which, in our professional judgment, were most significant to our audit of the financial statements for the reporting period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters.

## **Valuation of Investments and Loans to Group Companies**

### **Key audit matter**

As of December 31, 2023, the company reports investments of CHF 135.1 million and loans to Group companies of CHF 588.0 million. We consider the valuation of these balance sheet items as a key audit matter for the following reasons:

- The two items represent 71% of total assets and thus represent a significant proportion of assets.

### **How our audit addressed the key audit matter**

We performed the following procedures in relation to the valuation of investments and loans to group companies:

- For each investment, we reviewed the carrying value of the investments on the basis of local equity in accordance with Swiss GAAP FER, the annual result and the budget.

**Key audit matter**

- The valuation of investments and loans to Group companies depends on the financial substance and profitability of the subsidiaries. The impairment test of the investments and loans includes judgement in determining the assumptions on the future performance of the business.

Please refer to page 86 (accounting policies) and page 88 (item 7 Investments) in the Annual Report.

**How our audit addressed the key audit matter**

- In the case of loans to Group companies, we tested the recoverability of the amounts recognized on the basis of net assets, based on the Swiss GAAP FER values of the debtors.
- We evaluated the underlying budget process as well as the approval by the Board of Directors.
- On the basis of the current stock market price of Bachem Holding AG, we also compared the market capitalization with the carrying value of the investments and loans to group companies, as these represent the value of the Bachem Group.

Based on the audit procedures performed, we have addressed the risk of incorrect valuation of the investments and loans. We have no audit findings to report.

**Other Information**

The Board of Directors is responsible for the other information. Other information includes the information contained in the Annual Report, but does not include the consolidated financial statements, the financial statements and our related reports.

Our opinion on the financial statements does not extend to the other information and we do not express any form of audit conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and to assess whether the other information is materially inconsistent with the financial statements or our knowledge gained during the audit, or otherwise appears to be materially misrepresented.

If, on the basis of the work we have carried out, we determine that there is a material misrepresentation of this other information, we are obliged to report that fact. We have nothing to report in this context.

**Board of Directors' Responsibilities for the Financial Statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern, and for applying the going concern basis of accounting, unless the Board of Directors intends either to liquidate the Company or cease operations, or has no realistic alternative.

#### **Statutory Auditor's Responsibilities for Auditing the Financial Statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect material misstatements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A more detailed description of our responsibilities for auditing the financial statements can be found on the EXPERTsuisse website: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description is part of our report.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with Art. 728a para. 1 item. 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, February 26, 2024

MAZARS AG

Cyprian Bumann  
Licensed Audit Expert  
(Auditor in Charge)

Barbara Herold  
Licensed Audit Expert

# SHAREHOLDER INFORMATION

The following tables show values after the share split (see note 22 of the consolidated financial statements). In order to ensure comparability, the previous year's figures have been adjusted accordingly.

		2023	2022	2021	2020	2019	
Number of registered shares, nom. CHF 0.01		75 000 000	73 750 000	73 750 000	70 000 000	70 000 000	
Average number of shares outstanding		74 688 455	73 734 613	70 846 745	69 986 140	69 181 895	
Dividend per share	CHF	0.80 <sup>1</sup>	0.75	0.70	0.65	0.60	
Share price	High	CHF	105.00	135.60	167.60	81.70	31.72
	Low	CHF	62.50	50.70	64.20	30.20	21.44
	Year-end	CHF	65.00	79.85	143.20	79.10	30.96
Dividend yield per share	%	1.2	0.9	0.5	0.8	1.9	
Earnings per share (EPS)	CHF	1.50	1.37	1.62	1.12	0.78	
Cash flow from operating activities per share	CHF	3.35	1.26	1.38	1.64	0.93	
Group equity per share	CHF	17.68	15.86	15.82	6.8	6.47	
Price/earnings ratio (year-end)		43.40	58.48	88.46	70.92	39.54	
Market capitalization at year-end	CHF million	4 875	5 889	10 561	5 537	2 167	

<sup>1</sup> Proposal to the Annual General Meeting of April 24, 2024.

Bachem registered shares are traded at the SIX Swiss Exchange.

Valor number: 117649372; ISIN: CH1176493729; SIX: BANB; Reuters: BANB.S;

Bloomberg: BANB:SW.

## Distribution of shares

Number of shares per shareholder	Dec. 31, 2023	Dec. 31, 2022
0–100	2 966	2 734
101–1 000	5 029	4 657
1 001–10 000	1 140	1 119
10 001–100 000	154	140
100 001–1 000 000	27	28
1 000 001–10 000 000	3	4
10 000 001 and more	1	1
<b>Total</b>	<b>9 320</b>	<b>8 683</b>

## Shareholdings

in %	Dec. 31, 2023	Dec. 31, 2022
Institutional shareholders	67.4	70.4
Private individuals	14.0	13.9
Dispo	18.6	15.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

# FINANCIAL CALENDAR

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**ANNUAL GENERAL MEETING  
(BUSINESS YEAR 2023)**

April 24, 2024

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**PAYOUT DATE FOR DIVIDEND**

April 30, 2024

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**HALF-YEAR REPORT 2024**

July 25, 2024

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**ANNUAL REPORT 2024**

February 27, 2025

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**ANNUAL GENERAL MEETING  
(BUSINESS YEAR 2024)**

April 2025



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## Forward-looking statements

Forward-looking statements contained herein are qualified in their entirety and are of only limited validity. Investors are cautioned that all forward-looking statements involve risks and uncertainty. There are certain factors that could cause results to differ materially from those anticipated. This includes as well the timing and strength of new product offerings, pricing strategies of competitors, the Group's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs, and changes in the political, social and regulatory framework in which the Group operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

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