

# APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

## PRINCIPLES OF CONSOLIDATION AND VALUATION

The unaudited **Interim Consolidated Financial Statements** for the first half of 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The condensed interim financial statements do not include all information and disclosures that would be required in the annual financial statements and should therefore be read in conjunction with Sika's annual Consolidated Financial Statements for the year ended December 31, 2021.

The financial statements of the Sika Group are prepared in conformity with the provisions of the International Accounting Standards Board (IASB). All standards (IAS/IFRS) and interpretations (IFRIC/SIC) applicable as of June 30, 2022, were considered. The financial statements are prepared according to the going-concern principle. The consolidated financial statements have been prepared under the historical cost principle except for financial assets and liabilities (including derivative instruments) at fair value through profit and loss and the defined benefit liability which is measured at the present value of the defined benefit obligation less the fair value of plan assets.

The accounting standards applied conform to those standards that were valid in the previous year. Exceptions are the following revised and new standards, which Sika applied since January 1, 2022. They have had no significant effect on the Consolidated Financial Statements of the Group:

- Amendments to IFRS 3 - Reference to the conceptual framework
- Amendments to IAS 16 - Proceeds before intended use
- Amendments to IAS 37 - Onerous contracts - Costs of fulfilling a contract
- Annual improvements (2018 - 2020 cycle) - Collective standard with amendments to various IFRS standards with the primary goal of eliminating inconsistencies and clarifying terminology

## Acquisitions 2021

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In 2021, Sika acquired various companies or parts of companies. The purchase prices and their allocation (PPAs) were still subject to uncertainties.

For the Hamatite Group (Japan, China, USA and Thailand) as well as for Hydrotech (USA and Canada) the purchase prices have now been finalized (increase of CHF 6.9 million). This, together with other immaterial adjustments in the purchase price allocation, also led to adjustments in the balance sheet as of December 31, 2021. For the other acquisitions, the PPAs were left unchanged.

## Acquisitions 2022

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In 2022, Sika acquired the following companies:

| Company                                  | Type of transaction | Stake in % | Closing date |
|--|---------------------|------------|--------------|
| Sable Marco Inc., Canada                 | Share deal          | 100.0      | 3/1/2022     |
| United Gilsonite Laboratories (UGL), USA | Share deal          | 100.0      | 5/18/2022    |

### ACQUISITIONS

On March 1, 2022, Sika acquired Sable Marco Inc., a manufacturer of cementitious products, mortars, polymeric sand, and other bagged materials in Canada. Sable Marco has built up a strong presence in the distribution channel and an excellent relationship with major national and regional building material stores and DIY retail chains. Sable Marco operates one plant in the area of Québec City offering logistic and strategic benefits for Sika Canada. Synergies will be generated by exploring cross-selling potential for Sika's Target Markets Waterproofing and Building Finishing through additional channels, improved geographical access, as well as from the opportunities opening in the growing polymeric sand category.

On May 18, 2022, Sika acquired United Gilsonite Laboratories (UGL), a well-recognized manufacturer of products for consumer and DIY waterproofing applications in the United States. UGL is a long-standing company offering consumer and DIY liquid waterproofing products with a strong presence in the distribution channel. With headquarters and production in Scranton, Pennsylvania, and two additional production sites in Illinois and Mississippi, UGL is well situated to efficiently supply its products to customers in every region of the country. For Sika, the acquisition will increase its presence with major retailers and other building material stores by widening the offering and opening cross-selling opportunities.

Since the purchases, the acquisitions have contributed sales of CHF 19.6 million. The profit share was insignificant. Accounts receivable had a gross value of CHF 12.8 million and were recognized at fair value of CHF 12.6 million.

## ACQUIRED NET ASSETS AT FAIR VALUES

| in CHF mn                            | Acquisitions <sup>1</sup> |
|--------------------------------------|---------------------------|
| Cash and cash equivalents            | 0.9                       |
| Accounts receivable                  | 12.6                      |
| Inventories                          | 20.1                      |
| Prepaid expenses and accrued income  | 1.4                       |
| Property, plant, and equipment       | 17.7                      |
| Right-of-use leased assets           | 5.2                       |
| Intangible assets                    | 48.0                      |
| <b>Total assets</b>                  | <b>105.9</b>              |
| Financial liabilities                | 11.0                      |
| Accounts payable                     | 4.3                       |
| Accrued expenses and deferred income | 2.7                       |
| Income tax liabilities               | 0.1                       |
| Provisions                           | 0.4                       |
| Deferred tax liabilities             | 4.1                       |
| <b>Total liabilities</b>             | <b>22.6</b>               |
| <b>Acquired net assets</b>           | <b>83.3</b>               |
| Goodwill                             | 54.5                      |
| <b>Total purchase price</b>          | <b>137.8</b>              |
| Cash in acquired assets              | -0.9                      |
| <b>Net cash outflow</b>              | <b>136.9</b>              |

1 Sable Marco, Canada and UGL, USA.

If the acquisitions had occurred on January 1, 2022, consolidated pro forma net sales would have been CHF 5,274.2 million (+CHF 23.9 million). The additional profit share would have been insignificant.

Since the purchase prices and the purchase price allocations for both acquisitions still entail some uncertainty, all positions are provisional. Market access and combined distribution channels and supplementary product portfolios justify the goodwill posted. Goodwill in the amount of CHF 33.4 million is tax-deductible.

The directly attributable transaction costs of the acquisitions amounted to CHF 1.4 million and were charged to other operating expenses.