

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## PRINCIPLES OF CONSOLIDATION AND VALUATION

The unaudited **Condensed Interim Consolidated Financial Statements** (hereafter 'the Interim Financial Statements') for the first half of 2024 have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The 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, 2023.

The Interim Financial Statements of Sika have been 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, 2024, were considered. The Interim Financial Statements have been prepared according to the going-concern principle. Generally, assets and liabilities are valued at historical cost 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 has applied since January 1, 2024. They have had no significant effect on the Interim Financial Statements of the Group:

- Amendments to IAS 1 – Non-current liabilities with covenants
- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Amendments to IFRS 16 – Lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

### CHANGE IN ACCOUNTING POLICY

The presentation of interests received and paid, which have been previously disclosed aggregated under the cash flow from operating activities has been changed. Net interest costs as well as cash-effective interest received and paid are now disclosed separately in the statement of cash flows. These positions were previously recorded within non-liquidity-related financial expenses (+)/income (-) as well as cash flow from hedging transactions.

### RESTATEMENT OF STATEMENT OF CASH FLOWS

in CHF mn	As disclosed 1/1/2023 – 6/30/2023	Restatement	Restated 1/1/2023 – 6/30/2023
Non-liquidity-related financial expenses (+)/income (-) as well as cash flow from hedging transactions	53.6	-36.7	16.9
Net interest expenses	0.0	42.7	42.7
<b>Cash flow from operating activities</b>	<b>433.8</b>	<b>6.0</b>	<b>439.8</b>
Interest received	0.0	20.7	20.7
<b>Cash flow from investing activities</b>	<b>-3,264.0</b>	<b>20.7</b>	<b>-3,243.3</b>
Interest paid	0.0	-26.7	-26.7
<b>Cash flow from financing activities</b>	<b>1,820.8</b>	<b>-26.7</b>	<b>1,794.1</b>
Exchange differences	-36.6	0.0	-36.6
<b>Net change in cash and cash equivalents</b>	<b>-1,046.0</b>	<b>0.0</b>	<b>-1,046.0</b>
<b>Operating free cash flow</b>	<b>316.5</b>	<b>6.0</b>	<b>322.5</b>

The restated statement of cash flows provides a more accurate reflection of the cash flow activities and the operating business of Sika. The restatement has no impact on the total cash and cash equivalents at the end of the period. The calculation of the operating free cash flow has been modified to include the restatement in operating activities and thus be in line with the presentation of the consolidated cash flow statement.

## Acquisitions in 2023

In 2023, Sika acquired the two companies MBCC Group, as well as Thiessen Team, USA. By the end of 2023, their purchase prices and allocations (PPAs) were still subject to uncertainties.

In the current reporting period, the provisional values of the PPA regarding MBCC were finalized and the following adjustments compared to the PPA disclosed per December 31, 2023, made:

- The purchase price was reduced by CHF 5.7 million following a compensation payment from Cinven related to income taxes. Cinven was the buyer of MBCC Group's chemical admixture business in the UK, the USA, Canada, Europe, Australia, and New Zealand. The amount received has reduced the cash flow for acquisitions in the current period.
- Liabilities for income taxes were reclassified due to changes in assumptions regarding timing and probability of occurrence.
- Other adjustments of minor significance.
- The decrease in goodwill results from the various adjustments to the purchase price allocation explained above.

### ACQUIRED NET ASSETS AT FAIR VALUES

in CHF mn	MBCC Group - provisional as of 12/31/2023	Adjustment of provisional values	MBCC Group - final
Cash and cash equivalents	94.8		94.8
Accounts receivable	483.1	-1.7	481.4
Inventories	291.4		291.4
Prepaid expenses and accrued income	34.5		34.5
Property, plant, and equipment	475.7		475.7
Right-of-use leased assets	61.0		61.0
Intangible assets	1,321.4		1,321.4
Deferred tax assets	29.2		29.2
Other assets	17.5		17.5
<b>Total assets</b>	<b>2,808.6</b>	<b>-1.7</b>	<b>2,806.9</b>
Accounts payable	276.8		276.8
Financial liabilities	1,886.6		1,886.6
Accrued expenses and deferred income	128.9		128.9
Income tax liabilities	126.7	-0.9	125.8
Provisions	160.9	1.4	162.3
Employee benefit obligation	98.7		98.7
Deferred tax liabilities	211.7	-2.0	209.7
<b>Total liabilities</b>	<b>2,890.3</b>	<b>-1.5</b>	<b>2,888.8</b>
<b>Net assets</b>	<b>-81.7</b>	<b>-0.2</b>	<b>-81.9</b>
Non-controlling interests	-73.8		-73.8
Goodwill	3,475.5	-5.5	3,470.0
<b>Total purchase price</b>	<b>3,320.0</b>	<b>-5.7</b>	<b>3,314.3</b>

The PPA of Thiessen Team remained unchanged and is now final.

## Acquisitions in 2024

On April 3, 2024, Sika acquired 100% of the shares of Kwik Bond Polymers, LLC (KBP), a manufacturer of polymer systems for the refurbishment of concrete infrastructure. KBP focuses on the refurbishment of bridge decks and has established an impressive track record in signature projects across the USA. The business perfectly complements Sika's high value-added systems for refurbishment of concrete structures. By preserving and extending the service-life of concrete infrastructure, we deliver outstanding customer value and significant sustainability benefits to the construction industry.

Since the purchase, KBP has contributed sales of CHF 30.6 million and a profit of CHF 5.6 million. Accounts receivable had a gross value of CHF 5.6 million, CHF 0.2 million were expected to be uncollectible at the date of acquisition.

### ACQUIRED NET ASSETS AT FAIR VALUES

in CHF mn	Kwik Bond Polymers
Cash and cash equivalents	0.7
Accounts receivable	5.4
Inventories	5.4
Prepaid expenses and accrued income	0.1
Property, plant, and equipment	1.9
Intangible assets	73.0
Other assets	0.1
<b>Total assets</b>	<b>86.6</b>
Accounts payable	3.3
Financial liabilities	1.4
Accrued expenses and deferred income	5.8
Income tax liabilities	3.0
Provisions	0.4
<b>Total liabilities</b>	<b>13.9</b>
<b>Net assets</b>	<b>72.7</b>
Goodwill	33.9
<b>Total purchase price</b>	<b>106.6</b>
Cash in acquired assets	-0.7
<b>Net cash outflow</b>	<b>105.9</b>

If the acquisition had occurred on January 1, 2024, consolidated pro-forma net sales would have been CHF 5,839.8 million (+CHF 5.0 million).

Since the purchase price and the purchase allocation 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 33.9 million is tax-deductible.

The directly attributable transaction cost of the acquisition amounted to CHF 0.9 million and were charged to other operating expenses.