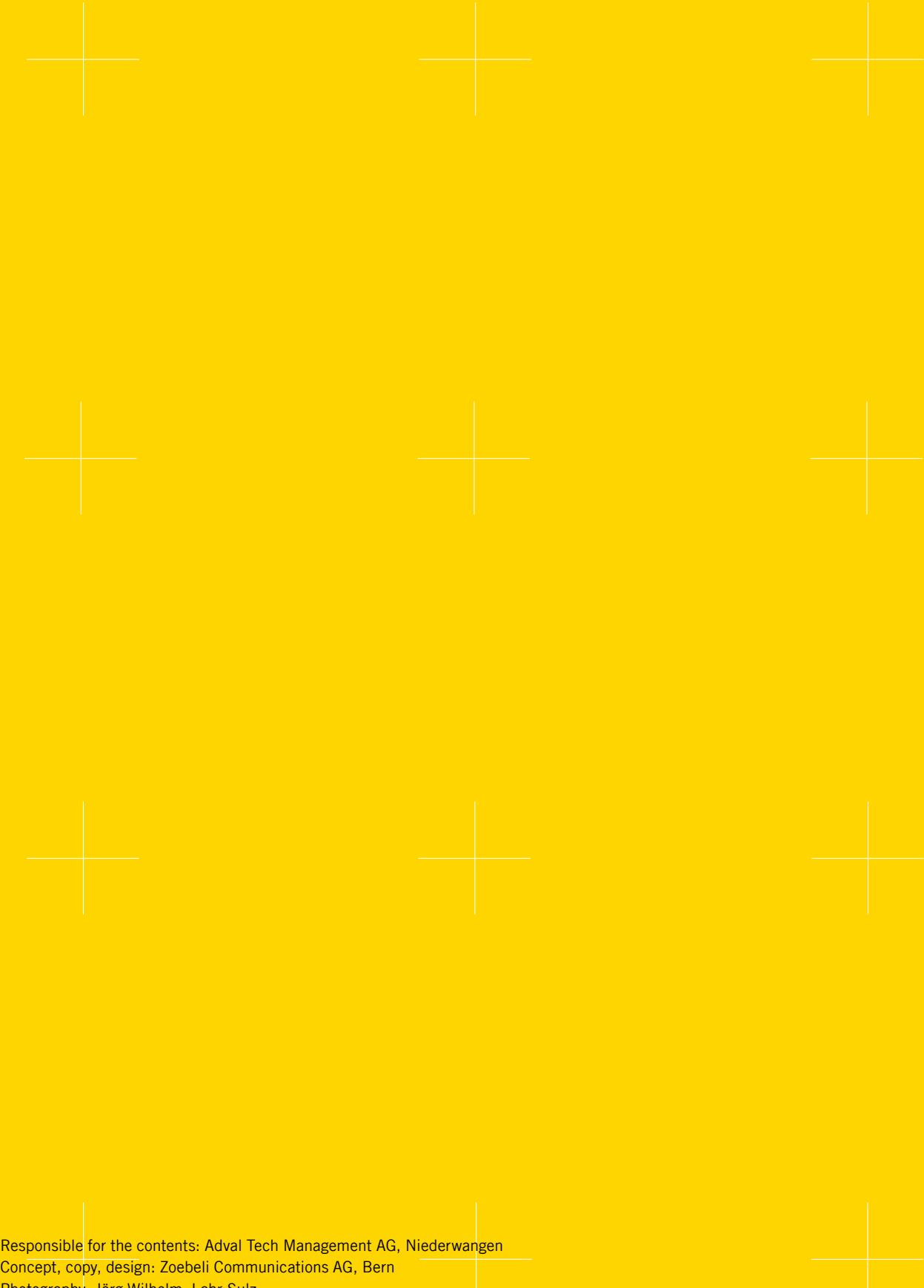


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Contents

Key Figures	4
Share Statistics	6
Letter to Shareholders	7
Management Report	9
Strengths in the Crisis	18
Strategy	30
Group Structure and Executive Bodies	33
Corporate Governance	37
Remuneration Report	53
Financial Report	67
Adval Tech Holding AG	109
Addresses	124

KEY FIGURES OF THE ADVAL TECH GROUP

	2020	2019	2018	2017	Comparable basis 2016 ¹⁾	2016
Total income (CHF millions) ⁴⁾						
Group	140.8	178.9	198.2	207.9	187.5	227.1
Change in %	-21.3	-9.7	-4.7	-8.5		1.2
Per employee (CHF thousands)	124.4	144.3	144.9	152.2		150.4
Components segment	n.a.	n.a.	n.a.	n.a.		180.3
Molds segment	n.a.	n.a.	n.a.	n.a.		48.6 ²⁾
EBITDA (CHF millions) ⁴⁾						
Operating earnings before depreciation	15.2	18.4	20.7	19.2	16.0	22.4
in % of total income	10.8	10.3	10.5	9.2		9.9
EBIT (CHF millions) ⁴⁾						
Operating earnings	6.7	10.3	12.4	10.7	4.5	8.3
in % of total income	4.8	5.8	6.2	5.1		3.7
Net profit (CHF millions)						
Net profit	4.3	8.7	8.8	8.7		39.7
in % of total income	3.1	4.9	4.4	4.2		17.5
Cash flow and capital expenditure (CHF millions)						
Cash flow from operations	6.1	4.2	13.7	14.5		15.0
Operative free cash flow ⁴⁾	3.6	-3.8	11.3	-2.6		7.6
Free cash flow ⁴⁾	3.5	-4.0	12.5	-5.1		110.6
Capital expenditure	-3.4	-8.1	-10.4	-17.4		-7.6
Components segment	n.a.	n.a.	n.a.	n.a.		-6.7
Molds segment	n.a.	n.a.	n.a.	n.a.		-0.7 ²⁾
Balance sheet figures (CHF millions)						
Total assets	162.6	162.3	179.6	172.9		193.6
Shareholders' equity	126.5	126.4	123.5	117.3		133.2
in % of total assets	77.8	77.9	68.8	67.8		68.8
Employees						
on December 31	1,105	1,179	1,288	1,399		1,341
Components segment	n.a.	n.a.	n.a.	n.a.		1,326
Molds segment	n.a.	n.a.	n.a.	n.a.		n.a.
Market capitalization (CHF millions)						
on December 31	124.1	124.1	141.6	174.5		171.6
Selected key figures per share						
Earnings (CHF)	5.88	11.85	12.02	11.98		54.45
Dividend (CHF)	1.35 ³⁾	2.70	4.20	4.00		41.00
Payout ratio %	22.9	22.8	35.0	33.4		75.3
P/E ratio on December 31	28.9	14.3	16.1	19.9		4.3

According to Swiss GAAP FER

1) Comparable basis: incl. Fischer IMF for 12 months, excl. Molds segment (estimate)

2) Consolidated for eight months

3) Proposed by the Board of Directors

4) Alternative Performance Measures, see Note 3, page 79

FINANCIAL YEAR 2020

EBITDA

15.2 MILLION CHF

EBIT

6.7 MILLION CHF

NET PROFIT

4.3 MILLION CHF

EBIT MARGIN

4.8 %

KEY FIGURES AND SHARE STATISTICS

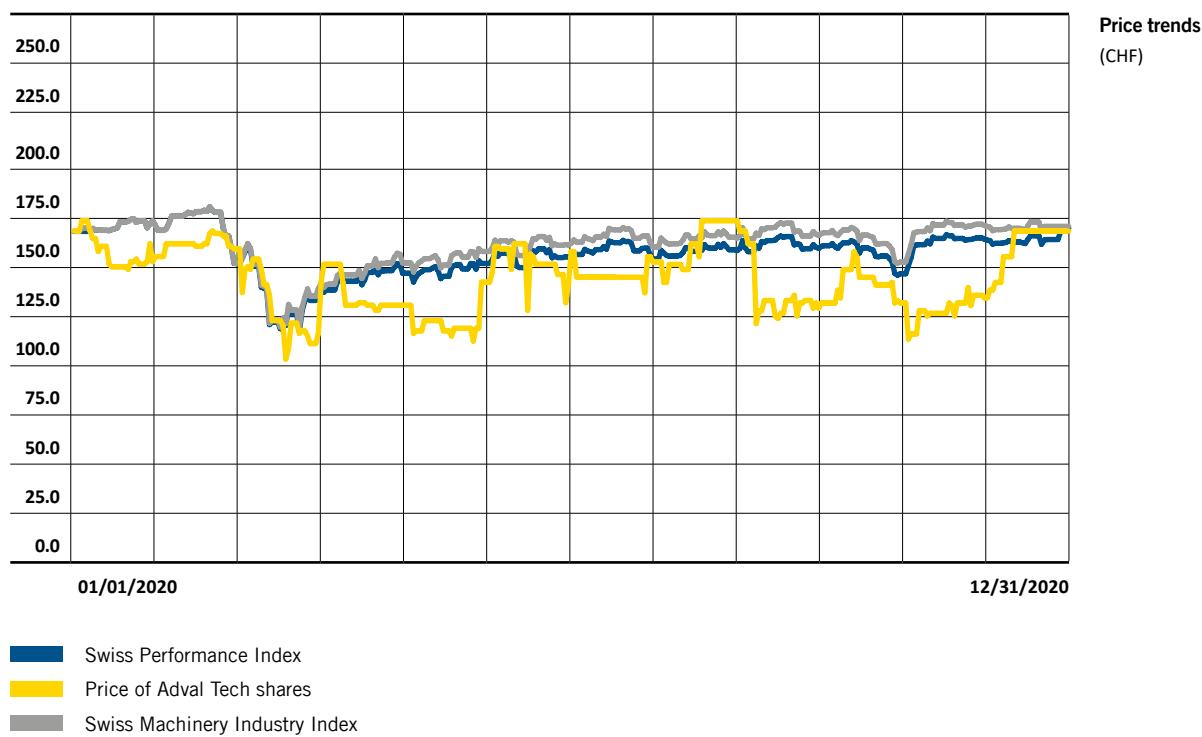
	2020	2019
Registered shares	730,000	730,000
EBIT per share (CHF)	9.22	14.11
Net profit per share (CHF)	5.88	11.85
Shareholders' equity per share (CHF)	173.34	173.15
Dividend per share (CHF)	1.35 ¹⁾	2.70
Payout ratio %	22.9	22.8
P/E ratio	28.9	14.3
Market prices (CHF)		
Low (03/18/20, 08/07/19)	120.00	156.00
High (01/03/20, 04/24/19)	174.00	208.00
December 31	170.00	170.00
Market capitalization (CHF millions)		
Low (03/18/20, 08/07/19)	87.60	113.88
High (01/03/20, 04/24/19)	127.02	151.84
December 31	124.10	124.10

1) Proposed by the Board of Directors

Share statistics

Swiss security no. 896 792

Ticker symbols: ADVN (SIX Swiss Exchange); ADVN SW (Bloomberg)



DEAR SHAREHOLDERS,

The year 2020 will be remembered by us all as a pandemic year. The spread of the virus points to the vulnerability of our globally oriented economy. As an international industrial group, however, we have also experienced this year how we can find new ways and solutions together and in a short time.

The coronavirus pandemic has severely shaken global markets, and there is currently no end in sight. Our production plants and service centers around the globe felt the consequences of this shock directly and clearly. Short-time working was introduced for employees at numerous sites. At other sites, production was discontinued altogether. At the same time, we did everything in our power to protect our employees as best we could and to maintain our ability to supply our customers at all times.

The markets of the Adval Tech Group are currently experiencing an upheaval of historic proportions: The production figures in the automotive industry have fallen again this year. Electromobility, self-driving cars, light vehicles – the automotive market is undergoing radical change. The outcome of this upheaval is still completely open. However, there is no doubt about our role as a technology leader at this crossroads. Adval Tech will participate in the forthcoming developments with forward-looking solutions and viable technologies. For a demand-oriented, equitable but also sustainable mobility of tomorrow.

It is not only in our core business that we have the strengths, competencies and resources to actively and proactively shape change. We also have a strong track record in related applications in the medical and in the consumer goods industry, we convince customers with state-of-the-art sites and excellent infrastructure. This is demonstrated by the pleasing number of new customers and follow-up orders we won in this area in the reporting year.

In the year under review, which was challenging for all of us and characterized by uncertainties, the Adval Tech Group held up well: Despite adverse conditions, we achieved a positive result for the year and the significant improvement achieved at all levels in the second half of the year under review looks particularly encouraging.

After our Chairman of the Board of Directors, Dr. h.c. Willy Michel, stepped down from his office following eight years of commitment, the Annual General Meeting elected me as his successor in May 2020. As a member of the Group Executive Management and as CEO, I have been associated with the Group for over thirteen years. I have accepted this additional challenge with respect, but also with great pleasure. Lean structures and short decision-making paths are paying off in the current period of uncertainty. This has already been proven in recent months.

The fact that I am tackling my new task with confidence is also due to my great trust in the employees of the Adval Tech Group. In the past year, which was particularly demanding for them, they once again showed great commitment at all times. I would like to take this opportunity to express my gratitude for this special commitment, also on behalf of the entire Board of Directors and Group Executive Management.

We do not expect a rapid easing of the situation in 2021. The pandemic continues to keep us firmly in its grip, and the current global political and economic uncertainties will also demand a great deal of energy from



RENÉ ROTHEN

CHAIRMAN AND CEO

us. For Adval Tech, the task now is to implement the newly acquired projects flawlessly and efficiently right first time, to fill the vacancies at the plants in the best possible way and to strengthen our organization in line with the focusing strategy.

We would like to thank our employees, customers, suppliers and business partners for their good cooperation.

We would also like to thank you, our valued shareholders. With your loyalty and your trust you are laying the foundation for a successful future for Adval Tech.

Niederwangen, April 2021

René Rothen, Chairman of the Board of Directors and Chief Executive Officer

MANAGEMENT REPORT

BUSINESS PERFORMANCE OF THE GROUP

The coronavirus pandemic has dealt a major blow to the automotive and automotive supply industries. And this at a time when they are undergoing a demanding transformation process. Technical, social and economic developments have fundamentally affected demand and the buying behavior of market participants.

Adval Tech also clearly felt the consequences of this development. Interrupted supply chains and short-notice order cancellations led to delays and slumps in incoming orders. Many projects in the automotive industry that Adval Tech had already won were postponed.

With targeted measures, Adval Tech succeeded in achieving a positive result for the year even under these difficult conditions and in securing liquidity at all times. The significant improvement at all levels in the second half of the year under review is worthy of particular mention. Overall, Adval Tech achieved total income¹⁾ of CHF 140.8 million (2019: CHF 178.9 million, -21.3%). EBITDA¹⁾ was CHF 15.2 million (2019: CHF 18.4 million, -17.7%), EBIT¹⁾ CHF 6.7 million (2019: CHF 10.3 million, -34.4%) and net profit at CHF 4.3 million (2019: CHF 8.7 million, -50.3%).

Adjusted for currency effects, total income¹⁾ in 2020 amounted to CHF 147.8 million, EBITDA¹⁾ to CHF 15.7 million and EBIT¹⁾ to CHF 7.0 million.

Main targets 2020

- Maintain financial room for maneuver
- Complete newly acquired projects in the required quality, in the agreed time and within the calculated costs
- Maintain delivery capacity and flexibility towards customers
- Win new orders from the automotive industry
- Drive high-speed press business and components business outside the automotive industry (related applications)

Adval Tech achieved all these targets in the year under review.

Coronavirus pandemic

The coronavirus pandemic affected the individual Adval Tech sites in different ways. The Swiss companies Adval Tech (Switzerland) AG and Adval Tech Management AG were on short-time working from April to November, and the German subsidiary Adval Tech (Germany) GmbH + Co. KG from March to October. Other Group sites had to shut down production completely – in some cases for several months. The measures enacted by various national governments resulted in more or less severe restrictions on everyday working life at all locations. Many of these measures are still in force at the beginning of 2021.

1) Alternative Performance Measures, see Note 3, page 79

To address the coronavirus pandemic, Adval Tech 2020 has, among other things, implemented:

- Introduction of comprehensive protective measures for employees at all sites
- Short-time working for several months at the sites in Switzerland and Germany
- Voluntary reduction in fees and salaries for the Board of Directors, Group Executive Management and the managers of the Adval Tech companies, in solidarity with employees on short-time working (further information on this can be found in Note 2.4 on page 61 of this Annual Report)
- Implementation of home-working wherever reasonable and possible

Adval Tech has remained true to its focus strategy even in turbulent and difficult times: The Group concentrates on the automotive market and on applications that are comparable with those of the automotive industry in terms of unit numbers, quality requirements, life time and production processes. In order to compensate for the volatility of the automotive market, Adval Tech has also continued to invest in the high-speed press technology business.

Market development

The transformation of the automotive industry and the related uncertainties continued to affect suppliers in 2020. This is quite independent of the coronavirus pandemic. Among other things, global trade policy disputes, uncertainties regarding the future of various engine systems and, last but not least, the overall decline in demand for new cars weighed on demand at suppliers. Around 15% fewer new cars were sold worldwide in 2020 than in 2019. The five megatrends in the automotive industry defined a year ago are still relevant: electric vehicles, networked and self driving vehicles, shared mobility, digitalization and lightweight construction. In addition, the development of eco-friendly synthetic fuels for the piston engine and the expansion of the hydrogen infrastructure also remain important future topics for the industry. All these developments open up new market opportunities for the Adval Tech Group.

Strategic direction

As part of its strategic market focus, the Adval Tech Group is developing as an automotive supplier in four directions:

- from a component provider to a supplier of systems and modules
- from a parts manufacturer to a one-stop shop with development, parts and modular capabilities
- from a Europe-focused to a global partner
- from a supplier to second-tier providers to a partner of first-tier suppliers and OEMs

Market successes

Despite a difficult environment, Adval Tech again succeeded in acquiring new, promising orders last year. In the **metals** sector, the cooperation with a leading European premium automotive manufacturer launched in spring 2018 was further expanded. In the year under review, Adval Tech received an additional, third order for further structural parts, which are scheduled to go into production in 2022. The emerging long-term cooperation with the leading automotive manufacturer epitomizes Adval Tech's strategy in an almost ideal manner: Market development for these orders was carried out in Switzerland, the manufacture of the tools in Germany, and production will take place in Hungary. For production in Switzerland, Adval Tech won a new order for the manufacture of gasoline high-pressure pumps made of metal. Adval Tech is benefiting here once again from the expertise it has built up over the years in the manufacture of parts and subassemblies for gasoline engines. At the sites in Germany and Hungary, Adval Tech will produce various metal structural parts for an electric sports car and for an electric sedan.

In the **plastics** sector, too, Adval Tech has achieved acquisition successes in recent years, which will keep individual sites busy for years. Examples include the production of radiator shutter subassemblies for various automotive manufacturers in Hungary as well as several orders for production in Mexico. However, due to the dramatic developments in the market, several production starts that were scheduled for the first half of 2020 have been postponed.

Sales efforts, which were intensified even further during this difficult period, resulted in further new orders despite the coronavirus pandemic. In Mexico and China, for example, Adval Tech will manufacture additional safety-relevant subassemblies made of plastic for vehicle interiors. The start of production is scheduled for 2021. For the first time in years, Adval Tech won a new customer in the medical technology sector with the Grenchen site. The core of the order is the production of cards for blood analysis. As far as related applications in other sectors are concerned, Adval Tech also won new orders for the Johor Bahru site in Malaysia.

In January 2021, Ford Motor Company decided to close its three plants in Brazil. This decision will also have an impact on Adval Tech do Brasil Indústria de Autopeças Ltda. as an indirect supplier to Ford. Together with local management, the executive management of the Adval Tech Group has therefore already initiated a restructuring of the Brazilian subsidiary.

DEVELOPMENT OF KEY FIGURES

Total income¹⁾ and net turnover

The Adval Tech Group's total income¹⁾ is made up of the following elements:

- Net turnover from the sale of metal and plastic components
- Net turnover from the sale of the related tools for production of components
- Other revenues (such as proceeds from sale of scrap)

In view of the extremely difficult market environment and the impact of the coronavirus pandemic, the Adval Tech Group's total income¹⁾ of CHF 140.8 million for the 2020 financial year (CHF 178.9 million, -21.3% in the previous year) is quite respectable. Adjusted for currency effects, the Adval Tech Group's total income¹⁾ for 2020 is some 17% below the previous year.

Net sales from the sale of components decreased from CHF 128.6 million (2019) to CHF 108.4 million in 2020. The Adval Tech Group was able to compensate for this decline to some extent with the sale of high-speed presses of Adval Tech (Switzerland) AG, Niederwangen. The sales trend at Adval Tech (Grenchen) AG, which manufactures components for the medical technology and consumer goods sectors, was also encouraging. This also applies to Adval Tech (Malaysia) Sdn. Bhd., which likewise operates in the consumer goods industry.

At 74%, the Adval Tech Group generated most of its sales in 2020 with customers in Europe (2019: 73%). Asian customers accounted for 11% of sales (2019: 8%). Furthermore, Adval Tech generated 10% of sales with Latin American customers (2019: 12%) and 5% of sales with North American customers (2019: 5%).

In order to reduce the impact of the volatility of the automotive market, Adval Tech intends to further intensify its market activities in the technology business with the sale of high-speed presses of Adval Tech (Switzerland) AG. In the first half of 2020, this business also suffered severely from the coronavirus crisis. Fortunately, Adval Tech has already achieved some sales successes again in the second half of the year.

Profitability

EBITDA¹⁾ (earnings before interest, taxes, depreciation and amortization) amounted to CHF 15.2 million in the year under review (previous year: CHF 18.4 million). The EBITDA margin was 10.8% (2018: 10.3%). EBIT¹⁾ (earnings before interest and taxes) amounted to CHF 6.7 million (previous year: CHF 10.3 million), corresponding to an EBIT margin of 4.8% (adjusted for currency effects: 4.8%) (2019: 5.8%).

The largest contributions to the operating result were made by Adval Tech (Switzerland) AG, Niederwangen, Adval Tech (Grenchen) AG and Adval Tech (Malaysia) Sdn. Bhd.

Extraordinary result

The extraordinary expense of CHF 0.3 million is related to the relocation of the plant at the Suzhou site. This project was completed in 2020.

Net profit

The Adval Tech Group's net profit amounted to CHF 4.3 million in 2020 (2019: CHF 8.7 million).

Investments and net current assets

In 2020, the Adval Tech Group invested CHF 3.4 million in property, plant and equipment (2019: CHF 8.1 million), for example for injection molding machines in Mexico, stamping presses in Germany and assembly equipment for new orders in Hungary.

Cash flow from operating activities amounted to CHF 6.1 million in 2020 (2019: CHF 4.2 million). The operative free cash flow¹⁾ was CHF 3.6 million (2019: CHF -3.8 million). This marked increase – despite the coronavirus pandemic – is mainly due to the higher cash flow from operating activities, consistent cost management and the lower investments in property, plant and equipment.

Operating net current assets¹⁾ (trade accounts receivable, inventories, trade accounts payable) was CHF 41.4 million at the end of December 2020 (December 31, 2019: CHF 34.7 million). The largest impact came from the increase in inventories in the tooling business (incl. high-speed presses). In relation to the total income¹⁾, operating net current assets¹⁾ changed from 20.2% at the end of December 2019 to 27.8% at the end of December 2020, with more than half of the increase in percent being attributable to the lower total income¹⁾.

Liquidity

The net financial position¹⁾ amounted to CHF 19.1 million as of December 31, 2020 (end of 2019: CHF 18.3 million). In 2020, Adval Tech did not draw on any loans from government support programs in connection with the coronavirus pandemic.

Equity ratio

The Adval Tech Group's equity ratio of 77.8% at the end of 2020 is the same as in the previous year.

Share price development

Key share data and share price development are presented on page 6 of this Annual Report.

Dividend payment

At the Annual General Meeting on May 20, 2021, the Board of Directors will propose the distribution of a dividend of CHF 1.35 per share.

1) Alternative Performance Measures, see Note 3, page 79

CUSTOMER SATISFACTION

Customer satisfaction plays an important role in the future development of the Adval Tech Group. The Group checks strict observance of the agreed quantities, deadlines, and quality for all customers. Further, Adval Tech ensures customer satisfaction by making regular visits to customers, identifying improvement potential, and proposing possible solutions.

EMPLOYEES

Employees and their know-how are the Adval Tech Group's most important resource. The Group therefore pays great attention to its employees and offers them attractive career opportunities. Adval Tech has defined the following staff management goals: First, hire the right people; second, support and develop the right staff members; third, hold on to the best employees for the long term; fourth, recruit qualified specialists and managers; fifth, be an attractive and competitive employer; and sixth, foster a positive corporate image. To achieve these goals, Adval Tech has defined a human resources philosophy represented by the motto "Together to the top." Under this philosophy, staff are expected to engage in continual development, and Adval Tech invests proactively in training and education to this end. The Group also encourages work abroad. Through intensive exchanges among our locations in different parts of the world, our employees acquire technical expertise, improved language skills, and intercultural proficiency. In 2020, a year marked by the coronavirus pandemic, the corresponding activities were adjusted. Adval Tech also cultivates a relaxed team culture, not only within the corporate group, but also in project teams together with global customers. And Adval Tech fosters the next generation, helping young talent develop into seasoned professionals.

Employee satisfaction is also measured regularly, every two years, at Adval Tech. The survey should have taken place in 2020. Due to the coronavirus pandemic, this was waived. It is planned to conduct the next survey in 2021.

The headcount decreased from 1,179 FTEs (year-end 2019) to 1,105 (year-end 2020). The average number of employees was 1,132 in 2020 and 1,240 in 2019.

RISK MANAGEMENT

Through its extensive risk management, Adval Tech ensures that the risks to which the Group is exposed are identified and correctly addressed. In addition, risk management ensures efficient implementation of appropriate oversight and risk management measures.

Adval Tech's central risk evaluation system covers both strategic and operational risks. All the risks identified are evaluated (in terms of the probability that they will materialize and the extent of the potential damage) and recorded in a risk inventory. On the basis of this risk inventory, the Board of Directors examines, at least once a year, whether adequate steps are taken to address and minimize the risks. Ongoing monitoring of the risk inventory is assigned to the Risk Management Officer – in other words the CFO – who discusses the issues internally with the Group Executive Management.

More detailed information on financial risk management can be found on page 78 of this Annual Report.

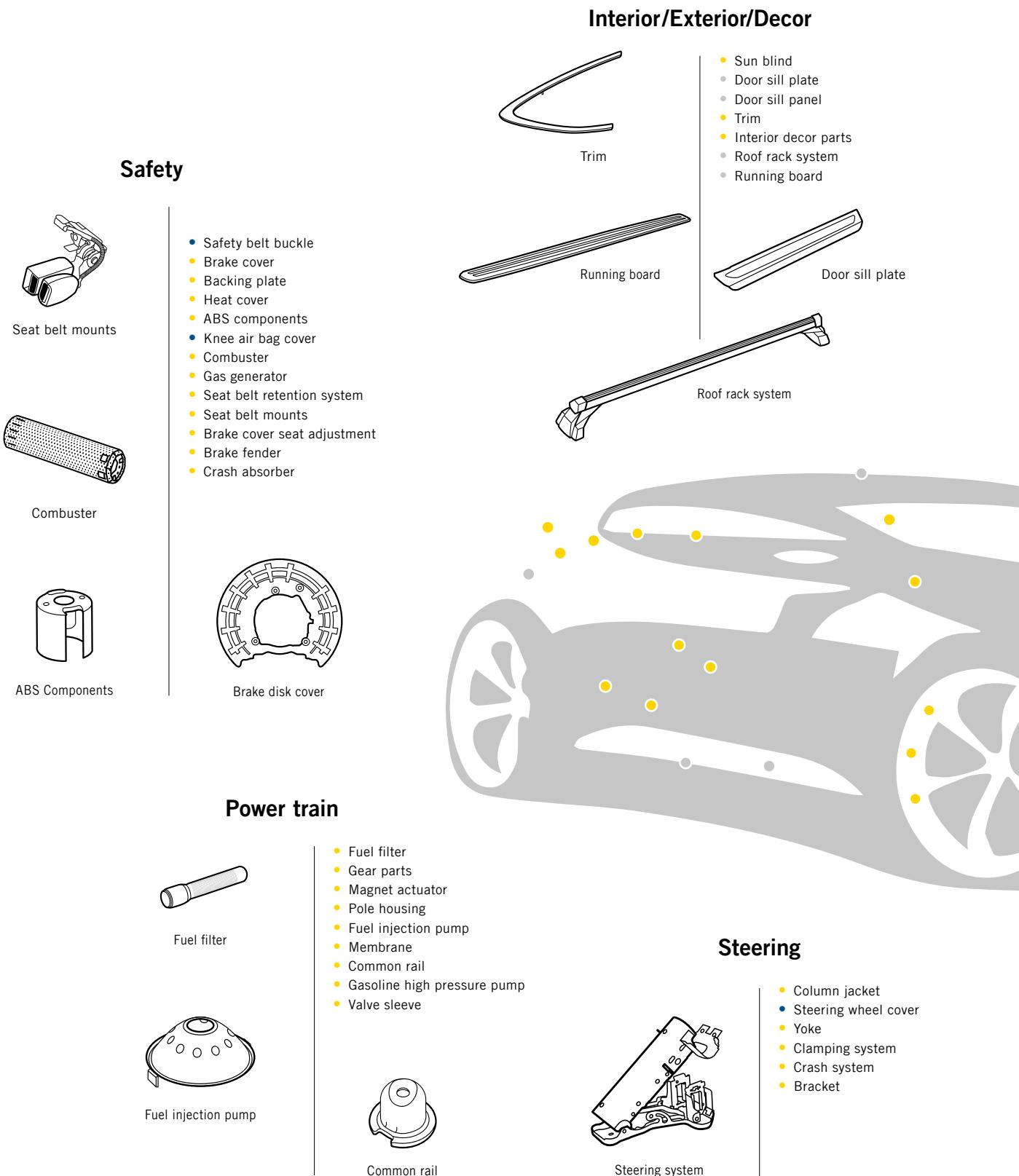
OUTLOOK

In view of the major uncertainties associated with the coronavirus pandemic and the extensive upheavals in the automotive industry, the outlook for 2021 is extremely difficult. Adval Tech does not expect the pandemic to end quickly and assumes that the economic environment will remain difficult. However, the orders won in 2020 from existing and new customers make the Group optimistic. The transformation in the automotive industry will continue despite the coronavirus pandemic. Adval Tech has the competencies and resources to actively participate in shaping this change. The Group has taken all necessary measures to cushion the impact of the crisis as much as possible, and it is well equipped to successfully manage the high number of production start-ups in 2021 under the more difficult conditions and at the respective sites.

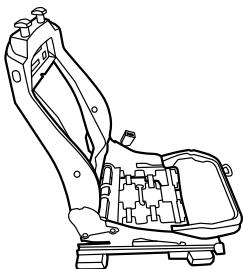
The Adval Tech Group is not giving specific guidance on total income and EBIT in 2021.

1) Alternative Performance Measures, see Note 3, page 79

COMPONENTS FOR THE AUTOMOTIVE INDUSTRY

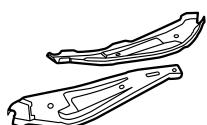


Structure

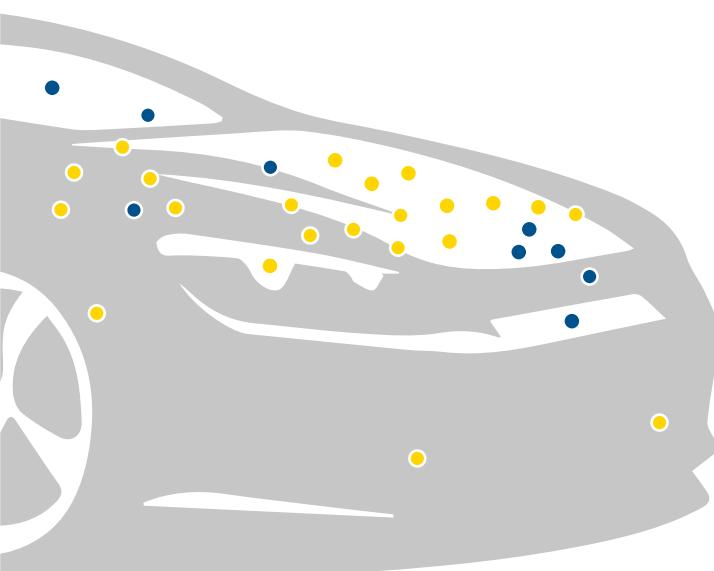


Seat structural parts

- Seat adjustment
- Door hinge
- Car body parts
- Cross members
- Seat structural parts
- Rear wiper
- Brackets
- Brackets for belt

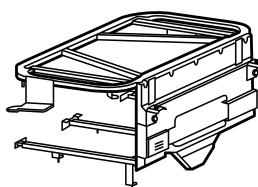


Seat adjustment



- Metal component
- Plastic component
- Composite

E-Mobility/ Autonomous driving



Battery carrier

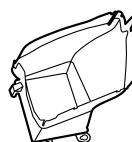


Lenseholder

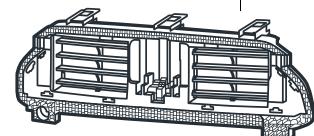


Oil guidance

Car front



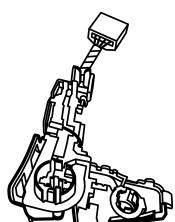
Air flow system



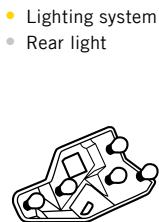
Radiator shutter

- Crash protection
- Air flow system
- Air/water separation
- Front panel incl. radiator shutter
- Cooling water pump
- Engine control component carrier
- Engine cooling
- Stator isolation

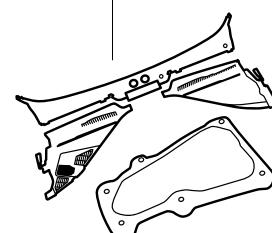
Lighting



Rear light



Lighting system



Air/water separation

CORONAVIRUS PANDEMIC 2020: STRENGTHS IN THE CRISIS

Supply chains were interrupted. Customers canceled orders. Masks became mandatory. Adval Tech mastered the crisis thanks to its employees. "Focus, Passion and Discipline." Adval Tech's three values carried the Group safely through the year. At the individual sites, in fact, the teams also experienced humanity and deceleration.



Bruno Sohn

**Technical Sales Consultant at Adval Tech do Brasil Indústria
de Autopeças Ltda. in São José dos Pinhais**

Of course, we had to continue working as a well-coordinated and efficient team and meet our customers' expectations without compromise. That required a lot of discipline. But we gained additional know-how.



Daniele Napolitano

**Head Order Processing at Adval Tech (Germany)
GmbH & Co. KG in Endingen**

When the first customers closed their plants at the beginning of March 2020 and we heard about further closures on a daily basis, it was clear to us that this was going to be a difficult time.



José Felipe Ochoa Gutiérrez

**Process Engineer at Adval Tech (Mexico) S.A. de C.V.
in Santiago de Querétaro**

Personally, I have become more mindful. I know I also have to be there for my family and my colleagues at work.



Manuela Meuwly-Schüpbach

**Employee staff restaurant/deputy cook at Adval Tech
(Switzerland) Ltd. in Niederwangen**

When I had my last working day for the time being on Friday, March 27, 2020, I could not yet imagine that I would only be resuming my job after six months.



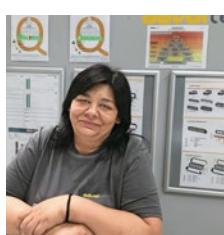
Saraneya Yogiswaran
Accounting Assistant at Adval Tech (Malaysia) Sdn. Bhd.
in Johor Bahru

This pandemic has had a huge impact on all of us, but I think the truth is that it has taught us a great lesson for life.



Gábor Lukács
Machine Operator at Adval Tech (Hungary) Plant 2 Kft.
in Szekszárd

I think the epidemic will last until the summer. It depends on us how well we can follow the rules and comply with the necessary regulations.



Zoltánné Kamasz
Production Operator at Adval Tech (Hungary) Kft.
in Szekszárd

I was happy to be able to return to work after the lockdown in the spring. I hope this pandemic will be over soon and will not endanger our health any further.



Chruse Yang
Head Business Development at Adval Tech (Suzhou) Co. Ltd.
in Suzhou

In the past, we were always pushing forward in China. Now we had to stay at home or in the office and wait. Life has slowed down.

NEW ORDERS DESPITE CORONA- VIRUS PANDEMIC: THAT'S ADVAL TECH.

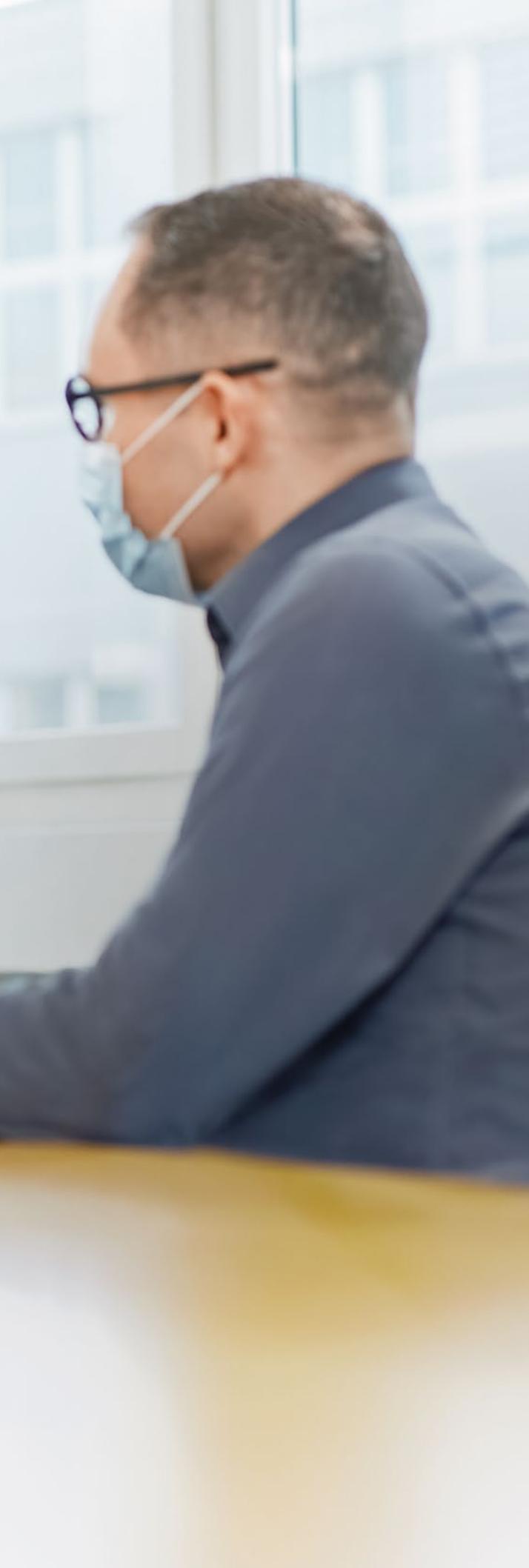
Despite the coronavirus pandemic, Adval Tech also won new orders in 2020. The Group will manufacture sophisticated plastic parts in Mexico and China. For production in Niederwangen (Switzerland), Adval Tech won an order to manufacture gasoline high-pressure pumps, among other things, and in Germany and Hungary Adval Tech will produce various structural parts. There are also new orders for the sites in Johor Bahru (Malaysia) and Grenchen (Switzerland).







MURK MONDAY, FEBRUARY 22, 2021, 11:16 A.M.



Automotive industry

Locations Muri (Switzerland) and Szekszárd (Hungary)

FINDING SOLUTIONS

Convincing the customer. With better ideas, the right price and a trusting atmosphere.

That's Adval Tech.

In the plastics sector, the Group has been developing and producing radiator shutter subassemblies for the Volkswagen Group since 2019. They are used in models of Seat S.A., Audi AG, Skoda Auto and Volkswagen AG. The development of the highly complex subassemblies is carried out in Muri, while production in Hungary.

10 to 12 trucks transport the finished sub-assemblies daily from the Szekszárd location to various European countries.

Automotive industry

Location Niederwangen (Switzerland)

BREAKING BOUNDARIES

Leveraging existing know-how. And developing new competencies. That's Adval Tech.

In the search for the optimum solution for a gasoline pump for its customer Hitachi, Adval Tech gained new know-how in high-tech welding. As a result, all production is carried out internally at the Niederwangen site.

In 2020,
all prototypes of the high-tech gasoline pump
have already been produced in small numbers.

In 2021,
series production will start.

1 million
highly complex high-pressure pumps will be
produced by Adval Tech in total.





NIEDERWANGEN: MONDAY, FEBRUARY 22, 2021, 03:13 P.M.

Medical Market

Location Grenchen (Switzerland)

SHAPING THE FUTURE

Persistently pursue strategies. And at the same time seize unexpected opportunities. That's Adval Tech.

In addition to high-quality clean products for the medical market, Adval Tech in Grenchen produces components for the food packaging industry and hybrid parts for automotive applications in the hydrogen sector.

New customer

Starting in 2021, cards for blood analysis will be delivered to the newly acquired customer Haemokinesis.

10 seconds

is the time to make a card.

40 square meters

is the size of the new production equipment purchased specifically for the project.





GRENENHEN: TUESDAY, FEBRUARY 23, 2021, 09:34 A.M.

Automotive industry

Location Endingen (Germany)

KEEPING PROMISES

Building relationships, creating trust and offering customers a reliable hand. That's Adval Tech.

In the metal sector, the direct business relationship between Adval Tech and BMW began in spring 2018 and has since developed positively. Seven follow-up orders followed. The conditions for a long-term business relationship are good.

200,000

is the number of components for the cabrio roof of the 4 Series Adval Tech will deliver by 2027.

300,000 – 1,400,000 body and assembly parts

for the i20 SUV and the new 4 Series Gran Coupé have been ordered by BMW with follow-up contracts.

15 million brake cover plates

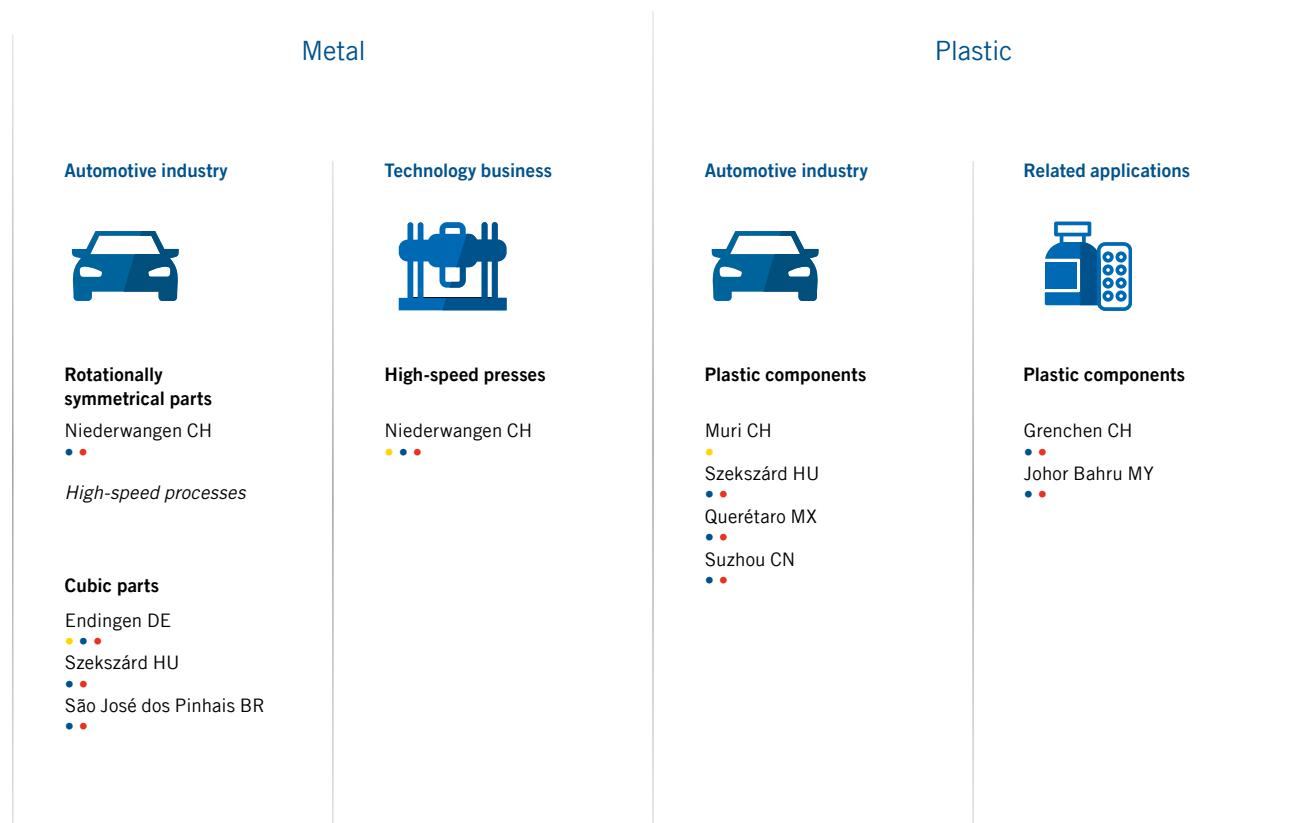
are to go into series production by 2022.





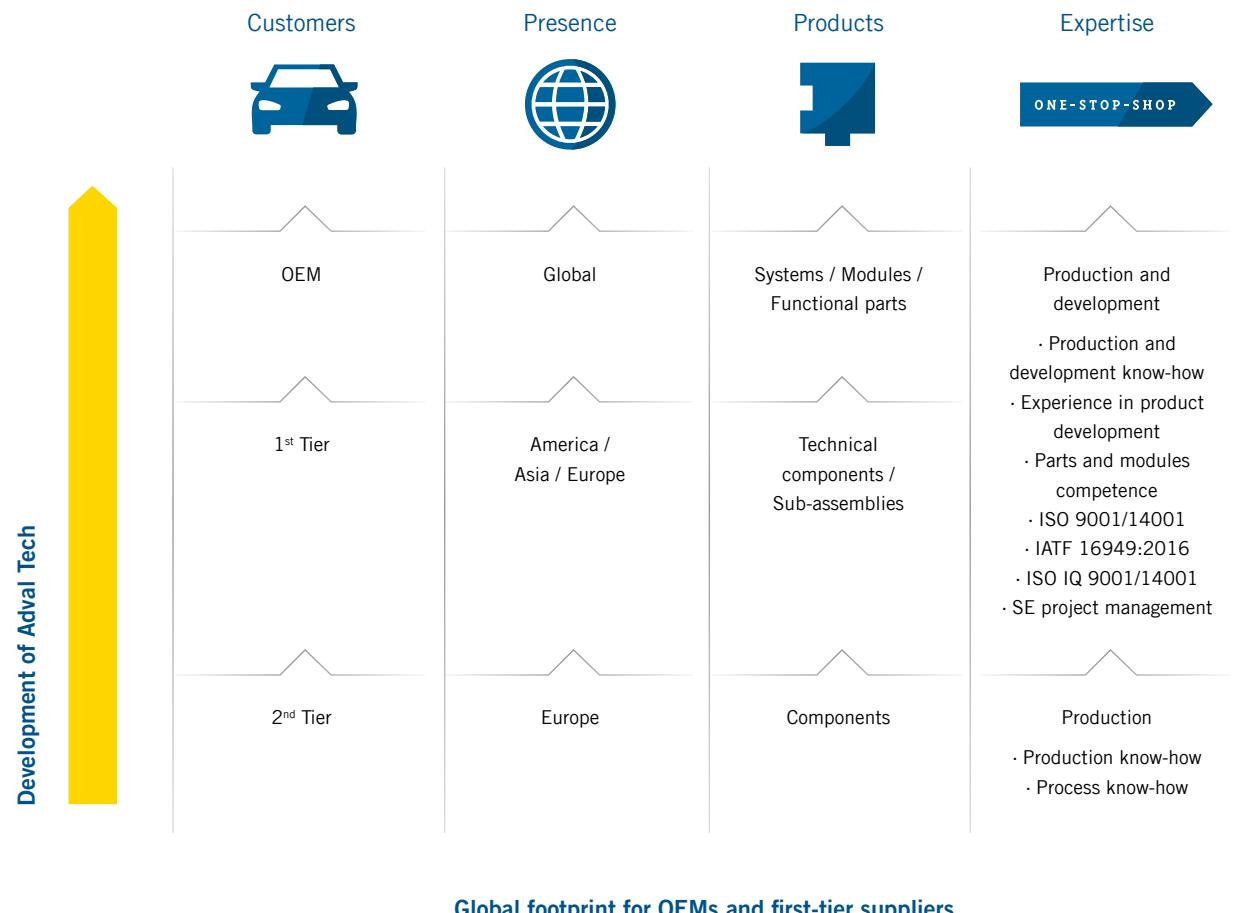
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MARKET, DEVELOPMENT, PROCESS AND PRODUCTION STRATEGY



• Development know-how • Process know-how • Production know-how

STRATEGY IN AUTOMOTIVE BUSINESS



MISSION STATEMENT, STRATEGY AND VALUES

The Adval Tech Group is a global industrial supplier of technologically sophisticated components and subassemblies made of metal and plastic. It focuses on selected activities, especially in its main target market, the automotive industry.

Metal components and subassemblies

Adval Tech produces large quantities of stamped and formed series parts and subassemblies for the automotive industry. The Group produces the necessary tools in-house. For certain applications, the Group also constructs entire production facilities. Adval Tech makes rotationally symmetrical parts (e.g. components for airbags, ABS braking systems and fuel injection systems), steering system subassemblies, roof rack systems, decor parts (e.g. trims), structural components and composite components from metal and plastic elements (e.g. door sill plates). These parts are manufactured in Switzerland, Germany, Hungary and Brazil.

Plastic components

Adval Tech produces highly innovative plastic parts in large batches for selected application areas. For example, it supplies automotive manufacturers and first-tier customers with air-water separation systems, air flow elements, air guidance systems and seatbelt buckles. Adval Tech also produces plastic parts, assemblies and systems for the household appliance and the medical device field. The production facilities for plastic components are located in Switzerland, Hungary, China, Malaysia and Mexico.

Vision

Adval Tech is the preferred industrial partner for series metal and plastic parts. To realize this vision, the Group functions as a one-stop shop for the entire value chain, keeps up with its globally active customers and thereby evolves as a leading global partner. The Group also offers innovative solutions and efficient processes, thus ensuring profitable growth.

Mission

Adding value through innovation – that's what the name Adval Tech stands for. The Group is a global industrial supplier of technologically sophisticated components and subassemblies made of metal, light metal and plastic. Adval Tech focuses on the automotive market and on applications similar to those for the automotive industry in terms of quantities, quality requirements, service life and production processes. By involving supply chain partners that are technology leaders in the value chain from the outset, it minimizes risks. The Group delivers quality without compromise worldwide. With its solutions and services it generates benefit for customers in terms of deadlines, quality and costs.

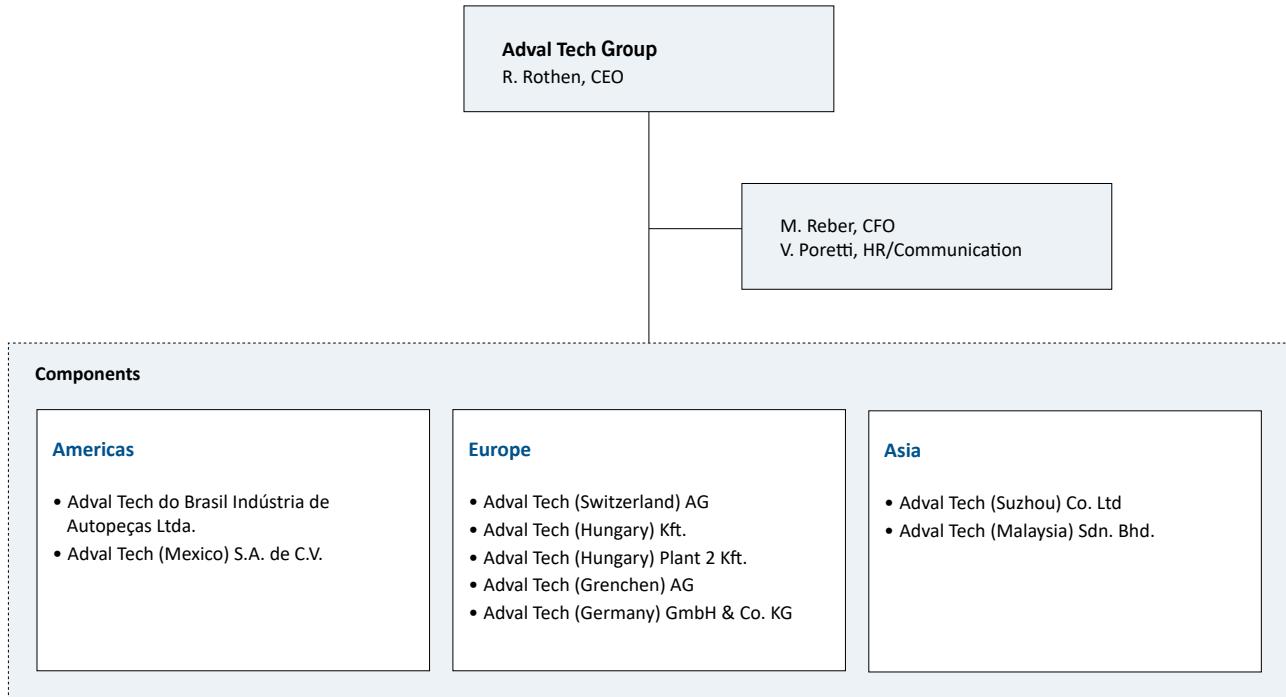
Values

Passion, focus and discipline are the three values that drive Adval Tech. Its employees have a win-win mentality and a great desire to succeed as a team. Adval Tech acts as a long-term, valuable partner and focuses its activities on applications that generate sustainable added value – for both the customers and the Group. Adval Tech adheres rigorously to customer agreements: Its employees do what they say and deliver what they promise.

One-stop shop

Whether metal, plastic or hybrid technologies, whether for decor and safety-related parts for the automotive industry or for related applications in other markets: As a one-stop shop, Adval Tech supports its customers throughout the value creation process; from product development and prototyping, through tool and process development to component production and assembly.

GROUP STRUCTURE



As at April 1, 2021

EXECUTIVE BODIES

Board of Directors

René Rothen, Chairman

Hans Dreier

Christian Mäder

Jürg Schori

Appointments and Compensation Committee: Christian Mäder and Jürg Schori

Group Executive Management

René Rothen, Chief Executive Officer

Valeria Poretti-Rezzonico, Head Corporate HR/Communication

Markus Reber, Chief Financial Officer

Statutory Auditors

Deloitte AG, Zurich



		Components	
		Metal	Plastic
Europe	Adval Tech (Grenchen) AG, Grenchen, Switzerland		●
	Adval Tech (Hungary) Kft., Szekszárd, Hungary		●
	Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	●	
	Adval Tech (Germany) GmbH und Co. KG, Endingen, Germany	●	
	Adval Tech (Switzerland) AG, Niederwangen, Switzerland	●	
Asia	Adval Tech (Malaysia) Sdn. Bhd., Johor Bahru, Malaysia		●
	Adval Tech (Suzhou) Co. Ltd, Suzhou, China		●
Americas	Adval Tech (Mexico) S.A. de C.V., Querétaro, Mexico		●
	Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais, Brazil	●	

GROUP EXECUTIVE MANAGEMENT



FROM LEFT TO RIGHT:

RENÉ ROTHEN
CHIEF EXECUTIVE OFFICER

MARKUS REBER
CHIEF FINANCIAL OFFICER

VALERIA PORETTI-REZZONICO
HEAD CORPORATE HR/COMMUNICATION

C O R P O R A T E G O V E R N A N C E

Adval Tech's corporate governance structure is based on the company's Articles of Incorporation and regulations governing the organization and conduct of business. Unless otherwise specified, the present Corporate Governance Report refers to the 2020 financial year, to the position at the balance sheet date of December 31, 2020, to the Company's (Adval Tech Holding AG) Articles of Incorporation as at May 21, 2015 and to the Organizational Rules of December 10, 2020. The following report conforms essentially to the structure specified by SIX Swiss Exchange Regulation.

Group structure and shareholders

Adval Tech Holding AG, incorporated in Niederwangen, Switzerland, is organized as a holding company under Swiss law and directly or indirectly owns all Adval Tech companies worldwide. The Adval Tech Group concentrates on selected activities in the business with metal and plastic components and focuses on the automotive market and related applications. The operating business units report as follows:

- Adval Tech (Grenchen) AG: to the managing director of the Niederwangen site of Adval Tech (Switzerland) AG
- Adval Tech (Hungary) Kft., Adval Tech (Suzhou) Co. Ltd, Adval Tech (Mexico) S. A. de C.V.: to the managing director of the Muri site of Adval Tech (Switzerland) AG
- Adval Tech (Hungary) Plant 2 Kft.: to the managing director of Adval Tech (Germany) GmbH & Co. KG
- The other business units report directly to the Chief Executive Officer (CEO).

Group management and Group financing are conducted through Adval Tech Management AG and Adval Tech Holding AG. Business is conducted through the relevant Group companies. The current Group structure is shown on page 33.

Adval Tech has a single class of shares (registered shares). All registered shares are listed on SIX Swiss Exchange under securities number 896 792 and are traded in line with the Swiss Reporting Standard.

The SIX Swiss Exchange ticker symbol for Adval Tech registered shares is ADVN, the Reuters symbol is ADVN.S, and the Bloomberg symbol is ADVN SW. The ISIN number is CH0008967926. The market capitalization of Adval Tech Holding AG on December 31, 2020, was CHF 124.1 million.

On December 31, 2020, Adval Tech Management AG held 96 registered shares in Adval Tech Holding AG (previous year: 96). The remaining Group companies hold no shares in Adval Tech Holding AG.

The following companies are included in the scope of consolidation as at December 31, 2020:

Company	Registered office	Share capital	Equity holding	
Adval Tech Holding AG	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management AG	Niederwangen, Switzerland	TCHF	100	100%
Adval Tech Immobilien AG, in liquidation	Niederwangen, Switzerland	TCHF	100	100%
Adval Tech (Switzerland) AG	Niederwangen, Switzerland	TCHF	3,050	100%
Adval Tech do Brasil Indústria de Autopeças Ltda.	São José dos Pinhais PR, Brazil	TBRL	3,298	100%
Adval Tech (US) Inc.	Cleveland, Ohio, USA	TUSD	1	100%
Adval Tech Holding (Germany) GmbH	Endingen, Germany	TEUR	25	100%
Adval Tech (Germany) GmbH & Co. KG	Endingen, Germany	TEUR	1,132	100%
Adval Tech (Germany) Verwaltungs GmbH	Endingen, Germany	TEUR	51	100%
Adval Tech (Mexico) S.A. de C.V.	Querétaro, Mexico	TUSD	3	100%
Adval Tech (Hungary) Kft.	Szekszárd, Hungary	TEUR	990	100%
Adval Tech (Hungary) Plant 2 Kft.	Szekszárd, Hungary	TEUR	12	100%
Adval Tech (Grenchen) AG	Grenchen, Switzerland	TCHF	2,000	100%
Adval Tech Holdings (Asia) Pte. Ltd	Singapore	TUSD	2,267	100%
Adval Tech (Suzhou) Co. Ltd	Suzhou, China	TUSD	10,060	100%
Adval Tech (Malaysia) Sdn. Bhd.	Johor Bahru, Malaysia	TUSD	505	100%
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100	100%
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%

The scope of consolidation has not changed in the year under review. The operating activities of Adval Tech Immobilien AG have been discontinued. At the company's Annual General Meeting on May 14, 2020, the liquidation of the company was resolved.

For further details of the scope of consolidation, see Note 4 on page 80 of this Annual Report.

The disclosures pursuant to Article 120 of the Financial Market Infrastructure Act (FINMIA) are available on the SIX Swiss Exchange website via the following link: www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html?companyId=ADVAL.

During the 2020 financial year, there was no disclosure report based on Art. 120 et seq. of the FinraG (Financial Market Infrastructure Act).

Shareholders holding more than 3% of the registered share capital (as shown in the shareholders' register or according to the latest published disclosure report), as recorded in the Commercial Register on December 31, 2020, are listed below.

Ownership interest (as last reported)	12/31/2020	12/31/2019
Dr. h.c. Willy Michel* ⁵⁾	28,9%	28,9%
Artemis Beteiligungen I AG, Hergiswil ^{1) 4)}	21,5%	21,5%
Grapha Holding AG, Hergiswil ²⁾	8,8%	8,8%
J. Safra Sarasin Investment Fonds AG*	8,5%	8,5%
Hansruedi Bienz	7,5%	7,5%
Einfache Gesellschaft Dreier ³⁾	3,5%	3,5%

Beneficial owners:

- 1) Michael Pieper, Hergiswil, Switzerland
 2) Rudolf B. Müller, Hergiswil, Switzerland
 3) Hans Dreier, Niederwangen, Switzerland; Rudolf Dreier, Altendorf, Switzerland
 4) Represented on the Board of Directors by Christian Mäder
 5) Represented on the Board of Directors by Jürg Schori

* Effective amount of holding as at December 31, 2020 and December 31, 2019

There are no shareholders' pooling agreements and no capital or voting cross-holdings. The overall structure of shareholdings at December 31, 2020, was as follows:

Number of shares	Shareholders
1 to 100	325
101 to 1,000	92
1,001 to 10,000	22
More than 10,000	8
Total	447

Capital structure

As at December 31, 20120, the share capital of Adval Tech Holding AG amounted to CHF 14.6 million, divided into 730,000 registered shares with a par value of CHF 20 each. All the shares carry the same voting and dividend rights. The share capital is fully paid up. With respect to restrictions on registration, reference is made to the section on shareholders' rights of co-determination (see pages 47 and 48).

Changes in the equity of Adval Tech Holding AG are as follows:

CHF	12/31/2020	12/31/2019	12/31/2018
Share capital	14,600,000	14,600,000	14,600,000
Legal capital reserve	60,047,365	61,032,736	64,096,409
Legal retained earnings	9,517,000	9,517,000	9,500,000
<i>General legal retained earnings</i>	<i>9,500,000</i>	<i>9,500,000</i>	<i>9,500,000</i>
<i>Reserve for treasury shares</i>	<i>17,000</i>	<i>17,000</i>	<i>0</i>
Voluntary retained earnings	11,267,611	11,267,611	11,284,611
Profit carried forward	44,593,247	44,733,542	40,017,242
Profit for the year	2,945,269	845,075	4,716,300
Total shareholders' equity	142,970,492	141,995,964	144,214,562

There were no changes in capital in 2018, 2019 and 2020.

As at December 31, 2020, there was no authorized or conditional capital, nor were any participation or dividend-right certificates, convertible bonds or options in issue. The shareholders' register is maintained by Computershare Schweiz AG, Baslerstrasse 90, 4600 Olten, on behalf of Adval Tech Holding AG.

Board of Directors

On December 31, 2020 the Board of Directors of Adval Tech Holding AG was composed of the following members:

- **René Rothen (Chairman)**, born 1959, Swiss; with Adval Tech since 2007; Chief Executive Officer; Grad. Eng. HTL. Career: Head of Product Development, machine tool manufacturing at EWAG AG, Etziken (1983–1993), various executive positions at Saia-Burgess in Murten (1993–2006), including Head of Operations, Switzerland and Hungary, and finally also as CEO of a subsidiary in the US. Joined Adval Tech as Head of the Automotive Division in 2007, member of the Group Executive Management since 2007, CEO of the Adval Tech Group since August 1, 2012. Elected as member and as Chairman of the Board of Directors at the Annual General Meeting on May 14, 2020, executive. Elected until the end of the Annual General Meeting for the financial year 2020. René Rothen holds the office of Chief Executive Officer and the office of Chairman of the Board of Directors in personal union. René Rothen does not hold any other mandates outside the Adval Tech Group.
- **Hans Dreier**, born 1953, Swiss; MBA FH, was a project and later systems manager at Honeywell Bull, Düsseldorf, Germany (1980-1982); in 1982 he joined the Adval Tech Group at Styner+Bienz as Head of IT; from 1984 he was Head of Sales and Marketing at Styner+Bienz; from 1997 to March 2018 he held the position of Head of IT/Logistics/Legal as a member of the Adval Tech Group Executive Board. He has been a non-executive member of the Board of Directors of Adval Tech Holding Ltd since April 1, 2018 (executive member of the Board of Directors from 1988 to March 31, 2018) and elected until the conclusion of the Annual General Meeting for the 2020 financial year. He was available to the Adval Tech Group as a consultant on a part-time basis for projects and special assignments until December 31, 2020, following his retirement on March 31, 2018, in addition to his function as a member of the Board of Direc-

tors. However, he no longer exercised any management functions. Hans Dreier does not exercise any other mandates outside the Adval Tech Group.

- **Christian Mäder**, born 1969, Swiss; Swiss certified expert in accounting and controlling. Since 2015, CFO and member of the executive committee of Artemis Group as well as member of the Board of Directors of Franke Group. From 2000 until 2015 various finance and management positions at Swisslog Group, as of 2005 CFO and member of the Group Executive Committee. Earlier, various management and finance positions at companies like KPMG and Colenco (Motor-Columbus Group). Member of the Board of Directors of Adval Tech Holding AG since May 2017, non-executive, elected until the close of the Annual General Meeting for financial year 2020. Christian Mäder is Chairman of the Board of Directors of Franke Holding AG, Aarburg (Switzerland) and Kraftwerk Europe AG, Mönchaltorf (Switzerland). Since April 2020, he has been Vice Chairman of the Board of Directors of Feintool International Holding AG, Lyss (Switzerland). He is also a member of the Board of Directors of O. Kleiner AG, Wohlen (Switzerland), a member of the Board of Directors of Ciron S.A., Zurich (Switzerland) and a member of the Board of Directors of Sant'Isidoro S.R.L., Florence (Italy). Feintool International Holding AG is listed on the stock exchange. Christian Mäder holds the other five mandates with non-listed legal entities.
- **Jürg Schori**, born in 1960, Swiss, professional qualification as Swiss certified commercial employee, with further training as a Swiss certified commercial traveler and a Swiss certified sales manager. In addition to his theoretical training, he gained extensive experience in management functions, especially in sales and marketing, in several industrial companies and an advertising firm. Subsequently, from 1990 to 2000, Jürg Schori worked for Disetronic Medical Systems, Burgdorf (today Ypsomed AG), in various management functions in the areas of sales, marketing and management of the Swiss subsidiary. Since 2000 he has been COO of Techpharma Management AG, Burgdorf. Elected to the Board of Directors of Adval Tech Holding AG as a member at the Annual General Meeting on May 14, 2020, non-executive. He is elected until the conclusion of the Annual General Meeting for the 2020 financial year. Jürg Schori was co-founder, co-owner and Vice Chairman of the Board of Directors of Fertility Biotech AG, which is not listed on the stock exchange and has since been liquidated. Following the successful development, registration in Europe and marketing of a biotechnologically produced drug, this was outlicensed to the internationally active company Gedeon Richter. Jürg Schori also serves as a member of the Board of Directors of several smaller non-listed companies.

Willy Michel and Roland Waibel did not stand for re-election to the Board of Directors at the Annual General Meeting on May 14, 2020.

Apart from René Rothen and Hans Dreier, none of the other members of the Board of Directors has been active for the Adval Tech Group in an operational or advisory capacity in the past three years.

Furthermore, as of December 31, 2020, the members of the Board of Directors were not active in any management or supervisory bodies of significant Swiss or foreign corporations, institutions and foundations under private or public law other than those already listed above, nor do they hold any important political offices.

Under Article 30 of the Company's Articles of Incorporation, the members of the Board of Directors may hold at most five mandates at exchange-listed companies and ten mandates at unlisted legal entities. Mandates in enterprises directly or indirectly controlled by the Company, mandates assumed at the Company's instruction and mandates in clubs, charitable organizations, foundations, trusts and pension funds are exempted

from these restrictions. Further, mandates in multiple legal entities under joint control are treated as a single mandate. Adval Tech Holding AG's Articles of Incorporation are available on the Internet at www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules/.

Number of mandates as at December 31, 2020 (outside the Adval Tech Group)

Number of mandates	Public companies	Unlisted legal entities
Restriction under Articles of Incorporation	5	10
René Rothen	0	0
Hans Dreier	0	0
Christian Mäder	1	5
Jürg Schori	0	3

No transactions were conducted with related parties in the year under review (see also Note 37 on page 103 of this Annual Report). Neither in the 2020 financial year nor in the previous year were sales to related parties generated nor were there any receivables from related parties as at the balance sheet date of December 31, 2020 (December 31, 2019: zero). The members of the Board of Directors have no material business relationships with the Company or any of its Group companies. All business relationships of the Adval Tech Group with related parties are described and quantified in Note 37 on page 103 of this Annual Report.

According to the Articles of Incorporation of Adval Tech Holding AG, the Board of Directors has at least three members. Subject to Art. 707 para. 3 of the Swiss Code of Obligations, only shareholders of the Company may be elected as members of the Board of Directors. The Chairman and other members of the Board of Directors are elected individually each year by the Annual General Meeting. The term of office of each member of the Board of Directors expires upon conclusion of the next Annual General Meeting. Members are eligible for re-election. The Company's Articles of Incorporation and the Organizational Rules do not contain any provisions stipulating an age limit for members of the Board of Directors. Adval Tech Holding AG's Articles of Incorporation and Organizational Rules are available on the Internet at www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules.

The following elections were held at the Annual General Meeting of May 14, 2020:

- René Rothen, Hans Dreier, Christian Mäder and Jürg Schori were individually elected as members of the Board of Directors for a term of one year, elapsing at the close of the next Annual General Meeting.
- René Rothen was elected as Chairman of the Board of Directors in a separate election for the period ending at the close of the next Annual General Meeting.
- The Board members Christian Mäder and Jürg Schori, were elected individually as members of the Nomination and Compensation Committee for the period up to the end of the next Annual General Meeting.
- The law and notary firm of Muntywyler von May Notare in Bern und Ittigen was re-elected as independent proxy for the period ending at the close of the next Annual General Meeting.
- Deloitte AG, Zurich, were re-elected as auditors for the 2020 financial year.

Subject to the powers reserved to the Annual General Meeting (election of the members of the Board of Directors, election of the Chairman of the Board and members of the Compensation Committee), the Board of Directors constitutes itself and appoints a Secretary, who need not be a member of the Board of Directors.

The Board of Directors represents the highest decision-making authority in the company, subject to those matters on which, according to legal provisions, the shareholders must decide. It performs the following duties: specifying the framework of the mission statement, strategic focus and objectives as well as medium-term planning and the annual budget for the Group Executive Management; defining the Group organization; appointing and dismissing the CEO and other members of the Group Executive Management; ensuring operational management of the Group; drawing up the annual report; approving the budget and medium-term planning; preparing the Annual General Meeting. The Board of Directors executes the motions adopted by the Annual General Meeting and supervises the practical realization of the mission statement and the implementation of the strategy as well as the course of business. It also oversees finance and accounting matters, periodically conducts risk evaluations and approves material transactions.

In addition to the non-assignable duties stipulated by law, the Board of Directors has reserved for itself decision-making authority for the following transactions: acquisition and sale of investment holdings, conclusion of license and cooperation agreements, development and closure of sites, restructuring measures, tendering of sureties and guarantees, appointing and dismissing members of the Group Executive Management, entry into significant and/or long-term contracts with customers or suppliers, initiation of significant investments or divestments, modification of accounting standards and principles above and beyond adjustments to the standard applied.

The Board of Directors can delegate the preparation, execution and supervision of its duties to committees or individual directors. It has formed an Audit Committee and a Nomination and Compensation Committee for this purpose. The duties, competencies and responsibilities of the Board of Directors and the board committees are stipulated in the Organizational Rules of Adval Tech Holding AG. Paragraph 5 lists the duties and competencies of the Audit Committee; those of the Nomination and Compensation Committee are listed in Note 6 (direct link: www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules).

The personnel composition of the Audit Committee was changed in fiscal 2020 as follows: The entire Board of Directors now performs the duties and responsibilities of the Audit committee. The Nomination and Compensation Committee is made up exclusively of non-executive members of the Board of Directors (as in the previous year): Christian Mäder (member) and Jürg Schori (chairman). The Board of Directors meets as often as business requires, but at least four times a year (as a rule, at least once a quarter) and is presided over by the Chairman. It held four meetings during the year under review. In the first semester, before the General Assembly of May 14, 2020, two meetings in the following composition: Willy Michel, Hans Dreier, Christian Mäder, Roland Waibel. In the second semester, two meetings in the following composition: René Rothen, Hans Dreier, Christian Mäder, Jürg Schori. Board meetings usually last half a working day. The Group Executive Management, – Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Head Corporate HR/Communication – attended all meetings of the Board of Directors in the year under review.

The Audit Committee is responsible for reviewing the annual financial statements and other financial information. It discusses the results of audits with the external auditors, and reviews the internal control system, risk management and compliance with laws, directives and standards. At the proposal of the CFO it approves the

budget for auditing fees and assesses the independence and compatibility of auditing activities with other advisory mandates. The Audit Committee submits a proposal on the election of the auditors to the Board of Directors for the attention of the Annual General Meeting. Usually, the CFO attends the meetings in a consultative capacity. The Audit Committee usually acts in a preparatory capacity for the Board of Directors as a whole; decision-making powers lie with the Board of Directors as a whole. At its meeting on December 10, 2020, the Board of Directors resolved that the duties of the Audit Committee shall be performed by the entire Board of Directors. The Audit Committee meets as often as business requires, but at least twice a year. Three meetings were held in 2020: one before the Annual General Meeting on May 14, 2020, chaired by Roland Waibel in the presence of Hans Dreier. This meeting was also attended by the CEO, the CFO and the auditors. On August 12, chaired by Hans Dreier, in the presence of the Chairman of the Board of Directors, the CFO and the auditors. On December 10, 2020, as part of the ordinary meeting of the Board of Directors in the presence of all members of the Board of Directors, the CFO, the Head of Corporate HR/Communication and the auditors. No other external advisers were called in. The meetings usually last half a working day. The audit findings can be seen in the Remuneration Report on pages 64 and 65, in the Financial Report on page 104 to 107 for the consolidated financial statements and on pages 121 to 123 for Adval Tech Holding AG.

In accordance with the Company's Articles of Incorporation, the Nomination and Compensation Committee is made up of at least two members of the Board of Directors. Members are elected individually by the Annual General Meeting for a term lasting until the conclusion of the next Annual General Meeting. Members may be re-elected. Following election of the members of the Nomination and Compensation Committee, the Board of Directors designates the Chairman of the Committee, which otherwise constitutes itself. The Nomination and Compensation Committee conducts personnel planning at the Board of Directors and Group Executive Management level, in particular by setting criteria for candidate searches and preparing the selection, and by performing succession planning and support. It assesses the performance of the Group Executive Management members, reporting to the Board of Directors, and determines the basic salaries and bonuses of the Group Executive Management based on a fixed formula. The Nomination and Compensation Committee assesses the compensation of the Group Executive Management once a year and, where appropriate, submits recommendations for potential adjustments to the Board of Directors. The Nomination and Compensation Committee proposes the compensation of the Chairman and other members of the Board of Directors. The Nomination and Compensation Committee meets as frequently as business requires but at least once a year, upon invitation by the Chairman. It held one meeting in 2020. As a rule, the CEO attends meetings in an advisory capacity; in 2020 he did not attend the meeting. No external advisers were called in. The meetings usually last between one and two hours. As a rule, the Nomination and Compensation Committee acts in a preparatory capacity for the full Board of Directors, providing timely reports on the results of its activities. It presents the requisite proposals to the Board of Directors in the person of the Chairman; decision-making authority lies with the full Board of Directors or the Annual General Meeting. Adval Tech Holding AG's Articles of Incorporation are available on the Internet at www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules/.

Composition of the Board of Directors and the Committees and number of meetings held in 2020

Full Board of Directors ¹⁾			Audit Committee ¹⁾		Nomination and Compensation Committee ²⁾	
Name	Position	Meetings attended	Position	Meetings attended	Position	Meetings attended
Dr. h. c. Willy Michel	Chairman until May 14, 2020	2			Chair until May 14, 2020	0
René Rothen	Chairman from May 14, 2020	2	Member from August 21, 2020	2		
Hans Dreier	Member	4	Member	3		
Christian Mäder	Member	4	Member from August 21, 2020	1	Member	1
Dr. Roland Waibel	Member until May 14, 2020	2	Chair until May 14, 2020	1	Member until May 14, 2020	0
Jürg Schori	Member from May 14, 2020	2	Member from August 21, 2020	1	Member Chair from August 21, 2020	1
Total meetings		4		3		1

1) The CEO and CFO and the Head Corporate HR/Communication attended all meetings of the full Board of Directors. The CEO attended in this function one meeting, the CFO all three meetings of the Audit Committee. The Head Corporate HR/Communication attended one meeting.

2) Neither the CEO, the CFO nor the Head Corporate HR/Communication attended the meeting of the Nomination and Compensation Committee.

Information and control instruments in relation to the Group Executive Management

The Board of Directors informs itself by means of a detailed monthly report in writing regarding the course of business in the Group, the degree to which objectives have been achieved and the action foreseen for this purpose.

The monthly report contains details of the current performance of the key Group companies and the Group as a whole (key figures from the income statement – such as turnover, income and operating earnings – and the balance sheet – working capital, debt, liquidity and details on investment spending – supplemented by a comment from the CEO and CFO), and the status of key projects and significant developments in the markets. The Board of Directors receives information about the status of strategic projects at its meetings. If needed, it obtains information about the company's performance, special events and the status of key projects outside the framework of regular reports and meetings.

The written reports are supplemented with detailed comments by the CEO and other members of Executive Management at the respective meetings of the Board of Directors, where open issues and queries can be addressed and answered. Proposals and reports are submitted in writing to the Board of Directors in good time prior to the meeting. The Board of Directors informs itself regularly, at least once a year, regarding the Group's business risks and assesses these. As part of the risk assessment process, the likelihood of occurrence of risks and the potential damage are considered. The company uses both quantitative and qualitative methods for this. These are uniform throughout the Group to ensure that risks can be compared across business units. A risk assessment is made on the basis of the results of the likelihood of occurrence and expected impact of each risk. The management of financial risks is described in detail in Note 2 on page 78 of this Annual Report and cooperation with the auditors is described on pages 49 and 50 of this Corporate Governance Report.

Internal control system

The Adval Tech Group's internal control system (ICS) is implemented at company level at significant Group entities. The processes required to be covered by the ICS, their definitions and the documentation of the ICS are stipulated centrally by the Group. An internal control system has been in operation at significant Group entities for some time; since 2009, its design and application have been coordinated Group-wide. The Board of Directors receives regular reports on the design and development of the internal control system, generally once a year. The existence of the ICS is reviewed annually by the auditors. The auditors submitted one written report on the results of their review of the ICS to the Board of Directors during the reporting period. The findings of that audit are outlined in the auditor's report on pages 107 and 123 of this Annual Report.

Within the internal control system, ten processes have been defined as finance-related. These are subdivided into Group-wide processes/controls and entity-level processes/controls. The group-wide processes/controls encompass Group-level controls (such as control environment, risk assessment, information, communication), information technology and Group-wide activities (such as M&A, insurance, consolidation). At company level, key risks and key controls are defined for the following processes and continually monitored: turnover and accounts receivable, purchasing and accounts payable, inventories and projects, personnel, tangible fixed assets, treasury and cash management, provisions and preparation of financial statements.

The Adval Tech Group does not have an internal audit function. The Board of Directors of Adval Tech Holding AG has not created a separate internal audit function due to the Group structure and the design of the internal control system. The Board of Directors has delegated the management of the operating business with regard to achieving the strategic objectives and fulfilling the medium-term plans and budgets to the Group Executive Management, chaired by the CEO. Internal organization and the allocation of authority are set out in the Adval Tech Group's regulations governing the organization and conduct of business (www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules).

Group Executive Management

As in the previous year, the executive management team of the Adval Tech Group (Group Executive Management) consisted of three members as at December 31, 2020:

- **René Rothen**, born 1959, Swiss; with Adval Tech since 2007; Chief Executive Officer; Grad. Eng. HTL. Joined Adval Tech as Head of the Automotive Division in 2007, member of the Group Executive Management since 2007, CEO of the Adval Tech Group since August 1, 2012. For further information on his career, please refer to the section Board of Directors on page 40.
- **Markus Reber**, born 1963, Swiss; with Adval Tech since 2002, Chief Financial Officer; Exec. MBA FH. Career: controller and CIO at ABB-MMD Robotics AG, Deitingen (1989–1992), Commercial Manager of ABB Fläkt AG, Lucerne (1993), Head of Finance and Administration in the Repair unit of Swisscom AG, Bern (1993–1997), Head of Finance and Controlling in the Service and Repair unit of Swisscom AG, Bern (1997–2000), Head of Finance and Central Services at the Feusi Bildungszentrum, Bern (2000–2002). Joined Adval Tech as Group Controller, CFO and member of the Group Executive Management since January 1, 2007.
- **Valeria Poretti-Rezzonico**, born 1961, Swiss; with Adval Tech since 2008; Head of Corporate HR/Communication; AMP Harvard Business School; Career: Head of the Secretariat of the General Management of Danzas Transporte Italy/Ticino, Milan/Chiasso (1988–1996), various positions at Saia-Burgess, Murten (1996–2006) including Head of Investor Relations, Corporate Communication & Marketing. Joined

Adval Tech as Head of Corporate HR/Communication, member of the Group Executive Management since May 1, 2012.

The provisions of the Articles of Incorporation concerning mandates outside Adval Tech Holding AG stipulate that members of the Group Executive Management may assume no more than two mandates at exchange-listed and five mandates at unlisted legal entities. See also <http://www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules>.

For further details on mandates, please see the notes on the Board of Directors on pages 41 and 42 of this Corporate Governance Report and Article 30 of the Articles of Incorporation.

Members of the Group Executive Management are not active on any management or supervisory body of significant Swiss or foreign corporations, institutions or foundations under private or public law outside the Adval Tech Group, nor do they hold any important political offices.

In the reporting period, there were no further management contracts between Adval Tech Holding AG or its subsidiaries, and third parties. Details of remuneration, equity holdings and loans will be presented in a separate Remuneration Report on pages 53 to 63 of this Annual Report.

Compensation, ownership interests and loans

Full details of the compensation, ownership interests and loans to both present and former members of the governing bodies are disclosed individually in the Remuneration Report on pages 53 through 63. The various provisions of the Articles of Incorporation concerning compensation of members of governing bodies are set forth in Articles 20 and 26 through 29. The Company's Articles of Incorporation contain no articles regarding loans, credits and pension benefits for members of governing bodies. The Articles of Incorporation of Adval Tech Holding AG can be viewed at www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules.

Shareholders' participation rights

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Article 6 of the Articles of Incorporation of Adval Tech Holding AG, purchasers of shares will not be registered with voting rights for more than 10% of the registered share capital recorded in the Commercial Register. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. See also the company's Articles of Incorporation at <http://www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules/>.

At the Annual General Meeting of June 19, 2012, the shareholders approved the raising of the registration restriction from 5% to 10% along with a corresponding amendment to the Articles of Incorporation. Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favor of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. There was a change of shareholders in 2014 due to the merger of Artemis Beteiligungen I AG with Artemis Beteiligungen II AG. Beneficial ownership remained unaffected by this transaction. The Board of Directors has affirmed the continued validity for Artemis Beteiligungen I AG of the exception granted to Artemis Beteiligungen II AG.

On January 30, 2007, the Board of Directors permitted an exception in favor of Willy Michel, which was granted in connection with a cooperation agreement.

Furthermore, these voting restrictions (regarding the previous 5%) do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all voting rights when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Bienz, Dreier unregistered partnership). The exceptions granted were also applied by the Board of Directors in the 2020 reporting period.

Repeal of the registration restrictions requires the approval of at least two-thirds of voting rights represented at the Annual General Meeting. Fiduciary entries in the shareholders' register are only possible without voting rights. The Annual General Meeting adopts resolutions and conducts elections by a majority of valid share votes except where the law or the Articles of Incorporation stipulate otherwise. The provisions concerning quora in Adval Tech Holding AG's Articles of Incorporation meet the legal requirements. Art. 703 of the Swiss Code of Obligations specifies that resolutions of the Annual General Meeting must normally be taken by an absolute majority of the voting rights represented. Exceptions are the resolutions specified in Art. 704 of the Swiss Code of Obligations, which require at least two-thirds of the voting rights represented and the absolute majority of the par value of the shares represented: changes to the object of the company, introduction of shares with privileged voting rights, restrictions on the transferability of registered shares and the abolition of such restrictions, an authorized or conditional capital increase, a capital increase out of own resources, in return for contribution in kind, or for the purpose of acquiring assets and the granting of special benefits, restrictions or abolition of subscription rights, relocation of the company domicile, dissolution of the company.

Adval Tech Holding AG's Articles of Incorporation are available on the Internet at www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules/.

Invitations to the Annual General Meeting are issued by publication in the Swiss Official Commercial Gazette no less than 20 days prior to the Annual General Meeting. Shareholders entered in the shareholders' register can also be invited in writing. Shareholders representing at least ten percent of share capital may demand the convocation of an Extraordinary General Meeting in writing, indicating the agenda items and resolutions to be taken up. Shareholders representing shares with a par value of not less than CHF 1 million can request the inclusion on the agenda of items for discussion. Such requests must be submitted to the Board of Directors before the General Meeting, indicating the matter to be discussed and the precise proposal. Provisions of law concerning deadlines and the date of record apply.

There are no regulations differing from the Swiss Code of Obligations regarding the convening of a general meeting. Shareholders with voting rights who are entered in the shareholders' register at least 14 days prior to the Annual General Meeting are entitled to vote at the meeting. The anticipated deadline for registration before the Annual General Meeting on May 20, 2021 is tentatively set for May 10, 2021.

Shareholders who have sold shares prior to the Annual General Meeting are not entitled to vote in respect of the shares sold. The provisions of the Articles of Incorporation governing attendance at the AGM comply with the Swiss Code of Obligations.

Independent proxy

Under the Company's Articles of Incorporation, the Annual General Meeting elects the independent proxy each year. If a legal entity or association is elected, such entity or association, in consultation with the Chairman, determines the individual who will represent the independent proxy at the Annual General Meeting with

a written authorization. If the Company has no independent proxy, the Board of Directors appoints the independent proxy for the next Annual General Meeting. The independent proxy's term of office ends upon adjournment of the next Annual General Meeting. The independent proxy is eligible for re-election. Dismissal by the Annual General Meeting is effective at the end of that Annual General Meeting.

Proxy authorizations and instructions may only be issued for the upcoming Annual General Meeting. Shareholders may give the independent proxy both written and electronic authorizations and instructions. All of a shareholder's shares must be represented by the same party. Adval Tech Holding AG's Articles of Incorporation are available on the Internet at www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules/.

The Board of Directors is responsible for adopting the rules for conveying instructions for representation at the Annual General Meeting by the independent proxy. In particular, it may set the requirements for a valid instruction to the independent proxy.

At the Annual General Meeting on May 14, 2020, legal firm Muntwyler von May Notare, of Bern and Ittigen, was re-elected as independent proxy for the period up to the end of the next Annual General Meeting. Muntwyler von May Notare is an independent legal firm.

For the upcoming Annual General Meeting of May 20, 2021, the Board of Directors will ensure that Adval Tech Holding AG shareholders have the option of submitting their authorization and instructions to the independent proxy electronically. Details on submitting an electronic authorization and instructions to the independent proxy will be explained in the invitation to the next Annual General Meeting. The Company allows shareholders to send their voting instructions for Annual General Meetings to the independent proxy in electronic form using the eComm platform (www.gvote.ch). The procedures for registration and voting using this platform are sent to shareholders recorded in the share register together with the invitation to the Annual General Meeting.

Changes of control and defense mechanisms

The Articles of Incorporation of Adval Tech Holding AG include no provisions for "opting-out" or "opting-up" upon reaching the legal value threshold. The contracts of employment with directors and officers and other members of management holding key posts in the company do not contain any change of control clauses. Adval Tech Holding AG's Articles of Incorporation are available on the Internet at www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules/.

Statutory auditors

The Annual General Meeting elects the auditors for a period of one year. Deloitte AG, Zurich, were elected as statutory auditors for Adval Tech Holding Ltd for the first time for the 2019 fiscal year at the annual general meeting held on May 23, 2019. At the Annual General Meeting on May 14, 2020, Deloitte AG was re-elected as auditors. Christophe Aebi has been the lead auditor for the 2020 financial year (previous year: Fabien Lussu). The total audit fee invoiced or accrued by Deloitte AG in the 2020 financial year amounted to CHF 319,000 (previous year: CHF 271,000).

PricewaterhouseCoopers AG (which acted as statutory auditors of Adval Tech Holding Ltd until the 2019 annual general meeting) invoiced no auditing fees in 2020 (previous year: CHF 31,000 for the final audit of the 2018 financial year, performed in 2019). In 2020, a total of CHF 32,000 in fees was paid to the statutory auditors for tax advice (previous year: CHF zero).

The auditor's report their audit findings in an extensive written report to the Board of Directors and the Audit Committee at least twice a year (once per half-year). The significant findings and recommendations in the auditors' reports are discussed in detail with the Audit Committee and the Group Executive Management and, when necessary, with the Board of Directors as a whole.

The auditors attended all three meetings of the Audit Committee in 2020 in order to explain the results of their audit. A detailed management report was drawn up by the auditors on each occasion to summarize the results of the interim audit and the audit of the annual financial statements; this served as the basis for explanations to the Audit Committee and the Board of Directors as a whole.

The Audit Committee reviews the audit concept annually and stipulates the audit schedule after consultation with the auditors and the Chairman of the Board of Directors, and defines the fee framework. The committee also periodically reviews the independence of the auditors (their personal independence and that of the auditing firm), the provision of the relevant resources by the auditors, practical recommendations for the implementation of the Swiss GAAP FER guidelines, the auditors' understanding of the business units and the company's specific business risks, cooperation with the Audit Committee and the Group Executive Management, and the compatibility of the audit mandate with any other consulting contracts. Consulting contracts awarded to the auditors for more than CHF 0.1 million per contract must be approved by the Audit Committee before being awarded. For the year under review, the Audit Committee and the Board of Directors as a whole have concluded that the independence of the auditors is fully guaranteed.

As regards rotation of the lead auditor, the Board of Directors complies with the legal requirements of the Swiss Code of Obligations, i.e. the lead auditor is replaced every seven years in the process of rotation.

Information policy

Adval Tech attaches great importance to pursuing an open information policy and maintaining contacts with investors, financial analysts, business journalists and other interested parties. These target groups can contact CEO René Rothen, CFO Markus Reber and the Head of Corporate Communication, Valeria Poretti-Rezzonico, directly. Adval Tech publishes its results in an annual report and a semi-annual report, and also in press releases. A press conference and a presentation to financial analysts are also held to explain the annual results. The annual and semi-annual reports can be accessed on the Adval Tech Group's website <https://www.advaltech.com/en/group/investors/reports/> or can be ordered from the company in printed form.

The company's official publication medium is the Swiss Official Gazette of Commerce (SOGC, www.shab.ch). Publications in connection with maintaining the listing of the registered shares on the SIX Swiss Exchange are made in conformity with the listing regulations of SIX Swiss Exchange. These can be accessed at www.six-exchange-regulation.com/de/home/regulation/issuer.html.

Detailed information regarding disclosure reports can be accessed at www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html?companyId=ADVAL.

Important events are announced in compliance with the ad hoc publicity requirements of SIX Swiss Exchange and made public (so-called push and pull system). Information on transactions in the Company's shares by the Board of Directors and Group Executive Management are published regularly at www.six-exchange-regulation.com/de/home/publications/management-transactions.html?companyId=ADVAL.

The media releases published by the company, the Articles of Incorporation and the Organizational Regulations of Adval Tech Holding Ltd are available at www.advaltech.com.

Direct link for press releases: www.advaltech.com/en/group/media/press-releases/.

Direct link for the Articles of Incorporation and Bylaws: www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules/.

Press releases published by Adval Tech can also be ordered for delivery free of charge and promptly via an e-mail distribution service on the website or via RSS Feed. Direct link for registrations to receive ad hoc announcements: www.advaltech.com/en/group/news/newsletter.

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René Rothen
Chief Executive Officer

Markus Reber
Chief Financial Officer

Valeria Poretti-Rezzonico
Head Corporate HR/Communication

Upcoming events

Annual General Meeting:
Thursday, May 20, 2021, Bern

Announcement of semi-annual results:
End of August 2021

REMUNERATION REPORT

This Remuneration Report for the 2020 financial year describes the compensation principles, the compensation system and the remuneration for the Board of Directors and Group Executive Management of Adval Tech Holding AG ("Company").

The details in this report comply with the SIX Exchange Regulation Directive on Corporate Governance, the requirements of the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), which came into force on January 1, 2014, and the Swiss Code of Obligations (SCO). Unless otherwise specified, the present Corporate Governance Report refers to the balance sheet date of December 31, 2020, to the Company's Articles of Incorporation as at May 21, 2015 and to the Organizational Rules of December 10, 2020.

Adval Tech Holding AG's Articles of Incorporation and Organizational Rules are available on the Internet at www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules.

Governance

Overall responsibility for defining the compensation principles for Adval Tech Holding AG lies with the Board of Directors.

The following maximum total amounts of remuneration are proposed to the Annual General Meeting for approval in separate votes in accordance with the Company's Articles of Incorporation:

- a) The maximum total fixed compensation of the Board of Directors for the period until the next Annual General Meeting;
- b) The maximum total fixed compensation for members of Group Executive Management for the financial year following the Annual General Meeting;
- c) The total variable compensation of the Group Executive Management (retrospectively) for the financial year preceding the Annual General Meeting.

These total amounts include all social insurance and occupational pension contributions made by the company. The General Meeting vote is binding for the total amounts approved.

According to the Company's Articles of Incorporation, the Board of Directors may submit additional or differing proposals pertaining to the same or different time periods to the Annual General Meeting for approval.

Should the Annual General Meeting vote against one of the Board's proposals for approval of compensation, the Board is empowered to submit new proposals to the same Annual General Meeting or to defer voting on approval of compensation until an extraordinary General Meeting or the next Annual General Meeting. Until the fixed compensation amounts are approved by the Annual General Meeting, the Board of Directors may disburse compensation provisionally pending approval.

The Company's Articles of Incorporation stipulate the following concerning additional compensation for members of the Group Executive Management: If the Annual General Meeting has approved the maximum amount of fixed compensation to be paid for the fiscal year following the Annual General Meeting, the Company may apply an additional 25% of this amount per compensation period during the relevant periods for total or partial compensation of new members of the Group Executive Management or of individuals who are promoted within the Group Executive Management.

The various provisions of the Articles of Incorporation concerning compensation of members of governing bodies are set forth in Articles 20 and 26 through 29. The Company's Articles of Incorporation contain no articles

regarding loans, credits and pension benefits for members of governing bodies. Direct link to the Articles of Incorporation: www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules.

The full Board of Directors of Adval Tech Holding AG decides on the individual compensation for each separate member of the Board of Directors, the Chairman and the individual members of the Group Executive Management, and makes its decision based on proposals submitted by the Nomination and Compensation Committee. All members of the Board of Directors attend the meeting on compensation of the Board of Directors, and each member of the Board of Directors has a vote on the individual compensation packages.

Nomination and Compensation Committee

The Nomination and Compensation Committee consists exclusively of non-executive members of the Board. At the Annual General Meeting on May 14, 2020, the current Board member Christian Mäder and the newly elected Board member Jürg Schori were elected in individual elections as members of the Nomination and Compensation Committee for the period until the conclusion of the next Annual General Meeting. More details on the Nomination and Compensation Committee can be found in the “Corporate Governance” section on pages 44 and 45 of this Annual Report.

Structural and decision-making levels for the compensation of members of governing bodies

Type of compensation	Nomination and Compensation Committee	Full Board of Directors	Annual General Meeting
Board of Directors' compensation			
Maximum total compensation for the Board of Directors for the period up to the next Annual General Meeting	Prepare and recommend	Propose to AGM	Approve
Individual elements of compensation for the Chairman and Board members in the preceding compensation period	Review, propose	Approve	
Group Executive Management compensation			
Maximum fixed total compensation for members of the Group Executive Management for the financial year following the AGM	Recommend	Propose to AGM	Approve
Total amount of variable compensation for members of the Group Executive Management for the financial year preceding the AGM	Recommend	Propose to AGM	Approve
Individual elements of compensation for members of the Group Executive Management (basic salary and fringe benefits ¹⁾ , variable component) in the previous financial year	Review, recommend	Approve	

1) Pension fund contributions, non-cash benefits and social insurance contributions

1. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS

The remuneration for members of the Board of Directors depends on the role of the individual member (Chairman, member). The total remuneration of Board members consists of a fixed fee (approx. 80% of total remuneration), an attendance fee (approx. 10% of total remuneration) and a lump sum to cover expenses (approx. 10% of total remuneration). The Board of Directors does not receive any variable remuneration. The total remuneration of the members of the Board of Directors is disbursed in cash.

The remuneration of the members of the Board of Directors is not linked to the company's targets. As a rule, the Nomination and Compensation Committee proposes the Board of Directors' compensation, their attendance fees and their lump-sum expense allowances once a year. Based on these proposals, the full Board of Directors determines the compensation at its own discretion, without involving external advisers or specific studies. Until the Annual General Meeting on May 14, 2020, the following remuneration applied:

- The Chairman of the Board of Directors will receive a fixed fee of CHF 60,000 in 2020.
- The other members of the Board of Directors will receive a fixed fee of CHF 40,000.
- A fixed fee of CHF 10,000 per member and committee is paid for serving on the Audit Committee and the Nomination and Compensation Committee. The fixed fees of the members of the Board of Directors remained unchanged compared to the previous year and have not been adjusted since 2004.
- In addition, the members of the Board of Directors receive an attendance fee and a lump-sum expense allowance for each meeting they attended. A maximum of one attendance fee and one lump-sum expense allowance are paid per day, even if several meetings were held on the same day. The rates also remained unchanged from the previous year and have not been adjusted since 2005.

These fees were paid to the members of the Board of Directors pro rata temporis.

The Board of Directors has decided on the following fee structure for the remainder of the 2020 financial year in the new composition following the Annual General Meeting on May 14, 2020:

- The Chairman of the Board of Directors will receive a fixed fee of CHF 60,000 in 2020.
- The other members of the Board of Directors will receive a fixed fee of CHF 40,000.
- No additional fee will be paid for serving on committees.
- In addition, the members of the Board of Directors receive a standard attendance fee and a lump-sum expense allowance for each meeting they attend. A maximum of one attendance fee and one lump-sum expense allowance is paid per day, even if several meetings were held on the same day.
- The Chairman of the Board of Directors waived payment of the flat-rate expense allowance and the attendance fee in the 2020 financial year.

These fees were paid to the members of the Board of Directors pro rata temporis.

With this adjustment, the Board of Directors reduces its fee volume by CHF 50,000, calculated on an annual basis. In addition, the Board of Directors has voluntarily waived 10% of its fee payments since the introduction of short-time work as of April 1, 2020.

The fees are paid twice a year in arrears, normally in July for the first half of the year and in January for the second half of the previous year. Disclosure covers payments for the reporting year accrued on the basis of the actual number of meetings held.

Since 2015, the Annual General Meeting has voted on the total compensation of the Board of Directors. See details in the "Governance" section on pages 53 and 54 of this Remuneration Report.

1.1 Remuneration of the Board of Directors for 2020 and 2019 (audited figures)

The following tables show the compensation paid to the members of the Board of Directors for the 2020 and 2019 financial years.

Remuneration for the 2020 financial year

CHF	Position	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Entertainment expenses ³⁾
Dr. h.c. Willy Michel ^{5) 6)}	Chairman until May 14, 2020	33,250	2,000	0	35,250	2,000
René Rothen ⁴⁾	Chairman from May 14, 2020	27,000	0	2,019	29,019	0
Hans Dreier ⁴⁾	Member	41,750	7,000	3,081	51,831	5,600
Christian Mäder ^{4) 5) 7)}	Member	41,750	5,000	0	46,750	4,000
Jürg Schori ⁴⁾	Member from May 14, 2020	18,000	3,000	1,664	22,664	2,400
Dr. Roland Waibel ^{4) 5)}	Member until May 14, 2020	28,500	3,000	2,496	33,996	2,400
Total Board of Directors		190,250	20,000	9,260	219,510	16,400

1) Fixed fee and collaboration in committees

2) Attendance fee

3) Lump-sum expense allowance

4) Member of the Audit Committee (R. Waibel until May 14, 2020). Since May 14, 2020, the full Board of Directors has performed the function of the Audit Commission.

5) Member of the Nomination and Compensation Committee (J. Schori since May 14, 2020, R. Waibel until May 14, 2020)

6) The fee was paid to Techpharma Management AG, Burgdorf

7) The fee was paid to Franke Management AG, Aarburg.

The Annual General Meeting of May 14, 2020, approved maximum total compensation for members of the Board of Directors for their terms up to the Annual General Meeting for the 2020 financial year in the amount of CHF 320,000.

Calculation of reported compensation paid to members of the Board of Directors for the 2020 financial year and amount approved by the 2020 AGM for the period up to the 2021 AGM (audited table):

CHF	Total compensation in financial year 2020	Less compensation for the period from Jan. 1, 2020 to the 2020 AGM (5 months)	Plus compensation for the period from Jan. 1, 2021 to the 2021 AGM (5 months)	Total compensation for the period from the 2020 AGM to the 2021 AGM	Maximum total compensation approved at the 2020 AGM
Total Board of Directors (4 members)	235,910	127,737	113,504	221,677	320,000

The total compensation of the Board of Directors for the 2020 financial year is within the amount approved by the Annual General Meeting. The basic remuneration and the rates for attendance fees and the lump sum expense allowance have not changed.

Remuneration for the 2019 financial year

CHF	Position	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Entertainment expenses ³⁾
Dr. h.c. Willy Michel ⁵⁾⁶⁾	Chairman	70,000	4,000	0	74,000	4,000
Hans Dreier ⁴⁾	Member	50,000	7,000	3,543	60,543	5,600
Christian Mäder ⁵⁾⁷⁾	Member	50,000	4,000	0	54,000	3,200
Dr. Roland Waibel ⁴⁾⁵⁾	Member	60,000	7,000	5,142	72,142	5,600
Total Board of Directors		230,000	22,000	8,686	260,686	18,400

- 1) Fixed fee and collaboration in committees
 2) Attendance fee
 3) Lump-sum expense allowance
 4) Member of the Audit Committee
 5) Member of the Nomination and Compensation Committee
 6) The fee was paid to Techpharma Management AG, Burgdorf
 7) The fee was paid to Franke Management AG, Aarburg

The Annual General Meeting of May 23, 2019 approved maximum total compensation for members of the Board of Directors for their terms up to the Annual General Meeting for the 2019 financial year in the amount of CHF 320,000.

Calculation of reported compensation paid to members of the Board of Directors for the 2019 financial year and amount approved by the 2019 AGM for the period up to the 2020 AGM:

CHF	Total compensation in financial year 2019	Less compensation for the period from Jan. 1, 2019 to the 2019 AGM (5 months)	Plus compensation for the period from Jan. 1, 2020 to the 2020 AGM (5 months)	Total compensation for the period from the 2019 AGM to the 2020 AGM	Maximum total compensation approved at the 2019 AGM
Total Board of Directors (4 members)	279,086	139,543	139,543	279,086	320,000

The total compensation of the Board of Directors for the 2019 financial year is within the amount approved by the Annual General Meeting. The basic remuneration and the rates for attendance fees and lump-sum expenses remained unchanged.

The Board of Directors will propose total compensation for members of the Board of Directors for one term of office (the period from the 2021 AGM to the 2022 AGM) to the Annual General Meeting of May 20, 2021 in the amount of CHF 280,000 (2020 AGM to 2021 AGM: CHF 320,000).

In addition to his function as a member of the Board of Directors, Hans Dreier has been working for the Company as a consultant on a part-time basis since April 1, 2018. The compensation paid for this function is disclosed in section 2.4 of this Remuneration Report. It is planned that his advisory activities will continue until the end of June 2021.

2. REMUNERATION OF MEMBERS OF THE GROUP EXECUTIVE MANAGEMENT

The total compensation of members of the Group Executive Management consists of a fixed component and a variable, performance-related component.

The fixed component consists of a basic salary paid in cash, commensurate with the responsibility assumed, and fringe benefits (company car, lump sum to cover expenses). The amount of the performance-based variable components is based on predetermined financial targets.

The performance-based variable component may be paid in cash, as a combination of cash and shares, or wholly in the form of restricted Company shares. If all or part of the variable compensation is paid in the form of Company shares, the Board of Directors establishes the key factors for determining the value of the shares, such as the date and method of valuation and the length of the associated vesting periods.

No industry-specific benchmarks, external studies or advisers were used to establish compensation for members of the Group Executive Management either in the 2020 financial year or in the previous year. The members of the Group Executive Management do not attend the part of the meeting of the Board of Directors in which compensation is discussed.

2.1 Compensation system for Group Executive Management in the 2020 financial year

The compensation system for the Group Executive Board was supplemented with individual targets in fiscal 2020, as announced in the Remuneration Report for the 2019 financial year. The Board of Directors has defined three new the variable compensation of the members of the Group Executive Committee:

- a) operating profit before interest and taxes (EBIT)
- b) a fixed percentage of inventories in relation to the Group's overall performance
- c) individual targets for Group Executive Management members

The setting of individual targets was waived in the 2019 financial year.

2.2 Fixed component of total compensation

The basic salary (the fixed component of total compensation) and benefits (company car and expenses) for Group Executive Management members are based on the individual members' positions (CEO, CFO, Head of Corporate HR) and their qualifications and career experience. The basic salary and benefits are reviewed annually by the Board of Directors on the basis of a proposal made by the Nomination and Compensation Committee and fixed at the Board's discretion. Where applicable, the basic salary and benefits are adjusted for the following year on the basis of the proposal made by the Nomination and Compensation Committee. The basic salary is paid in cash on a monthly basis.

2.3 Variable performance-based component of total compensation

The Nomination and Compensation Committee proposes a target figure for the variable component – the target bonus – to the Board of Directors once a year. The definitive variable, performance-based component is established by the full Board of Directors when an assessment of target attainment is available. It is paid out in May of the following year, subject to the approval of the Annual General Meeting. As announced in the 2019 Remuneration Report, individual targets have been added to the bonus-related targets for the members of the Group Executive Management.

In 2020 the CEO's target bonus was 53% and that of the other Group Executive Management members was 44% of their basic salary (previous year: 53% for the CEO and 44% for the other members).

To determine the actual bonus, the degree of attainment of the following financial targets was established:

- The Adval Tech Group's actual absolute EBIT compared to the budget, with a weighting of 75% in the total bonus. If the actual figure is below 75% of the budget target, the bonus component is zero. If target attainment is above 75% the bonus is calculated proportionately. 100% target attainment corresponds to the target bonus component for EBIT. If target attainment is 150% or higher, the bonus is limited to 200% of the target bonus.
- Actual improvement in inventories as a percentage of total income compared to the predetermined target figure for inventories as a percentage of total income, each figure measured in percentage points, with a weighting of 25% in the total bonus. 100% target attainment represents achieving the specified target figure for inventories as a percentage of total income (measured in percentage points). Any improvement in this indicator (provided the improvement over the target is greater than 0 percentage points) is used as the basis for a proportionate calculation on a linear basis of the bonus component. If an improvement of three percentage points compared to the predetermined figure is achieved, the bonus element is limited to 200% of the target bonus.
- Achievement of individually defined goals, with a total weighting of 25%: Target achievement is measured and aggregated for each individual target. At an aggregated target achievement level of 75%, the target bonus is paid out. The bonus amount can be increased with a higher aggregated target achievement level. If the agreed targets are exceeded by 50%, the bonus amount can be doubled at most.

Bonus structure and weighting of targets, 2020 reporting period

Criterion	Definition	Weighting	Target attainment		
EBIT	Absolute actual EBIT vs. budgeted EBIT	75%	Minimum 75% If below, no bonus	100% Equal to target bonus	150% Maximum (cap) of 200% of target bonus
Improvement in inventories	Actual improvement in inventories as % of total income vs. predetermined target figure (in % points)	25%	Predetermined target (in %) missed or precisely met No bonus	Predetermined target (in %) exceeded by 1.5 % points Equal to target bonus	Target (in %) exceeded by ≥ 3.0 % points Maximum (cap) of 200% of target bonus
Individual targets	Individually agreed targets per member of the Group Executive Board	25%	Aggregate degree of target achievement < 75% No bonus	Aggregate degree of target achievement 75% Equal to target bonus	Aggregate degree of target achievement 150% Equal to double target bonus

The bonus scheme has been in place since the 2020 financial year. In principle, a portion (generally at least 20%, at most 100%) of the variable compensation of the Group Executive Management is paid in the form of shares. The distribution in shares is not applied to the bonus portion from the achievement of individual targets.

The number of shares granted is based on the average price of the registered shares in February of the year following the financial year. The shares granted as variable compensation vest in five years. The cost of variable remuneration in cash and shares is recognized on an accrual basis. The variable remuneration component can range from zero to 106% of the fixed component.

The bonus scheme applied for the 2019 financial year was as follows:

Criterion	Definition	Weighting	Target attainment		
EBIT	Absolute actual EBIT vs. budgeted EBIT	75%	Minimum 75% If below, no bonus	100% Equal to target bonus	150% Maximum (cap) of 200% of target bonus
Improvement in inventories	Actual improvement in inventories as % of total income vs. predetermined target figure (in % points)	25%	Predetermined target (in %) missed or precisely met No bonus	Predetermined target (in %) exceeded by 1.5 % points Equal to target bonus	Target (in %) exceeded by ≥ 3.0 % points Maximum (cap) of 200% of target bonus

For the 2019 financial year, no variable remuneration was paid to the members of the Group Executive Management. Details are set out in section 2.4 of the Remuneration Report 2019.

2.4 Compensation paid to the Group Executive Management for the 2020 and 2019 financial years (audited figures)

The following table shows the fixed and variable compensation and total compensation paid to the Group Executive Management for 2020 and 2019:

CHF	2020		2019	
	Group Exec. Mgmt. (3 members)	Of which highest single compensation payment ¹⁾	Group Exec. Mgmt. (3 members) ²⁾	Of which highest single compensation payment ¹⁾
Basic remuneration in cash	886,200	343,200	949,200	379,200
Other fixed remuneration in cash ²⁾	29,953	8,953	29,953	8,953
Other fixed remuneration in cash	229,186	83,897	262,820	101,734
Total fixed remuneration	1,145,339	436,050	1,241,973	489,887
Variable remuneration in cash	148,500	33,500	0	0
Share-based remuneration ³⁾	0	0	0	0
Total variable remuneration	148,500	33,500	0	0
Total management remuneration	1,293,839	469,550	1,241,973	489,887
Entertainment expenses	49,200	18,000	49,200	18,000

1) CEO René Rothen

2) Company car; child allowances for one member of the Group Executive Management

3) Allocation of shares in Adval Tech Holding AG as described in chapter 2.3 on pages 58 to 60 and Note 22 of the Financial Report on pages 95 and 96.

Hans Dreier left the management of the Adval Tech Group at the end of March 2018, having reached the statutory retirement age. He will continue to make his knowledge available to the company as a member of the Board of Management. Hans Dreier was also available to the Adval Tech Group as a consultant on a part-time basis for projects and special assignments from April 1, 2018, to December 31, 2020. However, he no longer exercised management functions (see page 45 of the Corporate Governance Report 2018 and page 39 of the Corporate Governance Report 2019). The compensation for this consulting activity was paid monthly (based on a monthly gross amount of CHF 5,000 for a part-time workload of 20% from January 1 to April 30, 2020 and of CHF 3,000 for a reduced part-time workload from May 1 to December 31, 2020). It is planned that his consulting activities will continue until the end of June 2021.

The Group Executive Management has voluntarily waived a portion of its fixed compensation since the introduction of short-time working as of April 1, 2020.

The total fixed compensation for the members of the Group Executive Management of CHF 1,145,339 for the 2020 financial year is 7.8% lower than in the previous year. The total fixed compensation for 2020 is in line with the maximum total fixed compensation of CHF 1,425,000 approved by the Annual General Meeting on May 24, 2019.

For the 2020 financial year, the Board of Directors had adjusted the targets for the members of the Group Executive Management compared to the previous year. The targets relating to EBIT and improvement in inventories were not achieved at consolidated level. The personal targets were met with varying degrees of achievement. The Annual General Meeting will be asked to approve a variable compensation of CHF 148,500 for the Group Executive Management for the 2020 financial year, to be paid in cash (previous year: zero CHF).

The Annual General Meeting of May 14, 2020, approved maximum fixed total compensation for members of Group Executive Management of CHF 1,425,000 for the 2021 financial year. The fixed compensation figures for 2021 and a statement of the amount actually paid compared with the amount approved by the Annual General Meeting will be included in the 2021 Remuneration Report.

At the Annual General Meeting on May 20, 2021, the Board of Directors will propose that maximum total fixed compensation of CHF 1,425,000 be approved for the members of the Group Executive Management for 2022.

3. BENEFITS AND CONTRACTUAL CONDITIONS ON LEAVING THE COMPANY

The employment contracts with the members of Group Executive Management include a notice period of twelve months. The contracts of employment with members of the Group Executive Management do not contain a non-compete clause for the period after their employment ends. The five-year vesting period for shares allotted as part of the variable remuneration is not cancelled when members of Group Executive Management step down. Contracts of employment with directors and officers and other members of management holding key posts in the company do not contain any change of control clauses.

4. SHARE OWNERSHIP

As at December 31, 2020, the individual members of the Board of Directors and Group Executive Management (including associated persons) held the following numbers of shares in the company (audited figures):

Name	Position	12/31/2020 (Number)	12/31/2019 (Number)
Dr. h.c. Willy Michel	Chairman of the Board until May 14, 2020	n.a.	211,298
Hans Dreier	Member of the Board of Directors	13,450	13,450
Christian Mäder	Member of the Board of Directors	-	-
Jürg Schori	Member of the Board of Directors from May 14, 2020	503	n.a.
Dr. Roland Waibel	Member of the Board of Directors until May 14, 2020	n.a.	200
René Rothen	Chairman of the Board from May 14, 2020 and CEO	1,540	1,540
Markus Reber	CFO	711	711
Valeria Poretti-Rezzonico	Head of Corporate HR/Communication	754	754

Further information on management transactions can be found on the SIX Swiss Exchange website at the following link: <https://www.six-exchange-regulation.com/de/home/publications/management-transactions.html?companyId=ADVAL>.

5. OTHER COMPENSATION, LOANS AND ADVANCES TO DIRECTORS AND OFFICERS OR ASSOCIATED PERSONS

The company did not grant any other remuneration, loans or credit to directors and officers or associated persons, either in the 2020 financial year, or in the previous year.

6. COMPENSATION FOR FORMER DIRECTORS AND OFFICERS

No other compensation was paid to former members of governing bodies in the reporting year 2020 than the amounts disclosed in section 1.1 "Remuneration of the Board of Directors for 2020 and 2019" and in section 2.4 "Compensation paid to the Group Executive Management for the 2020 and 2019 financial years".

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Report of the statutory auditor

To the General Meeting of
ADVAL TECH HOLDING AG, NIEDERWANGEN BEI BERN

Report of the statutory auditor in relation to the remuneration report

We have audited the accompanying remuneration report of Adval Tech Holding AG, pages 56 - 57 and page 61, for the year ended 31 December 2020.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

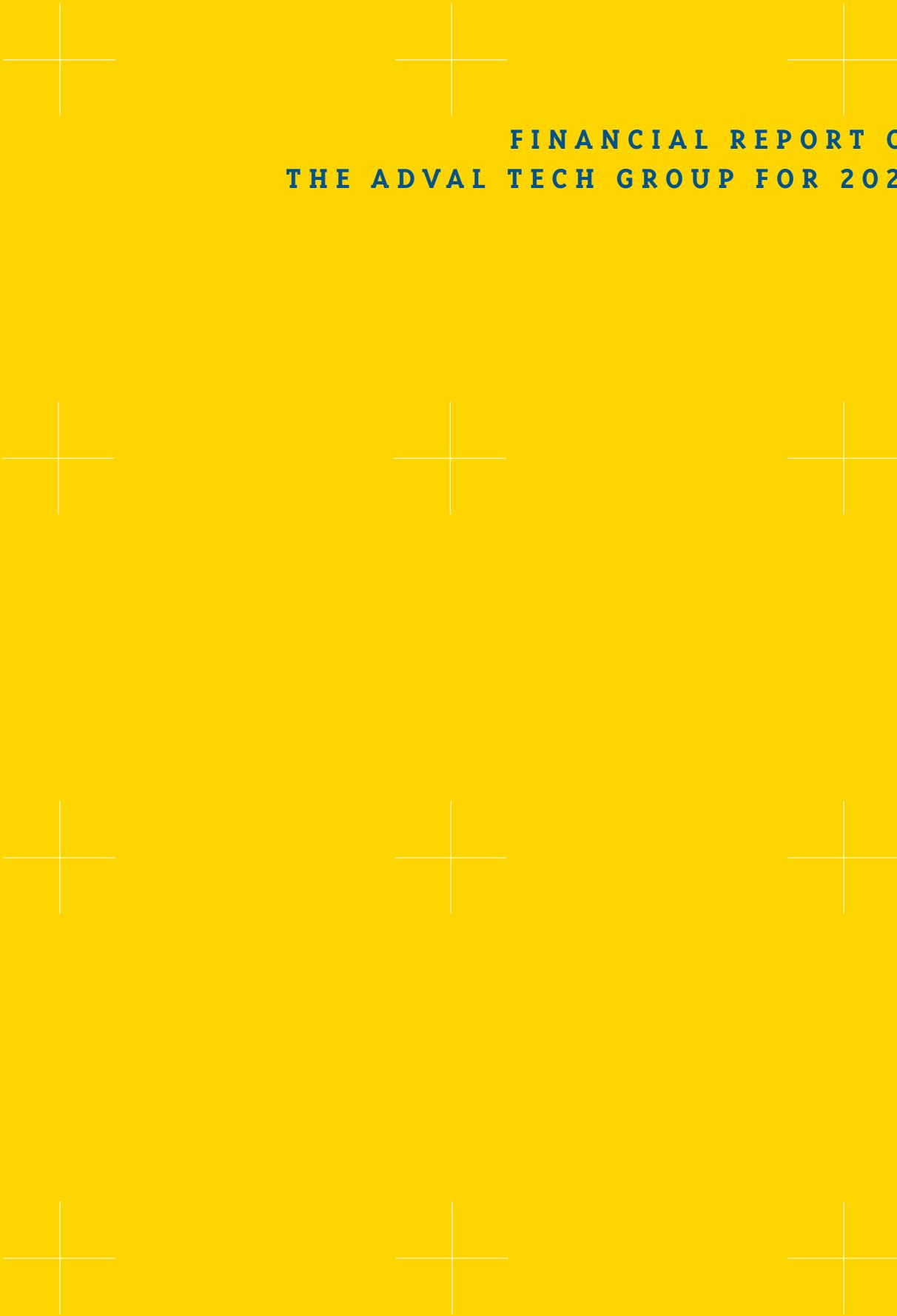
In our opinion, the remuneration report for the year ended 31 December 2020 of Adval Tech Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Deloitte AG

Christophe Aebi
Licensed Audit Expert
Auditor in Charge

Thomas Dettwiler
Licensed Audit Expert

Zurich, 31 March 2021



**FINANCIAL REPORT OF
THE ADVAL TECH GROUP FOR 2020**

CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	12/31/2020	12/31/2019
Liquid assets	5	19,939	19,490
Trade accounts receivable	6	24,954	23,942
Other receivables	7, 36	5,887	7,263
Advance payments to suppliers		472	669
Inventories and work in progress	8	37,240	31,948
Prepaid expenses and accrued income	9	1,334	928
Total current assets		89,826	84,240
Tangible fixed assets	10	61,643	66,848
Financial assets	11	5,350	4,316
Intangible assets	12	2,317	3,041
Deferred tax assets	21	3,462	3,896
Total fixed assets		72,772	78,101
Total assets		162,598	162,341
Trade accounts payable	13	11,969	12,892
Short-term interest-bearing liabilities	14, 16, 19	373	276
Other short-term liabilities	15, 37	9,335	7,964
Prepaid income and accrued expenses	17	7,951	8,303
Short-term provisions	20	297	1,075
Accrued current income taxes		1,508	871
Total short-term liabilities		31,433	31,381
Long-term interest-bearing liabilities	16, 18, 19	444	884
Long-term provisions	20	1,757	1,280
Deferred tax liabilities	21	2,427	2,437
Total long-term liabilities		4,628	4,601
Total liabilities		36,061	35,982
Share capital	22	14,600	14,600
Capital reserves		93,668	94,653
Treasury shares		-17	-17
Goodwill offset	12	-58,665	-58,665
Translation differences		-6,018	-3,871
Retained earnings	12	82,969	79,659
Total shareholders' equity		126,537	126,359
Total liabilities and shareholders' equity		162,598	162,341

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

CONSOLIDATED INCOME STATEMENT

CHF 1,000	Notes	2020	2019
Net sales from goods and services		115,460	144,693
Income from manufacturing orders (valued using the percentage-of-completion method)		19,400	28,927
Net turnover	23, 33	134,860	173,620
Change in inventories of semi-finished and finished goods		2,523	967
Own work capitalized		20	0
Other operating income	24	3,417	4,284
Total income		140,820	178,871
Cost of materials and services	25	-63,745	-84,154
Personnel expenses	26, 27	-44,490	-56,550
Other operating expenses	28	-17,415	-19,738
Operating expenses		-125,650	-160,442
Operating earnings before depreciation (EBITDA)		15,170	18,429
Depreciation on tangible fixed assets	10	-7,727	-7,346
Amortization on intangible fixed assets	12	-711	-814
Depreciation		-8,438	-8,160
Operating earnings (EBIT)		6,732	10,269
Financial income	29	1,793	2,173
Financial expenses	29	-1,531	-2,700
Net financial income		262	-527
Ordinary result		6,994	9,742
Extraordinary result	30	-272	-1,180
Net result before income taxes		6,722	8,562
Income taxes	21, 31	-2,426	88
Net result after income taxes		4,296	8,650
Net result after income taxes per share (CHF)¹⁾	32	5.88	11.85

1) There is no dilutive effect

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

SHAREHOLDERS' EQUITY

	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Retained earnings/accum. losses	Total shareholders' equity
CHF 1,000							
at January 1, 2019	14,600	97,710	0	-58,665	-1,136	71,016	123,525
Net result after income taxes	0	0	0	0	0	8,650	8,650
Translation differences	0	0	0	0	-2,735	0	-2,735
Increase/decrease in share capital	0	0	0	0	0	0	0
Changes from sales of investments	0	0	0	0	0	0	0
Changes from purchases of investments	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	-3,064	-3,064
Transfers	0	-3,057	0	0	0	3,057	0
Purchase/sale of treasury shares	0	0	-17	0	0	0	-17
at December 31, 2019	14,600	94,653	-17	-58,665	-3,871	79,659	126,359
Net result after income taxes	0	0	0	0	0	4,296	4,296
Translation differences	0	0	0	0	-2,147	0	-2,147
Increase/decrease in share capital	0	0	0	0	0	0	0
Changes from sales of investments	0	0	0	0	0	0	0
Changes from purchases of investments	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	-1,971	-1,971
Transfers	0	-985	0	0	0	985	0
Purchase/sale of treasury shares	0	0	0	0	0	0	0
at December 31, 2020	14,600	93,668	-17	-58,665	-6,018	82,969	126,537

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

CONSOLIDATED CASH FLOW STATEMENT

CHF 1,000	Notes	2020	2019
Net result after income taxes		4,296	8,650
Scheduled depreciation on tangible fixed assets	10	7,727	7,346
Scheduled amortization on intangible assets	12	711	814
Increase (+) / decrease (-) in long-term and short-term provisions	20	-207	-986
Increase (+) / decrease (-) in provision for deferred income taxes (net position)	21	368	-2,064
Gain (-) / loss (+) on sales of tangible fixed assets		-21	-23
Other transactions with no impact on liquidity		-3,030	-4,015
<i>Cash flow from operating activities before change in net current assets</i>		<i>9,844</i>	<i>9,722</i>
Increase (-) / decrease (+) in receivables		-1,616	3,873
Increase (-) / decrease (+) in inventories	8	-6,601	4,683
Increase (-) / decrease (+) in prepaid expenses and accrued income		2,099	1,945
Increase (+) / decrease (-) in trade accounts payable		133	-3,145
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		2,258	-12,832
Cash flow from operating activities		6,117	4,246
Capital expenditure	10	-3,438	-8,129
Income from sales of tangible fixed assets	10	124	56
Investments in financial assets	11	-5	0
Income from sales of financial assets	11	756	0
Net cash outflow from investments in financial assets		-17	-209
Cash used for investing activities		-2,580	-8,282
Free cash flow		3,537	-4,036
Dividend paid		-1,971	-3,064
Purchase (-) / sale (+) of treasury shares		0	-98
Increase (+) / decrease (-) in short-term interest-bearing liabilities	14	96	-613
Increase (+) / decrease (-) in long-term interest-bearing liabilities	18	-437	37
Cash flow from financing activities		-2,312	-3,738
Translation differences		-776	-224
Changes in liquid assets		449	-7,998
Liquid assets on December 31		19,939	19,490
Liquid assets on January 1		19,490	27,488
Changes in liquid assets		449	-7,998

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

1.1 Principles of preparing the financial

The consolidated financial statements are based on the financial statements drawn up by the individual Group companies in accordance with uniform principles at the balance sheet date.

They have been prepared in conformity with the full regulatory framework of Swiss GAAP FER, as issued by the Foundation for Accounting & Reporting Recommendations. The consolidated financial statements provide a true and fair view of the company's financial position, results of operations and cash flows.

The consolidated financial statements are based in principle on the lower of acquisition/manufacturing cost or market value. This does not apply to derivative financial instruments, which are stated in the balance sheet at market value. Assets and liabilities are valued individually.

Preparing the consolidated financial statements in conformity with the applicable reporting standards calls for estimates and assumptions to be made which influence the figures stated for assets and liabilities as well as contingent claims and liabilities at the balance sheet date and income and expenses in the period under review. Actual results can differ from these estimates. Items including substantial estimates are inventories (analysis of turnover, PoC method), tangible fixed assets (useful lives), intangible assets (useful lives, impairment calculations), assets and liabilities from the acquisition and disposal of business entities (purchase price adjustments that had not been finalized by the reporting date), provisions and deferred taxes (recognition for tax loss carryforwards).

1.2 Consolidation principles

Capital consolidation is performed according to the purchase method.

Subsidiaries and investment holdings are included in the scope of consolidation from the date of acquisition, change of control or incorporation. On that date, assets and liabilities are valued according to the principles of Swiss GAAP FER. Transaction costs are added to the purchase price. Any positive difference between the purchase price and the shareholders' equity of the acquired company after revaluation (goodwill) is offset against the Group's shareholders' equity on the date of acquisition. Any negative capital offsetting difference (negative goodwill) is added to shareholders' equity on the date of acquisition. Conditional future payments are included in the purchase price on the date of acquisition and regularly reappraised thereafter. Companies are included in the consolidation according to the following **methods**:

- Companies in which Adval Tech Holding AG holds a direct or indirect voting interest of **more than 50%** and/or exercises management and control are fully consolidated. In such cases, assets and liabilities, expenses and income are included in full in the consolidated financial statements. If appropriate, minority interests of other shareholders in net assets and net profit are segregated and stated separately. Accounts receivable, accounts payable, income and expenses between Group companies are offset. Intragroup profits or losses on intercompany deliveries are eliminated via the income statement.
- Associated companies over which the Group exercises significant influence, but neither controls nor manages, are included in the consolidated financial statements using the equity method. This is usually the case with investments in which Adval Tech holds an interest of **20% to 50%**. The share of profits and shareholders' equity attributable to the Adval Tech Group is then included.

- Investments over which Adval Tech exercises no significant influence, usually interests of **less than 20%**, are included in the balance sheet at purchase prices less any value adjustment.
- Group companies remain within the scope of consolidation until the date of sale, transfer of control or liquidation. Sales costs are deducted from sales proceeds. When units are sold, the attributable goodwill paid when they were purchased will, if offset against equity at the time of purchase, be re-capitalized and subsequently offset against the sales proceeds less net assets sold and transaction costs. Future proceeds from the sale of investments that are contingent upon specific conditions are only recognized if settlement is probable as at the reporting date and they can be reliably estimated.

The companies included in the scope of consolidation and the exchange rates applied are listed in Note 4 to the consolidated financial statements.

1.3 Foreign currency translation

The consolidated financial statements are drawn up in Swiss francs (CHF), the reporting currency of the Adval Tech Group. The items included in the financial statements of the individual Group companies are stated in the currency of the economic region in which the company primarily operates (functional currency).

The Group applies the following principles in respect of *foreign currency translation*:

- The balance sheets of companies which do not prepare their financial statements in the Group's reporting currency are translated at year-end exchange rates and their income statements at average rates for the year. The differences arising from translation are directly credited or debited to shareholders' equity.
- Gains or losses on currency transactions by the companies are posted to the income statement.
- Exchange rate differences arising on loans granted to Group companies by the parent company for long-term financing of investments are posted directly to shareholders' equity if the loan was granted in the book currency of the lender or the borrower.

1.4 Derivative financial instruments

Derivative financial instruments are always stated at market value. Adjustments to market value are made via the income statement or in certain cases with no impact on income (hedge accounting).

1.5 Liquid assets

Liquid assets include cash, credit balances on postal and bank accounts as well as time deposits maturing within 90 days and marketable, short-term cash deposits as well as readily realizable securities which can be converted into liquid funds at any time. Bank accounts with negative balances are included in current liabilities.

1.6 Receivables

This item includes trade accounts receivable and other short-term receivables. The latter also include time deposits maturing in more than 90 days and up to one year and that portion of long-term assets maturing within one year.

Receivables of more than CHF 10,000 are depreciated individually. The depreciation requirement is based on estimates, empirical evidence and the age structure of the receivables, bankruptcy filings already known of, legal proceedings as well as political effects. In the case of receivables valued at less than CHF 10,000 which have been not depreciated individually, the credit risk is accounted for according to the following age classification:

Receivable overdue for	Valuation allowance
90 to 180 days	50%
181 to 360 days	75%
more than 360 days	100%

1.7 Inventories and work in progress

Inventories and work in progress are stated at the lower of acquisition/manufacturing cost or realizable value. Costs are calculated using the weighted average-price method. Manufacturing costs include direct personnel expenses and cost of materials as well as the relevant share of overheads. Discounts are regarded as reductions in the cost of acquisition. Inventory risks are identified by means of coverage analyses and individual observation, and provisions are made accordingly. Long-term orders are stated according to the percentage-of-completion method (PoC method). Income and costs are taken into account according to the degree of completion. The degree of completion is calculated by establishing the ratio of the costs incurred for the services rendered up to the relevant balance sheet date to the costs expected for the order as a whole.

Orders for which advance payments made by customers are less than the value of work in progress are included in the balance sheet as net assets in the work in progress item. If advance payments for an order are larger than the value of the work performed, the corresponding net liability is stated as advance payments by customers.

1.8 Assets held for sale

Long-term assets whose book value is realized essentially by their sale, usually within one year, rather than by further operational utilization, are stated separately as a short-term item in the consolidated balance sheet. They are stated at the lower of book value or disposal value less cost of disposal. From the date of reclassification to the date of disposal, no further scheduled depreciation is recorded on these items.

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accrued depreciation, which is usually calculated using the straight-line method on the basis of estimated useful life. Exceptionally, depreciation may also be made in proportion to the use of the respective asset. In the case of buildings we apply a useful life of 30 to 40 years. Interior finishing of the buildings and their equipment are amortized over 8 to 15 years. For plant and machinery we apply a useful life of 5 to 15 years, for especially long-lived machinery up to 25 years. For workshop, storage and office equipment included in "Other tangible fixed assets" and for vehicles and IT hardware and

software we assume a useful life of 3 to 15 years. Leased fixed assets are amortized over the planned duration of the project. Repair and maintenance expenses are charged to income. Extensive equipment overhauls are only capitalized if they result in measurable capital appreciation in the form of higher performance or a longer useful life. Interest expenses arising during the erection of the plant are debited to income.

1.10 Financial assets

Financial assets consist of investment holdings consolidated using the equity method, other investments, securities that are by nature long-term investments and long-term loans to third or related parties. They are valued at acquisition cost less any value adjustment. This also includes receivables under finance leases. The Adval Tech Group concludes finance lease agreements with its customers in the course of its operating business. These agreements are concluded for the tools, molds and equipment used for serial component manufacture. They are recognized at their net present value on the relevant reporting date less any impairment. Income from accrued interest on receivables is recognized as interest income. Any gain on the manufacture of operating equipment is recognized in the income statement when the equipment is put into operation; provisions are recognized for any loss when the loss becomes foreseeable.

1.11 Intangible assets

Acquired patents, licenses and trademarks are valued at acquisition or manufacturing cost if their earnings potential can be reliably estimated and if the other applicable criteria of Swiss GAAP FER 10 are fulfilled.

Research costs are recognized in the income statement. Expenditure on in-house development projects is capitalized as development costs at manufacturing cost or the maximum realizable value of their benefits and amortized over the expected useful life up to a maximum of 10 years, if their earnings potential can be reliably estimated.

1.12 Leasing of capital goods

Capital goods financed by long-term leasing contracts (finance leases) are capitalized and amortized over their useful life. The corresponding leasing commitments are recognized under current or non-current liabilities at their present value.

1.13 Impairment of assets

If there is evidence of impairment of assets, their realizable value is estimated. Impairments are posted to income if the carrying value of an asset is higher than its realizable value; this is the higher of the net disposal value and the value in use of an asset which corresponds to the net present value of the estimated future cash flow.

1.14 Liabilities

Trade accounts payable, prepaid income as well as current and non-current financial liabilities are valued at ongoing acquisition values. Trade accounts payable and other liabilities are regarded as short-term if they mature in less than one year. This item also includes that portion of long-term liabilities that is due for repayment within one year.

1.15 Provisions

Warranties, risks, impending losses and restructuring costs are included in provisions. These provisions relate exclusively to transactions originating in the past. The size of the provisions reflects the probable future outflow of funds which can be reliably estimated. Provisions are stated at net present value and are discounted

if the related outflow of funds is expected to occur more than one year after the balance sheet date and the influence on the result is material. Changes resulting from discounting are recognized in the financial result in the income statement.

1.16 Pensions, payments to employees

Various pension plans exist within the Adval Tech Group, governed by local conditions in the countries concerned. They are financed either by contributions to legally independent pension providers (foundations, insurers), by contributions to state pension schemes in the context of the legal framework in the country concerned or by the creation of reserves for pension liabilities. An annual assessment is made as to whether a financial benefit or a financial liability exists from the standpoint of the Group. A corresponding sum is stated in the balance sheet. The expenses for the period correspond to the contributions by the employer and the change in the financial benefit or financial liability.

Provisions are made for further benefit claims by employees, such as claims to long-service bonuses, on the basis of conditions of employment.

1.17 Equity

The following distinctions are made in respect of reserves:

- The difference between shareholders' equity and the original cost of the investment holdings stated in the context of the valuation of assets and liabilities using uniform principles on January 1, 1996, is posted to capital reserves. The change in reporting standards from commercial law to Swiss GAAP FER, combined with a revaluation of assets, was made on this date. The share premium arising from increases in share capital and from income from the purchase or sale of treasury stock are also included here.
- Retained earnings include all gains and losses generated by the Group itself since January 1, 1996, and not distributed, together with goodwill offset against shareholders' equity.

1.18 Income recognition

Income is recognized when it is certain that the financial benefit associated with the transaction will accrue to the company and can be reliably estimated. Income from sales of goods is deemed to be realized when use and risk pass to the customer. Revenues arising from manufacturing orders valued using the percentage-of-completion method are included according to the progress of the work. The percentage of completion is calculated using the cost-to-complete method. Discounts granted are regarded as sales deductions.

Net turnover therefore comprises income from manufacturing orders (valued using the percentage-of-completion method) and net sales from goods and services.

1.19 Income taxes

Current income taxes are calculated on the taxable profits of the individual companies in conformity with local tax legislation and allocated to the period in which they accrue.

Temporary valuation differences arise due to differing valuations of assets and liabilities in the individual financial statements drawn up for taxation purposes and the consolidated financial statements.

Deferred income taxes are calculated on all temporary valuation differences at expected tax rates or, if these are not known, at the tax rates applicable at the time of reporting.

Accumulated losses which can be utilized for tax purposes are only stated as deferred tax assets if a tax benefit from an offset of the loss is probable.

1.20 Relationships with related parties

Relationships with related individuals and companies are recorded separately and disclosed if material. Individuals and companies having a special interest in the development of the Adval Tech Group and/or in a position to influence the business activities of the Adval Tech Group directly or indirectly are deemed to be related parties. In particular, major shareholders, Group pension funds and members of the Board of Directors and Group Executive Management are deemed to be related parties. Organizations directly or indirectly controlled by related parties are also deemed to be related parties.

1.21 Share-based payment

A part (no less than 20%, no more than 100%) of the variable remuneration of the Group Executive Management and other members of management is disbursed in shares. The number of shares allotted is calculated on the basis of the average price of the registered shares in February of the year following the financial year. The cost of variable remuneration in cash and shares is recognized as personnel expenses for the period in question. The shares allotted as variable remuneration cannot be sold for 5 years.

1.22 Impact of the pandemic on financial reporting

The still prevailing pandemic is having an impact on our sales markets. Wherever possible, our planning is based on customer forecasts and existing contracts. The assessment of the recoverability of assets based on these forecasts is prudent. However, surprising and unforeseeable developments may have an impact on the long-term recoverability of the assets.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risks

The Adval Tech Group is exposed to various financial risks in the context of its business activities, such as currency risks, interest rate risks, credit risks and liquidity risks. It seeks through systematic management to minimize any adverse effects of the related fluctuations on its financial results.

The Group's financial risk management is conducted centrally by the Group Finance Department in close cooperation with the finance departments of the segments and companies. For its financial risk management, the Group occasionally utilizes derivative financial instruments.

2.2 Interest rate risk

There are no material interest-bearing assets, so income and cash flow from operations remain unaffected by changes in market interest rates.

The Group utilizes mainly variable interest-bearing credits in Swiss francs for external financing; these entail a cash flow interest rate risk. Derivative financial instruments are utilized in some cases to hedge cash flow interest rate risks.

2.3 Credit risk

Credit risks can arise on liquid assets, credit balances with financial institutions and receivables from customers. Liquid assets and credit balances with financial institutions are for the most part invested with banks having a credit rating of at least A. Local banks are sometimes also used due to prevailing local conditions at subsidiaries.

Credit risks are minimized by continuous monitoring of overdue payments from counterparties and by verifying the creditworthiness of new business partners. Any necessary provisions are made or released continuously against income. These activities are primarily pursued at the local level.

Due to the differences in business models and customer structures, no generally valid credit limits for the Group as a whole are applied. Depending on transaction and customer, credit risks can be hedged by means of letters of credit or bank guarantees.

2.4 Currency risks

The Adval Tech Group is exposed to currency risks by virtue of its international activities. The currency risk is reduced primarily by direct offsetting of payments flows in foreign currencies. Derivative financial instruments are utilized on a case-by-case basis to reduce exchange risks further. The utilization of these hedging instruments is coordinated centrally.

In principle, only risks arising from the operating activities are hedged.

2.5 Liquidity risk

The Adval Tech Group monitors the liquidity risk by means of prudent liquidity management. Available liquidity and compliance with financial covenants under the syndicated loan agreement are continuously monitored at Group level.

3. SUBTOTALS ON THE INCOME STATEMENT, CASH FLOW STATEMENT AND BALANCE SHEET FIGURES

The Adval Tech Group uses subtotals in its financial report that are not defined in Swiss GAAP FER. These figures are used to enhance the information value of the income statement and cash flow statement. The following subtotals are used:

3.1 Income statement

Total income	Net turnover, plus or minus change in inventories of finished and semi-finished goods, plus capitalized internally produced assets, plus other operating income.
EBITDA	Total income less cost of goods sold and outsourced services, payroll and other operating expenses.
EBIT	EBITDA less depreciation and amortization.

3.2 Cash flow statement

Cash flow from operating activities before changes in net current assets	Net result after income taxes plus depreciation and amortization plus or minus change in short-term and long-term provisions, change in provisions for deferred income taxes, gain/loss on sales of tangible fixed assets, other transactions with no impact on liquidity.
Free cash flow	Sum of cash flow from operating activities and cash flow from investing activities.
Operative free cash flow	Free cash flow without cash flow from change of scope in consolidation

3.3 Balance sheet figures

Operating net current assets	Trade accounts receivable plus prepayments to suppliers plus inventories minus trade accounts payable minus prepayments from customers minus invoices not yet paid
Net debt	Cash and cash equivalents less short-term interest-bearing liabilities less long-term interest-bearing liabilities
Net financial position	If net debt is negative, we speak of a net financial position.

4. SCOPE OF CONSOLIDATION

The following companies are included in the consolidated financial statements:

Company	Registered office	Share capital	Equity holding	
Adval Tech Holding AG	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management AG	Niederwangen, Switzerland	TCHF	100	100%
Adval Tech Immobilien AG, in liquidation	Niederwangen, Switzerland	TCHF	100	100%
Adval Tech (Switzerland) AG	Niederwangen, Switzerland	TCHF	3,050	100%
Adval Tech do Brasil Indústria de Autopeças Ltda.	São José dos Pinhais PR, Brazil	TBRL	3,298	100%
Adval Tech (US) Inc.	Cleveland, OH, USA	TUSD	1	100%
Adval Tech Holding (Germany) GmbH	Endingen, Germany	TEUR	25	100%
Adval Tech (Germany) GmbH & Co. KG	Endingen, Germany	TEUR	1,132	100%
Adval Tech (Germany) Verwaltungs GmbH	Endingen, Germany	TEUR	51	100%
Adval Tech (Mexico) S.A. de C.V.	Querétaro, Mexico	TUSD	3	100%
Adval Tech (Hungary) Kft.	Szekszárd, Hungary	TEUR	990	100%
Adval Tech (Hungary) Plant 2 Kft.	Szekszárd, Hungary	TEUR	12	100%
Adval Tech (Grenchen) AG	Grenchen, Switzerland	TCHF	2,000	100%
Adval Tech Holdings (Asia) Pte. Ltd	Singapore	TUSD	2,267	100%
Adval Tech (Suzhou) Co. Ltd	Suzhou, China	TUSD	10,060	100%
Adval Tech (Malaysia) Sdn. Bhd.	Johor Bahru, Malaysia	TUSD	505	100%
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100	100%
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%

There were no changes in the scope of consolidation in the year under review.

Exchange rates

The financial statements are based on the following exchange rates for foreign currencies:

	On Dec. 31, 2020	Average in 2020	On Dec. 31, 2019	Average in 2019
BRL	0.16973	0.18419	0.24037	0.25230
CNY	0.13525	0.13602	0.13894	0.14392
EUR	1.08443	1.07030	1.08743	1.11253
MXN	0.04429	0.04397	0.05164	0.05145
USD	0.88284	0.93888	0.97090	0.99373

5. LIQUID ASSETS

Liquid assets include:

CHF 1,000	12/31/2020	12/31/2019
Cash	19	16
Postal account	4	3
Banks	18,666	18,157
Fixed-term deposits	1,250	1,314
Total liquid assets	19,939	19,490

The short-term deposits comprise call money with a maximum maturity of 30 days.

6. TRADE ACCOUNTS RECEIVABLE

CHF 1,000	12/31/2020	12/31/2019
Total trade receivables (gross)	25,198	24,200
Impairment charges (allowance for doubtful receivables)	-244	-258
Total trade receivables (net)	24,954	23,942
of which: trade receivables from third parties	24,954	23,942

CHF 5.1 million of receivables was overdue on the balance sheet date (previous year: CHF 4.1 million), of which CHF 0.9 million by more than 30 days (previous year: CHF 1.1 million).

In the past three years losses on receivables have been in the region of 0.1% of total income. Provisions for receivables are as follows:

CHF 1,000	2020	2019
Total on January 1	-258	-370
Provision made	0	-15
Utilized	0	9
Released	11	117
Currency translation differences	3	1
Total on December 31	-244	-258

7. OTHER RECEIVABLES

CHF 1,000	12/31/2020	12/31/2019
Positive fair values of derivative financial instruments	0	6
Other current receivables, third parties	5,887	7,257
Total other receivables	5,887	7,263

This item contains CHF 3.1 million. Current receivables from finance leases (previous year CHF 4.6 million).

8. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	12/31/2020	12/31/2019
Trading goods	95	508
Raw material	6,877	6,435
Semi-finished and finished goods	14,393	14,883
Work in progress long-term orders	18,818	15,349
Work in progress other orders	4,474	1,841
Provisions	-7,417	-7,068
Total inventories and work in progress	37,240	31,948

Total inventories and work in progress includes CHF 0.0 million stated at net realizable value (previous year: CHF 0.0 million).

Long-term orders valued according to the PoC method are as follows:

CHF 1,000	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Work in progress long-term orders	21,832	-3,014	18,610	-3,261
Advance payments by customers	-3,014	8,320	-3,261	7,915
Net assets from work in progress long-term orders	18,818	0	15,349	0
Net liabilities from work in progress long-term orders	0	5,306	0	4,654

The manufacturing costs of orders valued using the percentage-of-completion method totaled CHF 17.3 million (CHF 14.2 million in 2019). The stated income was CHF 4.6 million (CHF 4.4 million in 2019). Advance payments by customers for work in progress on other orders have also been offset against inventories.

CHF 1,000	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Work in progress long-term orders	5,255	-781	2,956	-1,115
Advance payments by customers	-781	2,871	-1,115	2,055
Net assets from work in progress long-term orders	4,474	0	1,841	0
Net liabilities from work in progress long-term orders	0	2,090	0	940

Net liabilities arising from work in progress, both long-term and other orders, are stated in the balance sheet under "Other current liabilities".

9. PREPAID EXPENSES AND ACCRUED INCOME

At CHF 1.3 million for the reporting period, prepaid expenses and accrued income are CHF 0.4 million higher than in the previous year (CHF 0.9 million). A large part of the decrease is attributable to Switzerland.

10. TANGIBLE FIXED ASSETS

The development of the Group's tangible fixed assets is shown in the following summary:

	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
CHF 1,000							
at cost							
at January 1, 2019	3,723	53,487	84,499	15,771	8,483	2,792	168,755
Changes in the scope of consolidation	0	0	0	0	0	0	0
Capital expenditure	0	2,271	2,939	266	931	-604	5,803
Disposals	0	-1,128	-10,591	-1,544	-5,255	0	-18,518
Other changes/transfers	0	0	-156	-28	440	0	256
Change in accum. translation difference	-50	2,512	34,604	3,338	-102	237	40,539
at December 31, 2019	3,673	57,142	111,295	17,803	4,497	2,425	196,835
Changes in the scope of consolidation	0	0	0	0	0	0	0
Capital expenditure	0	614	1,107	98	184	1,083	3,086
Disposals	0	-1,557	-1,101	-1,657	0	0	-4,315
Other changes/transfers	0	1	2	-83	0	-99	-179
Change in accum. translation difference	-6	-321	-1,818	-430	-92	-112	-2,779
at December 31, 2020	3,667	55,879	109,485	15,731	4,589	3,297	192,648
Accumulated depreciation							
at January 1, 2019	-1	-24,306	-53,345	-13,436	-7,001	0	-98,089
Changes in the scope of consolidation	0	0	0	0	0	0	0
Scheduled depreciation	0	-1,676	-4,482	-795	-393	0	-7,346
Impairment	0	0	0	0	0	0	0
Disposals	0	1,129	10,569	1,533	5,255	0	18,486
Other changes/transfers	0	0	156	28	-440	0	-256
Change in accum. translation difference	1	-3,327	-35,733	-3,137	-365	-221	-42,782
at December 31, 2019	0	-28,180	-82,835	-15,807	-2,944	-221	-129,987
Changes in the scope of consolidation	0	0	0	0	0	0	0
Scheduled depreciation	0	-1,758	-4,890	-560	-519	0	-7,727
Impairment	0	-42	0	-60	0	0	-102
Disposals	0	1,557	1,101	1,657	0	0	4,315
Other changes/transfers	0	-1	97	83	0	0	179
Change in accum. translation difference	0	100	1,715	400	83	19	2,317
at December 31, 2020	0	-28,324	-84,812	-14,287	-3,380	-202	-131,005
Book values							
at January 1, 2019	3,722	29,181	31,154	2,335	1,482	2,792	70,666
at December 31, 2019	3,673	28,962	28,460	1,996	1,553	2,204	66,848
at December 31, 2020	3,667	27,555	24,673	1,444	1,209	3,095	61,643
Of which leased installations (finance Lease)							
at January 1, 2019	0	0	3,275	0	0	0	3,275
at December 31, 2019	0	0	1,945	0	0	0	1,945
at December 31, 2020	0	0	1,644	0	0	0	1,644

As in the previous year, there were no property, plant and equipment held for sale on the balance sheet date. Adval Tech Group has no undeveloped land.

As at 31 December 2020, there were orders for fixed assets that have not yet been delivered or invoiced and therefore not yet included in property, plant and equipment, in the amount of CHF 0.1 million outstanding (previous year: 1.0 million CHF).

As at December 31, 2020, assets under construction included CHF 0.4 million in advance payments for tangible fixed assets (previous year: CHF 0.5 million).

11. FINANCIAL ASSETS

The Adval Tech Group concludes finance lease agreements with its customers in the context of its operating business. These agreements are concluded for tools, molds and production systems used for production of components. Amortization payments usually depend on the number of components delivered per period, with a minimum amount agreed for all amortization payments.

CHF 1,000	12/31/2020	12/31/2019
Receivables from finance lease contracts	5,201	4,157
Other long-term receivables	149	159
Total financial assets	5,350	4,316

Receivables from finance lease contracts, stated at net present value, are due for payment as follows:

CHF 1,000	12/31/2020	12/31/2019
within 1 year	3,084	4,581
in 2 to 5 years	5,201	4,157
Total future leasing income	8,285	8,738

The nominal value of these receivables totaled CHF 8.5 million (CHF 9.2 million in 2019).

The amounts due for payment within one year are included in other current receivables.

12. INTANGIBLE ASSETS

The following statement of changes in intangible assets applies for 2020:

CHF 1,000	Capitalized development costs	Others	Total
at cost			
at December 31, 2019			
Changes in the scope of consolidation	13,834	4,564	18,398
Investments acquired	0	0	0
Investments generated in-house	0	0	0
Disposals	0	-13	-13
Other changes	0	0	0
Change in accumulated translation difference	-11	-421	-432
at December 31, 2020	13,823	4,130	17,953
Accumulated amortization			
at December 31, 2019			
Changes in the scope of consolidation	-10,806	-4,551	-15,357
Scheduled depreciation	0	0	0
Impairment	-711	0	-711
Disposals	0	0	0
Other changes	0	0	0
Change in accumulated translation difference	11	421	432
at December 31, 2020	-11,506	-4,130	-15,636
Book values			
at December 31, 2019	3,028	13	3,041
at December 31, 2020	2,317	0	2,317

Capitalized development costs largely result from the development of plastic components for further projects for automotive manufacturers in Germany. These relate to long-term orders for the production of components. They will be amortized over the term of orders up to a maximum of 10 years (see Note 1.11).

The following statement of changes in intangible assets applies for 2019:

CHF 1,000	Capitalized development costs	Others	Total
at cost			
at December 31, 2018	13,879	4,624	18,503
Changes in the scope of consolidation	0	0	0
Investments acquired	0	0	0
Investments generated in-house	0	0	0
Disposals	0	0	0
Other changes	0	0	0
Change in accumulated translation difference	-45	-60	-105
at December 31, 2019	13,834	4,564	18,398
Accumulated amortization			
at December 31, 2018	-10,036	-4,607	-14,643
Changes in the scope of consolidation	0	0	0
Scheduled depreciation	-814	0	-814
Impairment	0	0	0
Disposals	0	0	0
Other changes	0	0	0
Change in accumulated translation difference	44	56	100
at December 31, 2019	-10,806	-4,551	-15,357
Book values			
at December 31, 2018	3,843	17	3,860
at December 31, 2019	3,028	13	3,041

The goodwill arising from the acquisitions of Adval Tech (Grenchen) AG (June 1, 2005), Adval Tech (Hungary) Kft. and Adval Tech (Hungary) Plant 2 Kft. (May 1, 2007), Adval Tech Holdings (Asia) Pte. Ltd (January 16, 2008) and Adval Tech (Germany) GmbH & Co. KG (formerly Fischer IMF GmbH & Co. KG) (April 1, 2016) was offset against the equity on the date of acquisition.

The historical cost of goodwill is shown in the following table:

CHF 1,000	2020	2019
Total at January 1	51,994	52,413
Disposals resulting from sale of investments ¹⁾	0	0
Currency translation differences resulting from changes in investments	0	0
Change in the cumulative currency difference	-3,986	-419
Total at December 31	48,008	51,994

1) at historical exchange rates

If goodwill were amortized over 10 years using the straight-line method rather than being offset, this would result in the following cumulative amounts of amortization for goodwill:

CHF 1,000	2020	2019
Total at January 1	-51,994	-52,381
Disposals resulting from sale of investments ¹⁾	0	0
Currency translation differences resulting from changes in investments	0	0
Simulated depreciation	0	-33
Change in accumulated translation difference	3,986	420
Total at December 31	-48,008	-51,994

1) at average exchange rates

The theoretical net book value of the goodwill at December 31, 2020 and at December 31, 2019 amounts to zero Swiss francs

The impact of theoretical capitalization and amortization of the goodwill on the income statement and the equity is shown below:

CHF 1,000	2020	2019
Net result	4,296	8,650
Simulated depreciation / Impairment losses	0	-33
Theoretical net result	4,296	8,617
Equity	126,537	126,359
Theoretical value of goodwill	0	0
Theoretical equity	126,537	126,359

13. TRADE ACCOUNTS PAYABLE

The trade accounts payable decreased by CHF 0.9 million. There were no trade accounts payable to related parties on December 31, 2020 or at the end of the previous year.

14. SHORT-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2020	12/31/2019
Banks	0	0
Short-term leasing liabilities to third parties	373	276
Short-term interest-bearing liabilities	373	276

The short-term bank loans are covered by liquid assets of CHF 19.9 million (previous year: CHF 19.5 million) (gross figures). The short-term leasing liabilities to third parties relate to the finance leases for tangible fixed assets at European locations.

15. OTHER SHORT-TERM LIABILITIES

CHF 1,000	12/31/2020	12/31/2019
Advance payments by third parties	7,396	5,594
Other short-term liabilities to third parties	1,939	2,368
Negative replacement value of derivative instruments	0	2
Total other short-term liabilities	9,335	7,964

Advance payments by third parties increased by CHF 1.8 million compared to the previous year. The other short-term liabilities to third parties totaled CHF 1.9 million as of December 31, 2020 (previous year: CHF 2.4 million). This item also includes CHF 0.02 million in payment obligations arising from the purchase of Adval Tech (Germany) GmbH & Co. KG in 2016 (previous year: CHF 0.04 million).

16. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2020	12/31/2019
Face value of liabilities arising from leasing contracts due		
within 1 year	381	288
in 2 to 5 years	447	894
Total future payment commitments	828	1,182
less proportionate interest on the payments	-11	-22
Net present value of liabilities arising from finance leases	817	1,160
of which short-term leasing liabilities	373	276
of which long-term leasing liabilities	444	884

The leasing liabilities relate to leased production facilities in Germany and Switzerland. They were CHF 0.4 million down on the figure for December 31, 2019.

17. PREPAID INCOME AND ACCRUED EXPENSES

CHF 1,000	12/31/2020	12/31/2019
Accrued expenses	6,034	4,903
Invoices not yet received	1,917	3,400
Total prepaid income and accrued expenses	7,951	8,303

Accrued expenses include future payments for the following items: social security contributions and insurance premiums, accrued vacations and overtime, other non-interest-bearing values owed. Invoices not yet received on the balance sheet date include services received without receipt of the relevant invoice.

18. LONG-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2020	12/31/2019
Long-term leasing liabilities – third parties	444	884
Total long-term interest-bearing liabilities	444	884

At the end of September 2016 a credit line of max. CHF 25 million that can be cancelled at any time by either party was subsequently agreed with a major Swiss bank. Part of this credit line is reserved for (advance payment) guarantees; the remainder can be drawn at short notice. This credit line is subject to covenants. These covenants cover the following financial indicators: Leverage ratio and minimum equity of the Group. As at the balance sheet date, the covenants provided for in the credit agreement had all been met.

19. FINANCIAL LIABILITIES

Recognition principles and conditions are shown in the following tables:

	Book value (CHF 1,000)	Foreign-currency amount (1,000 units)	Maturity	Interest rate
Balance on Dec. 31, 2020				
Bank current accounts	0	TEUR 0	Current	0.00%
Lease liabilities, short-term	373	TEUR 97	Current	1.0% - 3.7%
Lease liabilities, long-term	444	TEUR 145	1-5 years	1.0% - 2.3%
Total financial liabilities	817			

Financial liabilities for 2019 are as follows:

	Book value (CHF 1,000)	Foreign-currency amount (1,000 units)	Maturity	Interest rate
Balance on Dec. 31, 2019				
Bank current accounts	0	TEUR 0	Current	0.00%
Lease liabilities, short-term	276	TEUR 11	Current	1.0% - 3.7%
Lease liabilities, long-term	884	TEUR 303	1-5 years	1.0% - 3.7%
Total financial liabilities	1,160			

20. PROVISIONS

	Warranty provisions	Payments to employees	Restructuring provisions	Other provisions	Total
CHF 1,000					
Long-term provisions at December 31, 2019	112	675	0	493	1,280
Short-term provisions at December 31, 2019	17	0	280	778	1,075
Total at December 31, 2019	129	675	280	1,271	2,355
Change in the scope of consolidation					0
Addition	0	33	106	242	381
Utilization	-13	0	-280	-140	-433
Release of provisions no longer required	0	-62	0	-92	-154
Difference arising from currency translation	-14	0	0	-81	-95
Total at December 31, 2020	102	646	106	1,200	2,054
Long-term provisions at December 31, 2020	102	646	0	1,009	1,757
Short-term provisions at December 31, 2020	0	0	106	191	297
Total at December 31, 2020	102	646	106	1,200	2,054

Provisions for payments to employees consist primarily of future obligations in respect of anniversary bonuses. The amount of those obligations is measured using the projected unit credit method.

Provisions for restructuring include provisions of CHF 0.1 million for the site in Suzhou (previous year: CHF 0.3 million).

Other provisions include CHF 0.4 million (previous year: CHF 0.4 million) for expected future payments in connection with the sale of Companies in 2016. The provision for foreign withholding taxes whose refundability is doubtful amounts to CHF 0.5 million (previous year: 0.5 million). Provisions of 0.3 million (previous year: CHF 0.4 million) were recognized for other items.

In all cases for which provisions have been made, the probability of occurrence is estimated at above 50%. The provisions were not discounted.

Provisions as at the end of the previous year were as follows:

	Warranty provisions	Payments to employees	Restructuring provisions	Other provisions	Total
CHF 1,000					
Long-term provisions at December 31, 2018	319	699	426	664	2,108
Short-term provisions at December 31, 2018	5	0	0	1,255	1,260
Total at December 31, 2018	324	699	426	1,919	3,368
Change in the scope of consolidation	0	0	0	0	0
Addition	18	43	35	421	517
Utilization	-164	0	0	-495	-659
Release of provisions no longer required	-49	-61	-181	-553	-844
Difference arising from currency translation	0	-6	0	-21	-27
Total at December 31, 2019	129	675	280	1,271	2,355
Long-term provisions at December 31, 2019	112	675	0	493	1,280
Short-term provisions at December 31, 2019	17	0	280	778	1,075
Total at December 31, 2019	129	675	280	1,271	2,355

21. DEFERRED INCOME TAXES

Deferred income taxes are included in the balance sheet as follows:

	12/31/2020	12/31/2019
CHF 1,000		
Deferred tax liabilities	-2,427	-2,437
Deferred tax assets	3,462	3,896
Total deferred income taxes	1,035	1,459

Deferred income tax assets and liabilities are stated at the income tax rates expected for each company.

The following table shows the average tax rate and the effect of capitalized loss carryforwards on the average tax rate:

	2020	2019
Average applicable tax rate before considering loss carryforwards	20.29%	19.24%
Impact of deferred tax assets from loss carryforwards	-0.14%	1.26%
Average applicable tax rate after considering loss carryforwards	20.16%	20.49%

The expected average tax rate for the Group is the weighted average of the tax rates, based on the pre-tax profit of all subsidiaries. The expected tax rates of subsidiaries are determined annually.

CHF 3.1 million in uncapitalized losses was posted in the local financial statements (2019: CHF 2.6 million). These largely stem from the investment holdings in Mexico and China.

Deferred tax assets arising from losses carried forward have been included on the basis of forecasts (budget, medium-term planning and long-term growth expectations) by the relevant companies. They correspond to the tax loss carryforwards that can be utilized on the basis of these forecasts until they expire.

In the previous year, a deferred tax asset of CHF 2.7 million was recognized in the income statement from expected future tax reduction in the context of the revaluation for tax purposes and future amortization of the brand Adval Tech. This was reduced through the income statement in the year under review in line with utilization. The other deferred tax assets are mainly derived from capitalized tax loss carryforwards.

They developed as follows:

CHF 1,000	2020	2019
Total at January 1	3,896	1,119
Change in the scope of consolidation	0	0
Additions	185	3,012
Utilization	-563	-205
Other adjustments	0	0
Currency translation differences	-56	-30
Total at December 31	3,462	3,896

Provisions for deferred tax liabilities developed as follows:

CHF 1,000	2020	2019
Total at January 1	2,437	1,696
Change in scope of consolidation	0	0
Additions	120	1,060
Transfers	0	-317
Release	-130	0
Currency translation differences	0	-2
Total at December 31	2,427	2,437

As in the previous year, deferred tax liabilities originate primarily from temporary differences in fixed and intangible assets.

Tax losses amounting to CHF 25.9 million existing on December 31, 2020 (CHF 22.8 million in 2019) have not yet been utilized and no deferred tax claim for them has been included in the balance sheet.

The expiration dates of unutilized tax loss carryforwards are as follows:

CHF 1,000	12/31/2020	12/31/2019
expiring in 1 year	275	19
expiring in 2 years	4,896	418
expiring in 3 years	4,200	2,694
expiring in 4 years	243	5,766
expiring in 5 years	1,116	6,368
expiring in more than 5 years	15,196	7,568
Total	25,926	22,833

The theoretical deferred tax claim on unutilized tax loss carryforwards at the end of the year under review amounted to CHF 3.9 million (3.1 million in 2019) based on the respective applicable tax rates.

22. STATEMENT OF SHARE CAPITAL

The share capital was as follows on December 31, 2020:

	Registered shares
at January 1, 2020	730,000
at December 31, 2020	730,000
	fully paid up
Par value in CHF	20
Dividend restrictions	none
Voting restrictions	exist
Number of shares held by the Adval Tech Group on December 31	96

No shares were reserved for issue in respect of options or sales agreements in the year under review. The treasury shares held are held primarily for issue to employees as part of the bonus program.

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Art. 6 of the Articles of Incorporation of Adval Tech Holding AG dated June 19, 2012, purchasers of shares in excess of 10% of the registered capital stock recorded in the Commercial Register will not be entered with voting rights. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. The Annual General Meeting of June 19, 2012 raised the voting rights restriction from 5% to 10%.

Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favour of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. Beneficial ownership remained unaffected by this transaction. On January 30, 2007, the Board of Directors permitted an exception in favour of Willy Michel, which was granted in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to the shareholders who were registered as holding registered shares in excess of 5% of all voting rights when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Bienz, Einfache Gesellschaft Dreier).

The exceptions granted were confirmed until further notice by the Board of Directors with reference to the increase in share capital in May 2008. Fiduciary entries in the shareholders' register can only be made without voting rights. The Articles of Incorporation of Adval Tech Holding AG with regard to quorums conform to legal requirements.

Holdings of treasury shares have developed as follows:

	2020	2019
Treasury shares held at January 1	96	0
Purchases (shares)	0	554
Issued to employees (shares)	0	-458
Treasury shares held at December 31	96	96
Average purchase price (CHF)	0	177
Average value for issues (CHF)	0	177

All treasury shares are held by Adval Tech Management AG. They were purchased or sold via Adval Tech Management AG in the previous year.

Under the existing remuneration policies, no shares were granted to management staff in the year under review as part of their variable compensation (previous year: 458 shares).

Non-distributable reserves in the Group's shareholders' equity amounted to CHF 4.0 million at the end of the year under review (previous year: CHF 3.7 million). Retained earnings do not include any revaluation reserves.

23. NET TURNOVER

CHF 1,000	2020	2019
Net income from deliveries and services	116,567	146,673
Income from manufacturing orders (valued using the percentage-of-completion method)	19,400	28,927
Revenue deductions	-1,107	-1,980
Total net turnover	134,860	173,620

Net turnover for 2020 came to CHF 134.9 million, a decrease of CHF 38.8 million. The decline is mainly due to the decline in demand as a consequence of the coronavirus pandemic.

Income from manufacturing orders (valued using the percentage-of-completion method) includes invoiced income from manufacturing orders valued using the percentage-of-completion method, adjusted for changes in the inventories of such orders. Net sales from goods and services includes the other invoiced sales and services.

24. OTHER OPERATING INCOME

CHF 1,000	2020	2019
Other operating income from third parties	3,264	4,241
Other operating income from related parties	6	6
Gains from sales of tangible fixed assets	147	37
Total other operating income	3,417	4,284

Other operating income consists primarily of income from sales of scrap.

25. COST OF MATERIALS AND SERVICES

Compared to the previous year, the cost of materials and external services decreased by CHF 20.4 million. Their share of total income increased by 1.7 percentage points to 45.3 %. The slight increase is attributable to the components business.

26. PERSONNEL EXPENSES

The average number of employees decreased by 108 FTEs to 1,132 FTEs in 2020 (1,240 FTEs in 2019). The change in average headcount is due, on the one hand, to adjustments in the allocation of tasks within the Group and, on the other, to fluctuations in demand. The number of employees totaled 1,105 FTEs at the balance sheet date (1,179 FTEs in 2019).

Short-time working was implemented for several months at the Niederwangen and Muri sites in Switzerland and at the Endingen site due to the drop in demand caused by the coronavirus pandemic. CHF 2.9 million was posted from reimbursements for short-time work (previous year: CHF 0.0 million). In addition, the Board of Directors, the Group Executive Management and the senior management of the Group voluntarily waived part of their compensation.

27. PENSION LIABILITIES AND OTHER PAYMENTS TO EMPLOYEES

There were no employer reserves as at the balance sheet date and at December 31, 2020.

Financial benefit/financial obligations and pension expenses for 2020 and 2019 are as follows:

	CHF 1,000	Surplus 12/31/2020	Financial share of the organization		Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period	Pension expenses in 2020
		12/31/2020	12/31/2020	12/31/2019			
Pension fund of Adval Tech Holding AG incl. surplus		0	0	0	0	1,484	1,695
Pension fund of Adval Tech Holding AG for supervisory staff excl. surplus/shortfall		0	0	0	0	0	145
Total		0	0	0	0	1,484	1,840

In the previous year:

	CHF 1,000	Surplus 12/31/2019	Financial share of the organization		Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period	Pension expenses in 2019
		12/31/2019	12/31/2019	12/31/2018			
Pension fund of Adval Tech Holding AG incl. surplus		0	0	0	0	1,695	1,695
Pension fund of Adval Tech Holding AG for supervisory staff excl. surplus/shortfall		0	0	0	0	0	154
Total		0	0	0	0	1,695	1,849

The pension fund of Adval Tech Holding AG is a legally independent foundation. It is subject to Swiss occupational pensions legislation. All employees of the Swiss companies in the Adval Tech Group are members of this pension fund. As at December 31, 2020, the cover ratio was 123% (previous year: 118%). The Adval Tech Group is not expected to derive any economic benefit from the pension fund.

The above data is based on the financial statements of the pension funds at December 31, 2020 (or December 31, 2019), prepared in accordance with Swiss GAAP FER 26.

The employees of non-Swiss Group companies are members of the applicable state pension schemes in the country concerned, governed by local legislation. As a consequence, neither financial benefit nor financial obligations arise therefrom, other than the contribution payments posted as expenses.

The pension fund for management of Adval Tech Holding AG was set up for supervisory staff. It is affiliated to a collective foundation of a major Swiss insurer. It is primarily a capital redemption insurance. Equal contributions are made by employees and employer.

28. OTHER OPERATING EXPENSES

CHF 1,000	2020	2019
Maintenance, repair, replacements, operating materials	-4,688	-7,885
Premises, energy	-4,613	-4,700
Insurance, office and administration expenses	-4,867	-3,682
Marketing, sales and distribution expenses	-2,457	-3,240
Sundry operating expenses	-790	-231
Total other operating expenses	-17,415	-19,738

Other operating expenses in the reporting period were down by CHF 2.3 million on the year-back figure. In relation to total income, other operating expenses declined from 11.0% in 2019 to 12.4% in the reporting period. The "Sundry operating expenses" line item also includes CHF 0.1 million in losses on the sale of tangible fixed assets (2019: CHF 0.01 million).

29. FINANCIAL EXPENSES AND FINANCIAL INCOME

CHF 1,000	2020	2019
Interest earned	105	433
Currency gains	939	1,729
Unrealized currency differences	749	0
Gains on derivative financial instruments	0	11
Total financial income	1,793	2,173
Interest paid	-99	-150
Bank charges and fees	-101	-169
Currency losses	-1,196	-2,164
Unrealized translation differences	0	-100
Losses on derivative financial instruments	-8	-3
Other financial expenses	-127	-114
Total financial expenses	-1,531	-2,700
Financial result	262	-527

Total currency gains of CHF 0.5 million were posted in the year under review (previous year: loss of CHF 0.5 million). The main reason for this is the change in exchange rates from local currencies to functional currencies in various countries.

Net interest income of CHF 0.01 million, generated by finance leases with customers, was posted in the year under review. (Previous year: net interest expense of CHF 0.3 million).

30. EXTRAORDINARY RESULT

CHF 1,000	2020	2019
Restructuring measures	-272	-1,021
Cooperation projects	0	-129
Result from the sale of investments	0	-13
Result from the purchase of investments	0	-17
Extraordinary result	-272	-1,180
Non-operating result	0	0
Total extraordinary result	-272	-1,180

The restructuring expenses posted in the year under review relate to the relocation of the plant in Suzhou, China. The project was completed in the year under review.

The result from the sale of investments is related to the sale of the investment in Thailand and the sale of the Molds segment in 2016.

31. INCOME TAXES

CHF 1,000	2020	2019
Current income taxes	-2,058	-1,976
Change in provision for deferred taxes	-368	2,064
Total tax expenses	-2,426	88

In 2019, deferred tax assets of CHF 2.7 million were recognized in income from expected future tax reductions in the context of the tax revaluation and future amortization of the Adval Tech brand. Those were reduced according to their use in the year under review.

The change in provisions for deferred taxes includes for the first time the amortization of CHF -0.3 million from trademark licenses capitalized for tax purposes at the Adval Tech Holding AG. Furthermore, CHF -0.03 million of deferred taxes from capitalized tax loss carryforwards (2019: CHF 0.2 million) were liquidated.

32. NET RESULT PER SHARE

The stated figure for net result per share after corporate taxes was calculated on the basis of 730,000 outstanding shares. There are no dilution effects.

33. INCOME BY REGIONEN

Income by region is as follows:

	CHF 1,000	2020	2019
Net turnover	134,860	100%	173,620
			100%
<i>Europe</i>	<i>100,395</i>	<i>74.0%</i>	<i>127,144</i>
– of which Germany	49,588	37.0%	64,039
– of which Switzerland	15,359	11.0%	20,476
– of which Hungary	10,643	8.0%	18,571
– of which Czech Republic	5,691	4.0%	2,029
– of which France	5,057	4.0%	5,145
– of which Turkey	2,250	2.0%	3,147
<i>Asia</i>	<i>14,672</i>	<i>11.0%</i>	<i>14,699</i>
– of which China	9,347	7.0%	8,922
<i>North America</i>	<i>6,287</i>	<i>5.0%</i>	<i>9,414</i>
<i>Latin America</i>	<i>13,275</i>	<i>10.0%</i>	<i>21,621</i>
<i>Australia and Oceania</i>	<i>116</i>	<i>0.0%</i>	<i>595</i>
<i>Africa</i>	<i>115</i>	<i>0.0%</i>	<i>147</i>

Countries are allocated to regions in conformity with the allocation in Swiss National Bank statistics. No turnover was generated with related parties in the year under review (previous year: CHF 0.0 million).

The disposal of the Molds segment in the second half of 2016 and the resulting focus on the components business obviate the need for a breakdown by business areas.

34. PLEDGED ASSETS

The carrying amount of pledged items of tangible fixed assets amounted to CHF 1.1 million as of December 31, 2020 as in the previous year. The pledge listed serves as security for bank loans and credit lines.

35. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2020	12/31/2019
Contingent liabilities in favor of third parties	5,534	4,590
Liabilities arising from leases	7,250	8,835
Liabilities arising from operating leases	1,438	1,955

Contingent liabilities in favor of third parties originate from guarantees issued as security for advance payments by customers, finance lease transactions and import duties. A cash outflow is deemed unlikely. There were no sureties at the balance sheet date.

Future rental payments fall due as follows: CHF 1.3 million (CHF 1.5 million in 2019) within 1 year, CHF 5.1 million (CHF 5.4 million in 2019) in 2 to 5 years, CHF 0.9 million (CHF 1.9 million in 2019) in more than 5 years.

Payments deriving from operating leases fall due as follows: CHF 0.5 million (CHF 0.6 million in 2019) within 1 year, CHF 0.9 million (CHF 1.4 million in 2019) within 2 to 5 years.

36. FINANCIAL INSTRUMENTS

Market values are calculated on the basis of individual valuations of the outstanding instruments at the balance sheet date. On the balance sheet date (December 31, 2020), no financial instruments existed to limit financial risks.

At the end of 2019, the following financial instruments existed to limit financial risks (contract value in 1,000 local currency or LC; replacement value in 1,000 CHF):

Currency	Instrument	Contract value local currency 1,000	Replacement value CHF 1,000	
			positive	negative
EUR	Forward transactions / swap	1,190	6	2
Total		1,190	6	2

The positive replacement values are included in “other receivables” (Note 7).

The negative replacement values are included in “other short-term liabilities” (Note 15).

37. TRANSACTIONS WITH RELATED PARTIES

The following persons and companies were deemed to be related parties in the year under review:

- the pension fund of Adval Tech Holding AG
- Artemis Holding AG, Hergiswil, and its Group companies
- Franke Holding AG, Aarburg, and the companies of Franke Group
- Ypsomed Holding AG, Burgdorf, and the companies of the Ypsomed Group
- Techpharma Management AG, Burgdorf
- Feintool International Holding AG, Lyss, and the companies of the Feintool Group
- Forbo Holding AG, Baar, and the companies of the Forbo Group
- Autoneum Holding AG, Winterthur, and the companies of the Autoneum Group
- Rieter Holding AG, Winterthur, and the companies of the Rieter Group
- Arbonia AG, Arbon, and the companies of the Arbonia Group
- the members of the Board of Directors and the Group Executive Management
- Grapha Holding AG, Hergiswil, and Rudolf B. Müller
- Hansruedi Bienz, Oberbottigen

No turnover was generated with related parties 2019 and in the year under review. As at the balance sheet dates, no receivables were due from related parties and there were no liabilities to related parties.

38. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events have occurred since the balance sheet date that would detract from the information value of the consolidated financial statements as of December 31, 2020.

In January 2021, Ford Motor Company decided to close all its production plants in Brazil. Our company in Brazil supplies these plants indirectly. The corresponding impact on the sales of the Brazilian company are currently being assessed. Discussions on exit scenarios and financial compensation with direct and indirect customers are underway.

The further development of the Corona pandemic will have an impact on business operations in 2021. It is currently not possible to estimate the economic impact on the Adval Tech Group in 2021. to be estimated. The Adval Tech Group's priority is to protect its employees and maintain its ability to deliver as well as its liquidity.

39. RELEASE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were released on March 26, 2021 for publication by the Board of Directors of Adval Tech Holding AG and a motion for their approval was submitted to the Annual General Meeting of shareholders of Adval Tech Holding AG.



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Statutory Auditor's Report

To the General Meeting of
ADVAL TECH HOLDING AG, NIEDERWANGEN BEI BERN

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements (pages 68 – 103) of Adval Tech Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance 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 Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, 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.

Our Audit Approach

Key audit matters	Revenue recognition
Materiality	CHF 960'000
Scoping	- 99.5% of revenue - 99.6% of total assets

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Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be CHF 960'000, which is 0.7% of adjusted pre-tax profit.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of CHF 48'000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We have therefore set this so-called non-take-up limit at 5% of the Group's materiality. Nevertheless, we will report uncorrected or corrected errors below this threshold if we consider them to be qualitatively material.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope primarily on the audit work for 6 group companies in 5 countries. These were subject to a full audit.

These 6 group companies in 5 countries represent the principal business units and account for 76.9% of the group's revenue and 75.1% of the group's net assets. In addition, we conducted a Specific Scope audit for 5 Group companies in 4 countries. These 5 Group companies account for 22.6% of sales and 24.5% of total assets in the consolidated financial statements. In total, our full and specific scope audits cover 99.5% of sales and 99.6% of the balance sheet total of the consolidated financial statements.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current 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 provide a separate opinion on these matters.

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Revenue recognition

Key audit matter

The Adval Tech Group generates sales from various subdivisions as defined in Note 1.18 (Recognition of income), 23 (Net sales) and 8 (Inventories and work in progress) in the notes to the consolidated financial statements for 2020. The two main areas of sales are income from volume components supplied to third parties (sales of volume production / components and subassemblies) of CHF 116.6 million in the 2020 financial year and income from tooling sales (sales of production and trading tools / tool and systems manufacturing) of CHF 19.4 million in the 2020 financial year.

Sales of the Adval Tech Group consist to a material extent of income from long-term manufacturing contracts. The recognition of sales and profits from these long-term manufacturing contracts depends to a large extent on estimates and assumptions made by management with regard to determining the stage of completion in relation to the expenses incurred.

We consider the recognition of revenue from long-term construction contracts to be a particularly important audit issue due to the risk that revenue recognition is not loss-free, depending on the stage of completion, by applying the percentage of completion (PoC) principles does not correspond to the actual stage of completion and the planned future revenue.

How the scope of our audit responded to the key audit matter

We have performed the following audit procedures for the audit of sales from long-term construction contracts:

- Assessment of the consistent application of the principles of revenue recognition according to the PoC method.
- Examination of relevant controls for determining project progress of existence and implementation.
- Checks of individual projects concerning:
 - Compliance with the contractually stipulated progress and acceptance agreements by reviewing the contracts.
 - Assessment of the main assumptions made by the project managers and the management with regard to project progress, degree of completion and forecast of future project progress regarding outstanding expenses / income.
 - Retrograde analysis of completed projects to assess the reliability of management's estimates.
- Assessment of the recoverability of receivables associated with construction contracts by means of payment receipts after the balance sheet date or discussion with management.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the 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 using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about 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, ISAs and Swiss Auditing Standards 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 these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

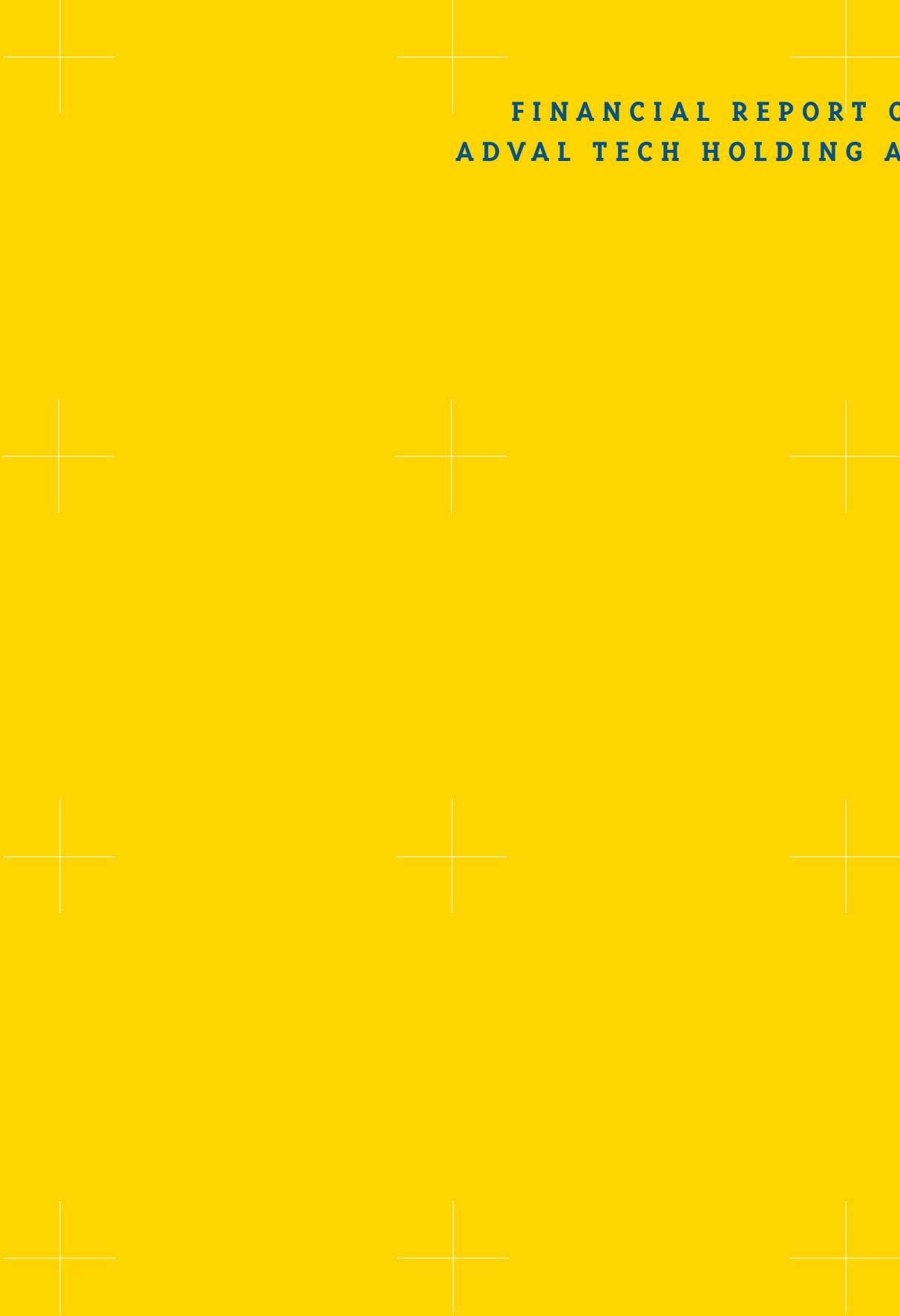
We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Christophe Aebi
Licensed Audit Expert
Auditor in Charge

Thomas Dettwiler
Licensed Audit Expert

Zurich, 31 March 2021



**FINANCIAL REPORT OF
ADVAL TECH HOLDING AG**

FINANCIAL REPORT OF ADVAL TECH HOLDING AG

1. BALANCE SHEET

CHF	Notes	12/31/2020	12/31/2019
Current assets			
Liquid assets		2,190,169	6,679,403
Trade accounts receivable		533,734	2,871,770
– from third parties		120,780	6,686
– from Group companies	2.1	412,954	2,865,084
Prepaid expenses and accrued income		37,187	3,329
Total current assets		2,761,090	9,554,502
Fixed assets			
Long-term receivables from Group companies	2.2	50,982,860	47,848,400
Investments in Group companies	2.3	90,792,466	88,428,100
Total fixed assets		141,775,326	136,276,500
Total assets		144,536,416	145,831,002
Short-term liabilities			
Trade accounts payable		8,619	11,944
– to third parties		8,619	11,944
Short-term interest-bearing liabilities		339,695	2,794,143
– to third parties		0	0
– to Group companies	2.4	339,695	2,794,143
Other liabilities		184,000	31,615
– to third parties		0	18,534
– to Group companies	2.5	184,000	13,081
Prepaid income and accrued expenses		101,213	83,939
Current provisions		419,397	419,397
Total short-term liabilities		1,052,924	3,341,038
Long-term liabilities			
Long-term interest-bearing liabilities		513,000	494,000
Total long-term liabilities		513,000	494,000
Total liabilities		1,565,924	3,835,038
Shareholders' equity			
Share capital		14,600,000	14,600,000
Legal capital reserves	2.6	60,047,365	61,032,736
Legal retained earnings		9,517,000	9,517,000
– General legal retained earnings		9,500,000	9,500,000
– Reserve for treasury shares		17,000	17,000
Voluntary retained earnings		11,267,611	11,267,611
Profit carried forward		44,593,247	44,733,542
Profit for the year		2,945,269	845,075
Total shareholders' equity		142,970,492	141,995,964
Total liabilities and shareholders' equity		144,536,416	145,831,002

2. INCOME STATEMENT

CHF	Notes	2020	2019
Income from equity interests	2.7	15,417,054	22,453,822
Other income		17,820	2,667
Other operating expenses	2.8	-1,164,388	-1,131,900
Amortization/depreciation and impairment losses on non-current assets	2.9	-10,228,203	-18,832,287
Financial income	2.10	71,241	244,309
Financial expenses	2.11	-1,168,255	-1,845,392
Operating result before taxes		2,945,269	891,219
Extraordinary, non-recurring or prior period income	2.12	0	0
Extraordinary, non-recurring or prior period expenses	2.12	0	-46,144
Result for the year before taxes		2,945,269	845,075
Direct taxes		0	0
Profit for the year		2,945,269	845,075

NOTES TO THE FINANCIAL STATEMENTS 2020

1. MEASUREMENT PRINCIPLES APPLIED IN THE FINANCIAL STATEMENTS

Adval Tech Holding AG, with its registered office in Niederwangen, applies the standards of the accounting legislation under Art. 957ff, Swiss Code of Obligations (CO). The additional information in the Notes to the financial statements, the cash flow statement and the management report are omitted pursuant to CO Art. 961d, as the Company itself prepares consolidated financial statements in accordance with recognized accounting standards.

Assets are measured at acquisition cost or below. Equity interests are measured individually where they are significant and not commonly aggregated as a group for measurement due to their similarity in nature. Treasury shares are measured at acquisition value without subsequent valuations. A special reserve item is reported in shareholders' equity for treasury shares held by subsidiaries. Gains and losses from sale of treasury shares including transaction costs are taken directly to voluntary retained earnings. Liabilities are measured at nominal value. All assets and liabilities held in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Income and expenses in foreign currencies and all foreign-currency transactions are translated at the exchange rates prevailing on the transaction date. The resulting exchange rate differences are recognized in the income statement. Income is recognized as follows: dividends on maturity, service sales revenues at the invoice date following performance of the service.

2. INFORMATION, BREAKDOWNS AND EXPLANATORY NOTES

2.1 Trade accounts receivable – from Group companies

CHF	12/31/2020	12/31/2019
Adval Tech Management AG, Niederwangen, Switzerland	0	27,856
Adval Tech (Switzerland) AG, Niederwangen, Switzerland	0	2,862
Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais PR, Brazil	71,242	2,470,880
Adval Tech (Hungary) Kft., Szekszárd, Hungary	9,819	0
Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	26,452	20,919
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico	52,556	84,204
Adval Tech (Grenchen) AG, Grenchen, Switzerland	1,947	0
Adval Tech Holding (Germany) GmbH & Co. KG, Endingen, Germany	279	0
Adval Tech Holding (Germany) GmbH, Endingen, Germany	247,767	258,363
Adval Tech Holdings (Asia) Pte. Ltd, Singapur	2,892	0
Total Group companies	412,954	2,865,084

2.2 Long-term receivables from Group companies

CHF	12/31/2020	12/31/2019
Adval Tech Management AG, Niederwangen, Switzerland (subordinated)	0	800,000
Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais PR, Brazil	0	350,000
Adval Tech (Hungary) Kft, Szekszárd, Hungary	2,841,842	0
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico	1,713,343	264,700
Adval Tech Holding (Germany) GmbH, Endingen, Germany	46,295,249	46,433,700
Adval Tech Holdings (Asia) Pte. Ltd, Singapur	132,426	0
Total Group companies	50,982,860	47,848,400

2.3 Investments in Group companies

Company		Share capital	12/31/2020		Share capital	12/31/2019		12/31/2020 Book value	12/31/2019 Book value
			100%	Share of capital and votes in %		100%	Share of capital and votes in %		
Adval Tech Management AG, Niederwangen, Switzerland	CHF	100,000	100%	100%	100,000	100%	100%	0	0
Management of equity interests									
Adval Tech Immobilien AG, in liquidation, Niederwangen, Switzerland	CHF	100,000	100%	100%	100,000	100%	100%	100,000	100,000
Holding and management of properties									
Adval Tech (Switzerland) AG, Niederwangen, Switzerland	CHF	3,050,000	100%	100%	3,050,000	100%	100%	17,650,000	17,650,000
Stamping and forming technology									
Adval Tech US Inc., Cleveland, USA	USD	1	100%	1	100%	1	100%	0	0
Stamping and forming technology									
Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais PR, Brazil*	BRL	2,509,873	100%	150,873	100%	0	727,100		
	USD	360,000		360,000			0		
Stamping and forming technology									
Adval Tech (Hungary) Kft., Szekszárd, Hungary	EUR	990,000	100%	990,000	100%	31,417,790	29,374,000		
Plastic components									
Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	EUR	12,000	100%	11,000	100%	0	0		
Stamping and forming technology									
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico*	MXN	50,000	100%	50,000	100%	0	0		
Plastic components									
Adval Tech (Grenchen) AG, Grenchen, Switzerland	CHF	2,000,000	100%	2,000,000	100%	10,436,257	6,470,000		
Plastic components									
Adval Tech Holdings (Asia) Pte. Ltd, Singapore	USD	2,266,500	100%	2,266,500	100%	22,990,919	25,909,500		
Holdings in companies									
<i>Adval Tech (Suzhou) Co. Ltd, Suzhou, China</i>	USD	10,060,000	100%	9,660,000	100%	3,500,000	3,500,000		
<i>Plastic components</i>									
<i>Adval Tech (Malaysia) Sdn. Bhd., Johor Bahru, Malaysia</i>	USD	505,000	100%	505,000	100%	6,000,000	6,000,000		
<i>Plastic components</i>									
<i>Omni Plastics (Shanghai) Co. Ltd, Shanghai, China</i>	USD	1,100,000	100%	1,100,000	100%	32,000	32,000		
<i>Trading</i>									
<i>Omni Engineering (Shanghai) Co. Ltd, Shanghai, China</i>	USD	2,800,000	100%	2,800,000	100%	0	0		
<i>Trading</i>									
Carryover						82,594,966	80,230,600		

1) For legal reasons, Adval Tech Management AG holds part of the equity interest in the Company's share capital on a fiduciary basis.

Company		Share capital	12/31/2020		12/31/2019		12/31/2020		12/31/2019	
			100%	Share of capital and votes in %	100%	Share of capital and votes in %	Book value CHF	Book value CHF		
Carryover							82,594,966	80,230,600		
Adval Tech Holding (Germany) GmbH, Endingen, Germany	EUR	25,000	100%	25,000	100%		8,197,500	8,197,500		
Holdings in companies / Holding and management of properties										
<i>Adval Tech (Germany) GmbH & Co. KG, Endingen, Germany</i>	EUR	<i>1,132,000</i>	<i>100%</i>	<i>1,132,000</i>	<i>100%</i>		<i>16,948,060</i>	<i>16,948,060</i>		
<i>Tools and metal components</i>										
<i>Adval Tech (Germany) Verwaltungs GmbH, Endingen, Germany</i>	EUR	<i>51,000</i>	<i>100%</i>	<i>51,000</i>	<i>100%</i>		<i>122,077</i>	<i>122,077</i>		
<i>Unlimited liability partner of Adval Tech (Germany) GmbH & Co. KG</i>										
Total equity interests							90,792,466	88,428,100		

Indirect investment holdings are printed in italics.

There were no changes in the scope of consolidation in the year under review.

2.4 Short-term interest-bearing liabilities

CHF	12/31/2020	12/31/2019
Adval Tech Immobilien AG, in liquidation, Niederwangen, Switzerland	150,000	150,000
Adval Tech (Switzerland) AG, Niederwangen, Switzerland	189,695	2,154,000
Adval Tech (Hungary) Kft., Szekszárd, Hungary	0	344,143
Adval Tech (Grenchen) AG, Switzerland	0	146,000
to Group companies	339,695	2,794,143
Total short-term interest-bearing liabilities	339,695	2,794,143

2.5 Other liabilities – to Group companies

CHF	12/31/2020	12/31/2019
Adval Tech Management AG, Niederwangen, Switzerland	88,918	0
Adval Tech Immobilien AG, in Liquidation, Niederwangen, Switzerland	0	291
Adval Tech (Hungary) Kft., Szekszárd, Hungary	0	6,734
Adval Tech US Inc., Cleveland, USA	95,082	0
Adval Tech (Grenchen) AG, Grenchen, Switzerland	0	6,056
Total other liabilities - to Group companies	184,000	13,081

2.6 Legal capital reserves

This item consists of the shareholders' capital contributions.

2.7 Income from Group equity

CHF	2020	2019
Income from equity interests	6,010,047	18,517,100
Loan interest income	1,605,137	1,657,540
Corporate service fees	311,000	358,182
Brand license fees	1,428,000	1,921,000
Dividend income	6,062,870	0
Total income from equity interests	15,417,054	22,453,822

2.8 Other operating expenses

CHF	2020	2019
Property insurance and fees	-17,353	-6,910
Office and administrative expenses	-1,113,462	-1,078,804
Sales and distribution expenses	0	0
Other expenses	-33,573	-46,186
Total other operating expenses	-1,164,388	-1,131,900

2.9 Amortization/depreciation and impairment losses on non-current assets

CHF	2020	2019
Impairment losses on equity interests	-4,978,601	-6,773,732
Impairment losses on loans	-5,249,602	-12,058,555
Total amortization/depreciation and impairment losses on non-current assets	-10,228,203	-18,832,287

2.10 Financial income

CHF	2020	2019
Financial income from third parties	9,484	161,882
Foreign currency gains/losses, Group companies	61,757	82,427
Total financial income	71,241	244,309

2.11 Financial expenses

CHF	2020	2019
Bank interest expense	-13,001	-49,724
Foreign withholding taxes	-50,211	-68,355
Bank fees	-2,049	-1,309
Other financial expenses	-63,221	-90,906
Foreign currency gains/losses, third parties	-256,526	-277,296
Loan interest expense, Group companies	-46,243	-51,718
Foreign currency gains/losses, Group companies	-737,004	-1,306,084
Total financial expenses	-1,168,255	-1,845,392

2.12 Explanation of extraordinary, non-recurring and prior period income statement items

The extraordinary income reported in the previous year is primarily related to costs from the sale of investments in previous years.

3. MISCELLANEOUS DISCLOSURES

Full-time employees

The number of full-time employees was below 10 (previous year: below 10).

Treasury shares including interests in subsidiaries (book values)

	Number in 2020	Value in 2020	Number in 2019	Value in 2019
January 1	96	17,000	0	0
Purchase (details)	0	0	554	98,107
Sale (details)	0	0	-458	-81,107
December 31	96	17,000	96	17,000

The treasury shares stated are held by Adval Tech Management AG.

Participation rights of Board of Directors and Executive Management

No registered shares were allotted to the management in 2020. In the previous year, a total of 458 registered shares were allotted to members of the management. The allocation was made in the context of the variable remuneration payment in May 2019, following approval by the annual general meeting of Adval Tech Holding AG.

	Number in 2020	Value in 2020	Number in 2019	Value in 2019
Issued to members of Board of Directors and Executive Management	0	0	458	81,107
Issued to employees	0	0	0	0
Total	0	0	458	81,107

Sureties to third parties

	31.12.2020	31.12.2019
Guarantees	5,533,556	4,590,117

Adval Tech Holding AG issued liquidity commitments in favor of subsidiaries, thus securing the provision of liquidity by Adval Tech Holding AG. The Group companies concerned will thus be able to meet their liabilities to their creditors when they fall due.

Major shareholders

As at December 31, 2020, according to the share register, the following shareholders held over 3% of the registered share capital recorded in the Commercial Register:

Ownership interest (as last reported)	12/31/2020	12/31/2019
Dr. h.c. Willy Michel* ⁵⁾	28.9%	28.9%
Artemis Beteiligungen I AG, Hergiswil ^{1) 4)}	21.5%	21.5%
Grapha Holding AG, Hergiswil ²⁾	8.8%	8.8%
J. Safra Sarasin Investment Fonds AG*	8.5%	8.5%
Hansruedi Bienz	7.5%	7.5%
Einfache Gesellschaft Dreier ³⁾	3.5%	3.5%

Beneficial owners:

- 1) Michael Pieper, Hergiswil, Switzerland
- 2) Rudolf B. Müller, Hergiswil, Switzerland
- 3) Hans Dreier, Niederwangen, Switzerland; Rudolf Dreier, Altendorf, Switzerland
- 4) represented in the Board of Directors by Mr Christian Mäder
- 5) represented in the Board of Directors by Mr Jürg Schori

* Effective amount of holding as at December 31, 2020 and December 31, 2019.

Board of Directors and Group Executive Management interests in Adval Tech Holding AG

As at December 31, the individual members of the Board of Directors and Executive Management and their related parties held the following quantities of the Company's equity securities:

Position		2020	2019
Dr. h.c. Willy Michel	Chairman of the board until May 14, 2020	n.a.	211,298
Hans Dreier	Member of the Board of Directors	13,450	13,450
Christian Mäder	Member of the Board of Directors	-	-
Jürg Schori	Member of the Board of Directors as of May 14, 2020	503	n.a.
Dr. Roland Waibel	Member of the board until May 14, 2020	n.a.	200
René Rothen	Chairman of the board as of May 14, 2020 and CEO	1,540	1,540
Markus Reber	CFO	711	711
Valeria Poretti-Rezzonico	Head Corporate HR/Communication	754	754

4. BOARD OF DIRECTORS' PROPOSAL REGARDING APPROPRIATION OF RETAINED EARNINGS

CHF	2020	2019
Retained earnings carried forward		
Retained earnings at the beginning of the financial year	44,593,247	44,733,542
Transfer capital reserves	0	0
Profit for the year	2,945,269	845,075
Retained earnings at the disposal of the General Meeting	47,538,516	45,578,617

Capital contribution reserves carried forward		
Legal capital reserves at the beginning of the financial year	60,047,365	61,032,735
Board of Directors' proposal to the General Meeting		
– Transfer to profit carried forward	-474,500	-985,370
– Transfer to voluntary retained earnings	0	0
Legal capital reserves to be carried forward	59,572,865	60,047,365

CHF	2020 Board of Directors' proposal	2019 General Meeting resolution
Board of Directors' proposal regarding appropriation of retained earnings		
Retained earnings at the disposal of the General Meeting	47,538,516	45,578,617
Transfer from the capital reserve	474,500	985,370
Distribution to shareholders from capital reserve ¹⁾	-474,500	-985,370
Distribution to shareholders from retained earnings ¹⁾	-511,000	-985,370
To be carried forward	47,027,516	44,593,247

1) The amounts are based on the number of shares for distributions as at the reference date December 31, 2020 (previous year: December 31, 2019), and may change as a result of treasury transactions after the reference date.

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Statutory Auditor's Report

To the General Meeting of
ADVAL TECH HOLDING AG, NIEDERWANGEN BEI BERN

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Adval Tech Holding AG (pages 110 – 120), which comprise the balance sheet as at 31 December 2020 and the income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion the financial statements as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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 provide a separate opinion on these matters.

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Impairment of group assets - Investments and long-term receivables from Group companies

Key audit matter

How the scope of our audit responded to the key audit matter

Adval Tech Holding Ltd has significant accounts receivable from other group companies and holds the corresponding participating interests in accordance with notes 2.2 (Long-term receivables from group companies) and 2.3 (Participating interests) in the notes to the financial statements of Adval Tech Holding Ltd for 2020. The long-term receivables from group companies of the Adval Tech Group amounted to CHF 51 million at the end of 2020. At the end of 2020, investments amounted to CHF 91 million.

Management assesses the recoverability of long-term loans and investments as a unit at the level of the defined operating units. In the event of impairment, the investments are written down first and then the long-term loans.

We consider the assessment of the recoverability of the Group's assets (investments and long-term receivables from Group companies) to be particularly important due to the discretionary powers of management in the area of discount rates and growth rates used in impairment testing, as well as the significant balance sheet amounts (approximately 98% of total assets).

In order to assess the recoverability of non-current group assets and investments, we have assessed the impairment tests conducted by management for the main companies in the Adval Tech Group with regard to the following issues:

- Comparison of the current results of the respective companies with the corresponding budgets, taking into account the impact of Covid-19 on the 2020 business performance, in order to retrospectively verify the forecast accuracy of the budgets.
- assessing future prospects on the basis of the multiannual plan approved by the Board of Directors.
- Review of the valuation of non-current receivables from Group companies by estimating positive equity capital.
- Plausibility check of the most important parameters of the impairment tests using sensitivity analyses and assessment of forecast earnings and long-term growth rates by comparing them with order intake.

Responsibility of the Board of Directors 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Swiss Auditing Standards 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 these financial statements.

Reference can be made to an appendix to the auditor's report or to the website of EXPERTsuisse (<http://expertsuisse.ch/en/audit-report-for-public-companies>) where the description of the auditor's responsibilities can be found.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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.

Deloitte AG

Christophe Aeby
Licensed Audit Expert
Auditor in Charge

Thomas Dettwiler
Licensed Audit Expert

Zurich, 31 March 2021

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Forward-looking statements

The present Annual Report contains forward-looking statements in relation to the Adval Tech Group which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange rate fluctuations, unexpected market behaviour on the part of our competitors, negative publicity and the departure of management-level employees.

The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

This Annual Report is available in English and German. The original German-language version is binding.

