

**Ad hoc announcement pursuant to Art. 53 LR**

Adval Tech Group's 2022 Annual Report

## **Adval Tech increases total income despite massive disruptions in global supply chains**

**Niederwangen, April 3, 2023, 7.00 a.m. – In a very difficult environment, the Adval Tech Group again succeeded in increasing total income<sup>1)</sup> and net sales year-on-year in the 2022 financial year. With its focus strategy, the Adval Tech Group remains well positioned and is always ready to discover and exploit new market opportunities. Bottlenecks in raw materials and certain electronic components, the associated production interruptions in the automotive industry and the marked increase in material, transport and energy costs had a negative impact on profitability. The Group achieved EBITDA<sup>1)</sup> of CHF 8.3 million (2021: CHF 17.0 million), EBIT<sup>1)</sup> of CHF 0.6 million (2021: CHF 9.2 million) and a net result of CHF -2.3 million (2021: CHF +5.9 million). The EBIT margin decreased from 5.4% in the previous year to 0.3%.**

Adval Tech has remained true to its focus strategy even in these turbulent times. The Group is focusing on the automotive market and on applications that are comparable with those of the automotive industry in terms of unit numbers, quality requirements, lifetime, and production processes. To compensate for the volatility of the automotive market, Adval Tech has continued to intensify its activities in the high-speed press technology business.

### **Total income<sup>1)</sup> and net turnover**

In view of the difficult market environment, the Group's total income<sup>1)</sup> of CHF 187.4 million for the 2022 financial year (previous year: CHF 170.8 million, +9.8%) is quite pleasing. Net turnover from the sale of components rose from CHF 166.6 million (2021) to CHF 178.4 million (+7.1%) in 2022. The increase stems both from the automotive industry and from components that Adval Tech manufactures in Grenchen, Switzerland, and in Johor Bahru, Malaysia, for the medical technology and consumer goods sectors. There was a slight decline in figures for high-speed presses manufactured by Adval Tech (Switzerland) AG, Niederwangen. The distribution of net turnover among the various regions remained virtually unchanged in the year under review. At 74%, the Adval Tech Group generated most of its sales in 2022 with customers in Europe (2021: 74%). Asian customers accounted for 11% of sales (2021: 11%), Adval Tech generated 9% of sales with Latin American customers (2021: 8%) and 6% with North American customers (2021: 6%).

### **Profitability**

Unforeseeable interruptions in production at various customers in the automotive industry meant that Adval Tech was able to ship fewer components than originally planned. Marked increases in material and transport costs also depressed profitability. The significant increase in energy costs in Switzerland, Germany and Hungary also had a significant negative impact. Overall, the Adval Tech Group generated earnings before interest, tax, depreciation and amortization (EBITDA<sup>1)</sup>) of CHF 8.3 million (2021: CHF 17.0 million), corresponding to an EBITDA margin of 4.4% (2021: 10.0%). Earnings before interest and taxes (EBIT<sup>1)</sup>) amounted to CHF 0.6 million (2021: CHF 9.2 million). The EBIT margin was 0.3% (2021: 5.4%). The net result amounted to CHF -2.3 million (2021: CHF +5.9 million).

### **Investments and net working capital<sup>1)</sup>**

In 2022, the Adval Tech Group invested CHF 3.0 million in property, plant and equipment (2021: CHF 3.7 million). Cash flow from operating activities amounted to CHF 1.6 million in 2022 (2021: CHF 17.3 million). Free cash flow<sup>1)</sup> was CHF -1.5 million (2021: CHF 13.6 million). This decrease is mainly due to the marked increases in prices for materials and third-party costs as well as the increase in inventories. Operating net current assets<sup>1)</sup> (trade accounts receivable, inventories and

trade accounts payable) were CHF 49.5 million at the end of December 2022 (December 31, 2021: CHF 44.9 million). In relation to total income<sup>1)</sup>, operating net working capital<sup>1)</sup> changed from 28.7% at the end of December 2021 to 26.4% at the end of December 2022.

### Equity ratio and dividend payment

The Adval Tech Group's equity ratio declined slightly from 78.3% at the end of 2021 to a still very high 73.3% at the end of 2022. Due to the slightly negative net result, the Board of Directors will propose to the Annual General Meeting on May 11, 2023, not to distribute a dividend.

### Change in the Board of Directors

Christian Mäder, a member of the Board of Directors of Adval Tech Holding AG since 2017, will not stand for re-election at the Annual General Meeting on May 11. The Board of Directors will propose Christoph Hammer to the shareholders for election as his successor. The 52-year-old business economist is active as an independent consultant and as a member of the boards of Artemis Holding AG, FC St. Gallen 1879, Zentrum für Labormedizin and Vertina Anlagestiftung, and as Chairman of the Board of Directors of Raiffeisenbank St. Gallen. Prior to his independent consulting activities, Hammer was, among other positions, Group CFO and member of the Group Executive Board at SBB AG as well as Head of Global Group Controlling at the Hilti Group.

### Outlook

It is still extremely difficult, to provide economic forecasts. Major uncertainties remain in relation to the availability of supplier parts, especially from the microelectronics sector, and of raw materials. This applies in particular to the automotive industry. Delivery times for new vehicles remain extremely long in some cases. Automobile manufacturers also anticipate scenarios in 2023 in which they will have to curtail production or even shut down production at times. It is also possible that individual vehicle type series will be phased out earlier than originally planned. The momentum in favor of electric drive could lead to design changes for individual brands and types, which could also result in order adjustments for suppliers.

The Group is therefore refraining from providing a concrete outlook for 2023 and has continued to exercise restraint with regard to costs and investments. The focus remains on implementing the acquired projects correctly at the first attempt. In the current year, Adval Tech will continue to do everything in its power to respond flexibly and agilely to changing market developments and customer requirements at short notice and to win new orders that fit well into the portfolio.

Key figures	2022	2021	Change
Total income <sup>1)</sup> (CHF million)	187.430	170.775	+9.8%
Net turnover (CHF million)	178.365	166.591	+7.1%
Operating earnings before depreciation EBITDA <sup>1)</sup> (CHF million)	8.328	17.017	-51.1%
Operating earnings EBIT <sup>1)</sup> (CHF million)	0.596	9.244	-93.6%
Net result (CHF million)	-2.348	5.877	n/a
Cash flow from operations (CHF million)	1.563	17.293	-91.0%
Number of employees on December 31	1,185	1,134	+4.5%
Dividend (CHF)	0.00 <sup>2)</sup>	2.00	n/a

1) Alternative Performance Measure, see Annual Report 2022, page 85

2) Proposed by the Board of Directors

**Background information about the Adval Tech Group**

Adding value through innovation – that's what Adval Tech stands for. 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. As a supplier and value-adding partner, Adval Tech covers the entire value chain from product development to prototyping, to mold and tool development, and through to component production and assembly. Headquartered in Switzerland, the Adval Tech Group operates a total of nine production plants. These are located in Switzerland, Germany, Hungary, China, Malaysia, Mexico and Brazil.

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**Agenda**

May 11, 2023 – General Meeting of Shareholders 2023

End of August 2023, announcement of semi-annual results 2023

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