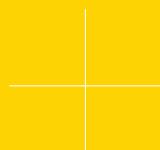
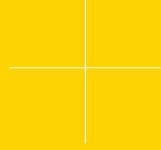
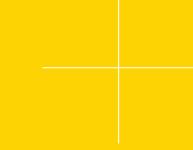


# advaltech

ANNUAL REPORT

2022



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## KEY FIGURES OF THE ADVAL TECH GROUP

	2022	2021	2020	2019	2018
<b>Total income (CHF million)<sup>1)</sup></b>					
Group	187.4	170.8	140.8	178.9	198.2
Change in %	9.8	21.3	-21.3	-9.7	-4.7
Per employee (CHF thousand)	160.5	151.4	124.4	144.3	144.9
<b>Net turnover (CHF millions)</b>					
Group	178.4	166.6	134.9	173.6	191.3
Change in %	7.1	23.5	-22.3	-9.1	-4.5
<b>EBITDA (CHF million)<sup>1)</sup></b>					
Operating earnings before depreciation	8.3	17.0	15.2	18.4	20.7
in % of total income	4.4	10.0	10.8	10.3	10.5
<b>EBIT (CHF million)<sup>1)</sup></b>					
Operating earnings	0.6	9.2	6.7	10.3	12.4
in % of total income	0.3	5.4	4.8	5.8	6.2
<b>Net result (CHF million)</b>					
Net result	-2.3	5.9	4.3	8.7	8.8
in % of total income	-1.3	3.4	3.1	4.9	4.4
<b>Cash flow and capital expenditure (CHF million)</b>					
Cash flow from operations	1.6	17.3	6.1	4.2	13.7
Free cash flow <sup>1)</sup>	-1.5	13.6	3.5	-4.0	12.5
Capital expenditure	-3.0	-3.7	-3.4	-8.1	-10.4
<b>Balance sheet figures (CHF million)</b>					
Total assets	165.6	162.9	162.6	162.3	179.6
Shareholders' equity	121.4	127.5	126.5	126.4	123.5
in % of total assets	73.3	78.3	77.8	77.9	68.8
<b>Employees (full-time equivalents)</b>					
December 31	1,185	1,134	1,105	1,179	1,288
<b>Market capitalization (CHF million)</b>					
December 31	102.2	118.3	124.1	124.1	141.6
<b>Selected key figures per share</b>					
Earnings (CHF)	-3.22	8.05	5.88	11.85	12.02
Dividend (CHF)	0.00 <sup>2)</sup>	2.00	1.35	2.70	4.20
Payout ratio %	0.00	24.8	22.9	22.8	35.0
P/E ratio on December 31	n.a.	20.1	28.9	14.3	16.1

According to Swiss GAAP FER

1) Alternative Performance Measures, see Note 3, page 85

2) Proposed by the Board of Directors

## SHARE STATISTICS AND PRICE TRENDS

	2022	2021
<b>Registered shares</b>	<b>730,000</b>	<b>730,000</b>
EBIT <sup>1)</sup> per share (CHF)	0.82	12.66
Net result per share (CHF)	-3.22	8.05
Shareholders' equity per share (CHF)	166.27	174.65
Dividend per share (CHF)	0.00 <sup>2)</sup>	2.00
Payout ratio %	0.00	24.8
P/E ratio	n.a.	20.1
<b>Market prices (CHF)</b>		
Low (06/14/22, 04/27/21)	124.00	157.00
High (02/10/22, 08/05/21)	175.00	190.00
December 31	140.00	162.00
<b>Market capitalization (CHF million)</b>		
Low (06/14/22, 04/27/21)	90.52	114.61
High (02/10/22, 08/05/21)	127.75	138.70
December 31	102.20	118.26

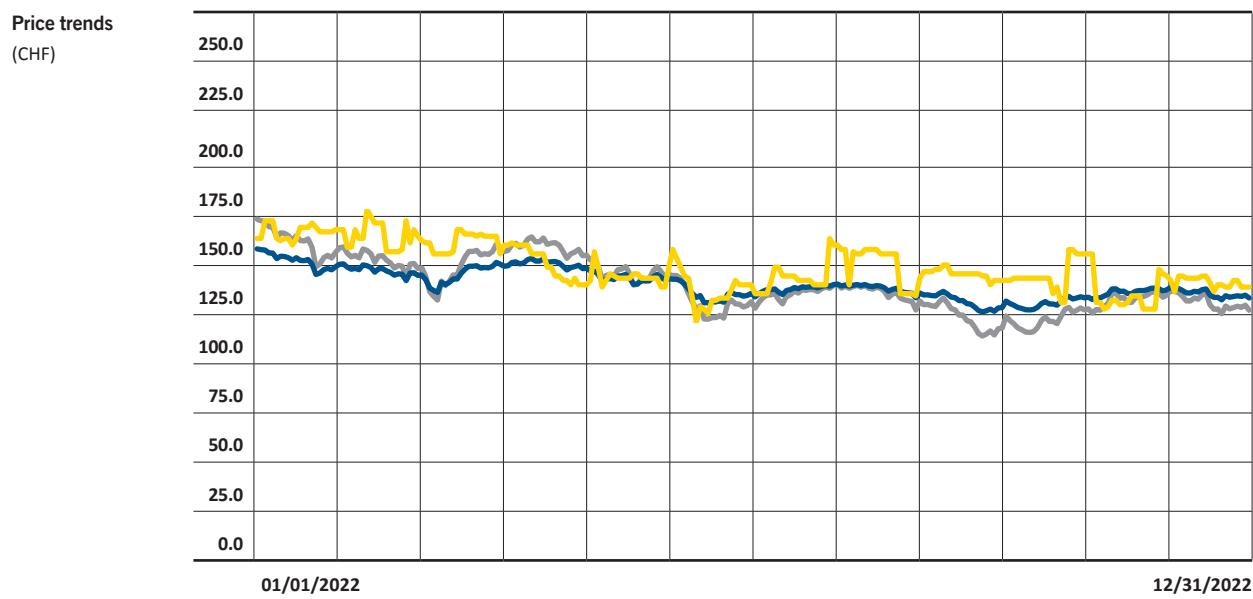
1) Alternative Performance Measures, see Note 3, page 85

2) Proposed by the Board of Directors

### Share statistics

Swiss security no. 896 792

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



- █ Swiss Performance Index
- █ Price of Adval Tech shares
- █ Swiss Machinery Industry Index

## NET TURNOVER BY REGION AND BY PRODUCT

2022

2021

(in CHF million)

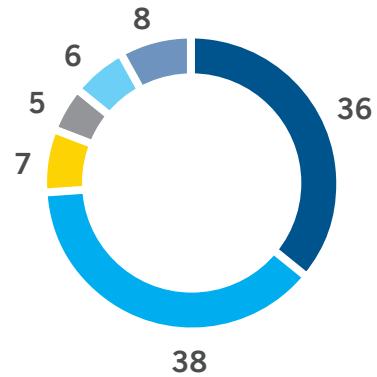
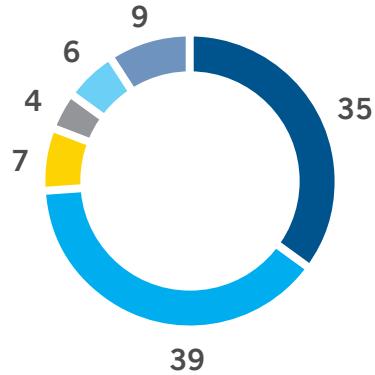
Total

**178.4**

**166.6**

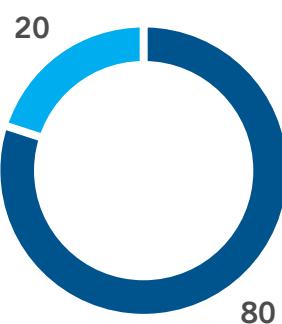
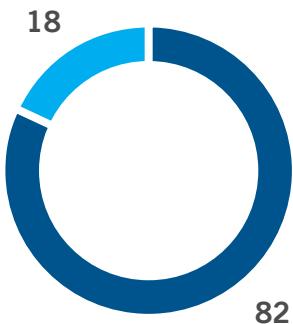
Billed net turnover  
by region  
(in %)

- Germany
- Rest of Europe
- China
- Rest of Asia/Oceania
- North America
- Latin America



Billed net turnover  
by product  
(in %)

- Components
- Tools, high-speed presses  
and other revenue



## EMPLOYEES BY REGION, CONTRACT OF EMPLOYMENT AND AGE

2022

(Number of persons)

**1199**

Total

**408**

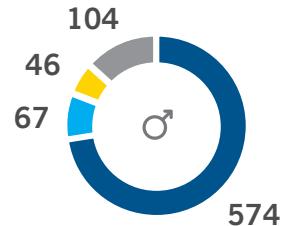
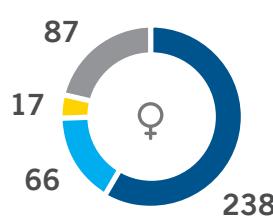
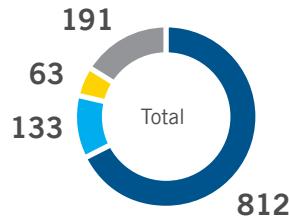
Women

**791**

Men

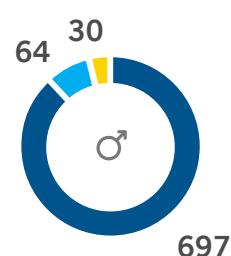
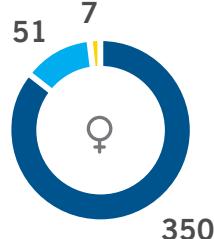
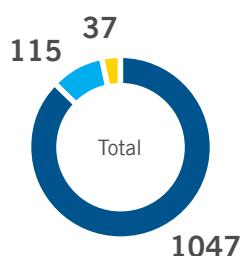
### By region

- Europe
- North America (Mexico)
- South America (Brazil)
- Asia



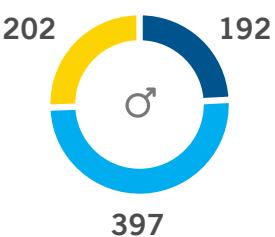
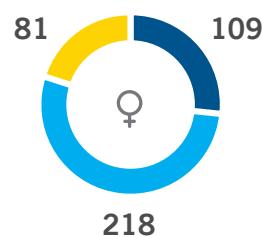
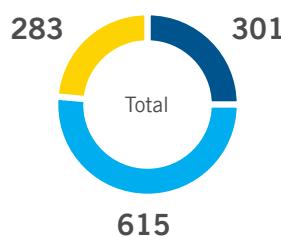
### By contract of employment

- Permanent
- Temporary
- Apprentices



### By age

- < 30 years
- 30 – 50 years
- > 50 years



## DEAR SHAREHOLDERS,

Our world is undergoing a profound transformation with an as yet unforeseeable outcome. Changing geopolitical structures, climate change, the struggle for more sustainable forms of society, and new international standards and regulations are forcing us to rethink. The war in Ukraine and the effects of the ongoing Coronavirus pandemic proved to be additional drivers of global upheaval in the year under review.

As a globally active industrial group, we are directly affected by these developments. Production standstills, rising energy prices and raw material shortages presented us with major challenges in the reporting year. We were only able to pass on a small proportion of the cost increases to our customers, which had a negative impact on our margins. In this difficult environment we succeeded in increasing total income<sup>1)</sup> and net sales, although the EBIT margin decreased from 5.4% in 2021 to 0.3%.

We have stayed true to our long-term goals despite the headwinds. We will continue to actively shape the transformation process in the automotive industry, with future-proof solutions and business models. And out of a deep conviction that we can offer added value with our in-depth expertise for positive and sustainable development in the economy and society.

In the year under review, the trend towards electromobility, alternative drive systems, and CO<sub>2</sub>-neutral production gained additional momentum. The markets are constantly shifting their focus toward sustainability, safety, and connectivity. However, in other markets in which we operate – outside the automotive industry – resource-conserving and climate-friendly production was also a dominant theme and innovation driver. In the past year, we again succeeded in winning over customers with appropriate solutions and acquiring new orders.

With our focus strategy, we remain well positioned to discover and exploit new market opportunities, even in times of change. Thanks to flexible structures and short response times, we are a trustworthy and reliable partner for our customers even against a difficult backdrop. The driving force behind our success is our employees. Last year, our teams at the various sites once again proved what they are made of: a tireless drive for innovation, comprehensive expertise, pleasure in working together, and enthusiasm for technological excellence.

Shaping economic and social change creatively – that is also what we want to do with our reinforced sustainability strategy, which is anchored in corporate management. For years, Adval Tech has attached great importance to environmental compatibility and responsible corporate governance. We now intend to pursue this path, which we embarked on years ago, even more resolutely and consistently. In the field of energy, this year we systematically compiled and analyzed data across all locations for the first time. We also created the conceptual and organizational basis for planning, implementing, and measuring our sustainability efforts even more effectively. This Annual Report contains a separate chapter on "Sustainability at Adval Tech" for the first time. In the following year we will implement integrated non-financial reporting in accordance with the new national and European regulations.

There were also some changes in Group Executive Management at the end of the year under review. As already announced a year ago, Valeria Poretti-Rezzonico, Head Corporate HR/Communication, took early retirement at the end of November 2022. We would like to take this opportunity to thank her for her tireless

1) Alternative Performance Measures, see Note 3, page 85



**RENÉ ROTHEN**

CHAIRMAN AND CEO

efforts on behalf of our Group. Focus, passion and discipline – Valeria Poretti-Rezzonico has helped to develop Adval Tech's values over many years and put them into practice in person. Her duties as a member of Group Executive Management and in the area of communications were assumed by the two remaining members of Group Executive Management, René Rothen (Chairman and CEO) and Markus Reber (CFO). Adval Tech has been able to recruit Cordula Hofmann, a 53-year-old Swiss national, for the Group's Human Resources Management.

Adval Tech is optimistic about the future. We will continue to sharpen our focus strategy, define market opportunities with foresight, and exploit them in a targeted manner. Together with our customers, we want to continue to seek solutions in 2023 that contribute to overcoming the challenges ahead. Creating added value – not only for the world of today, but also for future generations. That is what Adval Tech stands for.

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

Our sincere thanks also go to you, our valued shareholders. With your loyalty and trust, you are laying the foundation for the successful future of the Adval Tech Group.

Niederwangen, April 2023

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

## GROUP EXECUTIVE MANAGEMENT



FROM LEFT TO RIGHT:

**MARKUS REBER**  
CHIEF FINANCIAL OFFICER

**RENÉ ROTHEN**  
CHIEF EXECUTIVE OFFICER

# MANAGEMENT REPORT

## BUSINESS PERFORMANCE OF THE GROUP

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 in a position to discover and exploit new market opportunities. The year under review was largely characterized by massive disruptions in global supply and logistics chains. The outbreak of war in Ukraine at the end of February significantly exacerbated the already difficult situation. The shortage of raw materials and certain electronic components as well as the associated lack of availability had a massive impact on production volumes and the supply of goods in the automotive industry, particularly in Europe. Securing raw materials also entailed major efforts on the part of Adval Tech. Unforeseeable production interruptions on the customer side demanded extreme flexibility and agility. They also meant that Adval Tech was required to deliver fewer components than originally planned. In Germany, and to some extent also in Switzerland, Adval Tech had to selectively introduce short-time working despite a good order situation. Marked increases in material and transport costs also lowered profitability. The significant increase in energy costs in Switzerland, Germany, and Hungary also had a significant negative impact.

Even under these circumstances, the Adval Tech Group increased total income<sup>1)</sup> from CHF 170.8 million in the previous year to CHF 187.4 million in 2022 (+9.8%). The interruptions to production and the massive cost increases had a negative impact on profitability. Adval Tech was only able to transfer a very small part of the additional costs to customers. The Group achieved EBITDA<sup>1)</sup> of CHF 8.3 million (2021: CHF 17.0 million, -51.1%), EBIT<sup>1)</sup> of CHF 0.6 million (2021: CHF 9.2 million, -93.6%) and a net result of CHF -2.3 million (2021: CHF +5.9 million). The EBIT margin decreased from 5.4% in 2021 to 0.3%.

Adjusted for currency effects, total income<sup>1)</sup> in 2022 amounted to CHF 193.6 million, EBITDA<sup>1)</sup> to CHF 7.6 million and EBIT<sup>1)</sup> to CHF -0.3 million.

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.

### Market development

The megatrends in the automotive industry continued to gain momentum in the reporting year: electromobility, connected and autonomous driving, shared mobility, digitalization, and lightweight construction. In addition, the development of environmentally friendly synthetic fuels for the internal combustion 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. For example, Adval Tech is producing more and more components and subassemblies for electric vehicles.

<sup>1)</sup> Alternative Performance Measures, see Note 3, page 85

In the **metal sector**, Adval Tech was particularly challenged by bottlenecks in global supply chains in fiscal 2022. Among other things, the Group produces brake fenders in Germany for a premium manufacturer under a new ten-year contract. Adval Tech also manufactures structural components in Hungary and Brazil under a long-term agreement, and components for high-pressure gasoline pumps in Switzerland. Adval Tech successfully completed the restructuring of the Brazilian site in the year under review. Despite the difficult market conditions, Adval Tech succeeded in winning new project orders for electric vehicles and expanding the volume of existing orders in this sector.

In the **plastics sector**, the Adval Tech Group expanded its plant in Querétaro, Mexico, from around 3,300 square meters in the previous year to around 6,600 square meters. At the enlarged plant, Adval Tech (Mexico) S.A. de C.V., which was established in 2015 and is now operating at high capacity, manufactures, for example, air flow systems, and components for vehicle interiors. The customers supplied by Adval Tech (Mexico) include manufacturers of premium car brands such as Audi and VW and various well-known first-tier suppliers. Adval Tech (Hungary) Kft. in Szekszárd, Hungary, also had a fairly good workload in 2022, but also had to contend with the effects of the global supply problems and with production interruptions. Adval Tech (Suzhou) Co. Ltd in China produced mainly for the Chinese market in 2022 and was severely affected by the local lockdowns due to the Coronavirus pandemic.

In the market for **high-speed presses**, the general uncertainty regarding global economic development was felt particularly strongly. The generally unfavorable investment climate and the strong Swiss franc put noticeable pressure on demand here. The contribution from this market segment to the Adval Tech Group's EBIT<sup>1)</sup> was correspondingly smaller. However, interest in Adval Tech's products in this sector remains high. Various offers are ready for decisions by customers. In addition, Adval Tech overhauled various existing systems in the year under review and upgraded them to the latest control technology.

In the field of **related applications**, Adval Tech successfully implemented the new orders acquired in 2021 for the Malaysian site in the year under review, and acquired a number of further orders. At the Grenchen site in Switzerland, Adval Tech is producing ever larger volumes of coffee capsules, which have a significantly lower strip thickness than conventional products and thus require much less material. They are also 100 percent recyclable.

### **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 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 development and branding

In its main sales market, the automotive industry, Adval Tech maintains direct personal customer contact with premium manufacturers and with various other tier-one suppliers. It participates in the most important international trade shows and cultivates the Adval Tech brand by using a wide variety of communication tools. At the end of 2022, the Group launched a new website that makes it easier for all stakeholders to directly access the latest information relevant to them.

## DEVELOPMENT OF KEY FIGURES

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

The Adval Tech Group's total income<sup>1)</sup> 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
- Net turnover from the sale of high-speed presses incl. tools and automation
- Other revenues (such as proceeds from sale of scrap)

Considering 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, tools and high-speed presses rose from CHF 166.6 million (2021) to CHF 178.4 million (+7.1%) in 2022. The increase comes 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

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%).

### Net result

The Adval Tech Group's net result amounted to CHF -2.3 million in 2022 (2021: CHF +5.9 million).

<sup>1)</sup> Alternative Performance Measures, see Note 3, page 85

## **Investments and current assets**

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 current assets<sup>1)</sup> changed from 28.7% at the end of December 2021 to 26.4% at the end of December 2022.

## **Liquidity**

The net financial position<sup>1)</sup> amounted to CHF 28.2 million as of December 31, 2022 (end of 2021: CHF 31.1 million).

## **Equity ratio**

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.

## **Share price development**

Key share data and share price development are presented on page 5 of this Annual Report.

## **Dividend payment**

Due to the slightly negative net result, the Board of Directors will not propose a dividend payment at the Annual General Meeting on May 11, 2023.

## **CUSTOMER SATISFACTION**

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

## **SUSTAINABILITY**

The major automotive manufacturers are increasingly aligning their business activities with the principles of sustainability and combining targets for economic performance with environmental responsibility and social justice. They expect the same commitment from their suppliers.

Economic, ecological, and social sustainability has always been high on Adval Tech's list of priorities. This year, for the first time, the Adval Tech Group is publishing a separate section on sustainability in its Annual Report with Group-wide data on its energy consumption (pages 30 to 37). In the next step, further sustain-

<sup>1)</sup> Alternative Performance Measures, see Note 3, page 85

The major automotive manufacturers are increasingly aligning their business activities with the principles of sustainability and combining targets for economic performance with environmental responsibility and social justice.

ability fields of action will be taken into account, and in 2024 Adval Tech will present its comprehensive, integrated sustainability reporting for the first time, for the 2023 financial year.

All the Group's plants are certified to the international environmental management standard ISO 14001. At Adval Tech, the plant in Endingen (Germany) is assuming a pioneering role on the road to climate-neutral production. Adval Tech Endingen aims to achieve climate-neutral production by 2026 – at least as far as its own emissions are concerned. Since January 2022, the plant has already been sourcing green electricity exclusively from renewable sources. Current energy consumption is continuously recorded and analyzed in all areas so that appropriate optimization measures can be taken. The next planned step is to introduce heat coupling systems, which will enable waste heat from production plants to be used specifically for heating buildings in the future.

Adval Tech is also focusing increasingly on ecological issues in its market performance and sees great opportunities for opening up new fields of application. For example, Adval Tech Grenchen is developing a process for the industrial manufacture of coffee capsules for a major Swiss retail company. The new capsules are 100 percent recyclable because they are made exclusively of aluminum. Consumers will continue to look for recyclable products in the future.

## **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, use these commitments to foster a positive corporate image. To achieve these goals, Adval Tech has defined a human resources philosophy represented by the slogan "Together to the top."

The corporate philosophy states that staff are expected to engage in continuous development, and Adval Tech invests proactively in training and education to this end. The Group also encourages employees to work abroad. Through intensive exchanges among its locations in different parts of the world, employees acquire technical expertise, improved language skills, and intercultural proficiency. Adval Tech cultivates a relaxed team culture, not only within the corporate Group, but also in project teams together with global customers. It also fosters the next generation, helping young talents develop into seasoned professionals.

Adval Tech usually measures employee satisfaction every two years. The last survey was conducted in September 2021.

All employees were invited to rate Adval Tech as an employer in a total of seven languages. The response rate to the questionnaires was 78%. The vast majority of employees identify very strongly with the Group's goals and values. Even in the two difficult Coronavirus years of 2020 and 2021, employees felt comfortable at work and were motivated and willing to deliver exceptional performance.

Following a detailed evaluation of the survey, the individual companies developed their own implementation and action plans in order to exploit the potential for improvement identified.

In 2021, the Adval Tech Group also revised and supplemented its Code of Conduct. This code defines rules of conduct for employees among themselves, but also towards customers and business partners. The provisions are derived from internationally recognized standards, and are consistent with all relevant customer specifications. In the year under review, Adval Tech adopted and enforced an additional Code of Conduct for Adval Tech's suppliers.

The number of employees (full-time equivalents) increased in 2022 from a total of 1,134 (end of 2021) to 1,185 (end of 2022). The average number of employees in 2022 was 1,168 (previous year 1,128). On the following page, you will find a breakdown of employees (number of persons) by region, employment contract, age, and gender.

**Employees (number of persons at the end of 2022)**

	Total	Male	Female
<b>By region</b>			
Europe	812	574	238
North America (Mexico)	133	67	66
South America (Brazil)	63	46	17
Asia	191	104	87
<b>By contract of employment</b>			
Permanent	1,047	697	350
Temporary	115	64	51
Apprentices	37	30	7
<b>By age</b>			
< 30 years	301	192	109
30 - 50 years	615	397	218
> 50 years	283	202	81
Fluctuation rate <sup>1)</sup> (average for current year)	3.36%		
<b>Total Employees</b>	<b>1,199</b>	<b>791</b>	<b>408</b>

1) Departures in relation to the number of employees (permanent contracts only, excluding apprentices) during the year on average. Not included are departures due to early retirement, deaths, economic departures and other non-eligible departures.

## RISK MANAGEMENT

With its comprehensive risk management system, Adval Tech ensures that the risks to which the Group is exposed are identified and correctly addressed. Risk management also serves to ensure the efficient use of appropriate monitoring and control 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 being taken to address and minimize the risks. The task of ongoing monitoring of the risk inventory is assigned to the Risk Management Officer (the CFO), who discusses the issues internally with Group Executive Management.

More detailed information on financial risk management can be found on page 84 of this Annual Report.

## 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 systems could lead to design changes for individual brands and types, which could also result in order adjustments for suppliers. All this continues to mean planning uncertainty and the threat of production interruptions for the Adval Tech Group in many cases.

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 the first time. In the current year, Adval Tech will continue to do everything in its power to ensure that its motivated employees are able 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.



REPORTAGE

# 4 continents. 9 sites. 1 team.

Smarter, faster, better – Adval Tech owes its unique position in the relevant key markets to the excellent performance at all of its nine sites located in Europe, Asia, and the US. Across geographical borders, we strive together for technical excellence. For long-lasting relationships with our demanding customers. And for sustainable behavior in all our fields of operation.

**For example in Brazil and Malaysia: Learn more about two Adval Tech sites that are not usually the focus of reporting.**





ADVAL TECH DO BRASIL INDÚSTRIA DE AUTOPEÇAS LTDA.

# Technically at the top, spontaneous and full of passion

Adval Tech Brazil is taking full account of the changes in the automotive industry. With promising perspectives.

Adval Tech do Brasil is located in the strategically ideally situated city of São José dos Pinhais, which is easily accessible for nearby assembly plants and systems suppliers in the automotive industry. The company manufactures high-precision, high-quality stampings for complex automotive components made of stainless steel, copper, brass, and aluminum in an area of over 3,000 square meters. Adval Tech do Brasil has great expertise in the relevant technologies – from riveting and welding to threading parts.

The past few years have been very challenging for Adval Tech do Brasil. In an extremely unstable geopolitical situation, the site was particularly hard hit by the consequences of the Coronavirus pandemic. This was further compounded in 2020 by the surprising decision by an important customer to withdraw from the Brazilian market.

With great effort and a clear focus on increasing efficiency in all aspects of its operations, the site successfully adapted to the new situation. Adval Tech do Brasil reduced its production area, downsized its teams and revised its internal processes. "In these difficult months for all of us, we benefited greatly from our organizational culture of openness, spontaneity and the ability to adapt to surprising changes in a very short time," says General Manager Faria da Silva

Swami. "By facing the challenges with creativity and energy, we have found a way to use the major upheavals in the automotive industry in our favor." The effort has paid off: The company is currently strengthening existing customer relationships, and the prospects for new potential projects are also excellent.



Adval Tech's product range also includes parts that are independent of drive technology such as these components for car seats.



The Adval Tech site in São José dos Pinhais is strategically ideally located in the heart of the Brazilian automotive industry.



#### ACTIVITIES

Stamping of highly complex automotive parts (stainless steel, copper, brass, aluminum), assembly, riveting, welding, automatic crimping processes for screws, nuts, and bushings, threading of parts in automatic and manual processes

#### MARKETS

Automotive

#### CUSTOMERS

OEMs, first tier

#### EQUIPMENT

7 CND presses—progressive and transfer (from 80 to 500 tons), 2 spot/projection welding, 3 hydropneumatic presses (8 tons), ABB robotic MIG/CTM welding cell, 4 pneumatic and rotary riveting machines. All with automatic sheet feeding and lubrication system

#### PRODUCTION AREA

3,900 m<sup>2</sup>

#### NUMBER OF EMPLOYEES

63

"Facing up to the challenges of the future does not mean giving up fundamental Brazilian traits such as courtesy, collective spirit and spontaneity. We achieve our goals by combining these strengths with Adval Tech's values of passion, focus and discipline."

**Faria da Silva Swami**  
General Manager, Adval Tech do Brasil



ADVAL TECH (MALAYSIA) SDN. BHD.

# Highly specialized, flexible and fast

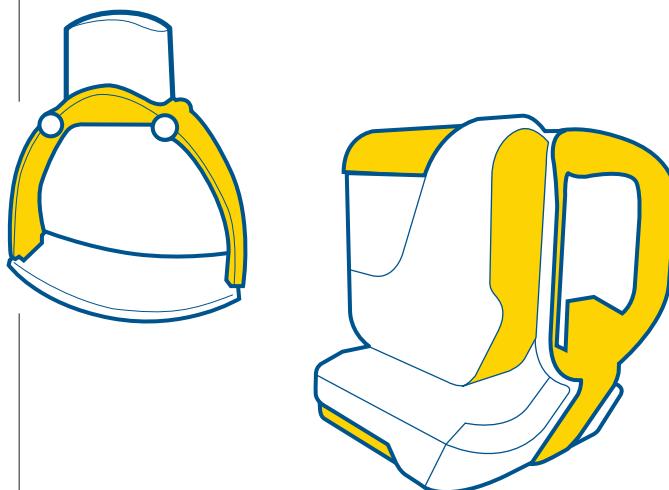
In Malaysia, the Adval Tech Group is using the experience it has developed for the automotive industry for related applications in other markets. And doing it with great success.

In Malaysia, Adval Tech focuses on selected market niches in the industrial, life science, medical and healthcare sectors. A highly specialized team of more than 100 employees develops and produces complex plastic components for applications in mainly small series.

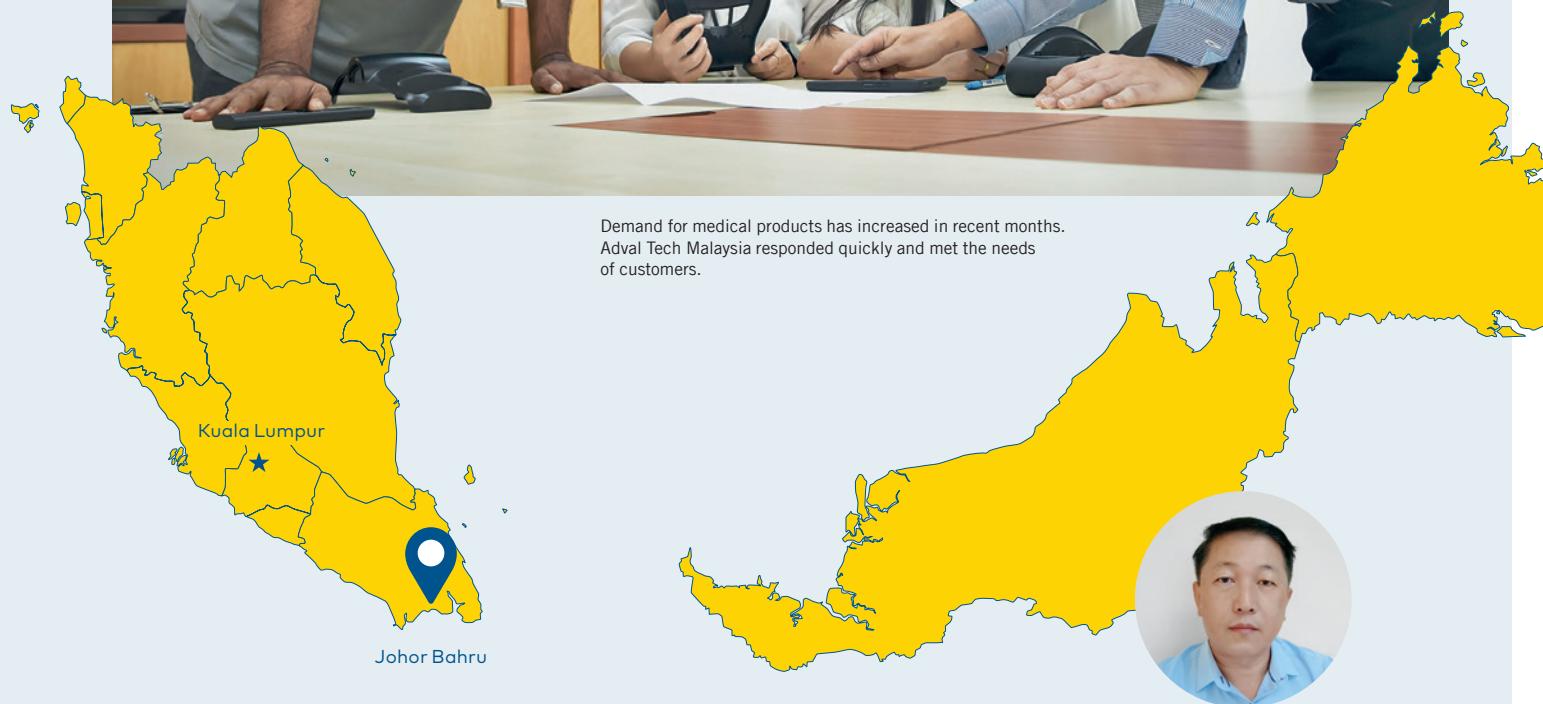
The majority of customers served by Adval Tech Malaysia are American companies with Malaysian production sites. Adval Tech finds individual solutions on a local basis for what are usually very specific customer requirements. "As part of an international Group, we are strong enough to find excellent solutions for our customers. At the same time, we are small enough to react quickly and flexibly," says General Manager Gan Teong Hua.

Adval Tech Malaysia can look back on two dynamic years. The site took advantage of the opportunity presented by the increased demand for medical applications during the Coronavirus pandemic. A thoracic compression system is also creating good prospects. "In the last two years, our sales in this area have increased massively," says Teong Hua. "Our pursuit of customer-friendly solutions and excellence in all areas of our operations is paying off". In the future, the site

intends to focus even more on highly complex applications. "We want to use our know-how to acquire new customers," predicts Teong Hua. The prospects are excellent: "There is a lot of interest in our solutions and we are currently receiving many promising inquiries," says Teong Hua.



Among other things, Adval Tech Malaysia produces highly complex components for the automation of chest compression systems (left), and has developed parts of optical coherence tomography (OCT) devices (right).



#### ACTIVITIES

Injection molding, subsequent processes, assembly

#### MARKETS

Industrial, automotive, life science, medical and healthcare sectors

#### EQUIPMENT

37 injection molding machines  
(from 50 tons to 850 tons)

#### PRODUCTION AREA

2,831 m<sup>2</sup>

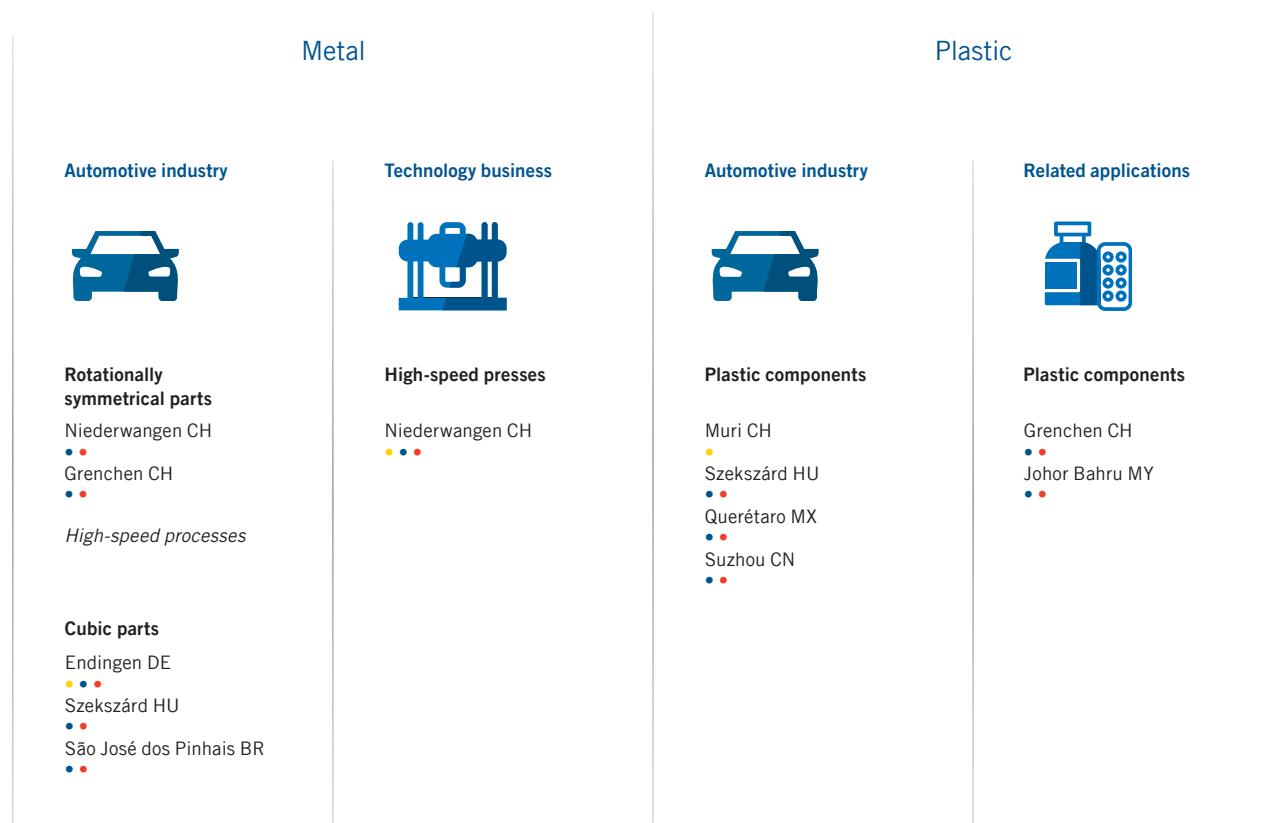
#### NUMBER OF EMPLOYEES

127

"In Malaysia, Adval Tech also applies and further develops the expertise of its engineers in selected markets outside the automotive industry. The related exchange and creative thinking beyond individual industries is an important source of our Group's technology leadership."

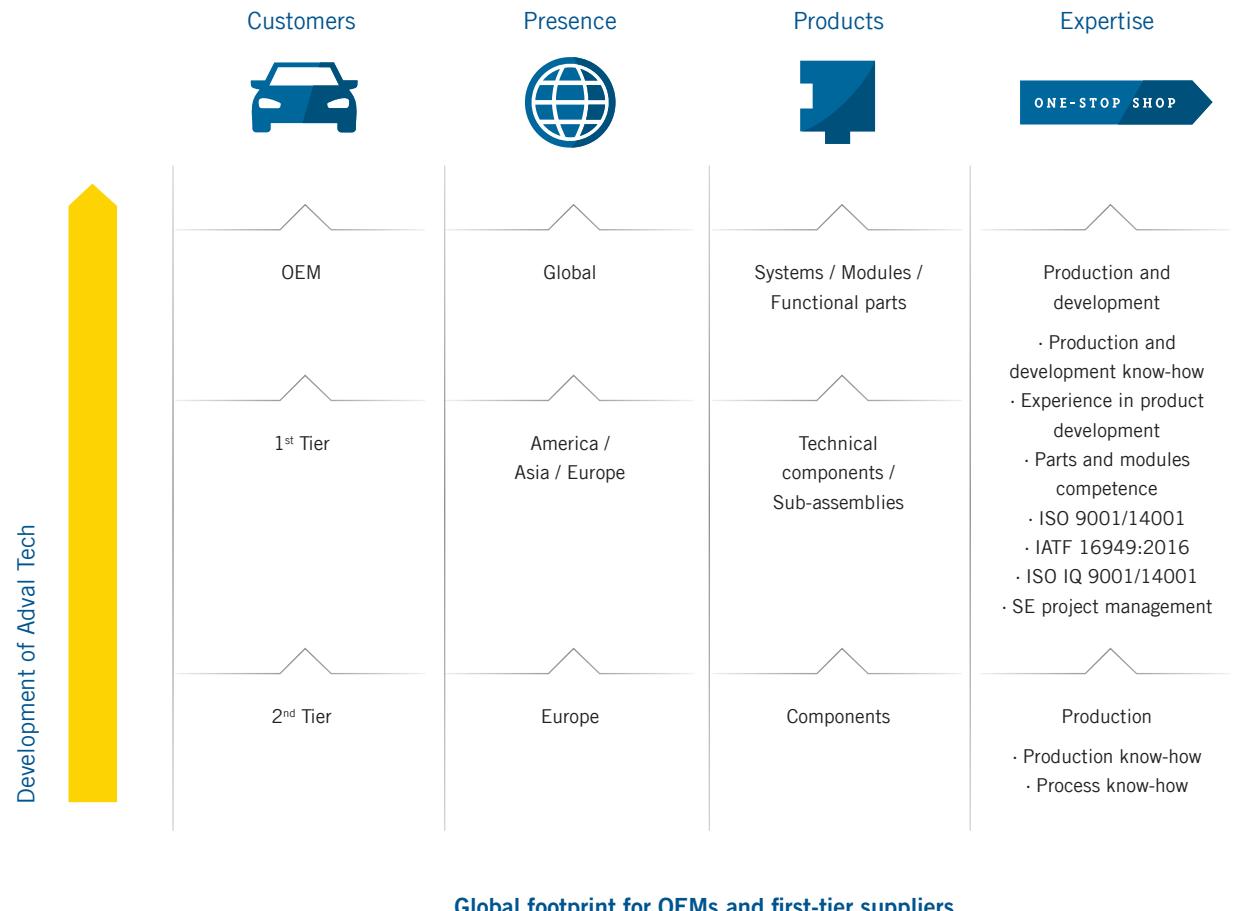
**Gan Teong Hua**  
General Manager Adval Tech Malaysia

# MARKET, DEVELOPMENT, PROCESS AND PRODUCTION STRATEGY



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

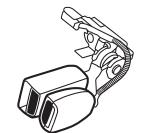
# STRATEGY IN AUTOMOTIVE BUSINESS



# COMPONENTS FOR THE AUTOMOTIVE INDUSTRY

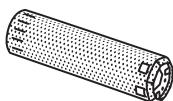
## Interior/Exterior/Decor

### Safety



Seat belt mounts

- Safety belt buckle
- Brake cover
- Backing plate
- Heat cover
- ABS components
- Knee air bag cover
- Combuster
- Gas generator
- Seat belt retention system
- Seat belt mounts
- Brake cover seat adjustment
- Brake fender
- Crash absorber



Combuster



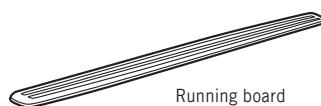
ABS Components



Brake disk cover



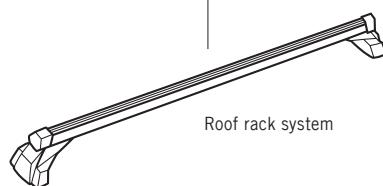
Trim



Running board



Door sill plate



Roof rack system

### Power train



Fuel filter



Fuel injection pump

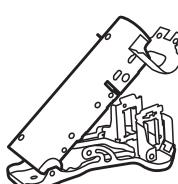
- Fuel filter
- Gear parts
- Magnet actuator
- Pole housing
- Fuel injection pump
- Membrane
- Common rail
- Gasoline high pressure pump
- Valve sleeve



Common rail



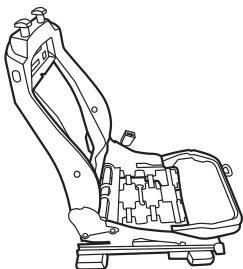
### Steering



Steering system

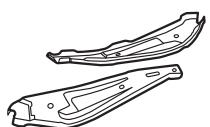
- Column jacket
- Steering wheel cover
- Yoke
- Clamping system
- Crash system
- Bracket

## Structure

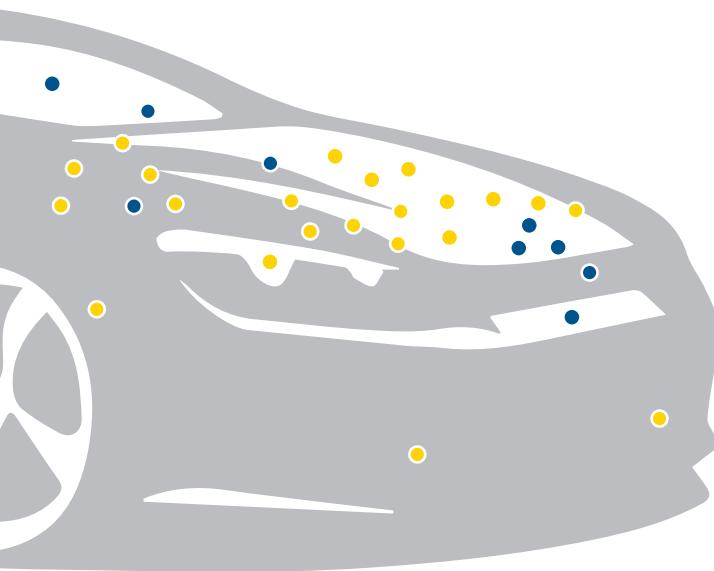


Seat structural parts

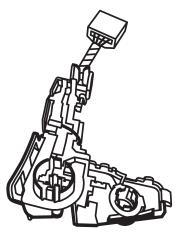
- Seat adjustment
- Door hinge
- Car body parts
- Cross members
- Seat structural parts
- Rear wiper
- Brackets
- Brackets for belt



Seat adjustment

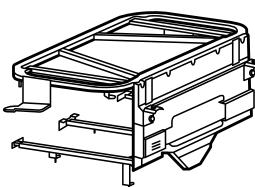


- Metal component
- Plastic component
- Composite



Rear light

## E-Mobility/ Autonomous driving



Battery carrier

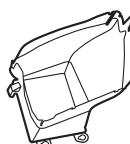


Lenseholder

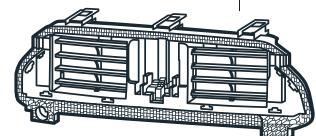


Oil guidance

## Car front



Air flow system

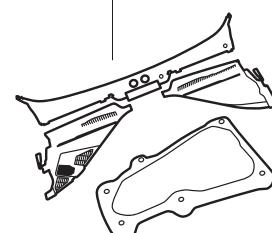


Radiator shutter

## Lighting



Lighting system



Air/water separation

# 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 machines. 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 systems and safety belt 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.

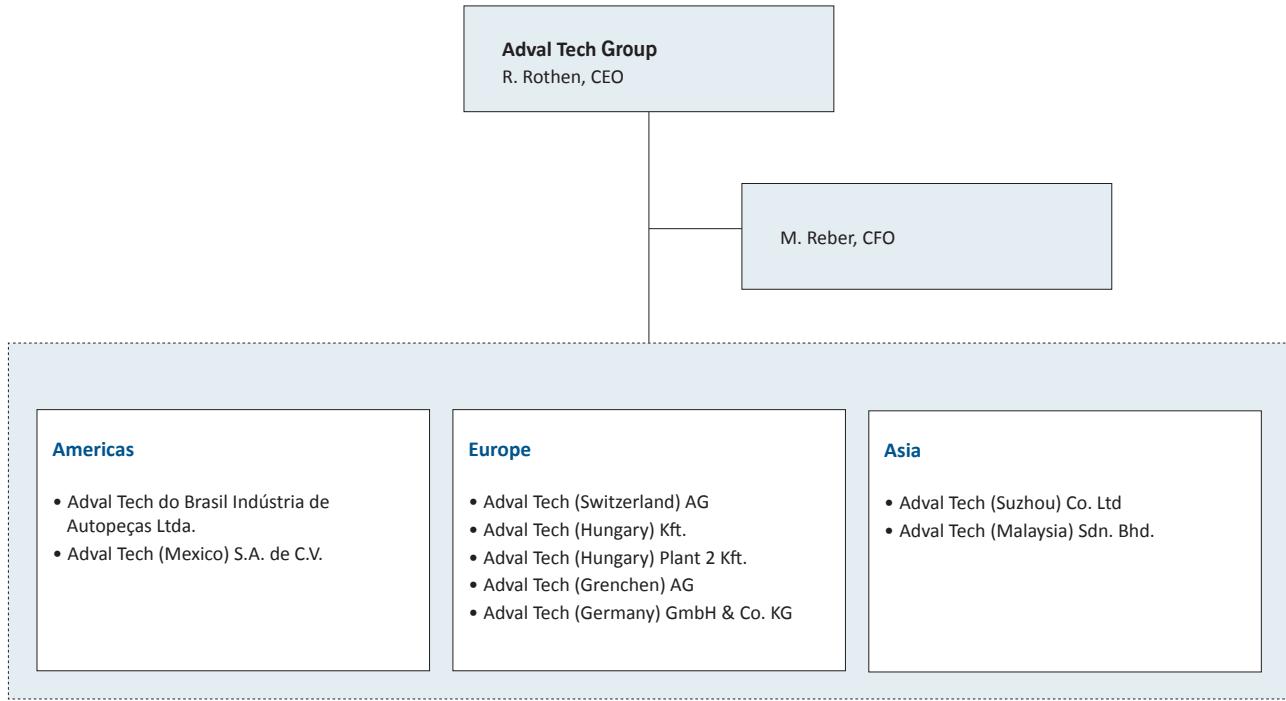
## Values

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, 2023

## EXECUTIVE BODIES

### Board of Directors

René Rothen, Chairman

Hans Dreier

Christian Mäder

Jürg Schori

Nomination and Compensation Committee: Christian Mäder and Jürg Schori

Honorary Chairman: Dr. h.c. Willy Michel

### Group Executive Management

René Rothen, Chief Executive Officer

Markus Reber, Chief Financial Officer

### Statutory Auditors

Deloitte AG, Zurich

## SUSTAINABILITY

**Out of deep conviction, Adval Tech is committed to sustainable corporate management. Adding value – creating added value through innovation – is what we stand for, including in the areas of the environment, people and society. We take our responsibility as a globally active Group seriously. We want to create additional value for our customers, employees, partners, and investors.**

Climate change and the environment, conscientious corporate governance, and the well-being of our employees – these aspects of sustainability are becoming increasingly important to our stakeholders. Society and the economy are undergoing radical change. The Adval Tech Group is directly affected in many ways by the global transformation towards a sustainable and climate-neutral world. Driven by stricter emissions regulations and new customer requirements, our main market segment, the automotive industry, is moving towards zero-emission vehicles and CO<sub>2</sub>-neutral production. We are also seeing the same change in direction in other business areas. Around the world, our customers are investing in sustainable solutions – as a supplier, we are supporting them in this process.

In addition to environmental protection, issues such as social justice and diversity are gaining in importance. Other factors include transparency in supply chains, global compliance with human rights, conducting business with integrity, and an effective system for preventing violations of the law.



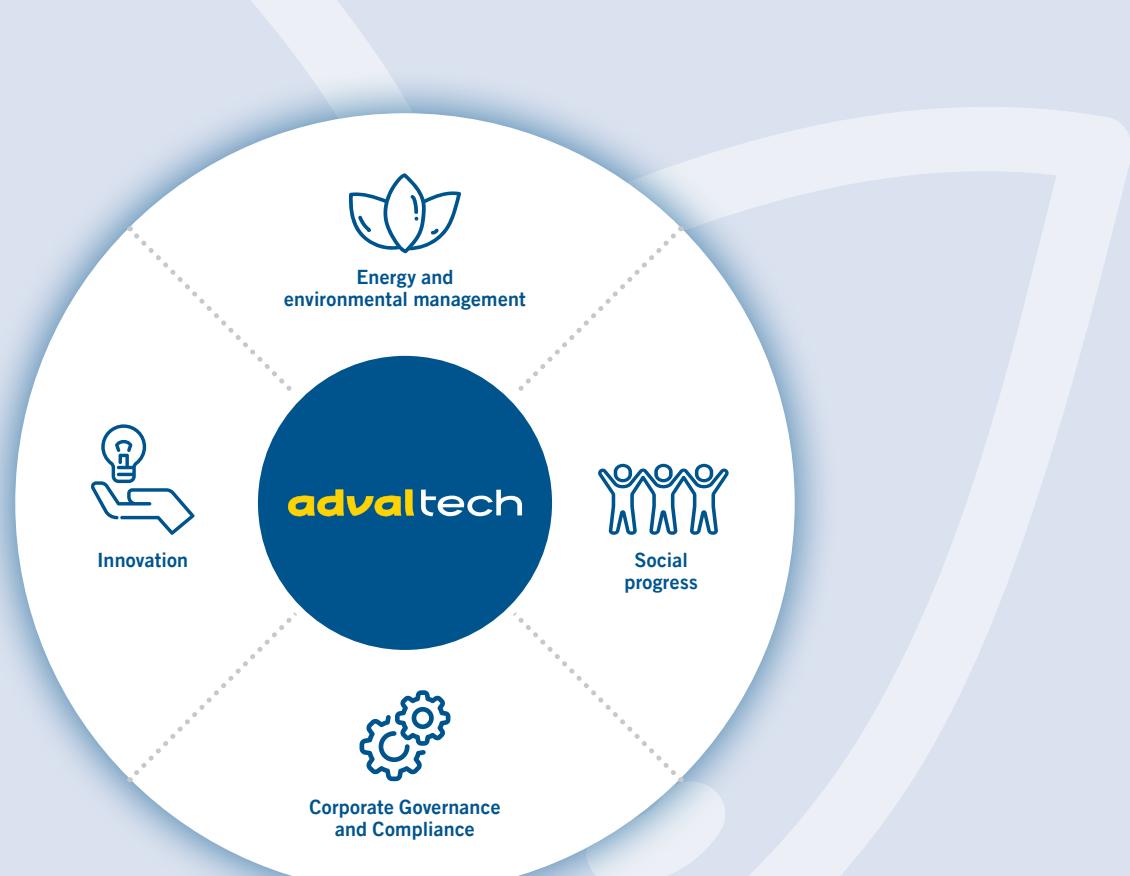
Sustainability issues have already been included in our Code of Conduct in previous years and are an integral part of our annual financial reporting. To enable us to plan and shape the impact of our business activities even more actively, and to take account of the changing demands regarding sustainability and responsible corporate governance, we decided in 2021 to anchor these aspects in our corporate strategy. In the reporting year, we developed the corresponding foundations and also systematically collected environmental data for the first time.

## 1. STRATEGIC THRUST AND FIELDS OF ACTIVITY

In the context of our sustainability strategy, Adval Tech is focusing on the following fields of activity:

- Energy and environmental management
- Social progress
- Corporate governance and Compliance
- Innovation

We aim to set specific targets and continuously measure our progress in these four fields. In implementing our sustainability strategy, we are committed to the Sustainable Development Goals (SDGs) that all UN member states are expected to achieve by 2030. We were also guided by the standards of the Global Reporting Initiative GRI. Based on the GRI system, we have defined relevant topics for us on which we intend to report in the future.



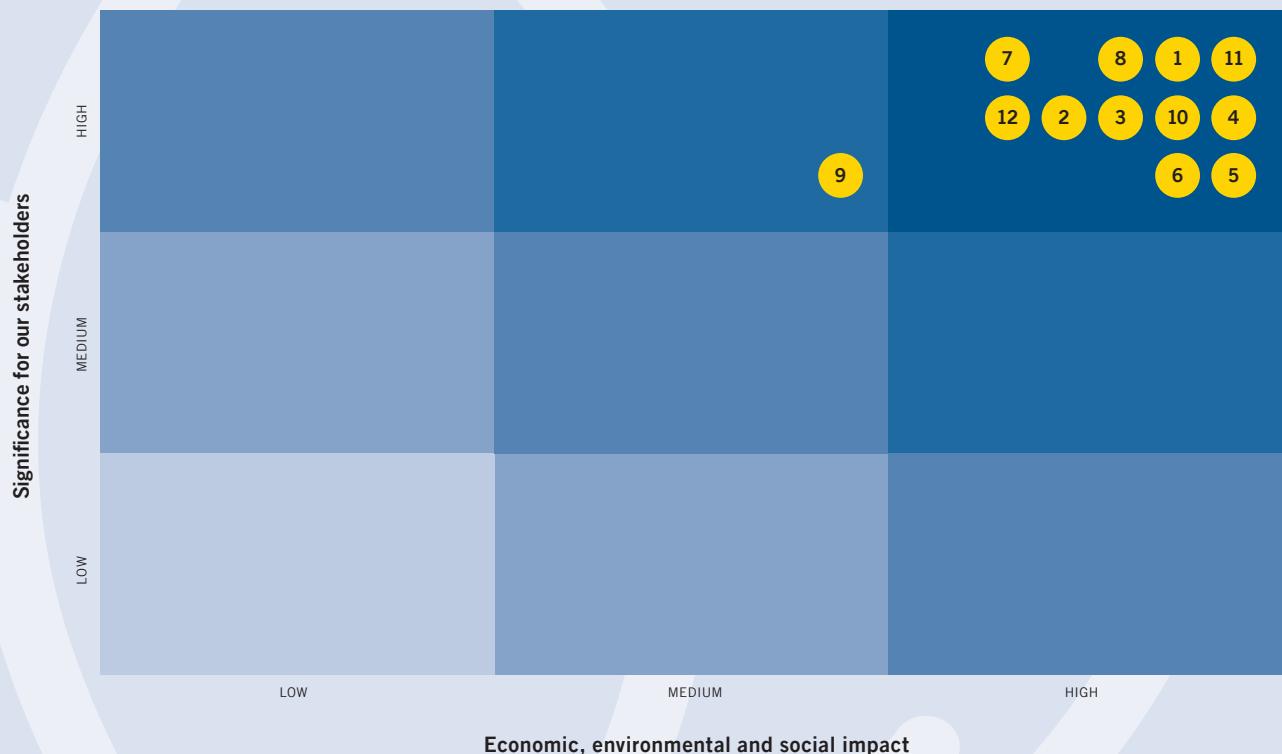
## **Materiality Analysis**

In 2022, we identified the sustainability issues of particular relevance to us and our stakeholders. Among others, we took into account aspects such as the existing and planned regulations and legislative proposals, the current competitive situation, the capital market ranking, and media reporting. Another key element of the evaluation was our long-standing contacts with our stakeholders (see pages 33 to 35).

We want to pay particular attention to the following twelve sustainability topics in our sustainability strategy:

- |                        |   |
|------------------------|---|
| 1 Economic Performance | 7 Supplier Environmental Assessment                 |
| 2 Anti-corruption      | 8 Occupational Health and Safety                    |
| 3 Materials            | 9 Training and Education                            |
| 4 Energy               | 10 Non-discrimination                               |
| 5 Emissions            | 11 Freedom of association and collective bargaining |
| 6 Waste                | 12 Supplier Social Assessment                       |

## **MATERIALITY ANALYSIS**



### Concept for reporting

We see our sustainability strategy as an ongoing process, and we intend to expand our reporting in this area step by step. In the spirit of a learning organization, we are focusing on the "Energy and environmental management" field of activity in this year's report. To this end, we systematically collected and analyzed data on energy consumption for the first time in 2022. We took into account direct greenhouse gas emissions and indirect energy-related greenhouse gas emissions. We adopted the corresponding templates from the GRI standards GRI 302 and GRI 305 (Scope 1 + 2).

We will publish our comprehensive non-financial integrated report for the first time in 2024 together with the 2023 Annual Report.

## 2. OUR STAKEHOLDERS

In order to identify challenges in good time and address them jointly, the Adval Tech Group maintains an ongoing dialog with its internal and external stakeholders. In our reporting we focus on the following groups of people and organizations:

### Customers

We develop and produce customized, sustainable and innovative products, solutions and services for customers from a single source. Our customer relationships are based on a long-term relationship of trust.

*Core concerns:* Our customers expect us to provide services along the entire value chain, as well as geographical proximity. They want innovative solutions for individual challenges with a good price/performance ratio. They expect us to abide by agreements on schedule at all times. They also expect us to respond to global challenges such as the transformation of the automotive industry, digitalization, and the move toward a climate-neutral society. The automotive industry in particular is increasingly committed to sustainable solutions and demands the same from its suppliers.

### Participation measures

- Personal and virtual discussions
- Involvement in the product development process
- Guided tours and discussions on the occasion of certification procedures
- Industry trade fairs
- Media relations
- Public relations
- Internet presence

## **Investors and financial community**

We communicate regularly with our shareholders and other investors, and provide transparent information about our business activities, strategy, performance and governance.

*Core concerns:* Our investors expect the sustainable positive development of our business performance and a corresponding return on investment. They demand forward-looking risk management and good compliance and governance. Investors want transparent reporting on our activities, (sustainability) performance and targets.

### **Participation measures**

- Annual and Semi-Annual Reports
- Annual General Meeting
- Ad hoc publicity
- Media relations
- Internet presence

## **Employees**

Our employees form the core of our Group. At all its locations, Adval Tech attaches great importance to a pleasant working atmosphere and a culture of open discussion.

*Core concerns:* Our employees expect performance-related remuneration, good social benefits, and a modern working culture based on appreciation. Important concerns for them include workplace health and safety, equal opportunities and the chance to contribute and to develop their own ideas and skills. They want flexible working models and opportunities for further training.

### **Participation measures**

- Regular discussions with line managers
- Internal training
- Employee magazine
- Notices
- Informal events
- Employee survey

## Suppliers

All our suppliers sign an acknowledgement of Adval Tech's Code of Conduct. Reliable supply chains as well as good cooperation with suppliers are extremely important to Adval Tech. Here, too, we strive for long-term relationships based on partnership.

*Core concerns:* Our suppliers expect fair agreements and compliance with them, as well as timely payments. They want clear specifications and a good flow of information.

### Participation measures

- Acknowledgement of Adval Tech's Code of Conduct
- Personal discussions
- Visits
- On-site risk assessment and evaluations
- Trade fairs
- Internet presence

## Site communities

The management maintains a dialog with representatives of the communities.

*Core concerns:* At our sites around the world, the residential communities expect secure training positions and jobs, consistent tax revenue, and stable and sustainable site development.

### Participation measures

- Personal discussions
- Events such as the opening of new plants
- Internet presence
- Media relations

## Media

Adval Tech informs the media transparently about events relevant to the public. To ensure balanced reputation management, the issue of sustainability has a high priority.

*Core concerns:* The media appreciate our factual and transparent communication as well as the short response times to inquiries.

### Participation measures

- Answering inquiries
- Discussions
- Media analyst conference

### 3. ENERGY AND ENVIRONMENTAL MANAGEMENT

Climate protection has become a major issue throughout the automotive industry in recent years. Producing vehicles in the most environmentally friendly way possible and reducing emissions are goals that the major automakers have also set themselves. They are increasingly committed to climate protection and expect the same from their suppliers.

For us, sustainable business management is not just a social responsibility, but also a prerequisite for future business success. Energy is an indispensable resource for our production operations. We are pursuing an ambitious goal in our efforts to achieve CO<sub>2</sub>-neutral production.

In many countries, we are already very advanced in this area – for example at our Swiss sites in Niederwangen and Muri and at our site in Germany. Here we can already use CO<sub>2</sub>-neutral electricity sources. Our carbon footprint is less good in countries that rely primarily on coal-fired power plants for electricity generation, such as China. We are constantly looking for ways to reduce our environmental footprint. For example, we have been heating our two plants in Hungary with waste heat from production since 2022.

In 2022, we systematically collected and analyzed data on our energy consumption for the first time. We adopted the corresponding templates from the GRI standards GRI 302 and GRI 305 (Scope 1 + 2).

#### Energy consumption by site, 2022

Locations	Energy consumption GRI 302-1 (MWh)	CO <sub>2</sub> footprint	
		Direct emissions <sup>1)</sup> GRI 305-1 (t CO <sub>2</sub> equivalent)	Indirect emissions <sup>2)</sup> GRI 305-2 (t CO <sub>2</sub> equivalent)
Switzerland, Niederwangen	6,435	243	0
Switzerland, Muri	88	19	1
Switzerland, Grenchen	3,535	33	0
Germany	3,570	17	0
Hungary Plant 1	3,586	117	227
Hungary Plant 2	1,214	69	66
Brazil	317	0	0
China	1,904	0	503
Malaysia	1,719	0	410
Mexico	2,392	0	386
<b>Total</b>	<b>24,760</b>	<b>498</b>	<b>1,593</b>

1) Direct emissions: Emissions resulting from the combustion of fossil fuels within the Adval Tech Group.

2) Indirect emissions: These emissions arise in energy-supplying companies and are purchased by Adval Tech. Electricity and heat are taken into account. There is no cooling energy consumption or steam consumption throughout the Group.

## Energy consumption by energy source, 2022

Energy source	Energy consumption GRI 302-1 (MWh)	CO <sub>2</sub> footprint		
		Direct emissions <sup>1)</sup> GRI 305-1 (t CO <sub>2</sub> equivalent)	Indirect emissions <sup>2)</sup> GRI 305-2 (t CO <sub>2</sub> equivalent)	Adval Tech Locations
Fossil oil	354	92		Switzerland
Natural gas	2,041	406		Hungary, Switzerland, Germany
Liquefied petroleum gas (LPG)	0	0		
<b>Total heating</b>	<b>2,395</b>	<b>498</b>		
Water	2,808		0	Hungary, Brazil, Malaysia, Mexico, Switzerland, Germany
Wind	1,707		0	China, Germany, Switzerland, Mexico, Malaysia, Hungary
Solar	1,687		0	Hungary, Malaysia, Mexico, Switzerland, Germany, China
Biomass	285		0	Hungary, Switzerland, China
Geothermal	163		0	Hungary, Mexico
Nuclear energy	9,909		0	Hungary, Mexico, Switzerland
Fossil gas	2,666		533	Hungary, Malaysia, Mexico, Switzerland
Fossil oil	144		42	Hungary, Malaysia, Mexico
Coal	2,996		1,019	Hungary, Malaysia, Mexico, China
<b>Total electricity</b>	<b>22,365</b>		<b>1,593</b>	

1) Direct emissions: Emissions resulting from the combustion of fossil fuels within the Adval Tech Group.

2) Indirect emissions: These emissions arise in energy-supplying companies and are purchased by Adval Tech. Electricity and heat are taken into account. There is no cooling energy consumption or steam consumption throughout the Group.

On the basis of this initial systematically compiled collection of data, in the next step we intend to formulate concrete targets for the future. In addition, we will collect data on emissions in our supply chain (GRI 308) and on our waste (GRI 306) and the materials used (GRI 301).

### Environmentally friendly product solutions

Adval Tech is also increasingly focusing on ecological issues in its market performance and sees great opportunities for opening up new areas of application. For example, Adval Tech Grenchen is developing a process for the industrial manufacture of coffee capsules for a major Swiss retail company. The new capsules are 100 percent recyclable because they are made exclusively of aluminum. Consumers will continue to look for recyclable products in the future. The prospects in the automotive industry are no less promising. With drive-independent components and assemblies, Adval Tech is promoting the transformation of the automotive industry.

## LOCATIONS AROUND THE WORLD



		Components	
		Metall	Plastic
<b>Europe</b>	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	●	
<b>Asia</b>	Adval Tech (Malaysia) Sdn. Bhd., Johor Bahru, Malaysia		●
	Adval Tech (Suzhou) Co. Ltd, Suzhou, China		●
<b>America</b>	Adval Tech (Mexico) S.A. de C.V., Querétaro, Mexico		●
	Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais, Brazil	●	

## 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 of the company. Unless otherwise specified, the present Corporate Governance Report refers to the 2022 financial year, to the position at the balance sheet date of December 31, 2022, to the Company's (Adval Tech Holding AG) Articles of Incorporation in the version valid as of December 31, 2022, dated 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.

### 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 29.

The shares (registered shares) of Adval Tech Holding AG are listed on the 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, 2022, was CHF 102.2 million.

On December 31, 2022, Adval Tech Management AG held no registered shares in Adval Tech Holding AG (December 31, 2021: 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, 2022:

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, U.S.A	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	13	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 in 2020. At the company's Annual General Meeting on May 14, 2020, the liquidation of the company was resolved. The company no longer carries out any activities. The formal liquidation process is still ongoing.

For further details of the scope of consolidation, see Note 4 on page 86 of this Annual Report.

The disclosures pursuant to Article 120 et seq. of the Financial Market Infrastructure Act (FINMIA) are available on the SIX Swiss Exchange website via the following link: [www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/](http://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/).

During the 2022 financial year, there was no disclosure report based on Art. 120 et seq. of the FINMIA.

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, 2022, are listed below.

Ownership interest (as last reported)	12/31/2022	12/31/2021
Dr. h.c. Willy Michel <sup>1)</sup>	28.9%	28.9%
Artemis Beteiligungen I AG, Hergiswil <sup>2) 3)</sup>	21.5%	21.5%
Grapha Holding AG, Hergiswil <sup>4)</sup>	8.8%	8.8%
J. Safra Sarasin Investment Fonds AG*	7.8%	8.5%
Hansruedi Bienz	7.5%	7.5%
Einfache Gesellschaft Dreier <sup>5)</sup>	3.5%	3.5%

Beneficial owners:

- 1) Represented on the Board of Directors by Jürg Schori
  - 2) Michael Pieper, Hergiswil, Switzerland
  - 3) Represented on the Board of Directors by Christian Mäder
  - 4) Rudolf B. Müller, Hergiswil, Switzerland
  - 5) Hans Dreier, Muri b. Bern, Switzerland; Rudolf Dreier, Altendorf, Switzerland
- \* Effective amount of holding as at December 31, 2022 and December 31, 2021

There are no shareholders' pooling agreements and no capital or voting cross-holdings. The overall structure of shareholdings at December 31, 2022, was as follows:

Number of shares	Shareholder
1 to 100	301
101 to 1,000	86
1,001 to 10,000	21
More than 10,000	9
<b>Total</b>	<b>417</b>

### Capital structure

As at December 31, 2022, 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 "Shareholders' rights of co-determination" (see pages 49 to 51).

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

CHF	12/31/2022	12/31/2021	12/31/2020
Share capital	14,600,000	14,600,000	14,600,000
Legal capital reserve	58,843,154	59,573,058	60,047,365
Legal retained earnings	9,500,000	9,517,000	9,517,000
<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>0</i>	<i>17,000</i>	<i>17,000</i>
Voluntary retained earnings	11,284,611	11,267,610	11,267,611
Profit carried forward	24,245,883	47,027,453	44,593,247
Profit for the year	-22,964,384	-22,051,692	2,945,269
<b>Total shareholders' equity</b>	<b>95,509,264</b>	<b>119,933,429</b>	<b>142,970,492</b>

There were no changes in capital in 2020, 2021 and 2022.

As at December 31, 2022, 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, Baslerstrasse 90, 4600 Olten, on behalf of Adval Tech Holding AG.

#### Board of Directors

On December 31, 2022 the Board of Directors of Adval Tech Holding AG was composed of the following members:

- **René Rothen (Chairman and CEO)**, 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. Re-elected as executive member and as Chairman of the Board of Directors (since May 2020) until the end of the Annual General Meeting for the financial year 2022. 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 AG since April 1, 2018 (executive member of the Board of Directors from 1988 to March 31, 2018) and re-elected until the conclusion of the Annual General Meeting for the 2022 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, 2022, following his retirement on March 31, 2018, in addition to his function as a member of the Board of

Directors. It is planned that his consulting activities will continue in the 2023 financial year. However, he no longer exercises a management function. 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. 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, re-elected until the close of the Annual General Meeting for financial year 2022. Christian Mäder is Chairman of the Board of Directors of Franke Holding AG, Aarburg (Switzerland) and Kraftwerk Europe AG, Mönchaltorf (Switzerland). He is 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), Ciron S.A., Zurich (Switzerland) and 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 was re-elected until the conclusion of the Annual General Meeting for the 2022 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 Chief Operating Officer at Techpharma Management AG, Burgdorf (Switzerland) and TecJet AG, Burgdorf (Switzerland).

**Dr. h.c. Willy Michel**, born 1947, Swiss, was elected Honorary Chairman of the Board of Directors of Adval Tech Holding AG at the Annual General Meeting on May 20, 2021. He was a member of the company's Board of Directors from 2007 to 2019 and its Chairman from 2012 to 2019.

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 three years preceding the 2022 reporting period.

Furthermore, as of December 31, 2022, 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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

#### **Number of mandates as at December 31, 2022 (outside the Adval Tech Group)**

Number of mandates	Public companies	Unlisted legal entities
<b>Restriction under Articles of Incorporation</b>	<b>5</b>	<b>10</b>
René Rothen	0	0
Hans Dreier	0	0
Christian Mäder	1	5
Jürg Schori	0	2

In the reporting year 2022, material was purchased from related parties for CHF 57,000 (2021: CHF 59,000). As a result of these transactions, there were no liabilities to related parties as of December 31, 2022 (December 31, 2021: CHF 6,000). The members of the Board of Directors have no significant business relationships with the Company or any of its Group companies. All business relationships of the Adval Tech Group with related parties are described in Note 37 to the consolidated financial statements on page 107.

#### **Planned changes to the Board of Directors and the Group Executive Committee in 2023**

René Rothen, Chairman of the Board of Directors and CEO of the Adval Tech Group, will step down as CEO at the end of 2023. He will continue to serve the Group as Chairman of the Board of Directors. At the Annual General Meeting on May 11, 2023, the Board of Directors will propose him for election as Executive Chairman with overall operational responsibility as of January 2024. The future composition and expansion of the Executive Board of the Adval Tech Group will be announced in due course.

#### **Internal organization**

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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

The following elections were held at the Annual General Meeting of May 19, 2022:

- 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 Muntwyler 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 2022 financial year.

Subject to the powers reserved to the Annual General Meeting (members of the Board of Directors, election of the Chairman of the Board and members of the Nomination and 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. The Organizational Regulations can be found at the following link: [www.advaltech.com/en/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

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. Participation rate was 100% (see table on page 47). In the first semester, before the General Assembly of May 19, 2022, two meetings. Two meetings were also held in the second half of the year. Board meetings usually last half a working day. In the year under review, the members of the Group Executive Management participated as follows attended the meetings of the Board of Directors: the Chief Executive Officer (CEO), who is also Chairman of the Board of Directors, and the CFO attended all four meetings; the Head of Corporate HR/Communication attended two meetings until she left the Group Executive Management.

### **Audit Committee**

Since 2020, the full Board of Directors has performed the duties and responsibilities of the Audit Committee.

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 meets as often as business requires, but at least twice a year (once per half year). Three meetings were held in 2022, participation rate was 100% (see table on page 47). One meeting was held in the 1<sup>st</sup> quarter, the 3<sup>rd</sup> quarter and the 4<sup>th</sup> quarter of 2022. The auditors and the CFO attended all meetings of the Audit Committee, the Head of Corporate HR/Communication attended two meetings of the Audit Committee. The meetings usually last two to four hours. The meeting of the Audit Committee in December 2022 was integrated into the ordinary meeting of the Board of Directors. The audit findings can be seen in the remuneration report on pages 70 to 72, and on pages 109 to 113 for the consolidated financial statements and on pages 126 to 129 for Adval Tech Holding AG.

### **Nomination and Compensation Committee**

In 2022, as in the previous year, the Nomination and Compensation Committee consisted exclusively of non-executive members of the Board of Directors: Christian Mäder (member) and Jürg Schori (chair).

In accordance with the Company's Articles of Incorporation, the Nomination and Compensation Committee is made up of at least two non-executive 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 2022. Participation

rate was 100% (see table on page 47). As a rule, the CEO attends meetings in an advisory capacity, however, he stands aside when his compensation is being negotiated. In 2022 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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

### **Composition of the Board of Directors and the Committees and number of meetings held in 2022**

Name	Full Board of Directors <sup>1)</sup>		Audit Committee <sup>1)</sup>		Nomination and Compensation Committee <sup>2)</sup>	
	Position	Meetings attended	Position	Meetings attended	Position	Meetings attended
René Rothen	Chairman and CEO	4	Member	3		-
Hans Dreier	Member	4	Member	3		-
Christian Mäder	Member	4	Member	3	Member	1
Jürg Schori	Member	4	Member	3	Chair	1
<b>Total meetings</b>		<b>4</b>		<b>3</b>		<b>1</b>
Dr. h.c. Willy Michel	Honorary Chairman	-		-		-

1) The Chairman/CEO and the CFO attended all meetings of the full Board of Directors and of the Audit Committee. The Head of Corporate HR/Communication attended two meetings of the full Board of Directors and two meetings of the Audit Committee until she left the Group Executive Management on November 30, 2022.

2) No member of the Group Executive Management 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, financial position or 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, who is also Chairman of the Board of Directors, 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 84 of this Annual Report and cooperation with the auditors is described on pages 52 and 53 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.

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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

### **Group Executive Management**

On December 31, 2022 the executive management team of the Adval Tech Group (Group Executive Management) consisted of two members, the CEO and the CFO:

- **René Rothen**, born 1959, Swiss; with Adval Tech since 2007; Chairman of the Board of Directors and 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 42.
- **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.

### **Change in the Group Executive Management in financial year 2022**

Valeria Poretti-Rezzonico was Head of Corporate HR/Communication and a member of Group Executive Management since May 1, 2012. She retired from the Executive Management of the Adval Tech Group on November 30, 2022. Valeria Poretti-Rezzonico is available to the company on a part-time basis as a consultant for projects and special assignments, primarily in the area of sustainability (ESG reporting), until probably April 2023. Further information on Valeria Poretti-Rezzonico can be found on page 44 in the "Corporate Governance" section of the 2021 Annual Report, which is which can be accessed at the following link: [www.advaltech.com/en/downloads](http://www.advaltech.com/en/downloads).

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 [www.advaltech.com/en/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

For further details on mandates, please see the Notes on the Board of Directors on pages 43 and 44 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 57 to 69 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 57 to 69. 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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

### **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 [www.advaltech.com/en/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

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 Dr. h.c. Willy Michel (member of the Board of Directors of the Adval Tech Group from 2007 to 2020), which was granted in connection with a cooperation agreement.

In addition, the voting restriction (concerning the former 5%) did not apply to those shareholders who, at the time of the enactment of the former provisions of the Articles of Incorporation concerning voting rights restriction, were registered with a holding of registered shares representing more than 5% of all share votes (Hansruedi Bienz, Einfache Gesellschaft Dreier). The exceptions granted to date and mentioned above were also applied by the Board of Directors in the reporting year 2022.

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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

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 10 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 11, 2023 is tentatively set for May 1, 2023.

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 [www.advaltech.com/en/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance). 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.

As in the previous two years, the global Coronavirus pandemic had an impact on the organization and conduct of the Annual General Meeting in 2022. Based on the corresponding ordinance of the Federal Council, which remained valid in the 2022 financial year, the Annual General Meeting of Adval Tech Holding AG on May 19, 2022, was again held without shareholders being able to attend in person. They were able to exercise their rights at the 2022 General Meeting exclusively through the independent proxy in writing or electronically. In addition, the Board of Directors had decided to hold the 2022 General Meeting again at the company's registered office in Niederwangen.

For the Annual General Meeting on May 19, 2022, all shareholders were able to register on the Computer-share platform ([www.gvote.ch](http://www.gvote.ch)) and issue their instructions to the independent proxy electronically. The electronic issuance of proxies and instructions was possible until 11:59 p.m. on May 16, 2022.

At the Annual General Meeting on May 19, 2022, 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 11, 2023, 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 platform of Computershare ([www.gvote.ch](http://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.

Since January 1, 2023, the new Corporation Law has been in force, which contains various innovations. In Consequently, an amendment of the Articles of Incorporation of the Company will be necessary. The Board of Directors submit a corresponding revision of the Articles of Incorporation to the shareholders for approval at the Annual General Meeting on May 11, 2023. Until the new Articles of Incorporation come into force, the existing Articles of Incorporation of Adval Tech Holding AG remain valid.

### **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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

### **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 AG 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 19, 2022, Deloitte AG was re-elected as auditors. Christophe Aebi has been the lead auditor since the 2020 financial year. The total audit fee invoiced or accrued by Deloitte AG in the 2022 financial year amounted to CHF 367,000 (previous year: CHF 416,000).

In 2022, the auditors were paid a total fee of CHF 52,000 for tax advice (previous year: CHF 50,000).

The auditors report to the Audit Committee (the task is performed by the full Board of Directors) at least twice a year (once per half-year) in detail and in written form on the audit findings. The significant findings and recommendations in the auditors' reports are discussed in detail with the Board of Directors and the Group Executive Management.

The auditors attended all three meetings of the Audit Committee / Board of Directors in 2022 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 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 Board of Directors before being awarded. For the year under review, the Board of Directors 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.

### **Trading blackout periods**

Adval Tech Holding AG has laid down clear rules regarding trading blackout periods ("blackout periods") in its regulations on insider trading, which were last amended on December 9, 2021.

The Adval Tech Group has restricted trading in shares of Adval Tech Holding AG for members of the Board of Directors, the Executive Committee and the management of Group companies as well as for all persons with access to the operational reporting system. No exceptions are granted.

As a rule, trading in shares of the company is prohibited 90 days prior to publication of the annual financial statements (as of December 31) and 60 days prior to publication of the half-year results (as of June 30) up to and including one day after publication of the results. The dates of publication of all financial results are available on the Company's website: [www.advaltech.com/en/investors](http://www.advaltech.com/en/investors).

Further trading suspensions due to projects and transactions (e.g. major investments, acquisitions or sales, as well as significant changes in the capital or shareholder structure) with potentially price-relevant effects are ordered as required. In these cases, the period between the day on which the information leading to "ad hoc publicity" comes to the company's attention internally and the day after publication of this information is deemed to be the trading blackout period.

The members of the Board of Directors, the Executive Committee and the management of Group companies are reminded by e-mail by the Chief Financial Officer (CFO) of the applicable blackout periods or informed of new blackout periods in good time before the start of the trading blackout periods.

### **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 and CFO Markus Reber directly. Adval Tech publishes its results in an Annual Report and a Semi-annual Report, and also in press releases. Media and analyst conferences are held for special events. The Annual and Semi-annual Reports can be accessed on the Adval Tech Group's website [www.advaltech.com/en/investors](http://www.advaltech.com/en/investors) or can be ordered from the company in printed form.

In addition, both the invitation and the minutes of the respective Annual General Meeting are available on the Company's website. See [www.advaltech.com/en/investors](http://www.advaltech.com/en/investors).

The company's official publication medium is the Swiss Official Gazette of Commerce (SOGC, [www.shab.ch](http://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.ser-ag.com/en/resources/laws-regulations-determinations/regulations.html](http://www.ser-ag.com/en/resources/laws-regulations-determinations/regulations.html).

Detailed information regarding disclosure reports can be accessed at [www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#](http://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/).

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). These ad hoc announcements pursuant to Art. 53 LR are available on the Company's website under the menu selection Ad-hoc Publicity: [www.advaltech.com/en/investors/news/ad-hoc](http://www.advaltech.com/en/investors/news/ad-hoc).

Other corporate news published by the Company can be found at: [www.advaltech.com/en/investors/news/other](http://www.advaltech.com/en/investors/news/other).

Information on transactions in the Company's shares by the Board of Directors and Group Executive Management are published regularly at [www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/](http://www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/).

The Articles of Incorporation and the Organizational Regulations of Adval Tech Holding AG are available at [www.advaltech.com](http://www.advaltech.com). Direct link for the Articles of Incorporation and Bylaws: [www.advaltech.com/en/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

News 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/investors/newsletter](http://www.advaltech.com/en/investors/newsletter).

### **Contact**

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Phone +41 31 980 84 44  
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### **Contact persons**

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

Markus Reber  
Chief Financial Officer

### **Upcoming events**

Annual General Meeting:  
Thursday, May 11, 2023, Bern

Announcement of semi-annual results:  
End of August 2023





# REMUNERATION REPORT

This remuneration report for the 2022 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 and the requirements of the new Code of Obligations (in force since January 1, 2023). Unless otherwise specified, the present Remuneration Report refers to the balance sheet date December 31, 2022, and relates to the company's Articles of Incorporation as amended on May 21, 2015, and to the Organizational Rules of December 10, 2020. The Articles of Incorporation and the Organizational Regulations of Adval Tech Holding AG can be viewed at [www.advaltech.com/en/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

The Nomination and Compensation Committee regularly reviews and assesses the compensation of the Board of Directors and the Group Executive Management and ensures that the compensation policy is in line with the interests of the shareholders.

In the reporting year 2022, the compensation arrangements for the Board of Directors and for the members of the Group Executive Management remained unchanged compared to the previous year. The Board of Directors receives for its activities exclusively a fixed compensation, as well as attendance fees and a lump-sum expense allowance. For the members of the Group Executive Management, the total compensation consists of a fixed and a variable, performance-related component.

As in the previous year, this remuneration report will be submitted to the shareholders for a consultative vote at the 2023 Annual General Meeting. In addition, the following maximum total amounts of compensation will be 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.

## Overview Compensation for the Board of Directors

in CHF	2022	2021
Number of Members	4	4
Total compensation from one AGM to the next (derivation)	274,201	275,912
Maximum compensation amount approved at the AGM	280,000	280,000

## Overview of compensation for the Group Executive Management

in CHF	12/31/2022	12/31/2021
Number of Members	3 <sup>1)</sup>	3
Total fixed remuneration	1,275,025	1,236,646
Maximum total amount for fixed compensation approved at the AGM	1,425,000	1,425,000
Total amount of variable compensation for the financial year preceding the AGM to be approved by the AGM in retrospect	96,423	219,390
Representation expenses	47,900	49,200
<b>Total compensation for Group Executive Management</b>	<b>1,419,348</b>	<b>1,505,236</b>

1) Until November 30, 2022, three members; as of December 31 2022, two members, as one member retired.

### Principles of remuneration

The company's remuneration policy aims to attract qualified members to the Board of Directors. On the basis of their professional and personal qualifications, they must be in a position to develop the company strategically and to fulfill their duties as a supervisory body towards the Group Executive Management.

The aim of the compensation policy for the Goup Executive Management is to attract qualified management personnel, who, on the basis of their specialist knowledge and their leadership and social skills, are able to successfully implement the Company's business strategy.

The compensation policy is based on the following four principles:

- Adval Tech is committed to a contemporary and competitive remuneration policy.
- The remuneration policy is designed to be simple, it provides performance incentives and it is transparent.
- The remuneration policy is designed to create long-term, sustainable value for the Group and its stakeholders.
- The members of the Group Executive Management receive an appropriate fixed compensation and a performance-related, variable compensation linked to the achievement of agreed targets.

### Governance

Overall responsibility for defining the remuneration principles of Adval Tech Holding AG lies with the Board of Directors. The full Board of Directors of Adval Tech Holding AG decides on the individual remuneration of the individual members of the Board of Directors, the Chairman and the individual members of Group Executive Management. It makes its decision on the basis of proposals prepared by the Nomination and Compensation Committee. All members of the Board of Directors attend the meeting concerning the remuneration of the Board of Directors, and all members of the Board of Directors have a right to vote on individual remuneration.

In accordance with the Company's Articles of Incorporation, the Board of Directors may submit to the Annual General Meeting for approval additional or different proposals relating to the same or other time periods. The respective total amounts submitted to the Annual General Meeting for approval include all contributions of the Company to social security and occupational pension schemes. The vote of the Annual General Meeting of Shareholders shall have binding effect for the approved total amounts.

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 bonuses 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 Art. 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/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

#### **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 19, 2022, the current Board member Christian Mäder (member) and Jürg Schori (chair) 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 46 and 47 of this Annual Report.

#### **Diversity on the Board of Directors and in Group Executive Management**

The Board of Directors of Adval Tech Holding AG takes care to achieve a balance in terms of professional qualifications and diversity in the composition of the members of the Board of Directors proposed for election at the Annual General Meeting and in the nomination of members of Group Executive Management. The Board of Directors and Group Executive Management should be staffed with individuals who possess the necessary expertise and skills as well as the personal prerequisites required to manage and further develop an industrial company such as the Adval Tech Group. In selecting new members of the Board of Directors and new members of Group Executive Management, due consideration is therefore given not only to professional qualifications, international experience, aspects such as representation of both genders, age structure, education and general background experience.

Due to the business activities of the Adval Tech Group, the proportion of women in the Group as a whole is currently still low. In order to increase the proportion of women overall and especially in management positions, the company will develop targeted measures to reduce gender-specific barriers and a target group-specific personnel selection process. In the past 10 years, 30% of the members of the Group Executive Management have been female.

## 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
<b>Board of Directors' compensation</b>			
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	
<b>Group Executive Management compensation</b>			
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, variable component) in the previous financial year	Review, recommend	Approve	

### 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.

In 2022, the Board of Directors has left the fee structure unchanged from the previous year. For the following fees apply for the 2022 financial year:

- The Chairman of the Board of Directors will receive a fixed fee of CHF 60,000.
- The other members of the Board of Directors will receive a fixed fee of CHF 40,000.
- No additional fee has been paid for serving on committees since the 2020 Annual General Meeting.
- 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 Chairman of the Board of Directors waived payment of the flat-rate expense allowance and the attendance fee in the 2022 financial year.

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 58 and 59 of this Remuneration Report.

### Remuneration of the Board of Directors for 2022 and 2021 (audited figures)

The following tables show the compensation paid to the members of the Board of Directors for the 2022 and 2021 financial years.

#### Remuneration for the 2022 financial year

CHF	Position	Basic remuneration <sup>1)</sup>	Other remuneration <sup>2)</sup>	Social insurance contributions	Total	Representation expenses <sup>3)</sup>	Consulting <sup>5)</sup>
René Rothen <sup>4)</sup>	Chairman and CEO	60,000	6,000	4,664	70,664	0	0
Hans Dreier	Member	40,000	6,000	1,756	47,756	4,800	45,727
Christian Mäder <sup>6) 7)</sup>	Member	40,000	6,000	0	46,000	4,800	0
Jürg Schori <sup>6)</sup>	Member	40,000	6,000	3,654	49,654	4,800	0
<b>Total Board of Directors</b>		<b>180,000</b>	<b>24,000</b>	<b>10,074</b>	<b>214,074</b>	<b>14,400</b>	<b>45,727</b>

1) Fixed fee

2) Attendance fee

3) Lump-sum expense allowance

4) The remuneration as CEO of Adval Tech Holding Ltd is listed separately in the table "Remuneration to the Group Executive Committee for the financial years 2022 and 2021"

5) Compensation for contracted consulting services, including social benefits

6) Member of the Nomination and Compensation Committee

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

In accordance with a contractual agreement with the Board of Directors, Hans Dreier has been acting as a consultant for the company on a part-time basis since 2018 in addition to his function as a member of the Board of Directors. The compensation for this advisory function is paid monthly (based on a monthly rate of CHF 3,500 for a part-time position). It is planned that his consulting activities will continue in the financial year 2023.

The Annual General Meeting of May 19, 2022, approved maximum total compensation for members of the Board of Directors for their terms up to the Annual General Meeting for the 2022 financial year in the amount of CHF 280,000.

Calculation of reported compensation paid to members of the Board of Directors for the 2022 financial year and amount approved by the 2022 AGM for the period up to the 2023 AGM:

CHF	Total compensation in financial year (incl. representation expenses) 2022	Less compensation for the period from Jan. 1, 2022, to the 2022 AGM (5 months)	Plus compensation for the period from Jan. 1, 2023 to the 2023 AGM (5 months)	Total compensation for the period from the 2022 AGM to the 2023 AGM	Maximum total compensation approved at the 2022 AGM
Total Board of Directors (4 members)	274,201	137,101	137,101	274,201	280,000

The total compensation of the Board of Directors for the 2022 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 2021 financial year

CHF	Position	Basic remuneration <sup>1)</sup>	Other remuneration <sup>2)</sup>	Social insurance contributions	Total	Representation expenses <sup>3)</sup>	Consulting <sup>5)</sup>
René Rothen <sup>4)</sup>	Chairman and CEO	60,000	6,000	4,838	70,838	0	0
Hans Dreier	Member	40,000	6,000	3,168	49,168	4,800	44,327
Christian Mäder <sup>6) 7)</sup>	Member	40,000	6,000	0	46,000	4,800	0
Jürg Schori <sup>6)</sup>	Member	40,000	6,000	3,654	49,654	4,800	0
<b>Total Board of Directors</b>		<b>180,000</b>	<b>24,000</b>	<b>11,660</b>	<b>215,660</b>	<b>14,400</b>	<b>44,327</b>

1) Fixed fee

2) Attendance fee

3) Lump-sum expense allowance

4) The remuneration as CEO of Adval Tech Holding Ltd is listed separately in the table "Remuneration to the Group Executive Committee for the financial years 2022 and 2021".

5) Compensation for contracted consulting services, including social benefits

6) Member of the Nomination and Compensation Committee

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

In addition to his function as a member of the Board of Directors, Hans Dreier performed a consulting function for the Company on a part-time basis since April 1, 2018, until December 31, 2021. The compensation for this consulting function was paid monthly (based on a monthly rate of CHF 3,500 for a part-time workload). Details of the compensation for his consulting activities were set out in the Compensation Report 2021 in chapter 2.4. This has been adjusted in the present Annual Report and the total amount for the consulting activity of CHF 44,327 (including social benefits paid for this) has been integrated into the above table "Compensation for the financial year 2021", as well as the derivation of the reported compensation to the members of the Board of Directors from the Annual General Meeting 2021 to 2022 has been adjusted. The total amount of compensation of the Board of Directors remains within the total amount approved by the Annual General Meeting 2021.

The Annual General Meeting of May 20, 2021 approved maximum total compensation for members of the Board of Directors for their terms up to the Annual General Meeting for the 2021 financial year in the amount of CHF 280,000.

Calculation of reported compensation paid to members of the Board of Directors for the 2021 financial year and amount approved by the 2021 AGM for the period up to the 2022 AGM:

CHF	Total compensation in financial year (incl. representation expenses) 2021	Less compensation for the period from Jan. 1, 2021 to the 2021 AGM (5 months)	Plus compensation for the period from Jan. 1, 2022 to the 2022 AGM (5 months)	Total compensation for the period from the 2021 AGM to the 2022 AGM	Maximum total compensation approved at the 2021 AGM
Total Board of Directors (4 members)	274,387	136,118	137,643	275,912	280,000

The total compensation of the Board of Directors for the 2021 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 a total compensation for members of the Board of Directors for one term of office (the period from the 2023 AGM to the 2024 AGM) to the Annual General Meeting of May 11, 2023. On December 15, 2022, Adval Tech announced in an ad hoc release that Chairman René Rothen will step down as CEO at the end of 2023 but will remain available to the Group as Chairman of the Board of Directors. At the Annual General Meeting on May 11, 2023, the Board of Directors will propose him for election as Executive Chairman with overall operational responsibility as of January 2024. This will result in a higher total compensation for the Board of Directors. At the same time, René Rothen's share of the total compensation for the Executive Committee will cease.

Therefore, the Board of Directors will propose to the Annual General Meeting a total compensation for the Board of Directors in the amount of CHF 370,000.

## **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 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 2022 financial year or in the previous year. The members of the Group Executive Management (including the CEO, who is also the Chairman of the Board of Directors) 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 2022 financial year**

The compensation system for the Group Executive Board was supplemented with individual targets in fiscal 2020. These individual targets were also retained for fiscal 2022. The Board of Directors has defined three targets for the assessment of the variable compensation of the members of the Group Executive Committee:

- a) operating profit before interest and taxes (EBIT<sup>1)</sup>;
- b) a fixed percentage of inventories in relation to the Group's total income<sup>1)</sup> in respect of the components business;
- c) individual targets.

1) Alternative Performance Measures, see Note 3, page 85

## **2.2 Fixed component of total compensation**

The basic salary (the fixed component of total compensation) and benefits (company car and lump-sum expense allowance) for Group Executive Management members are based on the individual members' positions – CEO, CFO, Head of Corporate HR/Communication (until November 30, 2022) - 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 target variable component, the target bonus, is proposed to the Board of Directors once a year by the Nomination and Compensation Committee. The variable, performance-based component is definitively determined by the full Board of Directors in each case after the target achievement assessment has been submitted. Payment is made in May of the following year, subject to approval by the Annual General Meeting.

In 2022 the CEO's target bonus was 52% and that of the other Group Executive Management members was 43% of their basic salary (previous year: 40% for the CEO and 43% 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<sup>1)</sup> compared to the budget, with a weighting of 50% 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<sup>1)</sup>. 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<sup>1)</sup> 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 targets, with a total weighting of 25% of the total bonus. Target achievement is measured and evaluated for each individual target. If the degree of target achievement is less than 75% per individual target, no bonus is paid for this individual target. If the degree of target achievement is 75% or more per individual target, the target bonus is paid out multiplied by the weighting of the respective individual target. The bonus amount can be increased with a higher degree of target achievement. If the agreed targets are exceeded, the bonus amount can be doubled at most. The sum of the weighting of the individual targets per person is not greater than 1.

<sup>1)</sup> Alternative Performance Measures, see Note 3, page 85

### Bonus structure and weighting of targets, 2022 and 2021 reporting periods

Criterion	Definition	Weighting	Target attainment		
EBIT <sup>1)</sup>	Absolute actual EBIT vs. budgeted EBIT	50%	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%	Degree of achievement of the agreed individual targets < 75% No bonus	Degree of achievement of the agreed individual targets = 75% Equal to target bonus	Degree of achievement of the agreed individual targets 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 88% of the fixed component.

1) Alternative Performance Measures, see Note 3, page 85

## 2.4 Compensation paid to the Group Executive Management for the 2022 and 2021 financial years (audited figures)

The following table shows the fixed and variable compensation and total compensation paid to the Group Executive Management for 2022 and 2021.

CHF	2022		2021	
	Group Exec. Mgmt. (3 members) <sup>2)</sup> incl. consulting activities in December 2022 <sup>5)</sup>	Of which highest single compensation payment <sup>1)</sup>	Group Exec. Mgmt. (3 members)	Of which highest single compensation payment <sup>1)</sup>
Basic remuneration in cash	954,850	385,200	955,200	379,200
Other fixed remuneration <sup>3)</sup>	64,126	11,476	28,515	8,953
Social insurance contributions	256,049	92,894	252,931	91,291
<b>Total fixed remuneration</b>	<b>1,275,025</b>	<b>489,570</b>	<b>1,236,646</b>	<b>479,444</b>
Variable remuneration in cash	96,423	33,991	197,488	57,172
Share-based remuneration <sup>4)</sup>	0	0	21,902	8,173
<b>Total variable remuneration</b>	<b>96,423</b>	<b>33,991</b>	<b>219,390</b>	<b>65,345</b>
<b>Total management remuneration</b>	<b>1,371,448</b>	<b>523,561</b>	<b>1,456,036</b>	<b>544,789</b>
Representation expenses	47,900	18,000	49,200	18,000

1) CEO René Rothen

2) Until November 30, 2022 three members. The compensation of the member who left the Executive Committee is included in the table above for 11 months in 2022. As of December 31, 2022, two members.

3) Company car; child allowances, seniority bonuses for one member of the Group Executive Management

4) Allocation of shares of Adval Tech Holding AG as described in section 2.3 on page 64 and Note 22 in the consolidated financial statements 2022 on pages 100 and 101

5) Consulting activities after leaving Group management on a part-time basis, Valeria Poretti-Rezzonico

Valeria Poretti-Rezzonico (Head of Corporate HR/Communication) retired as of November 30, 2022, and left the Group Executive Management of the Adval Tech Group. Within the framework of a contractual agreement, she has been available to the company on a part-time basis since December 1, 2022 for projects and special assignments, primarily in the area of sustainability (ESG reporting), without exercising management duties. The compensation for these consulting activities was paid on a monthly basis (based on a monthly rate of CHF 7,500 for a part-time position). The consulting activity is expected to continue until the end of April 2023.

The total fixed compensation for the members of the Executive Committee of CHF 1,275,025 for the financial year 2022, including the fee for consulting activities in December 2022 for a former member of the Group Executive Committee, is 3.1% higher overall than in the previous year. The change compared to year is due to a selective adjustment of the base salaries as well as the payment of length-of-service awards and a one-time bonus. The total fixed compensation for 2022 is in line with the maximum fixed with the maximum fixed total compensation of CHF 1,425,000 approved by the Annual General Meeting on May 20, 2021.

The targets relating to EBIT<sup>1)</sup> and improvement in inventories were not achieved at consolidated level. The personal targets were achieved with varying degrees of fulfillment. A proposal will be submitted to the General Meeting of Shareholders for a total variable compensation of CHF 96,423 for the Group Management for the financial year 2022, to be paid exclusively in cash (previous year: payment of CHF 197,488 in cash

1) Alternative Performance Measures, see Note 3, page 85

and equivalent of CHF 21,902 in shares). The total compensation (incl. representation expenses) for the members of the Executive Committee is CHF 85,888 (6%) lower than in the previous year, as the variable compensation for 2022 was lower than in the previous year.

The Annual General Meeting on May 19, 2022, approved a fixed total compensation for the members of the Group Executive Management of a maximum of CHF 1,350,000 for the financial year 2023. The corresponding disclosure of the fixed compensation for the financial year 2023 as well as a presentation of the amount actually paid out compared to the amount approved by the Annual General Meeting will be published in the Compensation Report 2023.

At the Annual General Meeting on May 11, 2023, the Board of Directors will propose that maximum total fixed compensation of CHF 1,525,000 be approved for the members of the Group Executive Management for 2024. It is planned that the Group Executive Management will be expanded in 2024.

### **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, 2022, 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	12/31/2022 (Number)	12/31/2021 (Number)
René Rothen	Chairman of the Board and CEO	1,590	1,540
Hans Dreier	Member of the Board of Directors	13,450	13,450
Christian Mäder <sup>1)</sup>	Member of the Board of Directors	-	-
Jürg Schori	Member of the Board of Directors	503	503
Markus Reber	CFO	288	711
Valeria Poretti-Rezzonico <sup>2)</sup>	Head Corporate HR/Communication	n/a	754

1) Representative of Artemis Beteiligungen I AG

2) Member of the Group Executive Management until November 30, 2022

Further information on management transactions can be found on the SIX Swiss Exchange website at the following link: [www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/](http://www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/).

## **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 2022 financial year, or in the previous year.

## **6. REMUNERATION FOR FORMER DIRECTORS AND OFFICERS**

No other compensation was paid to former members of governing bodies in the reporting year 2022 than the amounts disclosed in section 1 "Remuneration of the Board of Directors for 2022 and 2021" and in section 2.4 "Compensation paid to the Group Executive Management for the 2022 and 2021 financial years".

## **7. FUNCTIONS OF MEMBERS OF GOVERNING BODIES IN OTHER COMPANIES WITH AN ECONOMIC PURPOSE**

The following overview shows the functions held by members of governing bodies outside the Adval Tech Group as of December 31, 2022, as required by Art. 734e of the Swiss Code of Obligations (in force since January 1, 2023). The statutory rules regarding the number of permissible other activities and vested interests of members of governing bodies of Adval Tech Holding AG are governed by the company's Articles of Incorporation. The company's Articles of Incorporation can be accessed via the following link: [www.advaltech.com/en/investors/corporate-governance](http://www.advaltech.com/en/investors/corporate-governance).

**Overview: Mandates of members of governing bodies outside the Adval Tech Group as of December 31, 2022**

		Mandates with public companies		Mandates with non-listed legal entities	
Board of Directors	Company	Function	Company	Function	
René Rothen (CoB/CEO)	-	-	-	-	
Hans Dreier (BoD member)	-	-	-	-	
Christian Mäder (BoD member)	Feintool International Holding AG, Lyss (Switzerland)	Vice Chairman of the Board of Directors	Artemis Group, Hergiswil, (Switzerland)	CFO	
		<i>incl. Group companies:</i> Artemis Beteiligungen I AG, Hergiswil (Switzerland)		Chairman of the Board of Directors	
		Artemis Beteiligungen III AG, Hergiswil (Switzerland)		Chairman of the Board of Directors	
		Artemis Beteiligungen V AG, Hergiswil (Switzerland)		Chairman of the Board of Directors	
		Artemis Immobilien AG, Aarburg (Switzerland)		Member of the Board of Directors	
		Artemis Real Estate AG, Aarburg (Switzerland)		Member of the Board of Directors	
		Franke Holding AG, Aarburg (Switzerland)		Chairman of the Board of Directors	
		<i>incl. Group company:</i> Franke Industrie AG, Aarburg (Switzerland)		Member of the Board of Directors	
		Kraftwerk Group AG, Mönchaltorf (Switzerland)		Chairman of the Board of Directors	
		O. Kleiner AG, Wohlen (Switzerland)		Member of the Board of Directors	
Jürg Schori (BoD member)	-	Ciron S.A., Zürich (Switzerland)		Member of the Board of Directors	
		Sant' Isidoro, Impruneta (Italy)		Member of the Board of Directors	
		Techpharma Management AG, Burgdorf (Switzerland)		COO	
Group Executive Management	-	Tec Jet AG, Burgdorf (Switzerland)		COO	
René Rothen (CoB/CEO)	-	-	-	-	
Markus Reber (CFO)	-	-	-	-	



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### **Report on the Audit of the Remuneration Report according to Art. 14-16 VegüV**

#### **REPORT OF THE STATUTORY AUDITOR**

To the General Meeting of ADVAL TECH HOLDING AG, Niederwangen bei Bern

#### **Report on the Audit of the Remuneration Report**

##### ***Opinion***

We have audited the Remuneration Report of ADVAL TECH HOLDING AG (the Company) for the year ended December 31, 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsennotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on pages 61 to 62 and page 66 of the Remuneration Report.

In our opinion, the Remuneration Report for the year ended December 31, 2022 of ADVAL TECH HOLDING AG complies with Swiss law and Art. 14-16 VegüV.

##### ***Basis for Opinion***

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

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

##### ***Other Information***

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the tables marked "audited" in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

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

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

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

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

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

## ***Auditor's Responsibilities for the Audit of the Remuneration Report***

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV<sup>1</sup> is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

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

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

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

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

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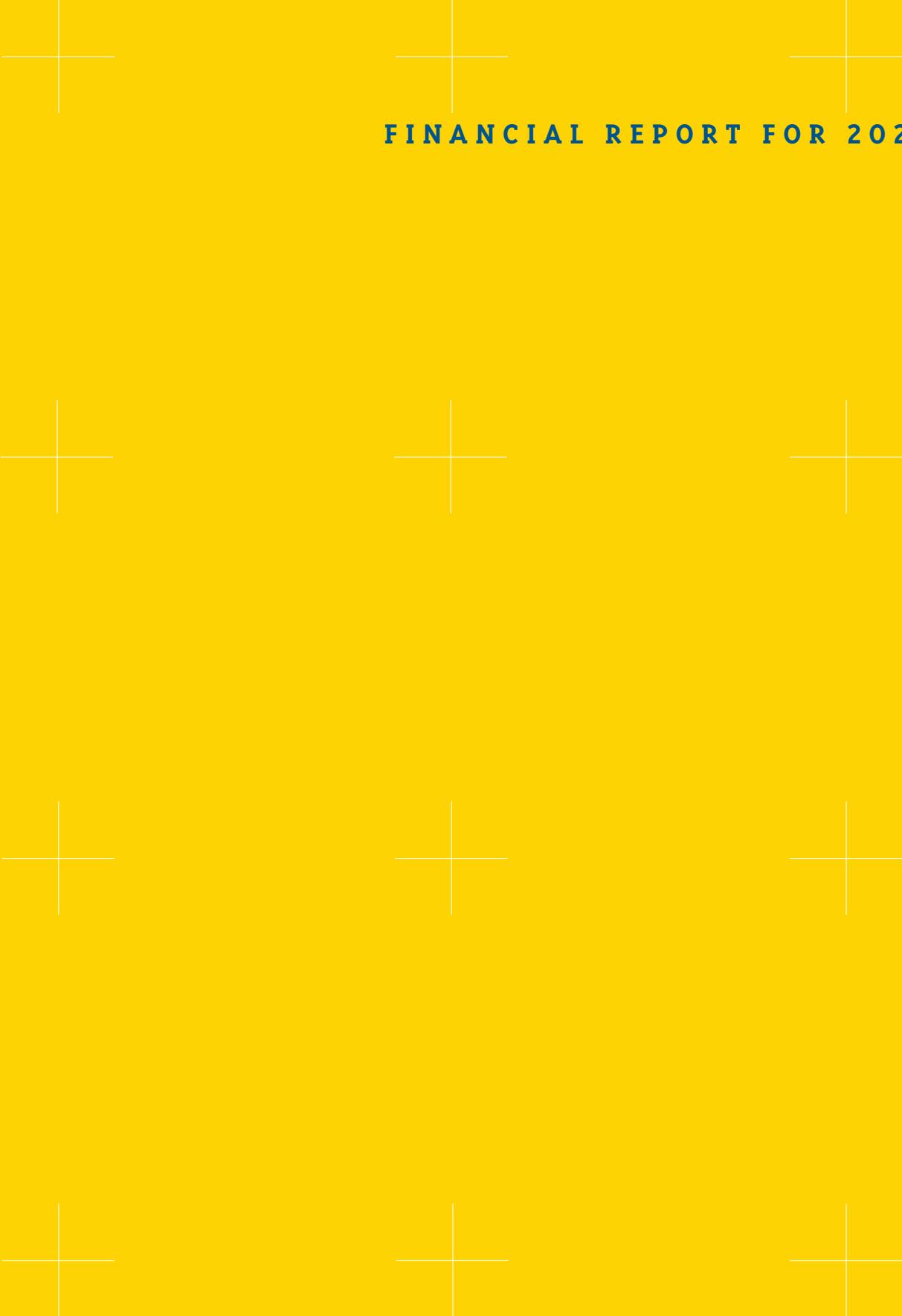
Christophe Aebi  
Licensed audit expert  
Auditor in Charge



Thomas Dettwiler  
Licensed audit expert

Zurich, 31 March 2023

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# FINANCIAL REPORT FOR 2022

## CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	12/31/2022	12/31/2021
Liquid assets	5	28,601	31,946
Trade accounts receivable	6	25,987	23,876
Other receivables	7	2,712	3,601
Advance payments to suppliers		632	208
Inventories and work in progress	8	49,960	39,395
Prepaid expenses and accrued income	9	2,047	1,494
<b>Total current assets</b>		<b>109,939</b>	<b>100,520</b>
Tangible fixed assets	10	52,447	57,724
Financial assets	11	86	603
Intangible assets	12	866	1,541
Deferred tax assets	21	2,296	2,517
<b>Total fixed assets</b>		<b>55,695</b>	<b>62,385</b>
<b>Total assets</b>		<b>165,634</b>	<b>162,905</b>
Trade accounts payable	13, 37	12,648	8,899
Short-term interest-bearing liabilities	14, 16, 19	220	316
Other short-term liabilities	15	4,904	7,636
Prepaid income and accrued expenses	17	19,646	10,645
Short-term provisions	20	187	280
Accrued current income taxes		2,854	3,114
<b>Total short-term liabilities</b>		<b>40,459</b>	<b>30,890</b>
Long-term interest-bearing liabilities	16, 18, 19	225	492
Long-term provisions	20	1,181	1,659
Income tax liabilities	21	2,392	2,368
<b>Total long-term liabilities</b>		<b>3,798</b>	<b>4,519</b>
<b>Total liabilities</b>		<b>44,257</b>	<b>35,409</b>
Share capital	22	14,600	14,600
Capital reserves		92,464	93,194
Treasury shares		0	-17
Goodwill offset	12	-58,776	-58,665
Translation differences		-12,168	-9,951
Retained earnings	12	85,257	88,335
<b>Total shareholders' equity</b>		<b>121,377</b>	<b>127,496</b>
<b>Total liabilities and shareholders' equity</b>		<b>165,634</b>	<b>162,905</b>

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	2022	2021
Net sales from goods and services		151,887	142,377
Income from manufacturing orders (valued using the percentage-of-completion method)		26,478	24,214
<b>Net turnover</b>	23, 33	<b>178,365</b>	<b>166,591</b>
Change in inventories of semi-finished and finished goods		1,379	-1,671
Own work capitalized		401	83
Other operating income	24	7,285	5,772
<b>Total income<sup>1)</sup></b>		<b>187,430</b>	<b>170,775</b>
Cost of materials and services	25, 37	-103,629	-83,486
Personnel expenses	26, 27	-51,864	-50,098
Other operating expenses	28	-23,609	-20,174
<b>Operating expenses</b>		<b>-179,102</b>	<b>-153,758</b>
<b>Operating earnings before depreciation (EBITDA<sup>1)</sup></b>		<b>8,328</b>	<b>17,017</b>
Depreciation on tangible fixed assets	10	-6,956	-6,997
Amortization on intangible fixed assets	12	-776	-776
<b>Depreciation</b>		<b>-7,732</b>	<b>-7,773</b>
<b>Operating earnings (EBIT<sup>2)</sup></b>		<b>596</b>	<b>9,244</b>
Financial income	29	2,915	1,313
Financial expenses	29	-4,423	-1,473
<b>Net financial income</b>		<b>-1,508</b>	<b>-160</b>
<b>Ordinary result</b>		<b>-912</b>	<b>9,084</b>
Extraordinary result	30	380	303
<b>Net result before income taxes</b>		<b>-532</b>	<b>9,387</b>
Income taxes	21, 31	-1,816	-3,510
<b>Net result after income taxes</b>		<b>-2,348</b>	<b>5,877</b>
<b>Net result after income taxes per share (CHF<sup>2)</sup></b>	32	<b>-3.22</b>	<b>8.05</b>

1) Alternative Performance Measures, see Note 3, page 85

2) There is no dilutive effect

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

## SHAREHOLDER'S EQUITY

CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Retained earnings/ accum. losses	Total shareholders' equity
<b>at January 1, 2021</b>	<b>14,600</b>	<b>94,668</b>	<b>-17</b>	<b>-58,665</b>	<b>-6,018</b>	<b>82,969</b>	<b>126,537</b>
Net result after income taxes	0	0	0	0	0	5,877	5,877
Translation differences	0	0	0	0	-3,933	0	-3,933
Dividends	0	0	0	0	0	-985	-985
Transfers	0	-474	0	0	0	474	0
<b>at December 31, 2021</b>	<b>14,600</b>	<b>93,194</b>	<b>-17</b>	<b>-58,665</b>	<b>-9,951</b>	<b>88,335</b>	<b>127,496</b>
Net result after income taxes	0	0	0	0	0	-2,348	-2,348
Translation differences	0	0	0	0	-2,217	0	-2,217
Changes from purchases of investments	0	0	0	-111	0	0	-111
Dividends	0	0	0	0	0	-1,460	-1,460
Transfers	0	-730	0	0	0	730	0
Purchase/sale of treasury shares	0	0	17	0	0	0	17
<b>at December 31, 2022</b>	<b>14,600</b>	<b>92,464</b>	<b>0</b>	<b>-58,776</b>	<b>-12,168</b>	<b>85,257</b>	<b>121,377</b>

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	2022	2021
<b>Net result after income taxes</b>		<b>-2,348</b>	<b>5,877</b>
Scheduled depreciation on tangible fixed assets	10	6,956	6,997
Scheduled amortization on intangible assets	12	776	776
Increase (+) / decrease (-) in long-term and short-term provisions	20	-566	-112
Increase (+) / decrease (-) in provision for deferred income taxes (net position)	21	235	885
Gain (-) / loss (+) on sales of tangible fixed assets		-59	-43
Other transactions with no impact on liquidity		1,048	-2,069
<i>Cash flow from operating activities before change in net current assets<sup>1)</sup></i>		<i>6,042</i>	<i>12'311</i>
Increase (-) / decrease (+) in receivables		-2,007	1,245
Increase (-) / decrease (+) in inventories	8	-11,834	-3,065
Increase (-) / decrease (+) in prepaid expenses and accrued income		39	7,719
Increase (+) / decrease (-) in trade accounts payable		2,933	-3,695
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		6,390	2,778
<b>Cash flow from operating activities</b>		<b>1,563</b>	<b>17,293</b>
Capital expenditure	10	-2,980	-3,672
Income from sales of tangible fixed assets	10	59	41
Investments in financial assets	11	0	0
Income from sales of financial assets	11	0	0
Investments in intangible assets	13	-101	0
Net cash outflow from investments in financial assets		0	-22
<b>Cash used for investing activities</b>		<b>-3,022</b>	<b>-3,653</b>
<b>Free cash flow</b>		<b>-1,459</b>	<b>13,640</b>
Dividend paid		-1,460	-985
Acquisition (-) / disposal (+) of treasury shares		-5	0
Increase (+) / decrease (-) in short-term interest-bearing liabilities	14	-89	-157
Increase (+) / decrease (-) in long-term interest-bearing liabilities	18	-250	-379
<b>Cash flow from financing activities</b>		<b>-1,804</b>	<b>-1,521</b>
Translation differences		-82	-112
<b>Changes in liquid assets</b>		<b>-3,345</b>	<b>12,007</b>
Liquid assets on December 31		28,601	31,946
Liquid assets on January 1		31,946	19,939
Changes in liquid assets		-3,345	12,007

1) Alternative Performance Measures, see Note 3, page 85

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 statements

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, percentage-of-completion 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).

The amendments to FER 28 and FER 30 (effective from January 1, 2024) have not yet been implemented in these financial statements. No significant changes are expected.

### 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 out-flow 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 tax is calculated on all temporary valuation differences at current or future tax rates, if these are foreseeable. 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 Relationship 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 Adval Tech's sales markets. Wherever possible, the 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 AND CASH FLOW STATEMENT

The Adval Tech Group uses subtotals in its financial report that are not defined in Swiss GAAP FER. These **Alternative Performance Measures** 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

#### 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	13	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 reporting year or the previous year.

#### Exchange rates

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

	On Dec. 31, 2022	Average in 2022	On Dec. 31, 2021	Average in 2021
BRL	0.1757	0.1853	0.1621	0.1696
CNY	0.1327	0.1421	0.1436	0.1417
EUR	0.9846	1.0050	1.0364	1.0814
MXN	0.0478	0.0475	0.0446	0.0451
USD	0.9249	0.9549	0.9151	0.9142

## 5. LIQUID ASSETS

Liquid assets include:

CHF 1,000	12/31/2022	12/31/2021
Cash	15	11
Postal account	99	36
Banks	16,669	30,321
Fixed-term deposits	11,818	1,578
<b>Total liquid assets</b>	<b>28,601</b>	<b>31,946</b>

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

## 6. TRADE ACCOUNTS RECEIVABLES

CHF 1,000	12/31/2022	12/31/2021
<b>Total trade receivables (gross)</b>	<b>27,279</b>	<b>24,095</b>
Impairment charges (allowance for doubtful receivables)	-1,292	-219
<b>Total trade receivables (net)</b>	<b>25,987</b>	<b>23,876</b>
of which: trade receivables from third parties	25,987	23,876

The increase in the allowance is related to the insolvency of a customer in Australia. The receivables from this customer were 100% impaired.

CHF 5.6 million of receivables was overdue on the balance sheet date (previous year: CHF 4.0 million), of which CHF 1.7 million by more than 30 days (previous year: CHF 1.3 million).

In the past three years losses on receivables have been in the region of 0.4% of total income<sup>1)</sup>. Provisions for receivables are as follows:

CHF 1,000	2022	2021
<b>Total on January 1</b>	<b>-219</b>	<b>-244</b>
Provision made	-1,263	-76
Utilization	132	0
Released	56	101
Currency translation differences	2	0
<b>Total on December 31</b>	<b>-1,292</b>	<b>-219</b>

1) Alternative Performance Measures, see Note 3, page 85

## 7. OTHER RECEIVABLES

CHF 1,000	12/31/2022	12/31/2021
Other current receivables, third parties	2,712	3,601
<b>Total other receivables</b>	<b>2,712</b>	<b>3,601</b>

This item contains CHF 0.1 million current receivables from finance leases (previous year: CHF 1.4 million).

## 8. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	12/31/2022	12/31/2021
Trading goods	83	55
Raw material	13,250	10,622
Semi-finished and finished goods	21,282	15,324
Work in progress long-term orders	23,268	17,692
Work in progress other orders	2,719	2,809
Provisions	-10,642	-7,107
<b>Total inventories and work in progress</b>	<b>49,960</b>	<b>39,395</b>

Total inventories and work in progress includes CHF 0.04 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	12/31/2022		12/31/2021	
	Assets	Liabilities	Assets	Liabilities
Work in progress long-term orders	24,279	-1,011	19,297	-1,605
Advance payments by customers	-1,011	2,918	-1,605	6,335
Net assets from work in progress long-term orders	23,268	0	17,692	0
Net liabilities from work in progress long-term orders	0	1,907	0	4,730

The manufacturing costs of orders valued using the percentage-of-completion method totaled CHF 20.1 million (CHF 15.0 million in 2021). The stated income was CHF 4.1 million (CHF 4.3 million in 2021). Advance payments by customers for work in progress on other orders have also been offset against inventories.

CHF 1,000	12/31/2022		12/31/2021	
	Assets	Liabilities	Assets	Liabilities
Work in progress long-term orders	3,004	-285	2,982	-173
Advance payments by customers	-285	724	-173	622
Net assets from work in progress long-term orders	2,719	0	2,809	0
Net liabilities from work in progress long-term orders	0	439	0	449

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 2.0 million for the reporting period, prepaid expenses and accrued income are CHF 0.5 million higher than in the previous year (CHF 1.5 million). The increase essentially arose at Swiss companies.

## 10. TANGIBLE FIXED ASSETS

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

CHF 1,000	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
<b>at cost</b>							
<b>at January 1, 2021</b>	<b>3,667</b>	<b>55,879</b>	<b>109,485</b>	<b>15,731</b>	<b>4,589</b>	<b>3,297</b>	<b>192,648</b>
Changes in the scope of consolidation	0	0	0	0	0	0	0
Capital expenditure	0	172	2,347	1,668	414	-103	4,498
Disposals	0	-215	-1,289	-788	0	0	-2,292
Other changes/transfers	0	0	0	0	0	0	0
Change in accum. translation difference	-62	-1,071	-1,199	-265	-125	-252	-2,974
<b>at December 31, 2021</b>	<b>3,605</b>	<b>54,765</b>	<b>109,344</b>	<b>16,346</b>	<b>4,878</b>	<b>2,942</b>	<b>191,880</b>
Changes in the scope of consolidation	0	0	0	0	0	0	0
Capital expenditure	0	269	2,913	643	909	-729	4,005
Disposals	0	-924	-448	-446	0	-62	-1,880
Other changes/transfers	0	33	2,997	1,261	0	0	4,291
Change in accum. translation difference	-66	-1,189	-2,225	-331	-178	-9	-3,998
<b>at December 31, 2022</b>	<b>3,539</b>	<b>52,954</b>	<b>112,581</b>	<b>17,473</b>	<b>5,609</b>	<b>2,142</b>	<b>194,298</b>
<b>Accumulated depreciation</b>							
<b>at January 1, 2021</b>	<b>0</b>	<b>-28,324</b>	<b>-84,812</b>	<b>-14,287</b>	<b>-3,380</b>	<b>-202</b>	<b>-131,005</b>
Changes in the scope of consolidation	0	0	0	0	0	0	0
Scheduled depreciation	0	-1,677	-3,849	-711	-760	0	-6,997
Impairment	0	0	0	0	0	0	0
Disposals	0	210	1,288	788	0	0	2,286
Other changes/transfers	0	0	0	0	0	0	0
Change in accum. translation difference	0	241	878	213	26	202	1,560
<b>at December 31, 2021</b>	<b>0</b>	<b>-29,550</b>	<b>-86,495</b>	<b>-13,997</b>	<b>-4,114</b>	<b>0</b>	<b>-134,156</b>
Changes in the scope of consolidation	0	0	0	0	0	0	0
Scheduled depreciation	0	-1,498	-4,202	-531	-725	0	-6,956
Impairment	0	0	0	0	0	0	0
Disposals	0	924	448	428	0	0	1,800
Other changes/transfers	0	-50	-2,906	-1,335	0	0	-4,291
Change in accum. translation difference	0	276	1,124	215	137	0	1,752
<b>at December 31, 2022</b>	<b>0</b>	<b>-29,898</b>	<b>-92,031</b>	<b>-15,220</b>	<b>-4,702</b>	<b>0</b>	<b>-141,851</b>
<b>Book values</b>							
at January 1, 2021	3,667	27,555	24,673	1,444	1,209	3,095	61,643
at December 31, 2021	3,605	25,215	22,849	2,349	764	2,942	57,724
at December 31, 2022	3,539	23,056	20,550	2,253	907	2,142	52,447
<b>Of which leased installations (finance Lease)</b>							
at January 1, 2021	0	0	1,644	0	0	0	1,644
at December 31, 2021	0	0	26	342	0	0	368
at December 31, 2022	0	0	139	325	0	0	464

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 2022, 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 0.5 million outstanding (previous year: 0.8 million CHF).

As at December 31, 2022, assets under construction included CHF 0.3 million in advance payments for tangible fixed assets (previous year: CHF 0.4 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	12/31/2022	12/31/2021
Receivables from finance lease contracts	0	448
Other long-term receivables	86	155
<b>Total financial assets</b>	<b>86</b>	<b>603</b>

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

CHF 1,000	12/31/2022	12/31/2021
within 1 year	121	1,417
in 2 to 5 years	0	448
<b>Total future leasing income</b>	<b>121</b>	<b>1,865</b>

Some of the receivables from finance leases reported as non-current at the end of 2021 were due and impaired in the second half of 2022 (see Note 6, page 87).

The nominal value of these receivables totaled CHF 0.1 million (CHF 2.0 million in 2021). In the previous year, customers paid a total of CHF 4.2 million in extraordinary amortization to companies in Switzerland.

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 2022:

CHF 1,000	Capitalized development costs	Others	Total
<b>at cost</b>			
<b>at December 31, 2021</b>	<b>13,770</b>	<b>4,285</b>	<b>18,055</b>
Changes in the scope of consolidation	0	0	0
Investments acquired	0	0	0
Investments generated in-house	101	0	101
Disposals	0	0	0
Other changes	0	0	0
Change in accumulated translation difference	-59	0	-59
<b>at December 31, 2022</b>	<b>13,812</b>	<b>4,285</b>	<b>18,097</b>
<b>Accumulated amortization</b>			
<b>at December 31, 2021</b>	<b>-12,229</b>	<b>-4,285</b>	<b>-16,514</b>
Changes in the scope of consolidation	0	0	0
Scheduled depreciation	-776	0	-776
Impairment	0	0	0
Disposals	0	0	0
Other changes	0	0	0
Change in accumulated translation difference	59	0	59
<b>at December 31, 2022</b>	<b>-12,946</b>	<b>-4,285</b>	<b>-17,231</b>
<b>Book values</b>			
at December 31, 2021	1,541	0	1,541
at December 31, 2022	866	0	866

Capitalized development costs largely result from the development of plastic components for 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. Development costs for production processes were capitalized in the reporting year. The developments are still in progress. They will be amortized within 3 years. See also Note 1.11, page 81.

The following statement of changes in intangible assets applies for 2021:

CHF 1,000	Capitalized development costs	Others	Total
<b>at cost</b>			
<b>at December 31, 2020</b>	<b>13,823</b>	<b>4,130</b>	<b>17,953</b>
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	-53	155	102
<b>at December 31, 2021</b>	<b>13,770</b>	<b>4,285</b>	<b>18,055</b>
<b>Accumulated amortization</b>			
<b>at December 31, 2020</b>	<b>-11,506</b>	<b>-4,130</b>	<b>-15,636</b>
Changes in the scope of consolidation	0	0	0
Scheduled depreciation	-776	0	-776
Impairment	0	0	0
Disposals	0	0	0
Other changes	0	0	0
Change in accumulated translation difference	53	-155	-102
<b>at December 31, 2021</b>	<b>-12,229</b>	<b>-4,285</b>	<b>-16,514</b>
<b>Book values</b>			
at December 31, 2020	2,317	0	2,317
at December 31, 2021	1,541	0	1,541

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 acquisition cost of the goodwill was already fully amortized as of December 31, 2022. The theoretical value of the goodwill was therefore zero Swiss francs as at the balance sheet date (December 31, 2021: zero Swiss francs).

The acquisition costs and amortization of goodwill offset against equity are as follows:

CHF 1,000	12/31/2022	12/31/2021
<b>Total at January 1</b>	<b>48,368</b>	<b>48,008</b>
Additions from changes in investments	111	0
Change in cumulative currency difference	-454	360
<b>Total at December 31</b>	<b>48,025</b>	<b>48,368</b>

CHF 1,000	12/31/2022	12/31/2021
<b>Total at January 1</b>	<b>-48,368</b>	<b>-48,008</b>
Simulated depreciation/impairments	-111	0
Change in cumulative currency difference	454	-360
<b>Total at December 31</b>	<b>-48,025</b>	<b>-48,368</b>

The increase in goodwill in the reporting year is due to a value adjustment on taxes offset against the purchase price of an acquisition in 2016. The goodwill adjustment is fully adjusted in value in the reporting year.

If these facts were reflected in the income statement, the net result would be CHF 0.1 million lower (CHF -2.459 million). There would be no change in the previous year. This would have no impact on equity on equity in the previous year and in the reporting year.

### 13. TRADE ACCOUNTS PAYABLE

The trade accounts payable increased by CHF 3.7 million. As at December 31, 2022, there were no payables to related parties from material purchases (December 31, 2021: CHF 0.006 million).

### 14. SHORT-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2022	12/31/2021
Short-term leasing liabilities to third parties	220	316
<b>Short-term interest-bearing liabilities</b>	<b>220</b>	<b>316</b>

The short-term bank loans are covered by liquid assets of CHF 28.6 million (previous year: CHF 31.9 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	12/31/2022	12/31/2021
Advance payments by third parties	2,346	5,179
Other short-term liabilities to third parties	2,558	2,457
<b>Total other short-term liabilities</b>	<b>4,904</b>	<b>7,636</b>

Advance payments by third parties decreased by CHF 2.8 million compared to the previous year. The other short-term liabilities to third parties totaled CHF 2.5 million as of December 31, 2022 (previous year: CHF 2.5 million).

## 16. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2022	12/31/2021
<b>Face value of liabilities arising from leasing contracts due</b>		
within 1 year	230	319
in 2 to 5 years	248	493
<b>Total future payment commitments</b>	<b>478</b>	<b>812</b>
less proportionate interest on the payments	-33	-4
<i>Net present value of liabilities arising from finance leases</i>	<i>445</i>	<i>808</i>
of which short-term leasing liabilities	220	316
of which long-term leasing liabilities	225	492

The leasing liabilities relate to leased production facilities in Germany and Switzerland. They decreased in line with the lease payments made.

## 17. PREPAID INCOME AND ACCURED EXPENSES

CHF 1,000	12/31/2022	12/31/2021
Accrued expenses	7,536	6,125
Invoices not yet received	12,110	4,520
<b>Total prepaid income and accrued expenses</b>	<b>19,646</b>	<b>10,645</b>

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.

The increase in invoices not yet received is primarily attributable to Hungary and relates to services received but not yet invoiced in the tool business.

## 18. LONG-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2022	12/31/2021
Long-term leasing liabilities – third parties	225	492
<b>Total long-term interest-bearing liabilities</b>	<b>225</b>	<b>492</b>

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:

Balance on Dec. 31, 2022	Book value (CHF 1,000)	Foreign-currency amount (1,000 units)	Maturity	Interest rate
Bank current accounts	0	0	Current	0.00%
Lease liabilities, short-term	220	EUR 120	Current	0.2% - 2.9%
Lease liabilities, long-term	225	EUR 229	1-5 years	4.0%
<b>Total financial liabilities</b>	<b>445</b>			

Financial liabilities for 2021 were as follows:

Balance on Dec. 31, 2021	Book value (CHF 1,000)	Foreign-currency amount (1,000 units)	Maturity	Interest rate
Bank current accounts	0	0	Current	0.00%
Lease liabilities, short-term	316	EUR 126	Current	1.0% - 3.9%
Lease liabilities, long-term	492	EUR 376	1-5 years	1.0% - 3.9%
<b>Total financial liabilities</b>	<b>808</b>			

## 20. PROVISIONS

CHF 1,000	Warranty provisions	Payments to employees	Restructuring provisions	Other provisions	Total
Short-term provisions at December 31, 2021	106	0	0	174	280
Long-term provisions at December 31, 2021	0	498	0	1,161	1,659
<b>Total at December 31, 2021</b>	<b>106</b>	<b>498</b>	<b>0</b>	<b>1,335</b>	<b>1,939</b>
Change in the scope of consolidation	0	0	0	0	0
Addition	11	2	0	643	656
Utilization	-106	-81	0	-523	-710
Release of provisions no longer required	0	0	0	-512	-512
Difference arising from currency translation	0	-6	0	1	-5
<b>Total at December 31, 2022</b>	<b>11</b>	<b>413</b>	<b>0</b>	<b>944</b>	<b>1,368</b>
Short-term provisions at December 31, 2022	0	0	0	187	187
Long-term provisions at December 31, 2022	11	413	0	757	1,181
<b>Total at December 31, 2022</b>	<b>11</b>	<b>413</b>	<b>0</b>	<b>944</b>	<b>1,368</b>

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.

The CHF 0.4 million included in other provisions in the previous year for expected future payments in connection with the sale of companies in 2016 were released to income in the reporting year (see Note 30, page 105). The provision for foreign withholding taxes whose refundability is doubtful amounts to CHF 0.6 million (December 31, 2021: 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:

CHF 1,000	Warranty provisions	Payments to employees	Restructuring provisions	Other provisions	Total
Short-term provisions at December 31, 2020	0	0	106	191	297
Long-term provisions at December 31, 2020	102	646	0	1,009	1,757
<b>Total at December 31, 2020</b>	<b>102</b>	<b>646</b>	<b>106</b>	<b>1,200</b>	<b>2,054</b>
Change in the scope of consolidation	0	0	0	0	0
Addition	106	0	0	890	996
Utilization	0	0	0	-486	-486
Release of provisions no longer required	-105	-148	-106	-269	-628
Difference arising from currency translation	3	0	0	0	3
<b>Total at December 31, 2021</b>	<b>106</b>	<b>498</b>	<b>0</b>	<b>1,335</b>	<b>1,939</b>
Short-term provisions at December 31, 2021	106	0	0	174	280
Long-term provisions at December 31, 2021	0	498	0	1,161	1,659
<b>Total at December 31, 2021</b>	<b>106</b>	<b>498</b>	<b>0</b>	<b>1,335</b>	<b>1,939</b>

The restructuring provisions for the Suzhou plant were dissolved in the previous year.

## 21. DEFERRED INCOME TAXES

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

CHF 1,000	12/31/2022	12/31/2021
Deferred tax liabilities	-2,392	-2,368
Deferred tax assets	2,296	2,517
<b>Total deferred income taxes</b>	<b>-96</b>	<b>149</b>

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:

	2022	2021
<b>Average applicable tax rate before considering loss carryforwards</b>	<b>31.83%</b>	<b>20.89%</b>
Impact of deferred tax assets from loss carryforwards	-0.48%	4.17%
<b>Average applicable tax rate after considering loss carryforwards</b>	<b>31.35%</b>	<b>25.06%</b>

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 26.9 million in uncapitalized losses was posted in the local financial statements (2021: CHF 4.3 million). After preparation of the tax return for 2021, CHF 21.0 million in tax losses were recorded.

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.

Deferred tax assets mainly result from capitalized tax loss carryforwards. At the balance sheet date the tax benefit still recognized amounted to CHF 2.3 million (December 31, 2021: CHF 2.2 million).

Deferred tax assets developed as follows:

CHF 1,000	2022	2021
<b>Total at January 1</b>	<b>2,517</b>	<b>3,462</b>
Change in the scope of consolidation	0	0
Additions	264	0
Utilization	-475	-941
Other adjustments	0	0
Currency translation differences	-10	-4
<b>Total at December 31</b>	<b>2,296</b>	<b>2,517</b>

The usability of tax loss carryforwards was reassessed for the individual companies. This resulted in a reduction in the recognizable assets from tax loss carryforwards for various Group companies. This change was recognized in the income statement.

Provisions for deferred tax liabilities developed as follows:

CHF 1,000	2022	2021
<b>Total at January 1</b>	<b>2,368</b>	<b>2,427</b>
Change in scope of consolidation	0	0
Additions	120	57
Transfers	0	0
Release	-96	-113
Currency translation differences	0	-3
<b>Total at December 31</b>	<b>2,392</b>	<b>2,368</b>

As in the previous year, deferred tax liabilities originate primarily from temporary differences in fixed and intangible assets. Tax losses amounting to CHF 71.9 million existing on December 31, 2022 (CHF 35.7 million in 2021) 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	12/31/2022	12/31/2021
expiring in 1 year	4,090	1,413
expiring in 2 years	1,741	5,626
expiring in 3 years	3,864	3,824
expiring in 4 years	1,601	3,234
expiring in 5 years	2,963	612
expiring in more than 5 years	57,613	20,951
<b>Total</b>	<b>71,872</b>	<b>35,660</b>

The theoretical deferred tax claim on unutilized tax loss carryforwards at the end of the year under review amounted to CHF 11.9 million (CHF 5.1 million in 2021) based on the respective applicable tax rates.

## 22. STATEMENT OF SHARE CAPITAL

The share capital was as follows on December 31, 2022:

	Registered shares
at January 1, 2022	730,000
at December 31, 2022	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	0

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 Dr. h.c. 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:

	2022	2021
<b>Treasury shares held at January 1</b>	<b>96</b>	<b>96</b>
Purchases (shares)	38	0
Issued to employees (shares)	-134	0
<b>Treasury shares held at December 31</b>	<b>0</b>	<b>96</b>
Average purchase price (CHF)	147	0
Average value for issues (CHF)	169	0

All treasury shares are held by Adval Tech Management AG. They were purchased or allocated via Adval Tech Management AG before 2020 and in 2022.

Under the existing remuneration policies, 134 shares were granted to management staff in the year under review as part of their variable compensation (previous year: zero shares).

Non-distributable reserves in the Group's shareholders' equity amounted to CHF 4.7 million at the end of the year under review (previous year: CHF 4.1 million). Retained earnings do not include any revaluation reserves.

### 23. NET TURNOVER

CHF 1,000	2022	2021
Net income from deliveries and services	153,436	143,417
Income from manufacturing orders (valued using the percentage-of-completion method)	26,478	24,214
Revenue deductions	-1,549	-1,040
<b>Total net turnover</b>	<b>178,365</b>	<b>166,591</b>

Net turnover for 2022 came to CHF 178.4 million, an increase of CHF 11.8 million (+7%). The increase is primarily due to the further recovery of the sales markets and the start-up of newly won orders. Compared with the prior-year period, sales growth in the 2<sup>nd</sup> half was stronger than in the 1<sup>st</sup> half. Supply bottlenecks for certain components prevented a stronger recovery in demand.

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	2022	2021
Other operating income from third parties	7,218	5,706
Other operating income from related parties	5	6
Gains from sales of tangible fixed assets	62	60
<b>Total other operating income</b>	<b>7,285</b>	<b>5,772</b>

Other operating income consists primarily of income from sales of scrap. The increase was mainly due to higher scrap prices.

## **25. COST OF MATERIALS AND SERVICES**

Compared to the previous year, the cost of materials and external services increased by CHF 20.1 million. Their share of total income<sup>1)</sup> increased by 6.4 percentage points to 55.3%. The higher materials ratio is mainly due to higher material prices. It is attributable to both, the components and the tools business.

In the year under review, material was purchased from related parties for CHF 0.06 million (previous year: CHF 0.06 million).

## **26. PERSONNEL EXPENSES**

The average number of employees was 1,168 full-time equivalents in 2022 (2021: 1,128, +40 full-time equivalents). At the balance sheet date, the number of employees totaled 1,185 full-time equivalents (1,134 full-time equivalents in 2021).

At the Niederwangen site, short-time work was temporarily introduced in certain departments due to lower demand. CHF 0.3 million was recognized in profit or loss from reimbursements for short-time work (previous year: CHF 0.07 million for short-time work at Endingen in Germany).

1) Alternative Performance Measures, see Note 3, page 85

## 27. PENSION LIABILITIES AND OTHER PAYMENTS TO EMPLOYEES

As at the balance sheet date and the end of the previous year, there were no employer contribution reserves.

Financial benefit/financial obligations and pension expenses for 2022 and 2021 are as follows:

	CHF 1,000	Surplus 12/31/2022	Financial share of the organization		Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period	Pension expenses in 2022
			12/31/2022	12/31/2021			
Pension fund of Adval Tech Holding AG incl. surplus	0	0	0	0	0	1,452	1,452
Pension fund of Adval Tech Holding AG for supervisory staff excl. surplus/shortfall	0	0	0	0	0	0	145
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,452</b>	<b>1,597</b>

In the previous year:

	CHF 1,000	Surplus 12/31/2021	Financial share of the organization		Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period	Pension expenses in 2021
			12/31/2021	12/31/2020			
Pension fund of Adval Tech Holding AG incl. surplus	0	0	0	0	0	1,430	1,430
Pension fund of Adval Tech Holding AG for supervisory staff excl. surplus/shortfall	0	0	0	0	0	0	155
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,430</b>	<b>1,585</b>

The pension fund of Adval Tech Holding AG is a legally independent foundation (Pension Fund Foundation of Adval Tech Holding AG). It is subject to Swiss occupational pension legislation. All employees of the Swiss Group companies in the Adval Tech Group are insured in this pension fund. The funding ratio as of December 31, 2022, was 104% (previous year: 120%). No economic benefit is expected from the pension fund for the Adval Tech Group.

The above data is based on the financial statements of the pension funds at December 31, 2022 (or December 31, 2021), 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	2022	2021
Maintenance, repair, replacements, operating materials	-5,743	-5,670
Premises, energy	-7,217	-5,162
Insurance, office and administration expenses	-5,546	-5,402
Marketing, sales and distribution expenses	-3,299	-2,984
Sundry operating expenses	-1,804	-956
<b>Total other operating expenses</b>	<b>-23,609</b>	<b>-20,174</b>

Other operating expenses in the year under review were CHF 3.4 million higher than in the previous year. In relation to the income, other operating expenses increased from 11.8% in 2021 to 12.6% in the reporting year. Higher energy costs and the value adjustment of receivables from a customer were the main factors for the increase in expenses. The "Sundry operating expenses" also include CHF 0.003 million losses from the sale of property, plant and equipment (previous year: CHF 0.004 million).

## 29. FINANCIAL EXPENSES AND FINANCIAL INCOME

CHF 1,000	2022	2021
Interest earned	191	109
Currency gains	1,122	902
Unrealized currency differences	1,602	302
<b>Total financial income</b>	<b>2,915</b>	<b>1,313</b>
Interest paid	-62	-76
Bank charges and fees	-130	-121
Currency losses	-4,184	-1,196
Other financial expenses	-47	-80
<b>Total financial expenses</b>	<b>-4,423</b>	<b>-1,473</b>
<b>Financial result</b>	<b>-1,508</b>	<b>-160</b>

Of the net currency differences of CHF -1.5 million recorded in the reporting year, CHF -1.3 million resulted from repayments of intercompany loans. Currency differences on intercompany loans are only recognized upon repayment. In the previous year, there was a small currency gain (CHF 0.008 million).

Net interest income of CHF 0.1 million, generated by finance leases with customers, was posted in the year under review. (Previous year: net interest expense of CHF 0.03 million).

**30. EXTRAORDINARY RESULT**

CHF 1,000	2022	2021
Restructuring measures	0	303
Result from the sale of investments	380	0
Result from the purchase of investments	0	0
Other operating income	0	0
<b>Total extraordinary result</b>	<b>380</b>	<b>303</b>

The extraordinary income recognized in the reporting year relates to the reversal of a provision no longer required from a company sale in 2016. The one in the previous year stemmed from compensation payments received in the context of the discontinuation of production for a major OEM customer in Brazil, which ceased production of automobiles at several plants at the beginning of the reporting year. The compensation payments received, including for lost margins in the future, had slightly exceeded the direct costs of the production shutdown.

**31. INCOME TAXES**

CHF 1,000	2022	2021
Current income taxes	-1,581	-2,625
Change in provision for deferred taxes	-235	-885
<b>Total tax expenses</b>	<b>-1,816</b>	<b>-3,510</b>

**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 REGIONS

Income by region is as follows:

CHF 1,000		2022		2021
<b>Net turnover</b>	<b>178,365</b>	<b>100%</b>	<b>166,591</b>	<b>100%</b>
<i>Europe</i>	<i>131,535</i>	<i>74.0%</i>	<i>124,159</i>	<i>74.0%</i>
– of which Germany	64,390	35.0%	61,091	36.0%
– of which Switzerland	17,155	10.0%	19,749	12.0%
– of which Czech Republic	14,622	8.0%	10,562	6.0%
– of which Hungary	10,747	6.0%	12,611	8.0%
– of which Turkey	5,000	3.0%	2,872	2.0%
– of which Slovakia	4,673	3.0%	3,543	2.0%
– of which France	4,660	3.0%	4,886	3.0%
– of which other European countries	10,288	6.0%	8,845	5.0%
<i>Asia</i>	<i>19,542</i>	<i>11.0%</i>	<i>17,900</i>	<i>11.0%</i>
– of which China	12,132	7.0%	12,153	7.0%
– of which other Asian countries	7,410	4.0%	5,747	4.0%
<i>North America</i>	<i>10,264</i>	<i>6.0%</i>	<i>9,360</i>	<i>6.0%</i>
<i>Latin America</i>	<i>16,534</i>	<i>9.0%</i>	<i>13,348</i>	<i>8.0%</i>
<i>Australia and Oceania</i>	<i>319</i>	<i>0.0%</i>	<i>1,706</i>	<i>1.0%</i>
<i>Africa</i>	<i>171</i>	<i>0.0%</i>	<i>118</i>	<i>0.0%</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 1.0 million as of December 31, 2022 (previous year: CHF 1.1 million). The pledge listed serves as security for bank loans and credit lines.

### 35. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2022	12/31/2021
Contingent liabilities in favor of third parties	10,949	518
Liabilities arising from leases	8,465	9,601
Liabilities arising from operating leases	1,399	1,759

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 1.6 million (CHF 1.8 million in 2021) within 1 year, CHF 6.0 million (CHF 6.5 million in 2021) in 2 to 5 years, CHF 0.9 million (CHF 1.3 million in 2021) in more than 5 years.

Payments deriving from operating leases fall due as follows: CHF 0.8 million (CHF 0.8 million in 2021) within 1 year, CHF 0.6 million (CHF 1.0 million in 2021) 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 dates (December 31, 2022 and 2021), no financial instruments existed to limit financial risks.

### **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 the 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
- Arbonia AG, Arbon, and the companies of the Arbonia Group
- Autoneum Holding AG, Winterthur, and the companies of the Autoneum Group
- the members of the Board of Directors and the Group Executive Management
- Grapha Holding AG, Hergiswil, and Rudolf B. Müller
- Hansruedi Bienz, Oberbottigen

In the financial year 2022, material was purchased from related parties for CHF 0.06 million (previous year: CHF 0.06 million). As at December 31, 2022, there were no liabilities to related parties arising from these transactions (previous year: CHF 0.006 million). In the year under review and in the previous year, no revenue from related parties was recognized, nor were there any receivables from related parties at the respective balance sheet dates.

### **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, 2022.

The supply bottlenecks for certain materials, the war in Ukraine and the further development of the Corona-virus pandemic will have an impact on business activity in 2023. It is currently not possible to estimate the economic impact on the Adval Tech Group in 2023. The Adval Tech Group's priority is to protect its employees and maintain its ability to deliver and its liquidity.

### **39. RELEASE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were released on March 31, 2023 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 74 – 108) of Adval Tech Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 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 2022, 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 Standards on Auditing (SA-CH). 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, 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***

<b>Key audit matter</b>	Revenue recognition
<b>Materiality</b>	CHF 1'500'000
<b>Scoping</b>	- 84.2% of revenue - 76.7% 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 1'500'000. Further, we agreed with the Audit Committee that we would report to the Committee all audit differences in excess of CHF 75'000, 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 4 group companies in 3 countries. These were subject to a full audit.

These 4 group companies in 4 countries represent the principal business units and account for 57.2% of the group's revenue and 53.6% of the group's net assets. In addition, we conducted a Specific Scope audit for 8 Group companies in 6 countries. These 8 Group companies account for 27.0% of sales and 23.1% of total assets in the consolidated financial statements. In total, our full and specific scope audits cover 84.2% of sales and 76.7% 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	How the scope of our audit responded to the key audit matter
<p>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 2022. The two main areas of sales are income from volume components supplied to third parties (sales of volume production / components and subassemblies) of CHF 151.9 million in the 2022 financial year (prior year CHF 142.4 million) and income from tooling sales (sales of production and trading tools / tool and systems manufacturing) of CHF 26.5 million in the 2022 financial year (prior year CHF 24.2 million).</p> <p>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.</p> <p>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 correct, 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.</p>	<p>We have performed the following audit procedures for the audit of sales from long-term construction contracts:</p> <ul style="list-style-type: none"> <li>• Assessment of the consistent application of the principles of revenue recognition according to the PoC method.</li> <li>• Examination of relevant controls for determining project progress of existence and implementation.</li> <li>• Checks of individual projects concerning: <ul style="list-style-type: none"> <li>- Compliance with the contractually stipulated progress and acceptance agreements by reviewing the contracts.</li> <li>- 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.</li> </ul> </li> <li>• Retrograde analysis of completed projects to assess the reliability of management's estimates.</li> <li>• Assessment of the recoverability of receivables associated with construction contracts by means of payment receipts after the balance sheet date or discussion with management.</li> </ul> <p>Based on the above-mentioned audit procedures performed, we have obtained sufficient assurance to the risk of accuracy of PoC revenue recognition.</p>

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## ***Other Information***

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

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

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

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

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

The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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 and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the 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 Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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**

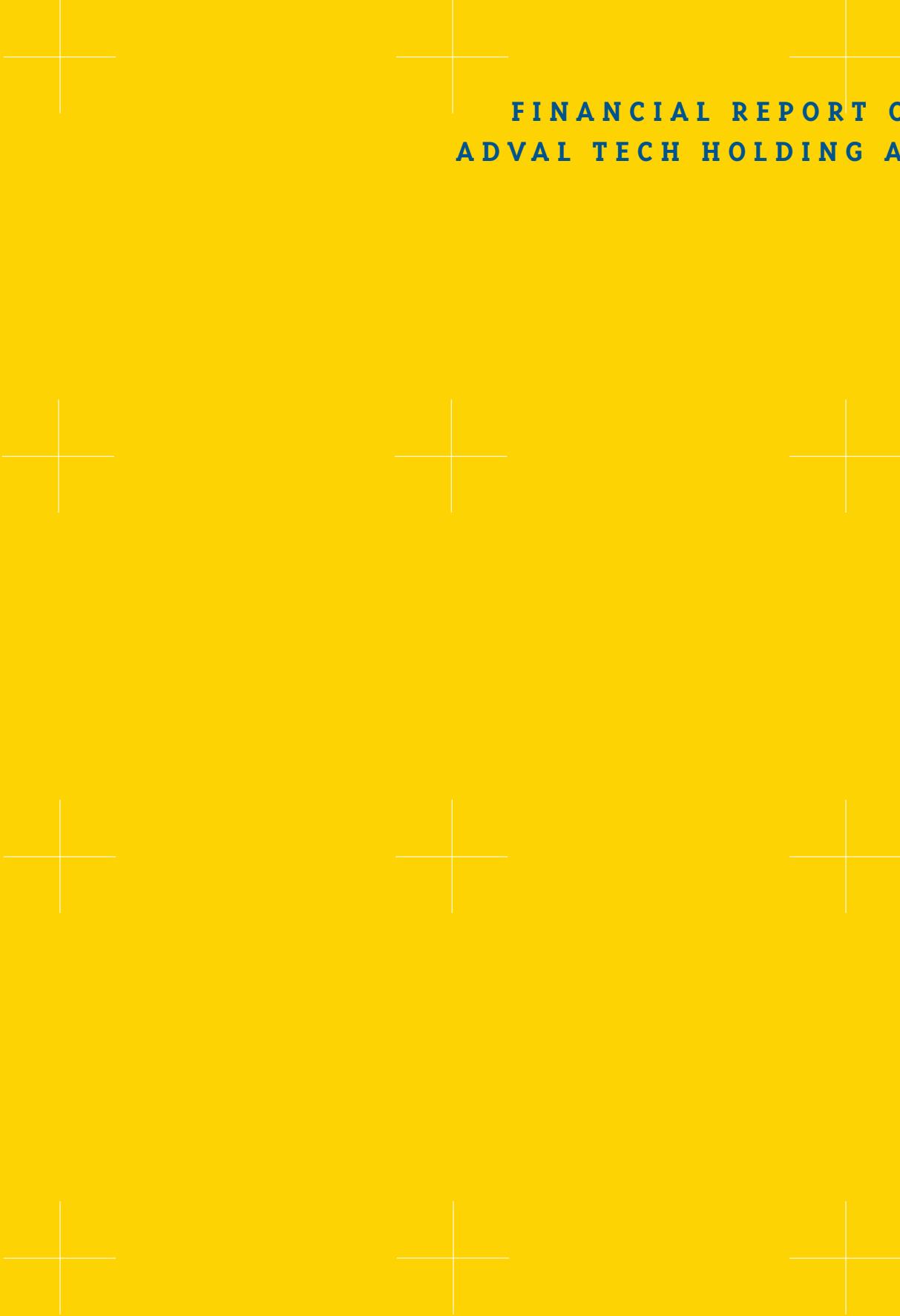


Christophe Aeby  
Licensed Audit Expert  
Auditor in Charge



Thomas Dettwiler  
Licensed Audit Expert

Zurich, 31 March 2023



**FINANCIAL REPORT OF  
ADVAL TECH HOLDING AG**

# FINANCIAL REPORT OF ADVAL TECH HOLDING AG

## 1. BALANCE SHEET

CHF	Notes	12/31/2022	12/31/2021
<b>Current assets</b>			
Liquid assets		16,268,812	11,794,520
Trade accounts receivable		2,160,196	577,964
– from third parties		22,956	0
– from Group companies	2.1	2,137,240	577,964
Prepaid expenses and accrued income		1,574	11,943
<b>Total current assets</b>		<b>18,430,582</b>	<b>12,384,427</b>
<b>Fixed assets</b>			
Long-term receivables from Group companies	2.2	32,335,578	50,030,831
Investments in Group companies	2.3	57,086,257	69,782,031
<b>Total fixed assets</b>		<b>89,421,835</b>	<b>119,812,862</b>
<b>Total assets</b>		<b>107,852,417</b>	<b>132,197,289</b>
<b>Short-term liabilities</b>			
Trade accounts payable		0	16,607
– to third parties		0	16,607
Short-term interest-bearing liabilities		11,300,000	11,014,135
– to third parties		0	14,135
– to Group companies	2.4	11,300,000	11,000,000
Other liabilities		289,276	230,743
– to third parties		35,100	0
– to Group companies	2.5	254,176	230,743
Prepaid income and accrued expenses		178,468	88,375
Current provisions		0	380,000
<b>Total short-term liabilities</b>		<b>11,767,744</b>	<b>11,729,860</b>
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities		575,409	534,000
<b>Total long-term liabilities</b>		<b>575,409</b>	<b>534,000</b>
<b>Total liabilities</b>		<b>12,343,153</b>	<b>12,263,860</b>
<b>Shareholders' equity</b>			
Share capital		14,600,000	14,600,000
Legal capital reserves	2.6	58,843,154	59,573,058
Legal retained earnings		9,500,000	9,517,000
– General legal retained earnings		9,500,000	9,500,000
– Reserve for treasury shares		0	17,000
Voluntary retained earnings		11,284,611	11,267,610
Profit carried forward		24,245,883	47,027,453
Loss for the year		-22,964,384	-22,051,692
<b>Total shareholders' equity</b>		<b>95,509,264</b>	<b>119,933,429</b>
<b>Total liabilities and shareholders' equity</b>		<b>107,852,417</b>	<b>132,197,289</b>

## 2. INCOME STATEMENT

CHF	Notes	2022	2021
Income from equity interests	2.7	14,895,067	8,130,197
Other income		36,859	25,386
Other operating expenses	2.8	-1,207,528	-1,183,544
Amortization/depreciation and impairment losses on non-current assets	2.9	-33,972,380	-26,572,817
Financial income	2.10	79,314	100,503
Financial expenses	2.11	-3,163,457	-2,590,814
<b>Operating result before taxes</b>		<b>-23,332,125</b>	<b>-22,091,089</b>
Extraordinary, non-recurring or prior period income	2.12	380,000	39,397
Extraordinary, non-recurring or prior period expenses	2.12	0	0
<b>Result for the year before taxes</b>		<b>-22,952,125</b>	<b>-22,051,692</b>
Direct taxes		-12,259	0
<b>Loss/profit for the year</b>		<b>-22,964,384</b>	<b>-22,051,692</b>

# NOTES TO THE FINANCIAL STATEMENTS 2022

## 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 et seq., 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	12/31/2022	12/31/2021
Adval Tech Management AG, Niederwangen, Switzerland	1,227,392	29,839
Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais PR, Brazil	311,760	208,079
Adval Tech (Hungary) Kft., Szekszárd, Hungary	15,499	6,507
Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	38,515	24,549
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico	221,437	65,586
Adval Tech Holding (Germany) GmbH & Co. KG, Endingen, Germany	0	240
Adval Tech Holding (Germany) GmbH, Endingen, Germany	322,637	241,879
Adval Tech Holdings (Asia) Pte. Ltd, Singapore	0	1,285
<b>Total Group companies</b>	<b>2,137,240</b>	<b>577,964</b>

## 2.2 Long-term receivables from Group companies

CHF	12/31/2022	12/31/2021
Adval Tech Management AG, Niederwangen, Switzerland (subordinated)	1,800,000	1,300,000
Adval Tech (Hungary) Kft., Szekszárd, Hungary	2,643,759	1,626,080
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico	3,013,164	0
Adval Tech Holding (Germany) GmbH, Endingen, Germany	24,000,000	46,875,968
Adval Tech Holdings (Asia) Pte. Ltd, Singapore	878,655	228,783
<b>Total Group companies</b>	<b>32,335,578</b>	<b>50,030,831</b>

### 2.3 Investments in Group companies

Company		12/31/2022		12/31/2021		12/31/2022 Book value CHF	12/31/2021 Book value CHF
		Share capital 100%	Share of capital and votes in %	Share capital 100%	Share of capital and votes in %		
Adval Tech Management AG, Niederwangen, Switzerland	CHF	100,000	100%	100,000	100%	0	0
Management of equity interests							
Adval Tech Immobilien AG, in liquidation, Niederwangen, Switzerland	CHF	100,000	100%	100,000	100%	100,000	100,000
Holding and management of properties							
Adval Tech (Switzerland) AG, Niederwangen, Switzerland	CHF	3,050,000	100%	3,050,000	100%	17,650,000	17,650,000
Stamping and forming technology							
Adval Tech US Inc., Cleveland, USA	USD	1	100%	1	100%	0	0
Stamping and forming technology							
Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais PR, Brazil <sup>1)</sup>	BRL	2,509,873	100%	2,509,873	100%	0	0
	USD	360,000		360,000			
Stamping and forming technology							
Adval Tech (Hungary) Kft., Szekszárd, Hungary	EUR	990,000	100%	990,000	100%	8,400,000	17,629,861
Plastic components							
Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	EUR	13,000	100%	13,000	100%	0	2,209,920
Stamping and forming technology							
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico <sup>1)</sup>	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	10,436,257
Plastic components / Stamping and forming technology							
Adval Tech Holdings (Asia) Pte. Ltd, Singapore	USD	2,266,500	100%	2,266,500	100%	20,500,000	21,755,993
Holdings in companies							
<i>Adval Tech (Suzhou) Co. Ltd, Suzhou, China</i>	USD	10,060,000	100%	10,060,000	100%	3,900,000	3,900,000
<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%	42,000	42,000
<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>							
Adval Tech Holding (Germany) GmbH, Endingen, Germany	EUR	25,000	100%	25,000	100%	0	0
Holdings in companies / Holding and management of properties							
<i>Adval Tech (Germany) GmbH &amp; Co. KG, Endingen, Germany</i>	EUR	1,132,000	100%	1,132,000	100%	18,948,060	18,948,060
<i>Tools and metal components</i>							
<i>Adval Tech (Germany) Verwaltungs GmbH, Endingen, Germany</i>	EUR	51,000	100%	51,000	100%	0	0
<i>Unlimited liability partner of Adval Tech (Germany) GmbH &amp; Co. KG, Germany</i>							
<b>Total equity interests</b>						<b>57,086,257</b>	<b>69,782,031</b>

Indirect investment holdings are printed in italics.

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

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

#### **2.4 Short-term interest-bearing liabilities**

CHF	12/31/2022	12/31/2021
Adval Tech (Switzerland) AG, Niederwangen, Switzerland	4,000,000	4,700,000
Adval Tech (Grenchen) AG, Switzerland	7,300,000	6,300,000
<b>Total short-term interest-bearing liabilities</b>	<b>11,300,000</b>	<b>11,000,000</b>

#### **2.5 Other liabilities – to Group companies**

CHF	12/31/2022	12/31/2021
Adval Tech Management AG, Niederwangen, Switzerland	6,578	0
Adval Tech Immobilien AG, in liquidation, Niederwangen, Switzerland	175,835	175,835
Adval Tech US Inc., Cleveland, USA	55,494	54,908
Adval Tech (Grenchen) AG, Switzerland	16,269	0
<b>Total other liabilities - to Group companies</b>	<b>254,176</b>	<b>230,743</b>

#### **2.6 Legal capital reserves**

This item consists of the shareholders' capital contributions.

#### **2.7 Income from Group equity interests**

CHF	2022	2021
Income from equity interests	4,931,689	502,554
Loan interest income	1,722,533	1,517,987
Corporate service fees	346,559	321,656
Trademark fees	1,894,286	1,788,000
Dividend income	6,000,000	4,000,000
<b>Total income from equity interests</b>	<b>14,895,067</b>	<b>8,130,197</b>

## 2.8 Other operating expenses

CHF	2022	2021
Property insurance and fees	-37,115	-27,672
Office and administrative expenses	-1,149,092	-1,075,744
Other expenses	-21,321	-80,128
<b>Total other operating expenses</b>	<b>-1,207,528</b>	<b>-1,183,544</b>

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

CHF	2022	2021
Impairment losses on equity interests	-12,695,774	-23,220,355
Impairment losses on loans	-21,276,606	-3,352,462
<b>Total amortization/depreciation and impairment losses on non-current assets</b>	<b>-33,972,380</b>	<b>-26,572,817</b>

## 2.10 Financial income

CHF	2022	2021
Financial income from third parties	23,938	36,087
Foreign currency gains/losses, Group companies	55,376	64,416
<b>Total financial income</b>	<b>79,314</b>	<b>100,503</b>

## **2.11 Financial expenses**

CHF	2022	2021
Bank interest expense	-53,229	-41,047
Foreign withholding taxes	-65,241	-99,491
Bank fees	-8,749	-2,209
Other financial expenses	-24,266	-64,804
Foreign currency gains/losses, third parties	-135,738	-73,306
Loan interest expense, Group companies	-104,283	-29,253
Foreign currency gains/losses, Group companies	-2,771,951	-2,280,704
<b>Total financial expenses</b>	<b>-3,163,457</b>	<b>-2,590,814</b>

## **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 2022	Value in 2022, CHF	Number in 2021	Value in 2021, CHF
January 1	96	17,000	96	17,000
Purchase (details)	38	5,587	0	0
Sale (details)	-134	-22,587	0	0
December 31	0	0	96	17,000

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

#### Participation rights of Board of Directors and Executive Management

In 2022, 134 registered shares were allocated to the Executive Management (previous year: none).

#### Sureties to third parties

CHF	12/31/2022	12/31/2021
Guarantees	526,829	518,159

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, 2022, 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)	12/31/2022	12/31/2021
Dr. h.c. Willy Michel <sup>1)</sup>	28.9%	28.9%
Artemis Beteiligungen I AG, Hergiswil <sup>2) 3)</sup>	21.5%	21.5%
Grapha Holding AG, Hergiswil <sup>4)</sup>	8.8%	8.8%
J. Safra Sarasin Investment Fonds AG*	7.8%	8.5%
Hansruedi Bienz	7.5%	7.5%
Einfache Gesellschaft Dreier <sup>5)</sup>	3.5%	3.5%

Beneficial owners:

1) Represented on the Board of Directors by Jürg Schori

2) Michael Pieper, Hergiswil, Switzerland

3) Represented on the Board of Directors by Christian Mäder

4) Rudolf B. Müller, Hergiswil, Switzerland

5) Hans Dreier, Muri b. Bern, Switzerland; Rudolf Dreier, Altendorf, Switzerland

\* Effective amount of holding as at December 31, 2022 and December 31, 2021

## 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		2022	2021
René Rothen	Chairman of the Board and CEO	1,590	1,540
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	503	503
Valeria Poretti-Rezzonico	Head Corporate HR/Communication	796	754
Markus Reber	CFO	288	711

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

CHF	2022	2021
<b>Retained earnings carried forward</b>		
Retained earnings at the beginning of the financial year	24,245,857	47,027,516
Appropriation of profit according to the resolution of the General Meeting		
- Transfer capital reserves	26	0
- Loss for the year	-22,964,384	-22,051,692
Retained earnings at the disposal of the General Meeting	1,281,499	24,975,824

<b>Capital contribution reserves carried forward</b>		
Legal capital reserves at the beginning of the financial year	58,843,154	59,572,865
Board of Directors' proposal to the General Meeting		
- Transfer to profit carried forward	0	-729,841
- Transfer to voluntary retained earnings	0	130
Legal capital reserves to be carried forward	58,843,154	58,843,154

CHF	2022 Board of Directors' proposal	2021 General Meeting resolution
<b>Board of Directors' proposal regarding appropriation of retained earnings</b>		
Retained earnings at the disposal of the General Meeting	1,281,499	24,975,824
Transfer from the capital reserve	0	729,841
Distribution to shareholders from capital reserve <sup>1)</sup>	0	-729,904
Distribution to shareholders from retained earnings <sup>1)</sup>	0	-729,904
To be carried forward	1,281,499	24,245,857

1) The amounts are based on the number of shares for distributions as at the reference date December 31, 2022 (previous year: December 31, 2021), 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 115 – 125), which comprise the balance sheet as at 31 December 2022 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 2022 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 Standards on Auditing (SA-CH). 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
<p>Adval Tech Holding 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 2022. The long-term receivables from group companies of the Adval Tech Group amounted to CHF 32.2 million at the end of 2022 (prior year CHF 50.0 million). At the end of 2022, investments amounted to CHF 57.1 million (prior year CHF 69.8m).</p> <p>The 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.</p> <p>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 83% of total assets, prior year 91%).</p>	<p>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 as following:</p> <ul style="list-style-type: none"> <li>Assessment of the controls related to the process of management's creation of the impairment tests on design and implementation.</li> <li>Comparison of the current results of the respective companies with the corresponding budgets on the 2022 business performance, in order to retrospectively verify the forecast accuracy of the budgets.</li> <li>Critical assessment of the future prospects on the basis of the multiannual plan approved by the Board of Directors through inquiry of the management and analysis of the parameters of the impairment tests.</li> <li>Review of the valuation of non-current receivables from Group companies by assessing positive equity capital.</li> <li>Audit of the most important parameters of the impairment tests (discount rates and long-term growth rates) as well as using sensitivity analyses and assessment of sensitivity of impairment.</li> </ul> <p>Based on the above-mentioned audit procedures performed, we have attained sufficient assurance to address the risk of the valuation of non-current loans and investments.</p>

### Other Information

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

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

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

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

#### ***Responsibility of the Board of Directors for the Financial Statements***

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

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

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

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

#### ***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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Furthermore, we 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 Aebi  
Licensed Audit Expert  
Auditor in Charge



Thomas Dettwiler  
Licensed Audit Expert

Zurich, 31 March 2023

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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.