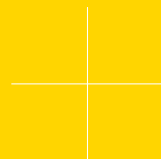
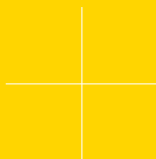
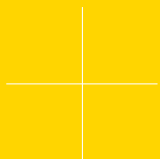
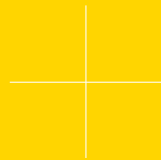
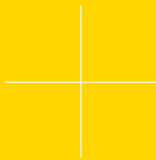
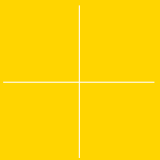
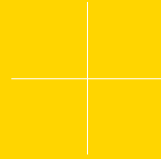
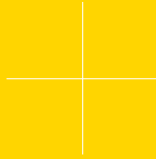
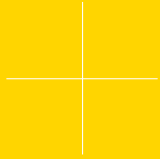


advaltech

ANNUAL REPORT

2023

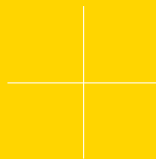


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Forward-looking statements

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.



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KEY FIGURES OF THE ADVAL TECH GROUP

	2023	2022	2021	2020	2019
Total income (CHF million) ¹⁾					
Group	179.3	187.4	170.8	140.8	178.9
Change in %	-4.3	9.8	21.3	-21.3	-9.7
Per employee (CHF thousand)	153.5	160.5	151.4	124.4	144.3
Net turnover (CHF million)					
Group	169.8	178.4	166.6	134.9	173.6
Change in %	-4.8	7.1	23.5	-22.3	-9.1
EBITDA (CHF million) ¹⁾					
Operating earnings before depreciation	5.6	8.3	17.0	15.2	18.4
in % of total income	3.1	4.4	10.0	10.8	10.3
EBIT (CHF million) ¹⁾					
Operating earnings	-1.7	0.6	9.2	6.7	10.3
in % of total income	-0.9	0.3	5.4	4.8	5.8
Net result (CHF million)					
Net result	-3.9	-2.3	5.9	4.3	8.7
in % of total income	-2.1	-1.3	3.4	3.1	4.9
Cash flow and capital expenditure (CHF million)					
Cash flow from operating activities	4.5	1.6	17.3	6.1	4.2
Free cash flow ¹⁾	-1.7	-1.5	13.6	3.5	-4.0
Capital expenditure	-5.9	-3.0	-3.7	-3.4	-8.1
Balance sheet figures (CHF million)					
Total assets	151.7	165.6	162.9	162.6	162.3
Shareholders' equity	114.5	121.4	127.5	126.5	126.4
in % of total assets	75.5	73.3	78.3	77.8	77.9
Employees (full-time equivalents)					
December 31	1,151	1,185	1,134	1,105	1,179
Market capitalization (CHF million)					
December 31	81.8	102.2	118.3	124.1	124.1
Selected key figures per share					
Earnings (CHF)	-5.27	-3.22	8.05	5.88	11.85
Dividend (CHF)	0.00 ²⁾	0.00	2.00	1.35	2.70
Payout ratio %	0.00	0.00	24.8	22.9	22.8
P/E ratio on December 31	n.a.	n.a.	20.1	28.9	14.3

According to Swiss GAAP FER

1) Alternative Performance Measure, see Note 3, page 125

2) Proposed by the Board of Directors

SHARE STATISTICS AND PRICE TRENDS

	2023	2022
Registered shares	730,000	730,000
EBIT ¹⁾ per share (CHF)	-2.32	0.82
Net result per share (CHF)	-5.27	-3.22
Shareholders' equity per share (CHF)	156.81	166.27
Dividend per share (CHF)	0.00 ²⁾	0.00
Payout ratio %	0.00	0.00
P/E ratio	n.a.	n.a.
Market prices (CHF)		
Low (10/02/23, 06/14/22)	103.00	124.00
High (02/09/23, 02/10/22)	145.00	175.00
December 31	112.00	140.00
Market capitalization (CHF million)		
Low (10/02/23, 06/14/22)	75.19	90.52
High (02/09/23, 02/10/22)	105.85	127.75
December 31	81.76	102.20

1) Alternative Performance Measure, see Note 3, page 125

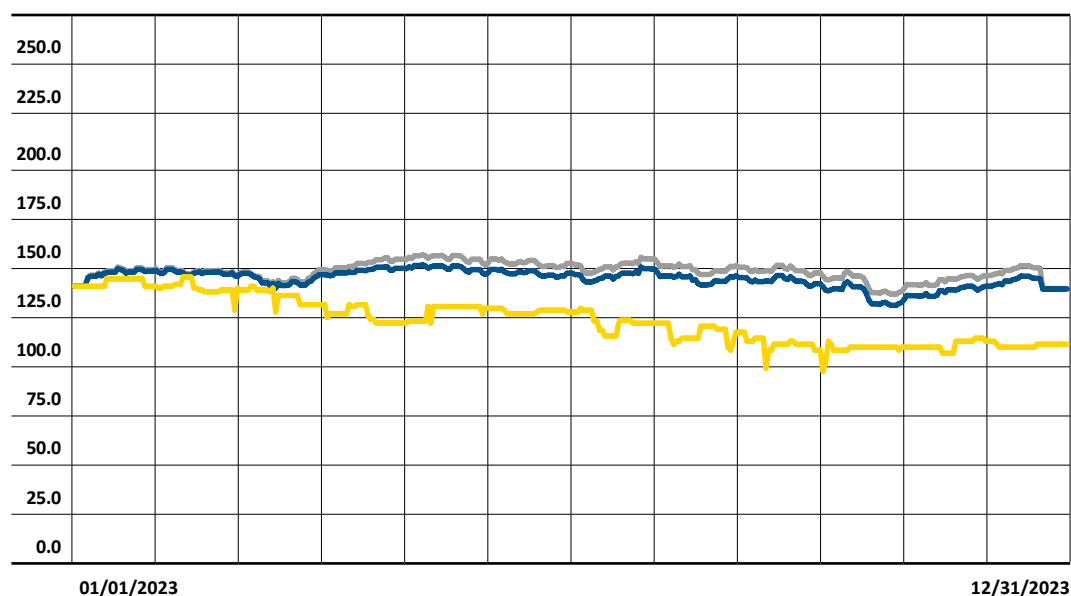
2) Proposed by the Board of Directors

Share statistics

Swiss security no. 896 792

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

Price trends (CHF)



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

NET TURNOVER BY REGION AND BY PRODUCT

2023

2022

(CHF million)

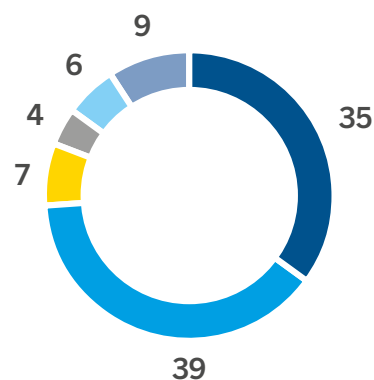
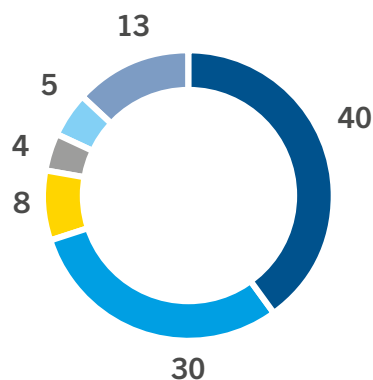
Total

169.8

178.4

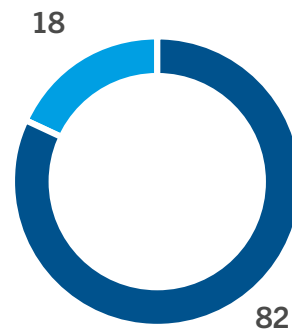
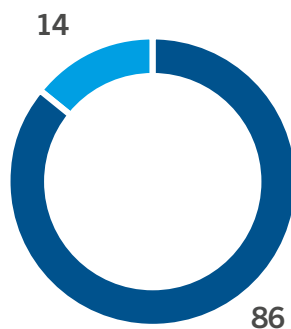
Billed net turnover
by region
(in %)

- 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

12/31/2023

(Number of persons)

1167

Total

417

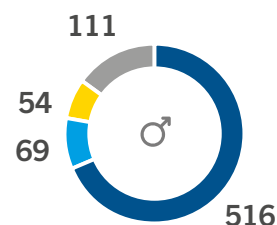
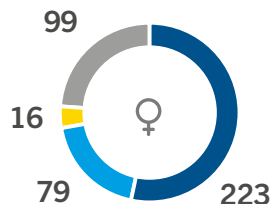
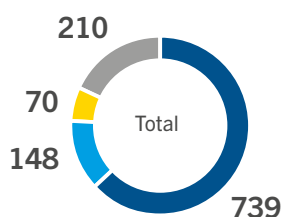
Women

750

Men

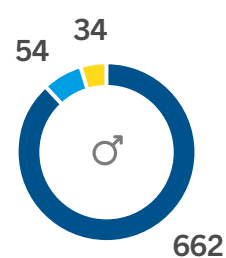
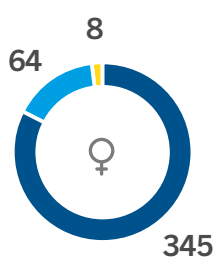
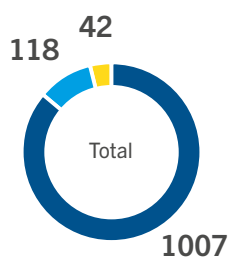
By region

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



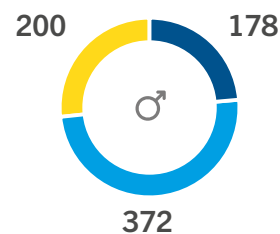
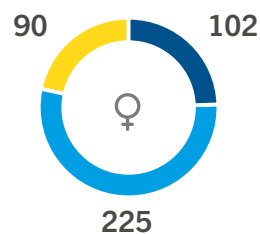
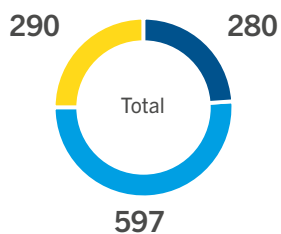
By contract of employment

- Permanent
- Temporary
- Apprentices



By age

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



DEAR SHAREHOLDERS,

The Adval Tech Group has faced many changes and challenges over the past year. The ongoing transformation process in the automotive industry, climate protection, demographic developments in the industrialized countries, the growing market share of electromobility and the increasing number of Asian vehicles in Europe are just some of the many dynamic processes that are shaping our markets and competitive environment. There are also global political tensions that are causing far-reaching upheavals in all regions of the world.

Adval Tech responded to these developments with its usual foresight and flexibility. Even under these circumstances, we have once again succeeded in acquiring new, long-term customer projects with our innovative solutions – particularly in the area of electromobility. These major projects will have a positive impact on our total income¹⁾ and sales for the first time in 2025 and 2026.

The relevant markets for us were still dealing with significant supply bottlenecks in 2023, especially for electronic components. The associated impact led to some painful and unpredictable losses also at Adval Tech, including the postponement of projects and cancellation of existing orders. In addition to this, we were only able to pass on some of the cost increases to customers. Despite taking rapid and immediate action, introducing cost-saving programs and acquiring replacement orders, we were unable to prevent a decline in total income¹⁾ and a drop in profitability.

We are, however, confident that we can significantly improve the Adval Tech Group's profitability in the medium and long term. There are attractive future growth areas opening up in both the metal and plastics sectors. An important course has been set with the acquisition of new orders.

Adval Tech attaches great importance to economic success. At the same time, we strive to act responsibly for the benefit of society and the environment with our sustainability strategy anchored in our corporate management. At Adval Tech, we see sustainable action as an ongoing process. Last year, we began reporting on our sustainability efforts by systematically recording and analyzing our key energy figures across the Group. A comprehensive Sustainability Report will now be published for the first time for 2023, which is based on the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals, among others, and meets the requirements of Art. 964b of the Code of Obligations (CO). The report forms an integral part of this Annual Report.

Adval Tech started 2024 with a newly formed management board: The Board of Directors has appointed Cordula Hofmann and Jean Bäßler, two experienced managers, to the Executive Management. At the same time, Cordula Hofmann took over the Corporate Communication area in addition to her role as Head Group Human Resources. Jean Bäßler, who was General Manager of Adval Tech (Switzerland) AG and Adval Tech (Grenchen) AG until the end of last year, assumed Group-wide responsibility for all global engineering and production sites in the metal sector.

The Board of Directors of the Adval Tech Group is also delighted to welcome Volker Brielmann as the new CEO of our Group in April 2024. The 56-year-old German citizen has a degree in mechanical engineering and many years of experience in various management positions in the automotive supplier industry – much of which he acquired at the world's largest automotive supplier, Robert Bosch. Most recently, Volker Brielmann was Managing Director at Allgaier Automotive.

1) Alternative Performance Measure, see Note 3, page 125



RENÉ ROTHEN

CHAIRMAN OF THE BOARD OF DIRECTORS

As the new CEO and member of Executive Management, he takes over my operational management responsibilities at the Adval Tech Group as of April 1, 2024. I will remain with the Group as Chairman of the Board of Directors and will gladly be available to the new CEO during the familiarization phase.

The Board of Directors and Executive Management of the Adval Tech Group are firmly determined to convert the entrepreneurial opportunities offered into profitable projects and to significantly increase the Adval Tech Group's earning power in the medium term. Its great innovative strength, broad product portfolio and global customer proximity mean that the Adval Tech Group is ideally positioned to do this.

However, our Group's most important asset is and will remain our employees. Around 1,170 specialists and professionals at nine sites create added value for our customers each and every day. They take on the challenges of a demanding market environment with tremendous energy. Our motto is "Together to the top" – and we will remain true to this in the future.

We would like to thank our employees, customers, suppliers and business partners for the good working relationship we enjoy. We would also like to thank you, our esteemed shareholders. Your loyalty and trust create the basis for the Adval Tech Group to enjoy future success.

Niederwangen, April 2024

René Rothen, Chairman of the Board of Directors

MANAGEMENT REPORT

BUSINESS PERFORMANCE OF THE GROUP

The Adval Tech Group can look back on a challenging financial year. In a difficult environment, the Group acquired new, long-term series orders in both the metal and plastics sectors. These include some interesting projects in the field of electromobility. However, Adval Tech also had to accept various project postponements and cancellations of existing orders. This was due to the massive disruptions in the global supply and logistics chains, which had already had a negative impact in 2022. The lack of availability of electronic components forced individual customers to terminate long-term projects earlier than originally planned or even cancel them altogether. For example, one customer was forced to dispense with a subassembly from Adval Tech because the related electronically controlled actuator was no longer available in the required quantity. Adval Tech was therefore forced to introduce radical restructuring measures at a plant in Hungary. Further unpredictable production interruptions on the customer side required extreme flexibility and agility from the Adval Tech Group's employees. Despite the rapid introduction of immediate measures, cost-cutting programs and the securing of replacement orders, Adval Tech suffered a decline in total income and a fall in profitability. For a long time, the Group was only able to pass on part of the price increases to customers.

Even under these very difficult circumstances, the Adval Tech Group was able to successfully ramp up the newly acquired projects and ensure liquidity at all times.

Compared to the previous year, the Group's total income¹⁾ fell from CHF 187.4 million to CHF 179.3 million (-4.3%). In the year under review, Adval Tech generated EBITDA¹⁾ of CHF 5.6 million (2022: CHF 8.3 million, -32.4%), EBIT¹⁾ of CHF -1.7 million (2022: CHF 0.6 million) and a net result of CHF -3.9 million (2022: CHF -2.3 million). Adjusted for currency effects, total income¹⁾ in 2023 amounted to CHF 184.3 million, EBITDA¹⁾ CHF 6.1 million and EBIT¹⁾ CHF -1.4 million.

In view of the newly acquired major orders, Adval Tech is confident that it will be able to significantly improve profitability again in both the metal and plastics sectors in the medium and long term.

Market development

Global production of passenger cars and commercial vehicles has continued to rise after 2022. The most important sales region is now Asia and China in particular. Almost 26 million cars and around half of all electric vehicles traded worldwide were sold in China in 2023. More vehicles were also delivered in Europe in 2023 than in the previous year. Other important car sales markets are Japan, the USA and India. Most new cars were also manufactured in Asia. With around 27 million vehicles produced, China also led the way here. Manufacturers benefited from the high order backlogs that had built up in the previous year due to component bottlenecks. In Germany, the proportion of fully electric cars rose disproportionately and now accounts for 16 percent of new registrations. However, the expiry of the purchase premium for electric cars in Germany, the uncertain economic situation and the subdued consumer climate have dampened demand for electric cars somewhat.

In the medium and long term, the outlook for Adval Tech remains promising. The megatrends in the automotive industry are continuing. In addition to electromobility, these include connected and autonomous driving, shared mobility, digitalization, and lightweight construction. The Adval Tech Group continues to have very good market opportunities in all these areas.

1) Alternative Performance Measure, see Note 3, page 125

In the **metal** sector, Adval Tech produces brake fenders in Germany, structural parts in Hungary and high-pressure gasoline pumps in Switzerland, among other things. The Adval Tech location in Germany was hardest hit by the negative cost trend: factors including the unfavorable currency trend, the high pressure to transform in the German automotive industry and the sharp rise in personnel and energy costs depressed returns. The Brazilian site, which was successfully restructured last year, was nominated for the production of components for two new exhaust systems. Both major projects will go into series production in 2024 and 2025.

In the **plastics** sector, the Adval Tech Group produces air flow systems and components for vehicle interiors, for example, at its plant in Querétaro, Mexico. With its expanded capacities, Adval Tech started various series productions at this plant in 2023. Accordingly, this location recorded the strongest growth of all Adval Tech's production sites in terms of volume. Adval Tech (Mexico) S.A. de C.V.'s customers include manufacturers of premium car brands such as Audi and VW as well as various well-known first-tier suppliers. Adval Tech (Hungary) Kft. in Szekszárd, Hungary, on the other hand, was so severely affected by the global supply bottlenecks in 2023 that it became necessary to restructure the plastics sector.

Adval Tech (Suzhou) Co. Ltd in China grew again slightly in 2023, but did not yet reach the pre-pandemic level in terms of volume. The site mainly produces for the Chinese market and has further development potential.

In the field of **related applications**, the Malaysia site was once again able to acquire some interesting new orders and stabilize sales at a high level. The Grenchen site is also doing well with various projects in the MedTech and consumer goods sectors.

Strategic orientation

Adval Tech has remained true to its focus strategy even in these turbulent times. The Group is concentrating on the automotive market and on applications that are comparable to those of the automotive industry in terms of quantities, quality requirements, service life and production processes. These include plastic and metal parts, subassemblies and systems for the MedTech and consumer goods industries. To compensate for the volatility of the automotive market, the Group continues to be active in the high-speed press technology business.

In its strategic market orientation, the Adval Tech Group is developing as an automotive supplier in four directions:

- from a component supplier to a supplier of systems and modules
- from a parts manufacturer to a one-stop shop with development, parts and module competencies
- from a European-focused partner to a global partner
- from a supplier to second-tier providers to a partner for 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 various other first-tier suppliers. It attends the most important international trade fairs and cultivates the Adval Tech brand using a wide range of communication media. In the year under review, Adval Tech also expanded its marketing and sales activities in the MedTech and consumer goods sectors.

Top Innovative Companies 2024 innovation award

The Adval Tech Group is one of the most innovative companies in Switzerland. This was the result of a study conducted by the Swiss business magazines Bilanz and PME in collaboration with the market research and data analysis company Statista. A total of 185 companies in Switzerland were examined. The market research institute evaluated the companies according to qualitative and quantitative criteria, including the number of patents, sales growth in recent years, innovation culture and product innovations.

DEVELOPMENT OF KEY FIGURES

Total income¹⁾ and net turnover

The Adval Tech Group's total income¹⁾ comprises 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
- Other revenues (such as proceeds from the sale of scrap)

Overall, the Group achieved total income¹⁾ of CHF 179.3 million in 2023 (2022: CHF 187.4 million, -4.3%).

Net turnover from the sale of components fell from CHF 146.7 million in the previous year to CHF 143.2 million in 2023 (-2.4%). While the plants in Niederwangen, China, Hungary (metal sector) and Mexico were able to increase their sales, volumes at the sites in Germany, Malaysia and Hungary (plastics sector) fell, in some cases significantly.

The regional breakdown of net turnover shifted slightly due to lower demand at our plants in Germany and Hungary. However, at 70%, the Adval Tech Group still generated the largest share of sales with customers in Europe (2022: 74%). The share of net turnover generated with Asian customers rose to 12% (2022: 11%). Adval Tech generated 13% of sales with Latin American customers (2022: 9%) and 5% with North American customers (2022: 6%).

1) Alternative Performance Measure, see Note 3, page 125

Profitability

The Adval Tech Group generated earnings before interest, taxes and depreciation (EBITDA¹) of CHF 5.6 million (2022: CHF 8.3 million), which corresponds to an EBITDA margin of 3.1% (2022: 4.4%). Earnings before interest and taxes (EBIT¹) amounted to CHF -1.7 million (2022: CHF +0.6 million). While the Swiss production sites in Niederwangen and Grenchen and the sites in Malaysia, Brazil and China continued to make a positive contribution to the Group's EBIT¹ in 2023, the results of the sites in Germany, Hungary and Mexico had a significant negative impact on the Group's profitability.

Net result

The net result of the Adval Tech Group amounted to CHF -3.9 million in 2023 (2022: CHF -2.3 million). This includes a financial result of CHF -1.9 million due to currency losses (2022: CHF -1.5 million).

Investments and operating net current assets¹

In 2023, the Adval Tech Group invested CHF 5.9 million in property, plant and equipment (2022: CHF 3.0 million), while cash flow from operating activities amounted to CHF 4.5 million in 2023 (2022: CHF 1.6 million). Free cash flow¹ amounted to CHF -1.7 million (2022: CHF -1.5 million). This development is primarily due to higher investment expenditure than in the previous year.

At the end of December 2023, operating net current assets¹ (trade accounts receivable, inventories and trade accounts payable) amounted to CHF 40.4 million (December 31, 2022: CHF 49.5 million). In relation to total income¹, average operating net current assets¹ rose from 26.4% at the end of December 2022 to 26.9% at the end of December 2023.

Liquidity

The net financial position¹ amounted to CHF 25.9 million as at December 31, 2023 (end of 2022: CHF 28.2 million).

Equity ratio

The Adval Tech Group's equity ratio rose from 73.3% at the end of 2022 to a very high 75.5% at the end of 2023.

Share price performance

The key share figures and the development of the share price are shown on page 5 of this Annual Report.

Dividend distribution

Due to the negative net result, the Board of Directors will not propose a dividend distribution at the Annual General Meeting on May 16, 2024.

CUSTOMER SATISFACTION

Customer satisfaction is of central importance for the future development of the Adval Tech Group. Adval Tech ensures strict compliance with the agreed quantities, deadlines and quality standards for all orders. Adval Tech also contributes to customer satisfaction by maintaining regular contact with customers and identifying opportunities for improvement.

Economic, environmental and social sustainability has always been high on Adval Tech's list of priorities. In this Annual Report, the Adval Tech Group is publishing an integrated Sustainability Report for the first time.

SUSTAINABILITY

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

Economic, environmental and social sustainability has always been high on Adval Tech's list of priorities. In this Annual Report, the Adval Tech Group is publishing an integrated Sustainability Report for the first time (pages 35 to 73).

All the Group's plants are certified to the international environmental management standard ISO 14001. The site in Hungary was additionally certified to ISO 45001 and IATF 16949 in 2023. The site in Mexico also received IATF 16949 certification. Adval Tech's plant in Endingen (Germany) is playing a pioneering role on the road to climate-neutral production. By 2026, Adval Tech Endingen aims to achieve climate-neutral production – at least as far as its own emissions are concerned. The plant has been using only electricity from renewable sources since January 2022. The current energy consumption is continuously recorded and analyzed in all areas in order to introduce appropriate optimization measures. The next step will be to install heat coupling systems, which will enable waste heat from the production plants to be used specifically for heating buildings in future.

Adval Tech is also increasingly focusing on environmental issues in its market performance and sees great opportunities to open up new areas of application. For example, Adval Tech Grenchen has developed a process for the industrial production of coffee capsules for a major Swiss retailer. The new capsules are 100% recyclable as they are made solely from 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 company treats its employees with care. The Adval Tech Group supports its employees and offers them attractive career opportunities. In human resources management, Adval Tech has set itself the following goals: first, hire the right people; second, support and develop the right people; third, hold on to the best employees in the long

term; fourth, attract qualified specialists and managers; fifth, be an attractive and competitive employer; and sixth, foster a positive corporate image. To achieve these goals, Adval Tech has defined a human resources philosophy entitled "Together to the top". Further details can be found in the Sustainability Report on pages 55 to 58 of this Annual Report.

The headcount (full-time equivalents) fell in 2023 from a total of 1185 (end of 2022) to 1151 (end of 2023). The average headcount in 2023 was 1168 employees (previous year: 1168).

Recruiting and developing the right employees remains a permanent challenge for Adval Tech at all levels. This also includes assessing the next generation of international talents and retaining key people.

RISK MANAGEMENT

Adval Tech uses a comprehensive risk management system to ensure 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 assessment system covers both strategic and operational risks. All identified risks 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 have been taken to address and minimize the risks. The task of ongoing monitoring of the risk inventory is the responsibility of the Risk Management Officer, i.e. the CFO, who discusses the issues internally with Group Executive Management. Detailed information on financial risk management can be found on page 124 of this Annual Report.

OUTLOOK

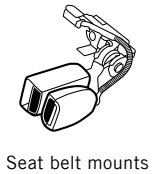
It is still extremely difficult to provide economic forecasts. Adval Tech is therefore refraining from making a specific forecast for 2024. Major uncertainties remain regarding the availability of supplier parts and raw materials, particularly in the automotive industry. The number of insolvencies in the supply chain is increasing. This trend needs to be monitored closely. It is important for the Group to ensure its ability to supply customers at all times. Adval Tech is confident that it will be able to significantly improve its profitability again in the medium and long term, in particular thanks to the encouraging acquisition of various interesting projects for electric vehicles – both in the metal and plastics sectors.

Adval Tech will continue to exercise great restraint with regard to expenditure. Investments will be made where the Group's performance requires it and profitability can be increased. At the same time, it is important to continue to make the Group fit for 2025 and 2026, when the newly acquired major projects will be reflected in total income and turnover for the first time.

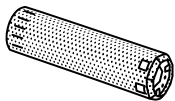
The focus remains on implementing the acquired projects correctly the first time. Adval Tech will continue to do everything in its power to ensure that its motivated employees are able to respond flexibly and agilely to changing market developments and customer requirements at short notice. The recruitment and development of qualified specialists at all levels will remain a core task of the Group in 2024.

COMPONENTS FOR THE AUTOMOTIVE INDUSTRY

Safety



Seat belt mounts

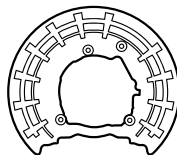


Combuster



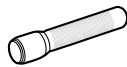
ABS Components

- 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

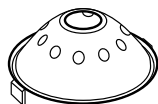


Brake disk cover

Power train

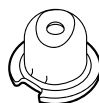


Fuel filter



Fuel injection pump

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

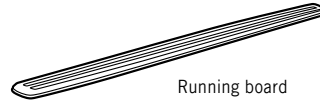


Common rail

Interior/Exterior/Decor



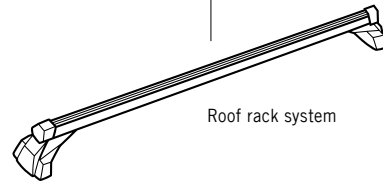
Trim



Running board



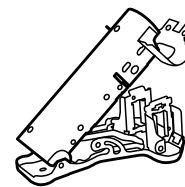
Door sill plate



Roof rack system

- Sun blind
- Door sill plate
- Door sill panel
- Trim
- Interior decor parts
- Roof rack system
- Running board

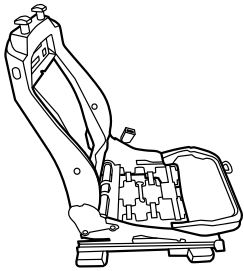
Steering



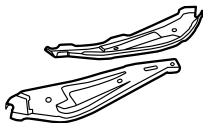
Steering system

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

Structure



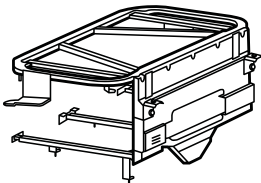
Seat structural parts



Seat adjustment

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

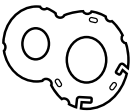
E-Mobility/ Autonomous driving



Battery carrier



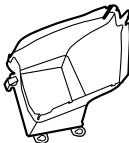
Lenholder



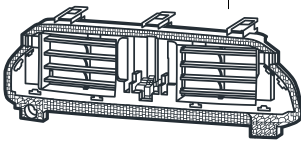
Oil guidance

- Battery carrier
- Lenholder
- Sleeve (head-up display)
- Oil guidance
- Insulation

Car front



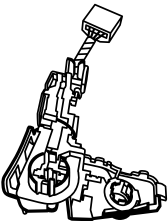
Air flow system



Radiator shutter

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

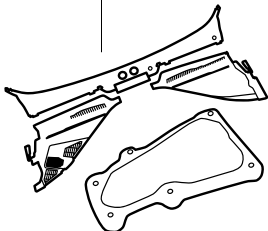
Lighting



Rear light



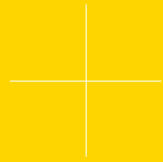
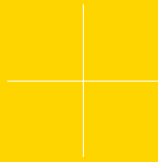
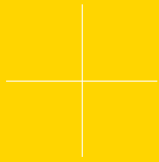
Lighting system



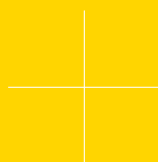
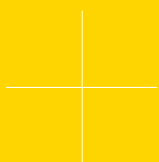
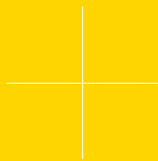
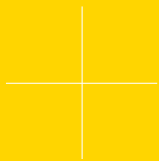
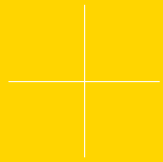
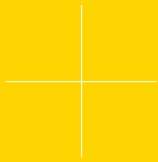
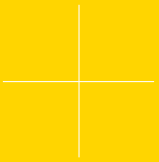
Air/water separation

- Lighting system
- Rear light

- Metal component
- Plastic component
- Composite



ADDING VALUE THROUGH INNOVATION





Adval Tech – one of Switzerland's most innovative companies

Adval Tech is one of Switzerland's most innovative companies. This conclusion was reached by a study published in September 2023 called "Switzerland's most innovative companies in 2024". The study was published by the Swiss business magazines Bilanz and PME, in collaboration with the market research and data analysis company Statista. A total of 185 companies in Switzerland were evaluated and rated. The criteria included the number of patents, sales growth over the past years, innovation culture and product innovations.



BILANZ & PME

**TOP INNOVATIVE
COMPANIES**

2024

statista

BILANZ NR. 10/2023 & PME NR. 10/2023

TOGETHER TO THE TOP

Adding value through innovation — excellence for customers

Predicting market developments. Revolutionizing technologies. Making the impossible possible. This is Adval Tech's culture of innovation.

Pushing the boundaries, breaking down barriers — Adval Tech has a long history of innovation. We inspire our globally active customers and support them in their change processes with practical solutions. We know their challenges and potential. We look ahead, think long-term and find ways and means that create added value for our customers and help them advance.

Innovations are created in long-term partnerships with our customers. You can find out more about how we maintain our culture of innovation and how we live it in our day-to-day work on the following pages.

ADVAL TECH (SWITZERLAND) AG, NIEDERWANGEN

100 years of innovation — and not just for the automotive industry

For 100 years, we have been making an impact on technological progress in metal and light metal processing. We focus on the automotive market and related applications — with innovative approaches to tackling global challenges.

100 years ago, school friends Fritz Styner and Rudolf Bienz founded their mechanical workshop in Bern-Bümpliz. In doing so, they laid the foundation for an impressive entrepreneurial success story and the basis for our Niederwangen site.

Much has changed since 1924 — in the world, but also at our Swiss site for the processing of metal and light metal. But one thing has remained unchanged over the years: our pursuit of innovative, efficient and practical solutions that inspire customers.

We collaborate closely with our customers to support them in developing technical solutions and assist them with our comprehensive process expertise. Based on a sound understanding of systems, outstanding product and technological expertise and an uncompromising customer and market focus. Adding value through innovation — that's what the name Adval Tech stands for. And that's what our development, planning and production teams aim to do.



What defines Adval Tech's unique, innovative art of engineering? "At the Niederwangen site, we consciously cultivate a culture of innovation," says Jean Bähler. The former General Manager of Adval Tech (Switzerland) AG and Adval Tech (Grenchen) AG also took over Group responsibility for all metal and MedTech sites of the Adval Tech Group at the beginning of 2024. "Our customers' expectations are extremely high. We can only be successful if each and every one of us contributes to our ideas and if every step is perfect right down to the last detail," says Bähler. "Many employees have been working in our team for years and have a deep understanding of our customers' concerns, comprehensive technical expertise and great pleasure in ingenious solutions." Despite all the enthusiasm, the risks are weighed up carefully: "We only accept an order if we can meet the promise in any case," asserts Bähler.

Today, the Niederwangen site is a globally active industrial partner for technologically sophisticated components and subassemblies made of metal and light metal. In line with the one-stop shop principle, complete solutions are created from a single source – from the initial discussion with the customer through to series production. Thanks to the deep, vertical integration of unique manufacturing processes developed in-house, we supply components for the automotive industry to the European, American and Asian markets – directly from our site in Niederwangen. The high-speed press that we built, refined and equipped with tools plays a very important role here. It is the global benchmark in terms of reliability and speed (number of strokes). Adval Tech Niederwangen supplies high-speed presses together with tools to customers in the metal packaging industry, for example. Aerosol cans and coffee capsules are also manufactured using the presses. Two high-speed presses from Adval Tech (Switzerland) are located at the Adval Tech Grenchen site.





Consulting, design,
product and process
development

Simulation,
development of
prototype

Development of
tools and con-
struction

Component
production

Assembly

Innovation process

Production process

Support processes



NIEDERWANGEN

TECHNOLOGY

Metal forming incl. follow-up processes such as deburring, laser drilling/welding, purification, assembly, 100% testing etc.; coatings/heat treatments in collaboration with qualified suppliers; construction of high-speed presses and tools

MARKETS

Automotive, industry, packaging

INNOVATION

Components and modules for safety, e-mobility and autonomous driving, car fronts, lighting. Components and modules for powertrain systems: e.g. ABS components, airbag combusters, gas generators, lens holders, fuel filters (micro/laser drilling), gear parts, magnet actuators, pole housings, components for injection systems, membranes, common rails, high-pressure rail connections for injectors, gasoline high pressure pumps, valve sleeves. Hybrid components (metal/plastic) for components that are critical for safety and function. State-of-the-art high-speed presses and tools.

HISTORY

In 1924, Fritz Styner and Rudolf Bienz founded the Styner+Bienz general partnership with a small mechanical workshop in Bern-Bümpliz, Switzerland. In 1997, the holding company and the corporate group renamed it Adval Tech as part of a strategic realignment. This year, the ever-growing company is celebrating its 100th anniversary.

CERTIFICATES

ISO 9001/14001, IATF 16949

TEAM

183 employees (as at end-2023)

SERVICES

- High-speed presses with transfer technology
- The presses can be adjusted individually for the relevant component.
- Hybrid components from a single source
- Complete systems (high-speed press including tool technology)
- Laser drilling

ADVAL TECH (GRENCHE) AG, GRENCHE

Product and process innovation for sustain- able and efficient solutions



In our clean room facilities in Grenchen, we meet the strictest demands of customers from the medical, pharmaceutical and diagnostic industries. But with our expertise we also create added value for clients in various areas of the consumer goods industry.

At the geographical heart of the Swiss precision industry, our Grenchen site is home to our competence center for plastic parts and components, which is equipped with state-of-the-art clean room technology. "The medical and pharmaceutical industries are future-oriented sectors that are growing worldwide," says Jean Bähler, General Manager of Adval Tech (Grenchen) AG. For leading companies, Adval Tech represents a reliable partner for the development of efficient and sustainable solutions in the healthcare sector. "At the Grenchen site, we are small enough to be flexible and quickly accommodate customer requests – in developing pilot runs, for example," says Jean Bähler. "But we are also big enough to deliver production runs in the millions in the desired form, quality and cleanliness."

Whether in our rooms equipped to meet the highest standards in line with ISO 14644-1 and GMP C/D or in a controlled environment, we create perfect validation and production solutions, produce plastic parts and subassemblies in the required quality and supply these on time and finished on request. Here, too, we offer everything from a single source: from consultation and support during product development, to mold making and actual component production – including validation and downstream processes such as assembling, bonding, welding and finishing.



Consumer Goods

Sophisticated projects in the consumer goods industry are a welcome challenge for Adval Tech. With the expertise we have acquired over the years from the automotive and pharmaceutical industries, we support our customers in their search for efficient solutions that guarantee reliable processes. Here, too, we support clients from their initial idea through to the delivery of the finished product. Faster, better, more efficient and, above all, more sustainable – these are our innovation drivers in the area of consumer goods. One example of Adval Tech's versatile innovative strength – and also of our networked working methods across the individual sites – is our coffee capsules. At first glance, they are not too dissimilar to other capsules. Here, the material is key: the capsules are made exclusively from recycled material and are themselves 100 percent recyclable.

Let's rewind back to the start: in 2017, a leading Swiss retailer contacted our developers in Niederwangen with an unusual request. The company wanted to sell its own capsules – but wanted them to be compatible with the market leader's coffee machines. At the same time, the customer wanted the capsules to be made from 100 percent recyclable material. A challenge that was perfect for our specialists. After just a few months, they presented the first prototypes to the customer. Production began in 2019 on the four-lane production systems with high-speed presses – developed and constructed in Niederwangen. In 2020, these presses were relocated from Niederwangen to Grenchen. Adval Tech also delivered another three of these systems to a market player in Switzerland. Today, there are two systems in Grenchen.

They run around the clock, seven days a week, and achieve an annual capacity utilization of over 90 percent. In 2023, Adval Tech produced over 500 million capsules – without a single defect. "The basis for fulfilling this zero-defect tolerance is our

consistent quality strategy," says General Manager Jean Bähler. "We only achieve perfection like this because each and every member of the team puts their heart and soul into producing a good product for the customer." During the project, employees undertook further training and reoriented themselves professionally, resulting in an experienced, strong and highly specialized team. Open to new things and ready to develop further as a site in the consumer goods industry – as an extension to our production for the medical industry. Meanwhile, we develop plastic parts at our site in Muri (Switzerland).

GRENCHE

TECHNOLOGY

Plastic, metal

MARKETS

Medical industry, pharmaceuticals, diagnostics, consumer goods

INNOVATION

Molded parts, finished subassemblies

HISTORY

- More than 35 years of experience in injection molding technology
- Part of the Adval Tech Group since 2005
- Successful diversification into the consumer market in 2020

CERTIFICATES

ISO 9001, ISO 13485

TEAM

42 employees (as at end-2023)

SERVICES

- We produce up to 650 million complex plastic parts per year using injection molding, some of them under clean room conditions.
- We produce over 500 million coffee capsules in the hygiene room.
- We subsequently assemble and/or refine plastic parts if required.
- We were audited by the FDA as part of a customer audit and found to have no deviations.



ADVAL TECH (SWITZERLAND) AG, MURI

Sophisticated solutions made from plastic



Breaking through boundaries, revolutionizing technologies, implementing visions in a practical and safe way – our Muri site has been dealing with these challenges for over 15 years.



Our specialists in the Tech Center Plastic Technology in Muri are inventors and pioneers, team players and bridge builders. In our Development Center, we lead a small, flexible team with a crucial spark of genius. In an inspiring environment and within a network of leading international specialists, we develop solutions for car manufacturers in the premium segment and also for selected globally active first-tier suppliers.

The transformation of the automotive industry continues apace. Megatrends include electromobility and digitalization with networked and intelligent vehicles. We are looking to the future rather than the past and are supporting the change with solutions for e-mobility and autonomous driving. But components and subassemblies for safety, car fronts and lighting also originate from our development department.

These include complex air flow and air control systems and sub-assemblies. Through a holistic approach and interdisciplinary collaboration, Adval Tech advises and supplies its customers comprehensively in line with the one-stop shop principle. Adval Tech's engineering capabilities thus cover the entire spectrum: from product development, to the design and creation of production equipment and finally to the testing and validation of the end products.

"Innovation is not a buzzword, but an attitude," says Markus Goebel, Head of Tech Center Plastics Technology. The key to this is an appreciative working environment in which specialists can pass on and develop their expertise over the years with enthusiasm. But Goebel views innovation from another perspective, too: "New solutions always mean letting go of things which are familiar. A customer will only get involved with an innovation if they know how valuable we are." Trust as a basis for innovative strength – at Adval Tech, this has been consolidated over years of collaboration. "Customers know that we will never, under any circumstances, let them down," says Goebel. "We never promise too much, and we are even prepared to fulfil a special request in small series production."

In the area of plastic, too, Adval Tech covers the entire value chain, from product design to tool development and the production of individual parts in high volumes. The industrialization and large-series production in the area of plastics are carried out in Hungary, China or Mexico, with constant support from Adval Tech's plastic specialists in Muri. Our numerous long-standing customer relationships are the best testimony to our performance.

MURI

TECHNOLOGY

Plastic and hybrid

MARKETS

Automotive

INNOVATION

Components and modules for air flow and air control systems, safety, interiors, exteriors, decor, structure, e-mobility, autonomous driving, car fronts, lighting, steering

HISTORY

Adval Tech (Switzerland) AG emerged from AWM, which joined the Group in 1974. In the past few years, the site has developed into the leading provider of injection molding applications for the automotive industry and, together with the production plants in China, Mexico and Hungary, into a leading supplier of innovative plastic applications.

CERTIFICATES

IATF 16949, ISO 14001. The certificates are not stand-alone, but are always linked to the production plants in Mexico, China and Hungary.

TEAM

9 employees (as at end-2023)

SERVICES

Our one-stop shop approach begins at a very early stage: from the initial product and design concept to the entire product and process development phase through to global mass production.

MARKET PERFORMANCE AND MISSION STATEMENT

The Adval Tech Group is a global industrial supplier of technologically sophisticated components and subassemblies made of metal, lightmetal and plastic. It focuses on selected activities, especially in its main target market, the automotive industry. Detailed information about our market performance and mission statement can be found in the Sustainability Report, page 35 ff.

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 designs and builds entire production machines. Adval Tech makes rotationally symmetrical parts (e.g. components for airbags, ABS braking systems and fuel injection systems) as well as cubic parts such as column jackets, roof rack systems, decor parts (e.g. trims), structural components and composite components from metal and plastic elements (e.g. door sill panels). These parts are manufactured in Switzerland, Germany, Hungary and Brazil.

High-speed presses

Adval Tech also produces its own systems (high-speed presses) for selected applications and successfully uses these at both of its production sites in Switzerland. Adval Tech offers its high-speed presses to third parties in application areas outside of the automotive market.

Plastic components

Adval Tech produces highly innovative plastic parts in large batches for selected application areas. For example, we supply car manufacturers and first-tier providers with air/water separation systems, air flow systems and safety belt buckles. Adval Tech also produces plastic parts, subassemblies and systems in the MedTech and consumer goods sectors. Our production facilities for plastic components are located in Switzerland, Hungary, China, Malaysia and Mexico.

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.

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.

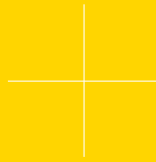
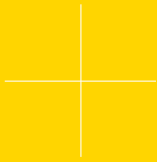
Mission

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.

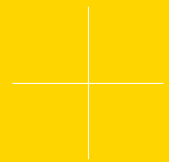
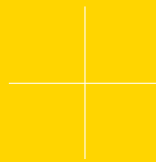
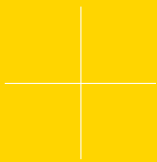
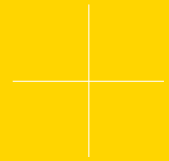
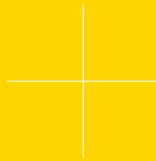
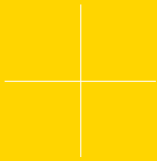
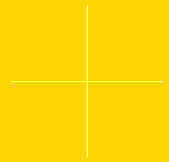
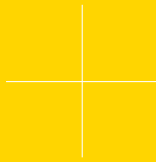
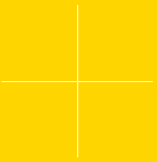
Values

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.





NON-FINANCIAL REPORTING SUSTAINABILITY REPORT



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ABOUT THIS REPORT

The Sustainability Report of Adval Tech Holding AG takes into account the following regulations and guidelines:

- Swiss Code of Obligations (version dated February 9, 2023)
- The company's Articles of Incorporation dated May 11, 2023
- The company's Organizational Rules dated December 10, 2020
- Code of conduct for ethical business practices ("Code of Conduct"), as at January 2024
- Code of Conduct for suppliers, service providers and business partners ("Supplier Code of Conduct"), as at September 2022
- The Report was produced in reference with the Global Reporting Initiative Standards (GRI Standards).

The Sustainability Report has not been audited by an independent body.

Approval by the Board of Directors

The Board of Directors of Adval Tech Holding AG approved this Sustainability Report (report on non-financial matters in accordance with Art. 964b CO) at its meeting on March 28, 2024.

LETTER TO THE STAKEHOLDERS



Adding value through innovation: that's what the name Adval Tech stands for. We also wish to create value in the areas of ecology, the environment and society. As a globally active group, we have a responsibility towards our customers, employees, partners and investors. We want to bear this responsibility consistently and with conviction in everything we do and accomplish.

Our most important market segment – the automotive industry – is currently undergoing a transformation process. The major car manufacturers are increasingly aligning their business activities with the principles of sustainability. They are combining economic performance targets with ecological responsibility and social equity, and they expect the same commitment from their suppliers. We are noticing a similar paradigm shift in other business areas too, where there is increasing demand for sustainable solutions. In our role as a supplier, we support our customers in the future-oriented structuring of this change and help to realign their markets.

In addition to protecting the environment, social issues such as social justice and diversity are also becoming more important. Other factors include transparency in the supply chain, global respect for human rights, conducting business with integrity and an effective system for preventing violations of the law.

To meet the current challenges and remain successful in the long term, the Adval Tech Group already enshrined key aspects of sustainability into its corporate strategy in 2021. In 2022, we developed the corresponding basic principles and systematically collected environmental data for the first time. Now, for 2023, we have produced the first comprehensive report in the form of an integrated Sustainability Report.

We view our development towards comprehensive sustainability as a process. We have already achieved a lot in some of our areas of activity, while we are still starting out in others. But the course towards sustainability has finally been set and we will continue to improve.

On the following pages, you can read more about how we will bear this responsibility towards our customers, employees, the environment and society and what we have already achieved this past year.

Niederwangen, April 2024

René Rothen, Chairman of the Board of Directors

CORPORATE PROFILE

CORPORATE STRATEGY

GRI 201

The Adval Tech Group is a global industrial partner for technologically sophisticated components and sub-assemblies made of metal, light metal and plastic. As a supplier and reliable partner, we cover the entire value chain, from product development and prototyping, to mold and tool development, through to component production and assembly. The Adval Tech Group is headquartered in Switzerland and operates a total of nine production plants, which are located in Switzerland, Germany, Hungary, China, Malaysia, Mexico and Brazil. Adval Tech strives for sustainable economic growth.

MARKETS

Adval Tech focuses on the automotive market and on applications that are comparable with those of the automotive industry in terms of quantities, quality requirements, service life and production processes. In addition, Adval Tech produces its own systems (high-speed presses) for selected applications and successfully uses these at both of its production sites in Switzerland. The high-speed presses are also specifically offered to third parties in application areas outside of the automotive market.

Automotive

Understanding the needs and requirements of the customer, using these to develop new and innovative solutions and ultimately implementing them successfully at the first attempt as products ready for global series production in large quantities: that's Adval Tech's core business!

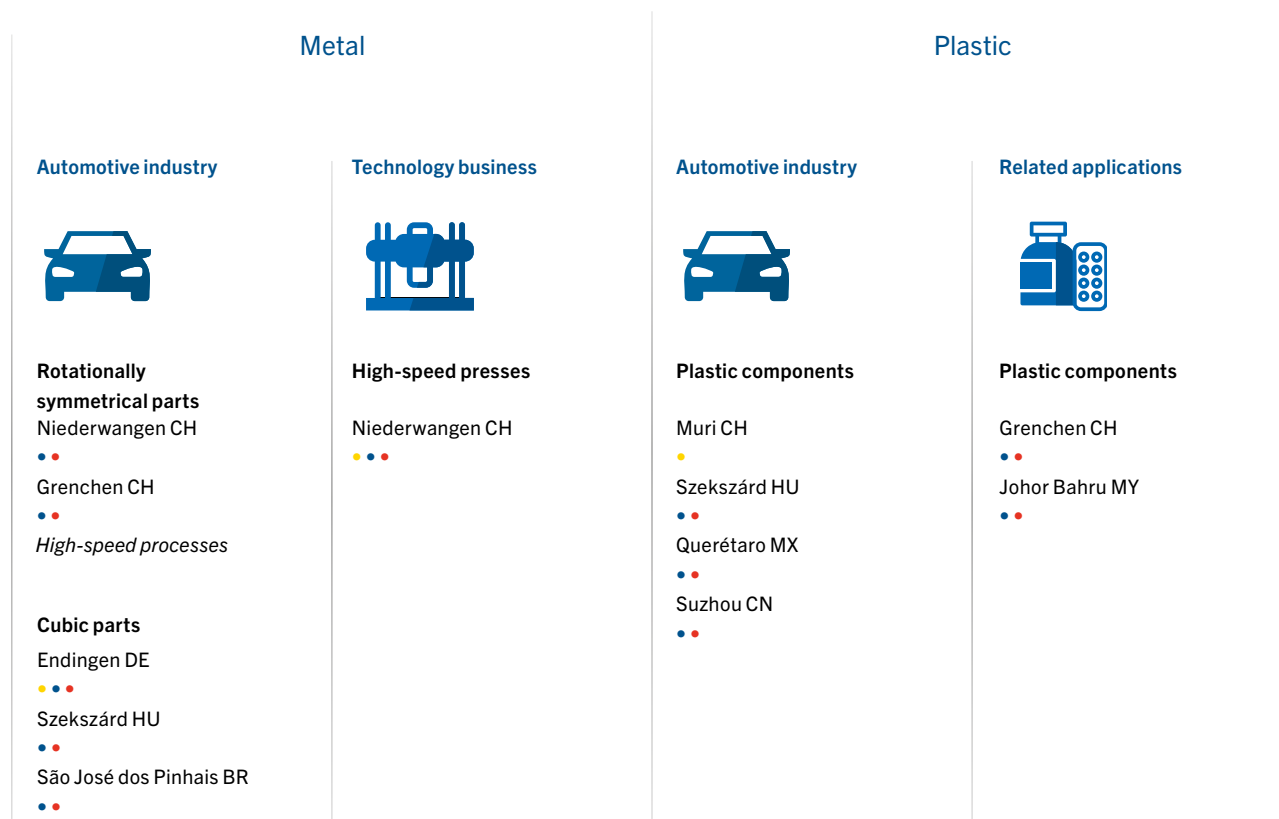
MedTech

Adval Tech also supplies the MedTech industry with high-precision applications made of plastic that are comparable with those for the automotive industry in terms of quantities, quality requirements, service life and production processes. By MedTech, Adval Tech means diagnostics, medical/surgical, instruments, pharma/pharmaceutical distribution, healthcare and others.

Consumer Goods

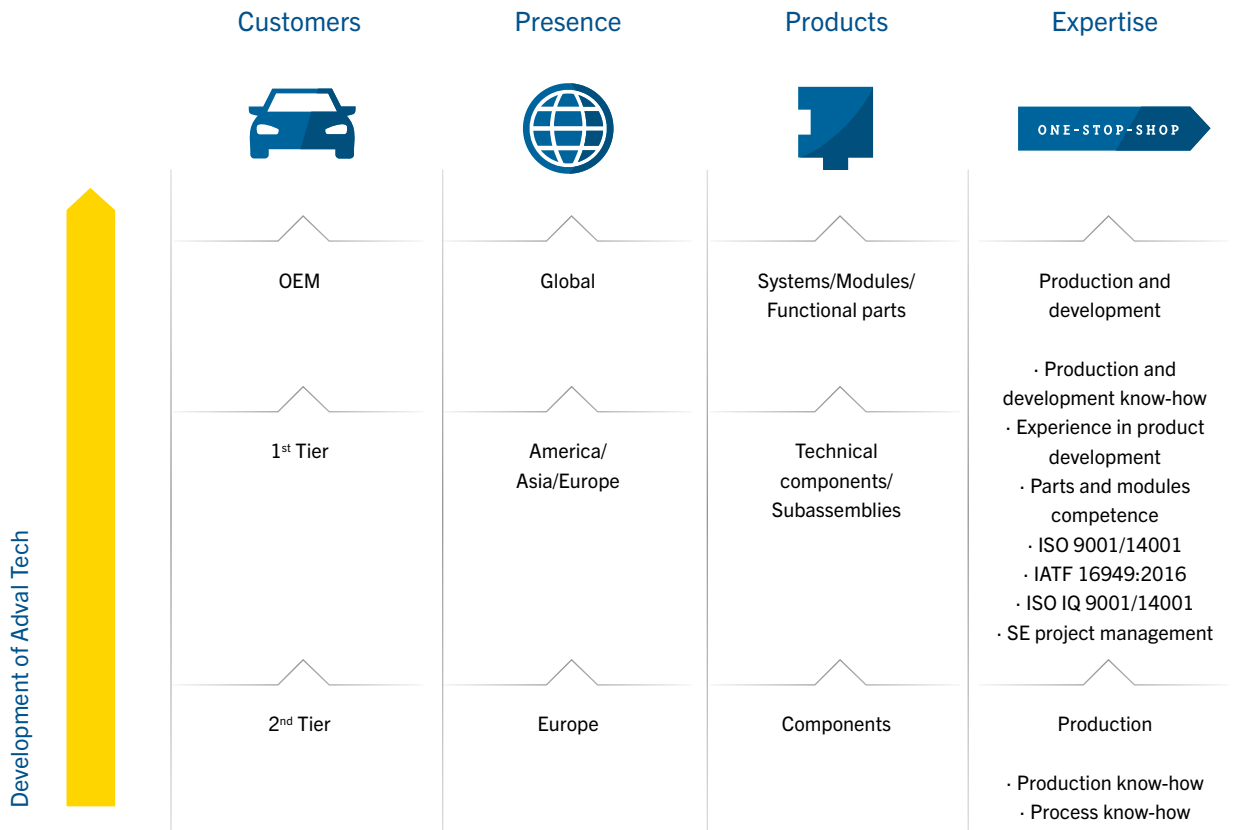
Adval Tech also supplies the consumer goods industry with sophisticated components made of plastic and metal that are comparable with those of the automotive industry in terms of quantities, quality requirements, service life and production processes. The consumer market is huge and is divided into numerous sub-markets. Adval Tech products are used, for example, in the manufacture of coffee capsules and in oral hygiene.

MARKET, DEVELOPMENT, PROCESS AND PRODUCTION STRATEGY



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

STRATEGY IN THE AUTOMOTIVE BUSINESS



Global footprint for OEMs and first-tier suppliers

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 designs and builds entire production machines. Adval Tech makes rotationally symmetrical parts (e.g. components for airbags, ABS braking systems and fuel injection systems), as well as cubic parts such as 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.

HIGH-SPEED PRESSES

Adval Tech also produces its own systems (high-speed presses) for selected applications and successfully uses these at both of its production sites in Switzerland. Adval Tech offers its high-speed presses to third parties in application areas outside of the automotive market.

PLASTIC COMPONENTS

Adval Tech produces highly innovative plastic parts in large batches for selected application areas. For example, we supply car manufacturers and first-tier providers with air/water separation systems, air flow systems and safety belt buckles. Adval Tech also produces plastic parts, subassemblies and systems in the MedTech and consumer goods sectors. Our production facilities for plastic components are located in Switzerland, Hungary, China, Malaysia and Mexico.

ONE-STOP-SHOP

Whether metal, plastic or hybrid technologies, whether for decoration 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.

Detailed information about our business performance in the 2023 financial year can be found on pages 10 to 15 in the Management Report of the Adval Tech Annual Report 2023. See also www.advaltech.com/en/investors.

OUR MISSION STATEMENT

Vision

Adval Tech is the preferred industrial partner for series metal and plastic parts. To realize this vision, the company functions as a one-stop shop for the entire value chain, keeps up with its globally active customers and thus develops 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 partner for technologically sophisticated components and subassemblies made of metal, light metal and plastic. Adval Tech is focusing on the automotive market and on applications that are comparable with those of 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 benefits for customers in terms of deadlines, quality and costs.

Values

Passion, focus, discipline — these are Adval Tech's values:

Passion

- We are proud of our customers, partners, solutions, technologies and products; we are proud to be Adval Tech.
- We have a win-win mentality and a strong desire to succeed as a team; our motivation drives us to achieve outstanding results.
- We enjoy being a global, multicultural team that connects and grows with our customers around the world.
- We are not just a supplier, but a long-term, valuable partner to our customers.

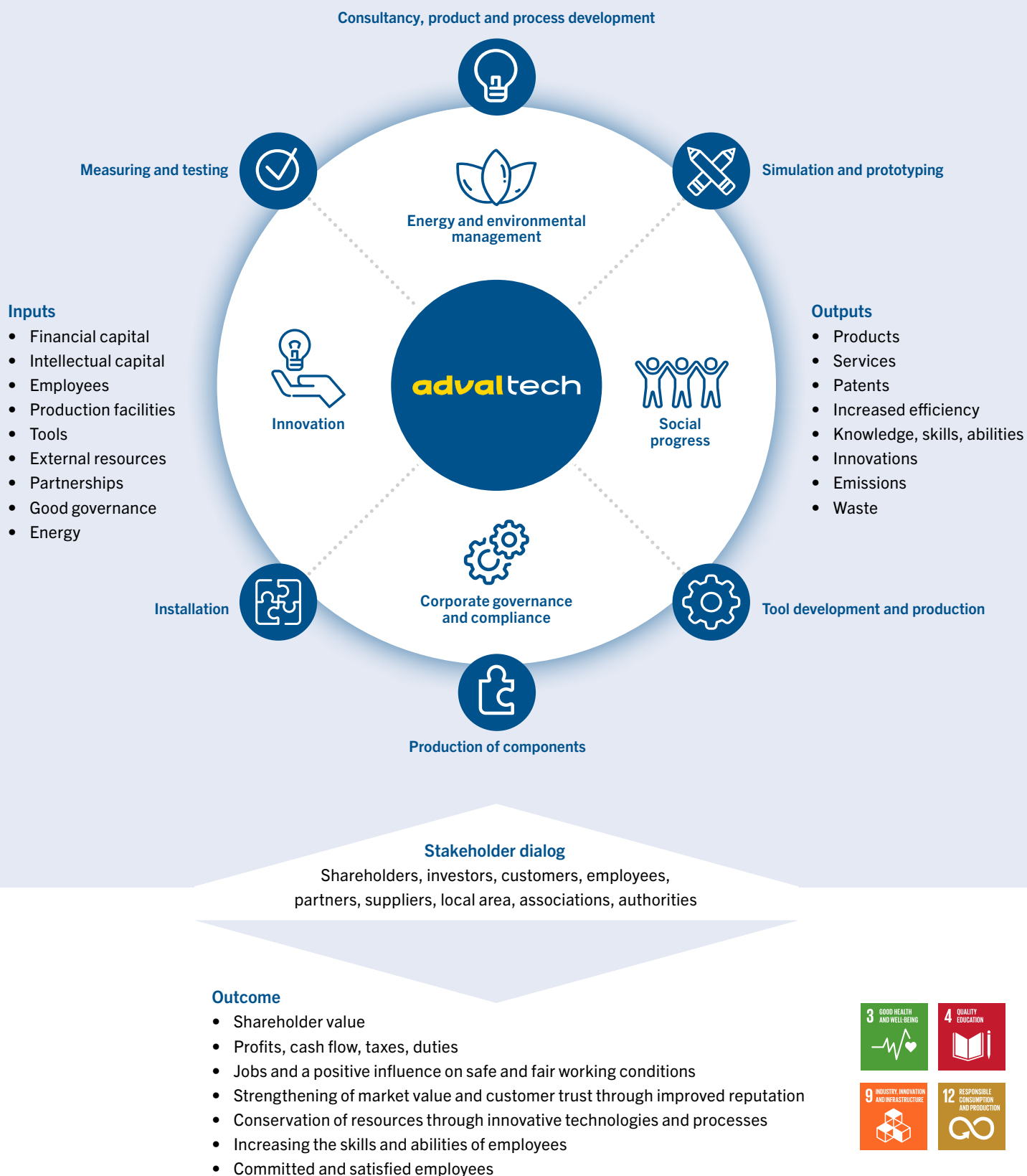
Focus

- We do not chase after every alleged opportunity, wasting time and resources in the process. Instead, we specifically choose the opportunities that will really help us to advance.
- We focus our energy on the essentials (less is more).
- We measure our performance against the targets set and align our activities and use of resources accordingly.
- We set priorities: important things come before things which are urgent or simple.

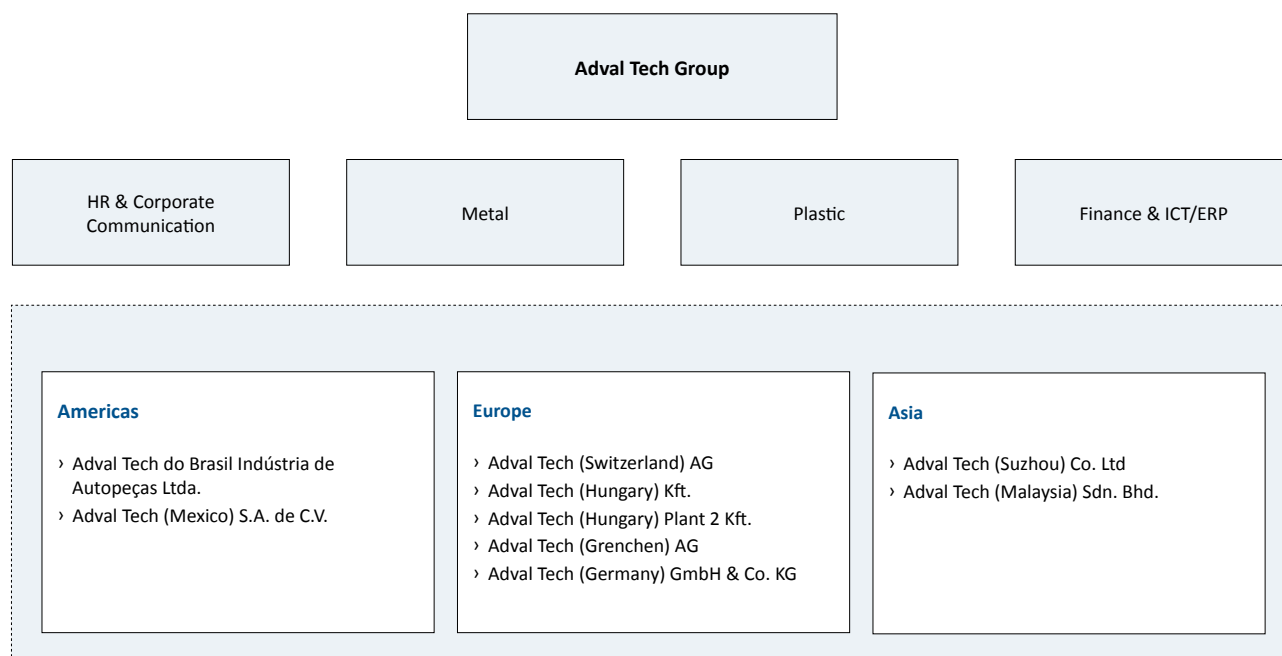
Discipline

- We adhere rigorously to our customer agreements: we do what we say, and we deliver on what we promise!
- We respect rules, requirements and agreements.
- We continuously learn from experience and dialog: we define, improve and adhere to our processes. We apply the philosophy of "right first time!"
- We exemplify discipline.

BUSINESS MODEL



GROUP STRUCTURE



As at January 1, 2024

EXECUTIVE BODIES

Board of Directors

René Rothen, Chairman (Executive Chairman of the Board of Directors with overall operational responsibility from January 1 until March 31, 2024)

Hans Dreier, member

Christoph Hammer, member (from Annual General Meeting on May 11, 2023)

Jürg Schori, member

Nomination and Compensation Committee

Christoph Hammer (from Annual General Meeting on May 11, 2023)

Jürg Schori

Honorary President: Dr. h.c. Willy Michel

Group Executive Management

René Rothen, Chief Executive Officer (until December 31, 2023)

Volker Briemann, Chief Executive Officer (from April 1, 2024)

Jean Bähler, General Manager Metal Business

Cordula Hofmann, Head Group HR & Corporate Communication

Markus Reber, Chief Financial Officer

Statutory Auditors

Deloitte AG, Zurich

As the highest decision-making authority, the **Board of Directors** defines the framework for the strategic direction of the Group and the corresponding objectives. It determines the mid-term planning and sets the annual budget for Group Executive Management. It also defines the framework for the mission statement (vision, mission and values of Adval Tech). Adval Tech's Board of Directors comprises four members. René Rothen was Executive Chairman of the Board of Directors from January 1, 2024 to March 31, 2024 and, in this role, held overall operational responsibility for the company. Alongside his role as Chairman of the Board of Directors, he was also CEO of the Adval Tech Group until December 31, 2023.

From January 1, 2024 to March 31, 2024, **Group Executive Management** comprised three members (two men, one woman), to whom the Board of Directors delegated operational management and thus also the implementation of the sustainability strategy. On April 1, 2024, Volker Briemann takes up his position as the new CEO. The previous CEO, René Rothen, remains with the Group as Chairman of the Board of Directors. You can find more information about the Board of Directors and Group Executive Management in the Corporate Governance Report from page 75 of the 2023 Adval Tech Annual Report. See also www.advaltech.com/en/investors.

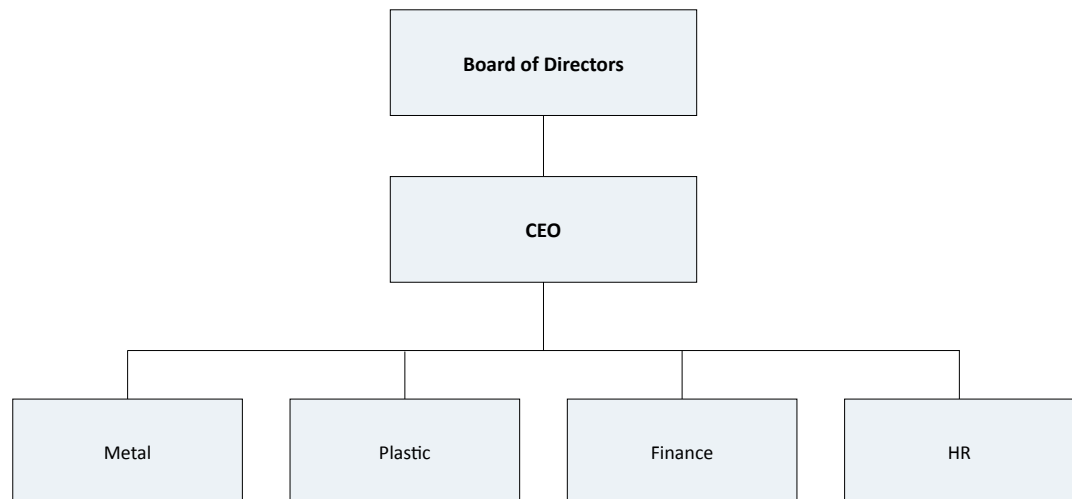
The Sustainability Report is produced by the members of Group Executive Management with the involvement of the subsidiaries and approved by the full Board of Directors. The Board of Directors will submit the Sustainability Report to the Annual General Meeting for a consultative vote.

The Board of Directors has set itself the target of including ESG issues (Environmental, Social and Corporate Governance) as a fixed agenda item in the board meetings from the 2024 business year.

SUSTAINABILITY STRATEGY AND ACTION FIELDS

Social responsibility and a responsible approach to the environment have always been high on Adval Tech's priority list. Sustainability topics have been an integral part of the corporate strategy since 2021. The following sections provide information about measures already implemented and the progress made, as well as targets in the areas of energy and environmental management, social responsibility compliance and innovation.

SUSTAINABILITY ORGANIZATION



The Board of Directors approves the ESG (Environmental, Social and Corporate Governance) targets of Group Executive Management and continuously reviews these in the regular meetings of the Board of Directors.

Group Executive Management defines the companies' annual targets and reviews them periodically.

All employees are responsible for complying with the ESG issues. National laws and Adval Tech's Code of Conduct apply.

SUSTAINABILITY MISSION STATEMENT

Adding value – we create added value for our customers, society and the environment.

As a globally active, innovative industry partner, Adval Tech believes it has a responsibility to contribute to the creation of circular, climate-friendly and fair supply chains. The company is therefore committed to the sparing use of resources and to respecting employee and human rights, both within the Group and along the supply chains with business partners.

We take responsibility towards people and the environment. We do not just provide good services for our customers: we also want to continuously improve and set standards in our management of the sustainability targets.



STRATEGIC FOCUS

As part of its sustainability strategy, Adval Tech is focusing on the following areas of action in line with ESG (Environmental, Social and Corporate Governance):

- Energy and environmental management
- Social responsibility
- Corporate governance and compliance
- Innovation

We aim to set ourselves specific targets in these four areas and continually measure our progress. When implementing our sustainability strategy, we feel it is our duty to follow the Sustainable Development Goals (SDG), which are to be achieved by all UN member states by 2030. We also take reference to the standards of the Global Reporting Initiative (GRI Standards). In reference with the GRI Standards, we have defined subject areas that are relevant to us that we wish to report on in future:

Sustainable Development Goals of the United Nations

We are focusing on the following four UN Sustainable Development Goals:

Good Health and Well-being



Goal 3: Ensure healthy lives and promote well-being for all at all ages.

Compliance with country-specific occupational safety laws is audited by independent bodies on a regular basis. Regular employee satisfaction surveys allow us to draw conclusions about our employees' well-being.

Quality Education



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Adval tech promotes gender-neutral education and training Group-wide through internal training opportunities.

Industry, Innovation and Infrastructure



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

The continuous modernization of the infrastructure within the Adval Tech Group enables sustainable improvements in resource efficiency.

Responsible Consumption and Production



Goal 12: Ensure sustainable consumption and production patterns.

Waste is avoided as much as possible thanks to highly efficient processes and otherwise recycled.

Global Reporting Initiative Standards (GRI Standards)

The Adval Tech Sustainability Report follows the standards of the Global Reporting Initiative (GRI).

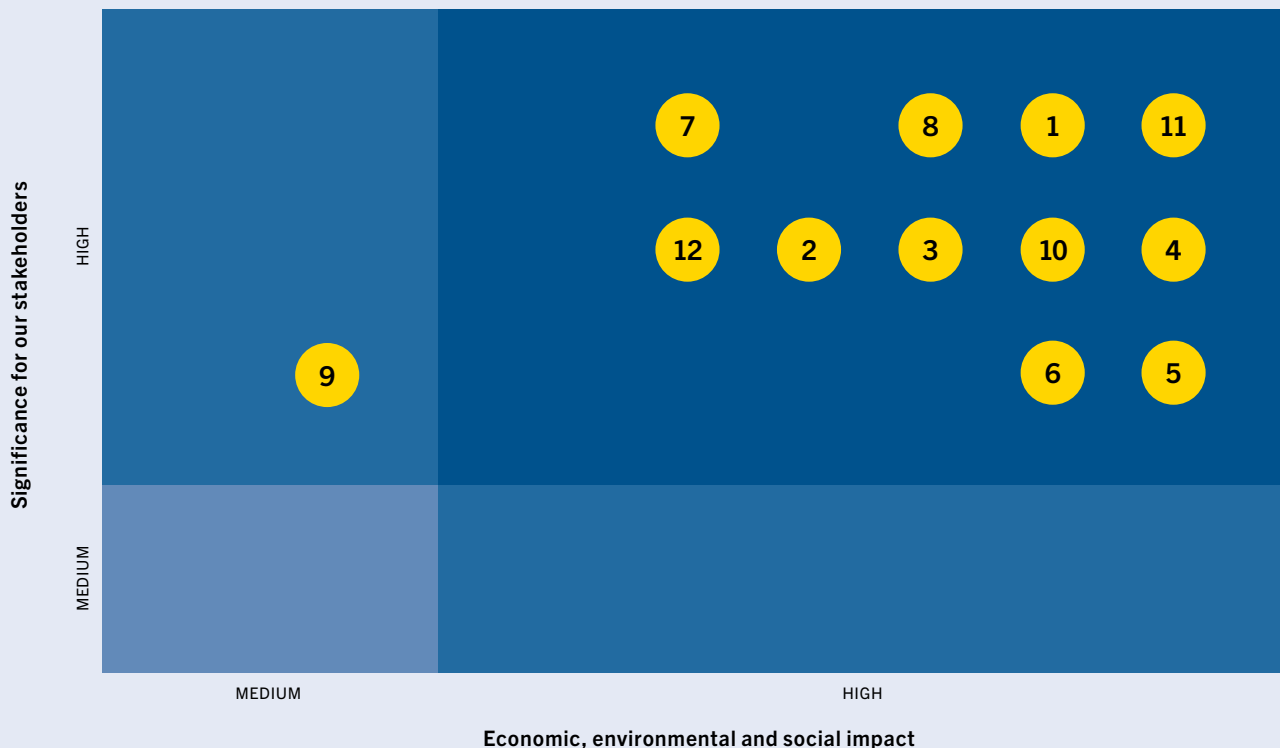
Key Sustainability Issues

In a comprehensive materiality analysis produced with the support of external specialists in 2022, we identified the sustainability issues that are particularly relevant to us and our stakeholders in reference with the GRI Standards. In doing so, we took into account existing and planned regulations and legislative proposals, the current competitive situation, the capital market ranking and media reporting, among other things. Another key element of the evaluation was our longstanding contacts with our stakeholders (see pages 52 to 54). The materiality analysis was reviewed and approved by the company's Board of Directors and Group Executive Management in the 2023 financial year.

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

Materiality analysis

- | | |
|----------------------------------|---|
| 1 Economic Performance (GRI 201) | 7 Supplier Environmental Assessment (GRI 308) |
| 2 Anti-corruption (GRI 205) | 8 Occupational Health and Safety (GRI 403) |
| 3 Materials (GRI 301) | 9 Training and Education (GRI 404) |
| 4 Energy (GRI 302) | 10 Non-discrimination (GRI 406) |
| 5 Emissions (GRI 305) | 11 Freedom of Association and Collective Bargaining (GRI 407) |
| 6 Waste (GRI 306) | 12 Supplier Social Assessment (GRI 414) |



- **Economic Performance (GRI 201):** Sustainable growth is the prerequisite for a positive contribution to the targets listed under "outcome" in the business model.
- **Anti-corruption (GRI 205):** The Code of Conduct defines our zero-tolerance policy with regard to corruption within the Group and its associated supply chain.
- **Materials (GRI 301) and Waste (GRI 306):** Materials and waste are substantial inputs and outputs of Adval Tech's value creation process and part of the ISO 14001 environmental management system. We aim to use recycled materials wherever customer specifications allow. Waste is almost entirely returned to the recycling process.
- **Energy (GRI 302):** Energy is a key input for the value creation process, with electricity being the main component. When it comes to electricity and the associated CO₂ emissions, Adval Tech is heavily dependent on local electricity suppliers and the available electricity mix.
- **Emissions (GRI 305):** A central concern of the Adval Tech Group is the continuous reduction of its CO₂ footprint. Since 2022 (reference year), we have been systematically collating figures relating to our energy consumption and CO₂ footprint within the Adval Tech Group. Adval Tech will use these figures to create a road map so that specific targets can be set for the coming years. In this first step, the Adval Tech Group is focusing on direct emissions (Scope 1 and 2). We intend to take indirect emissions (Scope 3) into account at a later date.
- **Supplier Environmental Assessment and Social Assessment (GRI 308, 414):** Suppliers are evaluated in audits based on our Supplier Code of Conduct. Where necessary, we introduce measures to avoid violations of the Code of Conduct. We are currently expanding the documentation for supplier declarations and the training materials for supplier audits.
- **Occupational Health and Safety (GRI 403):** The Adval Tech Group complies with national legislation at all of its sites. Protecting employees and reducing occupational accidents and lost hours are particularly important. In 2024, we aim to harmonize the recording of accidents across the Group and introduce standardized data collection.
- **Training and Education (GRI 404):** Training and education are the foundations for well-qualified employees and are key pillars of our culture of innovation. Specific training and education, as well as innovative technologies and processes, help to conserve resources. In the process, it is important to Adval Tech that, if possible, every employee receives training once a year to improve their skills and abilities.
- **Non-discrimination (GRI 406):** The Code of Conduct defines our zero-tolerance policy with regard to discrimination within the Group and its associated supply chain.
- **Freedom of Association and Collective Bargaining (GRI 407):** The Code of Conduct defines our zero-tolerance policy with regard to freedom of association or collective bargaining violations.

ACTIVE DIALOG WITH OUR STAKEHOLDERS

To identify challenges in a timely manner and address them together, the Adval Tech Group maintains a continuous dialog with its internal and external stakeholders. Our reporting focuses on the following groups of people and organizations:

Customers

For customers, Adval Tech develops and produces tailored, sustainable and innovative products, solutions and services from a single source. Customer relationships are based on a long-term relationship of trust.

Core concerns: Adval Tech's customers expect services along the entire value chain, as well as geographical proximity. They want innovative solutions for individual challenges at good value for money. They assume that Adval Tech will always fulfill agreements on time. Adval Tech conducts regular customer surveys (at every customer visit, at weekly project meetings and for customer feedback) to recognize trends and the potential for improvement and implements these with targeted measures. Customers expect us to give them answers to global challenges, such as the transformation of the automotive industry, digitalization and the evolution to a climate-neutral company. The automotive industry in particular is increasingly committed to sustainable solutions and also demands them 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

Suppliers and Partners

All our suppliers and business partners 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

- Code of Conduct for suppliers, service providers and business partners
- Sustainability Report (ESG)
- Personal discussions
- Visits
- On-site risk assessment and evaluations
- Trade fairs
- Internet presence

Adval Tech is committed to safeguarding the human rights of the workforce and employees and treats them in accordance with the recognized standards of the international community while also respecting environmental aspects. This also applies to Adval Tech's suppliers.

Employees

Our employees are the heart of Adval Tech. At all of our sites, we place great importance on a pleasant working environment and a culture of open dialog.

Core concerns: Our employees expect performance-related remuneration, good social benefits and a modern work culture based on appreciation. Issues which are important to them include occupational health and safety, equal opportunities and the chance to get involved and develop their own ideas and skills. They want flexible working models and training opportunities.

Participation Measures

- Regular dialog with line managers
- Internal training sessions
- Employee magazine
- Notifications
- Informal events
- Employee survey
- Adval Tech Business Management System (BMS)
- Code of conduct for ethical business practices
- Whistleblowing platform (Germany and Hungary)

Investors, Financial Community and Other Stakeholders

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

Core concerns: Our investors expect long-term, positive business development and an associated share price performance and returns. They demand proactive risk management and good compliance and governance. Investors want transparent reporting about our activities, (sustainability) achievements and targets.

Participation Measures

- Annual and Semi-Annual Reports
- Annual General Meeting
- Sustainability Report (ESG)
- Corporate Governance
- Ad hoc publicity
- Media relations
- Internet presence
- Personal contact with investors and analysts

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 and analysts' conference

External communication is carried out in accordance with the applicable disclosure requirements of the Swiss Stock Exchange and the Swiss Code of Obligations.

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
- Sustainability Report (ESG)
- Events such as the opening of new plants
- Internet presence
- Media relations

Governmental Bodies, Regulators and Certification Bodies

The fundamental values of the Adval Tech Group are part of the corporate culture and the basis for all decisions and activities when dealing with governmental bodies, regulators and certification bodies. Adval Tech always adheres to legal requirements. The occupational health and safety of employees are of the utmost importance. We pay attention to humane working conditions in the supply chains and compliance with collective labor agreements at all of our sites. The Group's long-term success also depends on avoiding a loss of reputation due to violations of rules and laws.

Core concerns: Adval Tech attaches great importance to legally compliant behavior throughout the Group. Adval Tech's long-term success also depends on ensuring that violations of rules and laws do not lead to a loss of reputation.

Participation Measures

- Implementation of legal requirements
- Personal discussions

SOCIAL RESPONSIBILITY

Employees and their expertise are our greatest resource. The Group therefore treats its staff well. Adval Tech supports the potential of all employees who proactively participate in change processes and thus contribute to the growth of the company.

Adval Tech has defined the following staff management goals: First, hire the right people; second, support and develop the right people; third, hold on to the best employees for the long term; fourth, attract 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, we have defined a human resources philosophy represented by the motto "Together to the top".

EMPLOYEE DEVELOPMENT

GRI 404



Well-educated employees are the foundation of our culture of innovation. As such, the company philosophy envisages that all employees attend one training session a year. In 2023, employees took part in an average of 3.1 training sessions, meaning we exceeded our target in this area.

Sites	Training GRI 404-1
	No. of training sessions per employee in 2023
Switzerland, Niederwangen	1.4
Switzerland, Muri	-
Switzerland, Grenchen	2.2
Germany	0.8
Hungary Plant 1 (OEM)	3.0
Hungary Plant 2 (Metal)	3.0
Brazil	14.8
China	4.8
Malaysia	1.6
Mexico	1.8
Average	3.1

Adval Tech encourages work abroad. Thanks to the intense, cross-company exchange of best practices, employees share their technical expertise, exploit synergy effects and promote mutual communication and cultural understanding at the various sites. Adval Tech cultivates a tolerant and constructive team culture, not only within the corporate group, but also in project teams together with global customers.



EMPLOYEE SATISFACTION

As a rule, employee satisfaction at Adval Tech is measured every two years. The last two surveys were conducted in fall 2023 and fall 2021.

As part of the survey, employees at all nine sites were invited in a total of seven languages to evaluate Adval Tech as an employer. The response rate to the survey, which was conducted online, rose in 2023 to 88% (2021: 78%). The vast majority of employees rate the structure, processes, work content, working conditions and employee information as extremely positive. Personal development opportunities in the workplace were also rated very positively. Employees identified very strongly with the Adval Tech Group's goals and values. The 2023 survey showed that the war in Ukraine and the coronavirus pandemic in 2022 and 2023 have left their mark and, among other things, led to a significant increase in the shortage of skilled workers, which was also noticeable at Adval Tech. Despite increased fluctuation following the coronavirus years, the questions were answered more positively on average in 2023 than in 2021. The overall satisfaction rating has risen by 0.26 points to 7.77 points (maximum 10 points) compared to 2021.

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

PROMOTING TALENT AND ENSURING COMPETITIVENESS

The average monthly fluctuation rate for the Adval Tech Group was 3.13% in the year under review (previous year: 3.36%). Our aim is to reduce the fluctuation rate further through systematic employee development and strategic talent management. Employees with potential are promoted internally and promising graduates and trainees receive a permanent position if possible. Adval Tech trains its employees in such a way that they can be employed in a variety of ways within the company.

CODE OF CONDUCT

The Adval Tech Group has revised its Code of Conduct and supplemented it in January 2024. This Code defines how employees should behave towards one another, as well as towards customers and business partners. The provisions follow internationally recognized standards and are in line with all the relevant regulatory stipulations and customer requirements. Compliance with the provisions is regularly checked. Adval Tech is planning further training sessions on the Code of Conduct for 2024. The focus will be on measures to raise awareness of the subject of discrimination in particular (for the Code of Conduct, also see the section on "Corporate Governance and Compliance").

In 2023, the headcount decreased from 1185 FTEs (year-end 2022) to 1151 (year-end 2023). The average number of employees in 2023 was 1168 (previous year: 1168).

Employees by region, contract of employment and age (number of persons at the end of 2023)

	Total	Female	Male
By region			
Europe	739	223	516
North America (Mexico)	148	79	69
South America (Brazil)	70	16	54
Asia	210	99	111
By contract of employment			
Permanent	1,007	345	662
Temporary	118	64	54
Apprentices	42	8	34
By age			
< 30 years	280	102	178
30–50 years	597	225	372
> 50 years	290	90	200
Fluctuation rate ¹⁾ (average for 2023)	3.13%		
Total Employees	1,167	417	750

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.

DIVERSITY AND INCLUSION

Compared to the industry as a whole, Adval Tech employs a high proportion of women. With targeted career development programs, the Group is aiming to further increase the proportion of female employees, especially in management positions. At our site in Germany, young women have the opportunity to familiarize themselves with technical professions, such as polymechanics, as part of "Girls' Day". At other sites, young women can gain an insight into the technical professions offered by Adval Tech as "trial apprentices". The "Succession Plan" introduced at management level in 2023 and a new "Talent Management Program" serve to promote gender diversity at Adval Tech.

INTERNAL WHISTLEBLOWING PLATFORM

Adval Tech is committed to ensuring that existing laws and internal guidelines are adhered to at all times. Employees can report any violations quickly and easily. In order to safeguard ethical standards, Adval Tech set up an internal whistleblower channel at the end of 2023 – in accordance with the legal provisions in Germany and Hungary. In addition, a guideline was adopted that makes it easier for employees to report potential violations of the corporate guidelines and applicable laws. The Group's Code of Conduct was supplemented accordingly in January 2024 (for the Code of Conduct, see also chapter "Corporate Governance und Compliance".)

OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES

GRI 403



Avoiding occupational accidents and the associated loss of working hours is of great importance to Adval Tech. In 2024, we want to harmonize the way in which we record data about accidents across the Group and introduce standardized key figures.

The annual occupational accident rate (number of occupational accidents per 1000 FTEs) was, at 21.0, significantly lower at Adval Tech than the industry average of 64.9 (Accident insurance UVG 2021). In the year under review, there were a total of 18 minor to moderate occupational accidents at six sites. Adval Tech thoroughly investigates occupational accidents and explores the causes. Where necessary, we have immediately carried out further training and adjustments. As part of its EHS management (Environment, Health, Safety), Adval Tech defines preventive measures to further improve occupational safety (see page 69).

NON-DISCRIMINATION

GRI 406

Adval Tech firmly rejects any form of discrimination. In our company, people should be able to develop their professional potential regardless of their gender, age, ethnic and social background, skin color, disability, ideology, religion, nationality, sexual orientation and political views, as long as these are based on democratic principles and tolerance towards those who think differently. In the year under review, three different sites each reported one confirmed case of discrimination. All cases were immediately resolved and closed.

In 2024, Adval Tech is aiming to make employees even more aware of this area in its Code of Conduct training sessions.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 407

In the entire Adval Tech Group, i.e. at all of its sites, there were no confirmed violations relating to freedom of association and collective bargaining in 2023.



ENVIRONMENT

GRI 302, GRI 305

Most of the Group's plants are certified in accordance with the international environmental management standard ISO 14001. We wish to improve our environmental scores with various measures. We systematically collect data in the areas of emissions, waste and materials.

EMISSIONS

Energy is an indispensable resource for Adval Tech's production operations. In striving to achieve CO₂-neutral production processes, Adval Tech is pursuing an ambitious goal.

In numerous countries, Adval Tech has already made great progress in this area – for example, at the Swiss sites of Niederwangen and Grenchen and the sites in Germany and Brazil. We have been able to rely on CO₂-neutral electricity in these countries for several years now. However, the CO₂ footprint is less good in countries that still rely primarily on coal-fired power plants to produce electricity, such as China. Adval Tech is constantly looking for ways to reduce its ecological footprint. For example, the two plants in Hungary have been heated using waste heat from the production process since 2022.

Our plant in Endingen, Germany, is to take on a pioneering role on the path to climate-neutral production. Adval Tech in Endingen aims to achieve climate neutrality by 2026 – at least as far as its own emissions are concerned. Our plant in Germany has been powered exclusively using electricity from renewable sources since January 2022. In the next step, we plan to install heat coupling systems with which the waste heat from the production facilities can be used specifically for heating buildings in future.

In the reference year of 2022, we systematically collected and analyzed data on our own energy consumption and CO₂ footprint for the first time. The relevant templates can be found in the GRI Standards GRI 302 and 305 (Scope 1 and 2).

In the year under review, we succeeded in reducing our energy consumption by 3.17%. Direct emissions fell by 33.42% or 166 tons CO₂-equivalent, which can be primarily attributed to the use of waste heat from the production facilities in Grenchen and Hungary.

In China, Adval Tech's energy consumption rose by 47.2% and indirect emissions by 53.5% in 2023. The reason for this is the expansion of our activities in China. The electricity mix available in China consists of 81% energy generated from coal. Across the Group as a whole, indirect emissions rose by 11.2% (179 tons of CO₂-equivalent). This means that, compared to the previous year, our CO₂ footprint has risen by 13 tons CO₂-equivalent.

Energy Consumption by Site

Locations	2022 (Reference year)			2023					
	Energy consumption GRI 302-1 (MWh)	Direct emissions ¹⁾ GRI 305-1 (t CO ₂ -equivalent)	Indirect emissions ²⁾ GRI 305-2 (t CO ₂ -equivalent)	Energy consumption GRI 302-1 (MWh)	Energy consumption Difference to 2022 in %	Direct emissions ¹⁾ GRI 305-1 (t CO ₂ -equivalent)	Direct emissions ¹⁾ Difference to 2022 in %	Indirect emissions ²⁾ GRI 305-2 (t CO ₂ -equivalent)	Indirect emissions ²⁾ Difference to 2022 in %
	CO ₂ footprint 2022			CO ₂ footprint 2023					
Switzerland, Niederwangen	6,435	243	0	6,200	-3.65%	231	-4.76%	0	
Switzerland, Muri	88	19	1	88	-0.45%	19	2.26%	1	3.00%
Switzerland, Grenchen	3,535	33	0	3,167	-10.41%	3	-90.36%	0	
Germany	3,570	17	0	3,100	-13.16%	21	24.71%	0	
Hungary Plant 1 (OEM)	3,586	117	227	2,791	-22.17%	56	-51.88%	179	-21.15%
Hungary Plant 2 (Metal)	1,214	69	66	1,290	6.24%	0	-100.00%	76	15.15%
Brazil	317	0	0	546	72.24%	0		0	
China	1,904	0	503	2,802	47.16%	0		772	53.48%
Malaysia	1,719	0	410	1,296	-24.61%	0		309	-24.63%
Mexico	2,392	0	386	2,697	12.73%	0		435	12.69%
Total	24,760	498	1,593	23,976	-3.17%	332	-33.42%	1,772	11.24%

Internal calculation with conversion factors based on UK Government GHG Conversion Factors for Company Reporting (Version 2022)

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. The energy is purchased by Adval Tech. Electricity and heat are taken into account. There is no cooling energy consumption or steam consumption throughout the Group.

The current energy consumption in all areas is continuously recorded and analyzed so that appropriate optimization measures can be introduced. See also www.advaltech.com/en/sustainability.

Based on the data collected systematically since the reference year of 2022 and taking into consideration the development in 2023, Adval Tech will draft a road map and formulate specific targets and measures for the future to further reduce the CO₂ footprint in the coming years.

Consumption by Energy Source

	2022 (Reference year)			2023						
	Energy consumption GRI 302-1 (MWh)	Direct emissions ¹⁾ GRI 305-1 (t CO ₂ -equivalent)	Indirect emissions ²⁾ GRI 305-2 (t CO ₂ -equivalent)	Energy consumption GRI 302-1 (MWh)	Emissions Difference to 2022 in %	Direct emissions ¹⁾ GRI 305-1 (t CO ₂ -equivalent)	Direct emissions ¹⁾ Difference to 2022 in %	Indirect emissions ²⁾ GRI 305-2 (t CO ₂ -equivalent)	Indirect emissions ²⁾ Difference to 2022 in %	
Energy source		CO ₂ footprint 2022				CO ₂ footprint 2023				Adval Tech Locations
Fossil oil	354	92		265	-25.14%	88	-4.34%			Switzerland
Natural gas	2,041	406		1,642	-19.55%	244	-40.01%			Hungary, Switzerland, Germany
Liquefied petroleum gas (LPG)	0	0		0		0	0%			
Total heating	2,395	498		1,907	-20.38%	332	-33.42%			
Water	2,808		0	4,850	72.72%			0		Hungary, Brazil, Malaysia, Mexico, Switzerland, Germany, China
Wind	1,707		0	532	-68.83%			0		Hungary, Malaysia, Mexico, Switzerland, China
Solar	1,687		0	361	-78.57%			0		Hungary, Malaysia, Mexico, Switzerland, China
Biomass	285		0	237	-16.81%			0		Hungary, Switzerland
Geothermal	163		0	152	-6.70%			0		Hungary, Mexico
Nuclear energy	9,909		0	9,586	-3.26%			0		Hungary, China, Switzerland
Fossil gas	2,666		533	2,675	0.33%			528	-0.99%	Hungary, Malaysia, Mexico, Switzerland
Fossil oil	144		42	121	-15.85%			35	-16.33%	Hungary, Malaysia, Mexico
Coal	2,996		1,018	3,555	18.64%			1,209	18.60%	Hungary, Malaysia, Mexico, China
Total electricity	22,365		1,593	22,069	-1.32%			1,772	11.24%	

Internal calculation with conversion factors based on UK Government GHG Conversion Factors for Company Reporting (Version 2022)

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. The energy is purchased by Adval Tech. Electricity and heat are taken into account. There is no cooling energy consumption or steam consumption throughout the Group.

MATERIALS AND WASTE

GRI 301, GRI 306



Material management at Adval Tech is part of the ISO 14001 environmental management system.

When producing high-precision components, Adval Tech uses large quantities of metal and plastic. In the year under review, we systematically recorded the quantities of materials and waste at all Adval Tech Group sites for the first time.

Key figures Material quantity 2023

Raw material (tons)

Steel	14,005
Stainless steel	1,883
Aluminum	1,975
Plastic	2,449
Other raw materials	1,359

Accessories and consumable materials (tons)

Oils (punching oil, hydraulic oil, corrosion protection, cooling lubricants)	33
Solvents	3
Other supplies and consumable goods	1

Packaging materials (tons)

Paper and cardboard	592
Plastic	54
Wood	468

Data is collected on actual consumption.

The extraction and manufacture of metals is resource and energy-intensive. As such, production waste at Adval Tech is recycled as much as possible.

The high-speed presses, which were developed at Niederwangen and are used at both Swiss sites, use up to 10% less material than conventional presses. In 2023, over 500 million coffee capsules were produced by the presses in Grenchen. To this end, 630 tons of recycled materials were used exclusively. In the area of plastic, too, we are optimizing the injection molding tools so that they create as little waste as possible during injection molding process.

Key figures for waste quantities 2023

Non-hazardous waste (raw materials, packaging materials, mixed industrial waste)	Recycled	Not recycled
Raw materials (tons)		
Steel	5,485	
Stainless steel	707	
Aluminum	977	
Plastic	265	
Other raw materials	10	
Packaging materials (tons)		
Paper and cardboard	99	
Wood	133	
Mixed industrial waste (tons)		72
Hazardous waste (auxiliary materials and operating materials), (tons)		
Oils (punching oil, hydraulic oil, corrosion protection, cooling lubricants)		49
Solvents		20

Data is collected on a quarterly basis, based on feedback from the recycling partners.

Adval Tech achieved a recycling rate of 98% in the 2023 financial year. This means that the majority of its production waste can be reused as raw materials. Adval Tech provides an important contribution to protecting natural resources. Different types of waste are generated at our production sites, the largest proportion being scrap metal and plastic waste. All fractions are passed on to specific recycling processes. Metallic production waste, as well as paper and cardboard, are 100% recycled.



PRODUCTS

The Adval Tech Group attaches great importance to the sustainability of its products and uses recycled materials whenever possible and practical. The recycling of the products is taken into account in the design process where possible. However, there are legal requirements and guidelines that restrict the use of certain recycled materials. Therefore, we deem it our challenge to make our products more environmentally friendly through innovative solutions.

We are also increasing the focus on ecological topics in our market performance, where we see great opportunities to open up new areas of application. Thus, for example, Adval Tech Grenchen has developed a process for the industrial production of coffee capsules for a large Swiss retailer. Made exclusively of aluminum, the new capsules are 100% recyclable. Consumers will still be looking for recyclable products in the future.

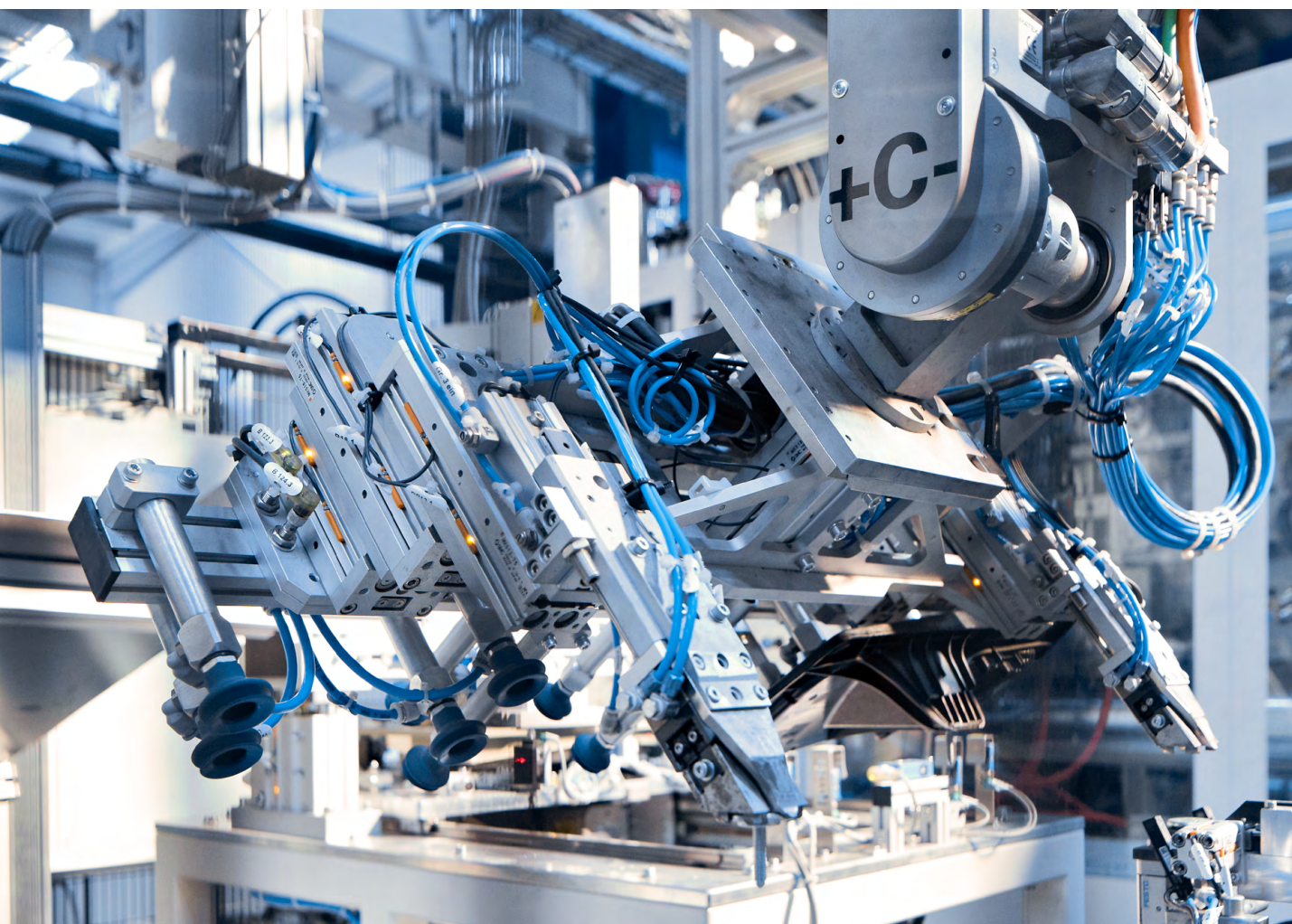
We are making an indirect contribution to the energy transition by supporting the transformation of the automotive industry towards environmentally-friendly drive systems.

INNOVATION



Adval Tech is one of Switzerland's most innovative companies. This was one of the conclusions of a study published in September 2023 entitled "Switzerland's top innovators". It was published by the Swiss business magazines Bilanz and PME, in collaboration with the market research and data analysis company Statista. A total of 185 companies in Switzerland were evaluated and assessed based on qualitative and quantitative aspects. The criteria included the number of patents, sales growth over the past years, innovation culture and product innovations.

For more information on how we maintain our culture of innovation and specifically implement our one-stop shop, see also Adval Tech Annual Report 2023.



COMPLIANCE

Adval Tech aligns all aspects of its corporate governance with its responsibility towards people, the environment and society. We ensure adherence to legal, regulatory and internal rules through a compliance management system.

QUALITY MANAGEMENT

The Adval Tech Group, which has been listed on the stock exchange since 1998, follows a clear business strategy that focuses on customer satisfaction and sustainability. In order to implement this strategy, the companies introduced a quality management system (QMS) in the 1990s that takes into account the needs and expectations of the various stakeholders. The quality management system is aligned with the internationally applicable standards ISO 9001, IATF 16949, ISO 13485 etc. and is being continually developed to increase efficiency and reduce risks. The quality policy specifies the aims and principles of the QMS and obliges all employees to adhere to the defined rules.

The process owners are responsible for implementing the QMS. They systematically and comprehensively document their processes and make the required resources available. The documentation contains all the important information such as customer-specific requirements, guidelines, processes, instructions, forms etc. that are required for carrying out the processes. All employees have access to the documentation, which is updated on a regular basis.

The Business Management Manual (BMS) serves as a guide for the QMS system and its documentation. It describes the structure, scope and responsibilities of the QMS. The BMS is not a rigid document, but adapts to the ever-changing conditions and requirements. The effectiveness of the QM system is reviewed and evaluated by means of internal and external audits.

Listed below are the most important standards for the individual sites of the Adval Tech Group:

	ISO 9001:2015	ISO 14001:2015	ISO 13485:2016	IATF 16949:2016	ISO 45001:2018	ISO 50001:2018
Switzerland, Niederwangen	x	x		x		
Switzerland, Grenchen	x		x			
Germany	x	x		x	x	x
Hungary Plant 1		x		x	x	
Hungary Plant 2		x		x	x	
Brazil				x		
China		x		x		
Malaysia	x	x	x		x	
Mexico	x	x		x	x	

In implementing its business model, Adval Tech adheres to standards such as IATF 16949, ISO 13485 and ISO 14001. The supply chain is managed, checked and certified. We are also bound by the Code of Conduct within the supply chain by our customers. The Code of Conduct of customers is completely covered by the Adval Tech Code of Conduct and the Supplier Code of Conduct.

RISK MANAGEMENT

Adval Tech has a risk management system approved by the Board of Directors. It defines the systematic handling of business risks, including sustainability and climate risks. In the 2023 financial year, the risk management process was refined even further, with greater consideration being given to the management of climate-related risks and opportunities in particular.

The Board of Directors is informed regularly, at least once a year, regarding the Group's business risks and assesses these. In addition to financial risks, it also takes into account systemic risks such as geopolitical upheavals, cyber threats, supply and raw material bottlenecks, pandemics and the potential effects of climate change. As part of the risk assessment process, the likelihood of occurrence of risks and the potential damage are considered. Adval Tech uses both quantitative and qualitative methods for this. These are standardized throughout the Group to ensure that risks can be compared across the business units. A risk assessment is made on the basis of the results of the likelihood of occurrence and expected impact of each risk.

Overview of the Risk Management Process:

- Risk identification and classification – identifying and assessing the principal risks. (Discussed once a year by Group Executive Management and the Board of Directors.)
- Risk analysis – assessing the specific business risks and analyzing the changes since the last risk assessment (assessed once a year).
- Assessment of the probability of occurrence based on a scale of (1) unlikely, less than one time in five years, to (4) very often, more than once a year. Assessment of the influence of risks on financial performance from (1) marginal, under CHF 0.5 million, to (4) critical, over CHF 8.0 million.
- Assessment of the influence of risks on the reputation of the company from (1) no influence to (4) extremely high.
- For each risk, instruments, measures and responsibilities are defined and regularly checked (usually in the second quarter of a business year).

For more information about risk management, please refer to the Corporate Governance Report (page 75 ff.) and the annex to the consolidated financial statements from page 118 ff.

**AVOIDANCE OF CONFLICT MATERIALS
AND CHILD LABOR**

GRI 308, GRI 414, GRI 406

The Code of Obligations (Art. 964j, Art. 964k, Art. 964l CO) applies with regard to conflict materials and child labor. Adval Tech attaches great importance to behaving with integrity when dealing with conflict materials, to respecting human rights and avoiding child labor, as well as safety in the production process. The company has therefore defined a Supplier Code of Conduct that is based on a multi-stage process.

SUPPLIER ENVIRONMENTAL ASSESSMENT AND SOCIAL ASSESSMENT

GRI 308, GRI 414

Adval Tech follows the principle of "good corporate citizenship". The corresponding provisions are defined in a Code of Conduct and in the purchasing conditions. Adval Tech undergoes a self-evaluation every three years.

Adval Tech requires its business partners to adhere to the principles of Adval Tech's Code of Conduct and the local laws in the various countries they operate in. These include respect for human rights by the business partner, as well as the prohibition of child labor, forced labor and discrimination. The Code of Conduct also stipulates that the business partner is to conduct its business activities in a responsible and environmentally compatible way.

The Code of Conduct is binding. Business partners are obliged to specifically name the managers and company representatives responsible. The business partner must introduce a suitable (internal or external) complaints procedure that enables whistleblowing by those affected or other informants. Like Adval Tech, the business partner is also obliged to regularly check its adherence to the Code of Conduct and document this on an ongoing basis. In the event that violations are identified, immediate corrective measures must be taken. Adval Tech expects its business partners to ensure that their own major suppliers and subcontractors adhere to the principles enshrined in the Code of Conduct.

Adval Tech is currently supplementing the documentation for supplier declarations. This includes training materials for supplier audits and information about reviewing adherence to the Code of Conduct.

In the 2023 financial year, a total of 951 suppliers were contacted about their adherence to the Supplier Code of Conduct with a request for a written statement and written confirmation. We received written proof of adherence to the Code of Conduct from all suppliers.

ANTI-CORRUPTION

GRI 205

Adval Tech maintains a zero-tolerance policy when it comes to corruption. Corresponding remarks are part of the Code of Conduct. In the 2023 financial year, there were no confirmed cases of corruption across the Group.

EHS MANAGEMENT SYSTEM

Our EHS management system (Environment, Health and Safety) is an important part of our corporate strategy and an instrument in our sustainability management. It takes into consideration the expectations and requirements of our stakeholders, especially in the areas of the environment, health and safety. Adval Tech's EHS management system is based on the internationally recognized ISO 14001 and ISO 45001 standards and is being continually improved. All employees are obliged to adhere to the corresponding rules. Internal and external audits review the effectiveness of the EHS management system.

Adval Tech abides by internationally recognized standards in its various areas of activity. Adherence to the laws is the highest priority for Adval Tech. As such, the company fulfills the locally required ISO quality standards, certificates, guidelines and regulations in all regions.

- Guidelines for approval processes, approval tests
- Ensuring that prohibited substances are not used
- Complying with standards
- Life cycle analysis, recycling opportunities
- Internal and external audits

DATA PROTECTION

Data and information security and the protection of the privacy and personal data of employees, customers and business partners are of great importance to Adval Tech. Using a Group-wide data protection management system, Adval Tech ensures that the personal data of employees, customers and business partners is handled in a legally-compliant and responsible way.

When interacting with our customers and business partners and other stakeholders, we continually try to reduce cybersecurity risks and work to prevent business interruptions that could damage the company's finances and image. Backups are regularly made to reduce the risk of an interruption to the Adval Tech Group's daily operations. In addition, regular spot checks are carried out to ensure that the backups were made as planned.

REGULATIONS AND DIRECTIVES

Swiss Code of Obligations

Disclosure within the meaning of Art. 964b of the Swiss Code of Obligations

Art. 964b content requirement	Chapter reference
General information required to understand the business	Adval Tech Annual Report 2023 / Management Report Adval Tech Annual Report 2023 / Adding Value through Innovation Sustainability Report / Corporate Strategy
Description of the business model	Sustainability Report / Corporate Profile Sustainability Report / Business Model
Environmental matters	Sustainability Report / Sustainability Strategy and Action Fields Sustainability Report / Environment Sustainability Report / Compliance
Social issues	Sustainability Report / Social Responsibility
Employee-related issues	Sustainability Report / Active Dialog with Our Stakeholders Sustainability Report / Social Responsibility
Respect for human rights	Sustainability Report / Sustainability Strategy and Action Fields Sustainability Report / Compliance
Combating corruption	Sustainability Report / Compliance
Material risks	Sustainability Report / Compliance
Main performance indicators	Sustainability Report / Environment
References to national, European or international regulations	Sustainability Report / Active Dialog with Our Stakeholders Sustainability Report / Compliance
Coverage of subsidiaries	Sustainability Report / Group Structure

Code of Conduct for ethical business practices

www.advaltech.com/en/about-adval-tech/values

Code of Conduct for Suppliers, Service Providers and Business Partners

www.advaltech.com/en/sustainability

GRI Index

The Sustainability Report of Adval Tech Holding AG, based in Niederwangen, Switzerland, is published as part of the Adval Tech Annual Report 2023. The report is published on April 2, 2024, contact person is Cordula Hofmann, Head Group HR & Corporate Communication, cordula.hofmann@advaltech.com.

Adval Tech Holding AG reported in the period from January 1 to December 31, 2023 with reference to the GRI Standards; no GRI Sector Standard was applied.

GRI Standard	Disclosure	Adval Tech Annual Report 2023
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GRI 1: Foundation 2021

GRI 2: General Disclosure

1. The organization and its reporting practices	2-1	Organizational details	P. 76
	2-2	Entities included in the organization's sustainability reporting	P. 77, 126
	2-3	Reporting period, frequency and contact point	P. 71
	2-4	Restatements of information	None
	2-5	External assurance	P. 37, no auditing
2. Activities and workers	2-6	Activities, value chain and other business relationships	P. 39, 40–42, 44
	2-7	Employees	P. 7, 14, 15, 57
	2-8	Workers who are not employees	No systematic information available
3. Governance	2-9	Governance structure and composition	P. 45, 79 ff.
	2-10	Nomination and selection of the highest governance body	P. 83, 84
	2-11	Chair of the highest governance body	P. 45, 79
	2-12	Role of the highest governance body in overseeing the management of impacts	P. 46, 82 ff.
	2-13	Delegation of responsibility for managing impacts	P. 46, 47
	2-14	Role of the highest governance body in sustainability reporting	P. 46, 47
	2-15	Conflicts of interest	P. 57, 58, 65 ff.
	2-16	Communication of critical concerns	P. 65 ff.
	2-17	Collective knowledge of the highest governance body	P. 79, 80, 98
	2-18	Evaluation of the performance of the highest governance body	P. 99–102
	2-19	Remuneration policies	P. 96–99
	2-20	Process to determine remuneration	P. 99, 102 ff.
	2-21	Annual total compensation ratio	¹⁾
4. Strategy, policies and practices	2-22	Statement on sustainable development strategy	P. 8, 38
	2-23	Policy commitments	P. 14, 48 ff.
	2-24	Embedding policy commitments	P. 52, 54, 57, 58, 65 ff.
	2-25	Processes to remediate negative impacts	P. 58, 68
	2-26	Mechanisms for seeking advice and raising concerns	P. 65 ff.
	2-27	Compliance with laws and regulations	P. 57, 58
	2-28	Membership associations	Passive memberships
5. Stakeholder engagement	2-29	Approach to stakeholder engagement	P. 52 ff.
	2-30	Collective bargaining agreements	P. 54

1) Adval Tech is headquartered in Switzerland and operates in various countries around the world with different levels of economic development and very different labor markets. For this reason, we do not consider the information requested to be relevant for assessing the fairness of our disposal structures.

GRI Standard**Disclosure****Adval Tech
Annual
Report 2023****GRI 3: Material Topics 2021**

3-1	Process to determine material topics	P. 50, 51
3-2	List of material topics	P. 50, 51
3-3	Management of material topics	P. 44, 47, 49

GRI 201: Economic Performance 2016

201-1	Direct economic value generated and distributed	P. 4, 10 ff., 114–117
201-2	Financial implications and other risks and opportunities due to climate change	Focus topic in 2024
201-3	Defined benefit plan obligations and other retirement plans	P. 143, 144

GRI 205: Anti-corruption 2016

205-1	Operations assessed for risks related to corruption	P. 68
205-2	Communication and training about anti-corruption policies and procedures	P. 57, 58
205-3	Confirmed incidents of corruption and actions taken	P. 68, no incidents known

GRI 301: Materials 2016

301-1	Materials used by weight or volume	P. 50, 51, 62, 63
301-2	Recycled input materials used	P. 14, 29, 62, 63

GRI 302: Energy 2016

302-1	Energy consumption within the organization	P. 50, 59–61
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GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	P. 51, 59–61
305-2	Energy indirect (Scope 2) GHG emissions	P. 51, 59–61
305-5	Reduction of GHG emissions	P. 60

GRI 306: Waste 2020

306-1	Waste generation and significant waste-related impacts	P. 50, 51, 62, 63
306-2	Management of significant waste-related impacts	P. 50, 51, 62, 63
306-3	Waste generated	P. 50, 51, 62, 63

GRI 308: Supplier Environmental Assessment 2016

308-1	New suppliers that were screened using environmental criteria	P. 50, 51, 67, 68
308-2	Negative environmental impacts in the supply chain and actions taken	No negative effects identified

GRI Standard

Disclosure

Adval Tech
Annual
Report 2023**GRI 403: Occupational Health and Safety 2018**

403-1	Occupational health and safety management system	P. 50, 51, 53, 54, 58, 69
403-2	Hazard identification, risk assessment, and incident investigation	P. 51, 58
403-5	Worker training on occupational health and safety	P. 58, 69
403-6	Promotion of worker health	P. 49–51, 53, 58, 69
403-9	Work-related injuries	P. 51, 58

GRI 404: Training and Education 2016

404-1	Average hours of training per year per employee	P. 55
404-2	Programs for upgrading employee skills and transition assistance programs	P. 55–57

GRI 406: Non-discrimination 2016

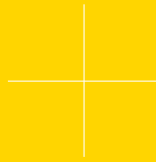
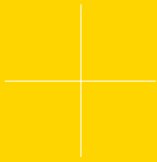
406-1	Incidents of discrimination and corrective actions taken	P. 58, 67
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GRI 407: Freedom of Association and Collective Bargaining 2016

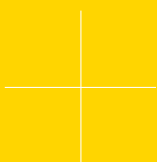
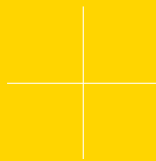
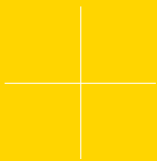
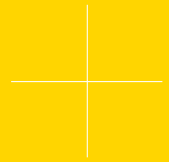
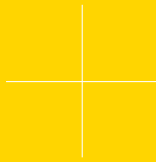
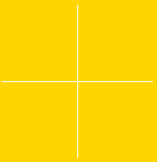
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P. 50, 51, 58, 68, no incidents known
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GRI 414: Supplier Social Assessment 2016

414-1	New suppliers that were screened using social criteria	P. 50, 51, 67, 68
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C O R P O R A T E G O V E R N A N C E



CORPORATE GOVERNANCE

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 2023 financial year, to the position at the balance sheet date of December 31, 2023, to the Company's (Adval Tech Holding AG) Articles of Incorporation in the version valid as of December 31, 2023, dated May 11, 2023, 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 45.

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, 2023, was CHF 81.8 million.

On December 31, 2023, Adval Tech Management AG held no registered shares in Adval Tech Holding AG (December 31, 2022: none). 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, 2023:

Company	Registered office	Share capital	Equity holding
Adval Tech Holding AG	Niederwangen, Switzerland	TCHF	14,600
Adval Tech Management AG	Niederwangen, Switzerland	TCHF	100
Adval Tech (Switzerland) AG	Niederwangen, Switzerland	TCHF	3,050
Adval Tech do Brasil Indústria de Autopeças Ltda.	São José dos Pinhais PR, Brazil	TBRL	3,298
Adval Tech (US) Inc.	Cleveland, OH, U.S.A	TUSD	1
Adval Tech Holding (Germany) GmbH	Endingen, Germany	TEUR	25
Adval Tech (Germany) GmbH & Co. KG	Endingen, Germany	TEUR	1,132
Adval Tech (Germany) Verwaltungs GmbH	Endingen, Germany	TEUR	51
Adval Tech (Mexico) S.A. de C.V.	Querétaro, Mexico	TUSD	3
Adval Tech (Hungary) Kft.	Szekszárd, Hungary	TEUR	990
Adval Tech (Hungary) Plant 2 Kft.	Szekszárd, Hungary	TEUR	13
Adval Tech (Grenchen) AG	Grenchen, Switzerland	TCHF	2,000
Adval Tech Holdings (Asia) Pte. Ltd	Singapore	TUSD	2,267
Adval Tech (Suzhou) Co. Ltd	Suzhou, China	TUSD	10,060
Adval Tech (Malaysia) Sdn. Bhd.	Johor Bahru, Malaysia	TUSD	505
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800

In the 2023 financial year, Adval Tech Immobilien AG, in liquidation, was finally liquidated and deleted from the commercial register. The company had not carried out any business activities since 2020. The liquidation has no impact on the Group's net assets and financial position. Otherwise, the scope of consolidation has not changed.

For further details of the scope of consolidation, see note 4 on page 126 of this Annual Report.

The disclosures pursuant to Art. 120 ff. 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/.

Selection of issuer: Adval Tech Holding AG

During the 2023 financial year, there was no disclosure report based on Art. 120 ff. of the FinMIA (Financial Market Infrastructure Act).

Shareholders holding more than 3% of the registered share capital (as shown in the shareholders' register or according to the latest published disclosure report), as recorded in the Commercial Register on December 31, 2023, are listed below.

Ownership interest (as last reported)	12/31/2023	12/31/2022
Dr. h.c. Willy Michel ¹⁾	28.9%	28.9%
Artemis Beteiligungen I AG, Hergiswil ^{2) 3)}	21.5%	21.5%
Grapha Holding AG, Hergiswil ⁴⁾	8.8%	8.8%
J. Safra Sarasin Investment Fonds AG*	8.4%	7.8%
Hansruedi Bienz	7.5%	7.5%
Einfache Gesellschaft Dreier ⁵⁾	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 Christoph Hammer from May 11, 2023, and Christian Mäder until May 11, 2023

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, 2023, and December 31, 2022

There are no shareholders' pooling agreements and no capital or voting cross-holdings. The overall structure of shareholdings at December 31, 2023, was as follows:

Number of shares	Shareholders
1 to 100	271
101 to 1,000	80
1,001 to 10,000	20
More than 10,000	9
Total	380

Capital structure

As at December 31, 2023, the share capital of Adval Tech Holding AG amounted to CHF 14.6 million, divided into 730,000 registered shares with a par value of CHF 20 each. All the shares carry the same voting and dividend rights. The share capital is fully paid up. With respect to restrictions on registration, reference is made to the section on shareholders' rights of co-determination (see pages 88 to 90).

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

CHF	12/31/2023	12/31/2022	12/31/2021
Share capital	14,600,000	14,600,000	14,600,000
Legal capital reserve	58,843,154	58,843,154	59,573,058
Legal retained earnings	9,500,000	9,500,000	9,517,000
General legal retained earnings	9,500,000	9,500,000	9,500,000
Reserve for treasury shares	0	0	17,000
Voluntary retained earnings	11,284,611	11,284,611	11,267,610
Profit carried forward	1,281,498	24,245,883	47,027,453
Result for the year	-5,741,839	-22,964,384	-22,051,692
Total shareholders' equity	89,767,424	95,509,264	119,933,429

There were no changes in capital in 2021, 2022 and 2023.

The company's Articles of Incorporation as amended on May 11, 2023, do not provide for a capital band. As at December 31, 2023, 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, 2023, 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 from August 1, 2012, to December 31, 2023. He has been an executive member and Chairman of the Board of Directors since May 2020; re-elected until the end of the Annual General Meeting for the 2023 financial year. From January 1 to March 31, 2024, he held overall operational responsibility as Executive Chairman of the Board of Directors. 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 Management. 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 2023 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, 2023,

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 2024 financial year. Hans Dreier does not exercise any other mandates outside the Adval Tech Group.

- **Christoph Hammer**, born 1970, Swiss citizen; degree in business administration (specializing in finance and marketing) from the Zurich University of Applied Sciences (Zurich School of Economics). From 1999 to 2003 at PricewaterhouseCoopers; from 2004 to 2008 CFO at Starbucks Coffee Company in Switzerland and Austria; from 2008 to 2016 at Hilti in various functions, most recently as Head of Global Group Controlling; from 2016 to 2021 Group CFO and member of the Executive Board of SBB AG, Bern. Christoph Hammer currently works as an independent consultant. He has been a non-executive member of the Board of Directors of Adval Tech Holding AG since May 2023, elected until the conclusion of the Annual General Meeting for the 2023 financial year. Christoph Hammer is also a member of the Boards of Directors of Artemis Holding AG (Hergiswil), FC St. Gallen 1879, Zentrum für Labormedizin (St. Gallen), Vertina Anlagestiftung (Baden) and Chairman of the Board of Directors of Raiffeisenbank St. Gallen.
- **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. From 2000 to April 2023, he was 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 2023 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.

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 2023 financial year.

Furthermore, as of December 31, 2023, 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 at: www.advaltech.com/en/investors/corporate-governance.

Number of mandates as at December 31, 2023 (outside the Adval Tech Group)

Number of mandates	Public companies	Unlisted legal entities
Restriction under Articles of Incorporation	5	10
René Rothen	0	0
Hans Dreier	0	0
Christoph Hammer	0	5
Jürg Schori	0	0

In the 2023 financial year, materials were purchased from related parties for CHF 55,000 (2022: CHF 57,000). As at December 31, 2023, there were liabilities of CHF 2,000 to related parties from these transactions (December 31, 2022: none). 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 and quantified in Note 37 on page 148 of this Annual Report.

Changes to the Board of Directors in the 2023 financial year

Christoph Hammer was newly elected to the Board of Directors of Adval Tech Holding AG as a non-executive member by the Annual General Meeting on May 11, 2023.

Christian Mäder, non-executive member of the Board of Directors of Adval Tech Holding AG, was no longer available for re-election at the Annual General Meeting on May 11, 2023, and stepped down from the Board. Further information on Christian Mäder can be found on page 43 in the Corporate Governance section of the Annual Report 2022, which can be viewed at: www.advaltech.com/en/investors.

Changes to the Board of Directors and Group Management in the 2024 financial year

René Rothen, Chairman of the Board of Directors and CEO of the Adval Tech Group, stepped down from his role as CEO on December 31, 2023, as already announced in 2022. He will remain available to the Group as Chairman of the Board of Directors. He was re-elected as Chairman of the Board of Directors at the Annual General Meeting on May 11, 2023. As Executive Chairman of the Board of Directors, René Rothen continued to bear overall operational responsibility for the Adval Tech Group from January 1, 2024 to March 31, 2024. On March 1, 2024, the Board of Directors announced the appointment of Volker Brielmann as the new CEO of the Adval Tech Group with effect from April 1, 2024.

At its meeting on December 7, 2023, the Board of Directors appointed two new members, Cordula Hofmann and Jean Bähler, to the Executive Committee as of January 1, 2024, in addition to the current CFO, so that the Executive Committee will once again comprise three members from 2024 and four from April 1, 2024. Further information can be found in the "Group Executive Management" section on page 86 ff. of this Corporate Governance Report.

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 at: www.advaltech.com/en/investors/corporate-governance.

The following elections were held at the Annual General Meeting of May 11, 2023:

- René Rothen, Hans Dreier and Jürg Schori were re-elected individually as members of the Board of Directors for a term of office of one year until the end of the next Annual General Meeting.
- Christoph Hammer was newly elected to the Board of Directors for a term of office of one year until the end 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 Jürg Schori (re-election) and Christoph Hammer (new election) 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 Berne and 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 2023 financial year.

Subject to the powers reserved to the Annual General Meeting (election of the members of the Board of Directors, election of the Chairman of the Board and members of the 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 (Vision, Mission and Values of Adval Tech), 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, the Sustainability Report, the Corporate Governance Report and the Remuneration Report; approving the budget and medium-term planning; preparing the Annual General Meeting. Submitting an application for a debt-restructuring moratorium and notifying the court in the event of over-indebtedness. 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 monitors the financial and accounting system, periodically carries out a risk assessment and approves business 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, tender-

ing 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 Rules can be found at: www.advaltech.com/en/investors/corporate-governance.

The Board of Directors meets as often as business requires, but at least four times a year (usually, at least once a quarter) and is presided over by the Chairman. It held five meetings during the year under review. Participation rate was 95% (see table on page 84). In the first semester, before the General Assembly of May 11, 2023, it held two meetings. Three meetings were 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 five meetings.

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 2023, participation rate was 100% (see table on page 84): One meeting was held in the 1st quarter, the 3rd quarter and the 4th quarter of 2023. The auditors and the CFO attended all meetings of the Audit Committee. No other external advisors were consulted. The meetings usually last two to four hours. The meetings of the Audit Committee in August and December 2023 were integrated into the ordinary meetings of the Board of Directors. The audit findings can be seen in the Remuneration Report on pages 109 to 111 and on pages 149 to 153 for the consolidated financial statements and on pages 165 to 168 for Adval Tech Holding AG.

Nomination and Compensation Committee

In 2023, as in the previous year, the Nomination and Compensation Committee consisted exclusively of non-executive members of the Board of Directors: Christoph Hammer (member, new election at the 2023 Annual General Meeting) and Jürg Schori (chair, re-election in 2023), as well as Christian Mäder (member until Annual General Meeting 2023).

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 three meetings in 2023. Participation rate was 100% (see table below). One meeting was held on the day of the Board of Directors meeting on December 7, 2023. The CEO generally attends the meetings in an advisory capacity, but recuses himself when his remuneration is being discussed. In 2023, the CEO and Chairman of the Board of Directors did not attend the meetings. No external advisers were called in. The meetings usually last between one and two hours. Usually, 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 at: www.advaltech.com/en/investors/corporate-governance.

Composition of the Board of Directors and the Committees and number of meetings held in 2023

Name	Full Board of Directors ¹⁾		Audit Committee ¹⁾		Nomination and Compensation Committee ²⁾	
	Position	Meetings attended	Position	Meetings attended	Position	Meetings attended
René Rothen	Chairman and CEO	5	Member	3		-
Hans Dreier	Member	5	Member	3		-
Christoph Hammer ³⁾	Member since AGM 2023	3	Member since AGM 2023	1	Member since AGM 2023	3
Christian Mäder ⁴⁾	Member until AGM 2023	1	Member until AGM 2023	2	Member until AGM 2023	-
Jürg Schori	Member	5	Member	3	Chair	3
Total meetings		5		3		3
Dr. h.c. Willy Michel	Honorary Chairman	-		-		-

1) The Chairman/CEO and the CFO attended all meetings of the full Board of Directors. The duties of the Audit Committee have been performed by the full Board of Directors since 2020.

2) No member of the Group Executive Management attended the meeting of the Nomination and Compensation Committee.

3) Elected to the Board of Directors for the first time at the Annual General Meeting on May 11, 2023. Attendance at meetings of members of the Board of Directors newly elected in 2023 is counted from the respective Annual General Meeting.

4) Member until the 2023 Annual General Meeting, attendance at meetings is counted until the Annual General Meeting.

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 required. The Board of Directors informs itself about the course of business, special events and the status of important projects outside of the regular reporting and meetings.

The written reports are supplemented with detailed comments by the CEO, who in 2023 was also Chairman of the Board of Directors, and the CFO 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. In addition to financial risks, systemic risks such as geopolitical upheavals, cyber threats, supply and raw material bottlenecks, pandemics and the potential impact of climate change are also taken into account in the risk assessment. 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 124 of this Annual Report and cooperation with the auditors is described on pages 91 and 92 of this Corporate Governance Report. Further information on risk management, in particular on dealing with non-financial and climate-related risks, can be found in the Sustainability Report on pages 66 and 67.

Internal control system

The Adval Tech Group's internal control system (ICS) is implemented at company level at significant group entities. The processes to be covered by the ICS, their definitions and the documentation of the ICS are specified centrally by the Group, periodically reviewed and adapted to the circumstances (including adjustments to the systems and persons involved). 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 2023 financial year.

Within the ICS, 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.

Group Executive Management

As at December 31, 2023, the Executive Board of the Adval Tech Group comprised two members, the CEO and the CFO, as at the end of 2022:

- **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 from August 1, 2012 to December 31, 2023. From January 1 to March 31, 2024, René Rothen continued to bear overall operational responsibility for the Group as Executive Chairman of the Board of Directors. For further information on his career, see Board of Directors on page 79.
- **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.

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. This restriction does not apply to mandates in companies that are directly or indirectly controlled by the company, mandates that are performed on the instructions of the company and mandates in associations, charitable organizations, foundations, trusts and employee pension schemes.

In addition, mandates in various legal entities that are under common control are regarded as one mandate. The Articles of Incorporation of Adval Tech Holding AG can be viewed at: www.advaltech.com/en/investors/corporate-governance.

Number of mandates as at December 31, 2023 (outside the Adval Tech Group)

Number of mandates	Public companies	Legal entities not listed on the stock exchange
Limited by Articles of Incorporation	2	5
René Rothen	0	0
Markus Reber	0	0

Changes to the Group Executive Management in the 2024 financial year

From the 2024 financial year, the Group Executive Management of Adval Tech will again comprise four members. At its meeting on December 7, 2023, the Board of Directors appointed two new members to the Executive Committee in addition to the current CFO. On March 1, 2024, the Board of Directors appointed Volker Brielmann as the new CEO and member of the Group Executive Management with effect from April 1, 2024.

- **Volker Brielmann**, born 1968, German, joins the Group Executive Management as CEO on April 1, 2024. He holds a degree in Mechanical Engineering with a focus on Plastics Technology and Innovation Management from the University of Stuttgart, Germany. Career: Project manager and Engineer (1995–1996) and Team Leader (1997–2000) in the group-wide corporate research function of Robert Bosch GmbH, Stuttgart; Project Manager in the Gasoline Systems division of Robert Bosch GmbH, Stuttgart (2000–2002); Head of Sales and Project Management for Porsche customer projects at Robert Bosch GmbH, Stuttgart (2002–2003); Head of Development of the competence center for diesel and gasoline filters at Robert Bosch GmbH in Alcala de Henares, Spain (2003–2006); Vice President and Global Technical Manager for customer projects in the area of General Motors powertrain projects at Robert Bosch GmbH, Stuttgart (2006–2010); Vice President Sales, Customer Application, Marketing and Communication at Bosch Mahle Turbo Systems GmbH & Co. KG and its successor company BMTS Technology GmbH & Co. KG, Stuttgart (2010–2019); Managing Director at Allgaier Automotive GmbH in Uhingen, Germany (2019–2023).
- **Jean Bähler**, born in 1964; Swiss; is a new member of Group Management with responsibility for all engineering and production sites worldwide in the metal business as of January 1, 2024. He is a mechanical engineer FH, MBA, MA, CDir. Career: Mechanical draughtsman at Zbinden Posieux SA, Posieux (1981–1984); various functions at Zbinden Posieux SA, Posieux (1984–1986); Von Roll AG, Berne (1986–1991); Intec AG, Berne (1991–1994); and at Metar SA, Fribourg (1994–2000); Managing Director/Business Unit Manager at Metar SA and Montena SA; Managing Director at Saphirwerk Industrieprodukte AG, Brugg (2000–2007); Plant Manager Bodenweid at Adval Tech, Niederwangen (2008–2010); Business Development at Essence Design SA, Lausanne (2010–2012); Head of Technology and Innovation at Meco AG (Swatch Group), Grenchen (2012–2018); Head of Technology at Adval Tech (Switzerland) AG, Niederwangen (2018–2021); Head of Process Digitization at Adval Tech Management AG, Niederwangen (2021–2022); General Manager at Adval Tech (Switzerland) AG and Adval Tech (Grenchen) AG in Niederwangen and Grenchen since September 1, 2022.
- **Cordula Hofmann**, born in 1970; Swiss; new member of Group Management with responsibility for Group Human Resources and Corporate Communication as of January 1, 2024. She is a business economist FH, federally certified marketing planner, QMS organizer, certified businesswoman. Career: Sales Export Country Manager, management functions in Controlling, Logistics, Quality Management and HR at Franke Verpflegungstechnik AG, Aarburg (1995–2002), Head Education & Development, Corporate HR at Franke Management AG, Aarburg (2002–2006), Secretary to the Group Management Secretariat, Head Corpo-

rate General Training & Development at Schindler Management AG, Ebikon (1990–1995 / 2006–2008); Vice President HR & Development Central Europe at Swissport International Ltd, Zurich Airport (2008–2016); Senior Project Manager, Mondelez Europe GmbH, Lecturer at Bern University of Applied Sciences (2017–2018); Executive Vice President Global HR & Head of HR Switzerland at Belimed AG, Zug (2018–2020); Chief HR at Pallas Kliniken, Olten (2020–2022).

Number of permitted activities outside the Adval Tech Group

In accordance with the information in the Articles of Incorporation regarding the permissible number of mandates outside Adval Tech Holding AG, members of Group Management may hold a maximum of two mandates in listed legal entities and five mandates in non-listed legal entities; see also the company's Articles of Incorporation at: www.advaltech.com/en/investors/corporate-governance.

For further details regarding the mandates, please refer to the information provided by the Board of Directors on pages 80 and 81 of this Corporate Governance Report and Art. 30 of the Articles of Incorporation. The members of Group Management are not active outside the Adval Tech Group in any management or supervisory bodies of important Swiss or foreign corporations, institutions or foundations under private or public law, nor do they hold any important political offices.

No management contracts of Adval Tech Holding AG or any of its subsidiaries with third parties exist or existed in the year under review. Details of compensation, shareholdings and loans are set out in the separate Remuneration Report on pages 99 to 106 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 99 to 106. 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.

Shareholders' participation rights

Upon request, purchasers of registered shares are entered in the share register as shareholders with voting rights if they expressly declare that they have acquired these registered shares in their own name and for their own account, that there is no agreement on the redemption or return of corresponding shares and that they bear the economic risk associated with the shares. This is subject to Art. 685d para. 3 of the Swiss Code of Obligations. Subject to Art. 6 para. 5 of the Articles of Incorporation, no purchaser of shares shall be registered with voting rights for more than 10% of the registered share capital entered in the commercial register. See also the company's Articles of Incorporation at 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 2023.

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: Changing the purpose of the company; merging shares, unless the approval of all shareholders concerned is required; increasing capital from equity, against contributions in kind or by offsetting against a claim and granting special benefits; restricting or abolishing subscription rights; introducing conditional capital, introducing a capital band or creating reserve capital in accordance with Art. 12 of the Banking Act of November 8, 1934; the conversion of participation certificates into shares; restrictions on the transferability of registered shares; the introduction of voting shares; the change in the currency of the share capital; the introduction of a casting vote by the Chairman at the General Meeting; a provision in the Articles of Incorporation on holding the General Meeting abroad; the delisting of the company's equity securities; the relocation of the company's registered office; the introduction of an arbitration clause in the Articles of Incorporation and the 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.

Invitations to the Annual General Meeting are issued by publication in the Swiss Official Gazette of Commerce (SOGC) 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 five percent of the share capital or of the voting rights may request that a General Meeting of Shareholders be convened; this must be done in writing, stating the agenda items and proposals. Shareholders representing at least 0.5 percent of the share capital or votes may request that an item be placed on the agenda. Requests to convene and add items to the agenda must be made in writing, stating the items to be discussed and the motions. The statutory provisions apply with regard to deadlines and cut-off dates.

There are no regulations that deviate from the Swiss Code of Obligations (CO) regarding the convening of a General Meeting of Shareholders. The General Meeting of Shareholders is convened by the Board of Directors or, if necessary, by the auditors. The liquidators and the representatives of the bondholders also have the right to convene a representatives of the bondholders. The Board of Directors determines the venue of the General Meeting, which may be held in Switzerland or abroad. The Board of Directors may determine that the General Meeting of Shareholders be held at several locations simultaneously, provided that the votes of the participants are transmitted directly by video and audio at all meeting locations and/or provided

that shareholders who are not present at the meeting location or locations can exercise their rights electronically. Alternatively, the Board of Directors may provide for the Annual General Meeting to be held electronically without a meeting venue. The Board of Directors regulates the use of electronic means. It shall ensure that the identity of the participants is established; the votes at the General Meeting are transmitted directly; each participant can submit motions and take part in the discussion and the voting result cannot be distorted. If technical problems arise during a General Meeting that is conducted using electronic aids, with the result that the General Meeting cannot be conducted properly, the Chairman shall decide whether it should be repeated or postponed. Resolutions passed by the General Meeting before the technical problems occurred remain valid. The Board of Directors shall designate in the invitation the independent proxy elected by the General Meeting in accordance with Art. 8 para. 2 of the Articles of Incorporation for a meeting held abroad or by electronic means or, if the independent proxy is absent or prevented from attending, an independent proxy to be confirmed by the General Meeting in accordance with Art. 8 para. 2 of the Articles of Incorporation. The convening notice must state the date, start, type and location of the General Meeting, the items on the agenda and the motions of the Board of Directors together with a brief statement of reasons and, if applicable, the name and address of the independent proxy and, if applicable, the motions together with a brief statement of reasons of the shareholders who have requested that an item be placed on the agenda or that a General Meeting be held. No resolutions may be passed on matters that have not been announced in this way, except on a motion to convene an Extraordinary General Meeting or to conduct a special investigation. The Annual Report and the auditors' report as well as the Group auditors' report must be made available at least 20 days before the Annual General Meeting. If the documents are not available electronically, any shareholder may request that they be sent to them in good time. Every shareholder may request that the minutes be made available to them within thirty days of the Annual General Meeting. The resolutions and election results must be made available to shareholders electronically within fifteen days of the General Meeting, stating the exact voting ratios.

Shareholders who are entered in the share register with voting rights no later than 10 days before the Annual General Meeting are entitled to vote at the meeting. The anticipated deadline for registration before the Annual General Meeting on May 16, 2024, is expected to be May 6, 2024.

Shareholders who have sold shares prior to the Annual General Meeting are not entitled to vote for 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. 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.

The Annual General Meeting on May 11, 2023, was held in person for the first time since the coronavirus pandemic. Alternatively, shareholders still had the option of registering on the Computershare platform (www.gvote.ch) and issuing their instructions to the independent proxy electronically. The electronic submission of proxies and instructions was possible until May 8, 2023, at 11:59 p.m.

At the Annual General Meeting on May 11, 2023, the law firm and notary's office Muntwyler von May Notare in Berne and Ittigen was re-elected as the independent proxy for the period until the end of the next Annual General Meeting. The law firm and notary's office Muntwyler von May Notare is independent.

For the upcoming Annual General Meeting on May 16, 2024, which is again scheduled as a physical Annual General Meeting, the Board of Directors of Adval Tech Holding AG will also ensure that shareholders can continue to issue their proxies and instructions to the independent proxy in writing or electronically in advance of the Annual General Meeting. Details regarding the electronic issuing of authorizations and instructions to the independent proxy will be explained in the invitation to the next Annual General Meeting. Voting instructions for General Meetings can be submitted electronically to the independent proxy via the Computershare platform (www.gvote.ch) in advance of the Annual General Meeting. The corresponding registration and voting procedure via this platform will be sent to shareholders who are registered in the share register together with the invitation to the Annual General Meeting. The electronic submission of proxies and instructions is expected to be possible until May 13, 2024, at 11:59 p.m.

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 at: 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 financial year at the annual general meeting held on May 23, 2019. At the Annual General Meeting on May 11, 2023, 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 2023 financial year amounted to CHF 329,000 (previous year: CHF 367,000).

In 2023, the auditors were paid a total fee of CHF 75,000 for tax advice (previous year: CHF 52,000).

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 2023 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. No exceptions were granted in 2023 or in previous years.

Usually, 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.

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.

Chairman of the Board of Directors René Rothen and CFO Markus Reber and, from January 1, 2024, Cordula Hofmann, Head Group Human Resources & Corporate Communication, will be available to these target groups as direct contacts. Adval Tech publishes its business results in an Annual Report and a Semi-annual report as well as in ad hoc announcements. Media and analysts' conferences are held to mark special events. The Annual and Semi-annual reports are available electronically on the Adval Tech Group's website at www.advaltech.com/en/investors and can be ordered in printed form from the company.

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.

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

Selection of issuer: Adval Tech Holding AG

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.

Other corporate news published by the Company can be found at: 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/significant-shareholders.html/.

Selection of issuer: Adval Tech Holding AG

The Articles of Incorporation and the Organizational Rules of Adval Tech Holding AG are available at www.advaltech.com. Direct link for the Articles of Incorporation and Bylaws: 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.

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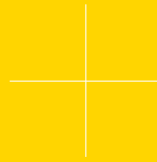
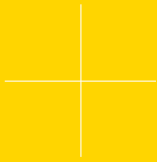
Cordula Hofmann
Head Group Human Resources & Corporate Communication
cordula.hofmann@advaltech.com

Upcoming events

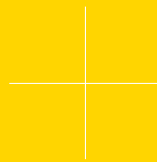
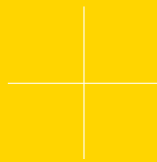
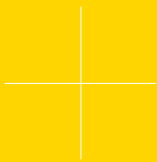
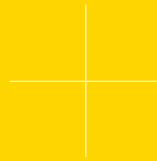
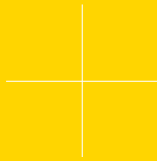
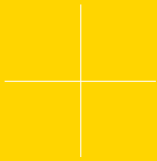
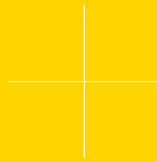
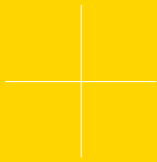
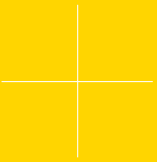
Conference on the Annual Report 2023 and publication of the Annual Report 2023:
Tuesday, April 2, 2024

Annual General Meeting:
Thursday, May 16, 2024, Bern

Announcement of semi-annual results:
End of August 2024



REMUNERATION REPORT



REMUNERATION REPORT

This Remuneration Report for the 2023 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 stated, the information is provided as at the balance sheet date of December 31, 2023 and refers to the company's Articles of Incorporation valid at the end of 2023, as amended on May 11, 2023, and to the company's Organizational Rules dated December 10, 2020. The Articles of Incorporation and the Organizational Rules of Adval Tech Holding AG can be viewed at the following link: www.advaltech.com/en/investors/corporate-governance.

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

In 2023, 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.

This Remuneration Report will be submitted to the shareholders for a consultative vote at the 2024 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

CHF	2023	2022
Number of members	4	4
Total compensation from one AGM to the next (derivation)	358,588	274,201
Maximum compensation amount approved at the AGM	370,000	280,000

Overview of compensation for the Group Executive Management

CHF	12/31/2023	12/31/2022
Number of members ¹⁾	2	3
Total fixed remuneration ²⁾	1,108,845	1,275,025
Maximum total amount for fixed compensation approved at the AGM	1,350,000	1,425,000
Total amount of variable compensation for the financial year preceding the AGM to be approved by the AGM in retrospect	42,180	96,423
Representation expenses	33,600	47,900
Total compensation for Group Executive Management	1,184,625	1,419,348

1) Two members in the 2023 financial year, CEO and CFO. In the 2022 financial year, three members until November 30, 2022, on which date one member retired.

2) The fixed remuneration for 2023 includes the payment of unused vacation credits in the amount of CHF 221,378 in connection with the retirement of the CEO as at 12/31/2023.

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 Group 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 added 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 financial 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.

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. Link to the Articles of Incorporation: 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 11, 2023, the members of the Board of Directors Christoph Hammer (member, new election) and Jürg Schori (Chairman, re-election) were elected individually as members of the Nomination and Remuneration Committee for the period until the conclusion of the next Annual General Meeting. More details and the main tasks of the Nomination and Compensation Committee can be found in the "Corporate Governance" section on pages 83 and 84 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 and international experience, but also to aspects such as representation of both genders, age structure, education and general background experience.

Adval Tech has a high proportion of women compared to the rest of the industry. In order to increase the proportion of women overall and especially in management positions, the company has developed targeted measures to reduce gender-specific barriers and a target group-specific personnel selection process. Adval Tech endeavors to reflect gender diversity appropriately in future management appointments.

From 2012 to the 2022 financial year, one third of the members of the Group Executive Management were women. With the appointment of a woman and a man as two new members of the Group Executive Management as of January 1, 2024, in addition to the current CFO, the proportion of women will once again reflect a third of the members of the Group Executive Management from this date. Information on the two new members of the Group Executive Management can be found in the Corporate Governance Report in the "Group Executive Management" section on page 87.

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

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

The fixed fee for the Chairman of the Board of Directors and the members of the Board of Directors has not been adjusted since 2004. In addition, since the 2020 Annual General Meeting, no fee has been paid for work on committees.

In 2023, the Board of Directors has left the fee structure unchanged from the previous year. The following fees apply for the 2023 financial year:

- The Chairman of the Board of Directors receives a fixed fee of CHF 60,000.
- The other members of the Board of Directors receive a fixed fee of CHF 40,000.
- 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 are held on the same day.
- As in the previous year, the Chairman of the Board of Directors waived payment of the lump-sum expense allowance in the 2023 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 2023 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 97 and 98 of this Remuneration Report.

Remuneration of the Board of Directors for 2023 and 2022 (audited by the statutory auditor)

The following tables show the compensation paid to the members of the Board of Directors for the 2023 and 2022 financial years.

Remuneration for the 2023 financial year (audited by the statutory auditor)

CHF	Position	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Representation expenses ³⁾	Consulting ⁵⁾
René Rothen ⁴⁾	Chairman and CEO	60,000	5,000	4,413	69,413	0	0
Hans Dreier	Member	40,000	7,000	3,505	50,505	4,800	44,284
Christoph Hammer ^{6) 8)}	Member since 2023 AGM	30,000	7,000	0	37,000	4,200	0
Christian Mäder ^{6) 7)}	Member until 2023 AGM	10,000	2,000	0	12,000	1,600	0
Jürg Schori ⁶⁾	Member	40,000	9,000	6,273	55,273	5,800	0
Total Board of Directors		180,000	30,000	14,191	224,191	16,400	44,284

1) Fixed fee

2) Attendance fee

3) Lump-sum expense allowance

4) The remuneration as CEO of Advai Tech Holding AG is listed separately in the table "Remuneration to the Group Executive Management for the financial years 2023 and 2022"

5) Compensation for contractually agreed consultancy work, including social benefits

6) Member of the Nomination and Remuneration Committee

7) Payment of the fee was made to Franke Management AG, Aarburg

8) Payment of the fee was made to Hammer Advisory AG, St. Gallen

In accordance with a contractual agreement with the Board of Directors, Hans Dreier has performed a part-time advisory function for the company in addition to his role as a member of the Board of Directors since 2018. Remuneration for this advisory role is paid monthly (based on a monthly rate of CHF 3,500 for a part-time position plus social benefits). It is planned that his advisory role will continue in the 2024 financial year.

The Annual General Meeting of May 11, 2023, approved maximum total compensation for members of the Board of Directors for their terms up to the Annual General Meeting for the 2023 financial year in the amount of CHF 370,000.

Calculation of reported compensation paid to members of the Board of Directors for the 2023 financial year and amount approved by the 2023 AGM for the period up to the 2024 AGM:

CHF	Total compensation in financial year (incl. representation expenses) 2023	Less compensation for the period from Jan. 1, 2023, to the 2023 AGM (5 months)	Plus compensation for the period from Jan. 1, 2024, to the 2024 AGM (5 months)	Total compensation for the period from the 2023 AGM to the 2024 AGM	Maximum total compensation approved at the 2023 AGM
Total Board of Directors (4 members)	284,875	137,101	210,814	358,588	370,000

The total remuneration of the Board of Directors for the 2023 financial year is in line with the amount approved by the Annual General Meeting for the period from the 2023 Annual General Meeting to the 2024 Annual General Meeting. The basic remuneration for the members of the Board of Directors and the amounts for attendance fees and lump-sum expenses remained unchanged. The basic remuneration for the Chairman of the Board of Directors was adjusted as part of the newly defined role as Executive Chairman of the Board of Directors with effect from January 1, 2024.

Remuneration for the 2022 financial year (audited by the statutory auditor)

CHF	Position	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Representation expenses ³⁾	Consulting ⁵⁾
René Rothen ⁴⁾	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 ^{6) 7)}	Member	40,000	6,000	0	46,000	4,800	0
Jürg Schori ⁶⁾	Member	40,000	6,000	3,654	49,654	4,800	0
Total Board of Directors		180,000	24,000	10,074	214,074	14,400	45,727

1) Fixed fee

2) Attendance fee

3) Lump-sum expense allowance

4) The remuneration as CEO of Adval Tech Holding AG is listed separately in the table "Remuneration to the Group Executive Management for the financial years 2022 and 2021" in the Remuneration Report 2022 on page 66: www.advaltech.com/en/investors.

5) Compensation for contractually agreed consultancy activities, including social benefits

6) Member of the Nomination and Remuneration Committee

7) Payment of the fee was made to Franke Management AG, Aarburg

In addition to his function as a member of the Board of Directors, Hans Dreier has performed a consulting function for the Company on a part-time basis since April 1, 2018. The compensation for this consulting function was paid monthly (based on a monthly rate of CHF 3,500 for a part-time workload plus social benefits). As planned, he continued his advisory activities in the 2023 financial year.

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 was 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 2024 AGM to the 2025 AGM) in the amount of CHF 365'000 to the Annual General Meeting of May 16, 2024. René Rothen, Chairman of the Board of Directors and CEO of the Adval Tech Group, has stepped down from his role as CEO as of December 31, 2023, as already announced on December 15, 2022. He will remain available to the Group as Chairman of the Board of Directors. At the Annual General Meeting on May 11, 2023, he was re-elected as Chairman of the Board. As Executive Chairman of the Board of Directors, he continued to have overall operational responsibility for the Group as of January 1, 2024. This will result in higher total remuneration for the Board of Directors for the 2024 financial year. At the same time, René Rothen's share of the total remuneration for the Executive Management will no longer apply in the 2024 financial year. The Board of Directors has appointed a new CEO to the Group Executive Management with effect from April 1, 2024, see the Corporate Governance Report on page 81 of this Annual Report.

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 and individual 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 2023 financial year or in the previous year. The members of the Group Executive Management (including the CEO, also Chairman of the Board of Directors since the 2020 AGM) 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 2023 financial year

The compensation system for the Group Executive Management was supplemented with individual targets in the 2020 financial year. These individual targets are set annually and were also agreed individually with the members of the Group Executive Management for the 2023 financial year. The Board of Directors has set three targets for measuring the variable compensation of the members of the Group Executive Management:

- a) operating profit before interest and taxes (EBIT¹);
- b) a fixed percentage of inventories in relation to the Group's total income¹ in respect of the components business;
- c) individual targets.

2.2 Fixed component of total compensation

The basic salary (fixed component of total remuneration) and fringe benefits (company car and lump-sum expenses allowance) of the members of the Group Executive Management are based on the function of the individual members – Chief Executive Officer (CEO), Chief Financial Officer (CFO), (in the 2022 financial year also the former member of the Group Executive Management, Head of Corporate HR/Communication) – as well as the qualifications and professional experience of the respective person. On this basis, the amount of the basic salary and fringe benefits is reviewed annually by the Board of Directors at the request of the Nomination and Remuneration Committee and determined at its own 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 2023 the CEO's target bonus was 52% and that of the CFO as other member of the Group Executive Management members was 42% of their basic salary (previous year: 52% for the CEO and 43% for the other two members).

As in previous years, the degree of achievement for the following targets is used to determine the actual bonus:

- The Adval Tech Group's actual absolute EBIT¹) 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 EBIT¹). 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 income¹) compared to the predetermined target figure, each figure measured in percentage points, with a weighting of 25% in the total bonus. The achievement of the target (measured in percentage points) results in a pro rata bonus value for this target of zero. 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 3 percentage points compared to the predetermined figure is achieved, the bonus element is limited to 200% of the target bonus.

1) Alternative Performance Measure, see Note 3, page 125

- 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.

Bonus structure and weighting of targets, 2023 and 2022 reporting periods

Criterion	Definition	Weighting	Target attainment		
EBIT ¹⁾	Absolute actual EBIT ¹⁾ vs. budgeted EBIT ¹⁾	50%	Minimum 75%	100%	150%
			If below, no bonus	Equal to target bonus	Maximum (cap) of 200% of target bonus
Improvement in inventories	Actual improvement in inventories as % of total income ¹⁾ vs. predetermined target figure (in % points)	25%	Predetermined target (in %) missed or precisely met	Predetermined target (in %) improved by 1.5% points	Target (in %) improved by ≥ 3.0% points
			No bonus	Equal to target bonus	Maximum (cap) of 200% of target bonus
Individual targets	Individually agreed targets per member of the Group Executive Management	25%	Degree of achievement of the agreed individual targets < 75%	Degree of achievement of the agreed individual targets = 75%	Degree of achievement of the agreed individual targets 150%
			No bonus	Equal to target bonus	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 actual variable remuneration component can range from zero to 88% of the fixed component.

1) Alternative Performance Measure, see Note 3, page 125

2.4 Compensation paid to the Group Executive Management for the 2022 and 2021 financial years (audited by the statutory auditor)

The following table shows the fixed and variable compensation and total compensation paid to the Group Executive Management for 2023 and 2022:

CHF	2023		2022	
	Group Exec. Mgmt. (2 members) ²⁾	Of which highest single compensation payment ¹⁾	Group Exec. Mgmt. (3 members) ²⁾ incl. consulting activities in December 2022 ⁴⁾	Of which highest single compensation payment ¹⁾
Basic remuneration in cash	682,200	385,200	954,850	385,200
Other fixed remuneration ^{3) 5)}	243,462	230,800	64,126	11,476
Social insurance contributions	183,183	103,627	256,049	92,894
Total fixed remuneration	1,108,845	719,627	1,275,025	489,570
Variable remuneration in cash	42,180	0	96,423	33,991
Share-based remuneration ⁴⁾	0	0	0	0
Total variable remuneration	42,180	0	96,423	33,991
Total management remuneration	1,151,025	719,627	1,371,448	523,561
Representation expenses	33,600	18,000	47,900	18,000

1) CEO, René Rothen

2) Two members in the 2023 financial year, CEO and CFO. Three members until November 30, 2022. The remuneration of the member who left the Group Management is included in the above table for 11 months in 2022; two members as at December 31, 2022

3) Company car; for one member of the Group Management, child allowances, long-service bonuses in 2022

4) In 2022, compensation for consulting activities of Valeria Poretti-Rezzonico after leaving the Group Executive Management (as at November 30, 2022) in a part-time workload for December 2022.

5) Other fixed remuneration includes the payment of unused vacation entitlements in the amount of CHF 221,378 in connection with the retirement of the CEO as at December 31, 2023.

Valeria Poretti-Rezzonico (former Head of Corporate HR/Communication) retired as of November 30, 2022, and left the Group Executive Management of the Adval Tech Group as of this date. In context with her former position as a member of the Group Executive Management, she was paid unused vacation credits in the total amount of CHF 47,223 (including statutory social benefits of CHF 3,662) in 2023. As part of a contractual agreement, she continued to be available to the company from January 1 to April 30, 2023 on a part-time basis for projects and special assignments, primarily in the area of sustainability (ESG reporting), without performing any management duties. Remuneration for this consultancy work totaled CHF 35,468 in 2023 and was paid monthly (based on a monthly rate of CHF 7,500, plus statutory social benefits and the use of a company car).

The total fixed remuneration of CHF 1,108,845 for the members of the Group Executive Management for the 2023 financial year is 13.0% lower than in the previous year. The change compared to the previous year is mainly due to the fact that the Group Executive Management comprised two members for the entire 2023 financial year, while in the previous year the Group Executive Management comprised three members for 11 months. The basic salary was increased slightly for one member of the Executive Management in 2023. In addition, a partial payment of unused vacation entitlements was made to the CEO at the end of 2023 (he voluntarily waived payment of part of his unused vacation entitlement). The fixed total remuneration for 2023 is in line with the maximum fixed total remuneration of CHF 1,350,000 approved by the Annual General Meeting on May 19, 2022.

The targets relating to EBIT¹⁾ 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 42,180 for the Group Executive Management for the financial year 2023, to be paid exclusively in cash (previous year: payment of CHF 96,423 exclusively in cash). The variable remuneration paid to the Group Executive Management for the 2023 financial year corresponds to 6% of the fixed basic salary (2022: 10% for three members of the Group Executive Management for 11 months). The CEO has waived his bonus for the 2023 financial year (2022: 9%). The total remuneration (including representation expenses) for the members of the Group Executive Management is CHF 234,723 (-16.5%) lower than in the previous year; this change is mainly due to the fact that there were two members of the Group Executive Management in the 2023 financial year compared to three members from January to November 2022.

The Annual General Meeting on May 11, 2023, approved a fixed total compensation for the members of the Group Executive Management of a maximum of CHF 1,525,000 for the financial year 2024, as the Group Executive Management is expanded in 2024. The corresponding disclosure of the fixed compensation for the financial year 2024 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 Remuneration Report 2024.

The Board of Directors will propose to the Annual General Meeting on May 16, 2024 that a maximum total amount of CHF 2,155,000 be approved for the fixed remuneration of the members of the Group Executive Management for the 2025 financial year.

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.

1) Alternative Performance Measure, see Note 3, page 125

4. SHARE OWNERSHIP

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

Name	Position	12/31/2023 (Number)	12/31/2022 (Number)
René Rothen	Chairman of the Board and CEO	1,590	1,590
Hans Dreier	Member of the Board	13,450	13,450
Christoph Hammer ¹⁾	Member of the Board since 2023 AGM	-	n.a.
Christian Mäder ¹⁾	Member of the Board until 2023 AGM	n.a.	-
Jürg Schori ²⁾	Member of the Board	503	503
Markus Reber	CFO	288	288

1) Representative of Artemis Beteiligungen I AG

2) Representative of Dr. h.c. Willy Michel

Further information on management transactions can be found on the SIX Exchange Regulation website at the following link:

www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html/.

Selection of issuer: Adval Tech Holding AG

5. OTHER COMPENSATION, LOANS AND ADVANCES TO MEMBERS OF GOVERNING BODIES OR ASSOCIATED PERSONS (AUDITED BY THE STATUTORY AUDITOR)

The company did not grant any other remuneration, loans or credit to members of governing bodies or associated persons, either in the 2023 financial year or in the previous year.

6. COMPENSATION FOR FORMER MEMBERS OF GOVERNING BODIES (AUDITED BY THE STATUTORY AUDITOR)

No other compensation was paid to former members of governing bodies in 2023 than the amounts disclosed in section 1 "Remuneration of the Board of Directors for 2023 and 2022" and in section 2.4 "Compensation paid to the Group Executive Management for the 2023 and 2022 financial years".

7. FUNCTIONS OF MEMBERS OF GOVERNING BODIES IN OTHER COMPANIES WITH AN ECONOMIC PURPOSE (AUDITED BY THE STATUTORY AUDITOR)

The following overview shows the functions held by members of governing bodies outside the Adval Tech Group as of December 31, 2023, 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.

Overview: Mandates of members of governing bodies outside the Adval Tech Group as of December 31, 2023

	Mandates with public companies		Mandates with non-listed legal entities	
	Company	Function	Company	Function
Board of Directors				
René Rothen (CoB/CEO)	-	-	-	-
Hans Dreier (BoD member)	-	-	-	-
Christoph Hammer (BoD member)	-	-	Artemis Group, Hergiswil	Member of the Board of Directors
			FC St.Gallen 1879 (FC St.Gallen Event AG and FC St.Gallen AG)	Member of the Board of Directors
			Center for Laboratory Medicine, St. Gallen	Member of the Board of Directors
			Vertina Investment Foundation, Baden	Member of the Board of Directors
			Raiffeisenbank St. Gallen	Chairman of the Board of Directors
Jürg Schori (BoD member)	-	-	-	-
Group Executive Management				
René Rothen (CoB/CEO)	-	-	-	-
Markus Reber (CFO)	-	-	-	-

BoD = Chairman of the Board of Directors, BoD = Member of the Board of Directors, CEO = Chief Executive Officer, CFO = Chief Financial Officer



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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 according to Art. 734a-734f CO

Opinion

We have audited the remuneration report of Adval Tech Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” on pages 96 to 108 of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying remuneration report complies 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 Responsibility 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.

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. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO 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 judgement 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 and/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.



Adval Tech Holding AG
Report on the Audit of the Remuneration Report
for the year ended 31 December 2023

We also provide the Board of Directors and/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.

Deloitte AG

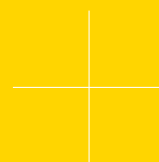
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Christophe Aebi
Licensed Audit Expert
Auditor in Charge

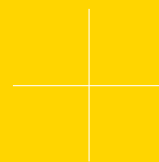
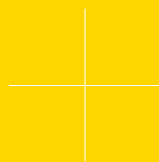
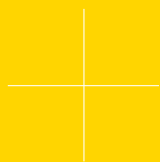
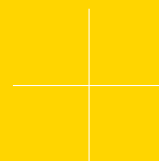
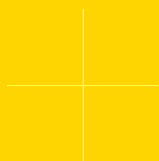
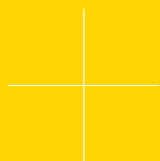
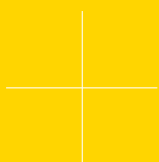
A handwritten signature in blue ink, appearing to read "R. Arnold".

Ramona Arnold
Licensed Audit Expert

Zurich, 28 March 2024
CAE/RAR/amo



**CONSOLIDATED
FINANCIAL REPORT FOR 2023**



CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	12/31/2023	12/31/2022
Liquid assets	5	27,304	28,601
Trade accounts receivable	6	23,684	25,987
Other receivables	7	2,869	2,712
Advance payments to suppliers		1,420	632
Inventories and work in progress	8	37,846	49,960
Prepaid expenses and accrued income	9	1,910	2,047
Total current assets		95,033	109,939
Tangible fixed assets	10	53,456	52,447
Financial assets	11	36	86
Intangible assets	12	485	866
Deferred tax assets	21	2,663	2,296
Total fixed assets		56,640	55,695
Total assets		151,673	165,634
Trade accounts payable	13, 37	13,605	12,648
Short-term interest-bearing liabilities	14, 16, 19	96	220
Other short-term liabilities	15	5,851	4,904
Prepaid income and accrued expenses	17	11,663	19,646
Short-term provisions	20	287	187
Accrued current income taxes		782	2,854
Total short-term liabilities		32,284	40,459
Long-term interest-bearing liabilities	16, 18, 19	1,313	225
Long-term provisions	20	1,793	1,181
Income tax liabilities	21	1,812	2,392
Total long-term liabilities		4,918	3,798
Total liabilities		37,202	44,257
Share capital	22	14,600	14,600
Capital reserves		92,457	92,464
Treasury shares		0	0
Goodwill offset	12	-58,776	-58,776
Translation differences		-15,151	-12,168
Retained earnings	12	81,341	85,257
Total shareholders' equity		114,471	121,377
Total liabilities and shareholders' equity		151,673	165,634

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	2023	2022
Net sales from goods and services		151,040	151,887
Income from manufacturing orders (valued using the percentage-of-completion method)		18,718	26,478
Net turnover	23, 33	169,758	178,365
Change in inventories of semi-finished and finished goods		3,696	1,379
Own work capitalized		570	401
Other operating income	24	5,254	7,285
Total income¹⁾		179,278	187,430
Cost of materials and services	25, 37	-96,255	-103,629
Personnel expenses	26, 27	-54,152	-51,864
Other operating expenses	28	-23,245	-23,609
Operating expenses		-173,652	-179,102
Operating earnings before depreciation (EBITDA¹⁾)		5,626	8,328
Depreciation on tangible fixed assets	10	-6,513	-6,956
Amortization on intangible fixed assets	12	-805	-776
Depreciation		-7,318	-7,732
Operating earnings (EBIT¹⁾)		-1,692	596
Financial income	29	1,785	2,915
Financial expenses	29	-3,538	-4,423
Net financial income		-1,753	-1,508
Ordinary result		-3,445	-912
Extraordinary result	30	0	380
Net result before income taxes		-3,445	-532
Income taxes	21, 31	-405	-1,816
Net result after income taxes		-3,850	-2,348
Net result after income taxes per share (CHF)²⁾	32	-5.27	-3.22

1) Alternative Performance Measure, see Note 3, page 125

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.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Retained earnings/accum. losses	Total share-holders' equity
at January 1, 2022	14,600	93,194	-17	-58,665	-9,951	88,335	127,496
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
at December 31, 2022	14,600	92,464	0	-58,776	-12,168	85,257	121,377
Net result after income taxes	0	0	0	0	0	-3,850	-3,850
Translation differences	0	0	0	0	-2,982	0	-2,982
Changes from purchases of investments	0	-7	0	0	-1	-66	-74
Dividends	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Purchase/sale of treasury shares	0	0	0	0	0	0	0
at December 31, 2023	14,600	92,457	0	-58,776	-15,151	81,341	114,471

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	2023	2022
Net result after income taxes		-3,850	-2,348
Scheduled depreciation on tangible fixed assets	10	6,514	6,956
Scheduled amortization on intangible assets	12	805	776
Increase (+) / decrease (-) in long-term and short-term provisions	20	727	-566
Increase (+) / decrease (-) in provision for deferred income taxes (net position)	21	-961	235
Gain (-) / loss (+) on sales of tangible fixed assets		-38	-59
Other transactions with no impact on liquidity		1,573	1,048
<i>Cash flow from operating activities before change in net current assets¹⁾</i>		<i>4,770</i>	<i>6,042</i>
Increase (-) / decrease (+) in receivables		396	-2,007
Increase (-) / decrease (+) in inventories	8	6,197	-11,834
Increase (-) / decrease (+) in prepaid expenses and accrued income		-5	39
Increase (+) / decrease (-) in trade accounts payable		1,513	2,933
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		-8,412	6,390
Cash flow from operating activities		4,459	1,563
Capital expenditure	10	-5,891	-2,980
Income from sales of tangible fixed assets	10	42	59
Investments in financial assets	11	0	0
Income from sales of financial assets	11	0	0
Investments in intangible assets	13	-332	-101
Net cash outflow from investments in financial assets		0	0
Cash used for investing activities		-6,181	-3,022
Free cash flow¹⁾		-1,722	-1,459
Dividend paid		0	-1,460
Acquisition (-) / disposal (+) of treasury shares		0	-5
Increase (+) / decrease (-) in short-term interest-bearing liabilities	14	-120	-89
Increase (+) / decrease (-) in long-term interest-bearing liabilities	18	1,097	-250
Cash flow from financing activities		977	-1,804
Translation differences		-552	-82
Changes in liquid assets		-1,297	-3,345
Liquid assets on December 31		27,304	28,601
Liquid assets on January 1		28,601	31,946
Changes in liquid assets		-1,297	-3,345

1) Alternative Performance Measure, see Note 3, page 125

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 acquisition/manufacturing cost, but at no more than 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 at the longest. 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 other investments, securities that are by nature long-term investments and long-term loans to third or related parties. They are valued at acquisition cost less any value adjustment. This also includes receivables under finance leases. The Adval Tech Group concludes finance lease agreements with its customers in the course of its operating business. These agreements are concluded for the tools, molds and equipment used for serial component manufacture. They are recognized at their net present value on the relevant reporting date less any impairment. Income from accrued interest on receivables is recognized as interest income. Any gain on the manufacture of operating equipment is recognized in the income statement when the equipment is put into operation; provisions are recognized for any loss when the loss becomes foreseeable.

1.11 Intangible assets

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

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

1.12 Leasing of capital goods

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

1.13 Impairment of assets

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

1.14 Liabilities

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

1.15 Provisions

Warranties, risks, impending losses and restructuring costs are included in provisions. These provisions relate exclusively to transactions originating in the past. The size of the provisions reflects the probable future outflow of funds which can be reliably estimated. Provisions are stated at net present value and are discounted if the related outflow of funds is expected to occur more than one year after the balance sheet date and the influence on the result is material. Changes resulting from discounting are recognized in the financial result in the income statement.

1.16 Pensions, payments to employees

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

1.17 Equity

The following distinctions are made in respect of reserves:

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

1.18 Income recognition

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

1.19 Income taxes

Current income taxes are calculated on the taxable profits of the individual companies in conformity with local tax legislation and allocated to the period in which they accrue. Temporary valuation differences arise due to differing valuations of assets and liabilities in the individual financial statements drawn up for taxation purposes and the consolidated financial statements. Deferred income tax is calculated on all temporary valuation differences at expected tax rates or, if these are not known, at the tax rates applicable at the time of recognition. 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 for certain targets of the Group Executive 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 geopolitical developments on financial reporting

The geopolitical situation and the associated uncertainties and very short-term developments in our markets have an impact on the Adval Tech Group. Wherever possible, its planning is based on customer forecasts and existing contracts. The assessment of the recoverability of assets based on this is cautious. However, surprising and unforeseeable developments can have an impact on the long-term recoverability of 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 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 operating activities remain unaffected by changes in market interest rates. The Group utilizes mainly variable interest-bearing credits in CHF 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 IN THE BALANCE SHEET, 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
Adval Tech (Switzerland) AG	Niederwangen, Switzerland	TCHF	3,050
Adval Tech do Brasil Indústria de Autopeças Ltda.	São José dos Pinhais PR, Brazil	TBRL	3,298
Adval Tech (US) Inc.	Cleveland, OH, USA	TUSD	1
Adval Tech Holding (Germany) GmbH	Endingen, Germany	TEUR	25
Adval Tech (Germany) GmbH & Co. KG	Endingen, Germany	TEUR	1,132
Adval Tech (Germany) Verwaltungs GmbH	Endingen, Germany	TEUR	51
Adval Tech (Mexico) S.A. de C.V.	Querétaro, Mexico	TUSD	3
Adval Tech (Hungary) Kft.	Székszárd, Hungary	TEUR	990
Adval Tech (Hungary) Plant 2 Kft.	Székszárd, Hungary	TEUR	13
Adval Tech (Grenchen) AG	Grenchen, Switzerland	TCHF	2,000
Adval Tech Holdings (Asia) Pte. Ltd	Singapore	TUSD	2,267
Adval Tech (Suzhou) Co. Ltd	Suzhou, China	TUSD	10,060
Adval Tech (Malaysia) Sdn. Bhd.	Johor Bahru, Malaysia	TUSD	505
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800

In the 2023 financial year, Adval Tech Immobilien AG, in liquidation, was finally liquidated and deleted from the commercial register. The company had not carried out any business activities since 2020. The liquidation has no impact on the Group's net assets and financial position. Otherwise, the scope of consolidation has not changed. There were no changes to the scope of consolidation in the previous year.

Exchange rates

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

	On Dec. 31, 2023	Average in 2023	On Dec. 31, 2022	Average in 2022
BRL	0.1736	0.1800	0.1757	0.1853
CNY	0.1184	0.1272	0.1327	0.1421
EUR	0.9323	0.9719	0.9846	1.0050
MXN	0.0497	0.0507	0.0478	0.0475
USD	0.8400	0.8990	0.9249	0.9549

5. LIQUID ASSETS

Liquid assets include:

CHF 1,000	12/31/2023	12/31/2022
Cash	10	15
Postal account	173	99
Banks	14,684	16,669
Fixed-term deposits	12,437	11,818
Total liquid assets	27,304	28,601

The fixed-term deposits comprise call money with a maximum maturity of 90 days.

6. TRADE ACCOUNTS RECEIVABLES

CHF 1,000	12/31/2023	12/31/2022
Total trade receivables (gross)	25,021	27,279
Impairment charges (allowance for doubtful receivables)	-1,337	-1,292
Total trade receivables (net)	23,684	25,987
of which: trade receivables from third parties	23,684	25,987

The increase in the value adjustment in 2023 is related to insolvencies of customers in the automotive industry. The majority of the allowance for doubtful accounts as at December 31, 2023 and December 31, 2022 relates to the insolvency of a customer in the medical technology industry in Australia. The insolvency proceedings have not yet been concluded.

CHF 4.5 million of receivables was overdue on the balance sheet date (previous year: CHF 5.6 million), of which CHF 0.8 million by more than 30 days (previous year: CHF 1.7 million).

In the past three years losses on receivables have been in the region of 0.2% of total income¹⁾. Provisions for receivables are as follows:

CHF 1,000	2023	2022
Total on January 1	-1,292	-219
Provision made	-49	-1,263
Utilization	0	132
Released	0	56
Currency translation differences	4	2
Total on December 31	-1,337	-1,292

1) Alternative Performance Measure, see Note 3, page 125

7. OTHER RECEIVABLES

CHF 1,000	12/31/2023	12/31/2022
Positive replacement values of derivative financial instruments	14	0
Other current receivables, third parties	2,855	2,712
Total other receivables	2,869	2,712

This item contains CHF 0.01 million current receivables from finance leases (previous year: CHF 0.1 million).

8. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	12/31/2023	12/31/2022
Trading goods	110	83
Raw material	9,745	13,250
Semi-finished and finished goods	21,499	21,282
Work in progress long-term orders	16,088	23,268
Work in progress other orders	1,719	2,719
Provisions	-11,315	-10,642
Total inventories and work in progress	37,846	49,960

Total inventories and work in progress includes CHF 0.1 million stated at net realizable value (previous year: CHF 0.04 million).

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

CHF 1,000	12/31/2023		12/31/2022	
	Assets	Liabilities	Assets	Liabilities
Work in progress long-term orders	18,876	-2,788	24,279	-1,011
Advance payments by customers	-2,788	5,656	-1,011	2,918
Net assets from work in progress long-term orders	16,088	0	23,268	0
Net liabilities from work in progress long-term orders	0	2,868	0	1,907

The manufacturing costs of orders valued using the percentage-of-completion method totaled CHF 14.8 million (CHF 20.1 million in 2022). The stated income was CHF 4.1 million (CHF 4.1 million in 2022). Advance payments by customers for work in progress on other orders have also been offset against inventories.

CHF 1,000	12/31/2023		12/31/2022	
	Assets	Liabilities	Assets	Liabilities
Work in progress other orders	1,841	-123	3,004	-285
Advance payments by customers	-123	438	-285	724
Net assets from work in progress other orders	1,719	0	2,719	0
Net liabilities from work in progress other orders	0	315	0	439

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

9. PREPAID EXPENSES AND ACCRUED INCOME

At CHF 1.9 million for 2023, prepaid expenses and accrued income are CHF 0.1 million lower than in the previous year (CHF 2.0 million). While the position decreased at the Swiss companies in 2023, it increased at the companies in Germany and Hungary.

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
at cost							
at January 1, 2022	3,605	54,765	109,344	16,346	4,878	2,942	191,880
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
at December 31, 2022	3,539	52,954	112,581	17,473	5,609	2,142	194,298
Changes in the scope of consolidation	0	0	0	0	0	0	0
Capital expenditure	0	221	2,803	552	4,049	2,302	9,927
Disposals	0	-26	-4,080	-150	-61	0	-4,317
Other changes/transfers	0	0	272	-272	17	0	17
Change in accum. translation difference	-69	-1,415	-3,571	-515	-466	-33	-6,069
at December 31, 2023	3,470	51,734	108,005	17,088	9,148	4,411	193,856
Accumulated depreciation							
at January 1, 2022	0	-29,550	-86,495	-13,997	-4,114	0	-134,156
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
at December 31, 2022	0	-29,898	-92,031	-15,220	-4,702	0	-141,851
Changes in the scope of consolidation	0	0	0	0	0	0	0
Scheduled depreciation	0	-1,399	-3,975	-588	-552	0	-6,514
Impairment	0	0	0	0	0	0	0
Disposals	0	26	4,059	141	61	0	4,287
Other changes/transfers	0	0	-91	91	-17	0	-17
Change in accum. translation difference	0	441	2,498	480	276	0	3,695
at December 31, 2023	0	-30,830	-89,540	-15,096	-4,934	0	-140,400
Book values							
at January 1, 2022	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
at December 31, 2023	3,470	20,904	18,465	1,992	4,214	4,411	53,456
Of which leased installations (finance lease)							
at January 1, 2022	0	0	26	342	0	0	368
at December 31, 2022	0	0	139	325	0	0	464
at December 31, 2023	0	0	217	0	0	0	217

As in the previous year, there were no tangible fixed assets held for sale on the balance sheet date. Adval Tech Group has no undeveloped land.

As at 31 December 2023, there were orders for fixed assets that have not yet been delivered or invoiced and therefore not yet included in tangible fixed assets in the amount of CHF 1.1 million outstanding (previous year: 0.5 million CHF).

As at December 31, 2023, assets under construction included CHF 1.2 million in advance payments for installations under construction (previous year: CHF 0.3 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 in the series production of parts. Amortization payments usually depend on the number of parts delivered per period, whereby a minimum amount is agreed for all amortization payments.

CHF 1,000	12/31/2023	12/31/2022
Receivables from finance lease contracts	0	0
Other long-term receivables	36	86
Total financial assets	36	86

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

CHF 1,000	12/31/2023	12/31/2022
within 1 year	13	121
in 2 to 5 years	0	0
Total future leasing income	13	121

The nominal value of these receivables totaled CHF 0.01 million (CHF 0.1 million in 2022).

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 2023:

CHF 1,000	Capitalized development costs	Other intangible assets	Total
at cost			
at December 31, 2022	13,812	4,285	18,097
Changes in the scope of consolidation	0	0	0
Investments acquired	424	0	424
Investments generated in-house	0	0	0
Disposals	0	-23	-23
Other changes	0	1,645	1,645
Change in accumulated translation difference	-66	0	-66
at December 31, 2023	14,170	5,907	20,077
Accumulated amortization			
at December 31, 2022	-12,946	-4,285	-17,231
Changes in the scope of consolidation	0	0	0
Scheduled depreciation	-805	0	-805
Impairment	0	0	0
Disposals	0	23	23
Other changes	0	-1,645	-1,645
Change in accumulated translation difference	66	0	66
at December 31, 2023	-13,685	-5,907	-19,592
Book values			
at December 31, 2022	866	0	866
at December 31, 2023	485	0	485

Capitalized development costs largely result from the development of plastic parts 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 projects in Mexico were capitalized in 2023 in Mexico. The developments have been completed. They will be amortized within 3 years. See also note 1.11, page 121.

The following statement of changes in intangible assets applies for 2022:

CHF 1,000	Capitalized development costs	Other intangible assets	Total
at cost			
at December 31, 2021	13,770	4,285	18,055
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
at December 31, 2022	13,812	4,285	18,097
Accumulated amortization			
at December 31, 2021	-12,229	-4,285	-16,514
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
at December 31, 2022	-12,946	-4,285	-17,231
Book values			
at December 31, 2021	1,541	0	1,541
at December 31, 2022	866	0	866

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	12/31/2023	12/31/2022
Total at January 1	48,025	48,368
Additions from changes in investments	0	111
Change in cumulative currency difference	-3,655	-454
Total at December 31	44,370	48,025

CHF 1,000	12/31/2023	12/31/2022
Total at January 1	-48,025	48,368
Simulated depreciation/impairments	0	111
Change in cumulative currency difference	3,655	-454
Total at December 31	-44,370	48,025

The increase in goodwill in 2022 was 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 2023.

If these facts had been reflected in the income statement, there would have been no change in the company result (previous year: CHF -0.1 million). This would have no impact on equity in the previous year or in 2023.

13. TRADE ACCOUNTS PAYABLE

The trade accounts payable increased by CHF 1.0 million. As at December 31, 2023, there were payables to related parties from material purchases in the amount of CHF 0.002 million (December 31, 2022: CHF 0.0 million).

14. SHORT-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2023	12/31/2022
Short-term leasing liabilities to third parties	96	220
Short-term interest-bearing liabilities	96	220

The short-term bank loans are covered by liquid assets of CHF 27.3 million (previous year: CHF 28.6 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	12/31/2023	12/31/2022
Advance payments by third parties	3,183	2,346
Other short-term liabilities to third parties	2,663	2,558
Negative replacement values of derivative financial instruments	5	0
Total other short-term liabilities	5,851	4,904

Advance payments by third parties increased by CHF 0.8 million compared to the previous year. The other short-term liabilities to third parties totaled CHF 2.7 million as of December 31, 2023 (previous year: CHF 2.6 million).

16. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2023	12/31/2022
Face value of liabilities arising from leasing contracts due		
within 1 year	109	230
in 2 to 5 years	352	248
Total future payment commitments	461	478
less proportionate interest on the payments	-2	-33
<i>Net present value of liabilities arising from finance leases</i>	<i>459</i>	<i>445</i>
of which short-term leasing liabilities	96	220
of which long-term leasing liabilities	363	225

The leasing liabilities relate to leased production facilities in Germany and Switzerland. They decreased in line with the lease payments made. In Switzerland, one new system was leased in 2023.

17. PREPAID INCOME AND ACCURED EXPENSES

CHF 1,000	12/31/2023	12/31/2022
Accrued expenses	5,928	7,536
Invoices not yet received	5,735	12,110
Total prepaid income and accrued expenses	11,663	19,646

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 decrease in accrued expenses is mainly due to Hungary. The decrease in invoices not yet received stems primarily from Hungary and Switzerland.

18. LONG-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2023	12/31/2022
Long-term leasing liabilities from third parties	363	225
Interest-bearing long-term loans from third parties	950	0
Total long-term interest-bearing liabilities	1,313	225

The interest-bearing long-term loan from third parties in 2023 relates to the financing of a production system. The loan will be amortized over a term of 5 years after the production equipment is commissioned in 2024.

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 and letter of credit transactions; 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 December 31, 2023	Book value (CHF 1,000)	Foreign-currency amount (1,000 units)	Maturity	Interest rate
Bank current accounts	0		Current	
Bank loan	950			2.90%
Lease liabilities, short-term	96	EUR 52	Current	1.1% - 2.9%
Lease liabilities, long-term	363	EUR 177	1-5 years	2.40%
Total financial liabilities	1,409			

Financial liabilities for 2022 were as follows:

	Book value (CHF 1,000)	Foreign-currency amount (1,000 units)	Maturity	Interest rate
Balance on December 31, 2022				
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%
Total financial liabilities	445			

20. PROVISIONS

CHF 1,000	Warranty provisions	Payments to employees	Restructuring provisions	Other provisions	Total
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
Total at December 31, 2022	11	413	0	944	1,368
Change in the scope of consolidation	0	0	0	0	0
Addition	0	22	0	1,116	1,138
Utilization	0	0	0	-381	-381
Release of provisions no longer required	0	-8	0	-22	-30
Difference arising from currency translation	-1	-6	0	-8	-15
Total at December 31, 2023	10	421	0	1,649	2,080
Short-term provisions at December 31, 2023	0	0	0	287	287
Long-term provisions at December 31, 2023	10	421	0	1,362	1,793
Total at December 31, 2023	10	421	0	1,649	2,080

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 provision for foreign withholding taxes whose recoverability is not certain amounts to CHF 0.6 million (December 31, 2022: CHF 0.6 million). Provisions of CHF 0.5 million were recognized for various items (previous year: CHF 0.3 million).

The increase in other provisions is primarily due to obligations for the revision of tools and a potential cash outflow from a pending business case at two Group companies.

In all cases, the probability of occurrence of an outflow of funds for risks for which provisions have been made is estimated at more than 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, 2021	106	0	0	174	280
Long-term provisions at December 31, 2021	0	498	0	1,161	1,659
Total at December 31, 2021	106	498	0	1,335	1,939
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
Total at December 31, 2022	11	413	0	944	1,368
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
Total at December 31, 2022	11	413	0	944	1,368

21. DEFERRED INCOME TAXES

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

CHF 1,000	12/31/2023	12/31/2022
Deferred tax liabilities	-1,812	-2,392
Deferred tax assets	2,663	2,296
Total deferred income taxes	851	-96

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

The Group's expected average tax rate in 2023 is 19.2% (previous year: 18.8%). This corresponds to the weighted average of all units with a positive pre-tax result. The main special effects that lead to the effective tax rate are units with losses where no deferred tax assets were capitalized based on management's assessment, units that have to pay income taxes due to local laws despite pre-tax losses, update of estimates on the utilization of pre-tax losses in the future. Estimates regarding the usability of input tax losses are made individually for each company.

In 2023, CHF 10.6 million in losses were incurred in the local financial statements for which deferred taxes were not capitalized (previous year: CHF 26.9 million).

The deferred income tax assets from losses carried forward were recognized on the basis of forecasts (budget, medium-term planning and long-term growth expectations) of the respective companies. They correspond to the tax loss carryforwards that can be used on the basis of these forecasts and the applicable local tax regulations until they expire.

Deferred tax assets mainly result from capitalized tax loss carryforwards. As at the balance sheet date, the recognized tax benefit amounted to CHF 2.7 million (December 31, 2022: CHF 2.3 million).

Deferred tax assets developed as follows:

CHF 1,000	2023	2022
Total at January 1	2,296	2,517
Change in the scope of consolidation	0	0
Additions	600	264
Utilization	-221	-475
Other adjustments	0	0
Currency translation differences	-12	-10
Total at December 31	2,663	2,296

The usability of tax loss carryforwards was assessed for the individual companies as at the balance sheet date. In 2023, this resulted in a slight overall increase in recognizable assets from tax loss carryforwards for various Group companies (previous year: slight reduction). This change was recognized in the income statement.

Provisions for deferred tax liabilities developed as follows:

CHF 1,000	2023	2022
Total at January 1	2,392	2,368
Change in scope of consolidation	0	0
Additions	9	120
Transfers	0	0
Release	-591	-96
Currency translation differences	2	0
Total at December 31	1,812	2,392

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

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

CHF 1,000	12/31/2023	12/31/2022
expiring in 1 year	2,150	4,090
expiring in 2 years	2,898	1,741
expiring in 3 years	2,603	3,864
expiring in 4 years	2,732	1,601
expiring in 5 years	12,274	2,963
expiring in more than 5 years	59,125	57,613
Total	81,782	71,872

As at 31 December 2023, there were unused tax losses of CHF 81.8 million (previous year: CHF 71.9 million) for which no deferred income tax asset was recognized in the balance sheet.

The theoretical deferred income tax asset on unused tax loss carryforwards amounted to CHF 15.4 million at the end of 2023 (previous year: CHF 11.9 million), calculated on the basis of the applicable tax rates.

22. STATEMENT OF SHARE CAPITAL

The share capital was as follows on December 31, 2023:

	Registered shares
at January 1, 2023	730,000
at December 31, 2023	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 May 11, 2023, 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:

	2023	2022
Treasury shares held at January 1	0	96
Purchases (shares)	0	38
Issued to employees (shares)	0	-134
Treasury shares held at December 31	0	0
Average purchase price (CHF)	0	147
Average value for issues (CHF)	0	169

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

Under the existing remuneration policies, no shares were granted to management staff in the year under review as part of their variable compensation (previous year: 134 shares).

Non-distributable reserves in the Group's shareholders' equity amounted to CHF 4.6 million at the end of the year under review (previous year: CHF 4.7 million). Retained earnings do not include any revaluation reserves.

23. NET TURNOVER

CHF 1,000	2023	2022
Net income from deliveries and services	152,858	153,436
Income from manufacturing orders (valued using the percentage-of-completion method)	18,718	26,478
Revenue deductions	-1,818	-1,549
Total net turnover	169,758	178,365

Net turnover for 2023 came to CHF 169.8 million, a decrease of CHF 8.6 million (-5%). While net turnover increased in the first half of the year compared to 2022, it fell significantly in the second half of 2023. This is due to the slowdown in our sales markets and to project postponements and project cancellations by individual customers in the components business.

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	2023	2022
Other operating income from third parties	5,211	7,218
Other operating income from related parties	5	5
Gains from sales of tangible fixed assets	38	62
Total other operating income	5,254	7,285

Other operating income consists primarily of income from sales of scrap. The decline is due to the change in production volume in the series parts business and price adjustments for recyclable materials.

25. COST OF MATERIALS AND SERVICES

Compared to the previous year, the cost of materials and third-party services fell by CHF 7.4 million. This was mainly due to lower sales in the tools business. Its share of total income¹⁾ fell by 1.6 percentage points to 53.7%. The lower materials ratio is primarily due to the fact that some of the material price increases were passed on to customers. However, this process is not yet complete.

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 2023 (2022: 1,168). At the balance sheet date, the number of employees totaled 1,151 FTEs (1,185 FTEs in 2022).

No short-time working was introduced in 2023. In the previous year, short-time working was temporarily introduced in certain departments at the Niederwangen site due to lower demand. No reimbursements for short-time working were recognized for 2023 (previous year: CHF 0.3 million). In 2023, CHF 0.1 million in back payments from short-time working compensation from previous years were recognized in the income statement.

1) Alternative Performance Measure, see Note 3, page 125

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 2023 are as follows:

CHF 1,000	Surplus 12/31/2023	Financial share of the organization 12/31/2023	12/31/2022	Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period	Pension expenses in 2023
Pension fund of Adval Tech Holding AG excl. surplus/shortfall	0	0	0	0	1,481	1,481
Pension fund of Adval Tech Holding AG for supervisory staff excl. surplus/shortfall	0	0	0	0	0	67
Total	0	0	0	0	1,481	1,548

In the previous year:

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

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, 2023, was 106% (previous year: 104%). 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, 2023 (or December 31, 2022), 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	2023	2022
Maintenance, repair, replacements, operating materials	-5,911	-5,743
Premises, energy	-5,915	-7,217
Insurance, office and administration expenses	-6,563	-5,546
Marketing, sales and distribution expenses	-3,351	-3,299
Sundry operating expenses	-1,505	-1,804
Total other operating expenses	-23,245	-23,609

Other operating expenses in 2023 were CHF 0.4 million lower than in the previous year. In relation to output, other operating expenses rose from 12.6% in 2022 to 13.0% in 2023. Sundry operating expenses do not include any losses from the sale of property, plant and equipment (previous year: CHF 0.003 million).

29. FINANCIAL EXPENSES AND FINANCIAL INCOME

CHF 1,000	2023	2022
Interest earned	501	191
Dividend income	74	0
Currency gains	1,206	1,122
Unrealized currency differences	0	1,602
Other financial income	4	0
Total financial income	1,785	2,915
Interest paid	-240	-62
Bank charges and fees	-102	-130
Currency losses	-2,829	-4,184
Unrealized currency differences	-239	0
Other financial expenses	-128	-47
Total financial expenses	-3,538	-4,423
Financial result	-1,753	-1,508

Of the net currency differences of CHF -1.9 million recognized in 2023, CHF -0.7 million resulted from repayments of Group loans. Currency differences on loans granted within the Group are only recognized upon repayment. In the previous year, there was a small currency loss of CHF 1.5 million, of which CHF 1.3 million resulted from the repayment of Group loans.

The dividend income of CHF 0.074 million relates to the proceeds from the liquidation of Adval Tech Immobilien AG.

Net interest income of CHF 0.3 million was recorded in 2023, primarily from fixed-term deposits (previous year: net interest income of CHF 0.1 million).

30. EXTRAORDINARY RESULT

CHF 1,000	2023	2022
Restructuring measures	0	0
Result from the sale of investments	0	380
Result from the purchase of investments	0	0
Other operating income	0	0
Total extraordinary result	0	380

The extraordinary income reported in the previous year relates to the reversal of a provision from a company sale in 2016 that was no longer required.

31. INCOME TAXES

CHF 1,000	2023	2022
Current income taxes	-1,366	-1,581
Change in provision for deferred taxes	961	-235
Total tax expenses	-405	-1,816

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	2023		2022	
Net turnover	169,758	100%	178,365	100%
<i>Europe</i>	<i>119,417</i>	<i>70.0%</i>	<i>131,535</i>	<i>74.0%</i>
– of which Germany	67,997	40.0%	64,390	35.0%
– of which Switzerland	16,828	10.0%	17,155	10.0%
– of which Hungary	8,882	5.0%	10,747	6.0%
– of which Turkey	5,649	3.0%	5,000	3.0%
– of which France	5,301	3.0%	4,660	3.0%
– of which Slovakia	4,251	3.0%	4,673	3.0%
– of which Czech Republic	4,116	2.0%	14,622	8.0%
– of which other European countries	6,393	4.0%	10,288	6.0%
<i>Asia</i>	<i>19,785</i>	<i>12.0%</i>	<i>19,542</i>	<i>11.0%</i>
– of which China	13,741	8.0%	12,132	7.0%
– of which other Asian countries	6,044	4.0%	7,410	4.0%
<i>Latin America</i>	<i>22,081</i>	<i>13.0%</i>	<i>16,534</i>	<i>9.0%</i>
<i>North America</i>	<i>8,369</i>	<i>5.0%</i>	<i>10,264</i>	<i>6.0%</i>
<i>Australia and Oceania</i>	<i>66</i>	<i>0.0%</i>	<i>319</i>	<i>0.0%</i>
<i>Africa</i>	<i>40</i>	<i>0.0%</i>	<i>171</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 0.9 million as of December 31, 2023 (previous year: CHF 1.0 million). The pledge listed serves as security for bank loans and credit lines.

35. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2023	12/31/2022
Contingent liabilities in favor of third parties	7,921	10,949
Liabilities arising from leases	7,512	8,465
Liabilities arising from operating leases	2,965	1,399

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 1.5 million (CHF 1.6 million in 2022) within 1 year, CHF 5.3 million (CHF 6.0 million in 2022) in 2 to 5 years, CHF 0.7 million (CHF 0.9 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 2022) within 1 year, CHF 2.2 million (CHF 0.6 million in 2022) 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, 2023 and 2022), no financial instruments existed to limit financial risks.

	Instrument	Contract value in 1,000 LC	Replacement value in 1,000 CHF	
Currency			positive	negative
EUR	Forward/Swap	1,400	14	5
USD	Forward/Swap	0	0	0
Total		1,400	14	5

The positive replacement values in 2023 are included in other receivables (Note 7).

The negative replacement values are included in other current liabilities (Note 15).

37. TRANSACTIONS WITH RELATED PARTIES

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

- the pension fund of Adval Tech Holding AG
- Artemis Holding AG, Hergiswil, and its Group companies
- Franke Holding AG, Aarburg, and the companies of 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

As in the previous year, materials were purchased from related parties for CHF 0.06 million in the 2023 financial year. As at December 31, 2023, there were liabilities of CHF 0.002 million to related parties from these transactions (December 31, 2022: CHF 0.0 million). No revenue from related parties was recognized in 2023 or the previous year, nor were there any receivables from related parties as 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, 2023.

The supply bottlenecks for certain materials, the war in Ukraine and the further development of the geopolitical situation will have an impact on business activities in 2024. It is currently not possible to estimate the economic impact on the Adval Tech Group in 2024. For the Adval Tech Group, the focus is on maintaining delivery capability and liquidity.

39. RELEASE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were released on March 28, 2024 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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Report of the statutory auditor

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 of Adval Tech Holding AG (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated shareholder's equity and the consolidated cash flow statement 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 (pages 114 – 148) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of 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

Materiality	Materiality consolidated financial statement: CHF 1,600,000
Scoping	• 88% of revenue • 71% of total assets
Key audit matter	• Revenue recognition

Out application of materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatements. 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 determined materiality for the group to be CHF 1,600,000. Further, we agreed with the Audit Committee that we would report to them misstatements above CHF 80,000 identified during our audit as well as any difference below that threshold which, in our view, warranted reporting for qualitative reasons. We have therefore set this so-called clearly trivial threshold at 5% of the group materiality. Nevertheless, we will report uncorrected or corrected misstatements 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 scope audit.

These 4 Group companies represent the principal business units and account for 56% of the group's turnover and 52% of the group's total assets. In addition, we conducted a Specific Scope audit for 8 Group companies in 6 countries. These 8 Group companies account for 32% of turnover and 19% of total assets in the consolidated financial statements. In total, our full scope and specific scope audits cover 88% of turnover and 71% of the assets of the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.



Adval Tech Holding AG
Report on the Audit of the Consolidated Financial
Statements for the year ended 31 December 2023

Revenue recognition

Key audit matter	How the scope of our audit responded to the key audit matter
The Adval Tech Group generates sales from various subdivisions as defined in Note 1.18 (Income recognition), 23 (Net turnover) and 8 (Inventories and work in progress) in the notes to the consolidated financial statements in 2023.	For the audit of revenue from long-term manufacturing contracts, we have performed the following audit procedures:
The two main areas of income are revenue from production of components CHF 151,5 million (revenue of production of components and subassemblies of metal and plastic; prior year CHF 151,9 million) and revenue from manufacturing contracts 18,3 million (revenue of tools and systems manufacturing; prior year CHF 26,5 million) in the 2023 financial year.	• Assessment of consistent application of the principles of revenue recognition in accordance to the PoC method. • Examination of relevant controls for determining the degree of completion for design and implementation. • Sampling examination of individual projects regarding: ○ compliance with the contractually stipulated progress and acceptance agreements by reviewing the contracts. ○ Key assumptions made by the project managers and management with regard to project progress, degree of completion, and forecast of future project progress regarding expected expenses and income. • Retrospective analysis of completed projects to assess the reliability of management's estimates. • Assessment of recoverability of receivables associated with manufacturing contracts by means of payment received after balance sheet date and/or through discussions with management.
The income of the Adval Tech Group consists largely of revenue from long-term manufacturing contracts. The recognition of revenue and profits from these long-term manufacturing contracts depend on estimates and assumptions made by management regarding determining the stage of completion in relation to the expenses incurred.	Based on the audit procedures performed above, we have obtained sufficient appropriate audit evidence to address the risk of incorrect revenue recognition from PoC projects.
We consider the recognition of revenue from long-term manufacturing contracts to be a key audit matter due to the risk that revenue recognition, depending on the degree of completion applying the Percentage-of-Completion (PoC) method, may not correspond to the actual degree of completion and the planned future revenues.	

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, the remuneration report, 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.

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.



Adval Tech Holding AG
Report on the Audit of the Consolidated Financial
Statements for the year ended 31 December 2023

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our 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

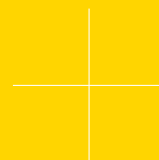
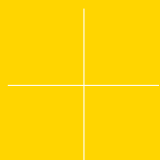
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Christophe Aebi
Licensed Audit Expert
Auditor in Charge

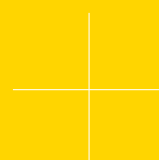
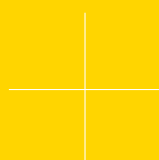
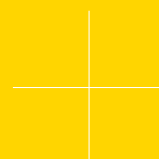
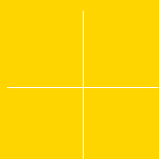
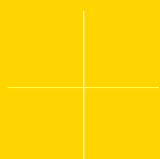
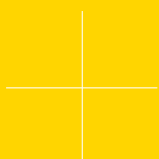
A handwritten signature in blue ink, appearing to read "R. Arnold".

Ramona Arnold
Licensed Audit Expert

Zurich, 28 March 2024
CAE/RAR/amo



**FINANCIAL REPORT 2023 OF
ADVAL TECH HOLDING AG**



FINANCIAL REPORTING

1. BALANCE SHEET

CHF	Notes	12/31/2023	12/31/2022
Current assets			
Liquid assets		11,167,786	16,268,812
Trade accounts receivable		3,212,620	2,160,196
– from third parties		64,772	22,956
– from Group companies	2.1	3,147,848	2,137,240
Prepaid expenses and accrued income		17,743	1,574
Total current assets		14,398,149	18,430,582
Fixed assets			
Long-term receivables from Group companies	2.2	25,403,777	32,335,578
Investments in Group companies	2.3	62,881,819	57,086,257
Total fixed assets		88,285,596	89,421,835
Total assets		102,683,745	107,852,417
Short-term liabilities			
Trade accounts payable		0	0
Short-term interest-bearing liabilities		11,050,000	11,300,000
– to third parties		0	0
– to Group companies	2.4	11,050,000	11,300,000
Other liabilities		94,314	289,276
– to third parties		4,661	35,100
– to Group companies	2.5	89,653	254,176
Prepaid income and accrued expenses		231,178	178,468
Current provisions		0	0
Total short-term liabilities		11,375,492	11,767,744
Long-term liabilities			
Long-term interest-bearing liabilities		950,000	0
– to third parties		950,000	0
Long-term provisions		590,828	575,409
Total long-term liabilities		1,540,828	575,409
Total liabilities		12,916,320	12,343,153
Shareholders' equity			
Share capital		14,600,000	14,600,000
Legal capital reserves	2.6	58,843,154	58,843,154
Legal retained earnings		9,500,000	9,500,000
– General legal retained earnings		9,500,000	9,500,000
– Reserve for treasury shares		0	0
Voluntary retained earnings		11,284,611	11,284,611
Profit carried forward		1,281,499	24,245,883
Loss for the year		-5,741,839	-22,964,384
Total shareholders' equity		89,767,425	95,509,264
Total liabilities and shareholders' equity		102,683,745	107,852,417

2. INCOME STATEMENT

CHF	Notes	2023	2022
Income from equity interests	2.7	14,740,112	14,895,067
Other income		39,788	36,859
Other operating expenses	2.8	-1,523,573	-1,207,528
Amortization/depreciation and impairment losses on non-current assets	2.9	-14,072,252	-33,972,380
Financial income	2.10	351,820	79,314
Financial expenses	2.11	-5,327,733	-3,163,457
Operating result before taxes		-5,791,839	-23,332,125
Extraordinary, non-recurring or prior period income		0	380,000
Extraordinary, non-recurring or prior period expenses		0	0
Result for the year before taxes		-5,791,839	-22,952,125
Direct taxes		50,000	-12,259
Result for the year		-5,741,839	-22,964,384

NOTES TO THE FINANCIAL STATEMENTS 2023

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. 957 ff., 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	12/31/2023	12/31/2022
Adval Tech Management AG, Niederwangen, Switzerland	1,465,289	1,227,392
Adval Tech do Brasil Indústria de Autopeças Ltda., São José dos Pinhais PR, Brazil	80,005	311,760
Adval Tech (Hungary) Kft., Szekszárd, Hungary	23,227	15,499
Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	138,862	38,515
Adval Tech (Mexico) S.A. de C.V., Querétaro, Mexico	553,437	221,437
Adval Tech (Germany) GmbH & Co. KG, Endingen, Germany	323,946	0
Adval Tech Holding (Germany) GmbH, Endingen, Germany	0	322,637
Adval Tech (Suzhou) Co. Ltd., Suzhou, China	523,215	0
Adval Tech Holdings (Asia) Pte. Ltd, Singapore	24,117	0
OMNI Engineering Shanghai Co. Ltd., Shanghai, China	6,300	0
OMNI Plastics Shanghai Co. Ltd., Shanghai, China	9,450	0
Total Group companies	3,147,848	2,137,240

2.2 Long-term receivables from Group companies

CHF	12/31/2023	12/31/2022
Adval Tech Management AG, Niederwangen, Switzerland (subordinated)	1'450'000	1,800,000
Adval Tech (Hungary) Kft., Szekszárd, Hungary	1'003'621	2,643,759
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico	0	3,013,164
Adval Tech Holding (Germany) GmbH, Endingen, Germany	22'740'161	24,000,000
Adval Tech Holdings (Asia) Pte. Ltd, Singapore	209'995	878,655
Total Group companies	25'403'777	32,335,578

2.3 Investments in Group companies

Company		12/31/2023		12/31/2022		12/31/2023 Book value CHF	12/31/2022 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 ¹⁾	CHF	n.a.	n.a.	100,000	100%	n.a.	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 ²⁾	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%	10,411,540	8,400,000
Plastic components							
Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	EUR	13,000	100%	13,000	100%	0	0
Stamping and forming technology							
Adval Tech (Mexico) S.A. de C. V., Querétaro, Mexico ²⁾	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%	24,384,022	20,500,000
Holdings in companies ³⁾							
<i>Adval Tech (Suzhou) Co. Ltd, Suzhou, China</i>	<i>USD</i>	<i>10,060,000</i>	<i>100%</i>	<i>10,060,000</i>	<i>100%</i>	<i>1,600,000</i>	<i>3,900,000</i>
<i>Plastic components</i>							
<i>Adval Tech (Malaysia) Sdn. Bhd., Johor Bahru, Malaysia</i>	<i>USD</i>	<i>505,000</i>	<i>100%</i>	<i>505,000</i>	<i>100%</i>	<i>6,000,000</i>	<i>6,000,000</i>
<i>Plastic components</i>							
<i>Omni Plastics (Shanghai) Co. Ltd, Shanghai, China</i>	<i>USD</i>	<i>1,100,000</i>	<i>100%</i>	<i>1,100,000</i>	<i>100%</i>	<i>42,000</i>	<i>42,000</i>
<i>Trading</i>							
<i>Omni Engineering (Shanghai) Co. Ltd, Shanghai, China</i>	<i>USD</i>	<i>2,800,000</i>	<i>100%</i>	<i>2,800,000</i>	<i>100%</i>	<i>0</i>	<i>0</i>
<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 ³⁾							
<i>Adval Tech (Germany) GmbH & Co. KG, Endingen, Germany</i>	<i>EUR</i>	<i>1,132,000</i>	<i>100%</i>	<i>1,132,000</i>	<i>100%</i>	<i>8,706,701</i>	<i>18,948,060</i>
<i>Tools and metal components</i>							
<i>Adval Tech (Germany) Verwaltungs GmbH, Endingen, Germany</i>	<i>EUR</i>	<i>51,000</i>	<i>100%</i>	<i>51,000</i>	<i>100%</i>	<i>0</i>	<i>0</i>
<i>Unlimited liability partner of Adval Tech (Germany) GmbH & Co. KG, Germany</i>							
Total equity interests						62,881,819	57,086,257

Indirect investment holdings are printed in italics.

1) Company was liquidated and deleted from the commercial register on 21 December 2023.

2) For legal reasons, Adval Tech Management AG holds a fiduciary interest in the company's share capital.

3) Book values in local currency

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

2.4 Short-term interest-bearing liabilities

CHF	12/31/2023	12/31/2022
Adval Tech (Switzerland) AG, Niederwangen, Switzerland	4,250,000	4,000,000
Adval Tech (Grenchen) AG, Switzerland	6,800,000	7,300,000
Total short-term interest-bearing liabilities	11,050,000	11,300,000

2.5 Other liabilities – to Group companies

CHF	12/31/2023	12/31/2022
Adval Tech Management AG, Niederwangen, Switzerland	0	6,578
Adval Tech (Switzerland) AG, Niederwangen, Switzerland	15,938	0
Adval Tech Immobilien AG in Liquidation, Niederwangen, Switzerland	0	175,835
Adval Tech US Inc., Cleveland, USA	48,215	55,494
Adval Tech (Grenchen) AG, Grenchen, Switzerland	25,500	16,269
Total other liabilities - to Group companies	89,653	254,176

2.6 Legal capital reserves

This item consists of the shareholders' capital contributions.

2.7 Income from Group equity interests

CHF	2023	2022
Income from revaluation of investments/loans	6,517,786	4,931,689
Loan interest income	2,921,819	1,722,533
Corporate service fees	365,962	346,559
Trademark fees	1,860,952	1,894,286
Dividend income	3,073,593	6,000,000
Total income from equity interests	14,740,112	14,895,067

2.8 Other operating expenses

CHF	2023	2022
Expenses for recruitment at Group level	-250,461	0
Property insurance and fees	-24,887	-37,115
Office and administrative expenses	-1,213,559	-1,149,092
Other expenses	-34,666	-21,321
Total other operating expenses	-1,523,573	-1,207,528

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

CHF	2023	2022
Impairment losses on equity interests	0	-12,695,774
Impairment losses on loans	-14,072,252	-21,276,606
Total amortization/depreciation and impairment losses on non-current assets	-14,072,252	-33,972,380

2.10 Financial income

CHF	2023	2022
Financial income from third parties	254,248	23,938
Foreign currency gains/losses, Group companies	97,573	55,376
Total financial income	351,821	79,314

2.11 Financial expenses

CHF	2023	2022
Bank interest expense	-103,286	-53,229
Foreign withholding taxes	-38,188	-65,241
Bank fees	-2,645	-8,749
Other financial expenses	-106,364	-24,266
Foreign currency gains/losses, third parties	-416,491	-135,738
Loan interest expense, Group companies	-170,035	-104,283
Foreign currency gains/losses, Group companies	-4,490,724	-2,771,951
Total financial expenses	-5,327,733	-3,163,457

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 2023	Value in 2023, CHF	Number in 2022	Value in 2022, CHF
January 1	0	0	96	17,000
Purchase (details)	0	0	38	5,587
Sale (details)	0	0	-134	-22,587
December 31	0	0	0	0

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

Participation rights of Board of Directors and Executive Management

No shares were allocated in 2023. In the previous year, 134 registered shares were allocated to the Executive Management.

Sureties to third parties

CHF	12/31/2023	12/31/2022
Guarantees	371,318	526,829

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, 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)	12/31/2023	12/31/2022
Dr. h.c. Willy Michel ¹⁾	28.9%	28.9%
Artemis Beteiligungen I AG, Hergiswil ^{2) 3)}	21.5%	21.5%
Grapha Holding AG, Hergiswil ⁴⁾	8.8%	8.8%
J. Safra Sarasin Investment Fonds AG*	8.4%	7.8%
Hansruedi Bienz	7.5%	7.5%
Einfache Gesellschaft Dreier ⁵⁾	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 Christoph Hammer from May 11, 2023, and Christian Mäder until May 11, 2023

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, 2023, and December 31, 2022

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	2023	2022
René Rothen	Chairman of the Board and CEO	1,590	1,590
Hans Dreier	Member of the Board of Directors	13,450	13,450
Christoph Hammer	Member of the Board of Directors (member from May 11, 2023)	-	n.a.
Christian Mäder	Member of the Board of Directors (member until May 11, 2023)	n.a.	-
Jürg Schori	Member of the Board of Directors	503	503
Valeria Poretti	until November 30, 2022 Head Corporate HR/Communication	n.a.	796
Markus Reber	CFO	288	288

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

CHF	2023	2022
Retained earnings carried forward		
Retained earnings at the beginning of the financial year	1,281,499	24,245,857
Appropriation of profit according to the resolution of the General Meeting		
– Transfer capital reserves	0	26
– Loss for the year	-5,741,839	-22,964,384
Retained earnings at the disposal of the General Meeting	-4,460,340	1,281,499
Capital contribution reserves carried forward		
Legal capital reserves at the beginning of the financial year	58,843,154	58,843,154
Board of Directors' proposal to the General Meeting		
– Transfer to profit carried forward	0	0
– Transfer to voluntary retained earnings	0	0
Legal capital reserves to be carried forward	58,843,154	58,843,154

CHF	2023 Board of Directors' proposal	2022 Board of Directors' proposal
Board of Directors' proposal regarding appropriation of retained earnings		
Retained earnings at the disposal of the General Meeting	-4,460,340	1,281,499
Transfer from the capital reserve	0	0
Distribution to shareholders from capital reserve	0	0
Distribution to shareholders from retained earnings	0	0
To be carried forward	-4,460,340	1,281,499



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Report of the statutory auditor

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 (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 156 – 164) 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 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.

Key Audit Matters

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.

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

<i>Key audit matter</i>	<i>How the scope of our audit responded to the key audit matter</i>
Adval Tech Holding AG has significant long-term receivable due from Group companies and holds the corresponding investments in accordance with 2.2 (Long-term receivables from Group companies) and 2.3 (Investments in Group companies) in the notes to the financial statements of Adval Tech Holding AG as at 31 December 2023. The long-term receivables from Group companies of the Adval Tech Group amounted to CHF 25,4 million at the end of 2023 (prior year CHF 32,3 million). At the end of 2023, investments amounted to CHF 62,9 million (prior year CHF 57,1 million). The management assesses the recoverability of long-term receivables and the investment value 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 receivables. 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 significant management estimates around future cashflows, discount rates and growth rates used in impairment testing, as well as the significant balance sheet position (approximately 71% of total assets, prior year 83%).	To assess the valuation of investments and long-term receivables from Group companies, we have assessed the impairment tests conducted by management for the main companies as following: • Examination of controls related to the process of creating impairment tests for design and implementation. • Comparison of the current results of the respective companies with the corresponding budgets on the 2023 business performance, to retrospectively verify the forecast accuracy of the budgets. • Critical assessment of the prospects by interviewing management and analysing the assumptions of the impairment tests based on the budgets and mid-term plans approved by the Board of Directors. • Review of the valuation of non-current receivables and investments in Group companies by assessing the level of equity. • Review of the key parameters of impairment tests, including discount rates and terminal growth rates, as well as conducting sensitivity analyses and evaluating the results. Based on the audit procedures performed above, we have obtained sufficient appropriate audit evidence to address the risk of the valuation of long-term receivables and investments.



Adval Tech Holding AG
Report on the Audit of the Financial Statements
for the year ended 31 December 2023

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, the remuneration report 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.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our 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



Ramona Arnold
Licensed Audit Expert

Zurich, 28 March 2024
CAE/RAR/amo

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LOCATIONS AROUND THE WORLD



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

