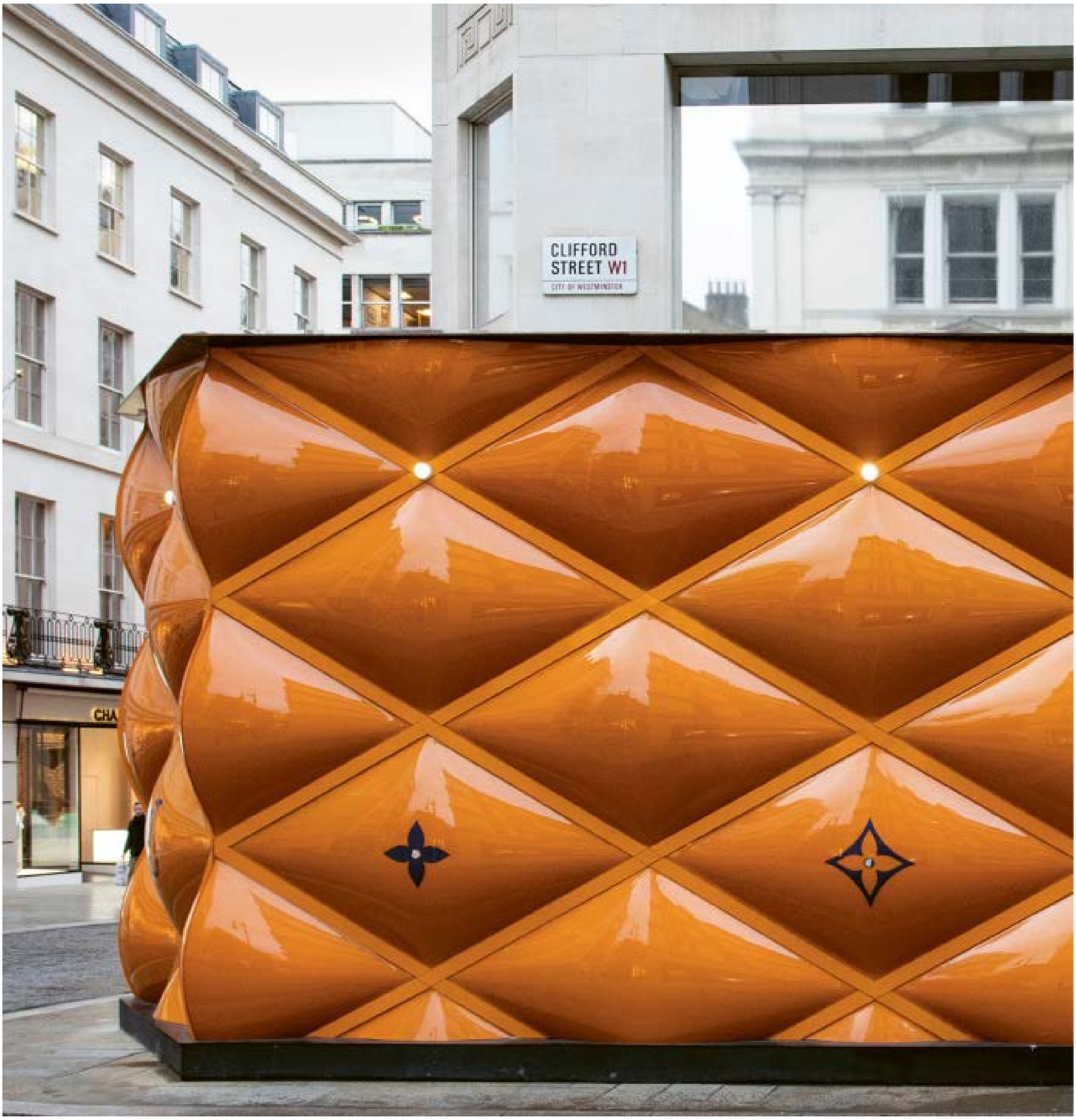
ANNUAL REPORT 2022



SCHWEITER TECHNOLOGIES

Schweiter Technologies is a traditional Swiss group which has performed very successfully in the last few years. We systematically pursue our clearly formulated corporate strategy, focusing on the development of business units in the area of composite materials.

Our globally active division 3A Composites enjoys prime positioning as market leader in its target markets. In order to further strengthen the solid market position, we are seeking to grow not only organically but also through targeted acquisitions. In addition, we aim to continue increasing profitability.

We take our responsibility toward our stakeholder groups seriously. Customer centricity and innovation – the key long-term value driver – are core priorities for our businesses.

FINANCIAL OVERVIEW

	2022	2021
INCOME STATEMENT (IN CHF M)		
Net sales	1 197.7	1 226.9
EBITDA	85.5	151.5
Operating result (EBIT)	42.5	111.3
Net income	29.1	84.4
BALANCE SHEET (IN CHF M)		
Total assets	1 084.3	1 143.1
Net operating assets	647.3	646.5
Shareholders' equity	752.8	776.6
Cash and cash equivalents	85.9	123.1
STATEMENT OF CASH FLOW (IN CHF M)		
Cash flow from operating activities	48.2	82.8
Cash flow from investing activities	−54.0	−53.5
Free cash flow	−5.8	29.3
KEY FIGURES (IN %)		
Return on sales	7.1	12.3
RONOA	6.6	17.2
Equity ratio	69.4	67.9
EMPLOYEES AS OF 31 DECEMBER (FTE)		
Total employees	4 255	4 443
RATIOS PER SHARE (IN CHF)		
Earnings per bearer share	20.3	59.0
Equity	526	542
Payout[1]	20.0	40.0
STOCK MARKET CAPITALIZATION AS OF 31 DECEMBER (IN CHF M)		
Stock market capitalization	1 053.8	1 935.8

[1] 2022: dividend proposal by the Board of Directors

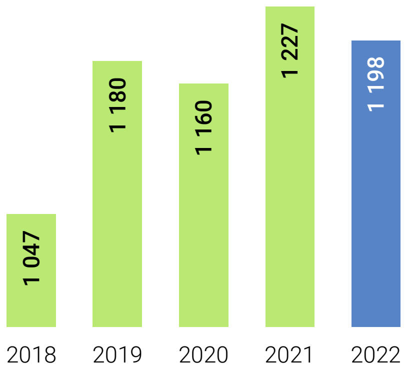
KEY FIGURES

NET SALES
in CHF m

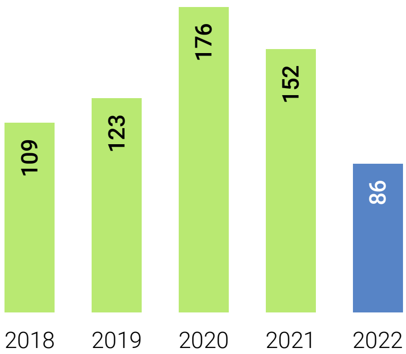
1 198

-2%

NET SALES
in CHF m



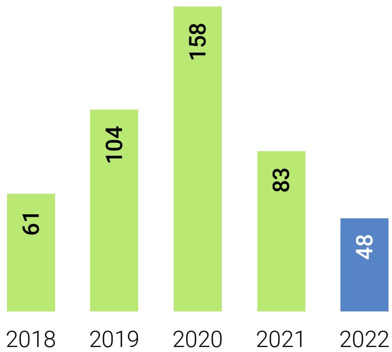
EBITDA
in CHF m



NET INCOME
in CHF m

29

CASH FLOW FROM OPERATING ACTIVITY
in CHF m



SHAREHOLDERS' EQUITY
in CHF m

753

EQUITY RATIO

69%

CASH AND CASH EQUIVALENTS
in CHF m

86

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REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders

With EBITDA at CHF 86 million on sales amounting to CHF 1.2 billion, this has been a year of mixed results for Schweiter. It would be fair to describe 2022 as an unusual year. With the easing of the Covid pandemic, there was much to suggest that a healthy level of growth could be expected. However, the war in Ukraine, for all its unspeakable suffering, also exposed crass errors and shortcomings in our national economies. An energy crisis born out of negligence, with prices skyrocketing in Europe, the surging cost of raw materials, supply-chain disruptions, and soaring inflation all led to a drastic downturn in the mood of our European customers, a slowdown in the global economy, and consequently also in Schweiter's operational business performance. After a promising first half-year, operating profit fell sharply. Countermeasures were implemented swiftly, in particular price rises to offset the dramatic surge in costs and the introduction of cost-saving measures. Nevertheless, over the year as a whole, the EBITDA margin fell from over 12% in 2021 to just 7% in the past year.

The overall result was unsatisfactory, even though many external factors could be held responsible for it, as mentioned above. At our European operations in particular, operating profit (EBITDA) fell significantly. A detailed analysis of the causes does not lead to any expectation that the external circumstances will improve in the short term. The management team has therefore faced up to the challenges of the new situation and is implementing action plans to further reduce costs. Unfortunately, this cannot be achieved without targeted, and in some cases painful, staffing changes.

But 2022 was not altogether a lost year. In the business with Core Materials for wind energy plants and marine construction, Schweiter was once again the market leader for PET and balsa solutions and succeeded in further increasing its market share with attractive levels of profitability.

In America, the Architecture segment grew by a pleasing 45% and the Display segment by 32%, with a corresponding leap in operating profit.

In Europe, the renewal and concentration of manufacturing facilities got underway in England. Focusing our resources will also substantially improve energy efficiency and ensure that the site is fit to achieve future success. The well-known PERSPEX® brand in particular should benefit from the changes.

There were also bright spots in Asia – India and Southeast Asia recorded healthy sales. The only exception was the Architecture market in China, which was very subdued owing to the ongoing Covid lockdown.

The Transport segment acquired some notable major customers in the rail business to further improve its strong market position.

Legislation in Switzerland and the EU continues to introduce more stringent regulatory requirements regarding sustainability (ESG). This development underlines the trend toward greater transparency, an issue of increasing concern to investors and customers for some time now. Schweiter reports fully on sustainability in compliance with the standards of the Global Reporting Initiative (GRI). Many aspects of Schweiter's business activities contribute to the achievement of a sustainable future. The lightweight construction of its products helps customers to reduce their use of energy and materials, thereby also cutting CO_2 emissions. Schweiter takes its social responsibility seriously, not just with regard to employees and local communities but also toward partners in the supply chain. Good governance and fair business practices are an essential basis for all these efforts.

At senior management level, Heinz Baumgartner stepped down as CEO after thirteen very successful years. He handed over to his successor Roman Sonderegger in a carefully planned transition. The whole Board of Directors wishes to express its gratitude to Heinz for his outstanding contribution and looks forward to working with him in future as a member of the Board of Directors. Furthermore, the Board of Directors will propose to the General Meeting on 4 April 2023 that he be elected as the new Chairman of the Board.

In view of the substantially reduced profits, the Board of Directors proposes a reduction in the dividend from CHF 40 to CHF 20 per bearer share. In order to strengthen shareholder rights, the Board of Directors proposes to the General Meeting the conversion of former bearer shares to registered shares.

With a healthy balance sheet and an equity ratio of around 70%, Schweiter is in a position to take advantage of potential opportunities for acquisitions and also continue its systematic program of investments in innovation.

It is difficult at present to provide reliable guidance for future results. All segments are working to improve operational performance and the first half-year is likely to remain demanding. There is some cause for optimism from the noticeable recovery in the Wind and Transport & Industry segments and from an upturn in business activity in China. Raw material prices and energy costs are falling again. The management team and all staff are committed to achieving significant improvements in operational performance in 2023. The Board of Directors wishes all employees every success in achieving this aim.

Yours sincerely

Beat Siegrist, Chairman

MARKETS AND CUSTOMERS

BUSINESS PERFORMANCE

In a challenging business environment, Schweiter Technologies achieved a moderate increase in year-on-year sales after adjustment for currency effects, thanks to sales price increases and strong growth in North America. The business units outside Europe performed in line with expectations. In Europe, a significant deterioration in the economic environment caused demand in the Display segment to fall away sharply, particularly in the second half of the year, with the Architecture segment also experiencing a slowdown. Pressure on prices in the business with Wind customer OEMs and the vastly increased cost of raw materials, energy and transport had an impact on the result. Sales price adjustments and increased efficiencies were not sufficient to fully offset higher costs and negative currency effects. Accordingly, operating profit, already depressed by additional restructuring costs, was significantly lower in comparison with the high baseline set the previous year.

In order to deal with the consequences of the increasingly difficult market environment in Europe and boost future competitiveness, investments in product innovations and increased efficiencies were stepped up and structural cost reduction measures implemented during the business year.

Net sales fell to CHF 1 197.7 million (previous year: CHF 1 226.9 million); a moderate increase was achieved once currency adjustments are taken into account. Group EBITDA was down to CHF 85.5 million (previous year: CHF 151.5 million). The figure includes one-time expenses for structural cost reduction measures in the mid-single-digit million range and corresponds to a EBITDA margin of 7.1% (previous year: 12.3%). EBIT was impacted by value adjustments associated with the restructuring of the site in Darwen, England, which amounted to some CHF 3 million, and came in at CHF 42.5 million (previous year: CHF 111.3 million). Net income amounted to CHF 29.1 million (previous year: CHF 84.4 million).

Cash and cash equivalents came to CHF 86 million at year-end and the equity ratio was almost 70%. The Board of Directors will propose paying a dividend of CHF 20 per bearer share at the General Meeting on 4 April 2023.

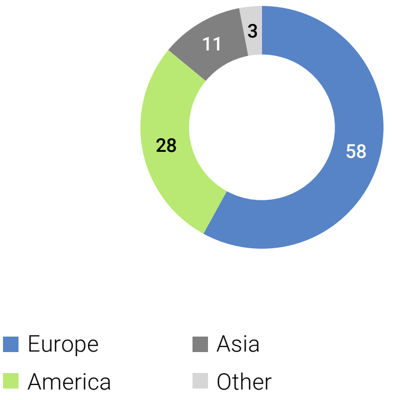
At year-end, the headcount stood at 4 255 (previous year: 4 443), including 1 302 employees in balsa plantations and sawmills in Ecuador and Papua New Guinea.

This year as previously, Schweiter Technologies invested continuously in research and development, future-oriented production capacities, and especially in energy efficiency and the skills and competences of its employees around the world. These are important prerequisites for understanding the future needs of customers and constantly expanding the current product portfolio. Product innovations and market penetration strategies saw the company expand its current market positions and capture new markets.

In addition to measures designed to drive organic growth, Schweiter Technologies is making targeted acquisitions to ensure sustained growth in its various business segments. The 25% minority holding in Swedboard International AB, acquired in April 2022, reinforces the Display product portfolio and expands the range of environmentally friendly, printable natural fibre panels.

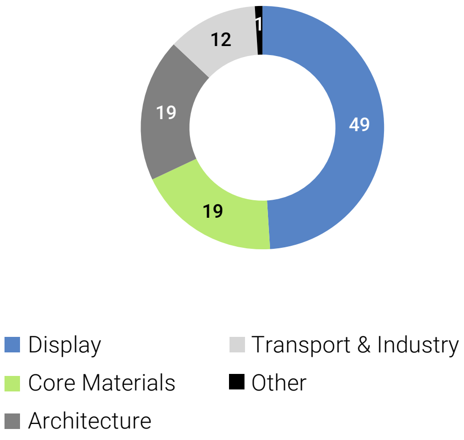
NET SALES 2022 BY SALES MARKETS

(in %)



NET SALES 2022 BY MARKET SEGMENTS

(in %)



▲ Restaurante Mosteiro® do Leitão,
Batalha, Portugal, ALUCOBOND® PLUS

MANAGEMENT AND RISK ASSESSMENT

MANAGEMENT SCHWEITER TECHNOLOGIES

Roman Sonderegger	Chief Executive Officer Group
Martin Klöti	Chief Financial Officer Group

RISK ASSESSMENT

The risk assessment and risk management within the Group are conducted on several levels and reflect the decentralized structures of Schweiter Technologies.

The individual Group companies are responsible for the identification, evaluation, and management of local risks. A systematic identification of higher-ranking risks that could have a significant impact on the Group and its business activities is carried out at Group level. The risks identified are classified according to the criteria of probability of occurrence and potential impact. Where necessary, individual risks are analyzed in greater depth and measures are taken to minimize these risks.

The Board of Directors discusses the higher-ranking risks to the Schweiter Technologies Group at least once a year. The last risk assessment by the Board of Directors was performed in December 2022.

PORTFOLIO STRATEGY

An insight into our profile, our culture and our values.

STRONG PARTNERSHIP

Schweiter Technologies develops business in the composites panels segment. 3A Composites manufactures materials and composite solutions in lightweight construction through the combination of suitable materials for specific applications and industry segments.

FOCUS ON INNOVATION AND CUSTOMER PROXIMITY

The core of each strategy consists of innovation (starting point for all success to date), proximity to customers via in-house sales companies and distribution partners, as well as concentration on sustainably successful value creation. Schweiter Technologies promotes lean structures and direct communication.

LASTING SUCCESS

The holding company is not interested in buying and selling businesses, but aims to develop them beyond the timespan of those currently in executive posts. Acquisitions are primarily intended to strengthen current positions – divestments take place if there are better owners than Schweiter Technologies, or if there is no prospect of market leadership.

SELF-SUFFICIENT UNITS

The individual business units are global market leaders in their segment – or at least have the potential to become global market leaders. Each is autonomous – including financially.

PROMOTION OF THE CULTURE

The same care is applied to management development as to business development. A management culture is promoted which goes beyond product or even company cycles.

STREAMLINED STRUCTURES

The structures of the holding company are lean. Apart from supervising executive functions, the Board of Directors is mainly involved in preparation and implementing the strategy.

INVESTMENT IN THE FUTURE

As far as possible, the substantial cash holding is to be used for future-proof acquisitions in existing and/or new areas of business.

OPERATING SEGMENT 3A COMPOSITES

3A COMPOSITES

3A Composites manufactures extruded and cast plastic sheets, composite panels as well as core materials for composite structures and is focused on the display, architecture, wind energy, marine, transportation & industry markets. It is regarded as the market leader in all target markets. Suitable combinations of materials are determined on the basis of the requirements of the relevant applications and are transformed into innovative solutions using industrial processes.

In all target markets, 3A Composites offers a unique range of products for each particular high-end segment and owns globally renowned brands such as ALUCOBOND®, AIREX®, BALTEK®, DIBOND®, GATOR®, KAPA®, CRYLON®, CRYLUX®, PERSPEX® among many others.

VISION AND STRATEGY

3A Composites sees itself as a global industrial company that aims to grow at above the rate of the global economy, while registering sustainable, double-digit EBITDA margins.

As a global composites company, its success is founded on

- the current and anticipated future needs of selected attractive markets
- materials and composite materials
- the most efficient industrial manufacturing processes.

The advantages of the materials and composites lie in

- their decorative and functional surfaces
- the structural properties and high rigidity of materials and composites
- the ease of further processing
- other specific properties such as thermal insulation, absorption of structure-borne sound, etc.

The 3A Composites' business segments focus on various applications where innovative composite material solutions are substitutes for traditional materials.

3A Composites' strong focus on end users and its high standard of service enable it to gain the necessary understanding of market needs in order – as a first stage – to develop suitable new materials and composites. These are then offered globally and undergo further adaptation. The main focus here is on the production of semi-finished products.

A compelling business idea

Solid material
– uniform mechanical properties

Composites material
– thin, high-performance skin material
– lightweight core material
– bonding of materials is of particular importance

Advantages
– low weight
– high rigidity
– outstanding surface quality
– thermal isolation
– efficient use of raw materials

The products are sold mainly to distribution partners. In this context, the company's leading brands and broad product range give it access to the leading distribution organizations in each market segment. In some cases, such as the wind energy sector, products are supplied directly to leading global OEMs.

In addition to the clear specialization of the products by markets, another of 3A Composites' strengths lies in the synergies generated by the raw materials used and in the cross-segment manufacturing processes it employs. These generate cost advantages over competitors who concentrate on individual markets with a narrow product range.

In certain cases, however, 3A Composites also integrates itself forward or backward if this offers strategic added value.

In order to position itself increasingly as a solution partner rather than a product supplier and thus create added value for customers, the company also offers functionally integrated systems and whole components made of composite materials.

Reverse integration is undertaken in order to secure technology positions and the availability of raw materials, for example through control of the entire balsa supply from seedling to saleable semi-finished product.

REVIEW OF 2022

DISPLAY

The 3A Composites Display business achieved some growth in the first half-year but was strongly affected by the negative trends in the core European market in the second half. Despite price rises implemented in response to significant increases in costs, and healthy growth in North America, annual sales remained at prior year level, once adjusted for currency effects.

In Europe, there was a noticeable upturn in demand for applications in the core print, signage, shop fittings and trade fair construction markets. By contrast, demand for clear hygienic sheets continued to fall. With the worsening economic situation in the second half of the year, the general market dynamic in Europe weakened again. As a result, European sales volumes for the year as a whole were significantly lower than the previous year and competition became more intense. Many customers reduced their inventories and were very cautious about placing orders against a background of falling prices for raw materials in the second half of the year. This led to a comprehensive package of measures to increase efficiency in Europe, which was implemented accordingly. The business with paper-based panel substrates turned in a pleasing performance. Demand grew strongly thanks to the good sustainability profile of these products.

By contrast, the continuing growth trend in the North American Display segment resulted in a new sales record. Adjusted for currency effects, the increase was 26% year-on-year. Laminated, printable products for applications in the retail trade continued to account for the majority of sales in this market, which benefited from brisk demand in most product families. The expansion into new and neighboring markets continued to be successful, in particular for industrial, transport and framing solutions.

Persistent disruptions to supply chains and sharply rising costs for raw materials, energy and transport continued to put participants in the markets in Europe and the USA to the test. Despite the challenges in the procurement market, production sites supplied customers on time and without significant restrictions. It was possible to pass on some of the cost increases to the end market. Sales revenues were boosted by price increases, whereas profitability decreased significantly in comparison with the two previous years due to higher costs, pressure on prices in the clear sheet segment, and lower production capacity utilization in some European operations.

◄ Shop window decoration, PERSPEX®

▲ Acrylic sheets as material for the ceiling and lightening as bar design Prague, Czech Republic, PERSPEX®

ARCHITECTURE

In the first half of 2022, the Architecture business was able to match the positive results of the previous year in terms both of volume and sales. However, the performance in the second half was more subdued due to the pressure on margins caused by increased costs for materials, energy and transport, combined with a fall in demand. Nevertheless, sales over the year as a whole increased by 14% after adjustment for currency effects, thanks to price rises and the strong performance of the North American segment in particular.

The positive dynamic seen the previous year in the European construction industry continued into the first half of 2022. However, the energy price shock, the simultaneous increase of almost all construction costs, and changes to financing terms led to an abrupt slowdown in the construction industry towards the middle of the year. The market was affected by a significant degree of reticence among participants in the second half, with some having already ordered materials for current projects in the first half of the year. The price of aluminum, a key raw material, reached historic highs at the end of the first quarter. As it came down in the second half-year, customers adopted a wait-and-see approach in order to take advantage of the potential benefits of falling prices. Revenue from sales of ALUCOBOND® reached the same level as the previous year thanks to price rises, though volumes were lower. The core markets of Germany, France and Italy saw a marked fall in sales, while the Benelux countries recorded an increase. In Switzerland and Austria, sales were on a par with the previous year's level. The new ALUCOBOND® easy fiX and ALUCOBOND® kit fixing systems saw the first sales generated in the market segment for small and medium-sized buildings. A new ALUCOBOND® premium range is being greeted with great interest among architects and designers of high-grade façades thanks to its authentic and characteristic aluminum surfaces. The profitability of the European Architecture segment was affected by the sharp increases in the costs of materials, energy and logistics and fell below the reference mark of the previous year.

The North American Architecture segment enjoyed renewed strong demand. The growth trend continued and record sales volumes were achieved. After adjustment for currency effects, the year-on-year increase in sales came to 38%. This growth was supported by the promotion of architect specifications as well as the expansion of the customer base and an increase in the number of manufacturing partners. 3A Composites' premium façade products can be found throughout North America in a wide range of innovative architectural designs, and a further increase in market share was realized in 2022. However, significant cost increases, in particular for raw materials, resulted in lower profitability compared with the strong performance in 2021. The new ALUCOBOND® production facility, which came on stream in Q4, will contribute to improvements in costs and efficiency, particularly with regard to increased flexibility and the potential for product diversification.

The Architecture segment in Asia/Pacific returned a moderate increase in sales volumes despite the very difficult market environment in China, with its zero-COVID policy and the crisis affecting residential property construction there. The region's success was due largely to a record year in India and supported by robust sales reaching pre-COVID levels in Southeast Asia. Apart from the pandemic-related constraints, further challenges here as elsewhere included the rising cost of raw materials and transport and the limited availability of some raw materials, which held back growth to some extent and had a negative effect on profitability. Sales and profitability were further impacted by an unfavorable regional mix.

▲ Corporate office complex 'The Sign', Milan, Italy, ALUCOBOND® PLUS

▶ Façade in Corporate Identity Design, Dortmund, Germany ALUCOBOND® PLUS

CORE MATERIALS FOR COMPOSITE MATERIAL CONSTRUCTION

The Core Materials business can look back over a challenging year. As anticipated, the slowing of demand in the Wind segment, first seen in the second half of 2021, continued throughout the year, albeit with a moderate upturn in China towards the end of the year. The political will to support the development of wind energy is very strong in the Western world, though this is not reflected in the number of actual project completions. The non-wind segment returned to profitable growth, particularly in the North American marine market. However, the business year was badly affected by rising costs, supply chain bottlenecks, disruptions caused by pandemic control measures in China, and pricing pressure from wind customer OEMs. Profitability consequently fell from the high level of the previous year, but overall this remains a particularly attractive segment for 3A Composites.

Sales of balsa products were down in 2022 compared with the previous year's strong performance, primarily due to the falling price of balsa wood. By contrast, sales of PET products saw renewed growth in volume and revenues, accompanied by high utilization of production capacities. The new PET production facility in China, which came on stream at the end of 2020, made a significant contribution to the growth. The expanded production capacity enabled the segment to deal more effectively with the demand from Asian customers and accelerate the replacement of PVC-based products with high-quality alternatives made from PET and balsa.

3A Composites has a major competitive advantage since it covers the entire value chain in the balsa business (BALTEK® Balsa), from seedlings to its own FSC®-certified plantations in Ecuador and Papua New Guinea, right up to the finished products. The 40% holding in JMB Wind Engineering strengthened the segment's kitting capacity, a key stage in processing. This makes the business less exposed to fluctuating raw material prices and also ensures reliable and consistent delivery of balsa products to customers. The reliable supply capability and product quality, along with the regional focus on production, continue to be key factors in the success of the business.

Wind energy

Following the record set in 2020 for the worldwide installation of wind energy facilities, new installations fell by around 25% in 2021 and remained at a similar level in 2022. 3A Composites succeeded in further strengthening its position as a supplier of integrated balsa and PET solutions and extending its range of shaped core solutions (ENGICORE®), with increased production capacity in Ecuador and the USA and through close collaboration with its partners.

Non-wind – marine, transportation, construction, industry & fitness

The non-wind segment again recorded sales growth in double-digit percentages with demand remaining high in the marine market and orders from the automotive industry in Europe and North America on the rise. 3A Composites concluded supply contracts with renowned vehicle manufacturers and boat builders for new model series and the transport segment is benefiting from the ongoing megatrend of weight-saving solutions. The portfolio of high-end applications was expanded during the business year with the addition of the highly resistant product, AIREX® TegraCore™.

Sales of fitness and gymnastic mats (AIREX®) dipped below the record levels of the previous year, with a discernible fall-off in demand in Europe. However, the personal fitness and wellness trend continues unabated and 3A Composites is expanding the range and marketing of its fitness products on an ongoing basis, particularly in Asia and North America.

▲ Core materials for rotor blades of an offshore wind turbine, AIREX®, BALTEK®

STRUCTURAL COMPONENTS / SYSTEM COMPONENTS

The challenging business environment of 2021 continued throughout the reporting year, with customers postponing major projects and the cost of materials and energy rising sharply. After adjustment for currency effects, sales fell by 6% against the baseline of the previous year, with some of the cost increases being transferred to the market. The order book remains high and equates to approximately one year of sales. Along with the further optimization of operational processes, priority was given to digitization and new production concepts as well as reducing the use of materials with high price volatility. These measures will bolster competitiveness and make the supply chain more resilient.

The rail vehicles market segment recorded a good level of order intake across all product groups. As in the previous year, the segment again saw customers postponing projects and deliveries, a factor that affected the rail industry as a whole. The business with high-grade floor systems achieved a significant uplift with orders from one of the world's biggest vehicle manufacturers. And innovative solutions were behind the acquisition of orders for further vehicle platforms across all product segments for a rapidly expanding eastern European rail vehicle manufacturer.

The performance of the road vehicles market segment showed a very pleasing improvement over the low level of the previous year. This was underpinned by the partial recovery of sales in the coach market. Order intake benefited in particular from increased business with manufacturers of electric buses; the targeted innovative developments of lightweight systems for electric buses, such as battery chassis, are producing their first results. Further penetration with additional products for existing customers was a supplementary factor in the success of this segment.

PRODUCT INNOVATIONS / CAPACITIES

The business segments of 3A Composites work continuously to expand the product ranges for the market segments Display, Architecture, Core Materials, and Transport & Industry. In addition, the digital transformation is being progressed in order to improve internal processes and deliver customer service more efficiently. The aim is to make it easy for customers to interact and do business with 3A Composites.

The Display business saw the implementation of an extensive program of investments during the business year aimed at modernizing the manufacturing plants and further increasing efficiency and quality. The 25% minority holding in the Swedish company Swedboard International AB strengthens the product portfolio with the addition of a sustainable, printable natural fiber product in the Display segment, which is also suitable for industrial applications.

In the Architecture business, the introduction of the new patented ALUCOBOND® easy fiX fixing system allows façade panels to be mounted easily and flexibly. The new fixing solution offers all the advantages of a rear-ventilated façade at an attractive price and addresses the growing demand for compact systems. In addition, the special standardized ALUCOBOND® kit is a system designed to address the private residential building market more effectively. With investment in a new production line at each of the sites in Singen, Germany and Benton, USA, 3A Composites is expanding production capacity and extending its product range of fire-resistant and non-flammable façade elements. This also brings improvements to quality and efficiency in the manufacturing process and increases flexibility. Additions were also made to the non-flammable ALUCOBOND® product line in North America.

In the Core Materials business, demand for PET-based products remained constant at a high level during the reporting year, with capacity on the PET production lines heavily utilized. In Poland, the new production line was successfully installed despite supply chain issues. This plant is in the close vicinity of the local kitting partners, JMB Wind Engineering, making for a high degree of production efficiency and logistical advantages. 3A Composites has increased its own kitting capacities in Ecuador and established capacity in the USA. The portfolio of high-end applications was expanded with the addition of AIREX® TegraCore™, an exceptional foam in terms of thermal insulation and a core material for use in lightweight composites requiring excellent properties of fire resistance and chemical stability for complex shapes and in demanding environmental conditions.

The Transport & Industry business saw the development of large-scale structural components for high-quality floor systems and train fronts and the acquisition of large order volumes for the supply of several vehicle platforms. With a broad range of lightweight products, 3A Composites is ideally positioned to benefit from the megatrend for weight-saving solutions in the transport industry. In Ireland, a new production line went into operation to expand the portfolio of sheets for industrial applications where a high standard of visual appearance is required.

ORGANIZATION

There were virtually no changes to the lean, decentralized organization. The 25% minority holding in the Swedish company Swedboard International AB strengthens the product portfolio of 3A Composites' Display segment with the addition of a sustainable natural fiber sheet product. To extend the value chain in the North American market, the kitting business was established at the existing BALTEK® plant at High Point, USA. To bolster future competitiveness, restructuring of the clear sheet business in England was implemented and the consolidation of the balsa processing sites in Ecuador was initiated.

OUTLOOK

The economic outlook for 2023 is characterized by a new climate of interest rates and inflation and, in particular, by geopolitical uncertainties. Furthermore, there is an increased likelihood that the economies of the industrial countries could slip into recession in 2023. The measures taken in the reporting year will strengthen the competitiveness of 3A Composites, enabling it to prevail in a volatile market environment and continue to expand its market share. These steps include efficiency and energy projects as well as structural cost reduction measures with a focus on Europe, but also the systematic further development of the global sales team. The company is thus creating the base for profitable growth in the future with a double-digit EBITDA margin.

With extremely volatile markets for raw materials and energy, above all in Europe, planning certainty is considerably restricted. To minimize negative effects on profitability, the production sites are committed to consistent cost management and are taking measures to increase efficiency and reduce the use of energy and materials.

The economic uncertainty in Europe means that the Display segment is expected to experience a subdued first half-year and, with some normalization of energy prices, demand is expected to pick up over the course of the year. Having implemented the measures introduced in 2022, 3A Composites considers itself well placed to achieve success in this volatile market environment and further expand its market position with a broad product portfolio.

Customers are alert to and informed by aspects of sustainability in their consumer choices and this lies behind an increasing demand for resource-friendly product solutions and concepts. With paper-based display products (DISPA®) and the holding acquired in Swedboard International AB, 3A Composites is perfectly positioned in the market for sustainable solutions, and demand for sustainable display solutions is expected to increase further. Additional growth is anticipated from sustainable product applications in the Transport & Industry segment, expedited by the focused application-oriented sales function in Europe.

The North American Display business is expected to normalize to pre-pandemic levels in 2023, assuming a slight recession, having benefited from very high post-COVID demand in 2022. Thanks to its strong positioning in the trade fair segment, 3A Composites will benefit from the regular appearance of many trade shows and events again. In addition, further growth of the MONARC™ product family is expected, which offers resilient, non-flammable solutions for the Display, Industry and Transport business.

The current subdued state of the market in the European construction industry is likely to continue at the beginning of 2023, with increasing base rates and depleted order books for the first half-year. State funding programs may have a stabilizing influence on the construction market and normalization of prices for energy and raw materials would revive demand after a certain time lapse, though this would be more likely to occur in the second half of the year.

Increased importance will continue to be attached to the area of energy-related building renovation, and 3A Composites anticipates healthy demand for renovation projects aimed at achieving climate protection targets and reducing energy consumption. With an ALUCOBOND® front-mounted, rear-ventilated façade, new builds and existing buildings alike can benefit from an appropriate insulation concept. ALUCOBOND® façade solutions combine high durability (>40 years) with very low maintenance costs. Not only that, the façades are fully recyclable at the end of their service life.

In the USA, the macroeconomic uncertainty and steep interest rate rises resulted in more and more construction projects being postponed towards the end of 2022. This will have an impact on the 2023 business year and inhibit growth. The Architecture segment in North America can look confidently to the near future, thanks to tapping new markets with the ALUCOBOND® easy fiX fixing system and the expansion of the ALUCOBOND® product range for increased fire protection applications.

In the Asia/Pacific region, the Architecture segment expects a positive performance in 2023, driven by an improved business environment in the key Chinese market, where an upturn is anticipated following the abandonment of the zero-COVID policy, albeit with demand still remaining significantly below pre-COVID levels. Demand in India is expected to remain brisk on the back of a positive economic performance, and Southeast

Asia will also benefit from a healthy project situation.

The locations at Singen, Germany and Benton, USA will benefit from the new ALUCOBOND® production facilities. Not only will the two new production lines bring improvements to efficiency and quality, they will also expand the product range for fire-resistant and non-flammable façade elements.

Forecasts for the Core Materials segment indicate that a new multi-year growth cycle will begin in the wind energy industry during the course of 2023, primarily in China to begin with and with a focus on offshore wind farms. This growth will be driven by the megatrend for the transformation to clean energy being promoted in many places by politicians and backed by financial incentives. The modernization of existing wind energy plants and weight-saving solutions for applications in the marine and automotive sectors, construction and industry will open up further attractive growth opportunities. In Ecuador, a project to consolidate the balsa production sites was launched to increase efficiency and prepare for the upturn in the wind energy industry. The PET line in Poland and close collaboration with JMB Wind Engineering are enabling further growth with European customers. Due to the fierce competition, especially in China, high pressure on sales prices is expected to continue.

3A Composites will continue to pursue its strategy to create a more environmentally friendly future. With innovative product developments, the input of resources can be reduced and customers will be offered solutions that preserve resources and cut costs.

In the Transport segment, demand for new rail vehicles and buses is expected to continue in the coming year and it should be possible to deliver projects postponed by customers in 2022. The segment benefits from a healthy order book and is being driven by the megatrend for sustainable mobility solutions with a large number of infrastructure programs. Product innovations and engineering advances are opening up further growth opportunities. These are differentiating features in the market.

3A COMPOSITES MANAGEMENT

Roman Sonderegger	Chief Executive Officer 3A Composites
Martin Klöti	Chief Financial Officer 3A Composites
Graham Fizer	Chief Executive Officer Display & Architecture Americas
Eric Gauthier	Chief Executive Officer Core Materials
Dr Tarek Haddad	Chief Executive Officer Architecture & Display Asia / Pacific
Dr Armin Raiber	Chief Executive Officer Mobility
Dr Joachim Werner	Chief Executive Officer Architecture & Display Europe

HEADCOUNT

Year-end

2022	2021	2020	2019	2018
4 248	4 436	4 357	4 178	3 940
1 302[1]	1 398[1]	1 392[1]	1 235[1]	946[1]

1 Employees in balsa plantations and sawmills in Ecuador and Papua New Guinea included in the headline figure.

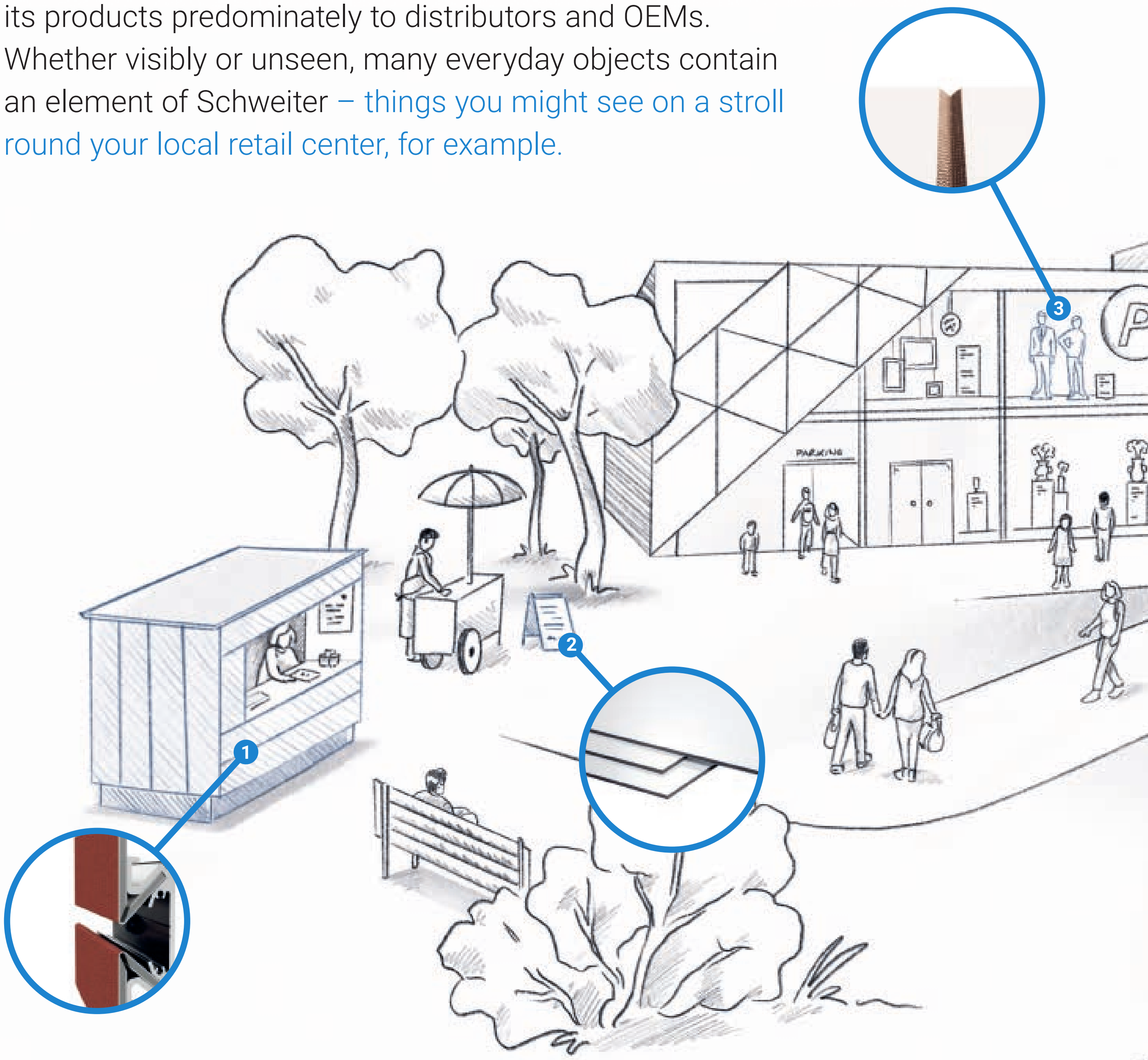
HEADCOUNT

Year-end

4 248

ELEMENTS OF SCHWEITER

As a manufacturer of plastic sheets, composite panels and core materials for composite structures, Schweiter sells its products predominately to distributors and OEMs. Whether visibly or unseen, many everyday objects contain an element of Schweiter – things you might see on a stroll round your local retail center, for example.



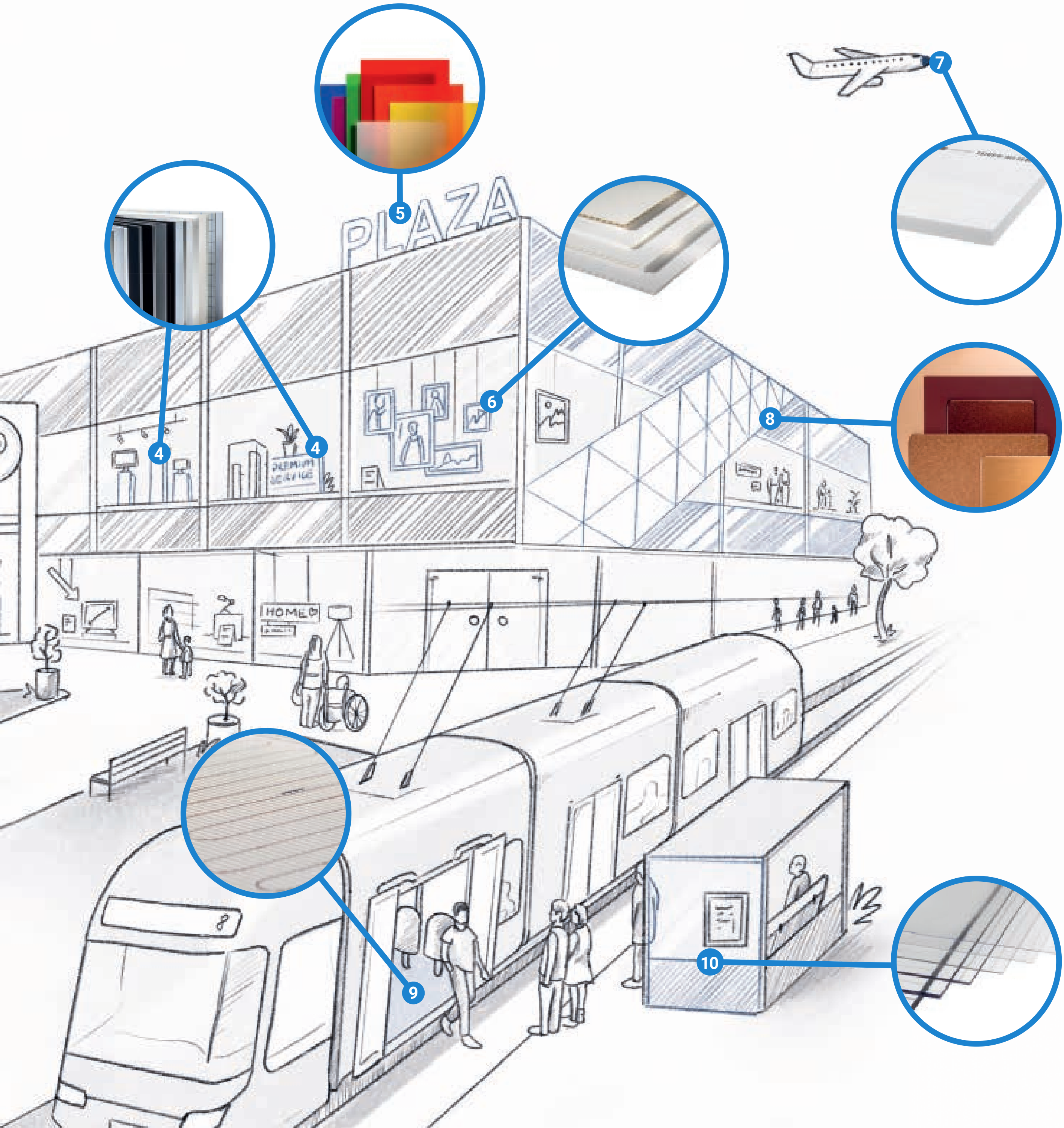
1 ALUCOBOND® kit
Front-mounted rear-ventilated façade made of aluminum composite panels for easy self-installation

2 DIBOND®
High-quality printed advertising boards made of aluminum composite panels

3 SWEDBOARD® SB Fibre
Life-size display stands made of 100% recyclable natural fiber boards

4 KAPA®
Sales displays and 3D lettering made from lightweight foamboard

5 PERSPEX® Spectrum LED
LED backlit lettering made from cast acrylics



6 DISPA®
Suspended shop window displays made from environmentally friendly paper board

7 AIREX®
Recyclable hard foams for components for the aviation and aerospace industries

8 ALUCOBOND®
Façade material made from aluminum composite with an almost endless range of design possibilities

9 COMFLOOR®
Lightweight heated modular floor systems for road and rail vehicles

10 HIPEX® G
Tram stop built from flawlessly extruded transparent PET-G polyester panels

SUSTAINABILITY

SUSTAINABILITY AT SCHWEITER TECHNOLOGIES

As an internationally active company, Schweiter Technologies creates sustainable value for its customers, employees and shareholders. At the same time, Schweiter Technologies is a reliable partner for suppliers and for the public. This commitment is evident in all aspects of the company's business activity. A responsible, dedicated approach is firmly rooted in its corporate culture.

Schweiter Technologies has been working towards a sustainable future for some time. The lightweight construction of its products helps to reduce the amount of energy they consume during operation and to cut CO_2 emissions. Products from Schweiter Technologies are primarily used in the fields of visual communication (display), architecture, construction, wind energy and the automotive, rail vehicle and marine engineering industries.

The report on sustainability in the 2022 Annual Report implements the standards of the Global Reporting Initiative (GRI).

APPROACH TO SUSTAINABILITY

At Schweiter Technologies, sustainability means keeping a watchful eye not only on commercial factors but also on the ecological, social and governance-related aspects of its business activity.

Along with its commitment to sustainable and profitable growth, Schweiter Technologies also sets great store by the innovation of eco-friendly products as a growth driver. The ecological aspect of the company's business involves reducing its environmental footprint through the efficient use of resources and by minimizing risks for people and the environment. For Schweiter Technologies, social sustainability means accepting social responsibility for employees and partners in the supply chain, as well as for those living in the vicinity of production sites. It also entails supporting social partnership projects. This is all accomplished on the basis of good governance and fair business practices.

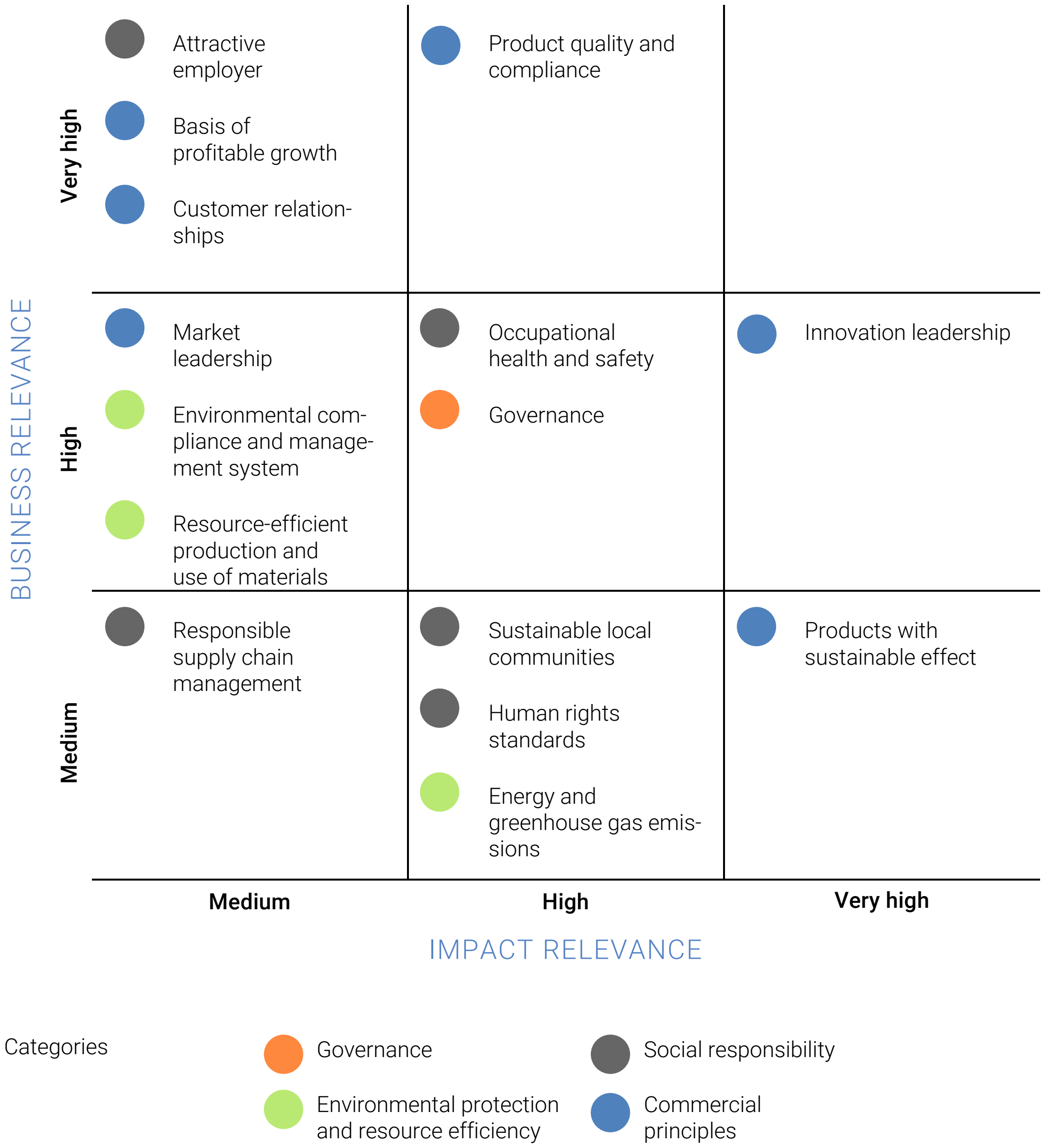
The approach to sustainability practiced by Schweiter Technologies is guided by the 17 United Nations Sustainable Development Goals (UN SDGs). Of these, the focus is on the five SDGs the company can implement most effectively:

- SDG 8 Decent work and economic growth
- SDG 9 Industry, innovation and infrastructure
- SDG 12 Responsible consumption and production
- SDG 13 Climate action
- SDG 15 Life on land

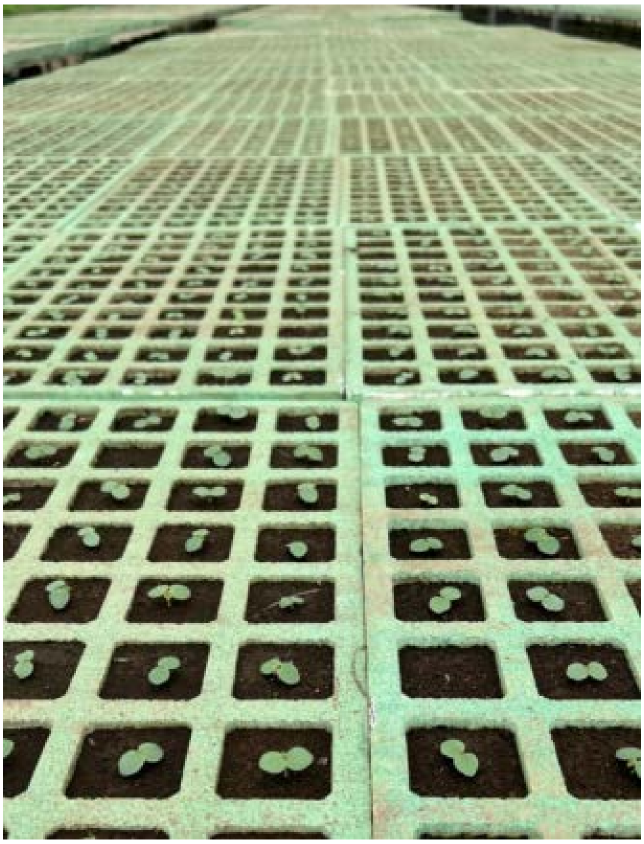
Material topics

In order to identify the most important sustainability issues, a materiality analysis was conducted in 2021. The starting point for this was a list of topics derived from analysis of comparable companies, internal sources (documents, guidelines, directives), sustainability standards and industry-specific information. Following comprehensive analysis, the most important topics were evaluated in a management workshop to establish their relevance to the business success of Schweiter Technologies and their impact on sustainable development. The process was supported by an external specialist and the result presented in a matrix. The materiality analysis was verified and approved in the report on the year under review.

MATERIALITY MATRIX



The materiality matrix presents the fifteen topics which are most relevant to Schweiter Technologies. These material topics are systematically explained in the following report. The structure of the report is based around these topics. The material topics “Customer relations” and “Products with sustainable effect” do not have a chapter of their own as they are incorporated in other texts.



◀ In 2021, 3A Composites planted 52% more balsa trees in Ecuador compared with the previous year and retained the same level of planting in Papua New Guinea. This is equivalent to replanting an area of around 3 000 hectares a year.

▲ In Papua New Guinea, 3A Composites runs two community centers for its employees and their families, and two kindergartens for their children from the age of three to six. The schools are free, and the initiative is led by four teachers who are trained and qualified in early years development. The kindergartens adopt an appropriate early years approach and follow the Light Education Ministries phonics program.

Stakeholder management

The establishment and maintenance of good relationships with all stakeholders are key factors in sustainable business activity. The most important stakeholders include customers, employees, suppliers and shareholders. Stakeholders are identified and prioritized within the business segments through management reviews, SWOT analyses and/or specific stakeholder analyses carried out in the course certification processes.

Schweiter Technologies conducts regular exchanges with all stakeholders in order to understand the individual needs of each interest group and identify new developments and market requirements at an early stage. This contact occurs in various ways and at different levels, depending on the group. Day-to-day communication is considered to be the most important form of interaction. Regular contact with customers and suppliers and personal conversations with employees are essential for assessing satisfaction levels and well-being – and can bring to light issues of relevance to the business.

Schweiter Technologies' customers demand materials and products for their applications that are reliable yet light in weight. Renewable raw materials and recycled materials that have the minimum environmental impact are of key importance here. Schweiter Technologies is committed to meeting customers' needs with regard to sustainability and environmental compatibility – with trail-blazing technologies for the manufacture of high-quality products.

COMMERCIAL PRINCIPLES

A basis of profitable growth

Lasting and reliable partnerships with long-standing customers form the basis for Schweiter Technologies' business success. Innovative, environmentally friendly products, strong brands and production sites in close proximity to the main sales markets increase competitiveness and make an important contribution to the success of Schweiter Technologies' customers. Thanks to sustainable commercial practices, Schweiter Technologies has been expanding profitably for years: the company has a solid balance sheet with a high equity ratio and a strong liquidity position. As a global industrial company, Schweiter Technologies targets continued above-average growth, with sights set on EBITDA margins in double-digit figures.

Market leadership

The individual business segments of Schweiter Technologies focus on applications in which innovative composite material solutions replace traditional materials. With a consistent focus on the end customer and excellent service provision, the business segments have acquired a detailed understanding of the requirements of the market. Once developed, new materials and composites are introduced on the global market and continuously adapted to market needs. Products are either sold directly to customers or through distribution partners. Thanks to its well-established brands and broad product range, Schweiter Technologies has access to the leading distribution channels.

Balsa wood in wind turbine blades

The products of the Core Materials segment include balsa wood and PET foam for manufacturing hybrid wind turbine blades. Rotor blades for wind turbines are becoming longer in order to absorb more energy and transfer greater torque to the hub. To reduce net weight, the blades must be as light as possible. Balsa wood is lighter than any other type of wood or any foam with similar characteristics. By using balsa wood from Schweiter's certified forests, customers ensure that they are not contributing to the destruction of biodiversity or supporting any illegal forestry practices.

In addition to specialization by the segments, synergies in the use of raw materials and manufacturing processes also occur between them, resulting in clear cost advantages over competitors who concentrate on a narrow product offering for specific markets. To achieve strategic added value, Schweiter Technologies is committed to an approach of forward or backward integration as appropriate. Good examples of this include offering selected functionally integrated systems and whole components made of composite materials to promote the acceptance of sandwich solutions in mobility applications, or controlling the entire balsa supply from seedling to saleable semifinished product.

Innovation leadership

For Schweiter Technologies, innovation is more than a growth driver. Innovation is the basis of the development of sustainable products with the stated aim of further reducing environmental impact. Schweiter Technologies can look back on a successful history as an innovation leader in improving resource efficiency. The products of the AIREX®, BALTEK®, ALUCOBOND®, DIBOND®, FOREX®, SMART-X® and KAPA® lines are essentially based on an intelligent combination of materials (foams and composite materials). Efficient amalgamation of the individual raw and other materials yields optimized product characteristics despite the reduced use of resources.

The research and development departments at Schweiter Technologies work continuously to improve technologies. Innovation does more than enable new markets to be tapped and better products developed: replacing materials which are less sustainable also leads to a reduction in the demand for resources. Furthermore, innovations make it possible to achieve better profit margins and provide opportunities for differentiation in an intensely competitive field. They also create attractive job openings and career development opportunities for highly qualified employees.

In the Transport & Industry segment, innovation leadership is assured by several teams of developers and engineers. They ensure a structured development process with specific stages of approval in the decision-making procedure The segment is committed to innovative designs using environmentally friendly materials. The stated aim is to offer lightweight solutions which can make a major contribution to energy saving. In addition, by using recycled materials and recyclable components they can offer sustainable alternatives.

In the Core Materials segment, im@c (Innovation Management At Composites) is a clearly set-out innovation management process which covers every step from scouting through to development and series production. As pioneers of solutions based on polyethylene terephthalate (PET) and balsa wood, the segment continually strives to achieve the next level of optimization, for the benefit of customers and the environment. For example, the proportion of secondary raw materials from the closed-loop economy used in the production of AIREX® T92 products increased again.

The quality of development processes is monitored through the management assessment program and with the help of key performance indicators (KPIs). In the Display segment, targets for innovation are checked by monitoring regrinding rates, production costs, thickness reports and customer satisfaction.

Schweiter Technologies provided evidence of its innovation leadership with a large number of new and enhanced products in addition to AIREX® during the year under review. For example, CRYLUX®re and PERSPEX®re acrylic sheets are both manufactured entirely from recycled methyl methacrylate gained from residual PMMA by depolymerization. The product ALUCOBOND® easy fiX uses less aluminum than typical ACM systems and cuts down on waste in the production process. The share in the Swedish company Swedboard International AB means Schweiter Technologies now has an FSC-certified rigid paper-based board in its portfolio. In the manufacture of foams, resource efficiency was improved through innovation: the introduction of a new peeling machine helped optimize the production process and prevent unnecessary waste by minimizing losses during cutting.

ALUCOBOND® façades

ALUCOBOND® façades consist of an extremely durable material with high levels of resistance to weather and dirt. They offer architects a maximum of design freedom with guaranteed functional reliability. The façades have a lifespan of 50+ years whilst being virtually maintenance-free – factors which have made the brand the undisputed leader in this market. The front-mounted, rear-ventilated façade design reduces heat transfer coefficients (U values) by around 45%, leading to better heat protection in the summer and improved thermal isolation in the winter. The core and aluminum panels of an ALUCOBOND® façade can be recycled in full at the end of their useful life. This is particularly sustainable, as melting down aluminum saves 95% of the energy that would be used in the initial extraction process for the material.

Product quality and compliance

The highest quality standards and associated certification are of key importance at Schweiter Technologies – not least because in some areas only highly qualified materials may be supplied. The objective of quality assurance is to ensure compliance with all required standards. This is primarily a question of acquiring certification for materials such as architectural products or foams. The relevant processes for standardization are the responsibility of the product management team or local research and development departments. The approach to quality management is handled separately by the various production sites, except for the FSC certification process, which is set out for the whole of the Core Materials segment. By methodically interlinking management systems for quality (ISO 9001), environmental protection (ISO 14001) and occupational safety (ISO 45001), Schweiter Technologies can integrate tasks to protect the environment and employees smoothly into its operating processes. These industry norms are incorporated into a company-wide management system for safety, health and environmental protection which is applied at all Group locations. The management system established by Schweiter Technologies also provides a framework for promoting responsible conduct among all employees.

Bus roofs using XBODY® sandwich technology

Despite being low in weight, structural foam in the XBODY® sandwich technology has good insulating characteristics, which leads to a reduction in auxiliary energy consumption in mobility applications. A bus roof using XBODY® sandwich technology has the optimum ratio of weight to rigidity. It is around 160 kg lighter than a steel roof and helps to reduce the amount of transport energy per passenger. In the course of its service life, the roof can cut CO_2 emissions by up to 40 tonnes per vehicle. At the end of its lifespan, most of the aluminum used in it can be recycled. The foam core consists of PET and PS and is also recyclable.

Quality certification

Type of certification	Number of sites[1]
FSC Forest Management (FSC-C019065), FSC Forest Management (FSC-C125018), FSC-STD-40-004 (Version 3.0)	4
DIN EN ISO 9001 – Quality management	22
DIN EN ISO 14001 – Environmental management	15
DIN EN ISO 45001 – Occupational health and safety[2]	13
DIN EN ISO 50001 – Energy management	4
ISO TS 16949 – Automotive quality management	1
IRIS ISO/TS 22163 – Railway applications quality management	2

1 Some sites are certified to several standards.
2 Previously OHSAS 18001.

ENVIRONMENTAL PROTECTION AND RESOURCE EFFICIENCY

Environmental compliance and management system

More and more stakeholders are taking an interest in the environmental performance of Schweiter Technologies products – and of the company itself. A prime example of this is the wind energy segment, which is essentially driven by political decision-making. Expectations of suppliers such as Schweiter Technologies regarding environmental protection, resource efficiency and sustainability are correspondingly high. Overall, Schweiter Technologies primarily operates in sectors in which environmental management systems are expected or even prescribed by customers.

In the mobility industry, the standards relating to this are a basic condition for even being accepted into the circle of approved providers. In the European local public transport sector, development, supply chains and manufacturing all have to meet international railway industry standards (IRIS/ISO TS 22163) and/or the specific requirements of bus manufacturers.

In 2010, the Core Materials segment was the first global producer to be certified by the Forest Stewardship Council (FSC). Since then, the certification for both balsa wood plantations in Ecuador and Papua New Guinea has been maintained without interruption.

In the emerging economies too, compliance with environment laws and relevant requirements is strictly adhered to. Thanks to its company-wide environmental management system, Schweiter Technologies is in possession of the data required by local authorities, including those in China and India.

Schweiter Technologies aims to achieve continual improvement in areas such as environmental impact, energy consumption, waste management, production, productivity, operating costs and customer image. In the Core Materials segment, the environment program is managed primarily by staff at the local production sites. With the exception of the locations in Papua New Guinea and Poland, all Core Materials sites were certified to ISO 14001 at the end of 2022. For the site in Poland, which has not belonged to Schweiter Technologies for long and is currently undergoing refurbishment, certification is planned for 2023.

Key figures for areas of environmental relevance including water and energy consumption, waste, production efficiency and emissions of volatile substances, etc., are recorded and monitored at Schweiter Technologies within the framework of ISO 14001. The respective impacts are assessed in an annual management report. Appropriate measures for correction and improvement are identified through ISO audits or on the basis of feedback from the authorities.

The discussion surrounding hazardous materials has intensified in recent years and has become a significant factor in customers' decision-making. The gradual introduction of the REACH regulation (governing the registration and authorization of chemicals) has brought about a far-ranging restructuring of European chemicals policy, with the main aim being to protect human health and the environment. Schweiter Technologies sees its top priority as the elimination of all hazardous processes and materials – substrates are only manufactured from raw materials that do not pose any risk to humans or the environment. In addition, the Core Materials segment has further increased its efforts as part of Operation Clean Sweep (OCS): the campaign issues guidelines aimed at helping plant managers at production sites in the plastics industry to reduce the

COMFLOOR®: Heated floor systems

The COMFLOOR® design combines lightweight sandwich technology with integrated functionality. The panel's integrated foam core insulates the heating system from other elements capable of transferring heat, while an aluminum layer on top optimizes thermal distribution to the passenger area. COMFLOOR® combines superior thermal comfort with a minimum of energy consumption. Metal cover sheets on both sides ensure optimal protection against moisture, scratches and other mechanical damage. Use of the COMFLOOR® system enables a reduction in vehicle weight of up to 750 kg per carriage. The lower weight of each unit saves energy and significantly reduces wear on vehicle wheels, axles and brakes. Strong, durable construction provides reliable, maintenance-free operation for periods up to 30 years. The floor modules are made of eco-friendly, recyclable materials.

leakage of pellets into the environment. Schweiter Technologies prevents the release of plastic particles and powder at its production sites through the installation of sophisticated filters.

Resource-efficient production and use of materials

At Schweiter Technologies a particular focus is placed on the systematic and sustainable protection of natural resources. In addition to its commitment to the careful use of resources, Schweiter Technologies is also stepping up its development of innovative products with a high recyclate content. Because resource efficiency has always been equated with cost efficiency, this is a subject that has already attracted a great deal of attention in the past. A general reduction in consumption – for example by systematically reducing and recycling waste metal – can lower production costs considerably. At the production sites there are several initiatives for continually improving waste reduction and re-use of materials in the production processes with the aim of reducing Schweiter Technologies' environmental footprint. Resource efficiency is increasingly regarded as an essential component in the effective and sustainable manufacture of a quality product.

Schweiter Technologies is committed to reducing the use of raw materials while maintaining product performance. In addition, manufacturing processes are consistently being optimized to reduce waste and re-use waste materials or convert them into other products. The business segments set specific targets for each production site and each product. These are monitored regularly and form the basis for decisions on the implementation of measures for improvement. It is a key concern of Schweiter Technologies to make all stages in the production process as environmentally friendly and efficient as possible. The main focus here is on the targeted prevention of wastefulness. The recycling of raw materials in the manufacturing process and the recovery of production waste have been standard practice in the individual business segments for years. A further target is to eliminate hazardous substances as far as possible in all manufacturing processes. Research into potential substitutes for the remaining critical components is ongoing.

In China, the Architecture segment successfully established ALUCOBOND® A2 production using a recycled core material. Furthermore, investments were made to enable all A2 core components to be procured locally. This reduces dependency on European raw materials and cuts transport costs, while the shorter routes also reduce the environmental impact. A whole series of products in China now enjoy certification with the maximum three green stars from the quality control body China Green Building Materials. The award is given to energy-saving, practical and recyclable products. Schweiter Technologies is one of the first companies ever to receive this certification.

In the Display segment, improvements in the areas of waste reduction and the consumption of resources were made at a number of production sites. For example, a special waste reduction scheme at the Singen site resulted in the generation of one-third less waste than in 2019. In the USA, all the sawdust and wood shavings generated during SINTRA® production are either fed back into the production process or recycled externally.

In the Core Materials segment, research and development teams are working continuously to optimize combinations of quality and properties to

FIVE-DOT MISSION for sustainability in product development

In Europe, the Display segment is driving efforts to incorporate sustainability into the product development process in a more systematic way. This includes minimizing risks for people and the environment and reducing environmental impact by using resources sparingly and efficiently. To realize this pledge, Display has created a system for classifying the sustainability of all products: its FIVE-DOT MISSION. In doing so, the segment is providing a transparent system for supporting purchasing decisions and flagging up recommendations for internal action and potential improvements to individual products. The system divides the factors affecting the sustainability of a product into five main categories: material use, CO_2 content, product life cycle, reusability and recycling. Each product is assessed annually according to these five categories. A maximum of three points can be awarded in each category, giving a maximum score of 15 points per product. The entire product range of the Display segment was evaluated in 2020. The target is for the majority of sales in the Display segment to consist of products with a FIVE-DOT score of seven or above.

make PET and balsa wood products even more lightweight and sustainable. The PET foams have been developed to absorb substantially less resin when processed into composite material components by the customer, thus preventing excessive consumption of materials. Since this reporting year, the PET foams have contained 5% more recycled PET. The properties of the products from the PET extrusion process were retained or even improved despite a significant increase in the amount of recycled material used. Schweiter Technologies makes a contribution to the closed-loop economy by increasing the agglomerate content from recycling processes.

Each site uses the performance of the previous year as a benchmark and attempts to raise employees' awareness of resource efficiency. At the appropriately certified sites, monitoring of the relevant figures on the consumption of materials is carried out in line with the requirements of ISO 14001. By comparing performance against production-related targets and guidelines, progress can be accurately monitored.

Environmentally friendly balsa wood plantations

With 11 000 hectares under cultivation in Ecuador and around 3 000 in Papua New Guinea, the Core Materials segment is one of the world's biggest balsa wood producers. The segment controls the whole balsa value chain, from planting to cultivation using the best forestry practices through to harvesting and the production processes of the 100% FSC-certified Forest Management Units. Supplementing global sustainability concepts and in accordance with the objectives of the sustainability strategy, the segment has developed a policy on environmental monitoring and resource optimization for the forestry plantations in Ecuador and Papua New Guinea that concords with the United Nations SDGs and the aspirations of the FSC. The aims are the sustainable management of the plantations, protection and preservation of the forests, improvement of forestry practices and the protection of land and water resources and biodiversity. Both locations invest annually in reforestation and genetic programs to increase the biomass per hectare. External and internal studies have confirmed that the balsa wood plantations in Ecuador and Papua New Guinea have an extremely positive impact on the environment. In addition, the Core Materials segment published its first full carbon footprint during the reporting year. It showed that BALTEK® is the first and only carbon-neutral core material (from cradle to gate). The amount of carbon captured by our plantations is currently validated by a third-party service provider in order to certify our core material as carbon neutral.

Key figures: waste management[1]

	2021	2020[2]
Waste (total) in t[3]	**19 433**	**15 469**
Commercial waste[4, 5]	**18 495**	**14 624**
Incineration	3 118	2 840
Landfill	7 941	5 283
Recycling	7 436	6 501
Hazardous waste	**938**	**845**
Incineration	527	470
Landfill	37	45
Recycling	374	330

Basis for data and calculations

1 Figures for commercial and hazardous waste include all manufacturing companies in the Schweiter Technologies Group. Distribution companies and the headquarters in Steinhausen are not included.
2 Some of the figures for 2020 have been adjusted by the manufacturing companies and differ from the values published in the last Sustainability Report.
3 The increase in the amount of waste is attributable to increased production at Glasgow (USA).
4 Not all manufacturing companies with low levels of waste were in a position to differentiate between commercial and hazardous waste. For 2021, 2 036 t of a total 18 495 t (2020: 1 562 t of a total 14 624 t) of commercial waste therefore contains quantities of hazardous waste.
5 In 2021, an additional 69 657 t of organic production waste was generated through balsa wood processing (2020: 61 092 t).

Energy and greenhouse gas emissions

Schweiter Technologies' customers increasingly now expect products to have the minimum possible carbon footprint. One focus at Schweiter Technologies is therefore on reducing operational greenhouse gas emissions (scope 1 and 2). To check the effectiveness of measures to reduce energy consumption and greenhouse gas emissions, Schweiter Technologies constantly monitors the relevant key figures at production-site level and compares them against results from previous years. In the year under review, the environmental indicators were recorded and collated consistently across all production sites and the results presented for the Group as a whole.

Key figures: environment[1]

	2021	2020[2]
ENERGY		
Energy consumption (total) in MWh	**420 455**	**407 532**
Of which renewable	79 580	65 243
Electricity	**188 858**	**181 936**
Total renewable electricity	59 617	47 117
Heating	**205 265**	**198 805**
Natural gas	190 169	182 926
Oil	463	647
District heating	14 632	15 231
Fuels	**26 332**	**26 792**
Diesel	23 596	24 398
Petrol and LPG	2 736	2 395
GREENHOUSE GAS EMISSIONS[3]		
Greenhouse gas emissions (total) in tCO_2e	**103 059**	**98 797**
Scope 1	**46 061**	**44 767**
Natural gas	38 978	37 494
Heating oil	124	173
Diesel	6 309	6 523
Petrol and LPG	650	577
Scope 2	**56 997**	**54 030**
Electricity[4]	53 749	50 649
District heating	3 249	3 382

Basis for data and calculations

1 The environment figures cover all manufacturing companies in the Schweiter Technologies Group. Distribution companies and the headquarters in Steinhausen are not included because of their relatively low environmental impact.

2 Due to more precise data from the manufacturing companies, the figures for 2020 have been partially adjusted and differ from the values published in the last Sustainability report.

3 The greenhouse gas inventory was calculated in line with WRI/WBCSD Greenhouse Gas Protocol guidelines. Scope 1: emissions from combustibles and fuels. Scope 2: emissions arising from the production of electricity and district heating purchased by the companies. Emissions factors used: current versions of IEA and DEFRA.

4 The greenhouse gas emissions associated with energy production were reported in line with the location-based approach and in accordance with the Greenhouse Gas Protocol Scope 2 standard. At the sites in Osnabrück (Germany), Darwen (UK), Athlone (Ireland), Sins and Altenrhein (both Switzerland), no emissions were generated from energy consumption as the locations operate 100% on renewable energy. Based on a completely location-based approach, the total energy consumption across all sites was responsible for 66 115 t of CO_2e-emissions in 2021 and 62 322 t in 2022. The increase in emissions which result from a rise in energy consumption is attributable to the higher level of production in Changzhou (China).

Projects to reduce energy consumption and greenhouse gas emissions are being implemented at most locations. At the Swiss plants, for example, investment in energy-saving LED systems and intelligent vacuum plant controls is bringing about a sustainable reduction in energy consumption. In India, the transition to LED lighting was completed during the reporting year, and the air compressors in use deploy a new inverter technology that also reduces energy consumption. At the Žilina site in Slovakia, new insulation was installed in an old building during the summer to save on future heating costs. The restructuring of the British production site at Darwen will also bring the benefit of reduced energy consumption.

Schweiter Technologies is also continually increasing the use of renewable energy, in particular in the resource-intensive area of production. In Switzerland, 100% of the electricity required already comes from hydropower. At other locations, the procurement of renewable energy is being vigorously pursued. For example, a feasibility and cost analysis was carried out for solar installation at the location in Benton, USA.

For all manufacturing processes at Schweiter Technologies, energy consumption is also a significant cost factor. Energy costs saw a sharp increase during the year under review. Reducing the consumption of electricity and gas not only leads to a fall in CO_2 emissions, but also helps to keep production costs under control and reduces dependencies. As CO_2 emissions are increasingly subject to taxation in many countries, reducing greenhouse gas emissions as a direct result of lower energy consumption offers further possible cost reductions.

The CO_2 footprint of the products is not only generated by operational emissions, of course. As a company that processes large quantities of plastic and aluminum, another priority at Schweiter Technologies is the optimization of the use of materials in its products. This is more important than ever as higher oil prices are having a marked effect on the cost of PE and other plastics used in our production processes. The company is therefore also focusing on the development of new products which use reduced quantities of raw materials or CO_2-free raw materials, and on manufacturing processes that maximize the use of recycled material. Accordingly, Schweiter Technologies is also investing in in-house research and development activities. The business segments are working to adapt existing raw materials to achieve CO_2 neutrality and to make it consistently possible to recycle products at the end of their service life. For the foams and balsa product groups, which are among the materials with the lowest CO_2 footprint, a number of environmental product declarations were published at the end of 2022.

TOTAL ENERGY CONSUMPTION

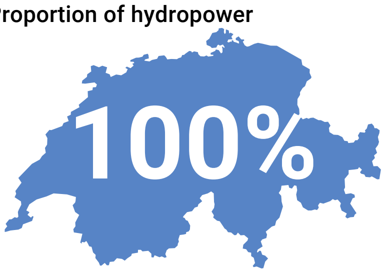
Proportion of renewable energy 2021

19%

+3 percentage points ↗

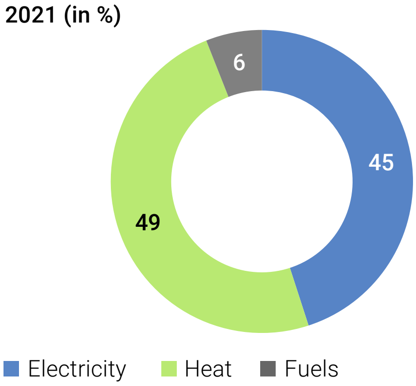
ENERGY CONSUMPTION IN SWISS PRODUCTION

Proportion of hydropower



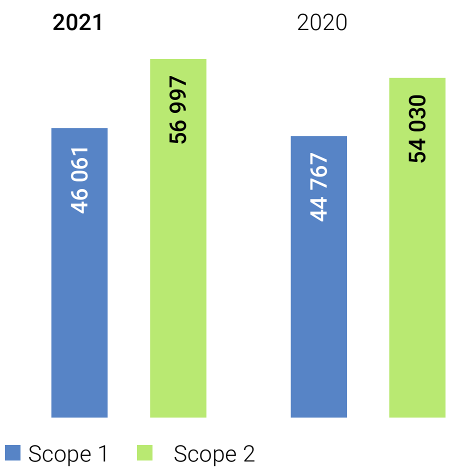
BREAKDOWN OF ENERGY CONSUMPTION

2021 (in %)



GREENHOUSE GAS EMISSIONS

(total) in tCO_2e



SOCIAL RESPONSIBILITY

Occupational health and safety

One of Schweiter Technologies' fundamental values is to uphold the highest standards of health and safety. Schweiter Technologies provides its employees with a safe and healthy working environment in order to protect their health and well-being. Complex manufacturing processes and working with large, sophisticated production plants requires a constant focus on safety measures and relevant training courses. The most important aims of Schweiter Technologies are simple and clear: the target is a safe and healthy working environment, with a zero-accident policy and the lowest possible number of absences.

Schweiter Technologies has developed a number of guidelines, protocols, procedures and programs designed to increase awareness of the company's mission and objectives, minimize accidents and raise employee awareness of health and safety issues at work, at home and during leisure time. The programs for compliance with safety regulations are led and coordinated by an EHS manager at the individual production sites. Employees are heavily involved in the creation and implementation of the health and safety system, including contributing to risk analyses, working on safety committees and attending EHS courses. Depending on the location, potential risks are identified, mechanisms for prevention and control formulated, regular safety inspections conducted and safety training and emergency drills carried out in line with an occupational safety management system that meets the requirements of ISO 45001. An external audit of the occupational safety management system is carried out every year at locations which have the relevant certification.

Depending on the segment and location, various courses and training sessions are held for employees – as well as for suppliers and visitors. After the restrictions imposed during the Covid pandemic in recent years, it was again possible to offer some in-person training events and courses in 2022, with others taking place online.

The following topics are covered:

- First aid
- Ear protection
- Fall prevention
- Working with electricity
- Cutting and hot work
- Fire prevention
- Working with hazardous materials
- Working with forklifts and cranes
- Personal protective equipment
- Weather emergencies

Employees are obliged to report all near-accidents, first-aid incidents and accidents involving injuries, as well as any environmental incidents. In addition to talking to a line manager or a safety or HR manager, employees can also make use of the hotline provided. This reporting procedure is part of the company's safety culture.

The key figures regularly recorded at the locations include the number of incidents, near-accidents and accidents (Recordable Case Rate; RCR) or absenteeism (Lost Time Injury and Illness Rate; LTIIR). The reports, including cause analysis and preventive measures, are forwarded to the locations in order to prevent similar incidents from occurring. In addition to this, an annual EHS man-

Using Ocean PET for a camper van that runs on solar power

The Core Materials and Transport & Industry segments are official technical partners in the "Solar Butterfly" project. This involves constructing a camper van that runs on self-generated solar energy, with the aim of increasing public awareness of solar power and environmental protection. Ocean PET, a raw material made from plastic waste recovered from the ocean, was used to manufacture a high-quality AIREX® foam, which was incorporated in the lightweight sandwich panels of the camper van. The business segments are making an important contribution to the success of the project in this way.

agement inspection takes place at the production sites.

Employees at Schweiter Technologies have access to a wide range of occupational health services, including health promotion programs. These vary depending on the segment and location and may include health check-ups at the workplace, free vaccinations (flu, Covid), health advice, financial incentives for sporting activities, financial support for private medical care or access to company doctors or telemedicine services.

The 5-S method is used as an instrument to ensure workplaces and their surroundings are kept safe, clear and clean. This is the basis for continually improving work processes. At the locations in Switzerland, the accident rate again remained at the consistently low level of previous years: there were no serious injuries and only a small number of work-related absences. The Statesville production site in the Display segment was rated as a leader in safety by the North Carolina Department of Labor and received a "Gold Award". Several locations recorded no accidents in 2022, so no accident-related absences were registered for these sites.

Key figures: occupational safety[1]

	2021	2020
Number of employees covered by a management system for occupational safety and health	4 254	4 214
Number of occupational accidents	63	28
Absences due to occupational accidents (days)	575.3	736.5

[1] The figures for occupational safety include employees at all manufacturing companies in the Schweiter Technologies Group. Distribution companies and the headquarters in Steinhausen are not included.

Attractive employer

Only by being an attractive employer is it possible to attract, retain and develop employees in the various regions around the world. Good employer branding has a positive impact on staff recruitment and loyalty. Important requirements include creating a good working environment, improving the quality and efficiency of work and maintaining a strong team spirit. Every employee wants to work in a company that not only offers appropriate payment but also respectful interaction, a friendly environment and transparent communications.

One of the fundamental principles of Schweiter Technologies is that employees of all levels and at all locations should be paid fairly and in line with the market. The good image of the company is further reinforced through established brands or locations named after the product manufactured there (Airex in Switzerland, Alucobond in China, Plantabal in Ecuador).

The basis for employer branding is the Schweiter Technologies Code of Conduct. Schweiter Technologies also promotes online job portals, an online tool for the application process and a digital employee survey to help find potential employees and retain existing staff. To meet recruitment and retention targets, the relevant figures are monitored in an HR cockpit. For example, staff turnover is monitored on a quarterly basis at all locations and compared with the figures for the market concerned. Schweiter Technologies uses a wide range of processes to record and assess the attractiveness of the working environment, from annual staff interviews with line managers to discussions about professional development, absences and leaving, to employee satisfaction surveys. These show that strategy, vision and culture are areas that employees value highly, along with personal targets and achievements and relationships with colleagues.

The staffing situation has largely returned to normal at the various Schweiter Technologies locations in 2022 after the difficulties caused by the Covid pandemic. In India, where flexible working arrangements have been introduced in recent years, most employees returned to the office, only occasionally working from home. Only in China does staffing remain problematic. This is due to the policies of the Chinese government.

Should similar challenges arise in the future, Schweiter Technologies intends to respond by continuing to promote greater flexibility of personnel resources – for example through the optimized ratio of short-term and permanent contracts as well as personnel leasing.

Figures for employees including trainees and limited contracts

	2022		2021	
	Salaried employees	Waged employees	Salaried employees	Waged employees
Number of employees[1]	**1 157**	**3 139**	**1 209**	**3 273**
male	711	2 906	733	3 012
female	446	233	476	261
New appointments (total)	**101**	**252**	**183**	**745**
internal	26	36	51	76
external	75	216	132	669
Departures (total)[2]	**133**	**406**	**139**	**706**
Turnover (total)[3]	**6.5%**	**6.7%**	**6.9%**	**7.7%**
Average age	**43.8**	**40.3**	**43.2**	**39**
Average length of service	**10.9**	**8.7**	**10.9**	**8.3**

1 Part-time employees are counted in full.
2 All employees leaving the Group including retirements, resignations and dismissals.
3 Turnover defined as “unintended” i.e. exclusively resignations.

Investment in initial training and further development

Because Schweiter Technologies operates in an extremely dynamic environment, initial training and further professional development of employees is a significant factor in our success. Qualified staff with up-to-date specialist knowledge are the basis for quality, productivity and efficiency, and they are also an explicit requirement of customers.

Professional training ensures continuity and guarantees that the Group always has the next generation of qualified employees at its disposal. Wherever possible, staff are offered dual training or an alternative adapted to the local situation. Continuing training helps to maintain a high level of quality and a common culture within the organization and ensures that skills and knowledge are preserved and enhanced. Schweiter Technologies offers specific training to ensure that all employees are equipped with the skills required to pursue the company's strategies, both today and in the future. Staff must also be given the motivation to increase their own levels of expertise and further their own careers.

Schweiter Technologies works with a large number of training tools, covering all business segments with annual training plans and matrices. Effective initial and further training is guaranteed by programs including:

- Employee induction
- Initial training at the workplace
- Ongoing professional training
- EHS training
- Training on compliance with regulations
- Leadership development

Schweiter Technologies periodically gives presentations at schools and universities to attract young talent. A special trainee program ensures that talented employees are given particular encouragement – for example, through projects or with job rotation opportunities. The “Talk to the CEO” program gives talented young employees worldwide a chance to communicate directly with top management.

HR managers at the various locations are responsible for identifying training needs. They also carry out qualification programs and assess how well knowledge is being transferred and applied in day-to-day business activities. The training and qualification matrix is updated every year. Assessment of training quality and the relevant outcomes is completed as part of the annual employee interviews and surveys.

Human rights standards

Schweiter Technologies respects human rights. The rights and dignity of all workers are recognized in the conduct of business throughout the world and in all segments. Furthermore, Schweiter Technologies ensures that this also applies to the activities of business partners (see "Responsible supply chain management").

Respect for human rights and consistent compliance with all related legislation is set out in the Schweiter Technologies Code of Conduct: "We treat all people equally and with dignity. We respect, protect and promote human rights without differentiation on the grounds of race, color, gender, language or religion." Supplementing the Code of Conduct and locally applicable legislation, there are guidelines and handbooks as well as specific regulations at each location.

No Schweiter Technologies location reported any cases of discrimination during the reporting year. Internal measures taken to safeguard the dignity and rights of employees are monitored at Schweiter Technologies through regular audits and checks and management visits to the locations of the various segments. Specific disciplinary procedures are available to deal with any misconduct.

Responsible supply chain management

Schweiter Technologies has business relationships with over 5 000 suppliers in total, and in the year under review paid out a total of CHF 671.1 million on materials. The company operates in numerous countries worldwide, where local laws, rules and regulations must naturally be strictly adhered to. In addition, there is a Group-wide Code of Conduct that applies to all third-party suppliers and consultants.

In order to ensure responsible management of the supply chain, Schweiter Technologies supports local procurement wherever possible. The collaboration with known partners allows short response times in time-critical projects. Risks such as supply delays, currency fluctuations or stock shortages are reduced with a local procurement policy. Favoring local suppliers also helps reduce CO_2 emissions and is an important social and economic factor in the communities surrounding the respective company location. Procurement by local purchasers is monitored by the relevant business segments concerned.

In the 2022 reporting year, Schweiter Technologies continued to focus on acquiring locally-based suppliers. In the USA for example, the company switched its PET supplies from Europe to an American manufacturer. The provision of 152A gas was also moved to an American manufacturer. And an increasing number of aluminum coils from local factories were used. There are plans to procure even more aluminum coil from local firms.

Schweiter Technologies Worldwide Code of Conduct
https://www.schweiter.ch/s1a203/corporategovernance/ code-of-conduct.html

Purchasing locally helps to reduce risks associated with supply delays, currency fluctuations, stock shortages, supply chain security and issues about compliance with import duty regulations. The selection of suppliers and products is sometimes limited due to technological constraints or to various stipulations, however. In the Transport & Industry segment, for example, all goods, production processes and supply chain management must meet the international rail industry standards or specific requirements of bus manufacturers based on ISO 9001, 14001 and 45001. The Transport & Industry segment procures raw materials for the product lines manufactured in Switzerland and Poland from European suppliers. In the Core Materials segment, a global coordination system covers key elements. In Architecture, aluminum sheet materials are of particular importance – followed by plastic resins; the Display segment is mainly concerned with plastic resins and paper materials. A proportion of the raw materials used by both segments consists of recycled material. The selection of suppliers involves the application of company-wide criteria regardless of the segment and location. All procurement categories are governed by a comprehensive package of measures containing procedures for tenders, quotes and quality control. The performance of all Schweiter Technologies' suppliers is continuously assessed through regular audits and by means of key figures.

In 2022, disruption due to the Covid pandemic was still affecting international supply chains. Schweiter Technologies successfully overcame the challenges without any orders being lost or postponed. The situation in China was particularly challenging. Shanghai was very badly hit by the Covid pandemic, with resultant restrictions on freight traffic and transportation. The effect on Schweiter Technologies was kept to a minimum through the use of alternative routes and ports. After the experiences of previous years, a number of measures were taken in the USA to find alternative suppliers and materials and thus minimize the risk to procurement. In Switzerland, the Transport & Industries segment selected a local supplier with its own aluminum recycling plant and so achieved benefits in terms of environmental impact, availability of materials and reduction in costs.

Schweiter Technologies can only achieve its own sustainability targets if all suppliers play their part. Procurement follows a principle of "we source responsibly" and the Group is actively committed to partnerships with suppliers for whom sustainability is important. All Schweiter Technologies' suppliers are obliged to monitor their supplier management system and give notification of any challenges affecting their plants and supply chain. This ensures that customers of Schweiter Technologies are guaranteed premium quality products manufactured to the highest standards. Furthermore, sustainability and traceability throughout the entire supply chain reinforce the competitiveness of the company. All suppliers are encouraged to invest in their production processes to further reduce any emissions. For example, the Transport & Industry and Display segments in Europe are targeting a reduction in CO_2 emissions not only at Schweiter Technologies but in the production processes of their suppliers as well. This involves systematically recording and analyzing emissions figures per product and supplier. They also chart whether the use of recycled materials contributes to a further reduction in the CO_2 emissions.

Suppliers are not only selected and assessed on the basis of economic criteria at Schweiter Technologies' business segments: ensuring that all partners comply with regulations, guidelines and procedures and operate with integrity, openness and professionalism is also a major priority. In addition to the Code of Conduct, information on the behavior expected of suppliers can also be found in their framework agreements and detailed contracts, which always refer to ecological and social responsibility. Infringements of the Schweiter Technologies Code of Conduct or any additional contractual agreements have consequences. At the European locations in the Transport & Industry and Display segments, great importance is given to the social and environment-related appraisal of suppliers. The responsible employees are given appropriate training in this.

Sustainable local communities

In all countries in which the company operates, Schweiter Technologies is not only committed to preserving the natural environment, but also to promoting local communities and preserving their cultural heritage. Positive effects are achieved through the provision of local jobs, as well as a large number of commercial, social and cultural projects and direct support for communities in the area.

In Europe, interaction with local communities encompasses close collaboration with schools and universities, as well as support for numerous local organizations and social, cultural and sports projects. For example, the location in Switzerland has offered internships and special schemes for young employees for some time, but it also sponsors a student group that is developing self-driving electrically powered racing cars using the company's core materials.

In Ecuador, Schweiter Technologies provided basic foods and relief supplies to some of the villages affected by the winter floods. The company is also working with the Ecuadorian government to offer initial Covid vaccinations and booster jabs to employees and their relations and neighbors. In Papua New Guinea, Schweiter Technologies is working to improve living standards in the surrounding communities: securing water, food and housing for employees, suppliers and partners is a permanent area of focus in the segment's business activity.

The sites at Benton and Statesville in the USA donated funds to help support local schools. Both sites also actively contributed to the provision of food for homeless shelters. The team in Glasgow joined forces with a charity to provide emergency aid for communities affected by a tornado. There was a nature conservation project to fund feeding stations for monarch butterflies for Earth Day 2022. Schweiter Technologies is actively contributing to the promotion of local biodiversity.

GOVERNANCE

One of the basic prerequisites for sustainable governance at Schweiter Technologies is its ethical conduct with regard to people and nature. Naturally the company meets the legal requirements in all countries without question. In addition, Schweiter Technologies has a Group-wide Code of Conduct which applies not only to the Board of Directors, Group management and employees but also to the consultants and suppliers of Schweiter Technologies and all its subsidiaries. Compliance with regulations is monitored both within the company and in the supply chain – fair business practices are essential particularly in dealings with major customers and public authorities.

The Code of Conduct (CoC) is handed to all employees as part of their induction program and is a component of all procurement contracts. To ensure that activities are guided by the Code of Conduct, there is a process at Schweiter Technologies to ensure that all employees are familiar with it.

As in the previous year, no cases of corruption, no legal violations and no cases of anti-competitive conduct were recorded. There were also no infringements of environmental regulations.

Sustainability and management

Sustainability is firmly implanted at every level of Schweiter Technologies. The Board of Directors determines corporate strategy, including all matters relating to sustainability. Depending on the degree of urgency, issues of sustainability are discussed several times a year by the Board of Directors and the senior management team. In other words, they are integrated into the decision-making process, not treated separately by a special committee or at Board level. Results and the achievement of development targets relating to sustainability are discussed at least once a year by the Board and senior management. Sustainability reporting on all key topics is checked and approved by the Board and the senior management team as part of the preparation of the Annual Report.

Responsibility for specific economic, environmental and social areas is designated within the operational management structure. The staff responsible for these report directly to senior management.

The Board of Directors is available to deal with issues raised by stakeholders and shareholders. Matters raised by shareholders at the General Meeting are dealt with in accordance with the Articles of Incorporation. No critical concerns were raised directly with the Board of Directors in 2022. Further information on the principles of governance at Schweiter Technologies can be found in the Corporate Governance Report, see pages 47 to 66.

In compliance with the new GRI standards from 2021, Schweiter also publishes detailed information on remuneration. The ratio of the annual remuneration of the highest-paid employee to the average annual remuneration of all employees (not including the highest-paid employee) was 15:9 worldwide. The ratio of the percentage increase in the annual remuneration of the highest-paid employee to the increase of all employees (not including the highest-paid employee) cannot be stated as a figure for 2022, because the basic annual salary did not go up, while there was a slight increase in the annual remuneration of the other employees. Further information on remuneration can be found in the Compensation Report, see pages 67 to 84.

GRI REPORTING

GRI INDEX

Schweiter reported on the period from 1 January 2022 to 31 December 2022 in accordance with the GRI standards. For the Service Content Index – Essentials, GRI Services checked that the GRI content index was presented clearly and in accordance with the standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 matched the corresponding sections in the main part of the report. This service was carried out on the German version of the report.

The Sustainability Report in accordance with GRI is published as part of the Annual Report. The report will be published on 6 March 2023. Contact person: Martin Klöti, CFO, *investor@schweiter.com*

GENERAL INFORMATION

GRI standard	Disclosure	Reference*	Reason for omission
GRI 1:2021 Foundation			
GRI 2:2021 General disclosures			
	The organization and its reporting practices		
GRI 2:2021 General disclosures	2-1 Organizational details	P. 48	
	2-2 Entities included in the organization's sustainability reporting	P. 48	
	2-3 Reporting period, frequency and contact point	P. 43	
	2-4 Restatements of information	None	
	2-5 External assurance	None	
	Activities and workers		
GRI 2:2021 General disclosures	2-6 Activities, value chain and other business relationships	P. 48	
	2-7 Employees	P. 38	
	2-8 Workers who are not employees	P. 38	
	Management		
GRI 2:2021 General disclosures	2-9 Governance structure and composition	P. 53-59	
	2-10 Nomination and selection of the highest governance body	P. 56	
	2-11 Chair of the highest governance body	P. 54	
	2-12 Role of the highest governance body in overseeing the management of impacts	P. 41-42	
	2-13 Delegation of responsibility for managing impacts	P. 41-42	
	2-14 Role of the highest governance body in sustainability reporting	P. 41-42	
	2-15 Conflicts of interest	P. 59	
	2-16 Communication of critical concerns	P. 53	
	2-17 Collective knowledge of the highest governance body	P. 53-55	
	2-18 Evaluation of the performance of the highest governance body	P. 76-80	
	2-19 Remuneration policies	P. 76-80	
	2-20 Process to determine remuneration	P. 76-80	
	2-21 Annual total compensation ratio	P. 42	
	Strategy, policies and practices		
GRI 2:2021 General disclosures	2-22 Statement on sustainable development strategy	P. 2-3	
	2-23 Policy commitments	P. 36	
	2-24 Embedding policy commitments	P. 36	
	2-25 Processes to remediate negative impacts	P. 41	
	2-26 Mechanisms for seeking advice and raising concerns	P. 36	
	2-27 Compliance with laws and regulations	P. 41	

GRI standard	Disclosure	Reference*	Reason for omission
	2-28 Membership associations	P. 27	
	Stakeholder engagement		
GRI 2:2021 General disclosures	2-29 Approach to stakeholder engagement	P. 27	
	2-30 Collective bargaining agreements	P. 37-38	

MATERIAL TOPICS

GRI standard	Disclosure	Reference*	Reason for omission
GRI 3:2021 Material topics			
	Disclosures on material topics		
GRI 3:2021 Material topics	3-1 Process to determine material topics	P. 24	
	3-2 List of material topics	P. 25	

COMMERCIAL PRINCIPLES

GRI standard	Disclosure	Reference*	Reason for omission
	A basis of profitable growth		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 27	
GRI 201:2016 Economic Performance	201-1 Direct economic value generated and distributed	P. 89	
	Market leadership		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 27	
	Innovation leadership		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 28	
	Product quality and compliance		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 29	

ENVIRONMENTAL PROTECTION AND RESOURCE EFFICIENCY

GRI standard	Disclosure	Reference*	Reason for omission
	Environmental compliance and management system		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 30	
	Resource-efficient production and use of materials		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 31-32	
GRI 306:2020 Waste	306-1 Waste generation and significant waste-related impacts	P. 33	
	306-2 Management of significant waste-related impacts	P. 31-32	
	306-3 Waste generated		
	Energy and greenhouse gas emissions	P. 33	
GRI 3:2021 Material topics	3-3 Management of material topics	P. 33-35	
GRI 302:2016 Energy	302-1 Energy consumption within the organization	P. 34	

GRI standard	Disclosure	Reference*	Reason for omission
	302-4 Reduction of energy consumption	P. 34-35	
GRI 305:2016 Emissions	305-1 Direct (Scope 1) GHG emissions	P. 34	
	305-2 Energy indirect (Scope 2) GHG emissions	P. 34	
	305-5 Reduction of GHG emissions	P. 34-35	

SOCIAL RESPONSIBILITY

GRI standard	Disclosure	Reference*	Reason for omission
	Occupational health and safety		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 36	
GRI 403:2018 Occupational health and safety	403-1 Occupational health and safety management system	P. 36-37	
	403-2 Hazard identification, risk assessment, and incident investigation	P. 36-37	
	403-3 Occupational health services	P. 36-37	
	403-4 Worker participation, consultation, and communication on occupational health and safety	P. 36-37	
	403-5 Worker training on occupational health and safety	P. 36-37	
	403-6 Promotion of worker health	P. 36-37	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 36-37	
	403-9 Work-related injuries	P. 37	
	Attractive employer		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 36-38	
GRI 401:2016 Employment	401-1 New employee hires and employee turnover	P. 38	
GRI 404:2016 Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	P. 38-39	
	404-3 Percentage of employees receiving regular performance and career development reviews	P. 38	
	Human rights standards		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 39	
GRI 406:2016 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	P. 39	
	Responsible supply chain management		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 39-40	
GRI 204:2016 Procurement Practices	204-1 Proportion of spending on local suppliers	P. 39-40	
GRI 308:2016 Supplier Environmental Assessment	308- 1 New suppliers that were screened using environmental criteria	P. 39-40	
GRI 414:2016 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	P. 39-40	
	Sustainable local communities		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 41	
GRI 413:2016 Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	P. 41	

GOVERNANCE

GRI standard	Disclosure	Reference*	Reason for omission
	Governance		
GRI 3:2021 Material topics	3-3 Management of material topics	P. 41	
GRI 205:2016 Anti-corruption	205-1 Communication and training about anti-corruption policies and procedures	P. 41	
GRI 206:	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P. 41	

*Page numbers refer to the German version of the Annual Report 2022 of Schweiter Technologies AG

CORPORATE GOVERNANCE

GROUP STRUCTURE AND SHAREHOLDERS

Schweiter Technologies AG assures its customers, shareholders, investors and employees that it is fully committed to good corporate governance based on the Articles of Association and organizational regulations of the company.

Schweiter Technologies AG adheres to the standards of the Directive on Information relating to Corporate Governance published by SIX Exchange Regulation.

GROUP STRUCTURE

Schweiter Technologies AG, domiciled in Steinhausen, Switzerland, is organized as a holding company under Swiss law.

Schweiter Technologies is a globally active Group focusing on composites solutions with its 3A Composites division. 3A Composites develops, manufactures, and markets high-quality plastic sheets, foamboards as well as core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, construction, shipbuilding, and automotive.

Its best-known brands are AIREX®, ALUCOBOND®, BALTEK®, DIBOND®, FOREX®, GATOR®, KAPA®, PERSPEX® and SINTRA®.

An overview of all Group companies can be found in the financial section on page 137.

The bearer shares of Schweiter Technologies AG, Steinhausen, are listed at SIX Swiss Exchange AG, Zurich, in the International Reporting Standard segment. Swiss securities no.: 1075492; ISIN: CH0010754924; Telekurs: SWTQ; Reuters: SWTZ.

Based on its share price of CHF 736 at the end of 2022, the company's market capitalization stood at CHF 1 053.8 million as of 31 December 2022.

The scope of consolidation comprises the unlisted companies which were fully consolidated as of 31 December 2022 and is presented on pages 94 to 95 of the notes to the consolidated annual financial statements.

TREASURY SHARES

No treasury shares are held by Schweiter Technologies AG or its Group companies as of 31 December 2022.

SIGNIFICANT SHAREHOLDERS

As of 31 December, the following shareholders held more than 3% of voting rights:

PERCENTAGE OF SHARES HELD (ACCORDING TO MOST RECENT DISCLOSURE NOTICE)	2022	2021
KWE Beteiligungen AG, Wollerau[1]	25.5%	25.5%
1832 Asset Management L.P., Toronto, Canada	10.06%	10.06%
Beat Siegrist Beteiligungen AG, Zug	5.9%	5.9%
UBS Fund Management (Switzerland) AG, Basel	< 3%	3.0%
Credit Suisse Funds AG, Zurich	3.03%	< 3%

[1] The KWE Beteiligungen AG is held through a group of shareholders consisting of Beat Frey, Brigitte Frey, Vanessa Frey and Alexandra Frey

During the 2022 financial year, the following disclosure notices of shareholding were made in accordance with Article 120 ff. FMIA (Financial Market Infrastructure Act):

- With disclosure notice as of 23 March 2022, the shareholder UBS Fund Management (Switzerland) AG, Basel, disclosed a shareholding of below 3.0% (for previous notifications of this shareholder in the reporting year, see the disclosure platform of SIX Exchange Regulation; as of 31.12.2021: 3.0%).
- With disclosure notice as of 11 February 2022, the shareholder Credit Suisse Funds AG, Zurich, disclosed a shareholding of 3.03% (for previous notifications of this shareholder in the reporting year, see the disclosure platform of SIX Exchange Regulation; as of 31.12.2021: < 3%).

Details about disclosure of shareholdings are available on the SIX Exchange Regulation website: *https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html*

As far as Schweiter Technologies AG is aware, there are no shareholder agreements between the significant shareholders.

CROSS-SHAREHOLDINGS

There are no cross-shareholdings with other companies relating to capital or voting rights.

CAPITAL STRUCTURE

CAPITAL

As of 31 December 2022 the ordinary share capital amounts to CHF 1 431 808. As of 31 December 2022 there is no authorized capital. Conditional capital amounts to a total of CHF 132 600.

AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR

Authorized capital
As of 31 December 2022 there is no authorized capital.

Conditional capital
Conditional capital amounts to a total of CHF 132 600.

The company's share capital may be increased by a maximum of CHF 132 600 (9.26% of existing share capital) through the issuance of a maximum of 132 600 bearer shares to be fully paid in, each with a par value of CHF 1, including:

a) up to an amount of CHF 32 600 by exercise of option rights, granted to the employees of the company or of one of its subsidiaries at conditions to be determined by the Board of Directors;
b) up to an amount of CHF 100 000 by exercise of option or conversion rights granted in conjunction with bonds or similar debentures issued by the company or one of its subsidiaries.

Shareholders' subscription rights relating to a maximum of 132 600 bearer shares are excluded. Shareholders' preferential subscription rights in the case of warrants or convertible bonds pursuant to b), involving a maximum of 100 000 bearer shares, may be restricted or excluded by a resolution of the Board of Directors (i) to directly or indirectly finance the acquisition of companies, portions of companies or shareholdings or new company capital expenditures, or (ii) to issue these bonds on international capital markets.

If preferential subscription rights are excluded, the bonds must (i) be placed with the previous owners of companies, portions of companies or shareholdings, or (ii) be placed with the general public at market conditions, in which case the exercise price for the new shares must be set at least in line with the market conditions at the time of the bond issue, and the exercise period for the option or conversion rights must be set at no more than seven years from the time of the bond issue.

CHANGES IN CAPITAL DURING THE LAST THREE FINANCIAL YEARS

The ordinary share capital of Schweiter Technologies AG is CHF 1 431 808 as of 31 December 2022, the same as on the reporting dates of the previous two years.

Conditional capital has remained unchanged at CHF 132 600 for the last three years. No authorized capital exists as of 31 December 2022, or on the reporting dates of the previous two years. For details of changes in the consolidated shareholders' equity in financial years 2022 and 2021 reference is made to page 90 of the consolidated financial statements. The development of consolidated shareholders' equity in financial year 2020 is presented on page 88 of the 2021 consolidated financial statements.

The company's annual reports can be downloaded from the corporate website: *https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html*

Changes in the shareholders' equity in financial years 2020 through 2022:

		Statutory capital reserves		
(in CHF m)	Share capital	Other capital reserves	Free retained earnings	Total equity
Balance as of 31 December 2019	**1.4**	**3.2**	**465.4**	**470.0**
Net income 2020			39.9	39.9
Dividend			−57.3	−57.3
Balance as of 31 December 2020	**1.4**	**3.2**	**448.0**	**452.6**
Net income 2021			39.0	39.0
Dividend			−57.3	−57.3
Balance as of 31 December 2021	**1.4**	**3.2**	**429.7**	**434.3**
Net income 2022			51.5	51.5
Dividend			−57.3	−57.3
Balance as of 31 December 2022	**1.4**	**3.2**	**423.9**	**428.5**

SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND-RIGHTS CERTIFICATES

As of 31 December 2022 the share capital consists of 1 431 808 bearer shares with a par value of CHF 1 each, amounting to a total of CHF 1 431 808. All bearer shares are fully paid-up. Each share entitles the holder to one vote at the General Meeting. All bearer shares are entitled to dividends.

Schweiter Technologies AG has no participation certificates or dividend-rights certificates outstanding.

LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Transferability is not subject to any restrictions under the Articles of Association. There are no restrictions in relation to nominee registrations.

CONVERTIBLE BONDS, LONG-TERM INCENTIVE PLAN AND OPTIONS

No convertible bonds are outstanding as of 31 December 2022. As set out in the section on "Conditional Capital", drawing on the conditional capital may increase the company's share capital by a maximum of CHF 100 000 by the exercise of option or conversion rights granted in conjunction with bonds or similar debentures issued by the company or one of its subsidiaries.

In the previous financial year 2021, the Board of Directors approved a long-term incentive plan (LTI), to run over three financial years (2021 – 2023) for the members of Group Management and key employees within the Group. The future payment of the LTI will be in cash and will therefore not lead to a future dilution of earnings.

For details of the long-term incentive plan, see the Compensation Report 2022 on pages 67 to 84. For details of the expired long-term incentive plan (2018 – 2020) and its payout, see the Compensation Report 2021 pages 68 to 81. The Annual Report 2021 is available at:
https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html

There are no option plans in place.

BOARD OF DIRECTORS (AS OF 31 DECEMBER 2022)

from left to right

DR DANIEL BOSSARD
Member since 2021 (non-executive)

LARS VAN DER HAEGEN
Member since 2020 (non-executive)

DR HEINZ O. BAUMGARTNER
Member since 2020 (non-executive since October 2022)

BEAT SIEGRIST
Member since 2011 (non-executive)

VANESSA FREY
Member since 2014 (non-executive)

DR JACQUES SANCHE
Member since 2011 (non-executive)

STEPHAN WIDRIG
Member since 2021 (non-executive)

Members

Name	Function	Member since AGM	Committees	
Board of Directors			AC[2]	NCC[3]
Beat Siegrist	Chairman	2008 Chairman 2011	–	–
Dr Heinz O. Baumgartner	Member	2020	–	–
Dr Daniel Bossard	Member	2021	–	Member
Vanessa Frey	Member	2014	–	Member
Dr Jacques Sanche	Member	2011	–	Chair
Lars van der Haegen	Member	2020	Chair	–
Stephan Widrig	Member	2021	Member	–
Number of meetings in financial year 2022	**6**		**4**	**3**
Average attendance ratio[1]	**100%**		**100%**	**100%**

1 The average attendance ratio regarding the Committees refers directly to the members of the respective Committee. Additional participants who participate as guests in the Committee meetings are not included in the percentage calculations.
One Board meeting was held in each of the first and third quarters, and two Board meetings in each of the second and fourth quarters.
Heinz O. Baumgartner attended all meetings, he performed his function as CEO at four meetings until the end of September. Roman Sonderegger, CEO since October 2022, attended all meetings during the entire year. He attended as a guest at three meetings (before joining the company in May 2022). The CFO attended all Board meetings.

2 Audit Committee ("AC"); one meeting of the AC was held in each of the first and fourth quarters, and two meetings in the third quarter.
Heinz O. Baumgartner attended three meetings of the AC in his function as CEO until the end of September. Roman Sonderegger, CEO since October 2022, has attended three meetings of the AC since joining the company in May 2022. The CFO attended all meetings of the AC.

3 Nomination and Compensation Committee ("NCC"); Heinz O. Baumgartner attended all meetings;
Roman Sonderegger, CEO since October 2022, has attended one meeting of the NCC since joining the company in May 2022; the CFO attended two meetings of the NCC.

At the Annual General Meeting held on 6 April 2022, Beat Siegrist, Heinz O. Baumgartner, Daniel Bossard, Vanessa Frey, Jacques Sanche, Lars van der Haegen and Stephan Widrig were re-elected individually as members of the Board of Directors for a one-year term of office. In addition, Beat Siegrist was re-elected as Chairman of the Board of Directors for a one-year term of office.

At the Annual General Meeting held on 6 April 2022, Jacques Sanche and Vanessa Frey were re-elected individually and Daniel Bossard was newly elected as members of the Compensation Committee for a one-year term of office. This committee was renamed in 2022 to become the Nomination and Compensation Committee (see section "Committees of the Board of Directors" on page 56). For the 2022 financial year, Jacques Sanche re-assumed office as Chair of this committee.

MEMBERS OF THE BOARD OF DIRECTORS

Heinz O. Baumgartner was also CEO of the company in addition to his function as a member of the Board of Directors, until 30 September 2022. None of the other members of the Board of Directors hold executive positions with the company, nor do they have any kind of significant business relationship with the company. None of the other members of the Board of Directors was a member of the Group Management or a member of the management of a Group company during the three financial years preceding the period under review.

BEAT SIEGRIST

1960, Swiss citizen
Chairman since 2011 (non-executive)
Member of the Board of Directors since 2008

Beat Siegrist has been a member of the Board of Directors of Phoenix Mecano AG since 2003, and a member of the Board of Directors of Inficon Holding AG since 2010. From 2013 to 2018, he served as Chairman of the Board of Directors of Garaventa Accessibility AG. From 2008 to 2012, he was CEO of Satisloh and a member of the Executive Committee of the French Group Essilor. Beat Siegrist worked in an executive function as CEO of Schweiter Technologies from 1996 until mid-2008. Prior to 1996 he worked as a consultant at McKinsey & Co.

Beat Siegrist holds a degree in engineering (dipl. Ing. ETH) and an MBA from INSEAD Fontainebleau.

DR HEINZ O. BAUMGARTNER

1963, Swiss citizen
Member since 2020
(non-executive since 1 October 2022)

Heinz O. Baumgartner has been member of the Board of Directors of Schweiter Technologies since 2020; since 1 October 2022 he has been a non-executive member. From 2008 until 30 September 2022, he was CEO and member of the Group Management of Schweiter Technologies Group. From 1996 to 2013 he was also CFO of Schweiter Technologies. From 1992 to 1995 he worked as a controller at Asea Brown Boveri Switzerland.

He has been a member of the Board of Directors of United Grinding Group since 2018 and was a member of the Board of Directors of Zur Rose Group AG from 2017 to 2019. In April 2021, he was elected to the Board of Directors of Bystronic AG (former Conzzeta AG), and since 2022 he has served as Chairman of this company.

Heinz O. Baumgartner holds a degree in business management (specializing in accounting) and a doctorate in economics from the University of St. Gallen.

DR DANIEL BOSSARD

1970, Swiss citizen
Member since 2021 (non-executive)

Daniel Bossard has been CEO of the Bossard Group since 2019, having been CEO Northern and Eastern Europe from 2009 to 2018. From 2006 to 2008, he served as Sales & Marketing Manager of Bossard Group and was responsible for the realignment of Bossard's sales strategy as well as the development of international customer relations. From 2003 to 2006 he was CEO of Bossard Denmark. Daniel Bossard joined Bossard in 2000 as an E-Business Manager, after having worked as a consultant for Andersen Consulting (today Accenture).

Daniel Bossard holds a degree in business administration and a doctorate in technology management from the University of St. Gallen.

VANESSA FREY

1980, Swiss citizen
Member since 2014 (non-executive)

Vanessa Frey has been CEO and a member of the Board of Directors of Corisol Holding AG since 2007. She has been a member of the Boards of Directors of Tata 1mg Technologies Private Limited (since 2021), Inficon Holding AG (since 2012), KWE Beteiligungen AG (since 2008) and Swiss Small Cap Invest (since 2008). She was a member of the Board of Directors of Zur Rose Group AG from 2016 to 2019. Until 2018, Vanessa Frey was Vice President of Garaventa Accessibility AG. She worked from 2004 to 2006 in the Corporate Finance team at Handelsbanken Capital Markets in Stockholm, Sweden, and subsequently as an asset manager in Hong Kong.

Vanessa Frey studied economics and law at the University of St. Gallen and holds a Master of Science degree in International Economics and Business from the Stockholm School of Economics, Sweden.

DR JACQUES SANCHE

1965, Canadian and Swiss citizen
Member since 2011 (non-executive)

Jacques Sanche has been CEO of Bucher Industries AG since 2016. He was CEO of Belimo Group from 2007 to 2015. From 2004 to 2007, he was CEO of the WMH Tool Group, Chicago, USA, and member of the management board of WMH Walter Meier Holding AG, Stäfa (since 2018 Meier Tobler AG). Between 1997 and 2004 he held various executive management positions within the WMH Walter Meier Group. From 1990 to 1997 he was an advisor at IMG, St. Gallen and the Boston Consulting Group, Munich.

Jacques Sanche holds a business management degree and a doctorate in economics from the University of St. Gallen.

LARS VAN DER HAEGEN

1968, Swiss citizen
Member since 2020 (non-executive)

Lars van der Haegen has been CEO of the Belimo Group and Head of the Group Executive Committee since July 2015. Prior to that, he held various management positions at Belimo: Head of Product Management Air Volume Control Europe from 2000 to 2002, Head of Product Management and Marketing at Belimo Americas from 2003 to 2006, Managing Director of Belimo Italy from 2007 to 2010 and Head of Americas and Member of the Group Executive Committee from 2011 to June 2015.

Lars van der Haegen is a Building Technology Designer who holds a Master of Business Administration (MBA) from the Columbia Business School in New York and an MBA from the London Business School.

STEPHAN WIDRIG

1972, Swiss citizen
Member since 2021 (non-executive)

Stephan Widrig has been CEO of Flughafen Zürich AG since 2015, and was a member of the Management Board from 2008 to 2014 in his functions as Chief Commercial Officer (2010-2014) and as Chief Development Officer (2008-2010). From 2005 to 2008, Stephan Widrig was Chief Financial and Commercial Officer at Bangalore International Airport Ltd. (BIAL) in India and prior to that Head of Real Estate Management at Zurich Airport. He has worked for Flughafen Zürich AG since 1999. As of May 2023, he will be CEO of Allreal Holding AG, Zurich.

Stephan Widrig holds a master's degree in international relations from the University of St. Gallen.

Other activities and vested interests

During the year under review, the members of the Board of Directors did not have any other management or permanent advisory functions or any mandates from major Swiss or foreign companies other than those mentioned in their CVs, nor did they exercise any important official duties or political mandates. A list of all mandates, as required under the new Swiss Code of Obligations (in force since 1 January 2023) in the Compensation Report, can be found for the respective members of the Board of Directors on page 77.

Stipulations in the Articles of Association on the number of permissible additional activities and interests

According to the Articles of Association, members of the Board of Directors are permitted to exercise a maximum of 25 additional mandates, including up to five mandates in listed companies. For the purposes of this rule, the term "mandate" means an activity in the senior management or executive bodies of legal entities which are obliged to have an entry in the commercial register or in an equivalent foreign register. Multiple mandates in legal entities of the same consolidated group are regarded as a single mandate. There are no restrictions on mandates in legal entities that are controlled by the company or that control the company, on mandates exercised on the instructions of the company or companies under its control, or on mandates in associations, nonprofit foundations, family foundations or staff welfare foundations. See also:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

Planned changes to the Board of Directors in 2023

Beat Siegrist, Chairman of the Board of Directors of Schweiter Technologies AG since 2011, has decided not to stand for re-election as Chairman at the 2023 Annual General Meeting, though he will remain on the Board as a full member. All the present members of the Board are therefore standing for re-election. The Board of Directors will propose to the 2023 Annual General Meeting that Dr Heinz O. Baumgartner, who has served as a Board member since 2020, be elected as the new Chairman of the Board of Directors.

Independence

The members of the Board of Directors are non-executive and, with the exception of Heinz O. Baumgartner, also independent members of the Board. Heinz O. Baumgartner was CEO and a member of the Group Management of Schweiter Technologies until 30 September 2022 (until March 2023, he will additionally assume an advisory role on special topics). No other members carries out any operational functions within the company nor has any of them been a member of the Group Management of Schweiter Technologies AG or one of its Group companies in the past three years. They also do not have any business relationships with the company (in accordance with Article 14 of the Swiss Code of Best Practice for Corporate Governance).

Election and term of office

In accordance with the company's Articles of Association, the Board of Directors consists of 3 to 7 members. There are no age restrictions or other restrictions on members' term of office. The members of the Board of Directors are elected individually by the General Meeting for a one-year term of office, the period between one ordinary General Meeting and the closing of the next being deemed to constitute one year. Members are eligible for re-election. Members newly elected during a term of office are elected for the remainder of the current term of office.

The Articles of Association contain no rules which differ from the statutory provisions in relation to the appointment of the Chairman, the members of the Nomination and Compensation Committee or the independent proxy. See also:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

INTERNAL ORGANIZATION

Allocation of tasks within the Board of Directors

The General Meeting elects a member of the Board of Directors to serve as Board Chairman. The General Meeting also elects the members of the Nomination and Compensation Committee. The term of office is one year, this being defined as the time between one ordinary General Meeting and the closing of the next ordinary General Meeting. Members are eligible for re-election. If the office of Chairman is vacant, the Board of Directors will appoint a Chairman for the remaining term of office. The Board of Directors constitutes itself, except for the Chairman and members of the Nomination and Compensation Committee, who are elected by the General Meeting. Beat Siegrist has been Chairman of the Board of Directors since 2011. The Board of Directors elects a Secretary who neither needs to be a member of the Board nor a shareholder. Both the Board of Directors and its committees (Audit Committee and Nomination and Compensation Committee) meet as often as the company's business requires.

All key decisions are taken by the Board of Directors as a whole (in particular appointments). The main criteria when selecting candidates for nomination for election to the Board of Directors are professional experience and the relevant expertise. In addition to a balance of professional competences, the Board of Directors also pays attention to appropriate diversity.

In addition to their regular Board duties, all members of the Board of Directors also attend three to five meetings per year regarding specific issues (see also section "Working methods of the Board of Directors").

Committees of the Board of Directors

In the 2022 reporting year, the Board of Directors had two permanent committees: The Audit Committee and the Nomination and Compensation Committee. The duration of the committee meetings depends on the issues discussed.

Audit Committee ("AC")

The Audit Committee is composed of two members of the Board of Directors (Lars van der Haegen, Chair, and Stephan Widrig). The Board of Directors has determined that both committee members have proven experience and skills in the area of finance to enable them to fulfill their tasks.

The AC's most important tasks are to discuss the outcome of the external audits, to verify the Group's presentation of financial statements and financial control mechanisms, to evaluate and select the external auditors and to verify the scope of the external audit. The AC holds decision-making powers in relation to all audit-specific tasks, subject to approval by the Board of Directors as a whole. All other key decisions are taken by the Board of Directors as a whole (in particular, appointments). AC meetings are usually attended by the CEO and the CFO, see also the footnotes in the table on page 53. The full Board of Directors is informed of the AC's activities following each meeting. As a rule, the AC meets three to five times per year (at least once every four months).

During the year under review, the AC held four meetings, of which one was held as a video conference. The meetings and the video conference, respectively, lasted one to three hours. The auditors attended three meetings in the year under review.

Nomination and Compensation Committee ("NCC")

In the past, the Compensation Committee was already assigned additional nomination tasks by the Board of Directors. In the reporting year 2022, the previous Compensation Committee was renamed to become the Nomination and Compensation Committee ("NCC").

The General Meeting elects from among the members of the Board of Directors at least three members to serve on the NCC. The term of office of the members of the NCC is one year until the closing of the subsequent ordinary General Meeting. Members are eligible for re-election.

In accordance with the Articles of Association *(https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html)*, and the organizational regulations, the NCC (Jacques Sanche, Chair, Daniel Bossard, Vanessa Frey) has, in particular, the following duties and responsibilities in respect of compensation matters concerning the Board of Directors and Management:

- proposals to the Board of Directors concerning the definition of the principles of compensation applicable to Management, including the proportion to be paid in shares and the valuation of these shares;
- proposals to the Board of Directors, for submission to the General Meeting, concerning the total amounts of compensation for the Board of Directors and Management;
- proposals to the Board of Directors concerning the individual levels of compensation for the members of the Board of Directors and Management within the respective total amount approved by the General Meeting;
- proposals to the Board of Directors, for submission to the General Meeting, concerning amendments to the Articles of Association with regard to the compensation system in place for remunerating the Board of Directors and Management.

In addition to the work relating to compensation, the responsibilities of the NCC include succession planning in connection with changes in the Board of Directors and related nomination and election recommendations to the Board of Directors for approval by the Annual General Meeting, as well as the evaluation and succession planning of the Executive Board. The tasks and competences regarding nominations will be set out in detail in the new organizational regulations of the company. They will be based on the new Articles of Association of the company, which will be submitted to the Annual General Meeting 2023 for approval.

After every meeting, the Chairman of the NCC reports on the committee's activities to the Board of Directors. The committee meeting minutes are made available to the members of the Board of Directors. Decision-making powers in relation to compensation reside with the Board of Directors and with the General Meeting as far as total compensation amounts are concerned. As a rule, the CEO and the CFO participate in the NCC meetings in an advisory capacity. However, they recuse themselves when their own compensation is being discussed and determined. Other invited members of the Management are also not present during the part of the meeting when their own compensation is being decided.

The decision-making authority with regard to nominations lies with the entire Board of Directors and the election and re-election of members of the Board of Directors lies with the General Meeting.

As a rule, the NCC meets two to four times per year (semi-annually to quarterly). The NCC is free to call upon external consultants to address specific compensation matters.

In the year under review, the NCC held three meetings. The meetings lasted up to half a day. For details on the participation of the members of the Group Management in the NCC meetings in 2022, please refer to the footnotes in the table on page 53. As in the previous year, in 2022 the Board of Directors did not consult external advisors.

Working methods of the Board of Directors
The Board of Directors is responsible for the strategic management of the Group and for the supervision of those entrusted with its management. To this end, the Board of Directors holds meetings at least four times per year (i.e. once a quarter). Meetings last on average one day. At the Board meetings, the management reports on the operational side of the business. In discussing business performance, the management presents risks that have been identified and are of relevance to the business, assesses their possible impact and presents the resulting measures. In addition, individual strategy meetings are held, usually at times close to the Board of Directors' meeting. Such strategy meetings usually last half a day or one day. In these meetings, specific strategic priorities are discussed in depth. The majority of members of the Board of Directors must be present to ensure a quorum. The Board of Directors adopts resolutions by a majority of votes cast. In the event of a tie, the Chairman shall have the casting vote.

In 2022, the Board of Directors held six meetings, including a strategy meeting. In 2022, all members of the Board of Directors attended all meetings. The CEO and CFO generally attend the meetings of the Board of Directors, see also the footnotes in the table on page 53.

Definition of areas of responsibility
Unless the law or the Articles of Association provide otherwise, the Board of Directors delegates operational management entirely to the Group Management. The Board of Directors exercises overall leadership, supervises and oversees business operations. It issues business policy guidelines and ensures that it is kept regularly informed of business performance (see also section "Working methods of the Board of Directors" and the company's Articles of Association *https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html).*

The Board of Directors has in particular the following non-delegable and inalienable duties:
- overall management of the company's business and issuing the necessary directives; hence also developing the strategic objectives, defining the means of achieving those objectives and defining business policy
- defining the organization
- defining accounting, financial control and financial planning, and deciding on extraordinary individual investments, which were not approved in the budget
- determination of the individual compensation of the members of the Board of Directors and the Group Management within the scope of the total amounts approved by the General Meeting
- proposing to the General Meeting the total amounts of compensation to be paid to the Board of Directors and the Group Management and amendments to the Articles of Association regarding the compensation system for the Board of Directors and the Group Management
- appointing and dismissing persons entrusted with the management of the Group, regulation on the authority to sign
- ultimate supervision of the persons entrusted with the management of the company, specifically in view of their compliance with the law, the Articles of Association, regulations and directives
- preparing the annual report and the compensation report as well as making arrangements for the General Meeting and implementing the resolutions passed by the latter
- notification of the court in the event of over-indebtedness
- adopting resolutions on capital increases and resulting amendments to the Articles of Association
- verifying compliance with legal requirements governing the appointment, election and professional qualifications of the statutory auditor

Group Management is responsible for the day-to-day operations of the company in accordance with the directives issued by the Board of Directors and following the customary duty of due diligence and the provisions of the law.

At the Board meetings and the regular division meetings, Group Management reports to the Board on the following matters in particular:
- business policy from the perspective of Group Management
- progress of business and financial situation of the Group
- outlook and measures to be taken in the near future
- development projects and status

- extraordinary events with a substantial bearing on business
- personnel policy and planning, information on important personnel decisions

Information and control instruments

The Board of Directors is responsible for overseeing the Group's internal control systems, which monitor the risk of inadequate business performance, but cannot rule out such a risk. These systems provide appropriate, though not absolute, security against significant inaccuracies and material losses. Group Management is responsible for identifying and assessing significant risks (see also section "Definition of areas of responsibility"). In addition to quantitative approaches and formal guidelines – which cover only part of a comprehensive risk management approach – it is also considered important to maintain a corresponding risk management culture.

In addition to a continuous process of monitoring and assessment, the management also submits detailed monthly reports to the Board of Directors (MIS). These provide a detailed account of the volume and profitability trends (net sales, contribution margin, OPEX, EBITDA, EBIT, net income). Deviations from the budget or from the previous year are presented in detail. Important balance sheet figures (cash and cash equivalents, net assets) and headcount data are prepared on a monthly basis. Besides this information, which is prepared on a monthly basis, additional analyses of individual key figures are also provided such as price and margin trends and currency effects. Within the scope of the annual plan, a forecast is prepared at the middle of the year and in the fourth quarter. Group Management members are consulted on individual topics.

The Audit Committee and Board of Directors identify additional topics which are taken up in the context of the internal controlling processes and subject to in-depth analysis and investigation. This is done either by means of internal audits in the relevant national subsidiaries or by consulting external specialists where necessary. However, there is no institutionalized internal auditing process. The Audit Committee also focuses on defining the scope and content of the external audit. Each Board member is also sent the full minutes of all Audit Committee Meetings. The CEO and the CFO usually attend the meetings of the Audit Committee.

Risk management

As part of the risk assessment process, the likelihood of occurrence of risks and the potential damage are considered. In addition to financial risks, current systemic risks such as pandemics, cyber threats, political instability, supply and raw material shortages, and the possible impact of climate change are also included in the risk assessment. Based on the results of the probability of occurrence and the expected damage potential, a risk matrix is drawn up.

Further information regarding risk management can be found on page 6 in the Group management report and on pages 99 to 101 of the notes to the financial statements.

Internal Control System (ICS)

Schweiter Technologies has an Internal Control System (ICS). The ICS follows a risk-oriented approach, under which – on the basis of a risk assessment – key controls in significant internal business processes are systematically monitored with regard to existence, compliance, and documentation. All Group companies have an ICS, the scope of the ICS depends on size and risks. ICS documentation and test programs are in place for the following processes, which have been defined as financially relevant: purchasing, inventories, production, property, plant and equipment, payroll, finances, information technology, preparation of financial statements and consolidation.

Group Controlling monitors the Group companies' ICS documentation, is responsible for company-wide controls, and ensures that effective controls are performed in respect to consolidated financial statements. Furthermore, Group Controlling also ensures, on an annual basis, that suggestions for improvement and measures proposed by the external auditors and in internal audit reports are implemented. In the course of interim and annual audits, the external auditors monitor the existence and the relevant documentation of an ICS and submit a report to the Audit Committee. The scope of the annual audit is discussed yearly with the Audit Committee. The Board of Directors reviews the internal information and control systems annually regarding their effectiveness to identify, assess and manage the risks associated with business operations.

GROUP MANAGEMENT (AS OF 31 DECEMBER 2022)

ROMAN SONDEREGGER
Group CEO

MARTIN KLÖTI
Group CFO

ROMAN SONDEREGGER

1976, Swiss citizen
Group CEO since 1 October 2022

Roman Sonderegger joined Schweiter Technologies AG as Designated CEO on 1 May 2022 and took over the operational management of the Group as the new CEO and member of the Group Management on 1 October 2022, succeeding Heinz O. Baumgartner.

After occupying a number of management positions in supply chain management and working as a consultant at the Boston Consulting Group, Roman Sonderegger has been employed in various roles at the Bühler Group since 2010, including as Head of Sales & Services Operations Group and Managing Director of Bühler Southern Africa. From 2019 to March 2022, he was Head of Business Unit Wheat & Rye and Customer Service Milling Solutions of Bühler Group.

Roman Sonderegger has a master's degree in Industrial Management and Manufacturing from the Swiss Federal Institute of Technology (ETH) Zurich.

MARTIN KLÖTI

1973, Swiss citizen
Group CFO

Martin Klöti has been CFO of Schweiter Technologies since 2014. Prior to that, he was responsible for Schweiter Management Services and CFO of SSM Textile Machinery from 2011 until 2013. From 2003 to 2011 he was Head of Reporting & Controlling of Schweiter Technologies. From 1996 to 2002 he worked in auditing at Deloitte AG, latterly as Audit Manager and Lead Auditor. From 1992 to 1996 he worked in the trustee sector.

Martin Klöti is a chartered accountant and a federally certified fiduciary.

Change in the Group Management in the financial year 2022

Heinz O. Baumgartner was CEO of Schweiter Technologies Group from 2008 until 30 September 2022. He stepped down from his role as CEO at his own request and resigned as a member of the Group Management at the end of September 2022. His successor is Roman Sonderegger. As Board member, elected for the first time at the 2020 Annual General Meeting, Heinz O. Baumgartner will continue to provide Schweiter Technologies with his long-term professional experience and industry knowledge in the upcoming years.

Other activities and vested interests

During the year under review, the two members of the Group Management, Roman Sonderegger, CEO, and Martin Klöti, CFO, had no other management or permanent advisory functions or mandates from major Swiss or foreign companies nor did they exercise any important official duties or political mandates.

Stipulations in the Articles of Association on the number of permissible additional activities and interests

Members of Group Management may exercise a maximum of ten additional mandates, including up to two mandates in listed companies. For the purposes of this rule, the term "mandate" means an activity in the senior management or executive bodies of legal entities which are obliged to have an entry in the commercial register or in an equivalent foreign register. Multiple mandates in legal entities of the same consolidated group are regarded as a single mandate. There are no restrictions on mandates in legal entities that are controlled by the company or that control the company, on mandates exercised on the instructions of the company or companies under its control, or on mandates in associations, nonprofit foundations, family foundations or staff welfare foundations. See also:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

Management contracts

There are no management contracts.

Compensation, shareholdings and loans

Details on compensation, shareholdings and loans including the statutory rules regarding the principles of compensation, participation plans, loans, credits and pension benefits are set out in the separate Compensation Report on pages 67 to 84 of this annual report.

SHAREHOLDERS' PARTICIPATION RIGHTS

Restriction of voting rights and representation

There are no voting-right restrictions under the Articles of Association. In accordance with Art. 689 para. 2 of the Swiss Code of Obligations, every shareholder can represent his shares at the General Meeting in person or have them represented by a third party of his choice. The Articles of Association do not contain any restrictions on the representation of voting rights. Shareholders' participation rights are governed by the company's Articles of Association:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

Independent proxy

The Articles of Association contain no provisions on the issuing of instructions to the independent proxy or on electronic participation in the General Meeting. The General Meeting elects the independent proxy for a one-year term of office. He or she is eligible for re-election.

The Annual General Meeting held on 6 April 2022 re-elected Proxy Voting Services GmbH, Zurich, management Dr René Schwarzenbach, to serve as the independent proxy for a one-year term of office.

From the time of publication of the invitation in the Swiss Official Gazette of Commerce until approximately seven days before the General Meeting, shareholders wishing to attend or have themselves represented at the General Meeting will be able to obtain their admission card with voting documents directly from the company's registered office against deposition of their share certificates, or on presentation of a certificate of deposit, which they can request from their bank. The deposited shares will remain blocked until the end of the General Meeting. Shareholders who do not attend the General Meeting in person may use power of attorney to have themselves represented by a third party or the independent proxy.

Annual General Meeting 2022

After the Annual General Meeting had to be held without the personal participation of the shareholders in the previous two years due to the situation regarding the coronavirus, the Annual General Meeting 2022 could again be held as with personal attendance of the shareholders for the first time.

As an alternative to attending in person, shareholders also had the option of issuing a written or electronic proxy with instructions to the independent voting representative. Upon receipt of the registration, shareholders received the appropriate proxy and the access code for electronic voting.

Annual General Meeting 2023

For the forthcoming Annual General Meeting on 4 April 2023, the company will make it possible again for shareholders to submit their voting instructions to the independent proxy in electronic form via the ShApp platform (www.shapp.ch). The relevant registration and voting procedure using this platform will be explained in the invitation to the General Meeting.

The Board of Directors will submit a comprehensive revision of the Articles of Association for approval at the Annual General Meeting on 4 April 2023. The amendments to the Articles of Association result from the new Corporation Law, which entered into force on 1 January 2023. The Board of Directors will also propose the conversion of bearer shares into registered shares and the corresponding revision of the Articles of Association. Until the new Articles of Association come into force, the previous Articles of Association of the company remain valid.

Statutory quorums

Pursuant to Article 703 of the Swiss Code of Obligations, resolutions of the General Meeting must, in principle, be passed by an absolute majority of the voting rights represented. Exceptions to this rule are the eight resolutions listed in Article 704 of the Swiss Code of Obligations, which require a minimum of two thirds of the votes represented and an absolute majority of the nominal values of the shares represented: any amendment of the company's objects; the introduction of shares with preferential voting rights; any restriction on the transferability of registered shares; an authorized or conditional capital increase; a capital increase funded by equity capital, against contributions in kind or to fund acquisitions in kind and the granting of special privileges; any restriction or cancellation of the subscription right; a relocation of the domicile of the company; the dissolution of the company. The Articles of Association do not provide for any divergent arrangements. See also: *https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html*

Convening the General Meeting and inclusion of items on the agenda

The General Meeting is convened by the Board of Directors, or if necessary, by the auditors. The General Meeting must be convened by publication of a notice in the Swiss Official Gazette of Commerce at least 20 days before the date on which the meeting is due to be held. The Annual General Meeting takes place each year within six months of the end of the financial year. The right to propose items to the agenda of the General Meeting is governed by the provisions of Swiss company law.

Extraordinary General Meetings are to be called as frequently as is necessary, particularly in the cases provided by the law. The convening of a General Meeting may also be requested in writing by one or more shareholders representing at least ten percent of the share capital, specifying the agenda item and the proposals. In this case, the Board of Directors must convene the General Meeting within four weeks. Shareholders representing shares with a nominal value of at least CHF 100 000 may request that a particular item is added to the agenda. A request to add an item to the agenda must be submitted to the Board of Directors in writing at least 45 days in advance of the General Meeting, specifying the subject to be discussed and the proposals.

Registrations in the share register

As only bearer shares are issued, there is no share register.

CHANGE OF CONTROL AND DEFENSE MEASURES

Duty to make an offer

An acquirer of shares of the company is not obliged to submit a public purchase offer pursuant to Articles 135 and 163 of the Financial Market Infrastructure Act of 19 June 2015 (Article 4 of the Articles of Association “Opting out”), see also: *https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html*

Clauses on changes of control

No clauses on changes of control are in place for members of the Board of Directors or Management or in favor of other senior executives holding a key function within the Group.

STATUTORY AUDITOR

Duration of mandate and term of office of the auditor in charge

The General Meeting elects the statutory auditor, who must be independent in accordance with the provisions of Article 728 of the Swiss Code of Obligations. The statutory auditor is elected for a one-year term of office ending on the conclusion of the General Meeting at which the statutory auditor's report is to be submitted. The statutory auditor is eligible for re-election. In accordance with Article 730a of the Swiss Code of Obligations, the auditor in charge rotates every seven years.

Since 2021, KPMG AG, Zug is the statutory auditor of Schweiter Technologies AG. At the Annual General Meeting on 6 April 2022, KPMG AG was re-elected for a one-year term, as proposed by the Board of Directors. Since 1 April 2021, the auditor in charge has been Toni Wattenhofer of KPMG AG.

Auditing fee

The following fees were paid to the auditing companies in financial year 2022:

(in 1000 CHF)	2022	2021
Auditing services[1]	817	781
Audit-related services	15	0
Total	**832**	**781**

[1] Auditing the consolidated financial statements, the holding company statements and the financial statements of the individual Group companies, of which CHF 217 000 is attributable to third-party auditors (in 2021: CHF 199 000)

Additional fees

In financial year 2022, KPMG AG was paid additional fees for tax advice and other services in the total amount of CHF 117 000 (2021: CHF 112 000).

Deloitte AG, which was the company's statutory auditor until the 2021 Annual General Meeting, was paid additional fees for tax advice of CHF 78 000 in previous financial year 2021.

Supervisory and control instruments vis-à-vis the auditor

Auditing services are defined as standard tasks in an audit, to prepare reports on the statutory annual financial statements and to be able to provide an opinion on the consolidated financial statements.

The Audit Committee, which met the auditors three times during the 2022 financial year, is responsible for supervising and monitoring the audit and regularly reporting back to the Board of Directors as a whole. The statutory auditor prepares a comprehensive report on the outcome of the auditing activities on an annual basis. The statutory auditor's report is supported by an accompanying annual management letter and a comprehensive report to the Board of Directors.

The auditors may not be members of the Board of Directors or company employees, nor may they carry out any other work for the company which would be incompatible with the audit assignment. They must be independent of the Board of Directors and of any shareholder holding more than five percent of voting rights. The auditors must adhere to the independence guidelines of their profession. The Audit Committee verifies the statutory auditor's qualifications on an annual basis as part of its supervisory and monitoring functions. Particular emphasis is placed on the following criteria: independence of the auditors and an understanding of the Group's business activities and the specific business risks it faces.

In respect to the year under review, the Audit Committee and Board of Directors have concluded that the independence of the auditor is fully ensured.

INFORMATION POLICY

Schweiter Technologies maintains a regular and open dialog with all shareholders and the capital market.

In addition to the annual financial statements, Schweiter Technologies AG publishes its business results in a semi-annual report. In compliance with the ad hoc publicity guidelines contained in the Listing Rules of SIX Exchange Regulation, Schweiter Technologies AG also discloses price sensitive information.

The company's official publication is the Swiss Official Gazette of Commerce (SOGC, www.sogc.ch). Information on disclosure notices from major shareholders can be found at: *https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html*

Information on transactions effected by members of the Board of Directors or Management is available at:
https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html

Any interested party may request to be placed on the Schweiter Technologies e-mail distribution list to receive, free of charge, price sensitive information in a direct and timely manner. All information and the online registration form to be placed on the e-mail distribution list can be found at: *www.schweiter.com* (direct link:
https://www.schweiter.ch/contact-order-report).

The regular presentation of company facts and figures is an inherent part of Schweiter's communication culture. Media and analyst conferences for investors, analysts, and journalists are held to present specific company events and publish annual and/or semi-annual results. These presentations are available on the company's website at:
https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html

At the General Meeting, the Board of Directors and Group Management provide information on the annual financial statements and the company's business performance, and answer shareholders' questions.

The financial reports (annual reports, semi-annual reports) are available on the company's website. Print versions can be ordered free of charge or electronic versions can be downloaded from the following link:
https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html

Media releases, classified under "All" and "Ad hoc press releases", are available at the following direct link:
https://www.schweiter.ch/s1f3/media-releases/

The company's Articles of Association (in German) can be found at:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

The company's Code of Conduct is available at:
https://www.schweiter.ch/s1a203/corporate-governance/code-of-conduct.html

The address for investor relation matters is:

Schweiter Technologies AG
Martin Klöti, CFO
Hinterbergstrasse 20
6312 Steinhausen, Switzerland
T +41 41 757 77 00

investor@schweiter.com
www.schweiter.com

The next Annual General Meeting will be held on 4 April 2023.

The 2023 Semi-Annual Report is scheduled for 17 August 2023.

BLACKOUT PERIODS

Schweiter Technologies AG has defined the following rules on trading blackout periods in its Principles on Management Transactions and Insider Dealing:

During 30 calendar days prior to publication of the company's semi-annual and annual results, no securities transactions may be carried out, nor may trading in the company's securities be recommended to other persons. The dates of publication of all financial results are published on the website *https://www.schweiter.ch/s1a13/investors/financial-calendar.html*.

Trading blackout periods also include the period between the internal notification of information leading to "ad hoc publicity" (e.g. profit changes, important personnel changes, company takeovers, etc.) and the announcement of this information.

The trading blackout periods apply to all members of the Board of Directors and Group Management of Schweiter Technologies AG as well as to persons who, by virtue of their shareholding or activity, have direct access to confidential information relevant to the share price.

No exceptions are granted.

COMPENSATION REPORT

The Compensation Report was prepared in compliance with SIX Exchange Regulation on Corporate Governance and the provisions of the new, revised Swiss Code of Obligations, effective from 1 January 2023.

COMPENSATION REPORT

INTRODUCTION

The present Compensation Report contains information on the compensation policy, the compensation programs, and the procedure for determining the compensation of the Board of Directors and Group Management of Schweiter Technologies AG. It also provides in-depth information on the compensation awarded in the financial year 2022.

The compensation programs for the Board of Directors and Group Management are reviewed and assessed by the Nomination and Compensation Committee (formerly called Compensation Committee) at regular intervals in order to ensure that they are appropriate and in accordance with the interests of the shareholders.

In 2022, the compensation for the members of the Board of Directors remained unchanged compared to the previous year. The fees for the members of the Board of Directors were adjusted in the previous year with effect from the date of the Annual General Meeting 2021, therefore the total compensation of the Board of Directors for the financial year 2022 is higher than in the financial year 2021.

At the beginning of 2022, the Nomination and Compensation Committee reviewed the short- and long-term variable compensation of the Executive Board, whereby the structure of the compensation model was basically maintained compared to the previous year. The following minor adjustments were made: from the 2022 financial year onwards, the individual targets for the short-term variable compensation of the members of the Group Management will be extended to include ESG criteria (Environmental, Social and Governance); in addition, with the change of the CEO as of 1 October 2022, the previous one-year vesting period for the share-based compensation in the short-term variable incentive was set at three years.

Furthermore, the Board of Directors confirmed the existing rules for the year 2022:
- Payment of the short-term variable compensation of the CEO in cash and restricted share units;
- Malus and clawback clauses ("clawback") on the CEO's share-based compensation;
- Variable long-term incentive plan for members of the Group Management for a performance period of three financial years each in the form of deferred cash compensation.

In accordance with the Articles of Association, the Nomination and Compensation Committee performed its regular activities in 2022, such as setting the performance objectives for the members of Group Management at the beginning of the year, evaluating the performance achievement at year-end, determining the compensation of the members of the Board of Directors and of Group Management, preparing the Compensation Report as well as the say-on-pay votes for the ordinary General Meeting.

As in previous years, the Compensation Report 2022 will be submitted to a consultative vote at the ordinary General Meeting on 4 April 2023. Shareholders will also be asked to vote on the maximum aggregate compensation to be awarded to the Board of Directors for the 2023–2024 term and on the maximum aggregate compensation of Group Management for the financial year 2024.

Compensation overview Board of Directors

(in CHF)	2022	2021
Number of members	7	7[1]
Aggregate compensation	1 137 000	944 000
Maximum aggregate compensation amount approved by AGM[2]	1 400 000	1 100 000

1 Seven members since Annual General Meeting (AGM) 2021
2 Maximum aggregate compensation for the board term from one ordinary AGM to the next

Compensation overview Group Management

(in CHF)	2022	2021
Number of members	3[1]	2
Aggregate compensation	1 758 000[2]	2 710 000
Maximum aggregate compensation amount approved by AGM	4 000 000	4 000 000

1 Three members from 1 May 2022 until 30 September 2022; at 31 December 2022, the Group Management comprised two members: Roman Sonderegger, CEO und Martin Klöti, CFO
2 Change of CEO in 2022: Dr Heinz O. Baumgartner was CEO and member of the Group Management until 30 September 2022; at 1 October 2022 he resigned from the Group Management. His compensation as CEO relates to nine months in fiscal year 2022. Roman Sonderegger has served as CEO and member of the Group Management since 1 October 2022. From 1 May 2022 (joining Schweiter Technologies AG) until 30 September 2022 he served as Designated CEO and was also a member of the Group Management. His compensation relates to eight months in financial year 2022.

Compensation principles

The objective of the compensation policy applicable to the Board of Directors is to attract qualified members with the required expertise and relevant experience, as well as to reinforce their focus on the long-term strategy of the company and their independence from Group Management in exercising their supervisory duties.

The objective of the compensation policy for Group Management is to attract and motivate qualified executives with the required expertise and relevant experience and to develop a long-term working relationship with them using simple, transparent, and attractive compensation programs. The compensation policy is built along the following principles:

Compensation principles

ALIGNMENT WITH BUSINESS STRATEGY	PERFORMANCE ORIENTATION “PAY FOR PERFORMANCE”
Compensation programs support the long-term and sustainable success of the company and they promote the company values.	Executives are rewarded for business success and their individual contributions. Further, they have the opportunity to participate in the company’s long-term success.
MARKET COMPETITIVENESS	**SIMPLICITY**
Compensation is in line with market practice and appropriate.	Compensation programs are simple and transparent.

COMPENSATION POLICY – BOARD OF DIRECTORS

In line with the principles mentioned above, members of the Board of Directors receive fixed compensation only, without any performance-related component, the aim being to reinforce their focus on the long-term strategy and to strengthen their independence. The compensation is awarded for the term of office, which is from one ordinary General Meeting to the next. It is paid in cash at the end of the term.

The compensation of the members of the Board of Directors reflects the responsibility and complexity of their respective function, the professional and personal requirements placed on them, and the expected time required to fulfill their duties.

Since the Annual General Meeting 2021, the compensation of the members of the Board of Directors consists of an annual Board fee, a fee for committee work and a fee for chairing a committee, as shown in the table below.

Board and committee fees

(CHF)	Annual Board fee	Fee for the committee chair	Fee for committee work
Board chairman	200 000	n/a	10 000
Board member	110 000	20 000	10 000

In 2021, at the request of the Nomination and Compensation Committee, the Board of Directors adjusted the fees of the members of the Board of Directors for the first time since 2011 by an increase from CHF 75 000 to CHF 110 000. In addition, since the Annual General Meeting 2021, the chair of a committee is remunerated with CHF 20 000 (previously zero). The fee for the Chairman of the Board of Directors and the fee for serving on a committee have remained unchanged. Details on the proposal of the Nomination and Compensation Committee to the Board of Directors in 2021 can be found in the section "Compensation Policy – Board of Directors" on page 69 of the Compensation Report 2021 at:
https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html

Members of the Board of Directors are generally not insured under the occupational pension fund; in the reporting year 2022, there were two exceptions, as in the previous year. One exception applies to the Chairman of the Board of Directors. Due to his former employment as CEO of the company, the Chairman of the Board was offered the possibility to remain insured in the collective foundation (external pension fund) where the company insures employees against risks of death, disability, and retirement. The second exception applies to Dr Heinz O. Baumgartner; he has been a member of the Board of Directors since the Annual General Meeting 2020 and was insured under the occupational pension plan as CEO and member of the Group Management until 30 September 2022. After leaving the Group Management, he will continue to be insured under the pension fund.

No other member of the Board of Directors is insured under the pension fund, and such coverage is not available for members of the Board of Directors who are not former or current employees of the company. Members of the Board may be remunerated separately at market conditions for additional services (beyond their function on the Board of Directors) that are provided to the company or other Group companies. Such services, and the related compensation, must be approved by the Board of Directors in advance. Such compensation is subject to shareholders' approval at the General Meeting.

COMPENSATION POLICY – GROUP MANAGEMENT

In line with the principles of alignment with the business strategy and pay-for-performance, a significant portion of the compensation of Group Management consists of variable incentives based on performance. The compensation therefore includes fixed compensation elements, such as base salary and benefits, as well as variable compensation elements, such as performance-based short-term compensation and long-term incentives. According to the Articles of Association, the variable compensation is capped at 200% of the fixed compensation.

The elements of compensation for Group Management are summarized in the table below.

Overview of elements of Group Management compensation

	Purpose	Instrument	Performance indicators	Performance period	Drivers	Max. payout opportunity[1]
Fixed base salary	Attract, retain, motivate	Cash payments	–	–	Position, skill set	–
Benefits	Protect against risks	Insurances, retirement plan	–	–	Local legislation and market practice	–
Short-term variable incentive	Pay for annual performance	Bonus in cash (CEO: cash and shares)	EBIT EBIT margin individual objectives (including ESG criteria)[2]	1 year	Financial and individual performance	CEO: 143% of target Other members of Group Management: 185% of target
Long-term variable incentive	Reward for sustainable value creation	Deferred cash	EBIT EBIT margin (3A Composites)	3 years	Company and/or division performance	150% of target

1 Overall cap on variable compensation at 200% of fixed compensation
2 Since 2022, the rules for setting individual targets have also included criteria relating to ESG (Environmental, Social and Governance).

Fixed base salary
The fixed base salary is determined at the discretion of the Board of Directors based on the scope and responsibilities of the respective position and the incumbent's qualifications, skill set, and experience. It is paid in cash, typically monthly.

Benefits
Benefits consist mainly of retirement, insurance and healthcare plans that are designed to safeguard employees and their dependents against the financial consequences of retirement, illness, occupational disability, and death. All members of Group Management have a Swiss employment contract and participate in the pension plan offered to all employees in Switzerland through an external collective foundation. In addition, for the period between early retirement and the statutory pensionable age, members of Group Management may receive a bridging pension up to a maximum amount of the annual fixed salary of the last year of employment prior to early retirement. Members of Group Management do not receive any other benefits.

Short-term variable incentive
The short-term variable incentive (STI) rewards both the financial results of the company and the individual contribution of the executive in a given financial year.

The performance objectives for the STI for each of the members of Group Management are set at the beginning of the year by the Board of Directors, based on a proposal by the Nomination and Compensation Committee.

The financial objectives are based on the Group EBIT and, for the CEO, on the Group EBIT margin. These performance indicators were chosen as they reflect the Group's business strategy of profitable growth.

A target corresponding to the expected performance is defined for each indicator. There is no payout for a performance below 80% of the target (threshold), and the payout is capped for performance above 110% of the target (ceiling).

The individual performance objectives are set annually as part of the annual MBO (management by objectives) process. They consist primarily of financial and economic performance objectives and, since 2022, also of ESG criteria. These performance objectives are based on the manager's specific function in the context of the execution of the overarching business strategy.

The target and maximum payout levels of the STI for the members of Group Management, as well as the performance indicators and their weighting, are illustrated in the table below. The target, threshold and ceiling of the effective performance objectives are not disclosed as such disclosure would provide insights into the forward-looking strategy of Schweiter Technologies and thus create a competitive disadvantage for the company.

STI: performance objectives, target, and maximum payout

	Objectives	Weight	Target STI	Maximum STI
CEO	EBIT	36%	32% of fixed salary	143% of target
	EBIT margin	36%		
	MBO	28%		
OTHER MEMBERS OF GROUP MANAGEMENT	EBIT	79%	69% of fixed salary	185% of target
	MBO	21%		

The achievement of the financial and individual objectives is assessed at the end of the financial year and the STI payout determined accordingly.

In the event of voluntary resignation by the member of Group Management, there is no entitlement to the portion of the STI related to the EBIT performance. The MBO portion of the STI may be paid based on the performance achieved at the termination date. In case of termination by the company, the STI (EBIT and MBO) may be paid pro-rata on the basis of the performance achieved at the termination date.

The STI is paid in cash in March of the following year. For the CEO, the STI is set at 50% in cash and 50% in shares. With the change of the CEO as of 1 October 2022, the previous one-year vesting period for the share-based compensation was set at three years. In case of voluntary resignation of the CEO or termination for good reasons during the vesting period, the shares are forfeit. In case of retirement, the shares are subject to a pro-rata vesting at the regular vesting date. In case of death or disability, the shares are subject to an accelerated pro-rata vesting.

The share portion of the STI is subject to clawback and malus provisions that allow the company to reduce the number of shares to vest (malus) and/or to recover shares already allocated (clawback) in case of a material restatement of the financial accounts of the company or in case of violation of law or internal rules.

Bearer shares for the share portion of the STI for the CEO are purchased on the stock market. Therefore, this share program does not result in a future dilution of share capital or profit for the company.

Long-term variable incentive

The Board of Directors may grant a long-term incentive award (LTI) as a long-term oriented component of compensation for members of Group Management and selected key employees. The purpose of an LTI is to strengthen the identification with the Group and to link compensation with sustainable value creation.

In 2021, the Board of Directors decided to grant an LTI award for members of Group Management and selected key employees within the Group. The LTI covers a three-year performance period from 2021 to 2023. In addition, the Board of Directors has also granted a member of the Group Management a retention bonus in the amount of CHF 100 000 for the performance period 2021 to 2023. The cash payment will be made in March 2024 if the employment contract continues.

The LTI payout depends on the achievement of performance conditions and on continuous employment until the payout date.

The performance conditions of the LTI are cumulative EBIT and EBIT margin (each weighted 50%) of the 3A Composites division over the three-year period. EBIT and EBIT margin were chosen because they reflect the business strategy of profitable growth; they will be measured on the 3A Composites division which is the only operational division of the Group.

For each objective, a target level of expected performance, a threshold level (below which there is no payout) and a ceiling (above which the payout is capped at 150% of target) are determined. The level of payout between threshold, target and ceiling is calculated by linear interpolation. Performance targets (including thresholds and ceilings) cannot be adjusted during the term of the plan.

LTI 2021–2023: targets

	Threshold (no payout)	Target (100% payout)	Ceiling (150% payout)
CUMULATIVE EBIT OF 3A COMPOSITES DIVISION (IN CHF)	75% of target	100% of target	125% of target
EBIT MARGIN OF 3A COMPOSITES DIVISION (AS A % OF SALES)	Target minus 1.5% points	Target	Target plus 1.5% points

LTI: performance objectives, target, and maximum payout

	Objectives	Weight	Target LTI	Maximum LTI
CEO[1]	EBIT EBIT margin (3A Composites)	50% 50%	125% of fixed salary	150% of target
OTHER MEMBERS OF GROUP MANAGEMENT			109% of fixed salary	150% of target

[1] Dr Heinz O. Baumgartner, CEO until 30 September 2022, is entitled to LTI awards for the full financial years 2021 and 2022. Roman Sonderegger, CEO since 1 October 2022, does not participate in the current LTI plan 2021–2023.

The target and maximum payout levels of the LTI for the members of Group Management, as well as the performance indicators and their weighting, are illustrated in the table above.

The target, threshold and ceiling of the performance objectives are not disclosed as such disclosure would provide insights into the forward-looking strategy of Schweiter Technologies and thus create a competitive disadvantage for the company. The achievement level for each performance objective will be measured at the end of the performance period. The LTI will be paid out in cash in March 2024 according to the achievement of performance objectives.

Employment agreements

Employment agreements with the members of Group Management are, in principle, agreed for an unlimited term. The notice period may not exceed 12 months. Where, by way of exception, employment agreements have a fixed term, this may not exceed one year. Employment agreements do not contain clauses on change of control or non-competition clauses.

COMPENSATION TO GOVERNING BODIES IN 2022 (AUDITED)

This section has been audited by the statutory auditors in accordance with Article 728a section 1 para. 4 of the new, revised Swiss Code of Obligations, effective as of 1 January 2023.

Compensation of the Board of Directors

The following tables show the compensation paid to members of the Board of Directors for 2022 and 2021. Since the 2021 Annual General Meeting, the Board of Directors has comprised seven members. As explained in the section "Compensation Policy – Board of Directors" on page 70, the fees for the members of the Board of Directors, with the exception of the Chairman's fee, were increased in 2021 valid as of the date of the Annual General Meeting 2021. In addition, as of this date, a separate fee was also paid to the committee chairs.

Under his employment contract ending on 31 March 2023, Dr Heinz O. Baumgartner was paid CHF 90 000 (excluding pension fund contributions) for consulting services for the period from 1 October to 31 December 2022. The compensation for the period from January to the end of March 2023 (end of contract) will amount to CHF 63 000 (excluding pension fund contributions).

None of the other members of the Board of Directors received compensation for additional consulting services in the reporting year or in the previous year.

Compensation of the Board of Directors in 2022

(in CHF 1000s)	Function	Fee (Board)	Fee (Committee)	Other compensation	Benefits[5]	Total
Beat Siegrist	Chairman	200	3	–	33	236
Dr Heinz O. Baumgartner[2, 3]	Member	110	–	90	41	241
Dr Daniel Bossard[1]	Member	110	7	–	8	125
Vanessa Frey[1]	Member	110	10	–	8	128
Dr Jacques Sanche[1]	Member	110	20	–	9	139
Lars van der Haegen[4]	Member	110	20	–	9	139
Stephan Widrig[4]	Member	110	10	–	8	128
Total compensation for Board of Directors		**860**	**70**	**90**	**116**	**1 136**

[1] Member of the Nomination and Compensation Committee (Dr Daniel Bossard member since AGM 2022)
[2] Until 30 September 2022 also CEO of Schweiter Technologies. The compensation as CEO is outlined separately in the table “Compensation of Group Management in 2022 and 2021”
[3] Under his employment contract ending on 31 March 2023, a consulting fee of CHF 90 000 (excl. pension fund contributions) was paid for the period from October to December 2022 in addition to the compensation as a member of the Board of Directors
[4] Member of the Audit Committee
[5] Employer’s contribution to social insurance, for Beat Siegrist (Chairman of the Board) and Dr Heinz O. Baumgartner (member of the Board of Directors) to the pension fund as well

The reported compensation of the Board of Directors for the 2022 financial year is allocated pro-rata to the two respective terms of office as follows:

Compensation of the Board of Directors in 2022

(in CHF 1000s)	
Pro-rata 1.1.2022 – 6.4.2022	270
Pro-rata 7.4.2022 – 31.12.2022	866

The total maximum compensation amount of CHF 1 400 000 as approved by the Annual General Meeting 2022, which may be paid to the Board of Directors for the term of office from the 2022 General Meeting to the 2023 General Meeting, was therefore not exceeded during the portion of the term of office up to the cut-off date of this Annual Report (7 April 2022 – 31 December 2022). A conclusive assessment for the entire term of office will be included in the Compensation Report 2023.

The compensation of the Board of Directors for the term of office from the 2021 General Meeting to the 2022 General Meeting was CHF 1 044 000 (for seven members of the Board of Directors). The total maximum compensation amount of CHF 1 100 000 as approved by the General Meeting 2021, which may be paid to the Board of Directors for the term of office from the 2021 General Meeting to the 2022 General Meeting, was therefore not exceeded.

Compensation of the Board of Directors for 2021

(in CHF 1000s)	Function	Fee (Board)	Fee (Committee)	Benefits[6]	Total
Beat Siegrist[1]	Chairman	200	10	36	246
Dr Heinz O. Baumgartner[2]	Member/CEO	101	0	8	109
Dr Daniel Bossard[3]	Member	83	0	7	90
Dr Lukas Braunschweiler[4]	Member	19	2	2	23
Vanessa Frey[1]	Member	101	10	9	120
Dr Jacques Sanche[1]	Member	101	18	10	129
Lars van der Haegen[5]	Member	101	18	10	129
Stephan Widrig[3, 5]	Member	83	8	7	98
Total compensation for Board of Directors (7 members since 2021 AGM)		**789**	**66**	**89**	**944**

1 Member of the Compensation Committee
2 The compensation as CEO of Schweiter Technologies is outlined separately in the table “Compensation of Group Management in 2022 and 2021”, see also Annual Report 2021 page 75 *https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html*
3 Member of the Board of Directors since AGM 2021
4 Member of the Board of Directors and the Audit Committee until AGM 2021
5 Member of the Audit Committee (Stephan Widrig member since AGM 2021)
6 Employer’s contribution to social insurance, for the Chairman of the Board to the pension fund as well

Compensation of Group Management

The table below shows the compensation paid to members of Group Management for the 2022 and 2021 financial years.

Compensation of Group Management in 2022 and 2021

(in CHF 1000s)[1]	2022		2021	
Group Management	3 members[2]	of whom highest individual compensation[3]	2 members	of whom highest individual compensation[3]
Fixed basic compensation in cash	1 275	600	1 075	800
Performance-related compensation[4]	155	68	811[5]	391
Long-term Incentive Plan (2021–2023)[6]	0	0	470	340
Pension benefits[7]	328	136	354	219
Total compensation of Group Management	**1 758**	**804**	**2 710**	**1 750**

1 The amounts are gross figures
2 Three members from 1 May 2022 to 30 September 2022. Roman Sonderegger joined the Group Management as Designated CEO on 1 May 2022; on 1 October 2022 he took over the function of the CEO from Dr Heinz O. Baumgartner
3 Dr Heinz O. Baumgartner, CEO until 30 September 2022
4 Performance-related compensation for 2022 is composed as follows: Objectives for the former CEO are taken into account for nine months. Objectives for the acting CEO are included as "Other member of the Group Management" for five months, and as "CEO" for three months. Objectives for the third member of the Group Management are included for 12 months as "Other members of the Group Management"; see also “Performance objectives, target and maximum payout of short-term variable compensation" page 72

[5] The performance-related compensation also includes a contractually obligated bonus payment for a member of the Group Management, which was accrued from the prior-year period

[6] Long-term Incentive plan 2021–2023: Participants are the two members of the Group Management who were already members of the Group Management in 2021. For details of the LTI 2021–2023, see page 73. Disclosure is based on the amounts accrued and annually updated over the three-year term of the plan. The amounts shown above for the cash portion of the LTI 2021–2023 therefore include the first third in 2021 and the second third in 2022 of the cash payments expected from today's perspective at the end of the three-year term of the plan. For the year 2023, the last third, adjusted on the basis of current expectations for performance and the corresponding future payout amounts, will be disclosed; for details see page 73. The amounts shown in the table also include the cash portion of the first and second third of the 2021–2023 retention bonus for one member of the Group Management. The LTI 2021-2023 will be paid out in March 2024.

[7] Employer's contribution to social insurance and the pension fund, incl. amounts on the estimated amounts on the disclosed portions of the LTI 2021–2023.

Explanatory notes on the compensation table:

- As of 1 April 2019, Group Management basically consisted of two members, the CEO and the CFO.
- In fiscal year 2022, Group Management temporarily consisted of three members due to the change of the CEO:
  - Dr Heinz Baumgartner, CEO from January to September 2022
  - Roman Sonderegger, Designated CEO from May to September 2022, and CEO as of October 2022
  - Martin Klöti, CFO from January to December 2022
- The fixed compensation paid to the CEO (in office until 30 September 2022) and to the CFO remained unchanged compared with the previous year. With the change of the CEO as of 1 October 2022, a new fixed compensation was set for the CEO. The year-on-year change in the total fixed compensation is due to the fact that the Group Management temporarily consisted of three members.
- The payment of the variable compensation (short-term performance-based compensation plus LTI) for 2022 for the Group Management (temporarily three members) corresponded to 11% and 16% of the fixed salary (previous year: between 92% and 200%, two members of the Group Management). For the acting CEO it corresponded to 11% (not yet employed by Schweiter Technologies in 2021). For the former CEO it corresponded to 11% for nine months in 2022 (previous year: 92% for 12 months as CEO). The year-on-year change is due to the change of the CEO in 2022. The year-on-year changes are attributable to the lower performance-related variable compensation.
- The LTI value disclosed in 2022 corresponds to the second third of the grant value of the 2021–2023 LTI based on a current assessment of performance. The remaining third for one member of the Group Management for financial year 2023 will again be disclosed in the corresponding years based on the most current performance appraisals and if the employment contract continues. The LTI 2021–2023 will be paid out in March 2024. The LTI portions will be paid out at the end of the entire term in March 2024. For the former CEO, payment will only be made for the years 2021 and 2022. The acting CEO is not participating in the LTI plan 2021–2023.
- No bridging payments were made to members of Group Management under the pension fund either in 2022 or in 2021.

For the financial year 2022, the members of Group Management (from 1 May to 30 September 2022 the Group Management consisted of three members) were awarded an aggregate total compensation of CHF 1.76 million, which is within the maximum aggregate compensation amount of CHF 4.0 million that was approved by the shareholders at the Ordinary General Meeting 2021.

Mandates of members of governing bodies in other companies with an economic purpose

The tables below list all other mandates of the members of the governing bodies as required by Article 734e of the new Swiss Code of Obligations (effective as of 1 January 2023). The statutory rules regarding the number of permissible further activities and vested interests of the members of the governing bodies of Schweiter Technologies AG are mentioned in Article 27f of the company's Articles of Association. For details, please refer to the comments on pages 55 and 61 of the Corporate Governance Report. The company's Articles of Association are available under the following link:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

Other mandates of the members of the Board of Directors of Schweiter Technologies AG

Name	Mandates in listed companies[1]	Mandates in non-listed companies[1]
Beat Siegrist	Phoenix Mecano AG, BoD Inficon Holding AG, BoD	Bomatec Holding AG, BoD The Island Rum Company AS, BoD
Dr Heinz O. Baumgartner	Bystronic AG, CoB	United Grinding Group, BoD Bluearbre AG, BoD
Dr Daniel Bossard	Bossard Group, CEO (as well as various Board memberships in subsidiaries of the Bossard Group)	None
Vanessa Frey	Inficon Holding AG, BoD	Corisol Holding AG, CEO/BoD (as well as various Board memberships in subsidiaries of the Corisol Group) Small Cap Invest AG, BoD KWE Beteiligungen AG, BoD TATA 1mg Technologies, BoD
Dr Jacques Sanche	Bucher Industries AG, CEO (as well as various Board memberships in subsidiaries of the Bucher Group)	None
Lars van der Haegen	Belimo Group, CEO (as well as various Board memberships in subsidiaries of the Belimo Group)	None
Stephan Widrig	Flughafen Zürich AG, CEO (as well as various Board memberships in subsidiaries of the Flughafen Zürich Group)	None

1 CoB = Chairman of the Board of Directors; BoD = Member of the Board of Directors; CEO = Chief Executive Officer

Other mandates of the members of the Group Management of Schweiter Technologies AG

Name	Mandates in listed companies	Mandates in non-listed companies
Roman Sonderegger	None	None
Martin Klöti	None	None

Compensation to former members of governing and executive bodies or related parties

Georg Reif, CTO, retired on 31 March 2019 and stepped down as a member of Group Management of Schweiter Technologies as of that date. Since then, he has continued to exercise his function as Managing Director of the Schweiter Pension Fund on an external mandate basis. The total compensation for this mandate amounted to CHF 20 000 gross per year in each case, also in 2022.

No further compensation was paid to former members of governing and executive bodies during the year under review other than the sum set out above. In the previous year, no further compensation was paid to former members of governing and executive bodies or related parties.

Loans and credits to members or former members of governing and executive bodies or related parties

In accordance with the Articles of Association, the company may not grant loans, credits or pension benefits other than from the occupational pension plans to members of the Board of Directors or Group Management or related parties. Advance payments of lawyer fees, court fees and similar costs up to a maximum of CHF 1.0 million in connection with defense against corporate liability claims are not subject to this provision. No such claims were asserted in the reporting year.

Shareholdings of members of the Board of Directors and Group Management

Information on the shares held by members of the Board of Directors and Group Management can be found on page 138 of the notes to the 2022 annual financial statements.

COMPENSATION GOVERNANCE

Role of shareholders

The role of shareholders in compensation matters has been strengthened in recent years. Specifically, shareholders annually approve the aggregate compensation amounts for the Board of Directors and Group Management by way of binding votes at the General Meeting. Shareholders also annually elect the members of the Nomination and Compensation Committee of the Board of Directors. Additionally, the compensation principles are defined in the Articles of Association valid as of 31 December 2022 (*https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html*, available in German only):

Articles of Association: provisions on compensation[1]

Principles governing compensation for members of the Board of Directors (Article 27a)	The members of the Board of Directors receive fixed compensation in cash for their services on the Board of Directors and its committees, as well as potentially a fee for consulting services.
Principles governing compensation for members of Group Management (Articles 27b, 27c, 27d and 27e)	Compensation of the members of Group Management consists of a fixed and a performance-based component, which may amount to a maximum of 200% of the fixed component. The performance objectives to be achieved for the performance-based compensation component are set by the Board of Directors, acting on the proposal of the Compensation Committee, for each member of Group Management, due consideration being given to Group-wide and individual criteria. In order to encourage members of Group Management to remain with the Group on a long-term basis, the Board of Directors may decide that the fixed and/or performance-based compensation component can be fully or partly paid out in shares of the company. The Board of Directors determines what proportion is to be paid in shares as well as the value of the shares at the time of allocation. The shares are restricted for a period of at least one year and no more than five years. The specific period and vesting conditions are determined by the Compensation Committee.
Loans, advances, and pension benefits (Article 27h)	No loans, credits or pension benefits other than from occupational pension plans are granted to members of the Board of Directors or Group Management.
Vote on the maximum total compensation amounts for the Board of Directors and Group Management (Article 10a)	The Board of Directors submits to the General Meeting for approval a proposal regarding the maximum total compensation amount for the Board of Directors that may be paid for the period until the subsequent Ordinary General Meeting. The Board of Directors will also submit to the General Meeting for approval a separate proposal regarding the maximum total compensation amount for Group Management that may be paid for the subsequent financial year.
Provisions for new members of Group Management (Article 10b)	In the event that new members are appointed to the Group Management and if the total amount of compensation for Group Management approved by the General Meeting for the current and/or subsequent financial year is not sufficient, an additional compensation amount may be paid to the new members for the compensation periods already approved by the General Meeting. The additional amount for all new members in total may not exceed 50% of the respective total compensation amount for Group Management approved by the General Meeting. Schweiter Technologies AG may grant new members of Group Management a compensation payment in the form of cash or shares to offset financial disadvantages resulting from the change of position.

1 The basis for the 2022 compensation is the Articles of Association of the company that were in force as of 31 December 2022. The Board of Directors will submit a comprehensive revision of the Articles of Association to the Annual General Meeting on 4 April 2023. The amendments to the Articles of Association are a result of the reform of the company law, which entered into force on 1 January 2023. Until the new Articles of Association come into force, the existing Articles of Association of the company remain valid.

Role of the Board of Directors and the Nomination and Compensation Committee

The Nomination and Compensation Committee consists of at least three members of the Board of Directors who are elected annually by the General Meeting to serve on the committee. The term of office of the members of the Nomination and Compensation Committee is one year, ending with the conclusion of the subsequent ordinary General Meeting. Re-election is possible.

In accordance with the Articles of Association and the organizational regulations (valid as of 31 December 2022), the Nomination and Compensation Committee has, in particular, the following duties and responsibilities in respect of compensation matters concerning the Board of Directors and Management:

- Submitting to the Board of Directors proposals concerning the definition of the principles of compensation applicable to Management, including the proportion to be paid in shares and the valuation of these shares.
- Submitting to the Board of Directors proposals on the motions to the General Meeting, concerning the total compensation amounts of the Board of Directors and Management.
- Submitting to the Board of Directors proposals concerning the individual levels of compensation of the members of the Board of Directors and Management within the respective aggregate compensation amounts approved by the General Meeting.
- Submitting to the Board of Directors proposals on the motions to the General Meeting concerning amendments to the Articles of Association with regard to the compensation system applicable to the Board of Directors and Management.

The Board of Directors has delegated to the Nomination and Compensation Committee (formerly called Compensation Committee), in addition to the tasks regarding compensation, also tasks regarding succession planning in connection with changes in the Board of Directors and related nomination or election recommendations to the Board of Directors for the attention of the Annual General Meeting, as well as the evaluation and succession planning of the Group Management. The tasks and competencies regarding nominations are set out in detail in the new organizational regulations of the company. These will be based on the new Articles of Association of the company, which will be submitted to the Annual General Meeting 2023 for approval.

The Nomination and Compensation Committee acts in a preparatory capacity, while the Board of Directors retains final authority on compensation matters (except for the aggregate compensation of the Board of Directors and of Management, which are subject to shareholders' approval).

Decision-making authority on compensation matters

Level of responsibility	Recommendation	Review	Approval
Compensation policy and programs	Nomination and Compensation Committee		Board of Directors
Aggregate compensation for Board of Directors and Group Management	Nomination and Compensation Committee	Board of Directors	General Meeting
Individual compensation of members of the Board of Directors	Nomination and Compensation Committee		Board of Directors[1]
Individual CEO compensation	Nomination and Compensation Committee		Board of Directors
Individual compensation of other members of Group Management	CEO	Nomination and Compensation Committee	Board of Directors

1 In the event of a conflict of interests, the concerned member abstains from voting.

The Nomination and Compensation Committee comprises three members. At the Annual General Meeting on 6 April 2022, the members were elected individually and for a term of office of one year, Dr Jacques Sanche and Vanessa Frey were re-elected; Dr Daniel Bossard was newly elected to the committee. Jacques Sanche took on the chairmanship of the Nomination and Compensation Committee until the next ordinary General Meeting. In the year under review, the Nomination and Compensation Committee held three meetings.

After each meeting, the Chair of the Nomination and Compensation Committee reports on the committee's activities to the Board of Directors. The committee meeting minutes are made available to the members of the Board of Directors. As a rule, the CEO and the CFO participate in the meetings in an advisory capacity. However, they do not attend the meetings or the part of the meetings when their own compensation is being discussed and determined. In 2022, the former CEO attended three meetings, the acting CEO attended one meeting, and the CFO attended two meetings. Likewise, other members of Group Management who are invited to the meetings are not present during the meetings, or the part thereof, when their own compensation is being discussed.

PROCESS FOR DETERMINING THE COMPENSATION FOR THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

Benchmarking
The Nomination and Compensation Committee periodically reviews the target compensation of members of the Board of Directors and Group Management whenever it sees need for action.

The fees for the members of the Board of Directors remained unchanged in 2022 compared to the previous year, after they were adjusted for the first time since 2011 at the request of the Nomination and Compensation Committee in 2021, valid from the 2021 Annual General Meeting, see the detailed explanations in the section "Compensation policy - Board of Directors" on page 69 of the Compensation Report 2021. *https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html?L=2*

The compensation model for the Group Management was reviewed at the beginning of 2022, whereby the structure was retained and from 2022 individual target achievement also linked to ESG criteria, see details on page 71. No separate analysis was carried out for the amounts paid out to the members of the Group Management in the reporting year 2022.

Performance management process
The actual compensation paid to the individual members of Group Management in a given financial year is based on the company's results and on personal performance. Individual performance is assessed as part of the annual management by objectives (MBO) process.

The Chairman of the Board of Directors, together with the CEO, sets the objectives (MBO) for the CEO, which will be reviewed by the Nomination and Compensation Committee. The objectives for the CFO are agreed between the CEO and CFO. The respective performance is assessed against these objectives at the end of the year. In evaluating performance, the achievement of individual objectives and other factors such as the extent to which the executives have carried out their duties in line with the company's values and the expected leadership qualities are also considered. The individual performance assessments and the company's results form the basis for determining the compensation actually paid out.

MBO process and determination of compensation:

Report of the Statutory Auditor

To the General Meeting of Schweiter Technologies AG, Steinhausen

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of Schweiter Technologies AG (the Company) for the year ended 31 December 2022. The audit is limited to the information provided in the tables on page 74 to 75 in accordance with the articles 14 to 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies and to the information regarding compensation for former members of governing and executive bodies or parties related to them and regarding loans and advances on page 78 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the Remuneration Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

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

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables on page 74 to 75 and to the information regarding compensation for former members of governing and executive bodies or parties related to them and regarding loans and advances on page 78 in the Remuneration Report, the consolidated financial statements, the 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. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibilities for the Audit of the Remuneration Report

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

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

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

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

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

KPMG AG

Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

Kevin Aregger
Licensed Audit Expert

Zug, 3. March 2023

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS (IN CHF M)	31 December 2022	%	31 December 2021	%	
CURRENT ASSETS					
Cash and cash equivalents	85.9		123.1		
Trade receivables	171.3		189.3		1
Current income tax receivables	3.7		2.7		
Advances to suppliers	5.1		3.7		
Other receivables	18.6		18.0		
Prepaid expenses and accrued income	5.6		5.3		
Inventories	213.6		215.8		2
Total current assets	**503.8**	**46.5**	**557.9**	**48.8**	
NON-CURRENT ASSETS					
Property, plant and equipment	333.4		325.0		3
Biological assets	41.0		37.9		4
Investments in associated companies	19.7		17.3		5
Financial assets	2.2		0.8		
Deferred tax assets	10.0		19.9		22
Intangible assets (incl. goodwill)	174.2		184.3		6
Total non-current assets	**580.5**	**53.5**	**585.2**	**51.2**	
Total assets	**1 084.3**		**1 143.1**		

LIABILITIES AND SHAREHOLDERS' EQUITY (IN CHF M)					
LIABILITIES					
Current financial liabilities	52.1		9.2		7
Trade payables	65.7		79.2		
Prepayments received from customers	5.3		4.5		
Other payables	10.5		11.8		
Accrued expenses and deferred income	53.9		64.2		8
Current provisions	5.0		5.6		13
Current income tax payables	13.6		18.1		
Total current liabilities	**206.1**	**19.0**	**192.6**	**16.8**	
Non-current financial liabilities	29.5		32.2		9
Deferred tax liabilities	28.9		31.5		22
Non-current provisions	12.0		14.6		13
Employee benefits	55.0		95.6		12
Total non-current liabilities	**125.4**	**11.6**	**173.9**	**15.2**	
Total liabilities	**331.5**	**30.6**	**366.5**	**32.1**	
SHAREHOLDERS' EQUITY					
Share capital	1.4		1.4		14
Retained earnings	847.0		844.2		
Currency translation adjustments	−95.6		−69.0		
Total shareholders' equity	**752.8**	**69.4**	**776.6**	**67.9**	
Total liabilities and shareholders' equity	**1 084.3**		**1 143.1**		

CONSOLIDATED INCOME STATEMENT

(in CHF m)	2022	%	2021	%	
Net sales	**1 197.7**	**100.0**	**1 226.9**	**100.0**	16
Change in inventories of semi-finished and finished goods	−8.2	−0.7	33.0	2.7	
Material expenses	−671.1	−56.0	−678.3	−55.3	
Personnel expenses	−223.8	−18.7	−230.0	−18.7	
Other operating expenses	−217.7	−18.2	−211.8	−17.3	17
Other operating income	8.6	0.7	11.7	1.0	18
Depreciation and amortization	−43.0	−3.6	−40.2	−3.3	19
Operating result (EBIT)	**42.5**	**3.5**	**111.3**	**9.1**	
Financial income	0.2	0.0	0.3	0.0	20
Financial expenses	−7.3	−0.6	−5.2	−0.4	21
Share of result of associated companies	1.4	0.1	1.9	0.2	5
Income before taxes	**36.8**	**3.1**	**108.3**	**8.8**	
Income taxes	−7.7	−0.6	−23.9	−1.9	22
Net income	**29.1**	**2.4**	**84.4**	**6.9**	
EARNINGS PER SHARE (IN CHF)					24
– undiluted	20.3		59.0		
– diluted	20.3		59.0		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in CHF m)	2022	2021
Net income	**29.1**	**84.4**
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the statement of income:		
– Exchange differences on translation of foreign operations	−26.6	4.9
– Tax effects	0.0	0.0
Exchange differences reclassified to the statement of income	0.0	0.0
Total	**−26.6**	**4.9**
Items that will not be reclassified subsequently to the statement of income:		
– Revaluation of defined benefit plans	39.4	9.1
– Tax effects	−8.3	−2.5
Total	**31.1**	**6.6**
Total other comprehensive income	**4.5**	**11.5**
Comprehensive income	**33.6**	**95.9**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in CHF m)	2022	2021	Note
Net income	**29.1**	**84.4**	
Depreciation and amortization	43.0	40.2	19
Change in provisions and employee benefits	−1.2	−0.6	
Gain from sale of property, plant and equipment	−1.1	−1.4	
Other positions not impacting cash	−5.1	−7.5	
Financial income and share of result of associated companies	−1.6	−2.2	20
Financial expenses	7.3	5.2	21
Income taxes	7.7	23.9	22
Change in working capital			
– Change in trade receivables	11.2	−2.7	
– Change in other receivables and prepaid expenses	−3.6	0.4	
– Change in inventory and work in progress	−5.9	−45.4	
– Change in trade payables	−10.8	25.8	
– Change in other liabilities and deferred income	−6.7	−0.8	
Income taxes paid	−14.1	−36.5	
Cash flow from operating activities	**48.2**	**82.8**	
Purchase of subsidiaries	−2.0	0.0	
Purchase of associated companies	−2.5	−15.4	5
Purchase of property, plant and equipment	−50.5	−42.2	
Proceeds from sale of property, plant and equipment	1.6	4.6	
Purchase of intangible assets	−0.4	−0.6	
Repayment of financial assets	0.7	0.0	
Increase in financial assets	−1.1	−0.2	
Interest received	0.2	0.3	
Cash flow from investing activities	**−54.0**	**−53.5**	
Repayment of lease liabilities	−11.2	−10.4	
Increase in financial liabilities	43.0	0.2	
Interest paid	−2.4	−2.7	
Dividend paid	−57.3	−57.3	14
Cash flow from financing activities	**−27.9**	**−70.2**	
Currency exchange differences on cash and cash equivalents	−3.5	0.3	
Change in cash and cash equivalents	**−37.2**	**−40.6**	
Cash and cash equivalents as of 1 January	123.1	163.7	
Cash and cash equivalents as of 31 December	**85.9**	**123.1**	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in CHF m)	Share capital	Retained earnings	Currency translation adjustments	Total share-holders' equity	
Balance as of 1 January 2021	**1.4**	**810.5**	**−73.9**	**738.0**	
Net income		84.4		84.4	
Other comprehensive income		6.6	4.9	11.5	
Comprehensive income		**91.0**	**4.9**	**95.9**	
Share-based remuneration		0.0		0.0	15
Dividend		−57.3		−57.3	
Balance as of 31 December 2021	**1.4**	**844.2**	**−69.0**	**776.6**	
Net income		29.1		29.1	
Other comprehensive income		31.1	−26.6	4.5	
Comprehensive income		**60.2**	**−26.6**	**33.6**	
Share-based remuneration		−0.1		−0.1	15
Dividend		−57.3		−57.3	
Balance as of 31 December 2022	**1.4**	**847.0**	**−95.6**	**752.8**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL

Schweiter Technologies AG is a company established under Swiss law domiciled in Steinhausen.

The main activities include the development, production and worldwide distribution of extruded and cast plastic sheets, composite panels and core materials for composite structures.

ACCOUNTING PRINCIPLES

Schweiter Technologies AG prepares its consolidated financial statements in accordance with the principles of the International Financial Reporting Standards (IFRS) on the basis of historical acquisition values with the exception of "financial assets at fair value through profit or loss", which are stated at fair value. In addition, it presents the information required by Swiss company law.

ADOPTION OF NEW OR REVISED ACCOUNTING POLICIES

The following new or revised standards and interpretations of the International Accounting Standards Board (IASB) were applied for the first time for the financial year beginning 1 January 2022:

Amendments to standards

IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1
IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1
Miscellaneous	Amendments resulting from the Annual Improvement Projects	1

[1] There are no or no material effects on the consolidated financial statements of Schweiter Technologies

ISSUED STANDARDS NOT YET ADOPTED

The following new and revised standards and interpretations are issued by the IASB. These standards were not effective for the reporting period and have not been early adopted in the present consolidated financial statements.

The following table shows the impact estimated by the Executive Management:

New standards

		Effective for annual periods beginning on or after	Planned adoption by Schweiter Technologies	
IFRS 17	Insurance contracts	1 January 2023	Financial year 2023	1

[1] No or no material effects are expected on the consolidated financial statements of Schweiter Technologies

Amendments to standards

IAS 1	Disclosure of Accounting Policies	1 January 2023	Financial year 2023	1
IAS 8	Definition of Accounting Estimate	1 January 2023	Financial year 2023	1
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	Financial year 2023	1
IFRS 16	Lease liability in a sale-and-leaseback-transaction	1 January 2024	Financial year 2024	1
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024	Financial year 2024	1
IAS 1	Long-term debts with covenants	1 January 2024	Financial year 2024	1

[1] No or no material effects are expected on the consolidated financial statements of Schweiter Technologies

BASIS OF CONSOLIDATION

The consolidated financial statements, comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, as well as the consolidated statement of cash flows, the consolidated statement of changes in equity and notes, are based on the annual statements of the companies included as of 31 December 2022 and 31 December 2021. The statements of the individual companies, which follow local requirements and customary practices, have been adapted to IFRS on the basis of standard Group-wide accounting and valuation principles and have been combined into the consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of Schweiter Technologies AG include all entities that are controlled by the Group. The Group controls another entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Newly acquired companies are consolidated starting from the date of acquisition. The results of companies disposed of are included up until the date of the sale.

Entities over which the Group has significant influence (generally companies in which the Group holds more than 20% of voting rights, but not more than 50%) are accounted for using the equity method, provided there is no possibility to exercise control in some other way. They are reported in the balance sheet at acquisition value, adjusted for dividend payments and the Group’s shares in the accumulated comprehensive income after the acquisition.

Business combinations are accounted for using the acquisition method. The assets and liabilities of newly acquired companies are measured at their fair value at the time of acquisition. All intercompany transactions and balances between Group companies are eliminated in full. The individual financial statements of the Group companies as of 31 December are prepared using uniform accounting policies.

The goodwill is tested annually for impairment or whenever there are impairment indicators. Any impairment is immediately recognized as an expense and will never be reversed. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement as other operating income.

CHANGES IN THE SCOPE OF CONSOLIDATION

Changes in financial year 2022:

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

Changes in financial year 2021:

Foundations:
As of 5 October 2021, Airex Poland Sp. z o.o. was founded.

SCOPE OF CONSOLIDATION

The following companies were fully consolidated as of 31 December:

Company	Purpose	Share capital in 1000s		Investments 2022	Investments 2021
Schweiter Technologies AG Steinhausen, Switzerland	Holding company	CHF	1 432	–	–
3A Composites Holding AG Steinhausen, Switzerland	Holding company	CHF	10 000	100 %	100 %
3A Composites International AG Steinhausen, Switzerland	Management	CHF	100	100 %	100 %
Airex AG Sins, Switzerland	Production and distribution	CHF	5 000	100 %	100 %
3A Composites Mobility AG Altenrhein, Switzerland	Production and distribution	CHF	1 000	100 %	100 %
3A Composites Germany GmbH Singen, Germany	Holding company	EUR	25	100 %	100 %
3A Composites Holding Germany GmbH Singen, Germany	Holding company	EUR	25	100 %	100 %
3A Composites GmbH Osnabrück, Germany	Production and distribution	EUR	2 556	100 %	100 %
Polycasa GmbH Mainz, Germany	Production and distribution	EUR	26	100 %	100 %
Polycasa Service GmbH Mainz, Germany	Property management	EUR	26	100 %	100 %
Polycasa Nischwitz GmbH Nischwitz, Germany	Production and distribution	EUR	562	100 %	100 %
Polycasa Holdings GmbH Mainz, Germany	Holding company	EUR	25	100 %	100 %
Foamalite Ltd. Loch Gowna, Ireland	Production and distribution	EUR	1 905	100 %	100 %
Athlone Extrusions Ltd. Athlone, Ireland	Production and distribution	EUR	0.001	100 %	100 %
Athlone Extrusions (UK) Ltd. Birmingham, United Kingdom	Distribution	GBP	0.002	100 %	100 %
Perspex International Ltd. Darwen, United Kingdom	Production and distribution	GBP	0.1	100 %	100 %
Perspex Distribution Ltd. Darwen, United Kingdom	Distribution	GBP	1	100 %	100 %
Polycasa N.V. Geel, Belgium	Distribution	EUR	91 709	100 %	100 %
Polycasa Spain S.A.U. Montcada i Reixac, Spain	Production and distribution	EUR	12 188	100 %	100 %

Company	Purpose	Share capital in 1000s		Investments 2022	Investments 2021
Polycasa Slovakia sro Žilina, Slovakia	Production and distribution	EUR	4 485	100 %	100 %
Polycasa Ltd. Leeds, United Kingdom	Distribution	GBP	11 400	100 %	100 %
Polycasa sro Príbram, Czech Republic	Production and distribution	CZK	100	100 %	100 %
Polycasa France SA Paris, France	Distribution	EUR	1 779	100 %	100 %
3A Composites Mobility SA Mielec, Poland	Production and distribution	PLN	4 124	100 %	100 %
Airex Poland Sp. z o.o. Goleniów, Poland	Production and distribution	PLN	10	100 %	100 %
3A Composites Holding Inc. Wilmington, DE, USA	Holding company	USD	0.1	100 %	100 %
Baltek Inc. Wilmington, DE, USA	Production and distribution	USD	0.05	100 %	100 %
3A Composites USA Inc. St. Louis, MI, USA	Production and distribution	USD	1	100 %	100 %
3A Composites Asia Pacific Pte. Ltd. Singapore	Distribution	USD	45 114	100 %	100 %
PT. Alucobond Far East Indonesia Tangerang, Indonesia	Distribution	IDR	2 500 000	100 %	100 %
3A Composites Malaysia Sdn. Bhd. Kuala Lumpur, Malaysia	Distribution	MYR	0.001	100 %	100 %
Alucobond Asia Pacific Management (Shanghai) Ltd., China	Management	USD	2 500	100 %	100 %
3A Composites (China) Ltd. Shanghai, China	Production and distribution	USD	10 000	100 %	100 %
Alucobond Composites (Jiangsu) Ltd. Changzhou, China	Production and distribution	USD	10 000	100 %	100 %
Airex Composites Ltd. Changzhou, China	Production and distribution	USD	12 000	100 %	100 %
3A Composites India Pte. Ltd. Mumbai, India	Production and distribution	INR	70 098	100 %	100 %
3A Composites PNG Ltd. Kokopo, Papua New Guinea	Production and distribution	PGK	35 700	100 %	100 %
Plantaciones de Balsa Plantabal S.A. Guayaquil, Ecuador	Production	USD	69 849	100 %	100 %
PGS Ecuador S.A. Quevedo, Ecuador	Production and distribution	USD	80	100 %	100 %

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in Swiss francs (CHF). The Swiss franc is both the functional and the reporting currency of Schweiter Technologies AG. The income statement and statement of cash flows of foreign entities are translated at annual average exchange rates. Year-end exchange rates are used to translate the balance sheet while the equity is translated at historical exchange rates.

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the time of the transaction. Foreign exchange differences arising from such transactions as well as from the translation of monetary assets and liabilities denominated in foreign currencies maintained at the closing date are recognized in the income statement.

Foreign exchange differences arising from long-term intercompany loans that form part of the net investment in a foreign operation are recognized in other comprehensive income. Foreign exchange differences that were recorded in equity are recognized in the income statement when the Group loses control over a foreign operation.

The following main foreign currency rates have been applied:

				Year-end rate 31.12. for the balance sheet		Average rate for the income statement	
				2022	2021	2022	2021
USA	Dollar	USD	1	0.924	0.913	0.955	0.914
EU	Euro	EUR	1	0.989	1.038	1.005	1.081
GB	Pound	GBP	1	1.118	1.233	1.179	1.258
China	Yuan	CNY	1	0.134	0.143	0.142	0.142
India	Rupee	INR	100	1.116	1.226	1.216	1.237

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenues are recognized in accordance with the requirements of IFRS 15 Revenues from Contracts with Customers. The revenues mainly contain physical sale of goods from the own production. The sales are recognized at the point in time when the power of disposal of the products is transferred in accordance with the agreed conditions and Incoterms. The sale usually comprises a single performance obligation and is based almost exclusively on fixed prices without variable consideration.

As in prior years, it is common in the industry to grant revenue-related reimbursements to individual distribution customers. This reimbursement is included in the revenues and is calculated using the most likely amount.

Rental income is recognized over time according to the underlying rental agreements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, postal and bank account balances and money market investments with maturities up to 3 months.

TRADE RECEIVABLES

Trade receivables are recognized in accordance with the requirements of IFRS 9 Financial instruments.

The value adjustment of receivables is based on the assessment of future defaults. Known risks are individually impaired while the general allowance is based on historical experience and an estimate of the current circumstances and future potential losses. The assessment includes the expected economic conditions as well as the future financial performance of the contracting party.

INVENTORIES

Purchased goods are reported at acquisition costs, self-produced goods are measured at production costs. If the realizable value is lower, corresponding value adjustments are made. The production costs comprise of raw material costs, direct labor costs, other direct costs and related production overhead costs.

Inventories are measured using the weighted average costs method. For non-marketable parts held in inventory an appropriate allowance is recognized on the basis of inventory turnover. Intercompany profits in inventory are eliminated through the income statement.

The valuation of inventories includes estimates in respect to the recoverability based on the expected consumption of the article in question. The value adjustment on inventories is calculated based on an assessment of volume risks, technical risks, and price-related risks. Where necessary the parameters are adjusted.

PROPERTY, PLANT AND EQUIPMENT

Land is measured at acquisition cost. Impairments are recognized for any decrease in value which has occurred. Buildings, machinery, vehicles, and operating equipment are measured at acquisition costs less accumulated depreciation. Depreciation is calculated using the straight-line method over the following estimated useful life:

Land[1]	no depreciation
Buildings[1]	20 to 40 years
Conversions and installation[1]	10 years or period of rental
Machinery & tools	5 to 15 years
Furnishings	8 to 10 years
Computer systems	3 to 5 years
Vehicles	3 to 8 years
Assets under construction	no depreciation

[1] Summarized in "Land and buildings" in the statement of changes in property, plant and equipment

The right-of-use assets are depreciated over the lease term or, if shorter, over the useful life.

BIOLOGICAL ASSETS

3A Composites uses and processes balsa wood cultivated at its own plantations.

Biological assets are measured at their fair value less cost to sell in accordance with IFRS 13 and IAS 41. As there is no active and liquid market for the standing balsa trees, the fair value of the biological assets is determined by qualified staff employed by 3A Composites using generally accepted modeling methods, which comprise a net present value (NPV) technique to discount the future cash flows.

The NPV is calculated as the net of the future cash inflows and outflows associated with balsa plantation activities up to the time of anticipated harvesting, discounted back to current values at an appropriate discount rate.

Key assumptions underlying the NPV calculation (level 3 valuation) are:
- expected volumes of merchantable timber at the anticipated harvest time
- expected market prices
- expected plantation maintenance costs until the harvest time
- expected harvesting, sawmilling and transportation costs
- discount rate

GOODWILL

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed.

OTHER INTANGIBLE ASSETS

Other intangible assets are stated at acquisition costs and amortized on a straight-line basis over their estimated useful life. Development costs are charged to the income statements where the conditions for capitalization according to IAS 38 are not satisfied. The estimated useful life is as follows:

Software	3 to 5 years
Patents	lifespan of patents
Acquired customer relationships	3 to 5 years
Acquired brand names	unlimited

Since no end to the useful life of the protected brand names AIREX®, AKRYLON®, ALUCOBOND®, BALTEK®, DIBOND®, GATOR®, KAPA® and PERSPEX® is foreseeable, they are defined as assets with an indefinite useful life. Accordingly, the asset is not amortized but tested at least annually for impairment.

IMPAIRMENT

Impairments of assets are recognized in accordance with the requirements of IAS 36 Impairment of assets.

The test for impairment is calculated on the basis of the smallest cash-generating unit.

PROVISIONS

Provisions are recognized in accordance with the requirements of IAS 37 Provisions, contingent liabilities and contingent assets.

LEASES

Leases are recognized in accordance with the requirements of IFRS 16 Leases. All leases and the associated contractual rights and obligations are recognized in the lessee's balance sheet.

The lease liability is initially measured at the present value of future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an incremental borrowing rate. Generally, a regional-specific incremental borrowing rate is used.

For leases with terms not exceeding twelve months and for leases of low-value assets, the Group has exercised the optional application exemptions. The lease payments under these contracts are generally recognized on a straight-line basis over the lease term as other operating expenses. The Group is using the option and recognizes all lease and non-lease components as a lease. A single discount rate is applied to a portfolio of leases with similar characteristics.

Some property leases contain extension options exercisable before the end of the non-cancellable contract period. At the commencement date, it is assessed whether it is reasonably certain to exercise the extension option.

If the expected lease payments change as a result of index-linked considerations, for example, or on the basis of new assessments of contractual options, the liability is remeasured. The adjustment to the new carrying amount generally takes place with no impact on profit or loss, with a corresponding adjustment to the right-of-use asset.

Lease arrangements in which Schweiter Technologies is the lessor are classified as operating leases. The leased asset continues to be presented on the balance sheet and the lease payments are generally recognized as income on a straight-line basis over the lease term.

GOVERNMENT GRANTS

Government grants are recognized in accordance with the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

INCOME TAXES

Income taxes comprise the tax expense in respect of all recognized profits for the reporting period. They include current and deferred income taxes. Current income taxes are calculated on taxable profit. Income taxes are recognized in profit or loss except to the extent that they relate to a business combination, or are items recognized directly in equity or in other comprehensive income.

Deferred taxes are calculated according to the balance sheet liability approach. Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future. Deferred income tax assets and liabilities are measured using enacted, or substantively enacted, tax rates anticipated to apply to taxable income in the periods in which the temporary differences are expected to be recovered or settled.

EMPLOYEE BENEFITS

Within the Group, a number of different pension plans are in place in compliance with the relevant legal requirements. These include defined benefit and defined contribution plans, retiree medical plans and other long-term benefits. The obligations for employee benefits are determined and recognized in accordance with the requirements of IAS 19 Employee Benefits.

For defined benefit pension plans, pension costs are calculated on the projected unit credit method. Valuations are calculated annually by independent actuaries.

The pension obligations or pension plan assets recognized in the consolidated financial statements correspond to the surpluses or shortfalls of the defined benefit pension plans. However, the pension plan assets recognized are limited to the present value of the economic benefit to the Group from future reductions in contributions or refunds.

Actuarial gains and losses are recognized in other comprehensive income and cannot be recycled. Service costs including current service costs and net interest expenses are recognized in the income statement. Employer’s contributions to defined contribution pension plans are recognized under personnel expenses at the time when the employee becomes entitled to them.

Obligations resulting from termination of employment are recognized at the stage when the Group no longer has any other option but to finance the benefits offered. In any event, the expense will be recognized at the latest at the stage when the other restructuring expenses are also recognized.

For other long-term benefits, the present value of the obligation is recognized on the balance sheet date. Changes in the present value are recognized directly in the income statement as personnel expenses.

FINANCIAL RISK MANAGEMENT

Market risks and risk management basic principles
The Group is subject to market risks, credit risks and liquidity risks. The market risks consist primarily of foreign currency risks and, to a lesser degree, interest rate risks. There are no significant price risks.

The Board of Directors is responsible for overseeing the Group’s internal controlling systems which monitor, but cannot rule out, the risk of inadequate business performance. These systems provide appropriate, though not absolute, security against significant inaccuracies and material losses. Management is responsible for identifying and assessing the significant risks.

In addition to quantitative approaches and formal guidelines – which are only part of a comprehensive risk management approach – it is also considered important to establish and maintain a corresponding risk management culture.

In particular bank balances, trade receivables and payables and interest-bearing liabilities are considered to be financial instruments. The carrying amounts of bank balances, trade receivables and payables are largely the same as their fair value.

Foreign currency risk

As the Group engages in international operations, it is exposed to exchange rate risks. These risks relate primarily to the Euro and the US Dollar. Some forward exchange transactions are used to hedge exchange rate risks. These instruments are not used for speculative purposes. Foreign currency risks arising from the conversion of items in the income statements and balance sheets of foreign Group companies are not hedged.

If the Swiss franc had been 5% stronger/weaker against the Euro [US Dollar] on 31 December 2022 with all other variables unchanged, after conversion of the financial assets and liabilities into Swiss francs, the pre-tax result of the Schweiter Technologies Group would have been higher/lower by CHF 2.8 million [CHF 1.8 million] (previous year: CHF 2.6 million [CHF 1.6 million]) and shareholders' equity would have been lower/higher by CHF 9.4 million [CHF 5.2 million] (previous year: CHF 9.9 million [CHF 5.1 million]).

Interest rate risks

As the Group had only small outside financing and had a diversified portfolio of cash and cash equivalents as of 31 December 2022, there are no material interest rate risks.

Interest rate risks arise from changes in interest rates which have negative repercussions on the Group's asset and earnings situation. Interest rate fluctuations lead to changes in interest income and interest expense on interest-bearing assets and liabilities.

A 1%-point rise or fall in interest rates would increase/reduce the interest result by around CHF 0.0 million (previous year: CHF 0.8 million).

Credit risks

- Cash and cash equivalents: As a component of risk policy, the Group's cash and cash equivalents are invested with various first-class banks, mainly in the form of term deposits or current account balances. The Group is exposed to credit risks in the event of banks failing to fulfill their obligations. The banks' credit ratings are regularly reviewed, as are the sums invested with each bank.
- Receivables: There is no concentration of credit risks relating to trade accounts receivable. To minimize default risks, additional collateral (e.g. irrevocable confirmed documentary credits, bank guarantees, credit risk insurances, etc.) is agreed upon where appropriate based on specific industry, country and customer analysis. The Group carries out constant checks on customers' creditworthiness and does not have any major concentrations of default risks. The maximum credit risk corresponds to the book value of the asset.

Liquidity risk

To meet their obligations, the Group companies require sufficient liquidity. In order to meet the corresponding liabilities, the Group has cash and cash equivalents and unused credit lines. As of 31 December 2022 and 31 December 2021, the Group's financial liabilities have the following due dates. The information is calculated on the basis of the terms to maturity within the balance sheet and the contractually agreed interest and repayment figures.

Financial liabilities: carrying amount and cash outflows

2022 (IN CHF M)	Carrying amount 31.12.2022	Cash outflows Total	Up to 1 year	1 to 5 years	More than 5 years
Current financial liabilities	43.1	43.7	43.7		
Current lease liabilities	9.0	9.5	9.5		
Trade payables	65.7	65.7	65.7		
Other liabilities	6.0	6.0	6.0		
Non-current financial liabilities	0.4	0.4		0.2	0.2
Non-current lease liabilities	29.1	35.9		26.9	9.0
Total	**153.3**	**161.2**	**124.9**	**27.1**	**9.2**

2021 (in CHF m)	Carrying amount 31.12.2021	Cash outflows Total	Up to 1 year	1 to 5 years	More than 5 years
Current financial liabilities	0.1	0.1	0.1		
Current lease liabilities	9.1	11.1	11.1		
Trade payables	79.2	79.2	79.2		
Other liabilities	7.8	7.8	7.8		
Non-current financial liabilities	0.4	0.4		0.2	0.2
Non-current lease liabilities	31.8	39.3		26.8	12.5
Total	**128.4**	**137.9**	**98.2**	**27.0**	**12.7**

Capital management

As part of its capital management, the Group's aim is to secure current financial requirements for the continuation of the business and to provide the necessary resources to achieve its growth targets.

The Group manages the capital structure and makes adjustments in light of changes in economic conditions, business activities, the investment and expansion program, and the risks posed by the underlying assets. To manage the capital structure, the Group can adjust dividend payments, make capital repayments to shareholders, issue new shares, increase its borrowing or sell assets to reduce debts.

The equity presented corresponds to the economic equity. There are no debt capital instruments which can be viewed as equity from an economic point of view. Given the envisaged acquisitions, the Board of Directors considers the level of equity to be appropriate.

Fair Value Measurement

IFRS 13 Fair Value Measurement requires the disclosure of fair value measurements for financial instruments and the classification in accordance with the fair value measurement hierarchy.

The fair value hierarchies are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

ASSUMPTIONS AND USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities as well as contingent liabilities and contingent assets at the date of the financial statements, and which also affect expenses and revenues in the reporting period.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. The actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and adjusted if necessary. Such changes are recognized in the income statement in the period in which the estimate is revised.

The key assumptions are described below.

Biological assets
Biological assets are measured at their fair value less cost to sell using a net present value (NPV) technique (level 3 valuation). Key assumptions underlying the NPV calculation are:
- expected volumes of merchantable timber at the anticipated harvest time
- expected market prices
- expected plantation maintenance costs until the harvest time
- expected harvesting, sawmilling and transportation costs
- discount rate

Property, plant and equipment, goodwill and intangible assets
In accordance with the requirements of IAS 36 Impairment of assets, goodwill and brand names with an indefinite useful lifetime are reviewed annually for impairment. Property, plant and equipment and other intangible assets are reviewed when there are signs of impairment. The underlying key estimates are:
- future cash flows
- discount rate

Income taxes
Significant estimates are required in determining the current and deferred assets and liabilities for income taxes. The estimates are based on the published tax laws and regulations.

Some subsidiaries generate tax losses. Often these can be used to offset taxable gains of subsequent periods. Tax losses and deductible temporary differences are only capitalized as deferred tax assets to the extent, that it is probable, that future profits will be generated against which the corresponding assets can be used for tax purposes. The book value of the deferred tax assets is reviewed each closing date and reduced to the extent, that it is no longer probable, that there will be sufficient future taxable profits.

Pension plans
Most Schweiter Technologies employees participate in post-employment pension schemes treated as defined benefit plans in accordance with IAS 19 Employee Benefits. The calculations of the recognized assets and liabilities from such plans are based upon statistical and actuarial calculations. The main assumptions amongst others are:
- discount rates
- future salary increases
- life expectancy
- future pension increases

The actuarial assumptions used may have an impact on the assets and liabilities of pension schemes recognized in the balance sheet as well as in the other comprehensive income in future reporting periods.

Provisions

Provisions are recognized when a cash outflow from a present obligation is probable and a reliable estimate of the amount is possible. These assessments are periodically reviewed and adjusted if necessary.

Some Group companies are exposed to litigation. Based on current knowledge, management has made an assessment of the possible impact of these legal cases.

OPERATING SEGMENTS

In line with the management structure and the procedures for reporting to Management and the Board of Directors, the only operating segment consists of the operationally active division 3A Composites. The 3A Composites division is managed as an operating segment.

The Group's chief operating decision maker is the Board of Directors of Schweiter Technologies AG. There are no differences between the accounting and valuation principles applied to segment reporting and those applied to the consolidated financial statements. Geographical information is broken down into the regions Europe, Americas, Asia, and the rest of the world. The geographical allocation of net sales is based on the domicile of the customers, that of the assets is based on the domicile of the Group companies.

OPERATING SEGMENTS AND GEOGRAPHICAL INFORMATION

Operating segments 2022

Operations (in CHF m)	3A Composites	Other/Eliminations	Group	
Net sales	1 197.7	0.0	1 197.7	
Depreciation and amortization	−40.0	0.0	−40.0	19
Impairment	−3.0	0.0	−3.0	19
Operating result (EBIT)	**45.0**	**−2.5**	**42.5**	
Financial income			0.2	
Financial expenses			−7.3	
Share of result of associated companies			1.4	
Income before taxes			**36.8**	
Income taxes			−7.7	
Net income			**29.1**	
Capital expenditure in property, plant and equipment	50.7	0.0	50.7	
Capital expenditure in intangible assets	0.4	0.0	0.4	
Total capital expenditure	**51.1**	**0.0**	**51.1**	
Assets	1 082.4[1]	1.9	1 084.3	
Liabilities	627.1	−295.6	331.5	
Employees as of 31 December	4 248	7	4 255	

1 thereof investments in associated companies: CHF 19.7 million

Geographical information 2022

Regions (in CHF m)	Europe	Americas	Asia	Other	Total
Net sales[1]	692.5	337.3	132.8	35.1	1 197.7
Non-current assets[2]	360.8	145.8	32.2	12.0	550.8

1 Net sales in Switzerland are insignificant
2 Non-current assets exclude deferred tax assets and investments in associated companies

Information on major customers 2022

There are no individual customers who account for more than 10% of Group’s net sales.

Operating segments 2021

Operations (in CHF m)	3A Composites	Other/Eliminations	Group	
Net sales	1 226.9	0.0	1 226.9	
Depreciation and amortization	–38.9	0.0	–38.9	19
Impairment	–1.3	0.0	–1.3	19
Operating result (EBIT)	**114.6**	**–3.3**	**111.3**	
Financial income			0.3	
Financial expenses			–5.2	
Share of result of associated companies			1.9	
Income before taxes			**108.3**	
Income taxes			–23.9	
Net income			**84.4**	
Capital expenditure in property, plant and equipment	43.9	0.0	43.9	
Capital expenditure in intangible assets	0.6	0.0	0.6	
Total capital expenditure	**44.5**	**0.0**	**44.5**	
Assets	1 131.9[1]	11.2	1 143.1	
Liabilities	658.2	–291.7	366.5	
Employees as of 31 December	4 436	7	4 443	

1 thereof investments in associated companies: CHF 17.3 million

Geographical information 2021

Regions (in CHF m)	Europe	Americas	Asia	Other	Total
Net sales[1]	774.9	271.8	143.4	36.8	1 226.9
Non-current assets[2]	359.1	141.7	39.3	7.9	548.0

1 Net sales in Switzerland are insignificant
2 Non-current assets exclude deferred tax assets and investments in associated companies

Information on major customers 2021
There are no individual customers who account for more than 10% of Group’s net sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. TRADE RECEIVABLES

(in CHF m)	2022	2021
Total trade receivables	180.6	198.9
– less allowance for doubtful accounts	−9.3	−9.6
Total trade receivables – net	**171.3**	**189.3**

Age analysis of trade receivables:

2022 (IN CHF M)	Gross 31.12.2022	Bad debt allowance 31.12.2022	Net 31.12.2022
Not due	150.8	−1.3	149.5
Overdue up to one month	16.5	−0.7	15.8
Overdue between 1 and 2 months	2.9	−0.5	2.4
Overdue between 2 and 3 months	0.5	−0.1	0.4
more than 3 months overdue	9.9	−6.7	3.2
Total overdue	29.8	−8.0	21.8
Total	**180.6**	**−9.3**	**171.3**

2021 (in CHF m)	Gross 31.12.2021	Bad debt allowance 31.12.2021	Net 31.12.2021
Not due	173.3	−1.7	171.6
Overdue up to one month	14.2	−0.5	13.7
Overdue between 1 and 2 months	3.1	−0.9	2.2
Overdue between 2 and 3 months	0.5	−0.1	0.4
more than 3 months overdue	7.8	−6.4	1.4
Total overdue	25.6	−7.9	17.7
Total	**198.9**	**−9.6**	**189.3**

Changes in the value adjustment for doubtful accounts:

(in CHF m)	2022	2021
Balance as of 1 January	−9.6	−9.3
Bad debt allowance used	0.5	0.2
Bad debt allowance released	1.7	1.7
Bad debt allowance increased	−2.4	−2.0
Exchange rate differences	0.5	−0.2
Balance as of 31 December	**−9.3**	**−9.6**

The credit risks were taken into account by means of appropriate bad debt allowances.

2. INVENTORIES

(in CHF m)	2022	2021
Raw materials and production parts	100.2	94.3
Semi-finished goods and work in progress	30.8	29.3
Finished goods and trading goods	82.6	92.2
Total	**213.6**	**215.8**

The net value of the inventories is after value adjustments of CHF 12.8 million (previous year: CHF 11.3 million). As in prior year, all finished goods are stated at manufacturing cost. The value adjustment was determined on the basis of the turnover and range of the inventories. As in prior year, no reinstatements were recorded as income.

As in previous year, no inventories are encumbered by rights of lien.

3. PROPERTY, PLANT AND EQUIPMENT

2022 (IN CHF M)	Land and buildings	Machinery & tools	IT equipment & furnishings	Vehicles	Assets under construction	Total
COST						
Balance as of 1 January 2022	249.7	379.7	20.8	10.1	39.8	700.1
Additions	13.1	8.4	0.6	1.2	38.9	62.2
Disposals	−6.4	−0.6	−0.7	−1.1	−0.3	−9.1
New classifications	1.9	14.3	0.4	0.1	−16.7	0.0
Exchange rate differences	−6.9	−9.8	−1.0	−0.4	−1.3	−19.4
Balance as of 31 Dec 2022	**251.4**	**392.0**	**20.1**	**9.9**	**60.4**	**733.8**
ACCUMULATED DEPRECIATION						
Balance as of 1 January 2022	−96.5	−255.8	−16.3	−6.3	−0.2	−375.1
Depreciation for the year	−16.8	−18.7	−1.4	−1.7	0.0	−38.6
Impairment	0.0	−3.0	0.0	0.0	0.0	−3.0
Disposals	4.4	0.3	0.7	1.1	0.2	6.7
New classifications	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate differences	2.7	6.0	0.6	0.3	0.0	9.6
Balance as of 31 Dec 2022	**−106.2**	**−271.2**	**−16.4**	**−6.6**	**0.0**	**−400.4**
Net book value 31 Dec 2022	**145.2**	**120.8**	**3.7**	**3.3**	**60.4**	**333.4**
Net book value of pledged property, plant and equipment						0.0

Information on leased property, plant and equipment can be found in note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2021 (in CHF m)	Land and buildings	Machinery & tools	IT equipment & furnishings	Vehicles	Assets under construction	Total
COST						
Balance as of 1 January 2021	234.7	362.6	20.8	9.4	20.9	648.4
Additions	20.8	8.7	1.0	1.6	32.8	64.9
Disposals	–9.9	–1.4	–0.7	–1.0	0.0	–13.0
New classifications	4.1	9.3	0.1	0.0	–13.5	0.0
Exchange rate differences	0.0	0.5	–0.4	0.1	–0.4	–0.2
Balance as of 31 Dec 2021	**249.7**	**379.7**	**20.8**	**10.1**	**39.8**	**700.1**
ACCUMULATED DEPRECIATION						
Balance as of 1 January 2021	–86.3	–236.4	–15.9	–5.2	–0.2	–344.0
Depreciation for the year	–14.9	–19.1	–1.4	–1.9	0.0	–37.3
Impairment	0.0	–1.3	0.0	0.0	0.0	–1.3
Disposals	4.6	0.6	0.6	0.8	0.0	6.6
New classifications	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate differences	0.1	0.4	0.4	0.0	0.0	0.9
Balance as of 31 Dec 2021	**–96.5**	**–255.8**	**–16.3**	**–6.3**	**–0.2**	**–375.1**
Net book value 31 Dec 2021	**153.2**	**123.9**	**4.5**	**3.8**	**39.6**	**325.0**
Net book value of pledged property, plant and equipment						0.0

Information on leased property, plant and equipment can be found in note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BIOLOGICAL ASSETS

The balsa wood which 3A Composites uses as core material for composite material applications in the wind power, marine, automotive and other industrial markets is cultivated and processed at its own plantations in Ecuador and Papua New Guinea.

Balsa (Ochroma pyramidale) is a fast growing tree which can reach heights of up to 30 meters. Balsa is very soft and light and has an open-pored surface structure. It is also very firm and rigid relative to its weight, has excellent fatigue properties, and shows high impact resistance. Balsa bonds very well with all common types of adhesive and can be processed using most standard timber processing techniques.

At the end of 2022, 3A Composites had 145 (previous year: 141) planted plantations with a surface area of 8 582 hectares (previous year: 9 322 ha). This makes 3A Composites the largest plantation owner and balsa wood producer. In 2022, a total of 36 176 008 board feet (previous year: 52 876 081 FBM) of green sawn timber were produced from own plantations. A “board foot” is a unit of volume for timber. The quantity produced is equivalent to 85 366 cubic meters (previous year: 124 774 m^3). Balsa takes an average of five years to grow from seeding to harvesting of trees.

Biological assets are measured at their fair value less cost to sell using a net present value (NPV) technique to discount the net of future cash inflows and outflows associated with forest production activities up to the time of anticipated harvesting to current values at an appropriate discount rate.

Key assumptions underlying the NPV calculation (level 3 valuation) are:

- Expected volumes of merchantable timber at the anticipated harvest time (which is typically about 5 years after seeding) that will be realized from standing trees considering the most recent information of planted areas and current timber recovery rates;
- Expected market prices over a five-year valuation period – derived from the average prices paid for green balsa lumber sourced from independent suppliers, based on an internal assessment of the future price development;
- Expected maintenance costs until the harvest time – derived from the average costs incurred during the last years. Historic inflation rates are considered to forecast the future cost increases;
- Expected harvesting, sawmilling and transportation costs – derived from the average costs paid to independent contractors during the last years. Historic inflation rates are taken into consideration to anticipate future cost increases;
- The discount rate is the weighted average cost of capital (WACC) of the production company derived from the Capital-Asset-Pricing-Model.

If the market value for green lumber had been 5% higher or lower with all other variables unchanged, the value of the biological assets would have been CHF 3.1 million (previous year: CHF 3.1 million) higher or lower.

(in CHF m)	**2022**	2021	
Book value as of 1 January	37.9	34.7	
Gain or loss as a result of change in market value less selling costs	2.0	1.3	18
Increase as a result of growth and maintenance measures	7.8	4.9	
Decrease as a result of harvest	–5.0	–3.5	
Wind damage	–2.1	–0.8	
Exchange rate differences	0.4	1.3	
Book value as of 31 December	**41.0**	**37.9**	

The effects from growth and maintenance measures, harvest as well as wind damage are recognized in material expenses.

The key risks to balsa plantations are wind damage and fungal disease which attack the trunks of the young saplings. In light of risk analyses and cost-benefit calculations, 3A Composites has not taken out any specific insurance policies, but assumes these risks itself.

5. INVESTMENTS IN ASSOCIATED COMPANIES

The Group holds a 40% investment in the associated company JMB Wind Engineering with operations in Poland, Portugal and Brazil. On 27 April 2022, the Group became a 25% shareholder of Swedboard International AB via a direct capital increase. Swedboard International AB, based in Katrineholm, Sweden, is an innovative company, producing and marketing environmentally friendly boards for the graphic display business.

Aggregated information of the associated companies:

(In CHF m)	**2022**	2021
Current assets	28.0	21.1
Non-current assets	10.3	3.0
Total assets	**38.3**	**24.1**
Current liabilities	13.0	9.5
Non-current liabilities	6.9	0.5
Total liabilities	**19.9**	**10.0**
Net assets	**18.4**	**14.1**
Net sales	72.2	52.0
Net income	**3.4**	**4.8**
Book value of the associated companies at year-end	19.7	17.3
Share result recognized by the Group	1.4	1.9

6. INTANGIBLE ASSETS (INCL. GOODWILL)

2022 (IN CHF M)	Goodwill	Patents & brands	Other	**Total**
COST				
Balance as of 1 January 2022	122.1	62.9	41.7	226.7
Additions	0.0	0.0	0.4	0.4
Disposals	0.0	0.0	–0.6	–0.6
Exchange rate differences	–7.2	–1.5	–0.5	–9.2
Balance as of 31 December 2022	**114.9**	**61.4**	**41.0**	**217.3**
ACCUMULATED AMORTIZATION				
Balance as of 1 January 2022	0.0	–8.1	–34.3	–42.4
Amortization for the year	0.0	0.0	–1.4	–1.4
Disposals	0.0	0.0	0.6	0.6
Exchange rate differences	0.0	–0.2	0.3	0.1
Balance as of 31 December 2022	**0.0**	**–8.3**	**–34.8**	**–43.1**
Net book value as of 31 December 2022	**114.9**	**53.1**	**6.2**	**174.2**

Since no end to the useful life of the capitalized brand names AIREX®, AKRYLON®, ALUCOBOND®, BALTEK®, DIBOND®, GATOR®, KAPA® and PERSPEX® is foreseeable and as they are still maintained through marketing activities, they are defined as assets with an indefinite useful life. Brands with an acquisition value of CHF 53.1 million as of the end of December 2022 will therefore not be amortized on a planned basis.

The goodwill and the capitalized brand names with indefinite useful life are allocated to the cash-generating unit (CGU) 3A Composites Division. The CGU represents the lowest level at which goodwill is monitored by management.

The impairment test for the goodwill and the capitalized brand names with indefinite useful life is calculated annually or at the time of changes in circumstances by means of the DCF method. The basis for determining the recoverable amount is value-in-use. An impairment is recognized for the amount by which the book value exceeds the recoverable amount.

The impairment test was calculated using cash flow projections covering a five-year period. Cash flows beyond the five-year period were extrapolated using estimated growth rates. The underlying financial data consists of one budget year and four plan years. The discount rate used for the impairment test is 10.2% (previous year: 8.6%) and the long-term growth rate is 1% (previous year: 1%).

Budgeted cash flows are based on expectations for the market development and the growth rate is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and basically corresponds to the weighted cost of capital.

The value of the goodwill was additionally tested by means of sensitivity analyses. No change in the material assumptions, realistically estimated, leads to the fact that the book value exceeds the recoverable amount.

As in the previous year, no development expenses were capitalized in the year under review. Development expenses amounted to CHF 7.0 million (previous year: CHF 7.5 million).

2021 (in CHF m)	Goodwill	Patents & brands	Other	Total
COST				
Balance as of 1 January 2021	124.5	61.6	41.2	227.3
Additions	0.0	0.0	0.6	0.6
Disposals	0.0	0.0	–0.5	–0.5
Exchange rate differences	–2.4	1.3	0.4	–0.7
Balance as of 31 December 2021	**122.1**	**62.9**	**41.7**	**226.7**
ACCUMULATED AMORTIZATION				
Balance as of 1 January 2021	0.0	–7.7	–33.0	–40.7
Amortization for the year	0.0	0.0	–1.6	–1.6
Disposals	0.0	0.0	0.5	0.5
Exchange rate differences	0.0	–0.4	–0.2	–0.6
Balance as of 31 December 2021	**0.0**	**–8.1**	**–34.3**	**–42.4**
Net book value as of 31 December 2021	**122.1**	**54.8**	**7.4**	**184.3**

7. CURRENT FINANCIAL LIABILITIES

(in CHF m)	2022	2021
Current lease liabilities	9.0	9.1
Current bank loans	43.0	0.0
Other current financial liabilities	0.1	0.1
Total	**52.1**	**9.2**

8. ACCRUED EXPENSES AND DEFERRED INCOME

(in CHF m)	2022	2021
Outstanding volume discounts and customer credits	15.0	14.4
Personnel costs (holidays/flexitime/overtime/bonuses/etc.)	20.2	25.3
Cost of materials/overheads	5.1	6.0
Other accrued expenses and deferred income	13.6	18.5
Total	**53.9**	**64.2**

9. NON-CURRENT FINANCIAL LIABILITIES

(in CHF m)	2022	2021
Non-current lease liabilities	29.1	31.8
Other non-current financial liabilities	0.4	0.4
Total	**29.5**	**32.2**
The maturity of the non-current financial liabilities are as follows:		
– 1 to 5 years	21.9	21.5
– more than 5 years	7.6	10.7
Total	**29.5**	**32.2**

10. LEASES

The main leases are offices and factory facilities, warehouses and land for plantations. These leases typically run for a period of several years. Some leases contain extension options which are exercisable only by the Group companies and not by the lessor. Some leases provide for rent payments that are based on changes in local price indices.

The leases for warehouse and factory facilities were entered as combined leases of land and buildings.

Right-of-use assets

2022 (IN CHF M)	Land and Buildings	IT equipment & furniture	Vehicles	Total
Balance as of 1 January 2022	40.8	0.3	1.8	42.9
Additions	10.3	0.2	1.0	11.5
Depreciation for the year	−10.9	−0.2	−0.9	−12.0
Disposals	−1.9	0.0	0.0	−1.9
Exchange rate differences	−1.2	0.0	−0.2	−1.4
Balance as of 31 December 2022	**37.1**	**0.3**	**1.7**	**39.1**

2021 (in CHF m)	Land and Buildings	IT equipment & furniture	Vehicles	Total
Balance as of 1 January 2021	32.7	0.3	2.1	35.1
Additions	20.1	0.2	0.8	21.1
Depreciation for the year	−9.3	−0.1	−1.1	−10.5
Disposals	−3.0	0.0	0.0	−3.0
Exchange rate differences	0.3	−0.1	0.0	0.2
Balance as of 31 December 2021	**40.8**	**0.3**	**1.8**	**42.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts recognized in income statement

(in CHF m)	2022	2021
Depreciation of right-of-use assets	−12.0	−10.5
Interest expense – leases	−2.1	−2.3
Expenses relating to leases of low-value assets	−0.1	−0.1
Expenses relating to short-term leases	−1.4	−0.9
Income from sub-leasing right-of-use assets	0.0	0.0

The rental income from own assets recognized in the year under review was CHF 0.6 million (previous year: CHF 0.7 million).

Amounts recognized in cash flow statement

(in CHF m)	2022	2021
Total cash-out for leases	−14.8	−13.7

Future minimum lease payments expected to be received under non-cancellable operating leases

(in CHF m)	2022	2021
– due in one year	0.6	0.6
– due in 1 to 2 years	0.6	0.6
– due in 2 to 3 years	0.6	0.6
– due in 3 to 4 years	0.6	0.6
– due in 4 to 5 years	0.6	0.6
– due in more than 5 years	1.7	2.5
Total	**4.7**	**5.5**

11. RECONCILIATION OF FINANCIAL LIABILITIES

2022 (IN CHF M)	Balance as of 1 January	Cash inflow from financing activities	Cash outflow from financing activities	Other non-cash movements	Exchange rate differences	Balance as of 31 December
Current interest-bearing financial liabilities	9.2	43.0	−11.1	11.4	−0.4	52.1
Non-current interest-bearing financial liabilities	32.2	0.0	−0.1	−1.3	−1.3	29.5
Total	**41.4**	**43.0**	**−11.2**	**10.1**	**−1.7**	**81.6**

2021 (in CHF m)	Balance as of 1 January	Cash inflow from financing activities	Cash outflow from financing activities	Other non-cash movements	Exchange rate differences	Balance as of 31 December
Current interest-bearing financial liabilities	12.9	0.0	−10.3	6.4	0.2	9.2
Non-current interest-bearing financial liabilities	25.4	0.2	−0.1	6.5	0.2	32.2
Total	**38.3**	**0.2**	**−10.4**	**12.9**	**0.4**	**41.4**

12. EMPLOYEE BENEFITS

The Group operates various employee benefit plans in and outside of Switzerland for employees who satisfy the participation criteria. Among these plans are both defined benefit plans and defined contribution plans that cover the majority of employees for death, disability and retirement.

Defined contribution plans

The Group offers defined contribution plans for staff who meet the relevant admission criteria. The assets of these plans are spun off into legal units which are independent of the company and are not accessible to the employer. The company is obliged to transfer a predefined percentage of employees' annual salaries to the pension plans. In the case of some of these plans, the employee also pays contributions. These contributions are typically deducted from salaries by the employer and are also transferred to the pension plan. Apart from the contribution payments and the transfers of employee contributions, there are currently no other obligations on the part of the employer.

For the 2022 financial year, the employer's contribution to defined contribution plans amounted to CHF 0.7 million (previous year: CHF 0.7 million).

Defined benefit plans

The Group finances defined benefit pension plans for employees who meet the relevant admission criteria. The main plans of this type are located in Switzerland, Germany, the USA, and Ecuador.

Pension plans in Switzerland

The Group operates a staff pension plan in Switzerland. The assets of this plan are segregated into an autonomous foundation. The companies have joint pension commissions which decide on the regulations.

In addition, there is an autonomous foundation. There are no direct entitlements to this foundation. For example, in the event of underfunding, restructuring contributions can be made from this foundation.

Pension benefits are based on retirement savings. The annual retirement credits and interest will be credited to these retirement savings (there is no possibility of negative interest). When insured members come to retire, they will be able to choose whether to take a pension for life, which will include a reversionary spouse's pension, or a lump sum.

In addition to retirement benefits, the plan benefits will also include disability and partner pensions. These will be calculated as a percentage of the employee's annual pensionable salary. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules or may withdraw funds early for the purchase of a residential property for their own use. On leaving the company, the retirement savings will be transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years.

In defining the benefits, the minimum requirements of the Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2022, the rate was 1.00% (previous year: 1.00 %).

The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, interest risk, disability risk and the risk of longevity. The employee and employer's contributions are set by the Boards of Trustees. The employer funds at least 50% of the necessary contributions. In the event of a shortfall, recapitalization contributions to eliminate the gap in coverage may be levied from both the employer and the employee.

Pension plans in Europe

The companies in Germany have a company retirement pension scheme which is based on different rules and company agreements. Individual pension solutions are also in place for members of senior management. In principle, members are entitled to pension benefits in the event of old age, disability or death. Beneficiaries will be entitled to life-long pension benefits or lump-sum payments, depending on the rules laid down in the pension regulations. Apart from the externally financed relief fund, the plans do not have any assets segregated from the company. The pension benefits are mostly financed by the employer. When employees leave the company before pension benefits are due, their prospective rights to the pension benefits will be preserved in accordance with the statutory rules.

The structure of the plan and the legal provisions (German Company Pensions Act) mean that the employer is exposed to actuarial risks. The main risks are the risk of longevity, the risk of salary trends and the risk entailed in compensating for the impact of inflation on pensions.

Plans based on local legal requirements are in place in Belgium and Slovakia.

Pension plans in Americas

In the USA, staff who leave the Group after the age of 62 and who meet the vesting criteria are entitled to health insurance benefits under the Group's pension plan. The plan reimburses a fixed age-dependent amount of the health insurance costs. This means that the plan is not subject to the risk of the future development of medical expenses. Thus, the main residual actuarial risk lies in future changes in life expectancy. The plan has no assets segregated from the Group and the benefits are paid directly by the employer.

In Ecuador, all employees will be entitled to a pension for life and a lump-sum retirement payment once they have 25 years of service, but not before reaching age 55. The benefits are calculated on the basis of the average insured annual salary. Entitlement is based on the general labor law. The main actuarial risks lie in the development of salaries (inflation) and the future changes in life expectancy. The plan has no assets segregated from the Group and the benefits are paid directly by the employer.

The most recent actuarial valuations of the present values of the defined benefit obligations as of 31 December 2022 and of service costs were conducted by independent actuaries in accordance with the projected unit credit method. The fair value of the plan assets was determined as of 31 December 2022 on the basis of the information known at the time when the annual financial statements were prepared.

The main assumptions on which the actuarial calculations are based can be summarized as follows:

				2022				2021
31 December	Switzerland	EU	Americas	Weighted	Switzerland	EU	Americas	Weighted
Discount rate	2.15%	3.88%	5.35%	2.72%	0.30%	1.05%	2.57%	0.64%
Future salary increases	1.75%	2.50%	2.03%	1.95%	1.25%	2.25%	1.91%	1.58%
Future pension adjustments	0.00%	1.85%	0.00%	0.46%	0.00%	1.66%	0.00%	0.50%
(in years) Life expectancy at age 65 Year of birth 1958 / 1957								
– Men	23	21	21		23	21	21	
– Women	25	24	22		24	24	22	
Year of birth 1977 / 1976								
– Men	25	23	22		25	23	22	
– Women	27	26	24		26	26	24	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amounts recognized in the income statement and in shareholders' equity can be summarized as follows:

Pension expense recognized in the income statement

31 December (in CHF m)	2022 Switzerland	2022 EU	2022 Americas	2022 Total	2021 Switzerland	2021 EU	2021 Americas	2021 Total
Service costs								
– Current service costs	2.9	1.2	0.9	5.0	2.9	1.4	0.7	5.0
– Past service costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
– Plan settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest expense	0.1	0.5	0.3	0.9	0.1	0.4	0.1	0.6
Total pension expense for the period	**3.0**	**1.7**	**1.2**	**5.9**	**3.0**	**1.8**	**0.8**	**5.6**

Current service costs include technical administrative expenses of CHF 0.04 million for 2022 and CHF 0.04 million for 2021.

Remeasurements recognized in other comprehensive income

31 December (in CHF m)	2022 Switzerland	2022 EU	2022 Americas	2022 Total	2021 Switzerland	2021 EU	2021 Americas	2021 Total
Actuarial (gains) / losses								
– Based on adjustment of demographic assumptions	0.0	0.0	−0.1	−0.1	−5.4	0.0	0.1	−5.3
– Based on adjustment of financial assumptions	−24.5	−18.2	−2.5	−45.2	0.3	−5.8	0.9	−4.6
Experience adjustments	3.3	−1.2	−1.0	1.1	3.5	0.4	0.4	4.3
Return on pension assets (excluding amounts in net interest expenses)	4.8	0.2	0.0	5.0	−3.1	−0.4	0.0	−3.5
Total expense recognized in the statement of other comprehensive income	**−16.4**	**−19.2**	**−3.6**	**−39.2**	**−4.7**	**−5.8**	**1.4**	**−9.1**
Total pension costs	**−13.4**	**−17.5**	**−2.4**	**−33.3**	**−1.7**	**−4.0**	**2.2**	**−3.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes in pension obligations and pension assets can be summarized as follows:

Changes in the present value of defined benefit obligations

31 December (in CHF m)	2022 Switzerland	2022 EU	2022 Americas	2022 Total	2021 Switzerland	2021 EU	2021 Americas	2021 Total
Opening present value of defined benefit obligations	127.4	59.0	10.2	196.6	124.8	66.5	8.4	199.7
Current service cost	2.9	1.2	0.9	5.0	3.0	1.4	0.6	5.0
Plan participants' contributions	1.7	0.1	0.0	1.8	1.7	0.2	0.0	1.9
Interest expenses on the present value of the obligations	0.4	0.6	0.2	1.2	0.2	0.4	0.2	0.8
Actuarial (gains) / losses	−21.2	−19.4	−3.5	−44.1	−1.6	−5.4	1.4	−5.6
Past service costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plan settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plan curtailments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Benefits paid and net vested benefits through plan assets	−2.4	−0.1	0.0	−2.5	−0.7	0.0	0.0	−0.7
Benefits paid by employer	0.0	−1.3	−1.4	−2.7	0.0	−1.4	−0.7	−2.1
Exchange rate differences	0.0	−2.5	0.3	−2.2	0.0	−2.7	0.3	−2.4
Closing present value of defined benefit obligations	**108.8**	**37.6**	**6.7**	**153.1**	**127.4**	**59.0**	**10.2**	**196.6**

Changes in the fair value of plan assets

31 December (in CHF m)	2022 Switzerland	2022 EU	2022 Americas	2022 Total	2021 Switzerland	2021 EU	2021 Americas	2021 Total
Opening fair value of plan assets	103.5	3.5	0.0	107.0	97.5	2.9	0.0	100.4
Plan participants' contributions	1.7	0.1	0.0	1.8	1.7	0.2	0.0	1.9
Employer's contribution	1.7	0.2	0.0	1.9	1.7	0.2	0.0	1.9
Interest income on assets	0.3	0.0	0.0	0.3	0.2	0.0	0.0	0.2
Return on plan assets (excl. amounts included in interest)	−4.8	−0.2	0.0	−5.0	3.1	0.4	0.0	3.5
Assets distributed on settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Benefits paid and net vested benefits through plan assets	−2.4	−0.1	0.0	−2.5	−0.7	0.0	0.0	−0.7
Exchange rate differences	0.0	−0.1	0.0	−0.1	0.0	−0.2	0.0	−0.2
Closing fair value of plan assets	**100.0**	**3.4**	**0.0**	**103.4**	**103.5**	**3.5**	**0.0**	**107.0**

The net position of pension obligations in the balance sheet can be summarized as follows:

Net position of pension obligation in the balance sheet

31 December (in CHF m)	2022				2021			
	Switzerland	EU	Americas	Total	Switzerland	EU	Americas	Total
Present value of funded obligations	108.8	12.5	0.0	121.3	127.4	18.5	0.0	145.9
Fair value of plan assets	−100.0	−3.4	0.0	−103.4	−103.5	−3.5	0.0	−107.0
Under/(over) funding	**8.8**	**9.1**	**0.0**	**17.9**	**23.9**	**15.0**	**0.0**	**38.9**
Present value of unfunded obligations	0.0	25.1	6.7	31.8	0.0	40.5	10.2	50.7
Assets not available to company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recognized pension liabilities	**8.8**	**34.2**	**6.7**	**49.7**	**23.9**	**55.5**	**10.2**	**89.6**

The assets mainly originate from the pension plans in Switzerland. The Boards of Trustees issue investment guidelines for the plan assets which include the tactical asset allocation and the benchmarks for comparing the results with a general investment universe. The assets are widely diversified.

The Swiss pension plans are also subject to the legal requirements on diversification and safety laid down by the BVG (Federal Law on Occupational Retirement, Survivors and Disability Pension Plans). The same investment guidelines apply to all companies affiliated to the collective foundation. The influence of the employer on the investment policy is therefore limited.

As shares are also held via fund shares, it cannot be ruled out that these fund shares contain shares in the Group. It also cannot be ruled out that the collective foundation directly holds shares in the Group.

The pension assets mainly consist of the following categories of securities:

31 December (in CHF m)	2022				2021			
	Switzerland	EU	Americas	Total	Switzerland	EU	Americas	Total
Equities	30.0	0.0	0.0	30.0	33.6	0.0	0.0	33.6
Bonds	22.5	1.4	0.0	23.9	24.1	0.0	0.0	24.1
Alternative financial assets	17.1	0.0	0.0	17.1	15.2	0.0	0.0	15.2
Real estate	22.1	0.0	0.0	22.1	19.1	0.0	0.0	19.1
Qualified insurance paper	0.0	2.0	0.0	2.0	0.0	1.9	0.0	1.9
Cash and cash equivalents and Other investments	8.3	0.0	0.0	8.3	11.5	1.6	0.0	13.1
Total	**100.0**	**3.4**	**0.0**	**103.4**	**103.5**	**3.5**	**0.0**	**107.0**

The collective foundation does not provide a breakdown into listed and unlisted investments. Based on the investment guidelines, however, it can be assumed that most of the assets are invested in listed investments.

In 2022, the assets generated a loss of CHF 4.6 million (previous year: gain of CHF 3.7 million). In the coming year, employer's contributions are expected to amount to CHF 1.9 million (previous year: CHF 1.8 million), while pension payments to former employees are expected to amount to CHF 2.3 million (previous year: CHF 2.4 million).

The following table provides a breakdown of the defined benefit obligations among active insured members, former members with vested benefits and members receiving pensions. The terms of the obligations are also given:

31 December (in CHF m)	2022 Switzerland	2022 EU	2022 Americas	2022 Total	2021 Switzerland	2021 EU	2021 Americas	2021 Total
Active insured members	75.6	19.7	3.7	99.0	88.6	33.5	6.2	128.3
Former members with vested benefits	0.0	2.7	0.0	2.7	0.0	4.7	0.0	4.7
Members receiving pensions	33.2	15.2	3.0	51.4	38.8	20.8	4.0	63.6
Total	**108.8**	**37.6**	**6.7**	**153.1**	**127.4**	**59.0**	**10.2**	**196.6**
(in years)								
Term of obligations	13.0	14.1	7.8	13.0	15.2	17.9	11.7	15.8

A common feature of all plans is that the interest rate for calculation purposes is a key factor in calculating the present value of the pension obligations. The other key factors differ from plan to plan. In the geographical breakdown presented here, the plans share the same characteristics and the sensitivities are therefore presented on this basis.

When calculating the sensitivities, only the assumption given is changed, all other assumptions remain unchanged.

Change in present value of a defined benefit obligation:

31 December (in CHF m)		2022 +0.25%	2022 −0.25%	2021 +0.25%	2021 −0.25%
All countries	Discount rate	−4.3	4.7	−7.1	7.7
All countries	Future salary increases	0.4	−0.4	0.8	−0.8
Switzerland	Interest on retirement assets	0.7	−0.7	1.0	−0.9
EU	Future pension adjustments	1.0	−0.9	2.0	−1.9

Reconciliation to the balance sheet:

31 December (in CHF m)	2022	2021
Pension obligations	49.7	89.6
Other long-term employee benefits	4.3	4.5
Termination benefits	1.0	1.5
Total	**55.0**	**95.6**

The other long-term employee benefits and the termination benefits include programs for long-service awards and other payments dependent on length of service, partial retirement agreements in Germany as well as a long-term incentive plan for selected employees.

13. PROVISIONS

(in CHF m)	Guarantees	Restruc-turings	Environmental obligations	Other	Total 2022	Total 2021
Balance as of 1 January	3.9	0.3	8.3	7.7	20.2	20.5
Consumption with neutral impact on income	−0.9	0.0	0.0	−0.1	−1.0	−2.0
Unused amounts reversed and released to income	−0.6	−0.3	−1.6	−2.4	−4.9	−1.8
Additional provisions charged to income	1.6	1.9	0.0	0.1	3.6	3.4
Exchange rate differences	−0.2	−0.1	−0.5	−0.1	−0.9	0.1
Balance as of 31 December	**3.8**	**1.8**	**6.2**	**5.2**	**17.0**	**20.2**
of which:						
– current provisions	1.6	1.8	0.6	1.0	5.0	5.6
– non-current provisions	2.2	0.0	5.6	4.2	12.0	14.6
Expected use of provisions:						
– within one year	1.6	1.8	0.6	1.0	5.0	5.6
– in 2 to 5 years	2.1	0.0	3.5	4.1	9.7	11.7
– more than 5 years	0.1	0.0	2.1	0.1	2.3	2.9

Guarantees
The provision for guarantees considers any costs arising from the warranty given on products sold. The calculation is based on turnover, past experience and on individual cases.

Restructuring
Restructuring provisions cover obligations in connection with restructuring measures.

Environmental obligations
Provisions for environmental obligations cover the estimated costs for the remediation of contaminated sites.

Other provisions
The other provisions mainly cover risks arising from acquisitions and divestments made and various risks that could arise in the normal course of business.

The amount of the provisions is based on the outflow of resources which management anticipates will be needed to cover the liabilities.

14. SHARE CAPITAL

	2022	2021
Number of bearer shares issued with a par value of CHF 1	1 431 808	1 431 808
Share capital as of 31 December (in CHF)	1 431 808	1 431 808
Conditional capital (in CHF)	132 600	132 600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Treasury shares

As in the previous year, Schweiter Technologies AG and its Group companies did not hold any treasury shares in the year under review.

Authorized capital

As of 31 December 2022, there is no authorized capital.

Conditional capital

As of 31 December 2022, the company's share capital may be increased ex rights by up to 132 600 bearer shares, which must be fully paid in:

a) up to a sum of CHF 32 600 through the exercise of employee option rights and
b) up to a sum of CHF 100 000 through the exercise of option or conversion rights granted in conjunction with bonds or similar paper issued by the company. So far, no such bonds have been issued.

Dividend

At the General Meeting on 6 April 2022, the shareholders approved the distribution of a dividend of CHF 40.00 per bearer share for the financial year 2021 (previous year: CHF 40.00 per bearer share). The distribution amounted to a total of CHF 57.3 million.

For the financial year 2022, the Board of Directors will propose to the Annual General Meeting of 4 April 2023 that a gross dividend of CHF 20.00 per bearer share shall be distributed.

15. SHARE-BASED PAYMENTS

As part of the short-term variable compensation for the financial year 2022, the CEO will be issued shares in March 2023. Since the change of the CEO as of 1 October 2022, the shares are subject to a vesting period of three years (previously: one year). The fair value of the issued shares will be determined in March 2023.

The expenses for share-based payments settled in equity instruments recognized in the financial year under review amounted to CHF 56 000 (previous year: CHF 196 000).

16. NET SALES

(in CHF m)	2022	2021
Net sales from deliveries of goods	1 191.5	1 222.9
Net sales from services	6.2	4.0
Total	**1 197.7**	**1 226.9**

17. OTHER OPERATING EXPENSES

(in CHF m)	2022	2021
Direct sales and distribution costs	−91.6	−94.2
Purchasing and production overheads	−86.9	−82.4
Sales and marketing overheads	−11.9	−10.7
Administration overheads and capital taxes	−21.9	−20.4
Development overheads	−2.0	−2.3
Cost of premises	−1.5	−1.0
Other operating expenses	−1.9	−0.8
Total	**−217.7**	**−211.8**

18. OTHER OPERATING INCOME

(in CHF m)	2022	2021	
Gain on sale of property, plant and equipment	1.1	1.5	
Increase in market value of biological assets	2.0	1.3	4
Rental income	0.6	0.7	
Insurance reimbursement	0.7	1.5	
Release of provisions	2.4	0.0	
Income from US Paycheck Protection Program (PPP)	0.0	5.2	
Other income	1.8	1.5	
Total	**8.6**	**11.7**	

19. DEPRECIATION AND AMORTIZATION

(in CHF m)	2022	2021	
Depreciation on property, plant and equipment	−41.6	−38.6	3
Amortization of intangible assets	−1.4	−1.6	6
Total	**−43.0**	**−40.2**	

20. FINANCIAL INCOME

(in CHF m)	2022	2021
Interest income	0.2	0.3
Total	**0.2**	**0.3**

21. FINANCIAL EXPENSES

(in CHF m)	2022	2021
Interest expenses	−3.3	−3.2
Foreign exchange losses (net)	−4.0	−2.0
Total	**−7.3**	**−5.2**

22. INCOME TAXES

(in CHF m)	2022	2021
Current taxes	−8.7	−21.9
Deferred taxes	1.0	−2.0
Total	**−7.7**	**−23.9**

Deferred taxes are attributable to differences between the standard Group valuation and the tax valuation in the individual financial statements. The differences partly relate to the use of the declining balance method of depreciation and the creation of reserves, as acceptable for tax purposes, but are mainly due to provisions for pension liabilities, the fair value measurement of the biological assets, the capitalization of tax loss carry-forwards accepted for tax purposes and purchase price allocations for business combinations.

In December 2021, OECD released a draft framework that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Therefore, the Group may be subject to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the top-up tax. In each jurisdiction where the Group operates, the legislative progress is monitored closely. At 31 December 2022, the Group did not have sufficient information to determine the potential quantitative impact.

The following table shows the difference between effective tax expenditure and the mean tax expenditure anticipated on the basis of local tax rates:

Reconciliation of income taxes

(in CHF m)	2022	2021
Income before taxes	36.8	108.3
Income tax rate at Head office	12.0%	12.1%
Tax expense anticipated	−4.4	−13.1
Differences owing to differing local tax rates	−1.8	−9.8
Impact of non-taxable income	0.6	1.8
Impact of non-tax-deductible expenditure	−1.0	−2.6
Non-capitalized losses on current results carried forward	−2.6	−0.4
Use of non-capitalized tax losses carried forward	0.2	0.8
Impact of non-recoverable withholding taxes	−1.0	−1.1
Impact of tax rate changes on deferred taxes	−0.2	−1.4
Taxes from previous periods and other influencing factors	2.5	1.9
Effective tax expense	**−7.7**	**−23.9**
Effective tax rate	21.0%	22.1%

Deferred taxes

The deferred tax assets and liabilities are attributable to the following balance sheet positions:

	31.12.2022		31.12.2021	
(in CHF m)	Assets	Liabilities	Assets	Liabilities
Inventories	2.7	1.6	3.4	1.3
Property, plant and equipment	0.0	25.0	0.3	26.7
Intangible assets	0.0	8.3	0.1	8.9
Biological assets	0.0	7.4	0.0	6.9
Pension obligations	5.4	0.0	14.7	0.0
Provisions	2.1	0.1	2.6	0.1
Capitalized tax loss carry-forwards	0.1	0.0	0.1	0.0
Other	14.3	1.1	14.4	3.3
Total, gross	**24.6**	**43.5**	**35.6**	**47.2**
Netting	−14.6	−14.6	−15.7	−15.7
Total, net	**10.0**	**28.9**	**19.9**	**31.5**

The deferred tax assets and liabilities developed as follows:

(in CHF m)	2022	2021
Balance as of 1 January	–11.6	–6.4
Recognized in the income statement	1.0	–2.0
Recognized in other comprehensive income	–8.3	–2.5
Exchange rate differences	0.0	–0.7
Balance as of 31 December	**–18.9**	**–11.6**

As of 31 December 2022, the Group had temporary differences on unremitted earnings of Group companies in the amount of CHF 19.2 million (previous year: CHF 33.1 million). No deferred taxes were recorded for these taxable temporary differences.

As of 31 December 2022, the Group had non-capitalized tax loss carry-forwards, which can be offset against future earnings. These tax loss carry-forwards were not capitalized because of uncertainty over whether the future earnings will materialize. The tax loss carry-forwards for which no deferred tax assets were recognized will expire as follows:

(in CHF m)	2022	2021
– one year	0.0	0.0
– 2 to 5 years	6.1	1.8
– more than 5 years	1.5	0.0
– no expiration	80.6	79.7
Total	**88.2**	**81.5**

23. EARNINGS PER SHARE

	2022	2021
Net income (in CHF million)	29.1	84.4
Average number of shares issued	1 431 808	1 431 808
Less average number of treasury shares	0	0
Average number of shares outstanding	**1 431 808**	**1 431 808**

(in CHF)	2022	2021
Earnings per share		
– undiluted	20.29	58.96
– diluted	20.29	58.96

24. CATEGORIES OF FINANCIAL INSTRUMENTS

In the previous year and the year under review, the financial assets comprise cash and cash equivalents, trade and other receivables and financial assets. The financial liabilities include trade and other payables and financial liabilities.

With the exception of cash and cash equivalents, which are recognized at nominal value, all other financial instruments are measured at amortized costs. Their carrying amount is a reasonable approximation of fair value. The Group makes use of the exception not to disclose the fair value of lease liabilities.

25. TRANSACTIONS WITH RELATED PARTIES

Related parties (individuals and companies) include members of Group Management and the Board of Directors, significant shareholders and companies under their control as well as pension funds. In principle, transactions with related parties are conducted at market terms.

The remuneration of the Board of Directors and Management was as follows:

(in CHF m)	2022	2021
Salaries and other short-term employee benefits	2.4	3.0
Post-employment benefits	0.4	0.5
Share-based payments	0.1	0.2
Total	**2.9**	**3.7**

Further information about the remuneration of the Board of Directors and Management is disclosed in the Compensation Report.

26. SHARE OWNERSHIP BY THE BOARD OF DIRECTORS AND MANAGEMENT

As of 31 December 2022, a total of 449 603 shares were held by members of the Board of Directors or members of Management (31 December 2021: 449 480):

Name	First name	Function	Number of shares 2022	Number of shares 2021
Siegrist[1]	Beat	Chairman of the Board of Directors	83 916	83 916
Frey[2]	Vanessa	Member of the Board of Directors	364 973	364 973
Sanche	Jacques	Member of the Board of Directors	31	31
van der Haegen	Lars	Member of the Board of Directors	50	50
Baumgartner[3]	Heinz O.	Member of the Board of Directors[4]	633	510

1 Beat Siegrist is a member of a shareholder group and hold shares via Beat Siegrist Beteiligungen AG.
2 Vanessa Frey is a member of a shareholder group and hold shares via KWE Beteiligungen AG.
3 In addition to the shares listed above, Dr Heinz O. Baumgartner holds 162 shares that were granted as part of the short-term variable incentive and are blocked until March 2023.
4 Dr Heinz O. Baumgartner was CEO and member of the Group Management until 30 September 2022.

Schweiter Technologies is not aware of any shares held by persons closely associated with members of the Board of Directors or Management.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the ordinary course of business, the Group is involved in lawsuits, investigations and proceedings, including product liability, environmental, labor law, etc.

The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements. In connection with disposals and sale of properties made in the past years, the Group provided customary warranties. Schweiter and its subsidiaries may receive in the future notice of claims arising from these warranties which exceed the recorded provisions.

In the year under review, and in the previous year no warranties or guarantees were issued in favor of third parties.

In addition, there are contingent liabilities amounting to a maximum of a single-digit millions amount in Swiss francs due to a retrospective application of higher VAT rates in India. The tax authorities in the state of Maharashtra have changed the classification of aluminum composite panels for the determination of the applicable VAT rate. According to the new classification, a higher amount of VAT for the sales of aluminum composite panels within the state of Maharashtra should be applied. The Indian company has been in compliance with this new VAT rate since the publication. However, the new VAT rate is applied retrospectively by the local tax authorities. The entire aluminum composite panel industry in India is affected by the amendment of the classification as well as by the retrospective application of the higher VAT rate. The local Indian company – as well as some competitors – has filed an objection against the new classification of aluminum composite panels and thus the application of a higher VAT rate. In addition, the company has filed an appeal with the tax authorities against the retrospective application of the new VAT rate. If the appeal is not upheld, the claims will be challenged in court. The company still assumes that a future cash outflow is not probable.

In February 2019, a class action lawsuit in Australia relating to the use of PE aluminum composites panels was filed against Schweiter's German subsidiary 3A Composites GmbH as well as other unrelated parties. The Group believes that the content of the claim is not justified. Schweiter has an international liability insurance policy that covers defense costs as well as the effects of a potential disadvantageous court decision up to the insured amounts.

An estimate of the potential financial impact cannot be made, as it is currently neither known whether the court will follow the plaintiffs' arguments and admit the claims nor the magnitude of the amount claimed.

In June 2021, a class action lawsuit in New Zealand relating to the use of PE and Plus aluminum composites panels was filed against Schweiter's German subsidiary 3A Composites GmbH as well as other unrelated parties.

The Group believes that the content of the claim is not justified. Schweiter has an international liability insurance policy that covers defense costs as well as the effects of a potential disadvantageous court decision up to the insured amounts.

An estimate of the potential financial impact cannot be made as (i) the jurisdiction of New Zealand courts is disputed, (ii) it is not yet determined whether any competent court will follow the plaintiffs' arguments and (iii) the magnitude of the amount claimed is unknown.

Commitments to take delivery

Under purchase contracts for raw materials, commitments to take delivery amounting to CHF 575.9 million (previous year: CHF 926.2 million) and with maximum maturities of 6 years have been entered into in the course of ordinary business activities.

Outstanding commitments to take delivery of property, plant and equipment and intangible assets amounted to CHF 8.9 million (previous year: CHF 24.9 million).

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events occurred between the balance sheet date and the date of publication of this Annual Report which could have a significant impact on the consolidated financial statements 2022.

29. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements at its meeting on 3 March 2023 and released the Annual Report for publication.

The Board of Directors will propose that the Annual Shareholders' Meeting on 4 April 2023 approves the consolidated financial statements.

KPMG

Statutory Auditor's Report

To the General Meeting of Schweiter Technologies AG, Steinhausen

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Schweiter Technologies AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 86 to 127) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) 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, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

REVENUE RECOGNITION

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.

REVENUE RECOGNITION

Key Audit Matter

Consolidated net revenues for the year ended 31 December 2022 amounted to CHF 1,197.7 million. Revenues are an important metric to evaluate the Group's business performance and are therefore considered by internal and external stakeholders.

Revenues primarily include physical sales of products manufactured by the Group. Revenue is recognized when control of the products is transferred in accordance with the agreed conditions and incoterms.

The fact that different delivery times, contractual terms and incoterms have to be taken into account in determining the correct timing of revenue recognition results in a significant audit risk.

There is an additional risk that revenues may be deliberately over- or understated in order for management to achieve planned results. This could for example occur by manipulating inputs in the Group's accounting system.

Based on this rationale, we consider revenue recognition as a key audit matter.

Our response

We obtained an understanding of the revenue recognition process from initiating sales orders to payment receipts. Based on this we critically assessed whether transactions are completely and accurately recorded in the consolidated financial statements.

We considered the existence (design and implementation) of the relevant key controls relating to revenue recognition within the Group.

We assessed the appropriateness of accounting policies for revenue recognition and, specifically, for the appropriate sales cut-off.

In addition, our procedures included, among others, the following:

- On a sample basis, we reconciled sales transactions before and after the balance sheet date with delivery bills and customer contracts. Based on this, we verified the transfer of control to the buyer and thus the recognition in the correct reporting period in accordance with the agreed terms.
- On a sample basis, we reconciled the accounts receivable balance as of the balance sheet date to accounts receivable confirmations or, alternatively, to delivery documents, invoices and/or payments received.
- On a sample basis, we assessed the appropriateness of credit notes issued as well as payments received after year end.
- In addition, we performed analytical procedures on the level of various entities. These included analyses of margin developments.

In addition to the procedures described above, we further addressed the risk of management override of controls by analysing manual journal entries related to revenue accounts.

For further information on Revenue Recognition refer to the following:

— Summary of Significant Accounting Policies on page 96
— Segment Information on page 103
— Details to net revenues on page 122

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 of the company 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 that give a true and fair view in accordance with IFRS 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, ISAs 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 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 consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

Kevin Aregger
Licensed Audit Expert

Zug, 3 March 2023

ANNUAL FINANCIAL STATEMENTS OF SCHWEITER TECHNOLOGIES AG

BALANCE SHEET

ASSETS (IN CHF M)	31 December 2022	31 December 2021	
Cash and cash equivalents	1.8	10.9	
Other current receivables	0.3	0.4	
Current assets	**2.1**	**11.3**	
Investments	130.7	130.7	1
Financial assets (loans to Group companies)	343.7	297.8	
Non-current assets	**474.4**	**428.5**	
Total assets	**476.5**	**439.8**	

LIABILITIES (IN CHF M)	31 December 2022	31 December 2021	
Current bank loans	43.0	0.0	
Other current payables	0.4	0.3	
Accrued expenses and deferred income	1.4	2.0	
Current liabilities	**44.8**	**2.3**	
Provisions	3.2	3.2	
Non-current liabilities	**3.2**	**3.2**	
Share capital	1.4	1.4	2
Statutory reserves:			
– Other capital reserves	3.2	3.2	
Free retained earnings / profit	423.9	429.7	
Shareholders' equity	**428.5**	**434.3**	
Total liabilities and shareholders' equity	**476.5**	**439.8**	

INCOME STATEMENT

(in CHF m)	2022	2021	
Investment income	50.0	40.0	
Other financial income	4.0	3.0	3
Service income	1.4	1.3	
Other income	0.1	0.1	
Total operating income	**55.5**	**44.4**	
Financial expenses	−0.1	−0.8	
Administrative expenses	−0.8	−0.6	
Personnel expenses	−2.8	−3.8	
Expenses on premises	−0.1	−0.1	
Total operating expens	**−3.8**	**−5.3**	
Income before taxes	**51.7**	**39.1**	
Income taxes	−0.2	−0.1	
Net income	**51.5**	**39.0**	

NOTES TO BALANCE SHEET AND INCOME STATEMENT

GENERAL INFORMATION

Schweiter Technologies AG is a joint-stock company under Swiss law and is domiciled in Steinhausen.

On an annual average, Schweiter Technologies AG had less than 10 full-time-equivalent employees in both the 2022 financial year and the previous year.

Schweiter Technologies AG prepares consolidated financial statements in accordance with IFRS. These financial statements and their notes therefore do not contain either additional information or cash flow statements or an MD&A.

ACCOUNTING AND VALUATION PRINCIPLES

The present annual financial statements of Schweiter Technologies AG have been prepared in accordance with Swiss accounting legislation. The key accounting and valuation principles not required by Swiss accounting legislation are described below.

Foreign currency translation

Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions in question. Gains and losses resulting from the settlement of such transactions are recognized in the income statement. Monetary assets and liabilities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates. Realized gains and losses on foreign currency translation and unrealized losses on foreign currency translation are recognized in the income statement. Unrealized gains on foreign currency translation in connection with long-term monetary assets and liabilities are deferred in the balance sheet (imparity principle).

Cash and cash equivalents

Cash and cash equivalents include bank account balances. These are stated at their nominal value.

Investments

Investments are initially recorded at cost at the time of acquisition. Investments in Group companies are reviewed annually and adjusted to the recoverable amount.

Financial assets

Financial assets include long-term loans to Group companies.

Provisions

Provisions are recognized when the company has a legal or constructive obligation arising from past events, an outflow of resources embodying economic benefits to settle the obligation is probable, and a reliable estimate can be made of this amount.

Share-based remuneration

Where treasury shares are used for share-based remuneration, the difference between the acquisition value and any possible payment in connection with the share allocation represents personnel expenses.

1. INVESTMENTS

Company	Domicile	Share capital (in 1000)		Shareholding 2022	Shareholding 2021	Voting shares 2022	Voting shares 2021
3A Composites Holding AG	Steinhausen, CH	CHF	10 000	100%	100%	100%	100%
3A Composites Holding Germany GmbH	Singen, D	EUR	25	10%	10%	10%	10%

2. SHARE CAPITAL

	2022	2021
Number of bearer shares issued with a par value of CHF 1	1 431 808	1 431 808
Share capital as of 31 December (in CHF)	1 431 808	1 431 808

The bearer shares are listed on the SIX Swiss Exchange AG, Zurich. Security no.: 1075492; ISIN: CH0010754924; Telekurs: SWTQ; Reuters: SWTZ.

As of 31 December, the following shareholders held more than 3% of voting rights:

Percentage of shares held (according to most recent report)

	2022	2021
KWE Beteiligungen AG, Wollerau[1]	25.5%	25.5%
1832 Asset Management L.P., Toronto, Canada	10.06%	10.06%
Beat Siegrist Beteiligungen AG, Zug	5.9%	5.9%
Credit Suisse Funds AG, Zurich	3.03%	< 3%
UBS Fund Management (Switzerland) AG, Basel	< 3%	3.0%

[1] The KWE Beteiligungen AG is held through a group of shareholders consisting of Beat Frey, Brigitte Frey, Vanessa Frey and Alexandra Frey

3. OTHER FINANCIAL INCOME

(in CHF m)	2022	2021
Interest income from Group companies	3.2	3.0
Foreign exchange gains	0.8	0.0
Total	**4.0**	**3.0**

4. SHARE OWNERSHIP BY THE BOARD OF DIRECTORS AND MANAGEMENT

As of 31 December 2022, a total of 449 603 shares were held by members of the Board of Directors or members of Management (31 December 2021: 449 480):

Name	First name	Function	**Number of shares 2022**	Number of shares 2021
Siegrist[1]	Beat	Chairman of the Board of Directors	83 916	83 916
Frey[2]	Vanessa	Member of the Board of Directors	364 973	364 973
Sanche	Jacques	Member of the Board of Directors	31	31
van der Haegen	Lars	Member of the Board of Directors	50	50
Baumgartner[3]	Heinz O.	Member of the Board of Directors[4]	633	510

1 Beat Siegrist is a member of a shareholder group and hold shares via Beat Siegrist Beteiligungen AG.
2 Vanessa Frey is a member of a shareholder group and hold shares via KWE Beteiligungen AG.
3 In addition to the shares listed above, Dr Heinz O. Baumgartner holds 162 shares that were granted as part of the short-term variable incentive and are blocked until March 2023.
4 Dr Heinz O. Baumgartner was CEO and member of the Group Management until 30 September 2022.

Schweiter Technologies is not aware of any shares held by persons closely associated with members of the Board of Directors or Management.

5. CONTINGENT LIABILITIES

In connection with credit facilities extended to subsidiaries, the holding company has undertaken a guarantee in an amount up to a total of CHF 12.0 million (previous year: CHF 13.0 million). As of 31 December 2022, a credit line of CHF 0.4 million (previous year: CHF 0.5 million) had been drawn on by subsidiaries for loans, deposits and guarantees.

6. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events occurred between the balance sheet date and the approval of these annual financial statements by the Board of Directors on 3 March 2023 which could have a material impact on the 2022 financial statements.

PROPOSAL OF THE BOARD OF DIRECTORS CONCERNING THE APPROPRIATION OF THE AVAILABLE EARNINGS

(in CHF m)	2022	2021
Unappropriated retained earnings (balance sheet profit) at the beginning of the financial year	**429.7**	**448.0**
Net income	51.5	39.0
Dividend paid	−57.3	−57.3
Available unappropriated retained earnings (balance sheet profit)	**423.9**	**429.7**
THE BOARD OF DIRECTORS PROPOSES TO THE GENERAL MEETING ON 4 APRIL 2023 THE FOLLOWING APPROPRIATION OF AVAILABLE EARNINGS:		
Payment of a dividend of CHF 20.00 per bearer share	28.6	
Earnings carried forward	395.3	
Total	**423.9**	

If the General Meeting approves the proposals, the payout of a gross dividend of CHF 20.00 (CHF 13.00 after deduction of withholding tax) per bearer share will be made as of 12 April 2023.

In the case of safe custody, payment is made by the custodian bank. For shareholders who keep their shares at home or in a bank safe, payment is made upon presentation of Coupon No. 22 to all Credit Suisse branches.

Statutory Auditor's Report

To the General Meeting of Schweiter Technologies AG, Steinhausen

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Schweiter Technologies AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement 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 134 to 139) 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, together with 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. We have determined that there are no key audit matters to communicate in our report.

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 of the Company 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.

KPMG

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.

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

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 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 financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company’s articles of incorporation. We recommend that the financial statements submitted to you be approved.

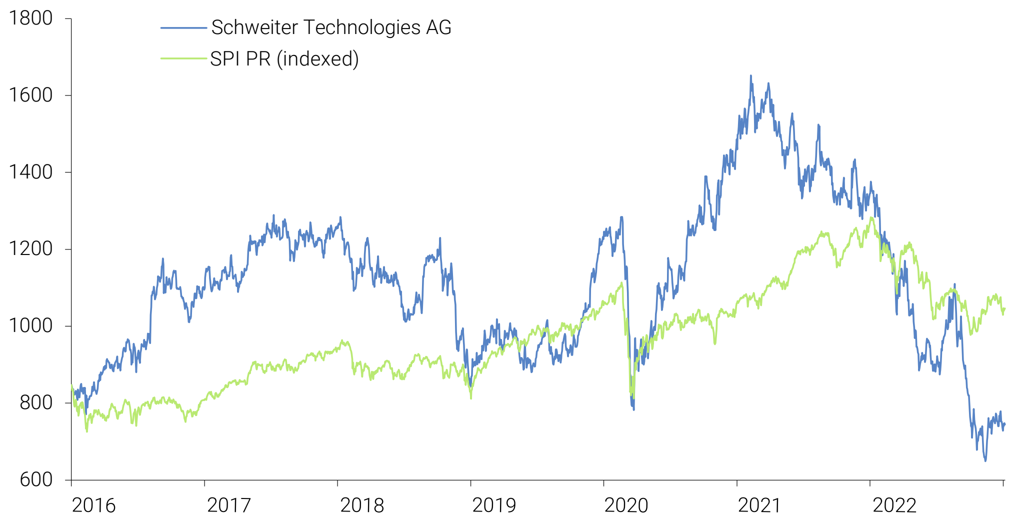
KPMG AG

Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

Kevin Aregger
Licensed Audit Expert

Zug, 3 March 2023

INFORMATION FOR INVESTORS



	2022	2021	2020	2019	2018
SHARE CAPITAL AS OF 31 DECEMBER Bearer shares with a par value of CHF 1	1 431 808	1 431 808	1 431 808	1 431 808	1 431 808
SHARE PRICE Share price as of 31 December (in CHF)	736	1 352	1 460	1 226	869
STOCK MARKET CAPITALIZATION as of 31 December (in CHF m)	1 054	1 936	2 090	1 755	1 244
NET INCOME per bearer share (in CHF)	20	59	72	42	41
CASH FLOW FROM OPERATING ACTIVITY per bearer share (in CHF)	34	58	110	73	42
EQUITY per bearer share (in CHF)	526	542	515	508	524
DISTRIBUTION[1] Total amount (in CHF m)	28.6	57.3	57.3	57.3	57.3
per bearer share (in CHF)	20.0	40.0	40.0	40.0	40.0
DIVIDEND PAYOUT in % of equity	3.8%	7.4%	7.8%	7.9%	7.6%

[1] 2022: proposal of the Board of Directors

FIVE-YEAR REVIEW

(in CHF m)	2022	2021	2020	2019	2018
INCOME STATEMENT					
Net sales	1 197.7	1 226.9	1 160.2	1 179.6	1 047.4
EBITDA	85.5	151.5	175.7	123.1	109.3
EBITDA in % of net sales	*7.1%*	*12.3%*	*15.1%*	*10.4%*	*10.4%*
Operating result (EBIT)	42.5	111.3	137.6	85.2	80.6
EBIT in % of net sales	*3.6%*	*9.1%*	*11.9%*	*7.2%*	*7.7%*
Income before taxes	36.8	108.3	130.7	78.4	75.6
Income taxes	−7.7	−23.9	−27.2	−18.4	−16.7
Income taxes in % of income before taxes	*21.0%*	*22.1%*	*20.8%*	*23.5%*	*22.1%*
Net income	29.1	84.4	103.5	60.0	58.9
BALANCE SHEET					
Current assets	503.8	557.9	548.2	499.9	509.7
Non-current assets	580.5	585.2	549.1	552.2	528.2
Total assets	1 084.3	1 143.1	1 097.3	1 052.1	1 037.9
Current liabilities	206.1	192.6	180.0	157.7	161.1
Non-current liabilities	125.4	173.9	179.3	166.4	126.2
Shareholders' equity	752.8	776.6	738.0	728.1	750.6
Equity ratio	*69.4%*	*67.9%*	*67.3%*	*69.2%*	*72.3%*
Net operating assets	647.3	646.5	604.7	590.4	572.9
RONOA	*6.6%*	*17.2%*	*22.7%*	*14.4%*	*14.1%*
CASH FLOW STATEMENT					
Cash flow from operating activities	48.2	82.8	157.8	104.3	60.7
Cash flow from investing activities	−54.0	−53.5	−42.9	−26.1	−116.0
Free cash flow	−5.8	29.3	114.9	78.2	−55.3
Investments in property, plant and equipment and intangible assets	−50.9	−42.8	−37.4	−27.3	−22.6
EMPLOYEES AS OF 31 DECEMBER (FTE)					
Total employees[1]	4 255	4 443	4 364	4 185	3 947

[1] Including employees in balsa wood plantations and sawmills in Ecuador and Papua New Guinea

DATES AND CONTACTS

PUBLICATIONS AND DATES

4 April 2023
General Meeting at the Theater Casino Zug

17 August 2023
Publication Semi-Annual Report 2023

CONTACT

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GLOSSARY

EBIT Operating result

EBITDA Operating result plus depreciation of property, plant and equipment, impairment and amortization of intangible assets

Equity ratio Shareholders' equity divided by balance sheet total

Free cash flow Cash flow from operating activities plus cash flow from investing activities

Net operating assets Trade receivables plus inventories plus property, plant and equipment minus trade payables minus prepayments received from customers

RONOA EBIT divided by net operating assets

Return on sales EBITDA divided by net sales

LEGAL NOTICE

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Sustainability reporting
Sustainserv GmbH, Zurich

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Disclaimer
All statements in this Annual Report that do not refer to historical facts are forward-looking statements which are no guarantee of future performance. They are based on assumptions and involve risks and uncertainties as well as other factors beyond the control of the company.

English translation
This is an English translation of the German Annual Report. The German text is the official version.

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