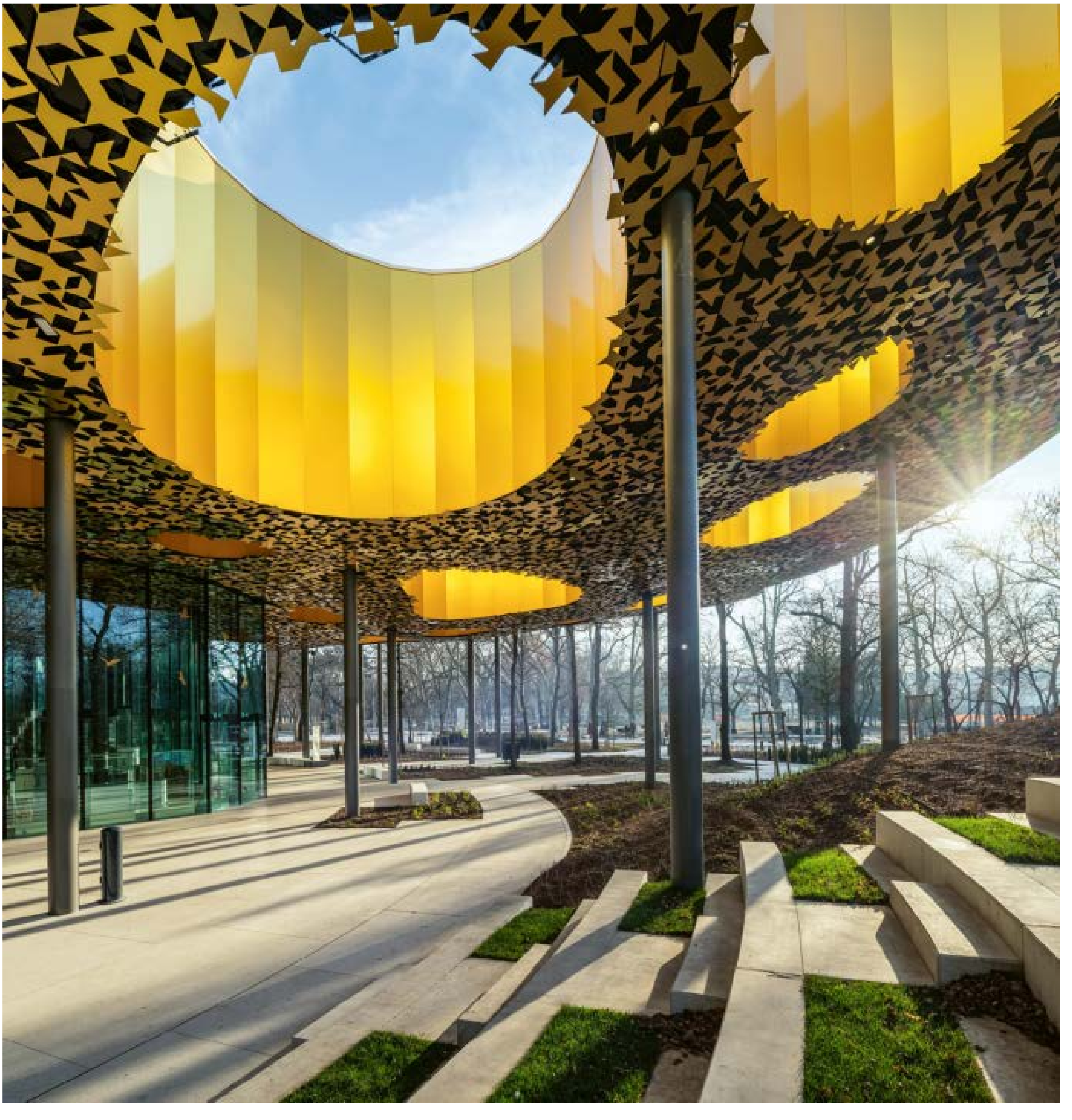
ANNUAL REPORT 2023



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 – key long-term value drivers – are core priorities for our businesses.

FINANCIAL OVERVIEW

	2023	2022
INCOME STATEMENT (IN CHF M)		
Net sales	1 069.6	1 197.7
EBITDA	89.7	85.5
EBIT	50.3	42.5
Net income	27.6	29.1
BALANCE SHEET (IN CHF M)		
Total assets	1 042.7	1 084.3
Net operating assets	615.3	647.3
Shareholders' equity	706.4	752.8
Net liquidity	23.8	42.4
STATEMENT OF CASH FLOW (IN CHF M)		
Cash flow from operating activities	78.3	48.2
Cash flow from investing activities	−42.4	−54.0
Free cash flow	35.9	−5.8
KEY FIGURES (IN %)		
Return on sales	8.4	7.1
RONOA	8.2	6.6
Equity ratio	67.8	69.4
EMPLOYEES AS OF 31 DECEMBER (FTE)		
Total employees	4 598	4 255
RATIOS PER SHARE (IN CHF)		
Earnings per registered share	19.3	20.3
Equity	493	526
Payout[1]	15.0	20.0
STOCK MARKET CAPITALIZATION AS OF 31 DECEMBER (IN CHF M)		
Stock market capitalization	743.1	1 053.8

[1] 2023: dividend proposal by the Board of Directors

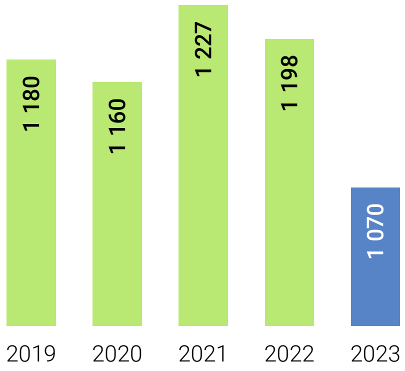
KEY FIGURES

NET SALES
in CHF m

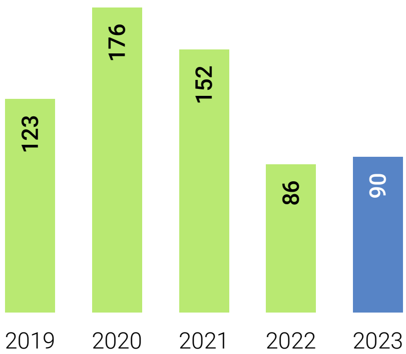
1 070

-11%

NET SALES
in CHF m



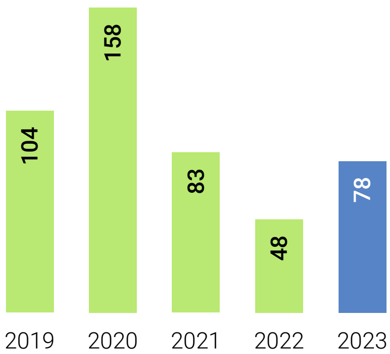
EBITDA
in CHF m



NET INCOME
in CHF m

28

CASH FLOW FROM OPERATING ACTIVITY
in CHF m



SHAREHOLDERS' EQUITY
in CHF m

706

EQUITY RATIO

68%

NET LIQUIDITY
in CHF m

24

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LETTER TO SHAREHOLDERS

Dear Shareholders

The 2023 business year was characterized by challenging external conditions. Geopolitical uncertainties and conflicts increased, while central banks raised interest rates in an effort to tackle inflation. Energy prices remained high in Europe and the cost of raw materials was very volatile. This put a damper on the propensitiv to invest and consumer sentiment worldwide.

In this challenging market environment, Schweiter Technologies was able to increase EBITDA to CHF 90 million (8.4%) and EBIT to CHF 50 million (4.7%), despite a fall in net sales of –11% to CHF 1.1 billion. These figures represent a successful turnaround to increased profitability after the weak second half of 2022, thanks in particular to systematic sales management measures and increased efficiencies helping to improve margins. The foundations were thus laid for a return to sustainable double-digit EBITDA margins in the medium term.

Performance in the Core Materials business was volatile with a low level of growth achieved overall. Subdued order volumes in the non-wind sector and especially for ongoing wind farm projects, combined with lower sales prices in China, put pressure on organic growth However, the Group made good use of 2023 to prepare for the next growth cycle in the wind energy sector. Additional PET production capacity was installed in Poland and the balsa production sites in Ecuador were further consolidated. At the same time, Kitting activity was strengthened by the full acquisition of JMB Wind Engineering and the extension of the value chain to the end customer. Activities in the non-wind business were subdued.

In Europe, the Display business area felt the effects of subdued consumer sentiment, especially in the shop fitting business. Volumes in North America returned to normal levels. Measures to improve sales and efficiencies in Europe and North America brought an increase in margins. The business saw healthy growth in sustainable, innovative products, to the benefit of DISPA® and our new recycled products such as CRYLON®re.

Performance in the Architecture business area followed a varied pattern globally. North America achieved stable volumes with strong margins. Asia was able to return to growth after Covid, with potential still evident for our internationally strongly estabished aluminum panels brand ALUCOBOND®. The Group was also strengthened by the acquisition of an innovative manufacturer of multicolored façade solutions in China. In Europe, the business suffered from low demand in the construction industry owing to high interest rates and greater competition.

The Transport and Industry business area was impacted by the economic downturn and recorded lower revenues. Certain business activities such the lightweight product solutions for industrial applications, however, continued to benefit from structural growth.

Schweiter Technologies reports fully on sustainability in compliance with the standards of the Global Reporting Initiative (GRI). Many aspects of the Group'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. The Group 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. In 2023, the Group emphasized its focus on sustainability issues by establishing a Sustainability Board. New sustainable product solutions were launched in particular in the Display and Architecture business areas and requirements relating to human rights were reviewed and confirmed. With its own plantations, Schweiter has a unique carbon sink.

The Board of Directors proposes a dividend of CHF 15 per registered share for the year under review. Schweiter Technologies has a solid balance sheet with an equity ratio of 68% and will continue to invest systematically in innovation and any acquisition opportunities that arise, which will have a positive impact on profitable growth.

The Core Materials business area expects sales at the beginning of the year to be lower due to pricing pressure and the delay to the next cycle in the wind energy sector. Performance in the Display and Architecture business areas in Europe will continue to be affected by the subdued market and consumer sentiment. These declines in volume are not expected to be offset in full by the other business areas, innovation and new markets. In 2024, the Group will continue to place a clear focus on efficiency increases to furhter lift relative and absolute margins and on cash flow generation. The "Accelerate" performance-program addresses these requirements.

We are convinced that Schweiter Technologies is well positioned to benefit from an economic upturn. We have invested in additional production capacity and modernized key facilities. We will also benefit from structural growth in the wind energy market, in lightweight applications, and durable display product solutions thanks to our strong brands and streamlined sales structures.

Sincere thanks go to all our employees, whose tireless commitment and great dedication makes them the keystones of our company's success. We are in a strong position and together we will continue to take advantage of growth opportunities as they arise and further increase profitability through concerted action.

The Board of Directors wishes all employees every success in this endeavor.

Dr. Heinz O. Baumgartner Chairman of the Board of Directors	Roman Sonderegger Group CEO

BUSINESS PERFORMANCE

Despite economic challenges including a changing interest rate environment and high prices for materials and energy, Schweiter Technologies emerged from the disappointing second half of 2022 in a strengthened position during the year under review. The turnaround in the first half of 2023 was successful and the solid operational half-yearly EBIT result more than doubled. This was achieved particularly through agility, creativity and, innovation in all areas of company operations and the underlying understanding that the focus of activity must at all times be on the customer.

Net sales fell by 7% to CHF 1 069.6 million after currency adjustments (previous year: CHF 1 197.7 million). EBITDA rose by 5% to CHF 89.7 million (previous year: CHF 85.5 million) and EBIT by 18% to CHF 50.3 million (previous year: CHF 42.5 million), while net income fell to CHF 27.6 million (previous year: CHF 29.1 million). Operating cash flow at CHF 78.3 million showed a significant increase (previous year: CHF 48.2 million).

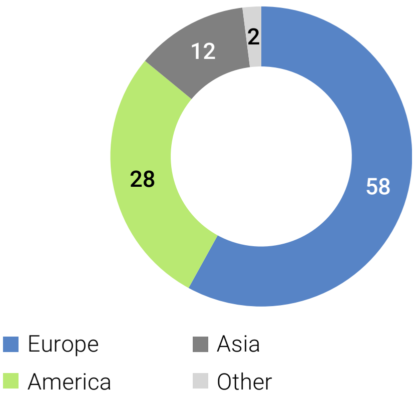
Net liquidity came to CHF 23.8 million at year-end and the equity ratio was 68%. At the Annual General Meeting on 10 April 2024, the Board of Directors will propose paying a dividend of CHF 15 per registered share.

At year-end, the headcount stood at 4 598 (previous year: 4 255), including 1 275 employees in balsa plantations and sawmills in Ecuador and Papua New Guinea and some 458 at JMB Wind Engineering, a recent acquisition.

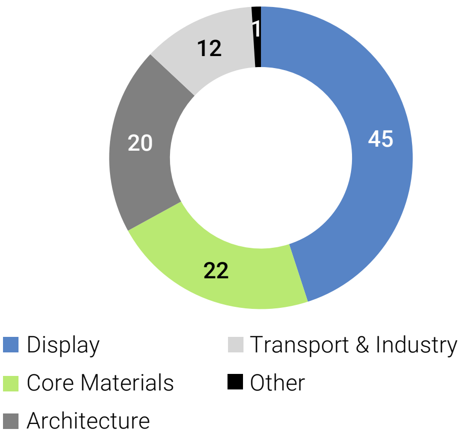
Sustainable profitable growth in all areas of business will be possible thanks to systematic improvements made to processes and an even stronger focus placed on the customer, among other things, through adjustments to the organizational structure, with three agile and focused business areas covering the customer segments in Europe. In addition, the Group continued to invest in research and development, forward-looking production capacities, energy efficiency, and the skills and competences of employees around the world in order to understand the future needs of customers and continually refine the current product portfolio. The transition to an even more sustainable offering was given further impetus with the launch of a number of recycled products. This served to develop existing market positions and open up new markets.

In addition to the clear focus on innovation that serves to drive organic growth, Schweiter Technologies is making targeted acquisitions to ensure sustained growth in its various business areas. Two transactions were completed during the reporting year. First, the acquisition of JMB Wind Engineering was completed at the end of May 2023 in order to expand the business with core materials, particularly in the wind energy and marine engineering sectors, and increase added value. Second, a contract to acquire a 60% stake in Jiangsu ZNL Coating New Materials, China, was signed in December 2023 to strengthen the Architecture business.

NET SALES 2023 BY SALES MARKETS
(in %)



NET SALES 2023 BY MARKET SEGMENTS
(in %)



◀ Light installation, Spira Culture Center, Jönköping, Sweden, PERSPEX®

MANAGEMENT AND RISK ASSESSMENT

MANAGEMENT SCHWEITER TECHNOLOGIES

Roman Sonderegger	Chief Executive Officer Group
Dr. Urs Scheidegger	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 determining, evaluating, and managing 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 2023.

PORTFOLIO STRATEGY

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

STRONG PARTNERSHIP

Schweiter Technologies develops business in the composite 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 (the starting point for all success to date), proximity to customers via in-house sales companies and distribution partners, and concentration on sustainably efficient and 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 preparing the strategy.

INVESTMENT IN THE FUTURE

Investments are future-oriented, with a dual focus on innovation and acquisitions in existing and/or new areas of business.

OPERATING SEGMENT 3A COMPOSITES

3A COMPOSITES

3A Composites focuses on the development, production, and sales of premium-quality composites, paper, plastic and lightweight sheets, and core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, industry, train and bus manufacturing, and marine engineering.

In each of its target markets, 3A Composites offers a unique product portfolio for the relevant high-end segment and owns world-renowned brands, including ALUCOBOND®, AIREX®, BALTEK®, DIBOND®, GATOR®, KAPA®, DISPA®, CRYLON®, CRYLUX®, PERSPEX® and many more.

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.

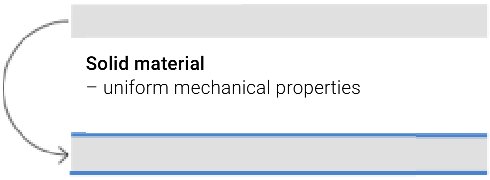
As a global composites company, its success is founded on
- the current and anticipated future needs of selected attractive markets
- materials and composite materials
- the most efficient industrial manufacturing processes.

The advantages of the materials and composites lie in
- lightweight, thin, high-performance materials and composite sheets with structural characteristics and high rigidity
- their decorative and functional surfaces
- the ease of further processing
- other specific properties such as thermal insulation, and absorption of structure-borne sound

The 3A Composites business areas focus on various niche applications where innovative, sustainable composite material solutions with a lightweight construction supersede 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 to develop suitable new materials and composites as a first stage. 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

Composite material
– thin, high-performance skin material
– lightweight core material
– adhesion between layers and utmost importance

Advantages
– low weight
– high rigidity
– excellent surface quality
– thermal insulation
– 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 its operations forward or backward if this offers strategic added value.

To position itself increasingly as a solutions partner rather than a product supplier, thereby creating added value for the customer, the company also offers function-integrated systems and complete components made of composites for applications in the industry and transport sectors.

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 2023

DISPLAY

The Display business area of 3A Composites was affected by the subdued consumer sentiment and correspondingly weak demand, particularly in Europe. The falling price of raw materials leading to lower sales prices had a negative impact on sales in some areas. It was possible to increase margins in Europe and North America by optimizing sales and purchasing and finding efficiencies in the production processes.

The broad product portfolio again proved successful, and the transformation to an even more sustainable offering was boosted by the launch of a number of recycled and mono-material products in Europe. Our customer focus was further sharpened by separating out the organization of the European Display, Architecture, and Transport & Industry businesses.

The European Display business was affected throughout the year by persistently low consumer demand and intense competition. Among the core markets, the shop fittings business was hit particularly hard by the weak market, whereas the effect of the downturn was less severe in the print and signage sectors. The market for extruded acrylic sheets remained at a low level, resulting in low capacity utilization at some production plants. The business with sustainable paper-based products reported pleasing growth.

Following record sales in North America in 2022, demand returned to normal in the reporting year with a slight decrease in sales volumes and turnover. The expansion into new markets in North America proceeded successfully and compensated to some extent for the downturn in the established business areas. There was strong demand for applications for trade shows, framings, and wet walls, for example.

▲ Henko Sushi Restaurant, Prato, Italy, FOREX®classic, DIBOND®mirror

▼ Exhibition design, EuroShop 2023 fair, Düsseldorf, Germany SWEDBOARD®

ARCHITECTURE

Performance in the Architecture business area varied greatly across the regions. Asia/Pacific showed significant growth, North America was slightly below the record level of the previous year, while Europe was clearly affected by the slump in demand in the construction industry. After currency adjustments, this business area performed at the previous year's levels overall in terms of sales, with an increase in profitability.

The European Architecture business had to operate in a challenging environment with reduced construction and investment volumes. Strong demand prevailed only in the areas of building renovation and energy modernization, albeit somewhat checked by the generally higher costs in the construction industry and interest rate hikes. Overall, sales in Europe were significantly down on the previous year. Important progress was achieved in some organizational and operational areas, with staff changes and restructuring in the sales team and the commissioning of the new production plant in Singen to expand the product range and improve efficiency.

The healthy growth of previous years in the North American Architecture business came to a halt with a slight fall in sales in the reporting year. This was triggered by the sharp rise in interest rates that slowed demand for commercial buildings and caused projects to be postponed. The situation was taken as an opportunity to expedite the expansion into the housing construction and apartment building markets with the new fixing solutions ALUCOBOND® easy fiX and ALUCOBOND® FaceFastened.

The Architecture business in Asia/Pacific achieved significant growth, mainly thanks to China, where sales picked up considerably after the disappointment of the previous year. In the Indian market, the opposite was the case. Sales fell away after a strong previous year, with intense price pressure largely to blame. Sales in the Middle East and Central Asia were pleasing and reflected the dynamic in this growth market. Southeast Asia also reported significant growth, supported by a major project in Thailand.

▲ Energy-producing façade with ALUCOBOND®-cassettes, office building, Bad Rappenau-Bonfeld, Germany
ALUCOBOND® PLUS

▼ Vacation homes, Kosmaj Zomes, Dučina, Serbia
ALUCOBOND® PLUS

CORE MATERIALS FOR COMPOSITE MATERIAL CONSTRUCTION

As anticipated, the business with Core Materials was affected by the wind sector, which during this business year did not perform in line with the positive long-range forecasts. The expected growth cycle was delayed, not least because of the lengthy approval process in Europe and North America. Although the will to expand wind energy is unwavering and has political support, relatively few projects were completed. In China, demand fell sharply in the second half-year, with a perceptible increase in pressure on sales prices. In the non-wind sector, the economic trend in Europe was reflected in a decline in demand during the second half-year. Despite the challenging environment, the production plants were well utilized and able to tap into new areas of application, particularly with AIREX® PET.

Sales of PET products showed significant growth and balsa products developed flatish.

The new PET production plant in Poland took up operations and will reach its full potential in 2024, including synergies with the kitting business from JMB Wind Engineering. There will also be future benefits from the centralization of the North American operation in a single site. These measures support the increasing replacement of PVC-based products with high-quality alternatives made from PET and balsa.

In the balsa sector, consolidation of the various production locations in Ecuador advanced and this had a positive effect on costs and margins. Another positive development saw the planting of an above-average number of trees on the balsa plantations of Ecuador and Papua New Guinea in anticipation of the growth cycle. 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 full takeover of JMB Wind Engineering at the end of May 2023 considerably strengthened the kitting processing step and extended the value chain. In addition, the business is less exposed to fluctuating raw material prices and also ensures dependable and consistent delivery 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.

▲ AIREX® and BALTEK® products from 3A Composites offer tailored solutions for the complex requirements of the wind industry and are used, for example, in wind turbine components, especially in wind rotor blades.

TRANSPORT AND INDUSTRY

This business area was affected to varying degrees by the generally weak market demand in Europe, and reported lower sales overall than in the previous year. The industrial, transport and packaging applications sectors experienced a moderate decline in the second half of the year in particular, in line with the overall economic trend. There was growth in certain countries, especially in Ireland. However, plumbing applications for the building industry saw demand fall in Europe throughout the business year, owing to the weak performance of the construction sector. The two market segments in the mobility industry, road and rail vehicles, both reported positive trends, with sales growth thanks to firm demand, the recovery in the coach business, and increasing sales in the market for electric buses.

PRODUCT AND TECHNOLOGICAL INNOVATIONS

The business areas of 3A Composites work continuously to expand and transform 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 make internal processes more efficient and improve the customer experience. Customers should be able to interact and do business easily with 3A Composites.

The Display business continued to promote the transformation of the portfolio into an even more sustainable range of solutions and various recycled products were launched on the market in Europe, all of which are fully recyclable in keeping with the circular economy. In the paper sector, these are DISPA®re, which has a core made completely from recycled paper, and SWEDBOARD® Solid, which can be used in damp environments thanks to its very thin, printable bioplastic surface. Both products use FSC®-certified paper exclusively. And CRYLON®re adds an acrylic sheet made of recycled PMMA to the product portfolio.

In the Architecture business, a new paint line facility for the aluminum composite solutions was commissioned in Benton, USA, and the Singen, Germany plant put a new laminating machine into operation. This increased production capacity and added fire-resistant and non-flammable façade elements to the product range. Along with improvements to quality and efficiency in the manufacturing process, greater flexibility and agility is being achieved and production is more resource-friendly and consistent. In Germany, in a collaboration with partners in industry, the materials cycle for the fully recyclable aluminum composite sheets was completed with the introduction of an environmentally friendly holistic recycling concept. The Asian business was strengthened through the signing of a contract for a majority holding in Jiangsu ZNL Coating New Materials, an investment in non-flammable solid aluminum façade elements.

The Core Materials business area was strengthened through the full acquisition of JMB Wind Engineering and the kitting activities were expanded. At the Airex site in Poland, a new PET production plant was commissioned, enabling efficiencies and synergistic effects to be generated as this is now all under one roof with the JMB activities. The new facility has already been certified by the majority of customers. Numerous optimizations were carried out at various sites during the reporting period. For example, the production process at High Point in the USA was centralized by resiting the PET plant, and the balsa sector benefited from systematic progress on the consolidation of activities in Ecuador.

In the Transport & Industry business, the establishment of closed-loop systems reflected the megatrend towards sustainability. Customers of 3A Composites collect waste from their manufacturing process and send it back to 3A Composites to be reused in the production of new sheets. This closed-loop system allows 3A Composites and its customers to save resources. In terms of products, scratch-resistant coated and transparent sheets were successfully launched on the European market. This coating ensures that windows do not suffer any corrosive effect from aggressive cleaning products.

▲ Double-decker bus, roof and interdeck, Alexander Dennis Enviro500-Europe, Alexander Dennis, UK

▼ Camper, numerous materials from 3A Composites are used in mobile homes

ORGANIZATION

There were virtually no changes to the lean, decentralized organization. The full acquisition of JMB Wind Engineering saw the business integrated into the Core Materials business area. This acquisition means 3A Composites owns kitting production sites in Europe, the Americas, and Asia. At the end of 2023, 458 FTEs were employed at the locations in Poland, Portugal, and Brazil. Also in the Core Materials segment, production from two sites in High Point in the USA was pooled in one location, and there was further progress with the consolidation of the balsa processing sites in Ecuador which started the year before. In Europe, the management structure was fine-tuned to align the business in each of the Display, Architecture and Transport & Industry activities more closely with customers and market requirements and further increase agility.

OUTLOOK

The economic outlook for 2024 remains uncertain and characterized by geopolitical risks and the new environment with regard to interest rates and inflation. In addition, recession is a scenario that persists in many national economies. During the past business year, 3A Composites proved its ability to perform successfully in a volatile and challenging market environment. Investments and ongoing projects to increase efficiency are being systematically progressed along with organizational optimizations to provide profitable growth.

In Europe, the economic outlook remains subdued. However, following the implementation of measures in 2022 and 2023, 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. In the Display segment, growth will continue with sustainable solutions and 3A Composites is very well positioned with its paper-based display products DISPA® and SWEDBOARD® to participate in this growth. New applications with these products are being promoted, along with further monomaterial products and solutions with an increased proportion of recycling.

In the North American Display segment, demand is expected to remain at the previous year's level. Sales activities in the alternative areas of application – trade shows, framings, and wet walls – will therefore continue to be energetically pursued. Furthermore, the digital printing element of the product portfolio will be expanded with the addition of sustainable products.

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.

The Architecture segment in North America can look with confidence to the near future after tapping into new market segments. The new fixing systems ALUCOBOND® easy fiX and ALUCOBOND® FaceFastened address new customer segments and can generate greater sales in the residential construction sector. The ALUCOBOND® product range is also being expanded for increased fire protection applications and there have been benefits in terms of efficiency and flexibility from the new paint-spraying facility.

The Architecture segment in the Asia/Pacific region expects to see growth in 2024 again, supported by higher sales in the China, India, Middle East and Central Asia markets. In China, business performance is expected to improve in the wake of the state stimulus package for infrastructure projects and increased demand for building renovations. The recently acquired majority holding in Jiangsu ZNL Coating New Materials will contribute to the growth in profits. Growth is anticipated in India, thanks to the expansion of the project pipeline and strengthening of the sales organization. An upturn in demand is expected in the Middle East and Central Asia, largely due to the start of realization of major projects in Saudi Arabia are beginning to reach completion.

In the wind business of the Core Materials segment, the forecast multi-year growth cycle was further delayed. There are signs of a positive trend in 2024 with some large orders due in toward the end of 2023. Growth is anticipated in China and the off-shore sector in particular, but the level of competition will remain high.

In the non-wind sector, opportunities are arising through the penetration of new sales markets. The new PET range in Poland and synergies with the JMB kitting business will produce positive effects and support profitability. In addition, the full takeover of JMB Wind Engineering at the end of May 2023 ensures its business will contribute in full to the 3A Composites results throughout the whole year.

3A COMPOSITES MANAGEMENT

Roman Sonderegger	Chief Executive Officer 3A Composites
Dr. Urs Scheidegger	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

2023	2022	2021	2020	2019
4 591	4 248	4 436	4 357	4 178
1 275[1]	1 302[1]	1 398[1]	1 392[1]	1 235[1]

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

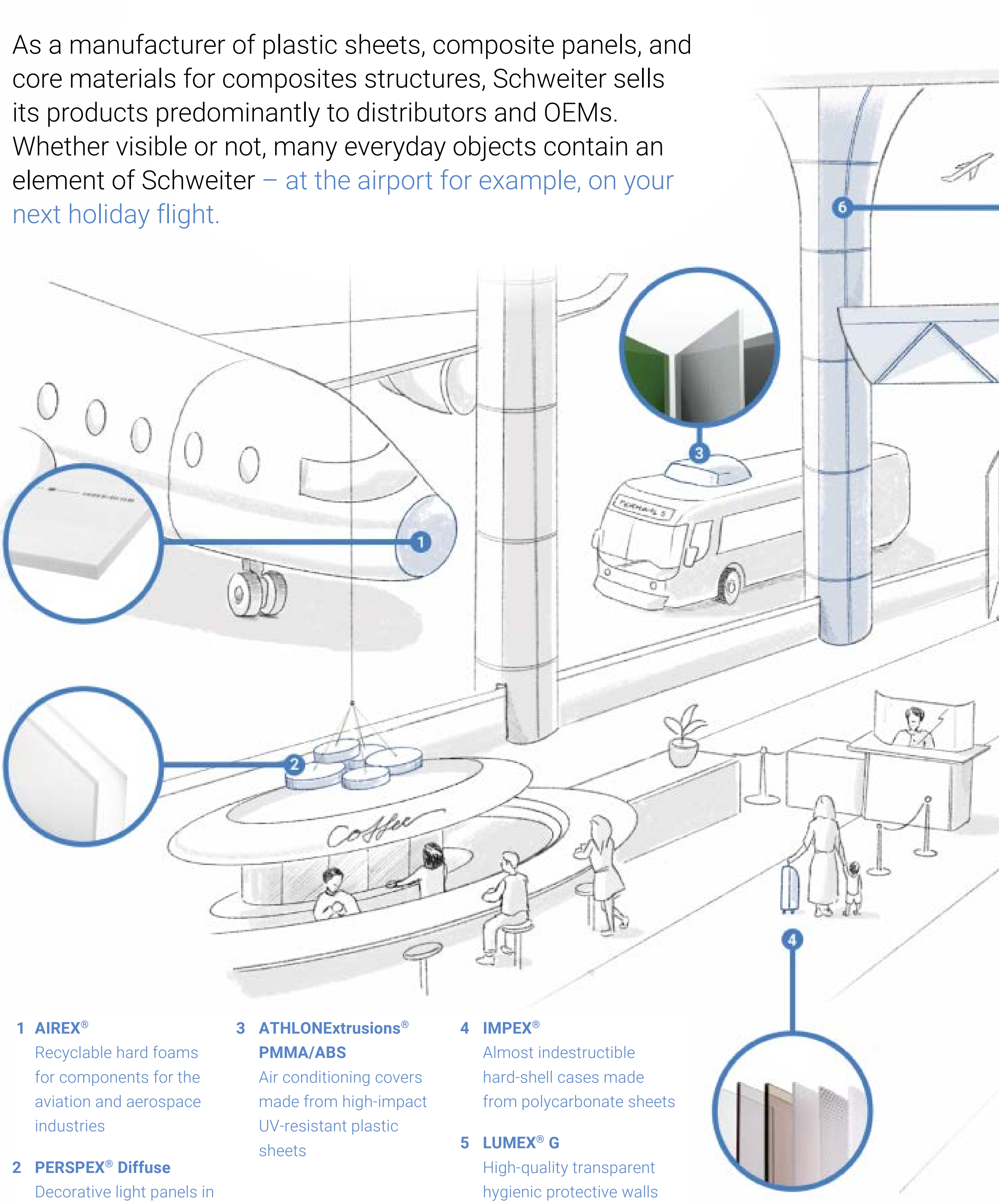
HEADCOUNT

Year-end

4 591

ELEMENTS OF SCHWEITER

As a manufacturer of plastic sheets, composite panels, and core materials for composites structures, Schweiter sells its products predominantly to distributors and OEMs. Whether visible or not, many everyday objects contain an element of Schweiter – at the airport for example, on your next holiday flight.



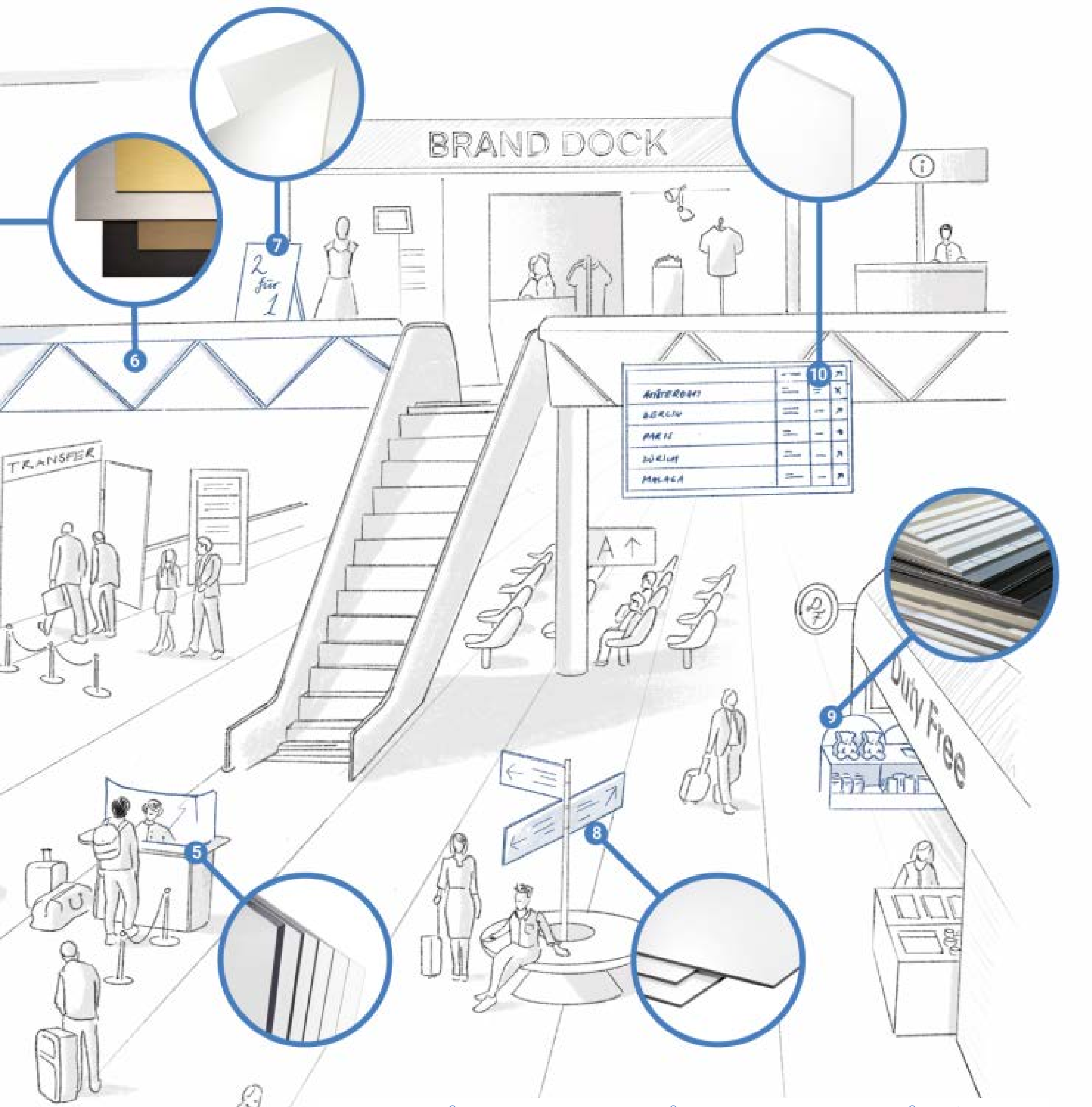
1 AIREX®
Recyclable hard foams for components for the aviation and aerospace industries

2 PERSPEX® Diffuse
Decorative light panels in acrylic sheets

3 ATHLONExtrusions® PMMA/ABS
Air conditioning covers made from high-impact UV-resistant plastic sheets

4 IMPEX®
Almost indestructible hard-shell cases made from polycarbonate sheets

5 LUMEX® G
High-quality transparent hygienic protective walls made from PET plastic sheets



6 ALUCOBOND®
Façade material made from aluminum composites with an almost endless range of design possibilities

7 DISPA®
Advertising panels made from FSC®-certified environmentally friendly paper board

8 DIBOND®
High-quality printed signs made from aluminum composite panels

9 KAPA®
Sales displays made from lightweight boards which can be printed on both sides

10 CRYLUX® Lumina
Lighting frames with molded acrylic sheets for unique light diffusion.

SUSTAINABILITY

"FIVE-DOT-MISSION"

MINIMIZING OUR ECOLOGICAL FOOTPRINT IN ALL AREAS AND ALONG THE ENTIRE VALUE CHAIN.

Sustainability is an essential and integral part of 3A Composites' corporate strategy

To fulfill its product sustainability pledge effectively, the company has devised a "FIVE-DOT-MISSION". It looks at all products and analyzes the materials used, the fossil-based CO_2, product life, and recyclability, awarding points for each category. The total score is displayed in the form of a colored dot. A maximum of three points can be awarded in each of the five categories.

Based on its "FIVE-DOT-MISSION", 3A Composites has been able to improve specific aspects of the sustainability of various products and defined new targets for them.

Proportion of biologically based materials

DISPA®re paper board is made of 100% FSC-certified sustainable paper.

Proportion of recycled materials

CRYLUX®re, CRYLON®re, PERSPEX®re, and PERSPEX® XT re acrylic sheets contain 95–100% plastics recovered through extrusion.

Proportion of fossil CO_2 in overall product

The manufacture of all products of 3A Composites Europe should be climate-neutral by 2035.

Product life / durability

High levels of resilience to the weather and UV radiation mean that the lifespan of AKRYLON®re acrylic sheets is extended by well over ten years, for example.

Recyclability

3A Composites has developed a number of recycling loops, some involving collaboration with partners, and played a part in establishing a circular economy fit for the future.

In addition, all products from 3A Composites Europe are to be 100% recyclable by the year 2035.

1 – 4 | 5 – 6 | 7 – 8 | 9 – 10 | 11 – 15

The overall score (max. 15 points) offers our customers a transparent decision-making aid to help them implement a sustainable product range. At the same time, it provides 3A Composites product management with the specific information required to target further improvements or trigger the search for a more sustainable production process.

Sustainability at Schweiter Technologies

BUSINESS MODEL

Schweiter Technologies is the holding company of a globally active Group. Its manufacturing activities are consolidated within the subsidiary 3A Composites, which has operations at 30 locations in Europe, North and South America, Asia, and Oceania, with a workforce of some 4 600 employees.

The business of 3A Composites concerns the development, production, and sale of premium quality composites, paper, plastic and lightweight sheets, and core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, industry, railway and bus construction, and shipbuilding.

Key raw materials for these products are aluminum, plastics, wood, and paper-based materials. The balsa wood for the wind turbine blades is grown by Schweiter Technologies in its own plantations in South America and Papua New Guinea. These are 100% FSC-certified and employ around one-third of the workforce of the entire Group.

The most important sales markets are Europe (turnover CHF 620 million), North and South America (approx. CHF 300 million), and Asia and other regions (approx. CHF 150 million).

Further information on the business model is available on pages 7 and 8.

ESG GOVERNANCE

Sustainability is an integral part of the business strategy at Schweiter Technologies. For this reason, the ultimate responsibility for all aspects of ESG lies with the Board of Directors. In order to expedite sustainability initiatives and manage the strategic delivery of ambitious projects, a Group Director Sustainability was appointed in 2023 and a Sustainability Board established.

Corporate strategy is decided by the Board of Directors at Schweiter Technologies. Given that sustainability has a central role in the Group's business activities, especially in its products, and is therefore an integral element of corporate strategy, the main responsibility for sustainability rests with the Board of Directors. Sustainability reporting, results, and performance against targets are reviewed by the Board at least once a year and approved.

The Board is available to hear the concerns of all stakeholders. Matters raised by shareholders at the General Meeting are dealt with in accordance with the Articles of Incorporation. No critical concerns were raised with the Board of Directors in 2023. Comprehensive information on the election, remuneration, and responsibilities of the Board of Directors can be found in the Corporate Governance Report.

In the interests of transparency, Schweiter Technologies discloses the relevant information on remuneration. Limitations in collecting data on decentralized organizations within the Schweiter Technologies Group, the reorganization of the European organization, and acquisitions do not allow a reliable calculation of the annual total compensation ratio.

▲ The Gentle Giant, winning photo of the Sacha Award 2023

The Sacha Awards are presented every two years to honor projects for excellent forestry and the processing of legal lumber in Ecuador. 3A Composites has always been a driving force in sustainable forest management. We were the first provider of balsa wood core materials to have FSC-certified plantations.
Picture: 3A Composites – Zendaya Calderon

The Director Sustainability took up his role in 2023. He informs senior management at regular intervals regarding the opportunities and risks relevant to sustainability and is responsible for formulating the sustainability strategy, and to advance and coordinate the associated measures. He reports regularly to the CEO.

The establishment of the Sustainability Board in 2023 was a milestone in ESG governance. The Sustainability Board meets four times a year to review, prioritize, and approve sustainability initiatives and is accountable to the Board of Directors. The members of the Sustainability Board are the Group CEO, Group CFO, CEO 3A Composites Americas, CEO Display Europe, Chief Human Resources Officer, General Counsel, and Director Sustainability. Alongside the Sustainability Board, a Sustainability Working Group deals with specific measures and the roadmap. The Working Group meets once a month and prepares the agenda items for the Sustainability Board.

In view of the highly decentralized company structure, operational sustainability initiatives and projects are planned and realized by the respective location managers.

Approach to sustainability

STRATEGY AND MATERIAL TOPICS

Schweiter Technologies creates value for its employees, customers, and shareholders. The company positions itself as a reliable partner and supplier. A responsible approach to business is firmly rooted in the corporate culture. The strategic foundation for sustainability management at Schweiter Technologies is composed of the material topics.

Sustainable corporate strategy

The Schweiter Technologies business model allows stakeholder groups to make a contribution to sustainability. For example, the lightweight construction of the products helps customers to reduce their CO_2 emissions. At Schweiter Technologies, sustainability means incorporating environmental and social considerations into its business activities in addition to commercial aspects. Innovation and environmentally friendly products are the growth drivers for Schweiter Technologies. Above all the ecological commitment includes reducing environmental impact through the efficient use of resources

Sustainability at Schweiter Technologies also means assuming social responsibility toward stakeholders along the value chain, supporting local communities, and promoting social partnerships. This can only be achieved through transparent company management and fair business practices.

Initiatives such as EcoVadis, sustainability ratings, and life cycle assessments (LCAs) are tools for determining the status and progress of activities. During the reporting year, the locations at Mainz, Germany and Sins, Switzerland achieved a “Silver” EcoVadis sustainability rating. In a staged process, all locations will eventually be assessed against comprehensive EcoVadis standards.

In 2023, Schweiter Technologies also began drawing up a sustainability roadmap, which it plans to refine and adopt in 2024.

The approach to sustainability practiced by Schweiter Technologies is guided by the 17 United Nations’ Sustainable Development Goals. The company’s business activities have most influence on the following SDGs:

In this context the focus is on the five SDGs the company can implement most effectively:

Decent work and economic growth

Industry, innovation, and infrastructure

Responsible consumption and production

Climate protection

Life on land

Material topics

Schweiter Technologies conducted a materiality analysis in 2021 in line with the principles of double materiality. The starting point for this analysis was a list of topics derived from an analysis of comparable companies, internal sources (documents, guidelines, and 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.

Schweiter Technologies reviewed the materiality analysis in 2023 and allocated the material topics to the non-financial matters required in the Code of Obligations. This allocation is shown in the reference table Art. 964b OR (see page 55). The key topic “Responsible supply chain management” was allocated to the Governance category. The axis labels have also been clarified.

The materiality matrix presents the 15 topics which are relevant to Schweiter Technologies. They form the core of this Sustainability Report.

STAKEHOLDER MANAGEMENT

The establishment and maintenance of good relationships with various stakeholder groups is a key element in the business activities of Schweiter Technologies. The most important stakeholders are employees, customers, suppliers, and shareholders. Membership of associations is one aspect of stakeholder management, helping to promote the transfer of knowledge among other benefits.

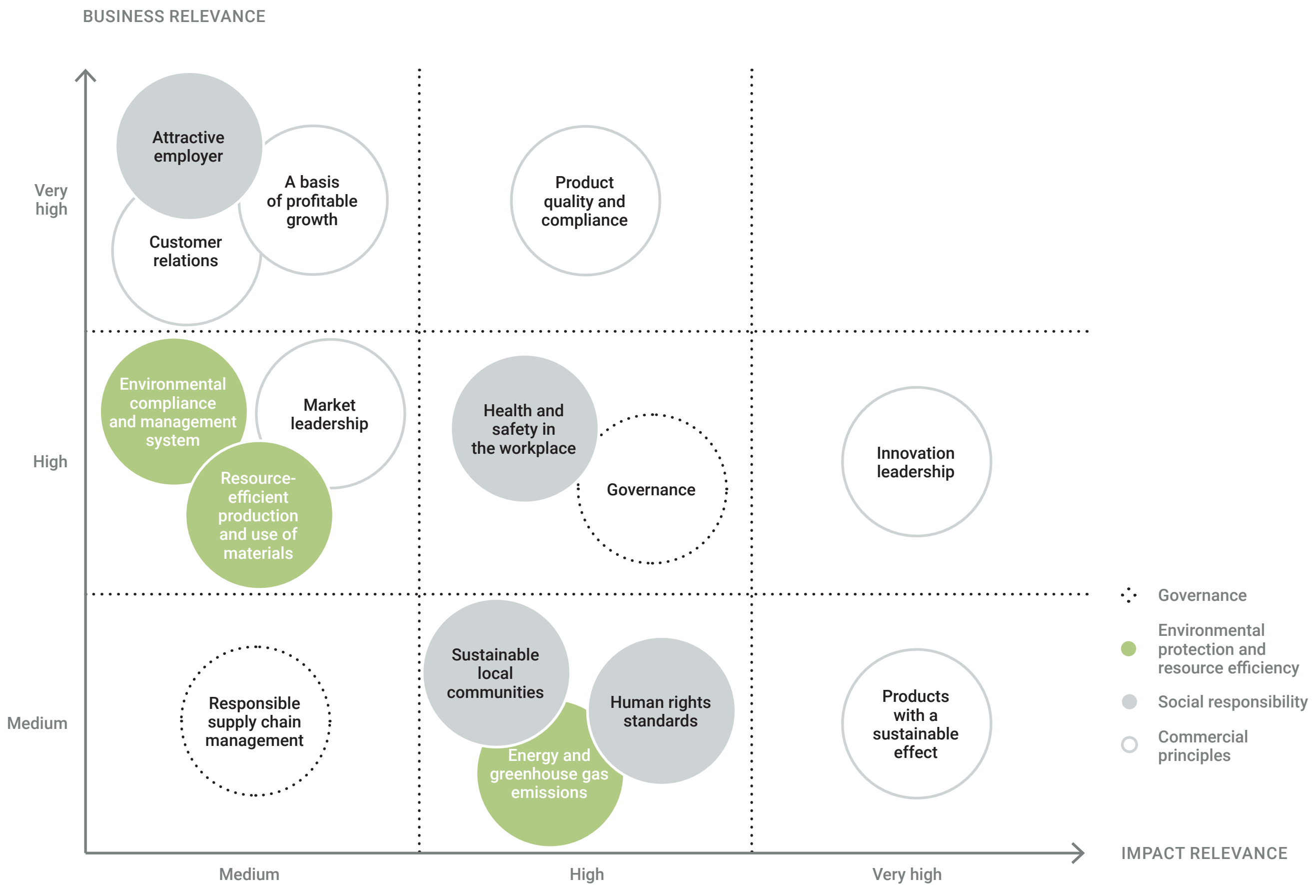
To identify the most relevant stakeholder groups, Schweiter Technologies uses management reviews, SWOT analyses, and specific stakeholder identification processes. Schweiter

Technologies remains in regular close contact with stakeholder groups in order to understand their needs. Direct contact with stakeholder groups is Schweiter Technologies' preferred form of communication. Regular contact with customers and suppliers together with staff dialog helps the company identify any risks at any early stage, respond to concerns, and anticipate potential change.

Schweiter Technologies' customers demand high-quality lightweight product solutions. Requirements relating to sustainability are becoming increasingly important. Trail-blazing technologies and reliable products help customers to develop their own sustainable processes.

Schweiter Technologies and its business units are members of various associations with a focus on materials (e.g. European Aluminum Association (EAA) and European Coil Coating Association (ECCA), aluminum, environmentally friendly recycling, window and façade construction (AUF and European Industry Chemical Council (AIMA)), construction (e.g. German Institute of Sustainable Building (DGNB) and Institute of Construction and Sustainability (IBU)), and the economy (e.g. SwissCham: Ecuador-Switzerland Chamber of Commerce and, Greensboro Chamber of Commerce). The focus of the memberships is on networking with other players in the industry and accessing information relevant to business development.

MATERIALITY MATRIX



Economic principles

A BASIS OF PROFITABLE GROWTH

The strategy of Schweiter Technologies is geared toward profitable growth with attractive cash generation.

Lasting and reliable partnerships with customers form the basis of Schweiter Technologies' business success. Innovative, environmentally friendly products, strong brands, and production sites in close proximity to the main sales markets increase the company's competitiveness and make an important contribution to the success of Schweiter Technologies' customers. The company has a high equity ratio. As a global industrial company, Schweiter Technologies targets continued growth, with its sights set on EBITDA margins in double figures.

New trends call for new developments

Profitable growth requires that a close watch is kept on trends in market development and the competitive field and planning is adjusted accordingly. This is the context in which Schweiter Technologies devised its "Vision 2029" strategy. This strategy focuses on attractive markets, innovative products, operational highly attractive employers, and was specified for each individual business segment.

Countering rising costs with optimizations

The global situation means that Schweiter Technologies must also meet the challenge of securing a reliable long-term supply chain. The cost of materials is very volatile and the state of the energy market remains tense. In all its business segments, Schweiter Technologies confronts these challenges through great agility. This involves an increased level of interchange between sales, production, and purchasing as well as price adjustments as the situation requires.

MARKET LEADERSHIP

The individual business units of Schweiter Technologies are global market leaders in their customer segments – or at least have the potential to become global market leaders. Schweiter Technologies aims to expand its market position with innovative products.

Schweiter Technologies' business segments have specialized in applications that replace traditional materials with innovative composites. The company responds to the needs of the end customer and offers an extensive package of services. Schweiter Technologies optimizes processes in order to become market leader in its own business segments. Innovative materials and composites are offered worldwide and adapted to the needs of the various markets. Products are either sold directly to customers or through distribution partners. Established brands and a uniquely broad product range ensure that Schweiter Technologies has access to the leading distribution channels.

The Group uses synergies to cut costs

In addition to the high degree of specialization, another advantage is that Schweiter Technologies is able to exploit synergies across its segments, with regard to raw materials or manufacturing processes for instance. This generates cost benefits over competitors with smaller product ranges. To achieve strategic added value, Schweiter Technologies is committed to an approach of forward or backward integration as appropriate. For example, the value chain for wind turbine blades in the Core Materials segment was enhanced through the full takeover and financial consolidation of a company that manufactures wind turbine blades. The newly integrated business unit takes the core material and makes blades. This further increases customer proximity. Schweiter Technologies offers selected function-integrated systems and complete components made from composite materials. One example is the control over the complete balsa wood value chain from seedling to saleable semi-finished product.

Innovation strengthens market position

3A Europe is working on innovations to consolidate the segment's unique selling propositions and differentiate itself from the competition. For example, the Europe Display segment developed CRYLON®re: extruded acrylic sheets manufactured from at least 95% recyclable waste from PMMA sheet production. CRYLON®re has the same outstanding characteristics as traditionally manufactured extruded acrylics: brilliant clarity and very good optical properties, excellent color reproduction, very good resistance to weather and ageing, and ease of processing. CRYLON®re is the sustainable solution for a large number of applications for indoor and outdoor use. The sheets are suitable for use in high-quality POS/POP displays, trade fair construction, and shop windows and counters, for example.

The 3A Composites business division counters competitive pressure with a series of product development projects aimed at further expanding its position as a leader in quality and innovation. 3A Composites also pursues this objective in organizational terms: From January 2024, its business will be divided into three agile, focused and lean components. This will bring about even greater customer focus and opportunities for profitable growth.

LEADERS IN INNOVATION

The development of efficient resource-saving solutions takes a high priority in research and development activities at Schweiter Technologies. Such innovations meet customer needs, save costs, and make a significant contribution to ecological sustainability.

Innovation is the basis of the development of sustainable products and also incorporates the aim of 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 is the key to opening new markets. Innovations reinforce market differentiation.

New developments for enhanced efficiency

By reducing work steps, 3A Mobility aims to be more productive and achieve greater efficiency in the use of materials with new technologies such as Cut'n'Fold. 3A Mobility is involved in international projects in lightweight construction research and technology. One focus of its research is weight-saving composite patches for vehicle bodies. The latest products from 3A Mobility include cost-efficient underfloor heating systems for rail passenger vehicles.

3A Composites in Germany was the first manufacturer of aluminum composite sheets to set up a recycling system to take back its aluminum composites. The company returns the used aluminum to a closed recycling loop. At the same time, 3A Composites launched several new product innovations, including PVC-free foams and extruded acrylic sheet made from 100% recycled PMMA waste.

PRODUCTS WITH A SUSTAINABLE EFFECT

Schweiter Technologies aims to reduce its ecological footprint. The selection of materials is a key factor in this: Schweiter Technologies considers it particularly important for products to contain a high proportion of re-used material and make use of natural renewable raw materials. At the same time, products are becoming lighter with less use of resources and new components – which is also in the interests of the customer as lower weight generally means lower energy consumption.

Expanding the range of sustainable products is playing a significant part in reducing the Group's ecological footprint. As Schweiter Technologies processes large quantities of aluminum and plastic, the optimized use of materials is a key area of development.

Increasingly, customers are asking for information on sustainability issues connected with products and processes. They are interested in the ecological footprint and the amount of recycled materials contained in the products, for example. To obtain comparable and standardized data records, individual segments have purchased LCA software licenses and are working with external experts on life cycle analyses. These will be used in part to provide customers with information to guide their purchasing decisions. Products are often in use for decades, which is why it is worth calculating and factoring in costs and environmental impact across the entire life cycle.

Core materials are of key importance to Schweiter Technologies. One unique selling point of the company is its replacement of heavy, non-sustainable materials with lightweight, more environmentally friendly solutions. Schweiter Technologies can supply the wind power industry with lightweight core material solutions made from balsa or PET, for example, and cut fuel consumption in the air, rail and marine transport sectors through weight reduction.

In the Display segment, products are assessed against five different sustainability categories under the FIVE-DOT-MISSION scheme, and given a points score. The categories relate to the amount of natural and recycled materials used, the weight of CO_2 embedded in the product, and its life cycle and recyclability. The rating gives customers the transparency they want regarding the degree of sustainability of a solution.

Rethinking materials creates opportunities

By developing plastic products from recycled materials, Schweiter Technologies can reduce the CO_2 footprint of specific products. Schweiter Technologies has also invested in expanding its portfolio of paper-based products in order to affirm its leading position in the European display market with a broad range of sustainable products. In the Core Materials segment, a greater focus is being placed on balsa wood and PET. In support of this, Schweiter Technologies has applied as part of a consortium for EU funding for bio-materials and is currently working with start-ups, colleges, and specialist companies to improve the ecological footprint of materials.

Tasks and challenges

Despite highly promising sustainable product developments, Schweiter Technologies faces further challenging tasks in this area and must deal with risk. The frequently used sandwich constructions are difficult to recycle as the materials need to be separated from each other according to type prior to recycling.

Certain materials – such as PVC – have been banned in the meantime. 3A Mobility has already found alternatives for most of the critical materials. For example, isocyanate hardeners in adhesives are being replaced by less harmful substances. Solvent-based coatings have been superseded by water-based alternatives, the foams used are halogen-free, and aluminum semi-finished products have a high content of recycled material.

Product optimization

The research and development departments are designing product solutions with a reduced footprint. For some products, an ecological balance sheet is created. In Europe, the 3A Transport & Industry and 3A Mobility business areas are focusing on lightweight designs to meet standards and market requirements. Lightweight construction is integral to their business philosophy and design principles. Where possible, locally sourced aluminum with a high recycled content and environmentally friendly core materials such as CFC-free foams, recycled PET, and natural fillers are prioritized. 3A Core Materials is testing more organic materials, such as natural fibers and wood, with a view to their potential for inclusion in the product portfolio.

Customers and suppliers as partners in sustainability

In view of the impact of raw materials on the ecological footprint of its products, Schweiter Technologies works closely with suppliers. In the Core Materials segment, collaboration with customers is especially important because they are increasingly demanding recyclable materials. The company is also working with customers on projects to promote the collection of residual materials and waste in order to support the circular economy. In addition, materials declaration is an increasingly important topic.

New processes and products during the reporting year

The development and market launch of the new CRYLUX®re, PERSPEX®re, and CRYLON®re acrylic sheets with a high proportion of recycled material are evidence of the efforts of the Europe Display segment to reduce the impact of its product portfolio on the environment and climate.

3A Mobility developed a floor panel containing, beside PET, an organically-based environmentally friendly core material. Initial trials have been conducted using structural adhesive systems without harmful elements. In the Core Materials segment, environmental product declarations were prepared for AIREX® PET and BALTEK® balsa wood during the reporting year.

PRODUCT QUALITY AND COMPLIANCE

At Schweiter Technologies, everything revolves around product quality. The company's reputation rests on its standards of quality. The high caliber of the products brings customers on board and helps Schweiter Technologies tap into new markets. Not least, compliance with standards ensures procedures run smoothly.

High quality and compliance with contractual requirements must be maintained consistently, otherwise the reputation of the company and its brand value could be put at risk.

Only materials and components that satisfy high standards may be used for Schweiter Technologies products. The quality and sustainability of the products form the basis for market success and differentiate them from cheaper products from low-price countries. High-quality products are safer and more sustainable products.

Regional requirements

One very relevant issue for Schweiter Technologies is fire safety regarding façade materials, where the regulations are being tightened all the time. There is no one set of rules, however, as each country formulates its own requirements. The aim at Schweiter Technologies is naturally for a façade product such as ALUCOBOND® to satisfy the regulations in all countries. Schweiter Technologies has therefore adjusted the composition of the core material to meet the Malaysian requirements and developed a new product with a corrugated aluminum core to take account of changes introduced in Korea.

Quality means competitive advantage

Schweiter Technologies sees first-class product quality as an opportunity to differentiate itself from the competition and further enhance the company's good reputation and brand value. A consistently high level of quality consolidates long-standing relationships with customers. Reliable quality is one of the most important criteria in calls for tender.

Schweiter Technologies' products meet all the requirements of the large number of countries where its solutions are distributed. Products containing raw materials from which a health and safety risk could originate are clearly labeled according to law. Processing guidelines provide information on safe manufacturing and handling.

Schweiter Technologies focuses on the prevention of quality issues through systematic quality controls and assessments. Every complaint is taken very seriously, the cause of the problem identified, and the appropriate lessons learned for the future.

Production locations assume responsibility

The responsibility for maintaining quality standards and norms lies with the individual production locations. Material certifications are a key element of this. The product management team and local research and development departments ensure that the respective standardization processes are complied with.

A large majority of Schweiter Technologies production locations implement ISO 9001, ISO 14001, and OHS 18 000 (see table, page 41). Technical data sheets record all aspects of product quality along with the testing standards. The locations in Europe are also certified to various ISO standards. Any deviations in product quality are systematically investigated, documented, and rectified.

Quality is documented

Quality measurements are recorded. Complaints about quality are documented and analyzed, and appropriate measures are determined and applied. If changes are made to a product, testing is repeated over the short and long term to confirm the product conforms to requirements and quality standards and any risks are eliminated.

The quality checks include quality assurance for product samples. The products are tested for compliance with specifications and safety standards. Customers are provided with information on the correct safe handling and processing of products. Quality defects are analyzed to enable the necessary countermeasures to be put in place. The low number of complaints is an indication of the high standard of quality maintained in Asia and America as well as in Europe.

There were no infringements relating to the effects of products and services on health and safety during the reporting year.

CUSTOMER RELATIONS

Sustainability can only be achieved in concert with customers. They must be prepared to invest in sustainable products and progressive solutions. Schweiter Technologies relies on information and communications to convince customers of the merits of new sustainable developments. In the best-case scenario, Schweiter Technologies and customers work together on environmentally friendly projects.

In manufacturing and supplying sustainable products and solutions, Schweiter Technologies is committed to being a partner customers can rely on for support on their journey to sustainability. Contacts are maintained with the various project teams in many areas of the customers' companies, from engineering, purchasing, and quality assurance through to customer services and the users.

Sustainability along the value chain

Schweiter Technologies uses recycling agreements and provides customers with product declarations and information on the traceability of materials. This allows purchasers to demonstrate the origins of the materials and the compliance with regulations. The use of harmful chemicals in products is being reduced or completely eliminated. The long life of the products of 3A Composites is also key to sustainability. For example, not only are ALUCOBOND® aluminum façades 100% recyclable with the aluminum able to be returned to the aluminum cycle, but they are often in use for 40 years and during this long period they help to save energy and reduce CO_2 emissions with their highly effective insulating properties and low maintenance and service costs.

Growing with customers

Successfully helping customers to achieve their sustainability targets creates good opportunities to build long-term relationships. The key is to develop products that meet customer needs and are accepted by the market. Good customer relations generate opportunities to grow together. These include the joint development of new products and tapping into new markets together, as well as providing additional services such as repairs, renovations, and recycling.

Monitoring to identify risk

Schweiter Technologies has to deal with risks such as changes to technical standards or regulations on materials. In most cases, the business segments or locations do this directly. Risks such as bans on materials, which can threaten the sales of entire product categories, are assessed on a Group-wide basis. At the same time, Schweiter Technologies works to minimize these risks by seeking possible alternatives at an early stage.

Interaction with customers is clearly defined

The main responsibility for customer relations lies with the CEO. The sales and marketing organizations of the 3A Composites business areas are directly responsible for customer contacts. Regular team meetings take place at all levels, including senior management, at which customer relations are discussed. Every employee is required to work with a focus on the customer. The Group Code of Conduct contains requirements for dealing with customers. The Customer Relationship Management (CRM) guidelines support customer management and enable customers' sustainability requirements and the sale of sustainable products to be monitored.

Customer feedback

The sales and marketing teams evaluate market requirements and the interest in sustainable products. Sales figures provide information on the level of demand for products. The business segments maintain a dialog with customers and evaluate their feedback on products. Customer surveys are conducted locally. Key indicators for measuring customer satisfaction include customer retention when the market shifts and sales figures for products with a higher recycling ratio.

Environmental protection and resource efficiency

RESOURCE-EFFICIENT PRODUCTION AND USE OF MATERIALS

Economical production processes and recycling form the basis of material efficiency. Schweiter Technologies is highly committed to reducing the consumption of materials while producing products of the highest quality. This is not only good for the environment and for customers, but also significantly reduces expenditure.

The responsible use of resources, raw materials, and energy is a decisive factor in achieving sustainability targets at Schweiter Technologies. The company uses raw materials (aluminum, plastic, and paper-based raw materials) carefully and applies itself increasingly to the development of innovative products with a high recycling ratio and the use of bio-based products. All business segments are improving material efficiency in the cutting process, size optimization, and the selection of source materials with a high recycling ratio. For example, most offcuts are now returned to the production process. Within the business segments, short distances ensure lower energy consumption.

Efficiency pays off

Because resource efficiency is also associated with cost efficiency, it is a subject that has already attracted a great deal of attention. Reducing the consumption of materials can cut production costs considerably. Material and energy costs fall, and increasing efficiency in the manufacturing process reduces expenditure and improves profitability. The comprehensive utilization of materials also results in lower costs for waste disposal. To protect the environment, 3A Mobility has adopted an isocyanate recycling scheme with its polyurethane adhesive suppliers. In Poland, 3A Mobility is introducing closed molding processes and water-based coating systems.

Process optimization to conserve resources

Resource efficiency is essential to the manufacture of a quality product. The challenge is to manage with lower input of raw materials without compromising the performance of the product. Schweiter Technologies consistently optimizes its manufacturing processes to reduce waste and reuse residual materials. In this context, the business segments set targets for each production site and each product. These are checked regularly.

Each location monitors the quantity of waste and the cost of processing or disposing of the waste. All European production sites measure and monitor their use of materials, process efficiency, and specific rates of waste on a monthly basis. Initiatives to improve waste reduction and the reuse of materials are in place at the production sites. The Core Materials segment combines resource and energy efficiency, for example by using waste sawdust as a biomass for heat generation.

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

Waste

Used materials are returned to the production process as this also leads to cost savings. Some waste is delivered to recycling centers; the minimum amount possible is sent to landfill or waste treatment plants.

In the 3A Mobility segment, metals are recycled and mixed waste is incinerated. The plant in Poland sends hazardous waste, for example resins, for incineration.

Balsa wood production in the Core Materials segment generates organic biomass which is composted in the field. Sawdust arising during the processing of the wood is used as a biofuel. Foam parts are recycled internally; PET is upcycled into new products.

To collect data on waste, an annual report is produced containing figures on the different waste categories. Packaging material is recycled where possible and single-use materials reduced to a minimum.

Measuring and recording impact

Material consumption is managed at the individual locations in line with the requirements of ISO 14001. Schweiter Technologies plans to certify all 13 locations in Europe to ISO 14001 in the near future. By comparing performance against production targets, progress can be accurately monitored. The results and key performance indicators (KPIs) are reported and checked on a monthly basis.

Most Schweiter Technologies plants use enterprise resource planning systems to track KPIs. These include:

- production yield
- ground material rates
- volume and value of material sent to recycling centers
- volume and value of material sent to landfill
- energy use
- water consumption

Many production sites measure the most important KPIs for scrap rates and overall equipment effectiveness on a monthly basis.

Balancing act between price increases and requirements

In the year under review, rising energy prices and the volatile cost of materials had a negative impact on profitability, even in the short term. To remain competitive, Schweiter Technologies increased its agility in the supply chain in Europe, and expanded its global network of suppliers and used it selectively.

In Europe, several new production lines with greater process and energy efficiency levels were introduced in 2022 and 2023. The 3A Composites segment relies on local procurement and, where possible, environmentally friendly coatings free from volatile organic compounds.

Further energy savings reductions in waste are planned, and the use of recycled materials is due to increase. The amount of internal recycling will also be maximized.

Key figures: waste management[1]

	2023²	2022
Waste (total) in t	**18 678**	**19 089**
Commercial waste	**17 718**	**18 375**
Incineration[3]	2 359	2 917
Landfill[4]	8 695	9 351
Recycling	6 663	6 108
Hazardous waste	**809**	**659**
Incineration	482	439
Landfill	22	23
Recycling	306	198

Basis for data and calculations

1 Figures for commercial and hazardous waste include all manufacturing companies within Schweiter Technologies AG. Distribution companies and the headquarters in Steinhausen are excluded.

2 For the 2023 business year, figures for waste were collected for the first three quarters and a projection calculated for the full year.

3 At the Kokopo and Plantabal sites, there was additional organic production waste amounting to 31 020 t (2022) and 25 590 t (2023) which was disposed of by incineration.

4 At the Kokopo and Plantabal sites, there was additional organic production waste amounting to 11 529 t (2022) and 28 760 t (2023) which was disposed of in landfill.

ENERGY AND GREENHOUSE GAS EMISSIONS

Schweiter Technologies is increasing its use of renewable energy. Many locations, including all those in Switzerland, already use 100% electricity from renewable sources. Photovoltaics help make suitable locations more independent of external supplies of energy. Many sites are also working to improve energy efficiency. Following the considerable increases in energy prices in Europe, a task force was formed which has systematically identified and realized energy saving opportunities.

3A Mobility develops lightweight solutions for the transport sector. The production of composites requires natural gas for the coating process. The processes used by 3A Core Materials require a great deal of energy to heat materials and for extrusion. Natural gas and electricity are used in the main. The manufacture of foams requires propellants, which can escape in the form of the emission of volatile organic compounds (VOCs).

Use of natural gas as a challenge

Schweiter Technologies cannot depend on the reliable availability of energy at all of its locations, and often there are no suitable alternatives to fossil-based energy sources. As a result, some Core Materials products can only be manufactured at a reasonable cost if the required heat is produced through using natural gas. At present, it is not possible to avoid the use of gas in many processes. The dependency on natural gas poses a risk to Schweiter Technologies and complicates the commitment to climate protection. Associated with this are the financial risks attached to the rising CO_2 price.

Focus on more renewable electricity

The transition to renewable electricity brings opportunities. Schweiter Technologies is generating increasing amounts of clean energy for its own use from photovoltaic systems. This also makes Schweiter Technologies less dependent on fluctuating energy prices. 100% of the electricity required for production in Switzerland comes from hydropower. Certain other locations also use renewable electricity. At others, the move to clean electricity is underway.

The production sites in Europe measure their energy consumption every month and report on it. Targets and plans for reducing energy consumption are set out and progress regularly checked. 3A Composites uses renewable sources such as solar energy and wind power where possible, optimizes processes, and monitors consumption to reduce emissions. Delivery routes are continuously optimized. For example, where possible, aluminum is not obtained in the Far East but from nearby sources. The business segment uses its own energy and consumption management guidelines. These include reducing and recycling packaging materials.

Key figures: energy and emissions[1]

	2023[2]	2022
ENERGY		
Energy consumption (total) in MWh	**333 769**	**343 066**
Of which renewable	58 924	70 109
Electricity	**158 436**	**163 068**
Total renewable electricity[3]	57 447	68 897
Heating	**162 524**	**167 688**
Natural gas	150 813	154 126
Heating oil[3]	311	1 361
District heating[4]	11 399	12 202
Fuels	**12 810**	**12 310**
Diesel	7 468	8 757
Petrol and LPG	5 342	3 553
Greenhouse gas emissions (total) in t CO_2e[5]	**93 030**	**92 420**
Scope 1	**33 785**	**34 600**
Natural gas	30 569	31 178
Heating oil	79	348
Diesel	1 895	2 241
Petrol and LPG	1 242	832
Scope 2	**59 245**	**57 821**
Electricity[6]	56 690	55 248
District heating[4]	2 555	2 573

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. The JMB Wind Engineering sites are not included.

2 For the 2023 business year, figures for consumption were collected for the first three quarters and a projection calculated for the full year.

3 The reduction in the proportion of renewable electricity in the total figure of consumption results from the decrease in electricity use at sites that primarily purchase renewable electricity and the increase at sites with a lower ratio of renewable electricity use. Added to this is the fact that renewable electricity could only be acquired from the supplier for half of the year at Plantabal.

4 Existing reserves of heating oil for emergency power generators were used up in 2022 following the closure of a plant (Orchard Mill).

5 Improvements to the data basis means that additional energy consumption at the Singen and Changzhou sites was included in the calculations for 2022 and 2023 compared with 2021.

6 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.

7 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. The IEA emissions factors were appended with corrections as a result of energy trading (imports/exports) in order to give a more accurate presentation of the emissions actually caused. This represents a change to the method of calculation, so the values are not comparable with those of previous years.

Successes with climate protection during the reporting year

Schweiter Technologies is committed to continually improving its energy consumption and energy mix. A 10 kW solar project was initiated at the Ecuador location, and all sites in the USA have charging stations for electric vehicles. In the year under review, 3A Mobility installed a local solar power system and is testing improvements to the use of energy in the company infrastructure. 3A Mobility also transitioned to LED lighting. In Europe, the expansion of renewable energy and independence from external energy sources was given high priority. The production site at Montcada in Spain acquired a solar park capable of meeting a quarter of the plant's electricity needs. A gas-powered steam boiler was installed at the Singen location, making the site less dependent on the supply of steam from the local coal-fired power station.

Ongoing development

Schweiter Technologies is striving to reduce its CO_2 footprint. The Sustainability Board works with the business segments to coordinate and manage the initiatives that have been defined and prioritized.

ENVIRONMENTAL COMPLIANCE AND MANAGEMENT SYSTEM

Environmental management systems help Schweiter Technologies to record its processes systematically, extract data, and optimize production. Compliance with environmental guidelines and laws is key to guaranteeing the highest levels of product quality and safety for our customers.

The majority of plants are certified in accordance with current management systems. These include ISO 14001, ISO 45001, and ISO 50001. 3A Mobility operates to the IRIS/ISO/TS 22163 industry standards. The use of management systems also helps inform the creation of processes that are of high quality and standardized. Increasingly, this is also what customers are asking for. Management systems help the company to identify any deviations or risks at an early stage and adopt the necessary measures.

Management systems and certification as a requirement

In the mobility sector, standards are an essential prerequisite for the supply of products. The international railway industry standards (IRIS/ISO TS 22163) have a key role in the European passenger transport sector. In 2010, Core Materials was the first company in the world to be certified by the Forest Stewardship Council (FSC). The balsa wood plantations in Ecuador and Papua New Guinea have been re-certified on a regular basis since then. Management systems also help the company to comply with legal requirements and make it easier to guarantee that stakeholders have access to the necessary documents. The production locations each have their own environment managers. External audits take place to ensure standards are complied with. All locations in Europe will have ISO 14001 certification in the near future.

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.

Legal requirements

For Schweiter Technologies, the European REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals) is of particular relevance to product manufacture. As sophisticated chemicals are used in some manufacturing processes, compliance with REACH is essential to eliminate any risk for customers. The company only produces substrates from raw materials that are not hazardous to people or the environment.

Quality certifications

Type of certification	Number of sites[1]
FSC Forest Management (FSC-CO19065), FSC Forest Management (FSC-C125018), FSC-STD-40-004 (version 3.0)	4
DIN EN ISO 9001 – Quality management	27
DIN EN ISO 14001 – Environmental management	18
DIN EN ISO 45001 – Occupational health and safety	16
DIN EN ISO 50001 – Energy management	4
ISO TS 16949 – Automotive quality management	1
IRIS ISO/TS 22163 – Quality management for railway applications	2

1 Some sites are certified to several standards The increase compared with the previous year is attributable to the acquisition of JMB Wind Engineering and its sites.

Social responsibility

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of employees is a top priority for Schweiter Technologies. The commitment to occupational health and safety is accordingly high, with the production companies as the focal points. External and internal safety audits together with appropriate training help provide a safe working environment and minimize absenteeism.

One of Schweiter Technologies' fundamental values is to uphold the highest standards of health and safety. The target is a safe working environment with a zero-accident policy and the lowest possible rates of absences. The company's promotion of occupational health and safety focuses on employees working in raw materials production and the processing plants who may have to deal with challenging materials and operate plant machinery. The aim is to identify and contain risks relating to equipment, machinery, and the storage of potentially hazardous substances such as highly flammable petroleum products. Inappropriate behavior and negligence when handling hazardous substances and operating machinery may lead to dangerous situations.

Location-specific safety management

Schweiter Technologies has developed 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 company has clear rules on health and safety in the workplace. The site manager is responsible for safety at each site. The programs for compliance with safety regulations are led, coordinated, and checked by an EHS manager at the individual production site. The company has procedures for hazard detection and risk assessment. All employees at the sites must participate in the assessment of risk. Employees at all levels of the company are responsible for preventing accidents and harm to health within their areas of responsibility. Regular monitoring is conducted to ensure that the rules on occupational health and safety are being applied. This is particularly important in Papua New Guinea and Ecuador, where the company manages plantations and comprehensive safety guidelines are in place for the employees working on the plantations.

Some sites have an occupational safety management system certified to ISO 45001 (see table of certifications in the section "Environmental compliance and management system"). 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".

Comprehensive training

Information about and active participation in safety training are important for giving prominence in the company to the topic of health and safety. Schweiter Technologies therefore organizes safety courses for all employees and prioritizes the transparent dissemination of up-to-date information on occupational health and safety. Employees take part in meetings of the safety committee every quarter. They also play an active part in National Safety Week. Clear information is given about accidents to raise awareness among employees and so that lessons can be learned across the locations.

Safety training for new employees is mandatory and forms a part of the specified induction program. The safety training provided by Schweiter Technologies covers a wide range of topics. They include courses on the disposal of hazardous waste, leaks, fire prevention, handling dangerous chemicals, safe operation of specialist equipment, and safety risks in the workplace. Managers also receive targeted information on the topic of safety.

Occupational health services

Employees at Schweiter Technologies have access to a wide range of occupational health services, including health promotion schemes for the most part. These vary depending on the segment and location and may, for example, include health check-ups at the workplace, free inoculations, health advice, financial incentives for sporting activities, financial support with private medical care or access to company doctors or telemedicine services.

Checks and audits

Regular checks and audits are essential for occupational safety. The sites of the business segments are assessed with regard to occupational health and safety against performance indicators. These include accident figures (recordable case rate; RCR), absence rates (lost time injury and illness rate; LTI-IR), near misses, the number of safety courses, and the number of safety risks eliminated. The reports, including cause analysis and preventive measures, are forwarded to the other locations in order to prevent similar incidents from occurring elsewhere. In addition to this, an annual EHS management inspection takes place at the production sites.

Improvements to practice and more prevention

To improve the safety of the working environment, Schweiter Technologies produced an occupational safety policy in 2023, with the following objectives:

- Reinforce occupational safety management through stricter compliance with occupational safety requirements and promotion of safety awareness
- Prevent injuries and occupational illness through the conducting of regular occupational health examinations and access to health promotion measures and the provision of protective equipment
- Optimize the working environment: clear regulation of intensity and hours of work and focus on a healthy working environment through emissions reduction in production processes
- Improve response capability through an emergency response plan and systematic prevention
- Provide information through awareness training and communications via various channels

Key figures: occupational safety[1]

	2023[2]	2022
Number of employees covered by a management system for occupational safety and health	3 976	4 082
Number of occupational accidents[3]	24	39
Absences due to occupational accidents (days)	601.0	1 280.6

Basis for data and calculations

1 The figures for occupational safety include employees at all manufacturing companies within Schweiter Technologies AG. Distribution companies and the headquarters in Steinhausen are excluded. The JMB Wind Engineering sites are not included.
2 For the 2023 business year, figures were collected for the first three quarters.
3 Only occupational accidents resulting in at least one full day's absence were taken into account.

ATTRACTIVE EMPLOYER

Being an attractive employer is key to Schweiter Technologies' ability to compete. The company seeks to attract new talent and reinforce loyalty among existing employees so that it can continue to be innovative and profitable. It does this through a wide range of approaches, including offering career plans, flexible working hours, and attractive social benefits.

Well trained and motivated employees form the foundation for a profitable, innovative and sustainable company. Schweiter Technologies strives to be a strong employer brand whose image and products employees can identify with. This sense of belonging has a positive effect on employee motivation. One important basis for this is the Code of Conduct, which ensures that all employees are treated respectfully and fairly and behave accordingly. Because of the physical nature of the work, the company employs around three times as many men as women.

Human Resources bears responsibility

At Schweiter Technologies, the Human Resources department is responsible, together with management staff, for establishing and maintaining the company's position as an attractive employer. Global guidelines enable the Chief Human Resources Officer (CHRO) to support the recruitment, training and professional development, and remuneration of staff, including social benefits. The CHRO works with the individual sites, helping them to complete projects for employees on a local basis.

Creating attractive conditions

Schweiter Technologies uses its career website, social media presence, and job fairs to recruit new specialists and young talent.

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, and Plantabal in Ecuador).

Figures for employees, trainees, and fixed-term contracts

	2023[2]		2022	
	Salaried staff	Waged staff	Salaried staff	Waged staff
Number of employees[1]	1 171	3 017	1 157	3 139
Male	745	2 761	711	2 906
Female	426	256	446	233
New appointments (total)	173	315	101	252
Internal	37	56	26	36
External	136	259	75	216
Departures (total)[2]	159	437	133	406
Staff turnover (total)[3]	8.5%	5.5%	6.5%	6.7%
Average age	43.3	40.3	43.8	40.3
Average length of service	10.6	9.3	10.9	8.7

1 Employees, not FTE – part-time employees are counted in full.
2 All employees leaving the Group including retirements, resignations, and dismissals, excluding resignations.
3 Turnover defined as "unwanted fluctuation" i.e. excluding resignations.

To recruit new professionals and retain employees, Schweiter Technologies has put together a bundle of measures: Trainees should be taken on where possible. The corporate culture of Schweiter Technologies should be communicated to applicants and employees more effectively to bolster a sense of identification with the company. An optimized appraisal process and transparent and structured succession planning should be used to give talented staff the opportunity to progress their careers more effectively. Working hours should be even more flexible.

Promotion of initial training and continued development

Schweiter Technologies operates in a dynamic environment with rapidly developing technology, so initial training and continued professional development of employees is a significant success factor. In-person and online training sessions improve employees' qualifications and therefore their career opportunities.

Leadership training is also a priority. In 2023, a six-month online coaching course for shift managers was offered selectively in Europe and America to provide individual support and further development in the leadership role.

In addition, two leadership courses were held in Papua New Guinea (PNG) in collaboration with the PNG Tribal Foundation and the PNG government. These courses were designed to prepare local employees for management roles, to inspire and enable them, and to have a positive effect on the company organization and the community. The Senisim PNG scheme promotes the establishment of management groups who share their knowledge with new participants after a set period of time, passing on leadership training across the country and giving the people of PNG access to management courses.

Opinions and data as the basis for information

To meet recruitment and retention targets, figures are monitored by the HR department. For example, staff turnover is monitored on a quarterly basis at all locations and compared with the figures for the market concerned. Other useful data and information for understanding the success of measures taken are the response to social media campaigns, the number of applicants, participation in training, qualification results, and staff feedback via annual employee orientation interviews with line managers, career development, return-to-work and exit interviews, and staff satisfaction surveys. Around one-third of the workforce had the opportunity to complete an online staff satisfaction survey in 2023. As in the previous year, the results show that employees rate the areas "Focus on achieving targets" and "Strategy, vision, and culture" as good, with "Relationships with colleagues" also being good. With a completion rate of 78% and a positive net promoter score for the company, the results were used as the basis for forming active working groups to engage with employees about opportunities for improvement and for taking steps to optimize areas such as "Workplace and tools" and "Feedback and communications".

HUMAN RIGHTS STANDARDS

Schweiter Technologies recognizes the rights and dignity of all workers in the conduct of business throughout the world and in all segments. It expects the same commitment from its business partners.

Schweiter Technologies ensures compliance with human rights at its own plants and is committed to maintaining compliance in the upstream value chain (see the section "Responsible supply chain management"). This commitment is supported by the Code of Conduct, updated in 2023: "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."

Local approaches to safeguarding human rights at the company's plants

Schweiter Technologies has approximately 4 600 employees at around 30 locations worldwide. Some of these locations are in countries whose human rights record is viewed critically by independent bodies. Accordingly, Schweiter Technologies affirms its Group-wide commitment to upholding human rights with clear standards defined in the Code of Conduct. Supplementing the Code of Conduct and locally applicable legislation, there are guidelines and handbooks as well as specific regulations at each location, available in the language of the country or in another comprehensible form. For example, Papua New Guinea and Ecuador, where the company operates plantations, both have a number of rules and control mechanisms for the prevention of child labor and slavery and to ensure fair pay and the freedom of association.

Regular audits and checks

Internal measures taken to safeguard the dignity and rights of employees are upheld at Schweiter Technologies through regular checks. In Papua New Guinea and Ecuador, these also take place within the framework of FSC and ISO certification and monitoring by auditors. Business segment managers also conduct regular site visits to check for misconduct.

No confirmed cases of discrimination or human rights violations were reported during the year under review.

SUSTAINABLE LOCAL COMMUNITIES

Schweiter Technologies operates around 30 locations worldwide. All have a relationship with their local environment – partner companies, local authorities, residents, employees, and their personal situations. The company cultivates these relationships – in line with particular local circumstances – with the aim of generating added value for the company and its local setting.

The production locations in particular have an impact on the communities nearby. Many of the effects improve the quality of life locally, especially the creation of value, jobs, and training opportunities. In addition, Schweiter Technologies invests in infrastructure, extending transport routes and improving access to electricity and water, particularly in the vicinity of the larger production plants. The company also supports areas outside its core business interests and activities. However, disadvantages for local communities near the production sites may also arise, for example in the form of emissions, noise or waste water.

A fundamental element of respectful behavior towards the local communities is the commitment upheld in the Code of Conduct currently applicable throughout the Group to prevent negative impacts or otherwise minimize, mitigate or remediate them. This is supplemented by measures taken at the individual locations. Plant managers and local human resources departments are in contact with communities and responsible for training and hiring local workers. A policy of local procurement supports contacts with suppliers in the area and helps them to operate sustainably. These positive local relationships can make a contribution to the stability of the company. They form the basis for the development of the sites and innovations – importantly, together with and to the benefit of local communities. Furthermore, access to local resources and markets can also bring benefits. A good reputation in the locality will reinforce employer attractiveness and the good name of the company among customers.

Strengthening bonds with local partners

An important element of the local commitment made by Schweiter Technologies companies is the support for social products and organizations in the area. Social initiatives and programs that benefit the people on the ground are essential for maintaining good relationships with local communities. Schweiter Technologies provides direct support to the communities at its locations through social initiatives:

- In Europe, the 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.
- Schweiter Technologies also supports several social initiatives such as the food bank in Singen (Germany) and a youth center in Darwen (England).
- In Switzerland, Schweiter Technologies offers work experience and special courses for young professionals.
- 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 in Benton and Statesville in the USA donate funds to help support local schools. Both sites also actively contribute to the provision of food for homeless shelters.

Governance

GOVERNANCE

The success of the company stands or falls by its fair and ethical business conduct. Schweiter Technologies therefore attaches great importance to effective and transparent corporate governance. In the year under review, responsibilities were redefined and the Code of Conduct revised.

One of the basic prerequisites for sustainable governance at Schweiter Technologies is its ethical conduct with regard to people and the natural environment and compliance with legal requirements.

Good corporate governance makes Schweiter Technologies a reliable partner. For customers, it is essential that Schweiter Technologies complies with international guidelines and standards, as also set out in the Schweiter Technologies Code of Conduct. By applying good corporate governance, Schweiter Technologies strengthens its brand, is seen as an attractive employer, and acquires orders and customers.

Rules apply internally and externally

The Sustainability Board is responsible for corporate governance within the Group and manages the principles of application and monitoring; the CEOs of the business segments ensure, with guidance from the legal department, that laws are complied with and suggest courses of action in the event of infringements.

The Group-wide Code of Conduct is not only applicable within the company to the Board of Directors, Group management, and employees, it also covers Schweiter Technologies' suppliers and business partners and all its subsidiaries.

The Code of Conduct is made accessible to all Schweiter Technologies Group employees in the languages of their countries and they must confirm that they have received and understood the rules and comply with them. The CEOs of the business segments are responsible for ensuring compliance with corporate governance in their segments; they must confirm that good business practices are being followed.

At Schweiter Technologies, all commitments must be signed by at least two responsible persons as a rule. Employees are given awareness training on corporate governance and legal conformity. Some courses on fair and legal business practice are mandatory. They are provided either by the company's legal department or by external professionals.

Whistleblowing policy

Schweiter Technologies has decentralized channels (a hotline and an online platform) through which potential grievances can be anonymously reported. Reports are processed by the HR department once received. No reports were received during the year under review.

Combating corruption effectively

Preventing and combating corruption are priority topics at Schweiter Technologies. The company keeps a close watch on compliance with regulations and is continually strengthening its commitment to fighting corruption. An entire section of the Code of Conduct is dedicated to this issue, detailing risks and specific alarm signals for unsound business transactions. Sales training, monitoring, and the reporting obligation of managers and departments are expected to further reduce the risk of corruption in the future.

By applying the current financial and accounting guidelines, Schweiter Technologies can identify suspected cases of corruption or bribery at an early stage. Schweiter Technologies conducts relevant training courses to enable employees to recognize the dangers of corruption and respond accordingly.

There were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices during the reporting year. There were also no known cases of corruption during the year.

New processes

During the reporting year, Schweiter Technologies worked to optimize its corporate governance processes and adapt to new legal requirements. New data protection processes were introduced and training given on anti-trust law. Milestones achieved during the year were the establishment of the Sustainability Board and the revision and approval of the Code of Conduct with regard to more extensive provisions covering the prevention of child labor and the handling of conflict minerals.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Schweiter Technologies is aware that commitments to sustainability also relate to the supply chain. Responsibility is therefore also placed on suppliers, via the Code of Conduct.

Schweiter Technologies knows that responsible management not only applies to the company's own activities but also to their effects along the entire value chain. In order to ensure responsible management of the supply chain, Schweiter Technologies supports collaboration with long-standing partners. This increases the potential to influence the suppliers' business practices and so reduces risk to Schweiter Technologies from any shortcomings in the upstream value chain. At the same time, it improves the resilience of the supply chain – with regard to delivery delays and bottlenecks, for example.

Requirements of suppliers

Schweiter Technologies maintains business relationships with over 5 000 suppliers in all, and purchased goods to the value of some 564 million Swiss francs in the reporting year. The manufacture and transportation of these goods affects people and the environment. To prevent or mitigate these, Schweiter Technologies expects suppliers to assume certain responsibilities. They must comply with all applicable regulations and guidelines and act with integrity, openness, and professionalism. All suppliers and business partners are bound by the Schweiter Technologies Code of Conduct, which refers to standards laid down by international organizations including the International Labor Organization (ILO) and was updated in 2023 with regard to the prevention of child labor and the handling of conflict minerals. Provisions containing the requirement for ecological and social responsibility are embedded in the framework agreements and full contracts with suppliers. Infringements of the Schweiter Technologies Code of Conduct or any additional contractual agreements will have consequences. The overarching responsibility in the Group for maintaining sustainable standards of supply rests with the Sustainability Board. In addition, the individual business areas monitor their purchasing practices and selectively apply on-site checks to make sure that suppliers are keeping to the rules. If a supplier fails to satisfy the requirements of Schweiter Technologies, the business relationship will be terminated.

Zero tolerance for child labor and conflict minerals

The Schweiter Technologies Code of Conduct prohibits the use of child labor within the company and by suppliers. Compliance with the Code of Conduct is strictly monitored in the company's business areas. This is particularly true for locations where risk is generally higher, such as Papua New Guinea and Ecuador, where the company operates plantations. A number of control mechanisms are applied together here, covering the provisions and monitoring of employment contracts during the hiring process and regular checks pertaining to FSC and ISO certification and monitoring by the financial auditor. The business areas also makes purchases in countries where according to the relevant UNICEF list of countries there is an increased risk of child labor. In accordance with the duty to make an effort set out in the new provisions of the Swiss Code of Obligations (OR, Art. 964g ff.), selected suppliers in countries with increased risk were interviewed, for example in Papua New Guinea. Monitoring in regard to child labor revealed that in the 2023 reporting year there were no reasonable grounds for suspicion of child labor and Schweiter Technologies is exempt from the duty of due diligence and respect with relation to child labor.

Schweiter Technologies also exercises its duty of due diligence regarding conflict minerals. Schweiter Technologies does not knowingly purchase tin, tantalum, tungsten or gold, also known as 3TG metals. For Switzerland, it was determined that for the 2023 reporting year Schweiter Technologies was exempt from the duty of due diligence and the duty to report with regard to minerals and metals from conflict-affected and high-risk areas. To minimize future risk, Schweiter Technologies has published its own company guideline on this topic ("Policy Statement on Conflict Minerals").

GRI index

GRI | CONTENT INDEX ESSENTIALS SERVICE 2024

Schweiter Technologies reported on the period from 1 January 2023 to 31 December 2023 in accordance with the GRI standards. For the essentials service content index, GRI Services checked that the GRI index was presented in a way that met the reporting requirements according to the GRI standards and that the information in the GRI index is clear and accessible to stakeholders. This service was carried out on the German version of the report.

The Sustainability Report of Schweiter Technologies AG, headquartered in Steinhausen, Switzerland, is published as part of the Annual Report. The report will be published on 7 March 2024. The contact person is Urs Scheidegger, CFO, investor@schweiter.com

Applied GRI 1	GRI 1: Basis 2021		
Sector standard used	None		

GRI standard	Disclosure	Reference/ information*	Omission (requirement, reason, explanation)
GENERAL INFORMATION			
The organization and its reporting practices			
GRI 2: General information 2021	2-1 Organizational details	p. 62	
	2-2 Entities included in the organization's sustainability reporting	p. 114	
	2-3 Reporting period, frequency, and contact point	p. 51	
	2-4 Restatements of information	No information had to be restated	
	2-5 External assurance	This report has not been subject to any external assurance	
Activities and workers:			
GRI 2: General information 2021	2-6 Activities, value chain, and other business relationships	p. 26	
	2-7 Employees	p. 44	
	2-8 Workers who are not employees		Information not available/incomplete, due to reorganisation Europe organisation, data collection is under construction.

* Page numbers refer to the Annual Report 2023.

GRI standard	Disclosure	Reference/ information*	Omission (requirement, reason, explanation)
Management			
GRI 2: General information 2021	2-9 Governance structure and composition	p. 67–73	
	2-10 Nomination and selection of the highest governance body	p. 71–72	
	2-11 Chair of the highest governance body	p. 68–69	
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 26–27	
	2-13 Delegation of responsibility for managing impacts	p. 26–27	
	2-14 Role of the highest governance body in sustainability reporting	p. 55	
	2-15 Conflicts of interest	p. 48–49	
	2-16 Communication of critical concerns	p. 48	
	2-17 Collective knowledge of the highest governance body	p. 68–70	
	2-18 Evaluation of the performance of the highest governance body	p. 88, 92–94	
	2-19 Remuneration policies	p. 100	
	2-20 Process to determine remuneration	p. 100	
	2-21 Annual total compensation ratio		Information not available/incomplete, due to reorganisation Europe organisation, data collection is under construction.
Strategy, policies, and practices			
GRI 2: General information 2021	2-22 Statement on sustainable development strategy	p. 2–3	
	2-23 Policy commitments	p. 48–49	
	2-24 Embedding policy commitments	p. 48–49	
	2-25 Processes to remediate negative impacts	p. 48	
	2-26 Mechanisms for seeking advice and raising concerns	p. 48	
	2-27 Compliance with laws and regulations	p. 48–49	
	2-28 Membership of associations and interest groups	p. 29	
Stakeholder engagement			
GRI 2: General information 2021	2-29 Approach to stakeholder engagement	p. 28–29	
	2-30 Collective bargaining agreements		Information not available/incomplete, due to reorganisation Europe organisation, data collection is under construction.

* Page numbers refer to the Annual Report 2023.

GRI standard	Disclosure	Reference/ information*	Omission (requirement, reason, explanation)
MATERIAL TOPICS			
Disclosures on material topics			
GRI 3: Material topics 2021	3-1 Process to determine material topics	p. 28	
	3-2 List of material topics	p. 29	
COMMERCIAL PRINCIPLES			
A basis of profitable growth			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 30	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	p. 106–110	
Market leadership			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 30	
Innovation leadership			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 31	
Product quality and compliance			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 33–34	
Products with a sustainable impact			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 32	
Customer Relations			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 34	
ENVIRONMENTAL PROTECTION AND RESOURCE EFFICIENCY			
Environmental compliance and management system			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 40–41	
Resource-efficient production and use of materials			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 36	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 37	
	306-2 Management of significant waste-related impacts	p. 37	
	306-3 Waste generated	p. 38	
Energy and greenhouse gas emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 38–39	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 39	
	302-4 Reduction of energy consumption	p. 39	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 39	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 39	
	305-5 Reduction of GHG emissions	p. 39	

* Page numbers refer to the Annual Report 2023.

GRI standard	Disclosure	Reference/ information*	Omission (requirement, reason, explanation)
SOCIAL RESPONSIBILITY			
Occupational health and safety			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 42–43	
GRI 403: Health and safety in the workplace 2018	403-1 Occupational health and safety management system	p. 42–43	
	403-2 Hazard identification, risk assessment, and incident investigation	p. 42–43	
	403-5 Worker training on occupational health and safety	p. 42–43	
	403-6 Promotion of worker health	p. 43	
	403-9 Work-related injuries	p. 43	
Attractive employer			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 44–45	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 44	
GRI 404: Training and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	p. 45	
Human rights standards			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 46	
Sustainable local communities			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 46–47	
GOVERNANCE			
Responsible supply chain management			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 49–50	
Governance			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 48–49	
GRI 205: Anti-corruption 2016	205-3 Confirmed corruption cases and measures taken	p. 49	
GRI 206: Anti-competitive behavior 2016	206-1 Legal proceedings due to anti-competitive behavior, cartelization, and monopolization	p. 49	

* Page numbers refer to the Annual Report 2023.

Reference table for Art. 964b Code of Obligations

Non-financial matters according to Art. 964b Swiss Code of Obligations	Section in this report
Environmental issues	Environmental compliance and management system
	Resource-efficient production and use of materials
	Energy and greenhouse gas emissions
	Products with a sustainable effect
Social issues	Customer relationships
	Sustainable local communities
Employment issues	Attractive employer
	Occupational health and safety
Respect for human rights	Human rights standards
	Responsible supply chain management
Combating corruption	Governance

DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors of Schweiter Technologies approved the non-financial report for the 2023 financial year at its meeting of 5 March 2024 in compliance with Article 964a ff Swiss Code of Obligations.

Aluminum composite sheets in the recycling system

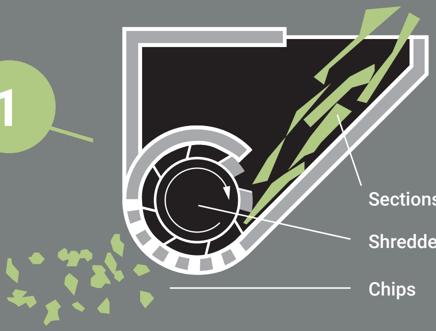
IN RECENT YEARS, 3A COMPOSITES HAS BEEN WORKING HARD ON THE DEVELOPMENT OF RECYCLING SYSTEMS. THANKS TO THE INITIATIVE OF 3A COMPOSITES, AN EFFECTIVE SYSTEM FOR RECYCLING ALUMINUM COMPOSITE SHEETS HAS BEEN DESIGNED AND IMPLEMENTED IN GERMANY.

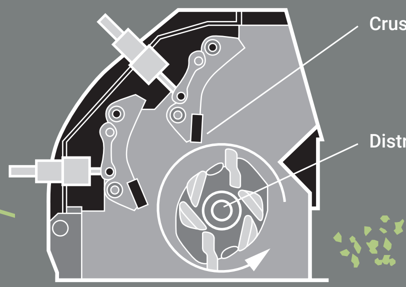
In its MISSION: TOGETHER. RESPONSIBLE. project, 3A Composites is actively committed to establishing an extensive network of recycling and waste collection companies in order to return the maximum amount of sheet materials into the production cycle at the end of their service life.

In 2020, 3A Composites had already joined the aluminum recycling association A|U|F e.V. and set up a working group to look at aluminum composites. As the instigator and lead member of the working group, 3A Composites Europe is making a significant contribution to the development of systems for recycling aluminum composite sheets efficiently.

Once separated, the aluminum is melted down and can be reused in complex alloys or the manufacture of metal sheets and profiles. The minerals and polymer chips of the core can also be turned into regranulate via extrusion and returned to the production process in a valuable contribution to the circular economy from the Schweiter Group.

1





Sheet sections shredded

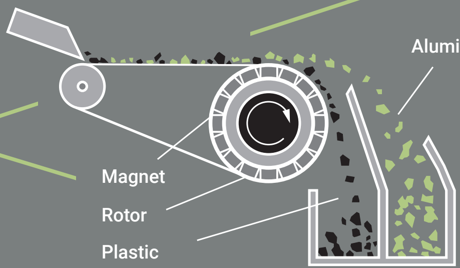
The scrap, in the form of waste material from sheets, is processed into uniform chips.

2

Composite deconstructed in the turbo mill

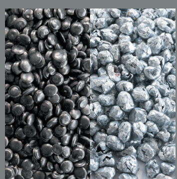
The chips are thrown at speed against cutting blades and split up into their component parts.

3



Separating core and aluminum by weight

The components, which have different densities, are separated from each other by eddy currents.



4

Components processed

The aluminum is sent for melting down once separated. The minerals and polymer chips are processed into regranulate via an extrusion process and returned to the production cycle.

I Aluminum
II Core A2
III Core polyethylene
IV Core PLUS/FR

5

Recycling

The secondary aluminum can be used for complex alloys in the form of the high-grade EN AW-5005A (AlMg1) alloy. It is returned to the production cycle as alloy tablets or turned straight into sheets and profiles. The core materials can be used in a variety of applications once processed into granulate. 3A Composites primarily seeks to reuse the plastic in the manufacture of aluminum composite sheets. In addition, the regranulate is used on the open market for applications including grass pavers and heavy-duty profiles.

Lightweight construction – high in strength, low in weight

LEADING EUROPEAN BUS AND RAIL ENGINEERS PUT THEIR FAITH IN 3A COMPOSITES' EXPERTISE IN THE FIELD OF LIGHTWEIGHT CONSTRUCTION

Lightweight construction technologies combine commercial potential with the conservation of resources. This is important if we are to achieve legal sustainability and climate targets.

In 2016, a solar-powered airplane flew round the world without fuel of any kind. The flight, carried out by Bertrand Piccard and his team, was only possible thanks to the extremely lightweight construction of the plane, "Solar Impuls".

On the ground as well as in the air, lightweight construction methods help to improve economic efficiency and conserve resources. That's why new trains for the Piccadilly Line in London's "Tube" are being fitted with lightweight multi-functional partitions made by 3A Composites. The multi-purpose design of the partitions ensures great mechanical strength, noise-absorbing functions, and fully integrated ventilation ducts which save weight as well as dispersing fresh air effectively. The integration of innovative lightweight solutions contributes to the lower overall weight of the subway cars, allowing for improved acceleration while achieving lower levels of energy consumption and wear.

On the roads too, the use of lightweight construction technology is resulting in significant conservation of resources and increased energy efficiency. Leading European manufacturers of touring coaches, including Volvo, VanHool, and SOR, are choosing body components made by 3A Composites in the construction of the next generation of their efficient electric, hybrid, and fuel cell buses – with sustainable success!

Safe and efficient – there is no room for compromise in public transport

High-tech for the energy transition

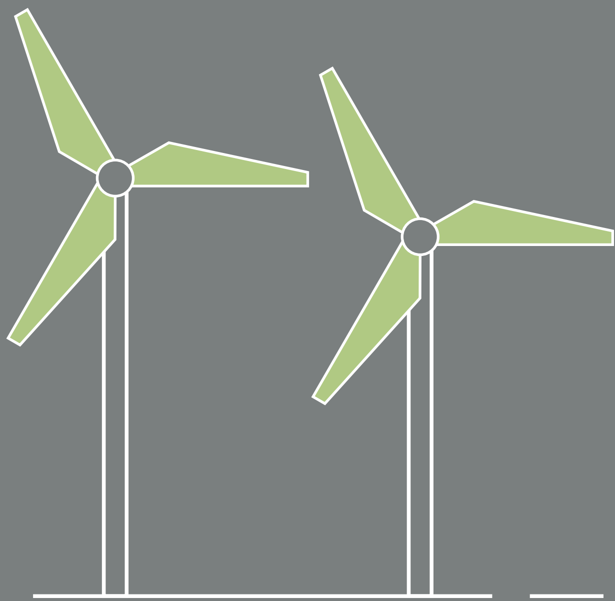
HYBRID-CORE CONCEPT – A SIMPLE SOLUTION TO A DIFFICULT CHALLENGE

Many countries, including Switzerland, have pledged to reduce their greenhouse gas emissions to net zero by 2050. Renouncing the use of fossil fuels means there is a key role for electricity from wind energy.

Wind farms, especially off-shore, are subjected to extreme forces that place great demands on their components, especially the rotor blades. 3A Composites has an essential role to play here, with its high-performance core materials for lightweight yet rigid sandwich constructions.

For example, the hybrid-core design using BALTEK balsa wood as a core material and AIREX PET foam for high-performance rotor blades has one of the best carbon footprints in its class; its lightweight yet very rigid construction also supports its mechanical properties and has a positive impact on energy efficiency and wear.

As the owner and operator of over 13 000 hectares of FSC-certified balsa plantations, 3A Composites Core Materials can also guarantee a stable supply chain and ready availability of BALTEK balsa wood and AIREX PET throughout the world.



Wind power has a key role in the global energy revolution. The requirements for materials and technology are enormous.

13 000

hectares of balsa plantations

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, with its head office in Steinhausen, Switzerland, is a globally active Group focusing on composites solutions with its division 3A Composites. The main activities include the development, production, and distribution of high-quality composites, paper and plastic sheets, foamboards, and core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, industry, train and bus manufacturing, and marine engineering.

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 159.

Conversion of bearer shares for registered shares in accordance with the resolution of the AGM 2023

On 4 April 2023, the Annual General Meeting of Schweiter Technologies AG approved the conversion of the previously existing bearer shares with a par value of CHF 1 each into registered shares.

Following the conversion, the share capital of Schweiter Technologies AG remains unchanged at CHF 1 431 808 and consists of 1 431 808 registered shares with a par value of CHF 1 each. Stock exchange trading on the SIX Swiss Exchange AG in the previous bearer shares was maintained until 12 April 2023. The listing and admission to trading of the total of 1 431 808 registered shares in the International Reporting Standard took place on 13 April 2023.

Registered shares security No.: 124866700; ISIN: CH1248667003; ticker: SWTQ

Based on its share price of CHF 519 at the end of 2023, the company's market capitalization stood at CHF 743.1 million as of 31 December 2023.

The scope of consolidation comprises the unlisted companies which were fully consolidated as of 31 December 2023 and is presented on pages 114 to 115 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 2023.

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)	2023	2022
KWE Beteiligungen AG, Wollerau[1]	25.5%	25.5%
1832 Asset Management L.P., Toronto, Canada	12.46%	10.06%
Beat Siegrist Beteiligungen AG, Zug	5.81%	5.9%
Credit Suisse Funds AG, Zurich	3.01%	3.03%

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

During the 2023 financial year, the following disclosure notices of shareholdings were made in accordance with Article 120 ff. FinMIA (Financial Market Infrastructure Act):

- With disclosure notice as of 4 July 2023, the shareholder Credit Suisse Funds AG, Zurich, disclosed a shareholding of 3.01% (as of 22 March 2023: disclosure notice of a shareholding of below 3%).
- With disclosure notice as of 20 December 2023, the shareholder 1832 Asset Management L.P., Ontario, Canada, disclosed a shareholding of 12.46%.

Details about the 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 2023, the ordinary share capital amounts to CHF 1 431 808. Conditional capital amounted to a total of CHF 132 600, as of 31 December 2023. There was no authorized capital as of 31 December 2023 and 31 December 2022, respectively.

CAPITAL BAND AND CONDITIONAL CAPITAL IN PARTICULAR

Capital band
The company's Articles of Association in effect as of 31 December 2023 do not provide for a capital band.

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 registered 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 this maximum of 132 600 registered shares are excluded. Shareholders' preferential subscription rights in the case of warrants or convertible bonds pursuant to b), involving a maximum of 100 000 registered 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 2023, 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. As of 31 December 2023, no capital band exists. In addition, as in the two previous years, there was no authorized capital as of the respective balance sheet dates. For details of changes in the consolidated shareholders' equity in financial years 2023 and 2022, reference is made to page 110 of the consolidated financial statements. The development of consolidated shareholders' equity in financial year 2021 is presented on page 92 of the 2022 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 2021 through 2023:

		Statutory capital reserves		
(in CHF m)	Share capital	Other capital reserves	Free retained earnings	Total equity
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**
Net income 2023			44.4	44.4
Dividend			–28.6	–28.6
Balance as of 31 December 2023	**1.4**	**3.2**	**439.7**	**444.3**

SHARES, PARTICIPATION CERTIFICATES, AND DIVIDEND-RIGHTS CERTIFICATES

On 4 April 2023, the Annual General Meeting of Schweiter Technologies AG approved the conversion of the existing bearer shares with a par value of CHF 1 each into registered shares with a par value of CHF 1 each. Since 13 April 2023, only the registered shares of Schweiter Technologies AG are traded through SIX Swiss Exchange AG.

Following the conversion, the share capital of Schweiter Technologies AG remains unchanged at CHF 1 431 808.

As of 31 December 2023, the share capital consists of 1 431 808 registered shares with a par value of CHF 1 each, amounting to a total of

CHF 1 431 808. All registered shares are fully paid-up. Each share entitles the holder to one vote at the General Meeting. All registered shares are entitled to dividends.

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

SHARE REGISTER AND RESTRICTIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

A share register is kept for the registered shares. Pursuant to Article 3bis of the Articles of Association as amended on 4 April 2023, a person is recognized as a shareholder or usufructuary if he or she is entered as such in the share register with his or her surname and first name, place of residence, address, and nationality (legal entities with company name, domicile, and registered office). Shareholders must expressly notify the company of any changes in their contact details for the attention of the share register. If this is not done, any notices sent by the company to the registered contact details shall still be deemed to have been validly delivered. Registration in the share register as a shareholder with voting rights is subject to the approval of the Board of Directors, which may delegate this authority in whole or in part.

The Board of Directors may reject acquirers and their entry in the share register if they do not expressly declare that they have acquired and hold registered shares in their own name and for their own account, that there is no agreement on the redemption or return of corresponding shares, and that they bear the economic risk associated with the shares. Until the acquirer has been recognized by the company, the acquirer may neither exercise the voting rights attached to the shares nor any other membership rights or other related rights. Voting rights and the other rights mentioned may only be exercised to the extent that a shareholder with voting rights is entered in the share register.

Persons who do not expressly declare in the application for registration or at the request of the company that they hold the shares for their own account (hereinafter: nominees) will be entered in the share register with voting rights up to a maximum of 3.0% of the outstanding share capital. Over and above these limits, registered shares of nominees will only be registered with voting rights if the nominee concerned discloses, at the time of application for registration or thereafter upon request by the company, the names, addresses, nationalities and, shareholdings of those persons for whose account her or she holds 0.5% or more of the outstanding share capital. The Board of Directors is authorized to enter into agreements with nominees on simplified reporting requirements and to approve increases in the aforementioned restrictions and limits.

Legal entities and partnerships or other associations of persons or joint ownerships which are linked to each other by capital or votes, by common management or in any other way, or which coordinate their conduct, shall be deemed to be one shareholder or one nominee.

The Board of Directors may, after hearing the persons concerned, delete entries in the share register as a shareholder with voting rights if such entries have been made on the basis of false information or if the person concerned fails to provide requested information. The person concerned must be informed of the deletion immediately.

The Board of Directors may issue supplementary provisions if necessary. The registration restrictions set forth in Article 3bis of the Articles of Association shall also apply to shares subscribed or acquired through the exercise of subscription, option or conversion rights. These provisions shall also apply mutatis mutandis to usufructuaries.

In the reporting year 2023, no entries were refused or exceptions granted.

According to Article 16 of the Articles of Association, a restriction on the transferability of registered shares requires a resolution of the Annual General Meeting of Shareholders passed by at least two-thirds of the votes represented and a majority of the par value of the shares represented.
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

Until the Annual General Meeting on 4 April 2023, the share capital of the company consisted of bearer shares. The Articles of Association of the company in force until that date did not contain any statutory restrictions on transferability or provisions regarding nominee registrations.

CONVERTIBLE BONDS, LONG-TERM INCENTIVE PLAN, AND OPTIONS

No convertible bonds are outstanding as of 31 December 2023. 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 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, which expired on 31 December 2023.

Details of the Long-term Incentive Plan and the payment can be found in the Compensation Report 2023 on pages 86 to 103 and in the Compensation Reports 2022 on pages 68 to 81 and 2021 on pages 68 to 80. The LTI will be paid out in cash and will therefore not lead to a dilution of earnings.

https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html.

The Board of Directors has decided to establish a new Long-term Incentive Plan (LTI) for members of the Group Management and selected key employees during the business years 2024 to 2026 (duration three business years).

There are no option plans in place.

BOARD OF DIRECTORS (AS OF 31 DECEMBER 2023)

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
Chairman since 2023 (non-executive)
Member since 2020

BEAT SIEGRIST
Member since 2008 (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[3]	NCC[4]
Dr. Heinz O. Baumgartner	Chairman	2020 Chairman 2023	–	–
Dr. Daniel Bossard	Member	2021	–	Member
Vanessa Frey	Member	2014	–	Member
Dr. Jacques Sanche	Member	2011	–	Chair
Beat Siegrist[1]	Member	2008	–	–
Lars van der Haegen	Member	2020	Chair	–
Stephan Widrig	Member	2021	Member	–
Number of meetings in financial year 2023	**7**		**4**	**3**
Average attendance ratio[2]	**98%**		**100%**	**100%**

1 Beat Siegrist was Chairman of the Board of Directors of Schweiter Technologies AG from AGM 2011 until AGM 2023.
2 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, second and third quarter, and four Board meetings were held in the fourth quarter.
Roman Sonderegger, CEO, attended all meetings. Urs Scheidegger, CFO since 1 October 2023, attended since taking office all four meetings until the end of the financial year. Martin Klöti, CFO until 30 September 2023, attended all three meetings until his departure.
3 Audit Committee ("AC"); one meeting of the AC was held in each of the first and fourth quarter, and two meetings in the third quarter.
Roman Sonderegger, CEO, attended all four meetings of the AC. Urs Scheidegger, CFO since 1 October 2023 attended since taking office the meeting of the AC held in the fourth quarter. Martin Klöti, CFO until 30 September 2023, attended all three meetings of the AC until his departure.
4 Nomination and Compensation Committee ("NCC"); one NCC meeting was held in the first quarter and two meetings were held in the fourth quarter.
Roman Sonderegger, CEO, attended two NCC meetings. Urs Scheidegger, CFO since 1 October 2023, has attended one meeting of the NCC since joining the company; Martin Klöti, CFO until 30 September 2023, attended one meeting of the NCC until his departure.

At the Annual General Meeting held on 4 April 2023, Heinz O. Baumgartner, Daniel Bossard, Vanessa Frey, Jacques Sanche, Beat Siegrist, 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. At the same meeting, Heinz O. Baumgartner was newly elected as Chairman of the Board of Directors for a one-year term of office.

At the Annual General Meeting held on 4 April 2023, Jacques Sanche, Daniel Bossard, and Vanessa Frey were re-elected individually as members of the Nomination and Compensation Committee for a one-year term of office. For the 2023 financial year, Jacques Sanche re-assumed office as Chair of this committee.

MEMBERS OF THE BOARD OF DIRECTORS

DR. HEINZ O. BAUMGARTNER

1963, Swiss citizen
Chairman since 2023
Member since 2020
(non-executive since 1 October 2022)

Heinz O. Baumgartner has been member of the Board of Directors of Schweiter Technologies AG since 2020 and serves as Chairman since April 2023. 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 (formerly 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 the 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.

BEAT SIEGRIST

1960, Swiss citizen
Member since 2008 (non-executive)

Beat Siegrist has been a member of the Board of Directors since 2008 and he served as Chairman from 2011 until the Annual General Meeting 2023.

He 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.

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 Allreal Group, Zurich, since May 2023. Prior to that, he worked for Flughafen Zurich AG in various positions for 23 years, including 15 years as a member of the Management Board. He worked as Chief Commercial Officer (2010–2014) and as Chief Development Officer (2008–2010), and most recently eight years as CEO (2015–2023) of Flughafen Zurich AG. 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.

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 resumes, nor did they exercise any important official duties or political mandates. A list of all mandates, as required under the Swiss Code of Obligations in the Compensation Report, can be found for the respective members of the Board of Directors on page 96.

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 15 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 with an economic purpose. 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, non-profit foundations, family foundations or staff welfare foundations, unless they have an economic purpose. See also:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

Executive activities for the company or its subsidiaries

As mentioned in his resume, Heinz O. Baumgartner was in addition to his function as member of the Board of Directors, previously also CEO and a member of the Group Management of Schweiter Technologies AG until 30 September 2022. No other member carries out any operational function 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.

Independence

In 2023, all members of the Board of Directors are non-executive and, with the exception of Heinz O. Baumgartner, due to his aforementioned executive activity, also independent members of the Board (in accordance with Article 15 of the Swiss Code of Best Practice for Corporate Governance 2023).

Election and term of office

In accordance with the company's Articles of Association, the Board of Directors consists of three to seven 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. Heinz O. Baumgartner has been Chairman of the Board of Directors since the Annual General Meeting 2023. 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 entire 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 2023 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 ("AC") 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.

In accordance with the organizational and business regulations, the AC supports the Board of Directors in its overall supervisory function, particularly with regard to the completeness of the financial statements, compliance with legal requirements, and the capability and performance of the internal and external auditors.

The committee assesses the appropriateness of the financial reporting, the internal control system, and the monitoring of business risks. It ensures ongoing communication with the external auditors and the internal auditors regarding the Group's financial position and business performance.

In particular, the AC has the following duties and responsibilities:

- Evaluating the external auditors, taking into account the required qualification and independence, and proposal to the Board of Directors regarding their appointment
- Evaluating the work of the internal auditors and ensuring cooperation with the external auditors
- Questioning the management, the internal auditors, and the external auditors on significant risks, contingent liabilities, and other commitments of the Group and assessing the measures taken to manage them
- Reviewing the semi-annual and annual financial statements of the company and the Group, including significant off-balance sheet items;
- Discussing the results of the annual audit with the external auditors and discussing the reports of the internal auditors

- Compliance with the rules on transparency of compensation and shareholdings of the members of the Board of Directors and the Group Management

The AC holds decision-making powers in relation to all audit-specific tasks, subject to approval by the entire Board of Directors. All other key decisions are taken by the entire Board of Directors (in particular, appointments). AC meetings are usually attended by the CEO and the CFO, see also the footnotes in the table on page 68. 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 compliance with Article 23a of the Articles of Association, the General Meeting elects from among the members of the Board of Directors at least three members to serve on the Nomination and Compensation Committee ("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 and the organizational regulations, the NCC (Jacques Sanche, Chair, Daniel Bossard, and Vanessa Frey) has, in particular, the following duties and responsibilities in respect of compensation matters concerning the Board of Directors and Management:

- Determining the principles for the selection of candidates for the Board of Directors and the Management and submitting proposals to the Board of Directors (for the attention of the General Meeting) regarding the composition of the Board of Directors and the Executive Board
- 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 Group Management

The NCC prepares the annual compensation report for the attention of the Board of Directors. 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 Management:

- Submitting proposals to the Board of Directors regarding the appropriate size and balanced composition of the Board of Directors
- Developing criteria for election and re-election to the Board of Directors and the Group Management
- Evaluating potential candidates for the Board of Directors and proposal to the Board of Directors regarding the nomination of such candidates for the agenda item of the General Meeting
- Evaluating candidates for the Group Management and proposal to the Board of Directors
- Evaluating proposals of the Group Management to the Board of Directors regarding appointments and dismissals of members of the Group Management for submission to the Board of Directors
- Submitting proposals to the Board of Directors regarding the approval of agreements and employment contracts with members of the Group Management
- Reviewing succession and contingency plans with the Board of Directors and the Group Management

The Articles of Association and the organizational regulations are available via the following links: *https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html* and *https://www.schweiter.ch/s1a293/corporate-governance/organizational-regulations.html*

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 2023, please refer to the footnotes in the table on page 68. As a rule, the Chairman of the Board of Directors attends the NCC meetings as a guest. As in the previous year, in 2023 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. More detailed information can be found in the chapter "Risk Management" on page 118 in the financial report and in the sustainability report on climate-related issues on pages 36 to 41. 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 2023, the Board of Directors held seven meetings, including a strategy meeting. In the year under review, the average attendance ratio of the members of the Board of Directors was 98%. The CEO and CFO generally attend the meetings of the Board of Directors; see also the footnotes in the table on page 68.

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 and 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
- Submitting a request for a moratorium and notification of the judge in the event of over-indebtedness
- Resolution on the subsequent payment of contributions on shares not fully paid in
- Adopting resolutions on capital increases and capital reduction 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 the 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, and net income). Deviations from the budget or from the previous year are presented in detail. Important balance sheet figures (cash and cash equivalents, and net operating 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 118 to 120 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 companywide controls, and ensures that effective controls are performed with 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 the 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 for identifying, assessing, and manageing the risks associated with business operations.

GROUP MANAGEMENT (AS OF 31 DECEMBER 2023)

ROMAN SONDEREGGER
Group CEO

DR. URS SCHEIDEGGER
Group CFO

ROMAN SONDEREGGER

1976, Swiss citizen
Group CEO

Roman Sonderegger is a member of the Group Management, and since 1 October 2022 he has been CEO of Schweiter Technologies AG.

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 the Bühler Group.

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

DR. URS SCHEIDEGGER

1969, Swiss citizen
Group CFO since 1 October 2023

Urs Scheidegger joined Schweiter Technologies AG as Designated CFO and a member of the Group Management on 1 September 2023. On 1 October 2023, he assumed the function of CFO of Schweiter Technologies AG.

He began his career at McKinsey & Company and since 2002 has worked in a variety of roles at Schindler Group, including eight years in Asia in various financial management functions. From 2011, he was in charge of corporate controlling at Schindler Group, before becoming Group CFO, a role in which he served from 2018 to 2022.

Urs Scheidegger holds a master's degree in business administration (lic. oec.) and a doctorate in economics (Dr. oec.) awarded by the University of St. Gallen, Switzerland.

Change in the Group Management in the financial year 2023

Martin Klöti was CFO of Schweiter Technologies from 2014 until 30 September 2023. He left the company and the Group Management of his own accord at the end of September 2023. His successor is Urs Scheidegger. Further information on Martin Klöti can be found in the Annual Report 2022 on page 61 in the chapter "Corporate Governance" via the following link:
https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html

Other activities and vested interests

During the year under review, both members of the Group Management, Roman Sonderegger, CEO, and Urs Scheidegger, CFO, had no further 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 other legal entities with an economic purpose. 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, non-profit foundations, family foundations or staff welfare foundations, unless they have an economic purpose. 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 86 to 103 of this Annual Report.

SHAREHOLDERS' PARTICIPATION RIGHTS

Restriction of voting rights and representation
Each registered share entitles shareholders, who have been registered in the share register, to one vote. Pursuant to Article 3bis of the Articles of Association, shareholders or usufructuaries are recognized by the company if they are entered as such in the share register with their surname and first name, place of residence, address and, nationality (legal entities with company name, domicile and, registered office).

Each shareholder registered in the share register may represent his or her votes at the General Meeting of Shareholders himself or herself or have them represented by a third party who does not need to be a shareholder. The representative must identify himself or herself by written power of attorney. In addition, any shareholder may have his or her shares represented at the General Meeting of Shareholders by the independent proxy. Regarding the provisions of the Articles of Association concerning nominee registrations, reference is made to the explanations on page 65 chapter "Share Register and Limitations on Transferability and Nominee Registrations" and Article 3bis of the Articles of Association.

In the reporting year 2023, the Board of Directors did not reject any applications for registration in the share register and did not grant any exceptions.

Pursuant to Article 16 of the Articles of Association, a restriction on the transferability of registered shares requires a resolution of the General Meeting of Shareholders passed by at least two-thirds of the votes represented and a majority of the par value of the shares represented.
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

Until the Annual General Meeting on 4 April 2023, the company's capital consisted of bearer shares. The former Articles of Association at that time did not contain any statutory restrictions on voting rights and no restrictions on proxy voting.

Independent proxy
The General Meeting elects the independent proxy for a term of office of one year. He or she is eligible for re-election. Pursuant to Article 14a of the Articles of Association, the independent proxy is obliged to exercise voting rights in accordance with instructions. If he or she has not received any instructions, he or she shall abstain from voting. The Board of Directors prepares forms which must be used to issue powers of attorney and instructions. Proxies and instructions may only be issued for the upcoming General Meeting. They may also be issued electronically. If the General Meeting does not have an independent proxy, the Board of Directors shall appoint one for the next General Meeting. See also:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html

The Annual General Meeting held on 4 April 2023 re-elected Proxy Voting Services GmbH, Zurich, management by Dr. René Schwarzenbach, to serve as the independent proxy for a one-year term of office.

Annual General Meeting 2023
At the Annual General Meeting on 4 April 2023, the conversion of bearer shares into registered shares was approved by the Annual General Meeting. Shareholders who wished to attend or be represented at the Annual General Meeting were able to obtain their admission card with voting material directly at the company's domicile from the date of publication of the invitation in the Swiss Official Gazette of Commerce on 13 March 2023, against deposit of their shares or against a deposit certificate which they could request from their bank. The deposited shares remained blocked until after the end of the Annual General Meeting. Shareholders who did not attend the Annual General Meeting in person could be represented by a third party or by the independent proxy.

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 2024
For the upcoming Annual General Meeting on 10 April 2024, shareholders who are registered in the share register are entitled to vote. In addition to physical attendance or voting by third parties or by the independent proxy, the company again offers shareholders the possibility of voting by

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.

Statutory quorums

The General Meeting passes its resolutions and conducts its elections by a majority of the votes cast, excluding blank and invalid votes, unless otherwise provided by law or the Articles of Association. In the event of a tie, a resolution shall be deemed not to have been passed, and elections shall be decided by lot.

Pursuant to Article 16 of the Articles of Association, the following resolutions must by law be passed by at least two-thirds of the votes represented and a majority of the par value of the shares represented:

1. Amendment of the corporate purpose
2. Introduction of shares with increased voting powers
3. Restriction of the transferability of registered shares
4. Introduction of conditional capital or introduction of a capital band
5. Increase of capital out of equity, against contribution in kind or by offsetting against a claim and the granting of special benefits
6. Restriction or cancellation of subscription rights
7. Change of the currency of the share capital;
8. Introduction of the casting vote of the Chairman at the General Meeting
9. Delisting of the company's equity securities;
10. Transfer of the domicile of the company
11. Introduction of an arbitration clause in the Articles of Association
12. Dissolution of the company

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. Shareholders registered in the share register will also receive the invitation by letter.

The Annual General Meeting takes place each year within six months of the end of the financial year. The right to propose items for 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 5% of the share capital or voting rights, specifying the agenda item and the proposals. In this case, the Board of Directors must convene the General Meeting within a reasonable period of time, but at the latest within 60 days. Shareholders representing shares with a nominal value of at least 0.5% of the share capital or voting rights may request that a particular item or that motions relating to items are added to the agenda. Such requests 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 together with a brief explanation.

The date, time, nature, and place of the General Meeting, the items to be discussed, the motions of the Board of Directors and of the shareholders who have requested that the General Meeting be held or that an item be placed on the agenda, together with a brief statement of the reasons for the motions, and the name and address of the independent proxy shall be published, when the such a meeting is convened.

At least 20 days prior to the Ordinary General Meeting, the annual financial statements with the auditor's report and the management report of the Board of Directors as well as the compensation report including the auditor's report shall be made accessible electronically to the shareholders. If the documents are not accessible electronically, each shareholder may request that they be sent to him or her in good time.

No resolutions may be passed on motions relating to items on the agenda that have not been duly announced, with the exception of motions to convene an Extraordinary General Meeting, to conduct a special investigation and to elect an auditor in response to a request from a shareholder.

No prior announcement is required for the submission of motions within the scope of the items on the agenda or for negotiations without the adoption of resolutions.

The venue of the General Meeting and the form in which it is held shall be determined by the Board of Directors. The place of the meeting may also be abroad if the Board of Directors designates an independent proxy in the notice convening the meeting.

According to Article 12 of the Articles of Association, the Board of Directors may provide that shareholders who are not present at the venue of the General Meeting may exercise their rights electronically. Instead, the Board of Directors may also waive the determination of a venue and order to hold a purely virtual General Meeting if the Board of Directors designates an independent proxy in the notice convening the meeting. See also:

https://www.schweiter.ch/s1a127/corporate-governance/statuten.html

In the case of a purely virtual General Meeting, the Board of Directors must, in accordance with Article 701e of the Swiss Code of Obligations, ensure before the meeting is convened that:

- any falsification of the votes is prevented;
- the identity of the participants can be established;
- the votes of the General Meeting can be transmitted immediately;
- each participant can make motions and take part in the discussion; and,
- the voting results cannot be falsified.

The Annual General Meeting on 10 April 2024 is planned with physical attendance by the shareholders at the General Meeting, in Zug, Switzerland.

Entries in the share register

The Annual General Meeting 2023 approved the conversion of the previous bearer shares into registered shares. Since 13 April 2023, only registered shares of Schweiter Technologies AG have been traded through SIX Swiss Exchange AG. A share register is maintained for the registered shares. In accordance with Article 3bis of the Articles of Incorporation, anyone whose name, address, and nationality (in the case of legal entities, the registered office) are entered in the share register is recognized as a shareholder or beneficiary. Entry in the share register as a shareholder with voting rights is subject to the approval of the Board of Directors, which may delegate this authority in whole or in part. For administrative reasons, the share register is closed ten days before the General Meeting. The effective closing will be stated in the invitation to the Annual General Meeting on 10 April 2024. The share register is held by areg.ch AG, Hägendorf.

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 Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinMIA) (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 4 April 2023, 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 2023:

(in 1000 CHF)	**2023**	2022
Auditing services[1]	817	817
Audit-related services	29	15
Total	**846**	**832**

[1] Auditing the consolidated financial statements, the holding company statements, and the financial statements of the individual Group companies, of which CHF 233 000 is attributable to third-party auditors (in 2022: CHF 217 000)

Additional fees

In financial year 2023, KPMG AG was paid additional fees in the total amount of CHF 73 000, thereof CHF 67 000 for tax advice and CHF 6 000 for other services (total amount in 2022: CHF 117 000).

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 2023 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 shareholding of more than 5% 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.

With 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.serag.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 AG 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) and sustainability reports are available on the company's website, and print versions can be ordered free of charge or electronic versions can be downloaded via 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 via the following direct link:
https://www.schweiter.ch/s1f3/media-releases/

The direct links to the company's Articles of Association (in German) and the Organizational and Business Regulations of the company can be found at:
https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html
and:
https://www.schweiter.ch/s1a293/corporate-governance/organizational-regulations.html

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

The address for investor relation matters is:

Schweiter Technologies AG
Dr. Urs Scheidegger, Group CFO
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T +41 41 757 77 00

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www.schweiter.com

7 March 2024: Publication of annual results 2023 and media and analyst conference results 2023

10 April 2024: Annual General Meeting

14 August 2024: Publication of semi-annual results 2024 and media and analyst conference on semi-annual results 2024

The entire financial calendar with important dates is available at:
https://www.schweiter.ch/s1a13/investoren/finanzkalender.html

BLACKOUT PERIODS

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

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, and 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. There was no deviation from this rule either in the reporting year 2023 or in the previous years.

COMPENSATION REPORT

The Compensation Report was prepared in compliance with the 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 2023.

This compensation report has been prepared on the basis of the following regulatory provisions:
- Swiss Code of Obligations "Remuneration of companies whose shares are listed on the stock exchange" (dated 9 February 2023)
- Corporate Governance Directive of SIX Exchange Regulation (dated 29 June 2022)
- "Swiss Code of Best Practice for Corporate Governance" of Economiesuisse (version of 2023)
- Articles of Association of the Company (dated 4 April 2023)
- Organizational and Business Regulations of the Company (dated 13 December 2022)

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

The structure of the compensation model for members of the Board of Directors was adjusted with effect from the 2023 Annual General Meeting. Compensation for the Board of Directors now consists of two non-performance-based components, a short-term component (including expense allowances) paid out in cash and a long-term share-based component with a vesting period of three years. Previously, the members of the Board of Directors received their fees (including expense allowances) exclusively in cash. However, the amount of the fees for the members of the Board of Directors remained unchanged in 2023 compared to the previous year.

At the beginning of 2023, the Nomination and Compensation Committee reviewed the short- and long-term variable compensation of the Executive Board, whereby the structure of the compensation model maintained compared to the previous year. As of the 2022 financial year, the individual targets for the short-term variable compensation of the members of the Group Management also include ESG criteria (Environmental, Social and Governance); in addition, the vesting period for the share-based compensation in the short-term variable incentive was set from one year to three years in 2022.

The Board of Directors has essentially confirmed the existing rules for the year 2023:
- Payment of the short-term variable compensation of the CEO in cash and restricted share units; this rule has also applied to the CFO since September 2023 in connection with the change of CFO;
- Malus and clawback clauses ("clawback") on the share-based short-term variable 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 2023, 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 2023 will be submitted to a consultative vote at the ordinary General Meeting on 10 April 2024. Shareholders will also be asked to vote on the maximum aggregate compensation to be awarded to the Board of Directors for the 2024–2025 term and on the maximum aggregate compensation of Group Management for the financial year 2025.

Compensation overview Board of Directors

(in CHF)	2023	2022
Number of members	7	7
Aggregate compensation	1 116 000	1 137 000
Maximum aggregate compensation amount approved by AGM[1]	1 200 000	1 400 000

1 Maximum aggregate compensation for the board term from one ordinary AGM to the next

Compensation overview Group Management

(in CHF)	2023	2022
Number of members	3[1]	3[3]
Aggregate compensation	1 720 000[2]	1 758 000[4]
Maximum aggregate compensation amount approved by AGM	3 000 000	4 000 000

1 Three members from 1 September 2023 until 30 September 2023. At 31 December 2023, the Group Management comprised two members: Roman Sonderegger, CEO and Dr. Urs Scheidegger, CFO.
2 CFO change in 2023: Martin Klöti was CFO and member of the Group Management until 30 September 2023. His compensation as CFO related to nine months. Dr. Urs Scheidegger has served as CFO and member of the Group Management of Schweiter Technologies AG since 1 October 2023. From 1 September 2023 (joining Schweiter Technologies AG) until 30 September 2023 he served as Designated CFO and was also a member of the Group Management. His compensation relates to four months in financial year 2023.
3 Three members from 1 May 2022 until 30 September 2022; at 31 December 2022, the Group Management comprised two members: Roman Sonderegger, CEO, and Martin Klöti, CFO.
4 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 policy

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

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.

In line with the principles mentioned above, members of the Board of Directors receive fixed compensation only, without any performance-related component, above all to ensure their independence. With the aim of strengthening their focus on the long-term strategy, the Board of Directors has decided to split the compensation for the various responsibilities into a cash component (including expense allowances) and share-based compensation. This compensation structure has been in place since the 2023 Annual General Meeting; until then, the Board of Directors' fees (including expense allowances) were paid out exclusively in cash.

The compensation is awarded for the term of office, which is from one ordinary General Meeting to the next. It is paid at the end of the term, with the share-based compensation subject to a vesting period of three years. The shares are purchases on the stock market, therefore this does not result in a future dilution of share capital or profit for the company.

The following table shows the individual components of the compensation of the members of the Board of Directors that have applied since the 2023 Annual General Meeting.

Board and committee fees

Function	Compensation components in 2023 in CHF[1]		**Total annual fee in 2023 in CHF[1, 3]**	Total annual fee (cash) in 2022 in CHF[1]
	Cash compensation	Share-based compensation[2]		
Board chairman	100 000	100 000	200 000	200 000
Board member	55 000	55 000	110 000	110 000
Committee chair	10 000	10 000	20 000	20 000
Committee member	5 000	5 000	10 000	10 000

1 The amounts are gross figures; cash compensation including expense allowances
2 Vesting period of three years
3 Total annual fee for the Chairman of the Board of Directors has remained unchanged at CHF 200 000 since 2011. Total annual fee for the members of the Board of Directors, for the chair and committee work remained unchanged since 2021.

Members of the Board of Directors are generally not insured under the occupational pension fund; in the reporting year 2023, there were two exceptions, as in the previous year. One exception applied to the Chairman of the Board of Directors, Dr. Heinz O. Baumgartner. He serves as Chairman of the Board since the Annual General Meeting 2023 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 continues to be insured under the pension fund. The second exception applied to Beat Siegrist; he served as Chairman of the Board until the Annual General Meeting 2023. Due to his former employment as CEO of the company, he was offered to remain insured in an external pension fund where the company insures members of the Group Management against risks of death, disability. Even after his resignation as Chairman of the Board of Directors, he continues to be insured under the pension fund. None of the other members 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 member of the Group Management 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 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 (version dated 4 April 2023), the variable compensation is capped at 200% of the fixed compensation, as before.

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 and shares, 50% each (CEO & CFO[2])	EBIT; EBIT margin (CEO); individual objectives (including ESG criteria)[3]	1 year	Financial and individual performance	145% 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 Rule has also applied to the acting CFO since September 2023
3 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 an external pension fund. 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, in addition 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 150% 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 (Environmental, Social and Governance). These performance objectives are based on the manager’s specific function in the context of the execution of the overarching business strategy. The payout is capped for performance above 100% of the target (ceiling).

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	38%	36% of fixed salary	145% of target
	EBIT margin	38%		
	MBO	24%		
OTHER MEMBERS OF GROUP MANAGEMENT	EBIT	79%	56% of fixed salary	145% 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. However, the Board of Directors may grant exceptions. 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 Board of Direcotrs may, at its own discretion, grant the STI (EBIT and MBO) 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, and since September 2023, also for the acting CFO, the STI is set at 50% in cash and 50% in shares. Since 2022, the vesting period for the share-based compensation has been three years (previously one year). In case of voluntary resignation of the CEO or the CFO, or termination for good reasons during the vesting period, the shares are forfeit. However, the Board of Directors may grant vesting in whole or in part at its own discretion, e.g. if the resignation is made by Schweiter Technologies. 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.

The shares for the share portion of the STI for the CEO and the CFO 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.

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	50%	125% of fixed salary	150% of target
OTHER MEMBERS OF GROUP MANAGEMENT[2]	EBIT margin (3A Composites)	50%	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, did not participate in the LTI plan 2021–2023
2 Dr. Urs Scheidegger, CFO since 1 October 2023, did not participate in the 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. In March 2024, no payment to the Group Management will occur for the LTI (2021 – 2023), as the specified performance objectives were not achieved.

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 2023

This section has been audited by the statutory auditors in accordance with Article 728a section 1 para. 4 of the Swiss Code of Obligations.

Compensation of the Board of Directors

The following tables show the compensation paid to members of the Board of Directors for 2023 and 2022. 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 88, the fees for the members of the Board of Directors, with the exception of the Chairman's fee, were adjusted and increased for the last time in 2021.

With the exception of Dr. Heinz O. Baumgartner (see tables below), 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 2023 (audited)

(in CHF 1000s)[1]	Function	Board fee (cash)	Board fee share-based[2]	Board fee total	Other compen-sation	Benefits[3]	Total
Dr. Heinz O. Baumgartner[4, 5]	Chairman	102	75	**177**	63	58	298
Dr. Daniel Bossard[6]	Member	75	45	**120**	0	8	128
Vanessa Frey[6]	Member	75	45	**120**	0	8	128
Dr. Jacques Sanche[6]	Member	81	49	**130**	0	9	139
Beat Siegrist[7]	Member	91	42	**133**	0	23	156
Lars van der Haegen[8]	Member	81	49	**130**	0	9	139
Stephan Widrig[8]	Member	75	45	**120**	0	8	128
Total compensation for Board of Directors		**580**	**350**	**930**	**63**	**123**	**1 116**

1 The amounts are gross figures; cash compensation including expense allowances
2 Share-based compensation since AGM 2023; vesting period for shares three years; the allocation of the shares is based on the volume-weighted average share price on the five trading days following the AGM
3 Employer's contribution to social insurance, for Dr Heinz O. Baumgartner (Chairman) and Beat Siegrist (member of the Board of Directors) to the pension fund as well
4 Chairman since AGM 2023
5 Under his employment contract as CEO ending on 31 March 2023, he was paid a consulting fee of CHF 63,000 (excluding pension fund contributions) for the period from January to the end of March 2023 (end of contract) in addition to his compensation as a member of the Board of Directors
6 Member of the Nomination and Compensation Committee
7 Chairman until AGM 2023; the compensation is composed proportionately of the compensation as Chairman (1 January 2023 until AGM 2023) and as member of the Board of Directors (AGM 2023 until 31 December 2023)
8 Member of the Audit Committee

The reported compensation of the Board of Directors for the 2023 financial year is allocated pro-rata to the two respective terms of office as follows:

Compensation of the Board of Directors in 2023 (audited)

(in CHF 1000s)	
Pro-rata 1.1.2023 – 4.4.2023	347
Pro-rata 5.4.2023 – 31.12.2023	769

The total maximum compensation amount of CHF 1 200 000 as approved by the Annual General Meeting 2023, which may be paid to the Board of Directors for the term of office from the 2023 General Meeting to the 2024 General Meeting, was therefore not exceeded during the portion of the term of office up to the cut-off date of this Annual Report (5 April 2023 – 31 December 2023). A conclusive assessment for the entire term of office will be included in the Compensation Report 2024.

The compensation of the Board of Directors for the term of office from the 2022 General Meeting to the 2023 General Meeting was CHF 1 213 000 (for seven members of the Board of Directors). The total maximum compensation amount of CHF 1 400 000 as approved by the 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.

Compensation of the Board of Directors for 2022 (audited)

(in CHF 1000s) [1]	Function	Fee (Board)	Fee (Committee)	Other compensation	Benefits[6]	Total
Beat Siegrist	Chairman	200	3	–	33	236
Dr. Heinz O. Baumgartner[3,4]	Member	110	–	90	41	241
Dr. Daniel Bossard[2]	Member	110	7	–	8	125
Vanessa Frey[2]	Member	110	10	–	8	128
Dr. Jacques Sanche[2]	Member	110	20	–	9	139
Lars van der Haegen[5]	Member	110	20	–	9	139
Stephan Widrig[5]	Member	110	10	–	8	128
Total compensation for Board of Directors		**860**	**70**	**90**	**116**	**1 136**

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

Compensation of Group Management

The table below shows the compensation paid to members of Group Management for the 2023 and 2022 financial years.

Compensation of Group Management in 2023 and 2022 (audited)

(in CHF 1000s)[1]	2023		2022	
Group Management	3 members[2]	of whom highest individual compensation[3]	3 members[4]	of whom highest individual compensation[5]
Fixed basic compensation in cash	969	650	1 275	600
Performance-related compensation[6]	466	248	155	68
Long-term Incentive Plan (2021–2023)[7]	0	0	0	0
Pension benefits[8]	285	163	328	136
Total compensation of Group Management	**1 720**	**1 061**	**1 758**	**804**

1 The amounts are gross figures
2 Three members from 1 September 2023 until 30 September 2023. Dr. Urs Scheidegger joined the company as Designated CFO on 1 September 2023, and assumed the role of CFO on 1 October 2023, succeeding Martin Klöti, CFO until 30 September 2023. As of 31 December 2023, the Group Management comprises two members: Roman Sonderegger, CEO, and Dr. Urs Scheidegger, CFO
3 Roman Sonderegger, CEO
4 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
5 Dr. Heinz O. Baumgartner, CEO until 30 September 2022
6 2023: Performance-related compensation is composed as follows: Objectives for the CEO are taken into account for 12 months; objectives for the acting CFO are taken into account for four months; with 50% being paid out in shares on the volume-weighted average share price in February 2024, shares with a vesting period of three years.

Objectives for the former CFO are taken into account for nine months and was paid out in the fourth quarter 2023. No retention bonus was paid for the performance period 2021 – 2023.
2022: Composition of the performance-related compensation, please see "Performance objectives, target and maximum payout of short-term variable compensation" page 75 of the Compensation Report 2022 *https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html?L=2*

7 Long-term Incentive plan 2021–2023: Participants were 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 91. In March 2024, no payment will occur for the LTI (2021–2023), as the specified performance objectives were not achieved.

8 Employer's contribution to social insurance and the pension fund.

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 2023, Group Management temporarily consisted of three members due to the change of the CFO:
  - Roman Sonderegger, CEO, from January to December 2023
  - Dr. Urs Scheidegger, CFO, from October to December 2023 (Designated CFO from 1 September to 30 September 2023, and CFO as of 1 October 2023)
  - Martin Klöti, CFO from January to September 2023
- The fixed compensation paid to the CEO was set when taking office at 1 October 2022, valid from 1 January 2023. The fixed compensation for the former CFO remained unchanged compared to the previous year. With the change of the CFO, the fixed compensation for the new CFO was set when taking office at 1 October 2023. The year-on-year change in the total fixed compensation is due to the change of CEO in 2022 and the fact that the Group Management consisted of three members for five months in 2022.
- The payment of the variable compensation (short-term performance-based compensation) for 2023 for the Group Management (temporarily three members) corresponded to 38% and 73% of the fixed salary (2022: between 11% and 16%, temporarily three members of the Group Management). For the CEO it corresponded to 38% (2022: 11% for three months as CEO and five months as other member of the Group Management). The year-on-year change is mainly due to the performance-related increase in compensation.
- No bridging payments were made to members of Group Management under the pension fund either in 2023 or in 2022.

For the financial year 2023, the members of Group Management (12 months for the CEO, four months for the acting CFO, and nine months for the former CFO) were awarded an aggregate total compensation of CHF 1 720 000, which is within the maximum aggregate compensation amount of CHF 3 000 000 that was approved by the shareholders at the Ordinary General Meeting 2022.

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 in other companies as required by Article 734e of the new Swiss Code of Obligations. 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 70 and 77 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 as of 31 December 2023 (audited)

Name	Mandates in listed companies[1]	Other activities[1]
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)	BURU Holding AG, BoD Ecoparts AG, BoD “Doing Business in the USA” chapter of the Swiss-American Chamber of Commerce, Zurich, Member
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 Foundations: Avilan Ocean Foundation, Chairwoman of the Foundation fit4future foundation, Chairwoman of the Foundation
Dr. Jacques Sanche	Bucher Industries AG, CEO (as well as various Board memberships in subsidiaries of the Bucher Group)	“Doing Business in the USA” chapter of the Swiss-American Chamber of Commerce, Zurich, Member
Beat Siegrist	Phoenix Mecano AG, BoD Inficon Holding AG, BoD	Bomatec Holding AG, BoD The Island Rum Company AS, BoD
Lars van der Haegen	Belimo Group, CEO (as well as various Board memberships in subsidiaries of the Belimo Group)	"Doing Business in the USA” chapter of the Swiss-American Chamber of Commerce, Zurich, Member American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), Member CEO4Climate, an initiative of swisscleantech, Member Foundation >>venture>>, Zurich, Member Advisory Board
Stephan Widrig	Allreal-Group, CEO (as well as various Board memberships in subsidiaries of the Allreal Holding AG)	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 as of 31 December 2023 (audited)

Name	Mandates in listed companies	Other activities
Roman Sonderegger	None	None
Dr. Urs Scheidegger	None	None

Compensation to former members of governing and executive bodies or related parties (audited)
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 2023.

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 (audited)
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 (audited)
Information on the shares held by members of the Board of Directors and Group Management can be found on page 160 of the notes to the 2023 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 4 April 2023 (*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 and/or shares 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, 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 Nomination and 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 Nomination and 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, 27e)	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 2023 compensation is the Articles of Association of the company dated 4 April 2023.

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 and individually 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 (valid as of 4 April 2023) and the organizational regulations (adopted on 13 December 2022), the Nomination and Compensation Committee has, in particular, the following duties and responsibilities with respect to 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 Nomination and Compensation Committee prepares the annual Compensation Report for the attention of the Board of Directors. In addition to the tasks regarding compensation, the Nomination and Compensation Committee also has 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 are set out in detail in the Corporate Governance Report, page 72, section «Nomination and Compensation Committee».

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 4 April 2023, the members were elected individually and for a term of office of one year; Dr. Jacques Sanche, Dr. Daniel Bossard, and Vanessa Frey were re-elected. Jacques Sanche assumed 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 2023, the CEO attended two meetings, the acting CFO attended one meeting since taking office in October 2023; and the former CFO attended one meeting until his departure at the end of September 2023. In the 2023 reporting year, the Chairman of the Board of Directors attended all meetings of the Nomination and Remuneration Committee as a guest. 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 compensation of members of the Board of Directors and Group Management whenever it sees need for action.

The amount of fees for the members of the Board of Directors remained unchanged in 2023 compared to the previous year; however, the structure of the compensation model was adjusted. Since the Annual General Meeting 2023, the compensation of the members of the Board of Directors has consisted of cash compensation (including expense allowances) and share-based compensation (vesting period of three years).

The compensation model for the Group Management was reviewed at the beginning of 2023. The overall structure was retained, with a slight adjustment in the payout modalities of the short-term variable compensation for the CFO. With the change of CFO, since September 2023, 50% of the short-term variable compensation for the CEO, and now also for the CFO, is paid in cash and 50% in shares (vesting period of three years). From 2022, individual target achievement is also linked to ESG criteria. No separate analysis was carried out for the amounts paid out to the members of the Group Management in the reporting year 2023.

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 are 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 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables and information marked “audited” on pages 93 to 97 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Remuneration Report complies with Swiss law and the Company’s articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s 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 and information marked “audited” in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

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

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

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

Board of Directors' Responsibilities for the Remuneration Report
The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. 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 pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism 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, 5 March 2024

KPMG AG, Landis + Gyr-Strasse 1, CH-6302 Zug

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS (IN CHF M)	31 December 2023	%	31 December 2022	%	
CURRENT ASSETS					
Cash and cash equivalents	93.8		85.9		
Trade receivables	159.9		171.3		1
Current income tax receivables	3.2		3.7		
Advances to suppliers	2.6		5.1		
Other receivables	16.2		18.6		
Prepaid expenses and accrued income	6.8		5.6		
Inventories	185.4		213.6		2
Total current assets	**467.9**	**44.9**	**503.8**	**46.5**	
NON-CURRENT ASSETS					
Property, plant and equipment	332.1		333.4		3
Biological assets	40.3		41.0		4
Investments in associated companies	2.4		19.7		5
Financial assets	1.9		2.2		
Deferred tax assets	13.1		10.0		22
Intangible assets (incl. goodwill)	185.0		174.2		6
Total non-current assets	**574.8**	**55.1**	**580.5**	**53.5**	
Total assets	**1 042.7**		**1 084.3**		

LIABILITIES AND SHAREHOLDERS' EQUITY (IN CHF M)	31 December 2023	%	31 December 2022	%	
LIABILITIES					
Current financial liabilities	75.0		52.1		7
Trade payables	58.9		65.7		
Prepayments received from customers	3.2		5.3		
Other payables	8.5		10.5		
Accrued expenses and deferred income	47.5		53.9		8
Current provisions	3.7		5.0		13
Current income tax payables	14.4		13.6		
Total current liabilities	**211.2**	**20.3**	**206.1**	**19.0**	
Non-current financial liabilities	35.1		29.5		9
Deferred tax liabilities	29.0		28.9		22
Non-current provisions	10.2		12.0		13
Employee benefits	50.8		55.0		12
Total non-current liabilities	**125.1**	**12.0**	**125.4**	**11.6**	
Total liabilities	**336.3**	**32.3**	**331.5**	**30.6**	
SHAREHOLDERS' EQUITY					
Share capital	1.4		1.4		14
Reserves	705.0		751.4		
Total shareholders' equity	**706.4**	**67.7**	**752.8**	**69.4**	
Total liabilities and shareholders' equity	**1 042.7**		**1 084.3**		

CONSOLIDATED INCOME STATEMENT

(in CHF m)	2023	%	2022	%	
Net sales	**1 069.6**	**100.0**	**1 197.7**	**100.0**	16
Change in inventories of semi-finished and finished goods	−7.4	−0.7	−8.2	−0.7	
Material expenses	−564.0	−52.7	−671.1	−56.0	
Personnel expenses	−210.3	−19.7	−223.8	−18.7	
Other operating expenses	−206.8	−19.3	−217.7	−18.2	17
Other operating income	8.6	0.8	8.6	0.7	18
Depreciation and amortization	−39.4	−3.7	−43.0	−3.6	19
EBIT	**50.3**	**4.7**	**42.5**	**3.5**	
Financial income	0.5	0.0	0.2	0.0	20
Financial expenses	−17.3	−1.6	−7.3	−0.6	21
Share of result of associated companies	0.4	0.0	1.4	0.1	5
Income before taxes	**33.9**	**3.2**	**36.8**	**3.1**	
Income taxes	−6.3	−0.6	−7.7	−0.6	22
Net income	**27.6**	**2.6**	**29.1**	**2.4**	
EARNINGS PER SHARE (IN CHF)					24
– undiluted	19.3		20.3		
– diluted	19.3		20.3		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in CHF m)	2023	2022
Net income	**27.6**	**29.1**
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the statement of income:		
– Exchange differences on translation of foreign operations	−45.9	−26.6
– Tax effects	0.0	0.0
Exchange differences reclassified to the statement of income	0.6	0.0
Total	**−45.3**	**−26.6**
Items that will not be reclassified subsequently to the statement of income:		
– Revaluation of defined benefit plans	−0.8	39.4
– Tax effects	0.2	−8.3
Total	**−0.6**	**31.1**
Total other comprehensive income	**−45.9**	**4.5**
Comprehensive income	**−18.3**	**33.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in CHF m)	2023	2022	
Net income	**27.6**	**29.1**	
Depreciation and amortization	39.4	43.0	19
Change in provisions and employee benefits	−4.5	−1.2	
Gain from sale of property, plant and equipment	−1.7	−1.1	
Gain from sale of biological assets	−0.4	0.0	
Other positions not impacting cash	−4.1	−5.2	
Financial income and share of result of associated companies	−0.9	−1.6	20
Financial expenses	17.3	7.4	21
Income taxes	6.3	7.7	22
Change in working capital			
– Change in trade receivables	6.7	11.2	
– Change in other receivables and prepaid expenses	3.2	−3.6	
– Change in inventory and work in progress	17.1	−5.9	
– Change in trade payables	−13.3	−10.8	
– Change in other liabilities and deferred income	−6.3	−6.7	
Income taxes paid	−8.1	−14.1	
Cash flow from operating activities	**78.3**	**48.2**	
Purchase of subsidiaries, net of cash acquired	−15.5	−2.0	23
Purchase of associated companies	0.0	−2.5	5
Purchase of property, plant and equipment	−31.7	−50.5	
Proceeds from sale of property, plant and equipment	4.2	1.6	
Proceeds from sale of biological assets	0.4	0.0	
Purchase of intangible assets	−0.4	−0.4	
Repayment of financial assets	0.6	0.7	
Increase in financial assets	−0.2	−1.1	
Interest received	0.2	0.2	
Cash flow from investing activities	**−42.4**	**−54.0**	
Repayment of lease liabilities	−10.9	−11.2	
Increase in financial liabilities	30.0	43.0	
Repayment of financial liabilities	−8.5	0.0	
Interest paid	−3.9	−2.4	
Dividend paid	−28.6	−57.3	14
Cash flow from financing activities	**−21.9**	**−27.9**	
Currency exchange differences on cash and cash equivalents	−6.1	−3.5	
Change in cash and cash equivalents	**7.9**	**−37.2**	
Cash and cash equivalents as of 1 January	85.9	123.1	
Cash and cash equivalents as of 31 December	**93.8**	**85.9**	

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 2022	**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**	
Net income		27.6		27.6	
Other comprehensive income		−0.6	−45.3	−45.9	
Comprehensive income		**27.0**	**−45.3**	**−18.3**	
Share-based remuneration		0.5		0.5	15
Dividend		−28.6		−28.6	
Balance as of 31 December 2023	**1.4**	**845.9**	**−140.9**	**706.4**	

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 high-quality composites, paper and plastic sheets, foamboards, and core materials based on balsa wood and PET foam.

ACCOUNTING PRINCIPLES

Schweiter Technologies AG prepares its consolidated financial statements in accordance with the IFRS (International Financial Reporting Standards) accounting principles 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 2023:

New standards

IFRS 17	Insurance Contracts	1

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

Amendments to standards

IAS 1	Disclosure of Accounting Principles	1
IAS 8	Definition of Accounting Estimates	1
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1
IAS 12	International Tax Reform — Pillar Two Model Rules	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:

Amendments to standards

		Effective for annual periods beginning on or after	Planned adoption by Schweiter Technologies AG	
IFRS 16	Lease liability in a Sale and Leaseback	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	Non-current Liabilities with Covenants	1 January 2024	Financial year 2024	1
IAS 7 and IFRS 17	Supplier Finance Agreements	1 January 2024	Financial year 2024	1
IAS 21	Lack of Exchangeability	1 January 2025	Financial year 2025	1
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred indefinitely	N/A	1

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of Schweiter Technologies AG include all entities that are controlled by the Group.

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. 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.

CHANGES IN THE SCOPE OF CONSOLIDATION

Changes in financial year 2023:

Acquisitions:
On 31 May 2023, the remaining 60%-interest in JMB Wind Engineering, headquartered in Goleniów, Poland, with operations in Poland, Portugal, and Brazil was acquired (see note 23).

Changes in financial year 2022:

There were no changes in the scope of consolidation in the financial year 2022.

SCOPE OF CONSOLIDATION

The following companies were fully consolidated as of 31 December:

Company	Purpose	Share capital in 1000s		Investments 2023	Investments 2022
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%
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. Nowogard, Poland	Production and distribution	PLN	10	100%	100%

Company	Purpose	Share capital in 1000s		Investments 2023	Investments 2022
P.I.W. "JMB" Sp. z o.o. Goleniów, Poland	Production and distribution	PLN	60	100%	–
JMB Wind Lda Palhaça, Portugal	Production and distribution	EUR	1	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	1 000	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 Pvt. 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%
JMB Wind Brasil Ltda Horizonte, Brazil	Production and distribution	BRL	2 707	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 or the accounting using the equity method ends.

The following main foreign currency rates have been applied:

				Year-end rate 31.12. for the balance sheet		Average rate for the income statement	
				2023	2022	**2023**	2022
USA	Dollar	USD	1	0.841	0.924	0.899	0.955
EU	Euro	EUR	1	0.929	0.989	0.972	1.005
GB	Pound	GBP	1	1.071	1.118	1.117	1.179
China	Yuan	CNY	1	0.119	0.134	0.127	0.142
India	Rupee	INR	100	1.010	1.116	1.088	1.216

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 the physical sale of goods from the company's 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.

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 with 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 20 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.

INTANGIBLE ASSETS

Other intangible assets (excluding goodwill) are stated at acquisition costs and amortized on a straight-line basis over their estimated useful life. 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.

LEASES

The lease liability is initially measured at the present value of future lease payments. Generally, a regional-specific incremental borrowing rate is used to determine the present value.

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.

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.

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 2023 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 1.8 million [CHF 1.5 million] (previous year: CHF 2.8 million [CHF 1.8 million]) and shareholders' equity would have been lower/higher by CHF 8.8 million [CHF 4.7 million] (previous year: CHF 9.4 million [CHF 5.2 million]).

Interest rate risks

As the Group did not have significant outside financing and had a diversified portfolio of cash and cash equivalents as of 31 December 2023, 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 0.2 million (previous year: CHF 0.0 million) respectively.

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. The maximum credit risk corresponds to the book value of CHF 93.8 million (previous year: CHF 85.9 million).
- 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, and 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 CHF 159.9 million (previous year: CHF 171.3 million)

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 2023 and 31 December 2022, 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.

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.

Financial liabilities: carrying amount and cash outflows

		Cash outflows			
2023 (IN CHF M)	Carrying amount 31.12.2023	Total	Up to 1 year	1 to 5 years	More than 5 years
Current financial liabilities	65.7	67.4	67.4		
Current lease liabilities	9.3	10.2	10.2		
Trade payables	58.9	58.9	58.9		
Other liabilities	5.0	5.0	5.0		
Non-current financial liabilities	4.3	4.9		3.5	1.4
Non-current lease liabilities	30.8	38.2		28.4	9.8
Total	**174.0**	**184.6**	**141.5**	**31.9**	**11.2**

		Cash outflows			
2022 (in CHF m)	Carrying amount 31.12.2022	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**

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.

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.

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

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 among 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 2023

Operating segments (in CHF m)	3A Composites	Other/Eliminations	Group	
Net sales	1 069.6	0.0	1 069.6	
Depreciation and amortization	−39.4	0.0	−39.4	19
Impairment	0.0	0.0	0.0	19
EBIT	**50.8**	**−0.5**	**50.3**	
Financial income			0.5	
Financial expenses			−17.3	
Share of result of associated companies			0.4	
Income before taxes			**33.9**	
Income taxes			−6.3	
Net income			**27.6**	
Capital expenditure in property, plant and equipment	30.7	0.0	30.7	
Capital expenditure in intangible assets	0.4	0.0	0.4	
Total capital expenditure	**31.1**	**0.0**	**31.1**	
Assets	1 040.5[1]	2.2	1 042.7	
Liabilities	647.9	−311.6	336.3	
Employees as of 31 December	4 591	7	4 598	

1 thereof investments in associated companies: CHF 2.4 million

Geographical information 2023

Regions (in CHF m)	Europe	Americas	Asia	Other	Total
Net sales[1]	620.8	300.0	129.3	19.5	1 069.6
Non-current assets[2]	383.9	137.1	26.6	9.8	557.4

1 Net sales in Switzerland are not material.
2 Non-current assets exclude deferred tax assets, investments in associated companies, and financial assets.

Information on major customers 2023

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

Operating segments 2022

Operating segments (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
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]	359.4	145.3	31.9	12.0	548.6

1 Net sales in Switzerland are not material.
2 Non-current assets exclude deferred tax assets, investments in associated companies, and financial assets.

Information on major customers 2022

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. TRADE RECEIVABLES

(in CHF m)	2023	2022
Total trade receivables	169.0	180.6
– less allowance for doubtful accounts	−9.1	−9.3
Total trade receivables – net	**159.9**	**171.3**

Age analysis of trade receivables:

2023 (IN CHF M)	Gross 31.12.2023	Bad debt allowance 31.12.2023	Net 31.12.2023
Not due	142.2	−0.9	141.3
Overdue up to one month	14.6	−1.0	13.6
Overdue between 1 and 2 months	2.4	−0.3	2.1
Overdue between 2 and 3 months	0.4	−0.1	0.3
more than 3 months overdue	9.4	−6.8	2.6
Total overdue	26.8	−8.2	18.6
Total	**169.0**	**−9.1**	**159.9**

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**

Changes in the value adjustment for doubtful accounts:

(in CHF m)	2023	2022
Balance as of 1 January	−9.3	−9.6
Bad debt allowance used	0.4	0.5
Bad debt allowance released	0.9	1.7
Bad debt allowance increased	−1.8	−2.4
Exchange rate differences	0.7	0.5
Balance as of 31 December	**−9.1**	**−9.3**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. INVENTORIES

(in CHF m)	2023	2022
Raw materials and production parts	92.5	100.2
Semi-finished goods and work in progress	29.9	30.8
Finished goods and trading goods	63.0	82.6
Total	**185.4**	**213.6**

The net value of the inventories is after value adjustments of CHF 13.0 million (previous year: CHF 12.8 million). As in the 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 the prior year, no reinstatements were recorded as income.

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

3. PROPERTY, PLANT AND EQUIPMENT

2023 (IN CHF M)	Land and buildings	Machinery & tools	IT equipment & furnishings	Vehicles	Assets under construction	Total
COST						
Balance as of 1 January 2023	251.4	392.0	20.1	9.9	60.4	733.8
Change in scope of consolidation	7.4	1.5	0.1	0.2	7.3	16.5
Additions	14.1	7.9	0.8	1.3	19.8	43.9
Disposals	−6.4	−2.1	−0.7	−1.3	0.0	−10.5
New classifications	13.8	33.9	0.4	0.5	−48.6	0.0
Exchange rate differences	−15.7	−26.1	−1.2	−0.7	−2.4	−46.1
Balance as of 31 Dec 2023	**264.6**	**407.1**	**19.5**	**9.9**	**36.5**	**737.6**
ACCUMULATED DEPRECIATION						
Balance as of 1 January 2023	−106.2	−271.2	−16.4	−6.6	0.0	−400.4
Depreciation for the year	−16.3	−18.5	−1.3	−1.6	0.0	−37.7
Impairment	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	4.5	1.4	0.7	1.3	0.0	7.9
New classifications	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate differences	6.7	16.6	1.0	0.4	0.0	24.7
Balance as of 31 Dec 2023	**−111.3**	**−271.7**	**−16.0**	**−6.5**	**0.0**	**−405.5**
Net book value 31 Dec 2023	**153.3**	**135.4**	**3.5**	**3.4**	**36.5**	**332.1**
Net book value of pledged property, plant and equipment						0.0

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

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.

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 2023, 3A Composites had 131 (previous year: 145) planted plantations with a surface area of 9 192 hectares (previous year: 8 582 ha). This makes 3A Composites the largest plantation owner and balsa wood producer. In 2023, a total of 29 712 076 board feet (previous year: 36 176 008 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 70 113 cubic meters (previous year: 85 366 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; inflation rates are taken into consideration to forecast future cost increases;
- expected harvesting, sawmilling and transportation costs – derived from the average costs paid to independent contractors during the last years; inflation rates are taken into consideration to anticipate future cost increases; and
- 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 respectively.

(in CHF m)	**2023**	2022	
Book value as of 1 January	41.0	37.9	
Gain or loss as a result of change in market value less selling costs	0.2	2.0	18
Increase as a result of growth and maintenance measures	7.3	7.8	
Decrease as a result of harvest	–2.5	–5.0	
Wind damage	–1.6	–2.1	
Exchange rate differences	–4.1	0.4	
Book value as of 31 December	**40.3**	**41.0**	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The key risks to balsa plantations are wind damage and fungal disease which attacks 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 25% investment in Swedboard International AB, based in Katrineholm, Sweden. As of 31 May 2023, the previous minority holding of 40% in JMB Wind Engineering was increased by taking over the remaining 60% of the stock.

Aggregated information of the associated companies:

(In CHF m)	2023	2022
Current assets	5.2	28.0
Non-current assets	0.4	10.3
Total assets	**5.6**	**38.3**
Current liabilities	0.7	13.0
Non-current liabilities	1.0	6.9
Total liabilities	**1.7**	**19.9**
Net assets	**3.9**	**18.4**
Net sales	6.0	72.2
Net income	**0.7**	**3.4**
Book value of the associated companies at year-end	2.4	19.7
Share result recognized by the Group	0.4	1.4

6. INTANGIBLE ASSETS (INCL. GOODWILL)

2023 (IN CHF M)	Goodwill	Patents & brands	Other	Total
COST				
Balance as of 1 January 2023	114.9	61.4	41.0	217.3
Change in scope of consolidation	14.3	0.4	5.8	20.5
Additions	0.0	0.0	0.4	0.4
Disposals	0.0	0.0	0.0	0.0
Exchange rate differences	−5.5	−3.6	−2.9	−12.0
Balance as of 31 December 2023	**123.7**	**58.2**	**44.3**	**226.2**
ACCUMULATED AMORTIZATION				
Balance as of 1 January 2023	0.0	−8.3	−34.8	−43.1
Amortization for the year	0.0	−0.2	−1.5	−1.7
Disposals	0.0	0.0	0.0	0.0
Exchange rate differences	0.0	1.1	2.5	3.6
Balance as of 31 December 2023	**0.0**	**−7.4**	**−33.8**	**−41.2**
Net book value as of 31 December 2023	**123.7**	**50.8**	**10.5**	**185.0**

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 50.8 million (previous year: CHF 53.1 million) 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 11.5% (previous year: 10.2%) 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 6.9 million (previous year: CHF 7.0 million).

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**

7. CURRENT FINANCIAL LIABILITIES

(in CHF m)	2023	2022
Current lease liabilities	9.3	9.0
Current bank loans	65.0	43.0
Other current financial liabilities	0.7	0.1
Total	**75.0**	**52.1**

8. ACCRUED EXPENSES AND DEFERRED INCOME

(in CHF m)	2023	2022
Outstanding volume discounts and customer credits	11.5	15.0
Personnel costs (vacation/flexitime/overtime/bonuses/etc.)	20.4	20.2
Cost of materials/overheads	2.6	5.1
Other accrued expenses and deferred income	13.0	13.6
Total	**47.5**	**53.9**

9. NON-CURRENT FINANCIAL LIABILITIES

(in CHF m)	2023	2022
Non-current lease liabilities	30.8	29.1
Other non-current financial liabilities	4.3	0.4
Total	**35.1**	**29.5**
The maturity of the non-current financial liabilities are as follows:		
– 1 to 5 years	25.7	21.9
– more than 5 years	9.4	7.6
Total	**35.1**	**29.5**

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

2023 (IN CHF M)	Land and Buildings	IT equipment & furniture	Vehicles	Total
Balance as of 1 January 2023	37.1	0.3	1.7	39.1
Change in scope of consolidation	1.9	0.4	0.1	2.4
Additions	12.3	0.1	0.8	13.2
Depreciation for the year	−10.3	−0.2	−1.0	−11.5
Disposals	−0.1	0.0	0.0	−0.1
Exchange rate differences	−2.7	−0.1	0.0	−2.8
Balance as of 31 December 2023	**38.2**	**0.5**	**1.6**	**40.3**

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**

Amounts recognized in the income statement

(in CHF m)	2023	2022
Depreciation of right-of-use assets	−11.5	−12.0
Interest expense – leases	−2.1	−2.1
Expenses relating to leases of low-value assets	−0.1	−0.1
Expenses relating to short-term leases	−1.4	−1.4
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 0.6 million).

Amounts recognized in the cash flow statement

(in CHF m)	2023	2022
Total cash-out for leases	−14.5	−14.8

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

(in CHF m)	2023	2022
– due in one year	0.5	0.6
– due in 1 to 2 years	0.5	0.6
– due in 2 to 3 years	0.5	0.6
– due in 3 to 4 years	0.5	0.6
– due in 4 to 5 years	0.6	0.6
– due in more than 5 years	1.2	1.7
Total	**3.8**	**4.7**

11. RECONCILIATION OF FINANCIAL LIABILITIES

2023 (IN CHF M)	Balance as of 1 January	Cash inflow from financing activities	Cash outflow from financing activities	Change in scope of consolidation	Other non-cash movements	Exchange rate differences	Balance as of 31 December
Current interest-bearing financial liabilities	52.1	30.0	−19.3	0.9	12.0	−0.7	75.0
Non-current interest-bearing financial liabilities	29.5	0.0	−0.1	6.5	1.6	−2.4	35.1
Total	**81.6**	**30.0**	**−19.4**	**7.4**	**13.6**	**−3.1**	**110.1**

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

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 2023 financial year, the employer's contribution to defined contribution plans amounted to CHF 0.6 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 2023, 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 are 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 are 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 are entitled to a pension for life and a lump-sum retirement payment once they have 25 years of service, but not before reaching the of 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 2023 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 2023 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:

				2023				2022
31 December	Switzerland	EU	Americas	Weighted	Switzerland	EU	Americas	Weighted
Discount rate	1.50%	3.55%	4.72%	2.14%	2.15%	3.88%	5.35%	2.72%
Future salary increases	1.75%	2.50%	2.97%	1.98%	1.75%	2.50%	2.03%	1.95%
Future pension adjustments	0.00%	1.87%	0.00%	0.46%	0.00%	1.85%	0.00%	0.46%
Interest on retirement savings	1.50%	n/a	n/a	1.50%	2.15%	n/a	n/a	2.15%
(in years) Life expectancy at age 65 Year of birth 1959 / 1958								
– Men	23	21	20		23	21	21	
– Women	25	24	22		25	24	22	
Year of birth 1978 / 1977								
– Men	25	24	21		25	23	22	
– Women	27	26	23		27	26	24	

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

Pension expense recognized in the income statement

				2023				2022
31 December (in CHF m)	Switzerland	EU	Americas	Total	Switzerland	EU	Americas	Total
Service costs								
– Current service costs	2.0	0.7	0.4	3.1	2.9	1.2	0.9	5.0
– Past service costs[1]	–2.2	0.0	0.0	–2.2	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	0.2	1.3	0.3	1.8	0.1	0.5	0.3	0.9
Total pension expense for the period	**0.0**	**2.0**	**0.7**	**2.7**	**3.0**	**1.7**	**1.2**	**5.9**

[1] Corresponds to the effect of the further gradual adjustment of the conversion rates at the collective foundation.

Current service costs include technical administrative expenses of CHF 0.04 million for 2023 and CHF 0.04 million for 2022.

Remeasurements recognized in other comprehensive income

31 December (in CHF m)				2023				2022
	Switzerland	EU	Americas	Total	Switzerland	EU	Americas	Total
Actuarial (gains) / losses								
– Based on adjustment of demographic assumptions	0.0	0.0	0.0	0.0	0.0	0.0	−0.1	−0.1
– Based on adjustment of financial assumptions	6.4	1.9	0.5	8.8	−24.5	−18.2	−2.5	−45.2
Experience adjustments	−2.9	−0.7	−0.1	−3.7	3.3	−1.2	−1.0	1.1
Return on pension assets (excluding amounts in net interest expenses)	−4.5	0.2	0.0	−4.3	4.8	0.2	0.0	5.0
Total expense recognized in the statement of other comprehensive income	**−1.0**	**1.4**	**0.4**	**0.8**	**−16.4**	**−19.2**	**−3.6**	**−39.2**
Total pension costs	**−1.0**	**3.4**	**1.1**	**3.5**	**−13.4**	**−17.5**	**−2.4**	**−33.3**

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)				2023				2022
	Switzerland	EU	Americas	Total	Switzerland	EU	Americas	Total
Opening present value of defined benefit obligations	108.8	37.6	6.7	153.1	127.4	59.0	10.2	196.6
Current service cost	2.0	0.7	0.4	3.1	2.9	1.2	0.9	5.0
Plan participants' contributions	1.7	0.1	0.0	1.8	1.7	0.1	0.0	1.8
Interest expenses on the present value of the obligations	2.2	1.4	0.3	3.9	0.4	0.6	0.2	1.2
Actuarial (gains) / losses	3.4	1.2	0.4	5.0	−21.2	−19.4	−3.5	−44.1
Past service costs	−2.2	0.0	0.0	−2.2	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	−6.7	−0.1	0.0	−6.8	−2.4	−0.1	0.0	−2.5
Benefits paid by employer	0.0	−1.3	−0.8	−2.1	0.0	−1.3	−1.4	−2.7
Exchange rate differences	0.0	−2.3	−0.5	−2.8	0.0	−2.5	0.3	−2.2
Closing present value of defined benefit obligations	**109.2**	**37.3**	**6.5**	**153.0**	**108.8**	**37.6**	**6.7**	**153.1**

Changes in the fair value of plan assets

31 December (in CHF m)	2023				2022			
	Switzerland	EU	Americas	Total	Switzerland	EU	Americas	Total
Opening fair value of plan assets	100.0	3.4	0.0	103.4	103.5	3.5	0.0	107.0
Plan participants' contributions	1.7	0.1	0.0	1.8	1.7	0.1	0.0	1.8
Employer's contribution	1.7	0.2	0.0	1.9	1.7	0.2	0.0	1.9
Interest income on assets	2.1	0.1	0.0	2.2	0.3	0.0	0.0	0.3
Return on plan assets (excl. amounts included in interest)	4.4	−0.1	0.0	4.3	−4.8	−0.2	0.0	−5.0
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	−6.7	−0.1	0.0	−6.8	−2.4	−0.1	0.0	−2.5
Exchange rate differences	0.0	−0.2	0.0	−0.2	0.0	−0.1	0.0	−0.1
Closing fair value of plan assets	**103.2**	**3.4**	**0.0**	**106.6**	**100.0**	**3.4**	**0.0**	**103.4**

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)	2023				2022			
	Switzerland	EU	Americas	Total	Switzerland	EU	Americas	Total
Present value of funded obligations	109.2	12.6	0.0	121.8	108.8	12.5	0.0	121.3
Fair value of plan assets	−103.2	−3.4	0.0	−106.6	−100.0	−3.4	0.0	−103.4
Under/(over) funding	**6.0**	**9.2**	**0.0**	**15.2**	**8.8**	**9.1**	**0.0**	**17.9**
Present value of unfunded obligations	0.0	24.7	6.5	31.2	0.0	25.1	6.7	31.8
Assets not available to company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recognized pension liabilities	**6.0**	**33.9**	**6.5**	**46.4**	**8.8**	**34.2**	**6.7**	**49.7**

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)	2023 Switzerland	2023 EU	2023 Americas	2023 Total	2022 Switzerland	2022 EU	2022 Americas	2022 Total
Equities	32.0	0.0	0.0	32.0	30.0	0.0	0.0	30.0
Bonds	23.9	1.5	0.0	25.4	22.5	1.4	0.0	23.9
Alternative financial assets	16.6	0.0	0.0	16.6	17.1	0.0	0.0	17.1
Real estate	23.2	0.0	0.0	23.2	22.1	0.0	0.0	22.1
Qualified insurance securities	0.0	1.9	0.0	1.9	0.0	2.0	0.0	2.0
Cash and cash equivalents and other investments	7.5	0.0	0.0	7.5	8.3	0.0	0.0	8.3
Total	**103.2**	**3.4**	**0.0**	**106.6**	**100.0**	**3.4**	**0.0**	**103.4**

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 2023, the assets generated a gain of CHF 6.6 million (previous year: loss of CHF 4.6 million). In the coming year, employer's contributions are expected to amount to CHF 1.9 million (previous year: CHF 1.9 million), while pension payments to former employees are expected to amount to CHF 2.3 million (previous year: CHF 2.3 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)	2023 Switzerland	2023 EU	2023 Americas	2023 Total	2022 Switzerland	2022 EU	2022 Americas	2022 Total
Active insured members	74.4	19.0	3.7	97.1	75.6	19.7	3.7	99.0
Former members with vested benefits	0.0	2.8	0.0	2.8	0.0	2.7	0.0	2.7
Members receiving pensions	34.8	15.5	2.8	53.1	33.2	15.2	3.0	51.4
Total	**109.2**	**37.3**	**6.5**	**153.0**	**108.8**	**37.6**	**6.7**	**153.1**
(in years)								
Term of obligations	13.3	13.6	8.5	12.9	13.0	14.1	7.8	13.0

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)		2023 +0.25%	2023 −0.25%	2022 +0.25%	2022 −0.25%
All countries	Discount rate	−4.4	4.7	−4.3	4.7
All countries	Future salary increases	0.4	−0.4	0.4	−0.4
Switzerland	Interest on retirement assets	0.6	−0.6	0.7	−0.7
EU	Future pension adjustments	0.9	−0.9	1.0	−0.9

Reconciliation to the balance sheet:

31 December (in CHF m)	2023	2022
Pension obligations	46.4	49.7
Other long-term employee benefits	3.6	4.3
Termination benefits	0.8	1.0
Total	**50.8**	**55.0**

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 2023	Total 2022
Balance as of 1 January	3.8	1.8	6.2	5.2	17.0	20.2
Consumption with neutral impact on income	−0.8	−1.5	0.0	−0.6	−2.9	−1.0
Unused amounts reversed and released to income	−0.9	−0.3	0.0	−1.3	−2.5	−4.9
Additional provisions charged to income	2.1	0.0	0.0	0.7	2.8	3.6
Exchange rate differences	−0.1	0.0	−0.3	−0.1	−0.5	−0.9
Balance as of 31 December	**4.1**	**0.0**	**5.9**	**3.9**	**13.9**	**17.0**
of which:						
– current provisions	1.9	0.0	0.6	1.2	3.7	5.0
– non-current provisions	2.2	0.0	5.3	2.7	10.2	12.0
Expected use of provisions:						
– within one year	1.9	0.0	0.6	1.2	3.7	5.0
– in 2 to 5 years	2.1	0.0	4.8	2.6	9.5	9.7
– more than 5 years	0.1	0.0	0.5	0.1	0.7	2.3

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

	2023	2022
Number of registered 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

Conversion of bearer shares to registered shares

On 4 April 2023, the Annual General Meeting of Schweiter Technologies AG approved the conversion of the existing bearer shares with a par value of CHF 1 each into registered shares with a par value of CHF 1 each.

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 2023, there is no authorized capital.

Conditional capital

As of 31 December 2023, the company's share capital may be increased ex rights by up to 132 600 registered 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 4 April 2023, the shareholders approved the distribution of a gross dividend of CHF 20.00 per share for the financial year 2022 (previous year: CHF 40.00 per share). The distribution amounted to a total of CHF 28.6 million.

For the financial year 2023, the Board of Directors will propose to the Annual General Meeting of 10 April 2024 that a gross dividend of CHF 15.00 per registered share shall be distributed.

15. SHARE-BASED PAYMENTS

As part of the short-term variable compensation for the financial year 2023, the CEO and the CFO will be issued shares in March 2024. Since the 2023 Annual General Meeting, the remuneration of the Board of Directors has also included a share-based component.

The shares are subject to a vesting period of three years. The fair value of the issued shares will be determined in February 2024 for the CEO and CFO and in April 2024 for the Board of Directors.

The expenses for share-based payments settled in equity instruments recognized in the financial year under review amounted to CHF 593 000 (previous year: CHF 56 000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. NET SALES

(in CHF m)	2023	2022
Net sales from deliveries of goods	1 065.2	1 191.5
Net sales from services	4.4	6.2
Total	**1 069.6**	**1 197.7**

17. OTHER OPERATING EXPENSES

(in CHF m)	2023	2022
Direct sales and distribution costs	−80.7	−91.6
Purchasing and production overheads	−88.4	−86.9
Sales and marketing overheads	−10.6	−11.9
Administration overheads and capital taxes	−22.4	−21.9
Development overheads	−1.6	−2.0
Cost of premises	−1.5	−1.5
Other operating expenses	−1.6	−1.9
Total	**−206.8**	**−217.7**

18. OTHER OPERATING INCOME

(in CHF m)	2023	2022	
Gain on sale of property, plant and equipment	1.7	1.1	
Increase in market value of biological assets	0.2	2.0	4
Rental income	0.6	0.6	
Insurance reimbursement	0.1	0.7	
Release of provisions	1.2	2.4	
Refund from U.S. Customs and Border Protection Agency (CBP)	2.6	0.0	
Other income	2.2	1.8	
Total	**8.6**	**8.6**	

19. DEPRECIATION AND AMORTIZATION

(in CHF m)	2023	2022	
Depreciation on property, plant and equipment	−37.7	−41.6	3
Amortization of intangible assets	−1.7	−1.4	6
Total	**−39.4**	**−43.0**	

20. FINANCIAL INCOME

(in CHF m)	2023	2022
Interest income	0.5	0.2
Total	**0.5**	**0.2**

21. FINANCIAL EXPENSES

(in CHF m)	2023	2022
Interest expenses	–5.7	–3.3
Foreign exchange losses (net)	–8.7	–4.0
Other financial expenses	–2.9	0.0
Total	**–17.3**	**–7.3**

In connection with the first-time consolidation of JMB Wind Engineering, the revaluation of the Group's existing 40% interest resulted in a loss of CHF 2.6 million which is included in other financial expenses. In addition, exchange differences of CHF 0.6 million were reclassified to the financial expenses.

22. INCOME TAXES

(in CHF m)	2023	2022
Current taxes	–9.7	–8.7
Deferred taxes	3.4	1.0
Total	**–6.3**	**–7.7**

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.

The Group operates in countries, which have enacted new legislation to implement the global minimum top-up tax (OECD Pillar 2). Therefore, the Group may be subject to the top-up tax. However, since the newly enacted tax legislation is only effective from 1 January 2024, there is no current tax impact for the year under review.

The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to the global minimum top-up tax, as provided in the amendments to IAS 12 issued in May 2023.

The Group is in the process of assessing its exposure to the minimum top-up tax for when it comes into effect. Due to the complexities in applying the legislation and calculating the income relevant for the top-up tax, the quantitative impact of the enacted or substantively enacted legislation cannot yet be reasonably estimated.

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)	2023	2022
Income before taxes	33.9	36.8
Income tax rate at head office	12.0%	12.0%
Tax expense anticipated	−4.1	−4.4
Differences owing to differing local tax rates	−1.1	−1.8
Impact of non-taxable income	0.2	0.6
Impact of non-tax-deductible expenditure	−2.7	−1.0
Non-capitalized losses on current results carried forward	−1.9	−2.6
Use of non-capitalized tax losses carried forward	0.9	0.2
Impact of non-recoverable withholding taxes	−0.4	−1.0
Impact of tax rate changes on deferred taxes	0.3	−0.2
Taxes from previous periods and other influencing factors	2.5	2.5
Effective tax expense	**−6.3**	**−7.7**
Effective tax rate	18.5%	21.0%

Deferred taxes

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

	31.12.2023		31.12.2022	
(in CHF m)	Assets	Liabilities	Assets	Liabilities
Inventories	2.7	1.5	2.7	1.6
Property, plant and equipment	0.0	24.1	0.0	25.0
Intangible assets	0.0	9.0	0.0	8.3
Biological assets	0.0	6.6	0.0	7.4
Pension obligations	4.9	0.0	5.4	0.0
Provisions	1.9	0.1	2.1	0.1
Capitalized tax loss carry-forwards	3.5	0.0	0.1	0.0
Other	13.4	1.0	14.3	1.1
Total, gross	**26.4**	**42.3**	**24.6**	**43.5**
Netting	−13.3	−13.3	−14.6	−14.6
Total, net	**13.1**	**29.0**	**10.0**	**28.9**

The deferred tax assets and liabilities developed as follows:

(in CHF m)	2023	2022
Balance as of 1 January	−18.9	−11.6
Change in scope of consolidation	−1.4	0.0
Recognized in the income statement	3.4	1.0
Recognized in other comprehensive income	0.2	−8.3
Exchange rate differences	0.8	0.0
Balance as of 31 December	**−15.9**	**−18.9**

As of 31 December 2023, the Group had temporary differences on unremitted earnings of Group companies in the amount of CHF 19.4 million (previous year: CHF 19.2 million). No deferred taxes were recorded for these taxable temporary differences.

As of 31 December 2023, 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)	2023	2022
– one year	0.0	0.0
– 2 to 5 years	7.8	6.1
– more than 5 years	2.5	1.5
– no expiration	76.9	80.6
Total	**87.2**	**88.2**

23. BUSINESS COMBINATIONS

On 31 May 2023, Schweiter Technologies increased its 40% minority holding in JMB Wind Engineering, headquartered in Goleniów, Poland, by taking over the remaining 60% of the stock. The company, with operations in Poland, Portugal, and Brazil, is a leading developer and producer of core material kits – primarily balsa and PET products for wind turbines.

The goodwill arising from the acquisition essentially reflects the value of the expected buyer-specific synergies. The goodwill is not tax-deductible. The transaction costs of CHF 0.3 million are included in other operating expenses.

Since the acquisition, JMB Wind has contributed net sales of CHF 25.1 million and net income of CHF 1.3 million in the year under review. Had the business combination already taken place on 1 January 2023, Management estimates that the Group's sales would have reached CHF 1 086.2 million and the net income CHF 28.2 million in the year under review.

Overview of the acquired assets and liabilities recognized at the time of acquisition

(in CHF m)	JMB Wind[1]
Cash and cash equivalents	6.2
Trade receivables[2]	6.2
Current income tax receivables	0.2
Advances to suppliers	0.1
Other receivables	0.6
Prepaid expenses and accrued income	0.2
Inventories	6.2
Total current assets	**19.7**
Property, plant and equipment	16.5
Intangible assets	6.2
Total non-current assets	**22.7**
Total assets	**42.4**
Current financial liabilities	–0.9
Trade payables	–10.3
Other payables	–0.3
Accrued expenses and deferred income	–0.8
Current income tax payables	–0.3
Total current liabilities	**–12.6**
Non-current financial liabilities	–6.5
Deferred tax liabilities	–1.4
Total non-current liabilities	**–7.9**
Total liabilities	**–20.5**
Total fair value of identifiable net assets acquired	**21.9**
Goodwill	14.3
Total	**36.2**
Cash and cash equivalents acquired	–6.2
Fair value of pre-existing 40% interest in JMB Wind Engineering	–14.5
Cash outflow from purchase of subsidiaries	**15.5**

1 The initial accounting for the acquisition completed in the year under review is provisional. The fair values assigned to the identifiable assets acquired and liabilities assumed are still subject to change.
2 The trade receivables comprise gross contractual amounts due of CHF 6.7 million and allowances for doubtful accounts of CHF 0.5 million.

24. EARNINGS PER SHARE

	2023	2022
Net income (in CHF millions)	27.6	29.1
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)	2023	2022
Earnings per share		
– undiluted	19.3	20.3
– diluted	19.3	20.3

25. 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.

26. 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)	2023	2022
Salaries and other short-term employee benefits	1.8	2.4
Post-employment benefits	0.4	0.4
Share-based payments	0.6	0.1
Total	**2.8**	**2.9**

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

27. SHARE OWNERSHIP BY THE BOARD OF DIRECTORS AND MANAGEMENT

As of 31 December 2023, a total of 449 546 shares were held by members of the Board of Directors or members of Management (31 December 2022: 449 603):

Name	First name	Function	Number of shares 2023	Number of shares 2022
Baumgartner[1,5]	Heinz O.	Chairman of the Board of Directors	795	633
Frey[2]	Vanessa	Member of the Board of Directors	364 973	364 973
Sanche	Jacques	Member of the Board of Directors	31	31
Siegrist[3,4]	Beat	Member of the Board of Directors	83 697	83 916
van der Haegen	Lars	Member of the Board of Directors	50	50
Sonderegger[6]	Roman	Group CEO	–	–

1 Dr. Heinz O. Baumgartner was CEO and member of the Group Management until 30 September 2022.
2 Vanessa Frey is a member of a shareholder group and hold shares via KWE Beteiligungen AG.
3 Beat Siegrist is a member of a shareholder group and hold shares via Beat Siegrist Beteiligungen AG.
4 Beat Siegrist was Chairman of the Board of Directors until the Annual General Meeting 2023.
5 In addition to the shares listed above, Dr. Heinz O. Baumgartner holds 41 shares that were granted as part of the short-term variable incentive and are blocked until March 2024.
6 Roman Sonderegger holds 27 shares that were granted as part of the short-term variable incentive and are blocked until March 2026.

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

28. 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 composite 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 composite 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 403.2 million (previous year: CHF 575.9 million) and with maximum maturities of 5 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 5.2 million (previous year: CHF 8.9 million).

29. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 26 February 2024, Schweiter Technologies acquired 60% of the shares in Jiangsu ZNL Coating New Materials, an innovative aluminum solid sheet manufacturer delivering high-end, multi-color façade solutions. The company is headquartered in Changzhou City in Jiangsu Province, China. The acquisition is complementing the architecture business solution portfolio and supports the sustainable growth vision in China and the Asian markets.

The provisional purchase price for the 60% stake amounts to CHF 6.2 million and was paid in cash. Transaction costs incurred in the financial year 2023 of CHF 0.1 million are included in other operating expenses. Schweiter Technologies has an option to acquire the remaining 40% of the shares of the company.

The acquisition object was created as part of the transaction, hence the closing balance of the acquired company as at 26 February 2024 was not available at the time of approval of the Annual Report 2023 and no further information on the opening balance sheet can be disclosed. The main assets identified are property, plant and equipment.

The acquired company has approximately 50 employees and achieved net sales of around CHF 15 million in 2023.

No further 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 2023.

30. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements at its meeting on 5 March 2024 and released the Annual Report for publication.

The Board of Directors will propose that the Annual General Meeting on 10 April 2024 approves the consolidated financial statements.

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 2023 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 material accounting policy information.

In our opinion, the consolidated financial statements (pages 105 to 149) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its con-solidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) 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 those of 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 2023 amounted to CHF 1,069.6 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 115
— Segment Information on page 122
— Details to net revenues on page 141

KPMG

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, the compensation report and our auditor’s reports thereon.

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

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

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

Board of Directors’ Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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, ISA 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, ISA 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 Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

Kevin Aregger
Licensed Audit Expert

Zug, 5 March 2024

ANNUAL FINANCIAL STATEMENTS OF SCHWEITER TECHNOLOGIES AG

BALANCE SHEET

ASSETS (IN CHF M)	31 December 2023	31 December 2022	
Cash and cash equivalents	2.1	1.8	
Other current receivables	0.8	0.3	
Current assets	**2.9**	**2.1**	
Investments	130.7	130.7	1
Financial assets (loans to Group companies)	379.4	343.7	
Non-current assets	**510.1**	**474.4**	
Total assets	**513.0**	**476.5**	

LIABILITIES (IN CHF M)	31 December 2023	31 December 2022	
Current bank loans	65.0	43.0	
Other current payables	0.8	0.4	
Accrued expenses and deferred income	1.5	1.4	
Current liabilities	**67.3**	**44.8**	
Provisions	1.4	3.2	
Non-current liabilities	**1.4**	**3.2**	
Share capital	1.4	1.4	2
Statutory reserves:			
– Other capital reserves	3.2	3.2	
Free retained earnings	395.3	372.4	
Net income of the year	44.4	51.5	
Shareholders' equity	**444.3**	**428.5**	
Total liabilities and shareholders' equity	**513.0**	**476.5**	

INCOME STATEMENT

(in CHF m)	2023	2022	Note
Investment income	40.0	50.0	
Other financial income	6.5	4.0	3
Service income	1.4	1.4	
Other income	1.3	0.1	
Total operating income	**49.2**	**55.5**	
Financial expenses	−1.3	−0.1	
Administrative expenses	−0.7	−0.8	
Personnel expenses	−2.4	−2.8	
Expenses on premises	−0.1	−0.1	
Total operating expens	**−4.5**	**−3.8**	
Income before taxes	**44.7**	**51.7**	
Income taxes	−0.3	−0.2	
Net income	**44.4**	**51.5**	

NOTES TO THE 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 2023 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

		Share capital		Shareholding		Voting shares	
Company	Domicile		(in 1000)	**2023**	2022	**2023**	2022
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

	2023	2022
Number of registered 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

On 4 April 2023, the Annual General Meeting of Schweiter Technologies AG approved the conversion of the existing bearer shares with a par value of CHF 1 each into registered shares with a par value of CHF 1 each.

The registered shares are listed at SIX Swiss Exchange AG, Zurich. Security no.: 124866700; ISIN: CH1248667003; ticker: SWTQ.

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

Percentage of shares held (according to most recent report)

	2023	2022
KWE Beteiligungen AG, Wollerau[1]	25.5%	25.5%
1832 Asset Management L.P., Toronto, Canada	12.46%	10.06%
Beat Siegrist Beteiligungen AG, Zug	5.81%	5.9%
Credit Suisse Funds AG, Zurich	3.01%	3.03%

1 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)	**2023**	2022
Interest income from Group companies	6.5	3.2
Foreign exchange gains	0.0	0.8
Total	**6.5**	**4.0**

4. SHARE OWNERSHIP BY THE BOARD OF DIRECTORS AND MANAGEMENT

As of 31 December 2023, a total of 449 546 shares were held by members of the Board of Directors or members of Management (31 December 2022: 449 603):

Name	First name	Function	Number of shares 2023	Number of shares 2022
Baumgartner[1,5]	Heinz O.	Chairman of the Board of Directors	795	633
Frey[2]	Vanessa	Member of the Board of Directors	364 973	364 973
Sanche	Jacques	Member of the Board of Directors	31	31
Siegrist[3,4]	Beat	Member of the Board of Directors	83 697	83 916
van der Haegen	Lars	Member of the Board of Directors	50	50
Sonderegger[6]	Roman	Group CEO	–	–

1 Dr. Heinz O. Baumgartner was CEO and member of the Group Management until 30 September 2022.
2 Vanessa Frey is a member of a shareholder group and hold shares via KWE Beteiligungen AG.
3 Beat Siegrist is a member of a shareholder group and hold shares via Beat Siegrist Beteiligungen AG.
4 Beat Siegrist was Chairman of the Board of Directors until the Annual General Meeting 2023.
5 In addition to the shares listed above, Dr. Heinz O. Baumgartner holds 41 shares that were granted as part of the short-term variable incentive and are blocked until March 2024.
6 Roman Sonderegger holds 27 shares that were granted as part of the short-term variable incentive and are blocked until March 2026.

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 12.0 million). As of 31 December 2023, a credit line of CHF 0.4 million (previous year: CHF 0.4 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 5 March 2024 which could have a material impact on the 2023 financial statements.

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

(in CHF m)	2023	2022
Unappropriated retained earnings (balance sheet profit) at the beginning of the financial year	**423.9**	**429.7**
Net income	44.4	51.5
Dividend paid	−28.6	−57.3
Available unappropriated retained earnings (balance sheet profit)	**439.7**	**423.9**
THE BOARD OF DIRECTORS PROPOSES TO THE GENERAL MEETING ON 10 APRIL 2024 THE FOLLOWING APPROPRIATION OF AVAILABLE EARNINGS:		
Payment of a dividend of CHF 15.00 per registered share	21.5	
Earnings carried forward	418.2	
Total	**439.7**	

If the General Meeting approves the proposals, the payout of a gross dividend of CHF 15.00 (CHF 9.75 after deduction of withholding tax) per registered share will be made as of 16 April 2024.

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. 23 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 2023, 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 156 to 161) 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, the compensation report and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of

KPMG AG
Zug, 5 March 2024

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.

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

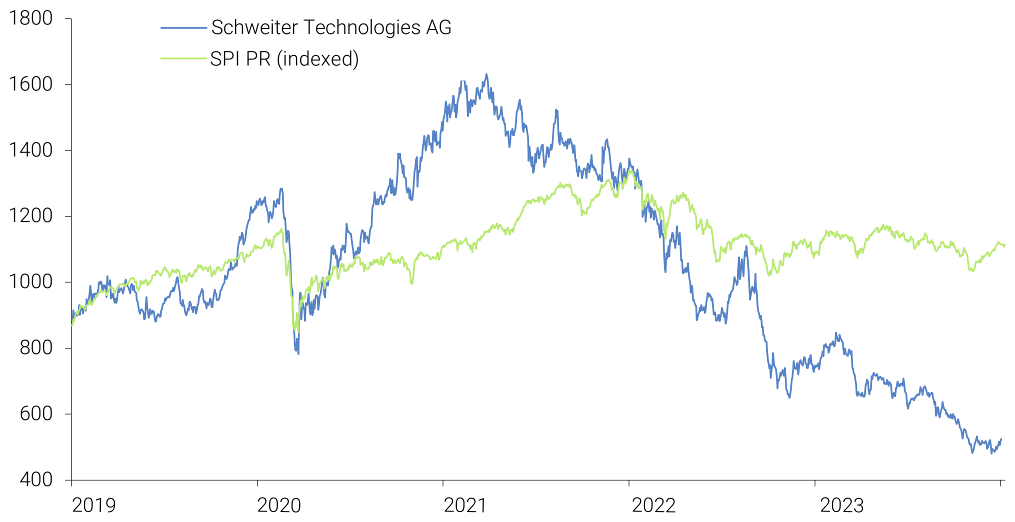
Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

Kevin Aregger
Licensed Audit Expert

Zug, 5 March 2024

KPMG AG, Landis + Gyr-Strasse 1, CH-6302 Zug

INFORMATION FOR INVESTORS



	2023	2022	2021	2020	2019
SHARE CAPITAL AS OF 31 DECEMBER					
Registered 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)	519	736	1 352	1 460	1 226
STOCK MARKET CAPITALIZATION					
as of 31 December (in CHF m)	743	1 054	1 936	2 090	1 755
NET INCOME					
per registered share (in CHF)	19	20	59	72	42
CASH FLOW FROM OPERATING ACTIVITY					
per registered share (in CHF)	55	34	58	110	73
EQUITY					
per registered share (in CHF)	493	526	542	515	508
DISTRIBUTION[1]					
Total amount (in CHF m)	21.5	28.6	57.3	57.3	57.3
per registered share (in CHF)	15.0	20.0	40.0	40.0	40.0
DIVIDEND PAYOUT					
in % of net income	77.9%	98.6%	67.8%	55.3%	95.5%

[1] 2023: proposal of the Board of Directors

FIVE-YEAR REVIEW

(in CHF m)	2023	2022	2021	2020	2019
INCOME STATEMENT					
Net sales	1 069.6	1 197.7	1 226.9	1 160.2	1 179.6
EBITDA	89.7	85.5	151.5	175.7	123.1
EBITDA in % of net sales	*8.4%*	*7.1%*	*12.3%*	*15.1%*	*10.4%*
EBIT	50.3	42.5	111.3	137.6	85.2
EBIT in % of net sales	*4.7%*	*3.6%*	*9.1%*	*11.9%*	*7.2%*
Income before taxes	33.9	36.8	108.3	130.7	78.4
Income taxes	−6.3	−7.7	−23.9	−27.2	−18.4
Income taxes in % of income before taxes	*18.5%*	*21.0%*	*22.1%*	*20.8%*	*23.5%*
Net income	27.6	29.1	84.4	103.5	60.0
BALANCE SHEET					
Current assets	467.9	503.8	557.9	548.2	499.9
Non-current assets	574.8	580.5	585.2	549.1	552.2
Total assets	1 042.7	1 084.3	1 143.1	1 097.3	1 052.1
Current liabilities	211.2	206.1	192.6	180.0	157.7
Non-current liabilities	125.1	125.4	173.9	179.3	166.4
Shareholders' equity	706.4	752.8	776.6	738.0	728.1
Equity ratio	*67.8%*	*69.4%*	*67.9%*	*67.3%*	*69.2%*
Net operating assets	615.3	647.3	646.5	604.7	590.4
RONOA	*8.2%*	*6.6%*	*17.2%*	*22.7%*	*14.4%*
CASH FLOW STATEMENT					
Cash flow from operating activities	78.3	48.2	82.8	157.8	104.3
Cash flow from investing activities	−42.4	−54.0	−53.5	−42.9	−26.1
Free cash flow	35.9	−5.8	29.3	114.9	78.2
Investments in property, plant and equipment and intangible assets	−32.1	−50.9	−42.8	−37.4	−27.3
EMPLOYEES AS OF 31 DECEMBER (FTE)					
Total employees[1]	4 598	4 255	4 443	4 364	4 185

1 Including employees in balsa wood plantations and sawmills in Ecuador and Papua New Guinea

DATES AND CONTACTS

PUBLICATIONS AND DATES

10 April 2024
General Meeting at the Theater Casino Zug

14 August 2024
Publication of the Semi-Annual Report 2024

24 September 2024
Innovation & Capital Markets Day

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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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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