

Dätwyler Holding Inc.

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Income Statement

in CHF	Notes	2022	2021
Dividend income from subsidiaries	2.1	52'216'836	68'210'125
Trademark income	2.2	14'287'000	13'692'000
Other income		–	671
Reversal of provisions	2.3	66'879	3'507'138
Personnel expenses		–1'690'949	–2'119'780
Other operating expenses	2.4	–2'520'694	–2'338'265
Income before interest and taxes		62'359'072	80'951'889
Financial expenses	2.5	–6'176'091	–1'220'554
Financial income	2.6	12'478'817	8'848'692
Gain on sale of investments in subsidiaries	2.7	–	36'329'529
Reversal of impairment charges relating to financial assets and investments in subsidiaries	2.8	–	4'000'765
Earnings before taxes		68'661'798	128'910'321
Direct taxes		–1'600'385	–2'280'991
Net result		67'061'413	126'629'330

The accompanying notes are an integral part of these financial statements.

Balance Sheet

Assets

in CHF	Notes	31.12.2022	31.12.2021
Cash and cash equivalents		1'150'847	108'668'559
Other current receivables		27'503'996	33'713'296
Due from third parties		595'838	1'178'595
Due from subsidiaries		26'908'158	32'534'701
Prepayments made and accrued income		–	165'000
Total current assets		28'654'843	142'546'855
Financial assets: Long-term receivables from subsidiaries	2,9	1'100'918'600	594'000'000
Investments in subsidiaries	2,10	327'678'918	327'678'918
Intangible assets: Trademarks		1	1
Total non-current assets		1'428'597'519	921'678'919
Total assets		1'457'252'362	1'064'225'774

Liabilities and shareholders' equity

in CHF	Notes	31.12.2022	31.12.2021
Current liabilities third parties		3'770'033	265'478
Current provisions		415'000	510'000
Accrued expenses and deferred income		1'363'109	815'440
Total current liabilities		5'548'143	1'590'918
Long-term provisions		1'301'000	1'893'050
Long-term interest-bearing liabilities due to Pema Holding AG		154'000'000	–
Long-term interest-bearing liabilities: Bonds	2,11	390'000'000	150'000'000
Total long-term liabilities		545'301'000	151'893'050
Total liabilities		550'849'143	153'483'968
Share capital	2,12	850'000	850'000
Statutory capital reserves		83'000'000	83'000'000
Statutory retained earnings		4'000'000	4'000'000
Voluntary retained earnings	2,14	305'263'318	305'263'318
Retained earnings available for distribution		513'289'901	517'628'488
Profit carried forward		446'228'488	390'999'158
Net result		67'061'413	126'629'330
Total shareholders' equity		906'403'219	910'741'806
Total liabilities and shareholders' equity		1'457'252'362	1'064'225'774

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1 / VALUATION PRINCIPLES

These Financial Statements were prepared in accordance with the provisions of the Swiss Code of Obligations concerning commercial accounting and financial reporting standards (SCO 957 ff.). Significant balance sheet items are reported as follows.

Financial assets and investments in subsidiaries

Financial assets are measured at nominal value less necessary impairment charges. Investments in subsidiaries are measured individually at purchase price less necessary impairment charges.

Measurement of liabilities/bonds

Liabilities including bonds are carried at nominal value.

2 / EXPLANATIONS CONCERNING THE FINANCIAL STATEMENTS

Dätwyler Holding Inc. is domiciled in Altdorf.

The average number of full-time equivalents in the course of a year does not exceed ten employees.

2.1 / DIVIDEND INCOME FROM SUBSIDIARIES

Dividend income from subsidiaries comprises profit distributions from subsidiaries.

2.2 / TRADEMARK INCOME

The right to use the trademark Dätwyler is invoiced to subsidiaries and related companies.

2.3 / REVERSAL OF PROVISIONS

In 2019, a provision for onerous contracts was charged to income. In 2022 as in the previous year, a part of this provision was reversed to income.

2.4 / OTHER OPERATING EXPENSES

This item comprises Dätwyler Holding Inc.'s general costs of doing business. Dätwyler Holding Inc. has no operating costs, as these are charged in full to Alvest AG and then in turn to the subsidiaries. "Stewardship costs" (Dätwyler Holding Inc. administrative expenses) are charged to Dätwyler Holding Inc.

2.5 / FINANCIAL EXPENSES

Financial expenses comprise interest expenses for bond coupon payments, interest paid to Pema Holding AG, negative interest, commissions and fees paid to banks.

2.6 / FINANCIAL INCOME

Financial income is derived primarily from interest-bearing assets of subsidiaries.

2.7 / GAIN ON SALE OF INVESTMENTS IN SUBSIDIARIES

The subsidiaries Teco Immobilien AG and Dätwyler Teco Holding (Deutschland) GmbH, holding Reichelt Elektronik GmbH & Co. KG as an investment, were sold at the end of September 2021 resulting in a gain on sale of CHF 36.3 million in total.

2.8 / REVERSAL OF IMPAIRMENT CHARGES RELATING TO FINANCIAL ASSETS AND INVESTMENTS IN SUBSIDIARIES

In 2021, impairment charges for a loan receivable in the amount of CHF 4.0 million could be reversed.

2.9 / LONG-TERM RECEIVABLES FROM SUBSIDIARIES

These are Swiss franc and Euro denominated long-term loans receivable from subsidiaries. Foreign currency balances are fully hedged.

2.10 / INVESTMENTS IN SUBSIDIARIES

Dätwyler Holding Inc.'s direct and indirect subsidiaries are disclosed in note 34 to the consolidated financial statements. In 2021, Dätwyler Holding AG sold Dätwyler Teco Holding (Deutschland) GmbH and der Teco Immobilien AG, see also note 2.7.

2.11 / BONDS

On 15 June 2022, a 2.1% CHF 240.0 million bond was placed with a five-year term and annual interest payments starting on 13 July 2023. The new bond was paid up on 13 July 2022 at an issue price of 100.035%. On 30 May 2018, a 0.625% CHF 150.0 million bond was placed at an issue price of 100.368%. Interest payments are due annually on 30 May and the bond is repayable on 30 May 2024.

2.12 / SHARE CAPITAL

in CHF	31 Dec. 2022	31 Dec. 2021
22'000'000 registered shares at CHF 0.01 par	220'000	220'000
12'600'000 bearer shares at CHF 0.05 par	630'000	630'000
Share capital	850'000	850'000

Shares in Dätwyler Holding Inc. are listed on the SIX Swiss Exchange. Each registered share and each bearer share, regardless of nominal value, carries one vote at the General Meeting of Shareholders, with the exception of bearer treasury shares.

All 22'000'000 registered shares along with 5'061'785 of the total 12'600'000 bearer shares are held by Pema Holding AG, Altdorf; thus its percentage of capital is 55.66% and its percentage of voting shares is 78.21%.

The Board of Directors is unaware of any further shareholders or of shareholder voting pools whose interest amounts to 3% of all votes.

2.13 / SHARE OWNERSHIP AND LONG-TERM INCENTIVE PLAN / TREASURY SHARES

In the current year, a total of 19'152 (previous year 13'235) bearer shares were acquired by Alvest AG in two transactions. In April, 14'416 (previous year 8'356) bearer shares were acquired at the current stock exchange price of CHF 307.50 (previous year CHF 289.00) and distributed to the participants of the long-term incentive plan of the group. In June, another 4'736 (previous year 4'879) bearer shares were acquired at the current stock exchange price of CHF 230.50 (previous year CHF 307.50) and then allocated to the members of the Board of Director within the scope of the share award plan with a total value of CHF 1'091'648 (previous year CHF 1'500'293), see Remuneration Report. At the end of 2022 and 2021, no treasury shares were held.

2.14 / VOLUNTARY RETAINED EARNINGS

The voluntary retained earnings represent a free reserve at the disposal of the General Meeting of Shareholders.

2.15 / SURETIES, GUARANTEES AND PLEDGE COMMITMENTS IN FAVOUR OF THIRD PARTIES

On joint and several liability basis, guarantees amounting to USD 155.0 million (previous year none) and lines of credit in the amount of CHF 18.1 million (previous year CHF 58.1 million) were granted to various subsidiaries, of which CHF 0.5 million (previous year CHF 1.0 million) were used. In addition, Dätwyler Holding Inc. has issued a guarantee in the amount of CHF 3.1 million (previous year CHF 4.2 million) until the end of 2027 for future rental commitments.

2.16 / JOINT AND SEVERAL LIABILITY

Since 1 January 2009 the company has been a member of the value-added tax group under the number CHE-116.346.605 MWST. The principal member of the group is Alvest AG, Altdorf. For the term of its membership in this group, the company bears joint and several liability pursuant to Art. 15 para. 1 lit c of the VAT Act.

2.17 / CONTINGENT LIABILITIES

In the normal course of business, risks arise in connection with such matters as legal disputes and pending or disputed tax assessments that could potentially lead to liabilities (contingent liabilities). The amount involved in most current cases is immaterial. Where the outcome of such cases is unclear or the risk is unquantifiable or the likelihood of an outflow of funds is unlikely, no provisions are being made. Provisions are being made where the outcome can be estimated or an outflow of funds is probable.

The sales agreement for Distrelec and Nedis from December 2019 includes usual contractual guarantees to the purchasers incurred by Dätwyler Holding Inc. as the ultimate parent company. These guarantees are in general limited to a maximum of CHF 5.0 million and apply for certain cases for a maximum period of 5 years or until barred by statute. At present, no claims from the purchasers are known.

2.18 / LOANS AND CREDITS

No loans and/or credits were granted to individual current or former members of the Board of Directors or Executive Management (including persons connected with them) in the year under review.

2.19 / BOARD OF DIRECTORS AND EXECUTIVE BOARD SHAREHOLDINGS

As at 31 December 2022, the individual members of the Board of Directors and Executive Management and their related parties held the following quantities of the company's equity securities:

Board of Directors shareholdings 2022

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2023	2024	2025	2026	2027
Hälg, Paul J.	Chairman	36'052	0.104197	1'736	2'168	2'016	1'125	1'092
Fässler, Hanspeter	Vice-Chairman	13'685	0.039552	1'210	1'511	1'406	682	662
Breu, Jens	Member	2'912	0.008416	0	986	917	512	497
Cornaz, Claude R.	Member	3'701	0.010697	789	986	917	512	497
Fedier, Jürg	Member	7'001	0.020234	789	986	917	512	497
Hirzel, Martin	Member	1'009	0.002916	0	0	0	512	497
Huber, Gabi	Member	9'370	0.027081	789	986	917	512	497
van Walsum, Judith	Member	497	0.001436	0	0	0	0	497

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

Executive Management shareholdings 2022

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2023	2024	2025	2026	2027
Lambrecht, Dirk	CEO	15'802	0.045671	0	0	0	0	0
Scherz, Walter	CFO	1'290	0.003728	250	0	0	0	0
Borghs, Dirk	COO	63	0.000182	0	0	0	0	0
Gérard, Sabrina	CSO	0	–	0	0	0	0	0
Schön, Frank	CTO	0	–	0	0	0	0	0

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

Board of Directors shareholdings 2021

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2022	2023	2024	2025	2026
Hälg, Paul J.	Chairman	34'960	0.101040	2'400	1'736	2'168	2'016	1'125
Fässler, Hanspeter	Vice-Chairman	13'023	0.037639	1'700	1'210	1'511	1'406	682
Breu, Jens	Member	2'415	0.006980	0	0	986	917	512
Cornaz, Claude R.	Member	3'204	0.009260	0	789	986	917	512
Fedier, Jürg	Member	6'504	0.018798	1'100	789	986	917	512
Hirzel, Martin	Member	512	0.001480	0	0	0	0	512
Huber, Gabi	Member	8'873	0.025645	1'100	789	986	917	512
Ulmer, Hanno	Member	4'304	0.012439	1'100	789	986	917	512

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.00000289%

Executive Management shareholdings 2021

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2022	2023	2024	2025	2026
Lambrecht, Dirk	CEO	7'356	0.021260	4'000	0	0	0	0
Scherz, Walter	CFO	530	0.001532	250	250	0	0	0
Borghs, Dirk	COO	0	–	0	0	0	0	0
Schön, Frank	CTO	0	–	0	0	0	0	0

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.00000289%

2.20 / SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

Proposed Appropriation of Retained Earnings

Retained earnings carried forward

<u>in CHF</u>	2022	2021
Profit carried forward	446'228'488	390'999'158
Net result	67'061'413	126'629'330
Retained earnings at disposal of General Meeting of Shareholders	513'289'901	517'628'488

Proposal of the Board of Directors on the appropriation of retained earnings

<u>in CHF</u>	2022	2021
	Proposal of the Board of Directors	Resolution of the General Meeting of Shareholders
Retained earnings at disposal of General Meeting of Shareholders	513'289'901	517'628'488
Distribution of cash dividend	-54'400'000	-71'400'000
Registered shares: CHF 0.64 (previous year CHF 0.84)	-14'080'000	-18'480'000
Bearer shares: CHF 3.20 (previous year CHF 4.20)	-40'320'000	-52'920'000
To be carried forward	458'889'901	446'228'488

Report of the Statutory Auditor on the Financial Statements



Statutory Auditor's Report

To the General Meeting of Dätwyler Holding AG, Aitdorf

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dätwyler Holding AG (the Company), which comprise the balance sheet as at 31 Dezember 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages F44 to F50) 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 financial statements of the Company, the Remuneration Report and our auditor's reports thereon.

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

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

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

KPMG AG
Zurich, 7 February 2023



Board of Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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



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

A handwritten signature in black ink, appearing to read 'Toni Wattenhofer'.

Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'Manuel Odoni'.

Manuel Odoni
Licensed Audit Expert

Zurich, 7 February 2023

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