FINANCIAL REPORT
2022

DATWYLER

DATWYLER FINANCIAL REPORT 2022

Consolidated Financial Statements

Group Financial Review

CONSOLIDATED INCOME STATEMENT DATWYLER GROUP

In 2022, the Datwyler Group generated net revenue of CHF 1'150.6 million (previous year CHF 1'101.7 million), representing an increase of 4.4%. The net effect of subsidiaries acquired and in the previous year sold amounted to CHF –26.2 million or –2.4%. The negative impact from foreign currency translation to Swiss francs on consolidation was 2.2%. Adjusted for these factors, an organic increase of 9.0% resulted. The Reichelt subsidiaries, sold at the end of September 2021, are presented as discontinued operations in the income statement, see also note 31 of the consolidated financial statements.

Change in net revenue

in CHF millions	2022	%	2021	%
Acquisition/disposal of subsidiaries	–26.2	–2.4%	–112.1	–10.5%
Foreign currency translation to CHF	–23.7	–2.2%	4.0	0.4%
Organic change	98.8	9.0%	140.6	13.1%
Total change in net revenue	**48.9**	**4.4%**	**32.5**	**3.0%**

The gross profit margin decreased to 22.2% (previous year 25.3%). Gross profit was impacted by negative foreign currency translation effects of 2.8% and by higher raw material prices of 10.9%. Other organic change of gross profit amounted to 13.5%.

Change in gross profit

in CHF millions	2022	%	2021	%
Acquisition/disposal of subsidiaries	–23.5	–8.4%	–21.7	–8.5%
Foreign currency translation to CHF	–7.8	–2.8%	1.1	0.4%
Impact raw material purchases	–30.5	–10.9%	–4.3	–1.7%
Other organic change	37.8	13.5%	47.6	18.6%
Total change in gross profit	**–24.0**	**–8.6%**	**22.7**	**8.8%**

In 2022, the Group's operating result (EBIT) was CHF 149.2 million (previous year CHF 234.2 million) and the EBIT margin was 13.0% (previous year 21.3%) with the following factors contributing to this change:

Change in operating result

in CHF millions	2022	%	2021	%
Acquisition/disposal of subsidiaries	–78.2	–33.4%	517.0	n/a
Foreign currency translation to CHF	–5.9	–2.5%	0.6	n/a
Other organic change	–0.9	–0.4%	32.5	n/a
Total change in operating result	**–85.0**	**–36.3%**	**550.1**	**n/a**

Acquisition/disposal of subsidiaries included in the previous year the the gain on sale of subsidiaries. The operating result includes a gain of CHF 0.2 million (previous year CHF 1.3 million) on sale of property, plant and equipment.

Net finance costs increased to CHF 12.3 million (previous year CHF 2.4 million), with higher interest expense of CHF 8.4 million (previous year CHF 1.4 million). Income tax expense decreased to CHF 32.1 million (previous year CHF 37.8 million). Accordingly, the tax ratio increased to 23.4% (previous year before gain on sale of subsidiaries 21.8%). The Group's weighted average income tax rate was 22.1% (previous year 21.7%) and the net result amounts to CHF 104.8 million (previous year CHF 194.0 million).

CONSOLIDATED BALANCE SHEET DATWYLER GROUP

Total assets increased by CHF 38.0 million during the year to CHF 1'299.0 million (previous year CHF 1'261.0 million). Trade accounts receivable increased to CHF 250.3 million (previous year CHF 169.7 million) and inventories increased to CHF 209.0 million (previous year CHF 143.4 million). With trade accounts payable of CHF 95.6 million (previous year CHF 68.3 million), net working capital increased by 48.6% to CHF 363.7 million (previous year CHF 244.8 million). Cash and cash equivalents decreased by CHF 118.3 million. In addition, money market investments of CHF 60.0 million existed at the end of the previous year.

Compared to the previous year, equity decreased by CHF 544.7 million to CHF 403.6 million (previous year CHF 948.3 million), representing a equity ratio of 31.1% (previous year 75.2%). The significant changes in equity include the net result of CHF 104.8 million (previous year CHF 194.0 million), the dividend payment of CHF –71.4 million (previous year CHF –54.4 million), offset of goodwill from acquisitions of CHF –552.6 million (previous year CHF –0.1 million), in the previous year goodwill from acquisitions of CHF 69.9 million plus cumulative translation adjustments of CHF 5.4 million charged to income on sale of subsidiaries and negative currency translation differences of CHF –22.3 million (previous year CHF –0.1 million) arising on net investments in foreign subsidiaries.

Short-term and long-term bank debt increased by CHF 153.4 million during the year to CHF 153.9 million (previous year CHF 0.5 million). Cash, cash equivalents and money market investments amounted to CHF 101.3 million (previous year CHF 279.6 million) at year-end. With the bonds of CHF 389.5 million (previous year CHF 150.0 million) and the loans of CHF 154.0 million granted by Pema Holding AG, net debt amounts to CHF 596.1 million (previous year net cash of CHF 129.1 million).

Current assets decreased by 4.2% to CHF 603.9 million (previous year CHF 630.5 million). Non-current assets increased by 10.2% to CHF 695.1 million (previous year CHF 630.5 million).

CONSOLIDATED CASH FLOW STATEMENT DATWYLER GROUP

With the net result of CHF 104.8 million (previous year CHF 194.0 million), net cash from operating activities amounted to CHF 118.6 million (previous year CHF 183.5 million). These cash flows were used to pay for investments in property, plant and equipment totalling CHF 90.0 million (previous year CHF 103.7 million). This represents a capital expenditure ratio (capital expenditure as a percentage of net revenue) of 7.8% versus 9.4% a year earlier. Proceeds from bank debt amounted to CHF 148.8 million net (previous year CHF 0.4 million). Loans in the amount of CHF 154.0 million (previous year repayments of CHF 55.0 million) were granted by Pema Holding AG. In addition, a 2.1% CHF 240.0 million bond was placed. Overall cash inflows and outflows led to a net change in cash and cash equivalents of CHF –116.1 million (previous year CHF 47.4 million), resulting in a cash and cash equivalents balance of CHF 101.3 million (previous year CHF 219.6 million) at year-end.

ADDITIONAL INFORMATION

The commentary of the significant events during the year under review is presented in the letter to the shareholders and in the chapter Business Areas of the annual report.

Full-time equivalents
The annual average of full-time equivalents was 8'104 (previous year 6'921).

Risk assessment
As part of its duties to oversee the management of the Group, the Board of Directors of Dätwyler Holding Inc. conducts a systematic risk assessment at least once a year. At its meeting held on 28 September 2022, the Board of Directors acknowledged management's report on group-wide risk management and approved the proposed actions included therein.

Financial risk management
The Datwyler Group's global operations expose it to a variety of financial risks, including currency risk, interest rate risk, credit risk, liquidity risk and market price risk. The nature of these risks has not changed significantly from the previous year. The Group's financial risk management measures, implemented without change from the previous year, seek to minimise potential adverse effects of the unpredictability of financial markets on the Group's financial performance. For this purpose, derivative financial instruments are used to hedge risks and exposures.

Liquidity reserves

in CHF millions	**2022**	2021
Cash and cash equivalents	101.3	219.6
Money market investments	–	60.0
Available credit lines	341.6	356.5
Total liquidity reserves	**442.9**	**636.2**

Net cash surplus

in CHF millions	**2022**	2021
Cash and cash equivalents	101.3	219.6
Money market investments	–	60.0
Less short-term bank debt	–10.7	–0.4
Net cash surplus	**90.6**	**279.2**

Order intake and backlog
For the Healthcare Solutions and Industrial Solutions business areas order intake amounted to CHF 1'107.9 million (previous year CHF 1'035.8 million) and order backlog was CHF 485.4 million (previous year CHF 494.5 million) at year-end.

Research and development expenses
Research and development expenses are disclosed in the consolidated income statement. Research and development activities relate to various projects for customers or products in the Healthcare Solutions and Industrial Solutions business areas.

Exceptional events
Acquisition and sale of subsidiaries are disclosed in note 31, other business transactions are presented in note 2 of the notes to the consolidated financial statements.

Future outlook
The estimates relating to the future outlook are presented in the letter to the shareholders and in the chapter Business Areas of the annual report.

Consolidated Income Statement

in CHF millions	Note	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		2022	**2022**	**2022**	2021	2021	2021
Net revenue	3	1'150.6	–	1'150.6	947.6	154.1	1'101.7
Cost of goods sold		–895.4	–	–895.4	–700.0	–122.5	–822.5
Gross profit		255.2	–	255.2	247.6	31.6	279.2
Research and development expenses		–35.7	–	–35.7	–27.2	–	–27.2
Marketing and selling expenses		–34.4	–	–34.4	–31.1	–13.6	–44.7
General and administrative expenses		–56.9	–	–56.9	–49.7	–2.8	–52.5
Other operating income	4	21.2	–	21.2	21.4	0.2	21.6
Other operating expenses		–0.2	–	–0.2	–0.6	–	–0.6
Gain on sale of subsidiaries	31	–	–	–	–	58.4	58.4
Operating result	3	149.2	–	149.2	160.4	73.8	234.2
Net finance result	8	–12.3	–	–12.3	–2.3	–0.1	–2.4
Earnings before tax (EBT)		136.9	–	136.9	158.1	73.7	231.8
Income tax expenses	9	–32.1	–	–32.1	–34.4	–3.4	–37.8
Net result		104.8	–	104.8	123.7	70.3	194.0
Net result per bearer share (in CHF)	24	**6.16**	**–**	**6.16**	**7.28**	**4.13**	**11.41**

For both years, there were no dilutive effects affecting the net result per share.
The accompanying notes on pages F10 to F37 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Assets

in CHF millions	Note	31.12.2022	31.12.2021
Cash and cash equivalents	10	101.3	219.6
Money market investments	10	–	60.0
Trade accounts receivable	11	250.3	169.7
Inventories	12	209.0	143.4
Other receivables	13	29.4	26.0
Prepayments made and accrued income		13.9	11.8
Current assets		603.9	630.5
Property, plant and equipment	14	607.5	550.6
Intangible assets: Software	15	31.8	27.4
Deferred income tax assets	22	53.8	51.0
Miscellaneous financial assets	16	2.0	1.5
Non-current assets		695.1	630.5
Total assets		**1'299.0**	**1'261.0**

Liabilities and equity

in CHF millions	Note	31.12.2022	31.12.2021
Trade accounts payable	19	95.6	68.3
Short-term bank debt	17	10.7	0.4
Current provisions	21	13.1	12.4
Other current liabilities	20	40.2	26.4
Accrued expenses and deferred income		30.6	36.2
Current liabilities		190.2	143.7
Long-term bank debt	17	143.2	0.1
Long-term interest-bearing liabilities due to Pema Holding AG	32	154.0	–
Bonds	18	389.5	150.0
Long-term provisions	21	5.5	6.5
Deferred income tax liabilities	22	8.6	9.5
Pension liabilities	6	2.9	2.8
Other long-term liabilities	20	1.5	0.1
Long-term liabilities		705.2	169.0
Total liabilities		895.4	312.7
Share capital	23	0.9	0.9
Treasury shares	25	–	–
Additional paid-in capital		205.1	205.1
Goodwill offset against equity	15	–838.2	–285.6
Retained earnings		1'147.0	1'116.8
Cumulative translation adjustments		–111.2	–88.9
Equity		403.6	948.3
Total liabilities and equity		**1'299.0**	**1'261.0**

The accompanying notes on pages F10 to F37 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

in CHF millions	Note	2022	2021
Net result		104.8	194.0
Income tax expenses	9	32.1	37.8
Depreciation and amortisation	7	75.8	66.0
Gain on sale of subsidiaries	31	–	–58.4
Share award and long-term incentive plan		2.2	2.4
Other non-cash expenses/(income)		9.9	–5.7
Gain on sale of property, plant and equipment, net		–0.0	–0.7
Change in long-term provisions and pension liabilities		1.1	1.8
Interest income	8	–0.3	–0.3
Interest expense	8	8.4	1.4
Operating cash flow before changes in working capital		234.0	238.3
Change in trade accounts receivable		–45.1	–10.5
Change in other receivables, prepayments made and accrued income		–1.9	–2.6
Change in inventories		–38.9	–40.6
Change in trade accounts payable		8.1	16.0
Change in other current liabilities, accrued expenses and deferred income		–3.1	23.6
Change in current provisions		–1.8	–6.2
Interest received		0.3	0.3
Interest paid		–4.7	–1.4
Income tax paid		–28.3	–33.4
Net cash from operating activities		118.6	183.5
Disbursements relating to purchases of / investments in:			
Property, plant and equipment		–90.0	–103.7
Intangible assets		–10.2	–7.6
Subsidiaries (net of cash and cash equivalents acquired) and (previous year) earn-out payments	31	–661.8	–0.4
Financial assets		–0.3	–0.7
Money market investments		–	–60.0
Proceeds from sale of:			
Property, plant and equipment		0.8	3.4
Subsidiaries (net of cash and cash equivalents disposed of)	31	–	145.9
Money market investments		60.0	–
Net cash used in investing activities		–701.5	–23.1
Proceeds from/(repayment of) short-term bank debt	17	1.0	0.4
Proceeds from/(repayment of) long-term bank debt	17	147.8	–
Net proceeds from issue of bond	18	239.4	–
Proceeds from/(repayment of) loan payable to Pema Holding AG	32	154.0	–55.0
Decrease in finance lease and other long-term liabilities		1.5	–0.1
Purchase of treasury shares		–5.5	–3.9
Dividend paid to shareholders		–71.4	–54.4
Net cash provided by/(used in) financing activities		466.8	–113.0
Net change in cash and cash equivalents		–116.1	47.4
Cash and cash equivalents at 1 January	10	219.6	169.5
Effect of exchange rate changes on cash and cash equivalents		–2.2	2.7
Cash and cash equivalents at 31 December	10	**101.3**	**219.6**

The accompanying notes on pages F10 to F37 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

in CHF millions	Share capital[1]	Treasury shares	Additional paid-in capital	Goodwill offset against equity	Retained earnings	Cumulative translation adjustments[2]	**Total equity[3]**
At 1 January 2021	**0.9**	**–**	**205.1**	**–355.4**	**978.7**	**–94.2**	**735.1**
Net result	–	–	–	–	194.0	–	194.0
Dividends	–	–	–	–	–54.4	–	–54.4
Purchase of treasury shares (see note 25)	–	–3.9	–	–	–	–	–3.9
Share award plan (see note 26)	–	1.5	–	–	–	–	1.5
Long-term incentive plan (see note 26)	–	2.4	–	–	–1.5	–	0.9
Offset of goodwill from acquisitions (see note 15)	–	–	–	–0.1	–	–	–0.1
Goodwill charged to income on sale of subsidiaries (see note 31)	–	–	–	69.9	–	–	69.9
Cumulative translation adjustments charged to income on sale of foreign subsidiaries (see note 31)	–	–	–	–	–	5.4	5.4
Currency translation differences	–	–	–	–	–	–0.1	–0.1
At 31 December 2021	**0.9**	**–**	**205.1**	**–285.6**	**1'116.8**	**–88.9**	**948.3**
Net result	–	–	–	–	104.8	–	104.8
Dividends	–	–	–	–	–71.4	–	–71.4
Purchase of treasury shares (see note 25)	–	–5.5	–	–	–	–	–5.5
Share award plan (see note 26)	–	1.1	–	–	–	–	1.1
Long-term incentive plan (see note 26)	–	4.4	–	–	–3.2	–	1.2
Offset of goodwill from acquisitions (see note 15)	–	–	–	–552.6	–	–	–552.6
Currency translation differences	–	–	–	–	–	–22.3	–22.3
At 31 December 2022	**0.9**	**–**	**205.1**	**–838.2**	**1'147.0**	**–111.2**	**403.6**

[1] *Holding company's share capital: CHF 850'000 (previous year CHF 850'000).*
[2] *Arising on translation of subsidiaries' equity and income statements denominated in foreign currencies.*
[3] *At 31 December 2022 shareholders' equity includes legal reserves of CHF 259.0 million (previous year CHF 270.6 million), of which CHF 31.0 million (previous year CHF 31.2 million) are not distributable.*

The accompanying notes on pages F10 to F37 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 / SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Datwyler Group. They have been prepared in accordance with the complete set of Swiss GAAP Accounting and Reporting Recommendations (Swiss GAAP ARR) and are based on the subsidiaries' annual financial statements at 31 December which are prepared using uniform classification and accounting policies. The consolidated financial statements are prepared under the going concern assumption, based on the historical cost principle, and also comply with the Listing Rules of the SIX Swiss Exchange and the provisions of Swiss Corporation Law. The Board of Directors of Dätwyler Holding Inc. approved the consolidated financial statements at its meeting on 7 February 2023 for submission to the Annual General Meeting on 7 March 2023.

Use of estimates
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The valuation of inventories and estimates relating to provisions involve significant exercise of judgment.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Dätwyler Holding Inc. domiciled in Altdorf (Switzerland) and all subsidiaries that belonged to the Group during the year and over which Dätwyler Holding Inc. had the power to govern the financial and operating policies so as to obtain benefits from their activities. At Datwyler Group, this is achieved when more than 50% of a subsidiary's share capital or voting rights is unconditionally owned directly or indirectly by Dätwyler Holding Inc.

A list of the subsidiaries included in the consolidation is presented in note 34.

Consolidation method
The reporting date for Dätwyler Holding Inc., all subsidiaries and the consolidated financial statements is 31 December.

The full consolidation method is applied to all subsidiaries included in the consolidation. Their assets, liabilities, income and expenses are incorporated in full. Minority interests are presented as a separate component of the Group's equity and net result. The purchase method of accounting is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group's share of the fair value of the subsidiary's net assets.

Intercompany transactions and balances are eliminated. Unrealised intercompany profits on goods and services supplied within the Group but not yet sold to third parties are eliminated on consolidation.

Companies over which the Group has the power to exercise significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights, are classified as associates and accounted for using the equity method. At year-end of the current reporting year, the Group had no investments classified as associates.

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest.

Foreign currency translation

TRANSLATION FOR CONSOLIDATION PURPOSES

The financial statements of foreign subsidiaries are prepared in local currencies. For the purpose of consolidation, the local financial statements are translated into Swiss francs (CHF), which is the Group's presentation currency. The principal exchange rates used to translate foreign currencies in the Datwyler Group were as follows:

	2022		2021	
	Closing rate at 31.12.	Average rate for the year	Closing rate at 31.12.	Average rate for the year
100 CNY	13.38	14.18	14.36	14.15
1 EUR	0.98	1.00	1.03	1.08
1 USD	0.92	0.95	0.91	0.91

For the purpose of presenting consolidated financial statements, assets and liabilities for each balance sheet are translated at the closing rate at the balance sheet date, while income statements, cash flow statements and other movements are translated at average exchange rates for the year.

Exchange differences arising from the translation of balance sheets and income statements of foreign subsidiaries are taken directly to reserves (currency translation reserve in equity) and not recognised in the income statement.

TRANSLATION OF BALANCES AND TRANSACTIONS IN THE ACCOUNTS OF SUBSIDIARIES

In preparing the financial statements of the individual subsidiaries, assets and liabilities denominated in foreign currencies are translated at the closing rates used in the consolidation. Exchange differences resulting from the settlement of foreign currency transactions and from the translation of assets and liabilities denominated in foreign currencies are recognised as foreign exchange gains or losses in the income statement. Exchange differences from the valuation of equity-like loans denominated in foreign currencies or in CHF at foreign subsidiaries are directly charged to equity.

Income statement and balance sheet

REVENUE RECOGNITION

In the Healthcare Solutions and Industrial Solutions business areas revenues are mainly generated from the sale of products from own production and from distribution of goods for resale and from rendering of services. Revenue arising from the sale of manufactured products and goods for resale is recognised when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with their delivery, depending on the terms agreed for instance ex works or on arrival at the customer's destination. Revenue under long-term multiple supply contracts is recorded when each instalment is delivered, according to the quantity delivered. Revenue from services rendered is recognised by reference to the stage of completion in the period in which the services were rendered.

GROSS PROFIT

The income statement is presented using the functional format where gross profit represents net revenue less cost of goods sold.

RESEARCH AND DEVELOPMENT

Research expenditure is recognised as an expense in the period in which it is incurred. Development costs are capitalised only if it can be demonstrated that future economic benefits will be generated. Otherwise they are charged to the income statement.

INCOME TAX EXPENSE

Current income tax is calculated on taxable profits for the year and recognised on an accrual basis.

Deferred income tax is provided, using the liability method, on all temporary differences and recognised as tax liabilities or assets. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The same method is also used to provide for differences arising on acquisitions between the fair value and tax base of the assets acquired. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date.

Tax losses carried forward and other temporary valuation differences are recognised as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Provision is made for tax that will arise on the distribution of profits retained by subsidiaries, mainly comprising non-refundable withholding tax and income tax in the parent company, if it is intended to remit such profits in the form of dividends.

CASH AND CASH EQUIVALENTS AND MONEY MARKET INVESTMENTS

Cash and cash equivalents comprise cash in hand, deposits in postal and bank accounts, and money market investments with original maturities of three months or less. They are stated at nominal value. Money market investments with an original maturity of 91 to 360 days are also stated at nominal value and classified separately in the balance sheet.

TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

Trade accounts receivable and other current receivables are recognised at nominal value less provision for any impairment.

Doubtful debts are provided for by way of specific provisions and taking into account the actual losses expected based on past experience. Delinquency in payment by customers, or the probability that the debtor will enter bankruptcy or financial reorganisation are considered indicators of impairment. The provision for impairment of receivables is presented separately. The amount of the provision is the difference between the receivable’s carrying amount and its current estimated recoverable amount. When receivables are no longer collectible, they are written off against the provision for impairment. Changes in the carrying amount of the provision for impairment and income from recoveries of receivables previously written off are recognised in the income statement.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Purchasing discounts received are offset against the production cost of inventories. Production cost comprises all direct material and manufacturing costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method. Appropriate provisions are made for slow-moving inventories and obsolete inventories are fully written off. If the net realisable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

PROPERTY, PLANT AND EQUIPMENT

Land is stated at cost. Land use rights, buildings, plant and equipment are stated at cost less depreciation, calculated on a straight-line basis to write off the assets over their estimated useful lives, and less any impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the assets into working condition for their intended use.

The estimated useful lives and depreciation periods are as follows:

	Years
Buildings:	
Building structures	20 – 40
Interiors	20
Installations, storage equipment, tanks, silos, etc.	10 – 20
Production equipment	10 – 15
Production equipment: electrical/electronic equipment	5 – 8
Machinery	8 – 10
Moulds and tools	3

Land is generally not depreciated, but any impairment loss is recognised.

Costs of maintenance and renovations, other than improvements, are charged to the income statement. Borrowing costs of long-term projects actually incurred during construction in progress are capitalised, all other financing costs are expensed as incurred.

The residual values and useful lives of property, plant and equipment are reviewed annually and adjusted, if appropriate.

LEASES

The Datwyler Group leases certain assets. Finance leasing and operating leasing agreements are treated differently. In a finance lease, the lessor transfers substantially all the risks and rewards relating to ownership of the leased asset to the Datwyler Group. The fair value of such assets or, if lower, the net present value of the future minimum lease payments is therefore recognised as a non-current asset and as a finance lease liability in the balance sheet. Assets acquired under finance leases are depreciated over the shorter of their estimated useful lives or the lease term. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

INTANGIBLE ASSETS

Intangible assets mainly include software as well as licences, patents and other intangible assets which are capitalised at cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of software are between 3 and 5 years. Only the blueprints for the implementation of the enterprise resource planning system are amortised over a 10 year period.

GOODWILL

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the acquired assets and liabilities at the date of acquisition. Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalisation and amortisation of goodwill is disclosed in the notes to the consolidated financial statements. On sale of an acquired subsidiary, goodwill from acquisitions formerly directly offset against equity is charged to income at original cost when calculating the gain or loss on sale. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated best possible at the date of acquisition. Accordingly, goodwill offset against equity is modified for adjustments resulting later from the final purchase price determination. Goodwill may also arise upon investments in associates, being the excess of the cost of investment over the Group's share of the fair value of the net assets recognised.

IMPAIRMENT OF NON-CURRENT ASSETS AND GOODWILL

At every balance sheet date an assessment is made for non-current assets (in particular property, plant, equipment, intangible assets, financial assets as well as goodwill offset against equity) whether indicators for an impairment exist. If indicators for a continuous impairment exist, the recoverable amount of the asset is determined. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs.

When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. As goodwill is fully offset against equity at the date of acquisition, an impairment of goodwill will not affect income, but only be disclosed in the notes to the consolidated financial statements.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments used for hedging balance sheet items are recognised at fair value on the date a derivative contract is entered into and are recorded as other receivables or other current liabilities. Derivatives are subsequently remeasured to their current fair value at each balance sheet date, with unrealised gains and losses recognised in the income statement. Fair values of derivative financial instruments are determined by reference to current market prices on the balance sheet date. Changes in the fair value of derivative financial instruments used to hedge future cash flows are directly recognised in equity until realised.

The Group uses forward exchange contracts and currency options to hedge its exposure to foreign currency risk.

MISCELLANEOUS FINANCIAL ASSETS

Miscellaneous financial assets include loans to third parties and minority shareholdings. Loans receivable and minority shareholdings are stated at cost less appropriate impairment losses.

TRADE ACCOUNTS PAYABLE

Trade accounts payable are recognised at nominal value.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for the expected costs associated with a possible restructuring is recognised when a detailed restructuring plan has been developed and the measures have been approved before the balance sheet date. For long-term provisions material discounting effects are considered.

BANK DEBT

Bank debt is recognised at nominal value. Discounts are netted with bank debt and recognised on a straight-line basis in the financial result of the income statement over the period of the respective bank loan. Bank debt is classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the balance sheet date.

BONDS

Bonds are initially recorded at issue price net of issue costs. Issue costs and any discount or premium are recognised in the financial result of the income statement over the period of the respective bond.

DIVIDENDS

Dividend payments to shareholders are recognised as a liability in the balance sheet in the period in which the dividends are approved by shareholders.

PENSION BENEFITS

Pension benefit obligations of subsidiaries are recognised in the consolidated financial statements according to legal regulations and local rules of the respective countries. The actual economic impact of pension schemes for a Group company is calculated as at balance sheet date. An economic benefit is recorded, if it will be used for future pension contributions made by the company. An economic obligation is recognised if the requirements to record a provision are met. Unrestricted employer contribution reserves are capitalised as an asset.

The Swiss subsidiaries of the Group have their own legally independent pension schemes financed by employer and employee contributions. The economic impact of a funding surplus or deficit of pension schemes for the Group, the change in employer contribution reserves and the contributions accrued for the period are charged to income as personnel expenses. The calculation of a funding surplus or deficit is made based on the annual financial statements of the respective pension schemes prepared in accordance with Swiss GAAP ARR 26.

There are no significant pension schemes in foreign countries. Certain foreign subsidiaries have unfunded pension schemes and recognise the respective benefit obligation as a provision directly in the balance sheet. Such pension liabilities are calculated using methods accepted in the respective countries with changes charged to income as personnel expenses. In addition, in certain countries there are comprehensive coverages with insurance companies where the paid insurance premiums are recorded as an expense.

SHARE AWARD PLAN AND LONG-TERM INCENTIVE PLAN

The share award plan was introduced in 2007 and from 2019 only directors have been participating in this plan, see note 26. The awarding of shares is based on a fixed monetary amount. The number of shares to be awarded, representing the fixed monetary amount, is determined based on market value. Share-based payments under the share award plan are recognised as personnel expenses in full at issue date, because the voting and dividend rights of shares awarded are transferred to the beneficiaries at issue date. The shares awarded under the share award plan may not be sold for a period of five years after issue date.

Since 2018, a long-term incentive plan for senior executives has existed, granting the participants a conditional right to receive bearer shares of Dätwyler Holding Inc. subject to fulfillment of certain conditions after completion of a three-year vesting period. Participants leaving the company before completion of the three-year vesting period usually will forfeit the right to receive shares. The number of shares to be received after completion of the vesting period is dependent on the share price performance as well as on achieving three performance targets in comparison with a peer group of companies.

CAPITAL MANAGEMENT

The Group has a solid equity base. It consequently focuses the management of its capital structure on the equity of the Group as a whole, the following objectives and policies being relevant:

- Where possible and economically viable, the Group finances its operations through equity, the objective being to maintain an equity ratio of at least 40%.
- A portion of profits generated is paid out to owners as dividends, taking into account current financing needs and compliance with legal requirements. The current dividend policy is generally to maintain a payout ratio of about 40% of the Group’s net result for the year.

2 / BUSINESS ACQUISITIONS AND DISPOSALS

Acquisitions and disposals during 2022 and 2021 are shown below, see also note 31.

Transactions 2022

ACQUISITIONS

Q Holco LLC, headquartered in Wilmington, USA (100%) and its QSR subsidiaries, see also note 34
Yantai Xinhui Packing Co. Ltd., domiciled in Yantai, China (100%)
CTsystems AG, domiciled in Dübendorf, Switzerland (100%)

Transactions 2021

SALES

Dätwyler Teco Holding (Deutschland) GmbH, Sande, Germany (100%)
Reichelt Elektronik GmbH & Co. KG, Sande, Germany (100%)
Reichelt Elektronik Verwaltungsgesellschaft mbH, Sande, Germany (100%)
Teco Immobilien AG, Altdorf, Switzerland (100%)

3 / SEGMENT INFORMATION

in CHF millions	Healthcare Solutions	Industrial Solutions	Technical Components	Elimi-nations	Total Group
2022					
Revenue from external customers	520.3	630.3	–	–	1'150.6
Inter-segment revenue	–	5.8	–	–5.8	–
Total net revenue	520.3	636.1	–	–5.8	1'150.6
Operating result	106.3	42.9	–	–	149.2
Operating result as % of net revenue	20.4%	6.7%	–	–	13.0%

in CHF millions	Healthcare Solutions	Industrial Solutions	Technical Components	Elimi-nations	Total Group
2021					
Revenue from external customers	466.8	480.8	154.1	–	1'101.7
Inter-segment revenue	–	7.6	0.0	–7.6	–
Total net revenue	466.8	488.4	154.1	–7.6	1'101.7
Operating result	104.6	55.8	73.8	–	234.2
Operating result as % of net revenue	22.4%	11.4%	47.9%	–	21.3%

The Datwyler Group is a focused industrial supplier organised into the two business areas Healthcare Solutions and Industrial Solutions, both with leading positions in global and regional market segments.

The result of the Group management functions is allocated to the two business areas Healthcare Solutions and Industrial Solutions using a revenue-based key.

The Business Area Healthcare Solutions offers system-critical components for containers and delivery systems for injectable drugs and diagnostics in the pharmaceutical and medical markets. The significant manufacturing and distribution companies are located in Belgium, Germany, Italy, the USA, India and China.

The Business Area Industrial Solutions manufactures customised system-critical components for applications in the Mobility, Connectors, General Industry and Food & Beverage markets. The significant manufacturing and distribution companies are located in Switzerland, Germany, Italy, the Czech Republic, China, South Korea, the USA, Brazil and Mexico.

The Technical Components division consisted of the German electronic distributor Reichelt until it was sold at the end of September 2021, see note 31.

Net revenue by geographical region

in CHF millions	2022	2021
Switzerland	189.3	169.3
Rest of Europe	402.8	545.7
North and South America	332.4	216.4
Asia	219.3	166.4
Other markets	6.8	3.9
Total Group	**1'150.6**	**1'101.7**

Net revenue by geographical region corresponds to revenue from external customers by destination.

4 / ADDITIONAL INCOME STATEMENT DISCLOSURES

Material expense of CHF 411.4 million (previous year CHF 412.7 million) is included in the income statement.

Other operating income includes gain on sale of property, plant and equipment of CHF 0.2 million (previous year CHF 1.3 million) as well as ancillary revenues and rental income.

5 / PERSONNEL EXPENSES

in CHF millions	2022	2021
Wages and salaries	279.5	257.9
Benefit costs	63.2	55.2
State social security contributions	38.1	33.7
Pension costs (see note 6)	10.0	9.3
Other benefit costs	15.1	12.2
Other employee costs	16.5	8.0
Total personnel expenses	**359.2**	**321.1**

Since 2007, Directors and senior executives receive a portion of their remuneration in the form of bearer shares of Dätwyler Holding Inc., see note 26.

6 / EMPLOYEE BENEFIT SCHEMES

Economic benefit / obligation and pension costs

in CHF millions	Funding surplus/deficit according to Swiss GAAP ARR 26	**Economic impact Group**	Economic impact Group	Changes not affecting income[1]	Change to prior year or charge to income current year	Contributions for the period	**Pension costs in personnel expenses**	Pension costs in personnel expenses
	31.12.2022	**31.12.2022**	31.12.2021				**2022**	2021
Welfare funds Switzerland	0.3	–	–	–	–	–	–	–
Pension schemes without funding surplus/deficit Switzerland	–	–	–	–	–	6.2	6.2	–
Pension schemes with funding surplus Switzerland	–	–	–	–	–	–	–	5.7
Pension schemes without funding surplus/deficit abroad	–	–	–	–	–	3.0	3.0	2.7
Unfunded pension schemes abroad	–	–2.9	–2.8	–0.1	0.2	0.6	0.8	0.9
Total	**–**	**–2.9**	**–2.8**	**–0.1**	**0.2**	**9.8**	**10.0**	**9.3**

[1] *Translation differences.*

At year-end 2022, as at the end of the previous year, no employer contribution reserves (ECR) existed. The Swiss pension schemes calculate their pension benefit obligations using the statistical assumptions of the VZ 2020 mortality tables and a discount rate of 1.0% and 1.25%, respectively (as in the previous year). The pension conversion rates in the current year were 4.8% and 5.2%, respectively.

Summary of pension costs

in CHF millions	Switzerland	Abroad	**Total**
	2022	2022	**2022**
Contributions to pension schemes expensed at Group companies	6.2	3.6	9.8
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	6.2	3.6	9.8
+/– Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
Contributions and changes in employer contribution reserves	6.2	3.6	9.8
Increase/reduction economic benefit Group from excess coverage	–	–	–
Reduction/increase economic obligation Group from insufficient coverage	–	0.2	0.2
Total change in economic impact from excess/insufficient coverage	–	0.2	0.2
= Pension costs included in personnel expenses for the period	**6.2**	**3.8**	**10.0**

in CHF millions	Switzerland	Abroad	Total
	2021	2021	**2021**
Contributions to pension schemes expensed at Group companies	5.7	3.6	9.3
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	5.7	3.6	9.3
+/– Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
Contributions and changes in employer contribution reserves	5.7	3.6	9.3
Increase/reduction economic benefit Group from excess coverage	–	–	–
Reduction/increase economic obligation Group from insufficient coverage	–	0.0	0.0
Total change in economic impact from excess / insufficient coverage	–	0.0	0.0
= Pension costs included in personnel expenses for the period	**5.7**	**3.6**	**9.3**

7 / DEPRECIATION AND AMORTISATION

in CHF millions	2022	2021
Depreciation of property, plant and equipment (see note 14)	70.1	60.7
Amortisation of intangible assets (see note 15)	5.0	5.3
Impairment charges (see note 14)	0.7	–
Total depreciation and amortisation	**75.8**	**66.0**

The impairment charges of CHF 0.7 million relate to the shutdown of the plant in the Ukraine, where the remaining book values were fully written down.

8 / NET FINANCE RESULT

in CHF millions	2022	2021
Interest expense on bonds, bank and other loans	8.4	1.4
Interest expense on finance leases	–	0.0
Fair value loss on forward exchange contracts	–	0.4
Net foreign exchange loss on financing activities	4.7	0.3
Finance charges	1.7	0.6
Total interest and finance expenses	14.8	2.7
Interest income on bank deposits and loans receivable	–0.3	–0.3
Fair value gain on forward exchange contracts	–2.2	–
Total interest and finance income	–2.5	–0.3
Net finance result (expenses, net)	**12.3**	**2.4**

9 / INCOME TAX EXPENSES

in CHF millions	2022	2021
Current income tax expense	33.0	35.7
Deferred income tax expense	–0.9	2.1
Total income tax expenses	**32.1**	**37.8**

The effective tax charge on earnings before tax, using the weighted average income tax rate of 22.1% (previous year 21.7%) of the Group, can be analysed as follows:

in CHF millions	2022	2021
Earnings before tax	136.9	231.8
Income tax expense calculated at the weighted average tax rate	30.3	50.3
Effect of current year tax losses not recognised and reassessment of tax loss carryforwards	1.4	–0.9
Non-taxable effects on sale of subsidiaries	–	–12.7
Effect of previously unrecognised tax loss carryforwards used against taxable profits	–0.4	–0.0
Change in tax rates for deferred income taxes	1.3	0.1
Expense and income items treated differently for tax purposes	–1.7	–4.0
Non-refundable taxes on intra-group charges and dividends	1.1	1.6
Prior year tax adjustments	0.5	0.4
Other effects	–0.4	3.0
Total (current and deferred) income tax expenses	**32.1**	**37.8**

Taxable results differing by region are responsible for changes in the weighted average tax rate. Subsidiaries in Switzerland, where the income tax rates are below 15.0%, may be potentially subject to a top-up tax resulting from the enactment of new tax provisions conforming with the OECD framework and expected to be applicable from the beginning of 2024.

10 / CASH, CASH EQUIVALENTS AND MONEY MARKET INVESTMENTS

in CHF millions	2022	2021
Cash in hand and at bank	95.9	213.8
Money market investments (original maturities up to 90 days)	5.4	5.8
Total cash and cash equivalents	**101.3**	**219.6**
Money market investments (original maturities 91 to 360 days)	–	60.0
Total cash, cash equivalents and money market investments	**101.3**	**279.6**

11 / TRADE ACCOUNTS RECEIVABLE

in CHF millions	2022	2021
Trade accounts receivable from third parties, gross	251.6	170.4
Provision for impairment of trade accounts receivable	–1.4	–1.1
Total trade accounts receivable from third parties, net	250.2	169.3
Trade accounts receivable from related parties	0.1	0.4
Total trade accounts receivable, net	**250.3**	**169.7**

Aging analysis of gross trade accounts receivable from third parties

in CHF millions	2022	2021
Not yet due	213.7	148.5
Past due 1–30 days	22.7	14.5
Past due 31–60 days	7.9	4.2
Past due 61–90 days	2.2	1.2
Past due 91–180 days	4.0	1.4
Past due more than 180 days	1.1	0.6
Total trade accounts receivable from third parties, gross	**251.6**	**170.4**

Movements in provision for impairment of trade accounts receivable

in CHF millions	2022	2021
At 1 January	1.1	0.6
Charge for the year	0.1	0.8
Unused amounts reversed	–0.4	–0.2
Receivables written off as uncollectible	–0.6	–0.0
Acquisition/disposal of subsidiaries	1.3	–0.1
Exchange differences	–0.1	0.0
At 31 December	**1.4**	**1.1**
Of which specific provisions for impairment	0.9	0.9

12 / INVENTORIES

in CHF millions	2022	2021
Raw material, gross	77.0	48.7
Consumables, gross	32.1	26.0
Work in progress, gross	28.8	16.9
Finished goods, gross	79.8	56.1
Goods for resale, gross	12.4	12.1
Provision for impairment of inventories	–21.1	–16.4
Total inventories	**209.0**	**143.4**

13 / OTHER RECEIVABLES

in CHF millions	2022	2021
Withholding, capital and value added tax receivables	6.6	5.0
Current income tax assets	9.3	9.0
Prepayments made, advances given and deposits made	3.5	3.7
Accrued interest receivable	0.1	–
Derivative assets: forward exchange contracts (see note 28)	6.6	3.0
Miscellaneous receivables	3.3	5.3
Total other receivables	**29.4**	**26.0**

14 / PROPERTY, PLANT AND EQUIPMENT

in CHF millions	Real estate	Machinery and production equipment	Office equipment, computer systems, vehicles	Assets under construction	Total property, plant and equipment
PROPERTY, PLANT AND EQUIPMENT 2022					
At cost					
At 1 January 2022	325.8	730.0	43.9	89.5	1'189.2
Additions	2.0	16.1	3.1	70.4	91.6
Disposals	–0.2	–6.2	–0.7	–	–7.1
Transfers	3.7	55.1	1.2	–60.0	–
Acquisition/disposal of subsidiaries	21.0	32.5	0.7	3.4	57.6
Exchange differences	–7.4	–22.2	–1.6	–6.7	–37.9
At 31 December 2022	**344.9**	**805.3**	**46.6**	**96.6**	**1'293.4**
Accumulated depreciation					
At 1 January 2022	–132.2	–476.2	–30.2	–	–638.6
Depreciation expense and impairment charges (see note 7)	–12.5	–53.7	–4.6	–	–70.8
Disposals	0.0	5.7	0.6	–	6.3
Exchange differences	3.2	12.9	1.1	–	17.2
At 31 December 2022	**–141.5**	**–511.3**	**–33.1**	**–**	**–685.9**
Net book values					
At 1 January 2022	193.6	253.8	13.7	89.5	550.6
At 31 December 2022	**203.4**	**294.0**	**13.5**	**96.6**	**607.5**

in CHF millions	Real estate	Machinery and production equipment	Office equipment, computer systems, vehicles	Assets under construction	Total property, plant and equipment
PROPERTY, PLANT AND EQUIPMENT 2021					
At cost					
At 1 January 2021	335.7	685.0	44.0	77.4	1'142.1
Additions	1.4	13.4	4.4	84.1	103.3
Disposals	–2.2	–22.1	–2.8	–	–27.1
Transfers	5.0	65.4	1.7	–72.1	–
Acquisition/disposal of subsidiaries	–15.0	–6.3	–2.5	–0.2	–24.0
Exchange differences	0.9	–5.4	–0.9	0.3	–5.1
At 31 December 2021	**325.8**	**730.0**	**43.9**	**89.5**	**1'189.2**
Accumulated depreciation					
At 1 January 2021	–125.6	–459.9	–31.2	–	–616.7
Depreciation expense	–11.6	–45.1	–4.0	–	–60.7
Disposals	0.4	21.4	2.6	–	24.4
Acquisition/disposal of subsidiaries	3.6	2.9	1.7	–	8.2
Exchange differences	1.0	4.5	0.7	–	6.2
At 31 December 2021	**–132.2**	**–476.2**	**–30.2**	**–**	**–638.6**
Net book values					
At 1 January 2021	210.1	225.1	12.8	77.4	525.4
At 31 December 2021	**193.6**	**253.8**	**13.7**	**89.5**	**550.6**

Acquisition/disposal of subsidiaries include the additions from acquisitions and the disposals on sale of subsidiaries, see also notes 2 and 31.

Other details of property, plant and equipment
As in the previous year, no property, plant and equipment under finance leases existed. Property, plant and equipment in the amount of CHF 10.1 million (previous year none) were pledged or assigned to secure own liabilities. Assets under construction include prepayments made in the amount of CHF 10.5 million (previous year CHF 19.6 million). Additions to property, plant and equipment include no capitalised borrowing costs (previous year none). At balance sheet date, commitments for capital expenditure on property, plant and equipment amounted to CHF 26.3 million (previous year CHF 55.3 million).

15 / INTANGIBLE ASSETS: SOFTWARE

in CHF millions	Total
INTANGIBLE ASSETS 2022	
At cost	
At 1 January 2022	46.3
Additions	10.2
Disposals	–0.0
Acquisition/disposal of subsidiaries	0.2
Exchange differences	–1.4
At 31 December 2022	**55.3**
Accumulated amortisation	
At 1 January 2022	–18.9
Amortisation expense	–5.0
Disposals	–
Exchange differences	0.4
At 31 December 2022	**–23.5**
Net book values	
At 1 January 2022	27.4
At 31 December 2022	**31.8**

in CHF millions	Software	Other intangible assets	Total intangible assets
INTANGIBLE ASSETS 2021			
At cost			
At 1 January 2021	40.2	1.2	41.4
Additions	7.6	–	7.6
Disposals	–	–	–
Acquisition/disposal of subsidiaries	–1.6	–1.1	–2.7
Exchange differences	0.1	–0.1	0.0
At 31 December 2021	**46.3**	**0.0**	**46.3**
Accumulated amortisation			
At 1 January 2021	–15.1	–1.0	–16.1
Amortisation expense	–5.3	–0.0	–5.3
Acquisition/disposal of subsidiaries	–	–	–
Disposals	1.5	1.0	2.5
Exchange differences	–0.0	–0.0	–0.0
At 31 December 2021	**–18.9**	**–0.0**	**–18.9**
Net book values			
At 1 January 2021	25.1	0.2	25.3
At 31 December 2021	**27.4**	**0.0**	**27.4**

Intangible assets include no assets under finance leases (previous year none). Additions to software include capitalised cost in the amount of CHF 3.3 million (previous year CHF 1.6 million).

Goodwill from acquisitions
Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalisation and amortisation of goodwill is disclosed below:

Theoretical movement schedule for goodwill

in CHF millions	2022	2021
At cost		
At 1 January	285.6	355.4
Additions from acquisition of subsidiaries (see note 31)	552.6	–
Disposal from sale of subsidiaries (see note 31)	–	–69.9
Adjustments from earn-out agreements	–	0.1
At 31 December	**838.2**	**285.6**
Accumulated amortisation		
At 1 January	–241.9	–285.2
Disposal from sale of subsidiaries (see note 31)	–	69.9
Amortisation expense	–100.2	–26.6
Impairment charges	–	–
At 31 December	**–342.1**	**–241.9**
Theoretical net book values		
At 1 January	43.7	70.2
At 31 December	**496.1**	**43.7**

Goodwill is theoretically amortised on a straight-line basis usually over 5 years. The carrying amounts of goodwill existing on conversion from IFRS to Swiss GAAP ARR at 1 January 2009 have been included in the theoretical movement schedule above using the closing rates prevailing at 1 January 2009. Goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date. As a result this procedure no exchange differences occur in the movement schedule.

Impact on income statement

in CHF millions	2022	2021
Operating result according to income statement	149.2	234.2
Amortisation of goodwill	–100.2	–26.6
Theoretical operating result incl. amortisation of goodwill	49.0	207.6
Net result according to income statement	104.8	194.0
Amortisation of goodwill	–100.2	–26.6
Theoretical net result incl. amortisation of goodwill	4.6	167.4

Impact on balance sheet

in CHF millions	2022	2021
Equity according to balance sheet	403.6	948.3
Theoretical capitalisation of goodwill (net book value)	496.1	43.7
Theoretical equity incl. net book value of goodwill	899.7	992.0
Equity according to balance sheet	403.6	948.3
Equity as % of total assets	31.1%	75.2%
Theoretical equity incl. net book value of goodwill	899.7	992.0
Theoretical equity incl. net book value of goodwill as % of total assets	50.1%	76.0%

16 / MISCELLANEOUS FINANCIAL ASSETS

in CHF millions	2022	2021
Long-term loans to third parties	0.6	0.4
Other financial investments	1.4	1.1
Total miscellaneous financial assets	**2.0**	**1.5**

17 / BANK DEBT

in CHF millions	2022	2021
Bank overdrafts	–	–
Current portion of long-term bank loans	10.7	0.4
Total short-term bank debt	**10.7**	**0.4**
Long-term bank loans	143.2	0.1
Total bank debt	**153.9**	**0.5**
Secured portion of short-term and long-term bank debt	6.7	–

The average interest rate was 1.7% for the short-term bank debt in CNY and 4.4% for the long-term bank loans in US dollars and euros. As partial replacement of the original interim financing of the QSR acquisition, a long-term credit agreement over an original amount of USD 175.0 million exists, with repayments during 2022 of USD 20.0 million and an ending balance of CHF 143.1 million at the end of 2022. This credit agreement allows voluntary repayments at any time without a repayment obligation until 2027. The long-term financing of the QSR acquisition also includes the placement of a CHF 240.0 million bond, see note 18, and long-term loans in the amount of CHF 154.0 million granted by Pema Holding AG, see note 32.

Maturity of long-term bank debt

in CHF millions	2022	2021
Within 2 years	0.1	–
Within 3 years	–	0.1
Within 4 years	–	–
Within 5 years	143.1	–
Beyond 5 years	–	–
Total long-term bank debt	**143.2**	**0.1**

18 / 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.

19 / TRADE ACCOUNTS PAYABLE

Trade accounts payable include accounts payable to related parties of CHF 0.1 million (previous year CHF 0.1 million).

20 / OTHER LIABILITIES

Other current liabilities

in CHF millions	2022	2021
Customer advances received	3.6	2.4
Social security liabilities	3.0	2.5
Current income tax liabilities	8.8	3.6
Capital and value added tax liabilities	2.1	1.1
Current finance lease liabilities (see note 14)	–	–
Deferred earn-out obligations	2.7	–
Derivative liabilities: forward exchange contracts (see note 28)	1.6	0.2
Accrued interest payable	3.6	0.6
Miscellaneous current liabilities	14.8	16.6
Total other current liabilities	**40.2**	**26.4**

Other long-term liabilities
Other long-term liabilities include no long-term finance lease liabilities (previous year none) and deferred earn-out obligations of CHF 1.4 million (previous year none).

21 / PROVISIONS

in CHF millions	Employees and social security	Warranty and liability claims	Other	Total
PROVISIONS 2022				
At 1 January 2022	14.5	0.6	3.8	18.9
Charges	21.8	0.1	1.6	23.5
Uses	–21.6	–0.3	–1.6	–23.5
Unused amounts reversed	–	–0.2	–0.6	–0.8
Acquisition/disposal of subsidiaries	0.1	1.1	–	1.2
Exchange differences	–0.5	–0.0	–0.2	–0.7
At 31 December 2022	**14.3**	**1.3**	**3.0**	**18.6**
Thereof current provisions	10.1	1.3	1.7	13.1
Thereof long-term provisions	4.2	–	1.3	5.5

in CHF millions	Employees and social security	Warranty and liability claims	Other	Total
PROVISIONS 2021				
At 1 January 2021	15.3	0.6	8.2	24.1
Charges	21.9	0.4	2.4	24.7
Uses	–22.0	–0.3	–1.1	–23.4
Unused amounts reversed	–0.0	–0.1	–5.5	–5.6
Acquisition/disposal of subsidiaries	–0.3	–	–0.2	–0.5
Exchange differences	–0.4	–0.0	–0.0	–0.4
At 31 December 2021	**14.5**	**0.6**	**3.8**	**18.9**
Thereof current provisions	9.9	0.6	1.9	12.4
Thereof long-term provisions	4.6	–	1.9	6.5

Discounting
Long-term provisions amounting to CHF 0.8 million were discounted using discount rates between 0.4% and 7.7%.

Employees and social security
This provision covers holiday pay, overtime, statutory termination benefits, long-term employee retention plans and similar liabilities. The provisions are calculated based on actual data.

Warranty and liability claims
The Datwyler Group gives warranties in connection with the products and services it provides. These are based on local legislation or contractual arrangements as well as on past experience. The provision for liability claims is based on actual claims reported, which are generally settled within one year.

Other provisions
Other provisions among others include provisions relating to onerous contracts. The unused amounts reversed in the previous year mainly related to lower risks after the renegotiation of IT contracts.

22 / DEFERRED INCOME TAX ASSETS/LIABILITIES

in CHF millions	2022	2021
At 1 January:		
Deferred income tax assets	51.0	57.5
Deferred income tax liabilities	9.5	9.4
Deferred income tax (assets)/liabilities, net	**–41.5**	**–48.1**
Deferred income tax expense/(credit)	–0.9	2.1
Acquisition/disposal of subsidiaries (see note 31)	–2.4	5.9
Exchange differences	–0.4	–1.4
At 31 December:		
Deferred income tax assets	53.8	51.0
Deferred income tax liabilities	8.6	9.5
Deferred income tax (assets)/liabilities, net	**–45.2**	**–41.5**

Deferred income taxes are calculated at every subsidiary using the local effective income tax rates (weighted average around 22%, previous year around 21%) applicable.

Tax loss carryforwards

Total available tax loss carryforwards result in deferred income tax assets, gross, of CHF 30.0 million (previous year CHF 26.5 million), of which an amount of CHF 28.7 million (previous year CHF 26.4 million) was capitalised. Deferred income tax assets were impacted by valuation allowances for and non-capitalisation of tax loss carryforwards in the amount of CHF 1.3 million (previous year CHF 0.1 million).

23 / SHARE CAPITAL

Composition

in CHF	2022	2021
22 million registered shares of CHF 0.01 each	220'000	220'000
12.6 million bearer shares of CHF 0.05 each	630'000	630'000
Total share capital	**850'000**	**850'000**

Per share data

	2022	2021
Bearer shares		
Par value (CHF)	0.05	0.05
Number of shares issued	12'600'000	12'600'000
Proposed/approved dividend per bearer share (CHF)	3.20[1]	4.20
Registered shares		
Par value (CHF)	0.01	0.01
Number of shares issued	22'000'000	22'000'000
Proposed/approved dividend per registered share (CHF)	0.64[1]	0.84
Total par value of shares ranking for dividend (CHF)	850'000	850'000
Authorised additional share capital	none	none
Authorised contingent share capital	none	none
Registration/voting restrictions	none	none
Opting-out and opting-up provisions	none	none

[1] *See Board of Directors' proposed appropriation of retained earnings.*

24 / NET RESULT PER SHARE

Net result per share is calculated by dividing net result by the weighted average number of shares in issue and ranking for dividend, excluding the weighted average number of treasury shares. The weighted value of the 22'000'000 registered shares represents 4'400'000 bearer shares. As in the previous year, the weighted average number of bearer and registered shares outstanding was 17 million shares in total. The short-time purchase and subsequent award of treasury shares, see notes 25 and 26, had no noticeable impact on the calculation of earnings per share. The net result per share of CHF 6.16 (previous year CHF 11.41) thus arises from the simple division of the net result of CHF 104.8 million (previous year CHF 194.0 million) by the weighted average number of 17 million shares.

25 / TREASURY SHARES

A total of 19'152 (previous year 13'235) shares were purchased in 2022 in two transactions from the related party Pema Holding AG. 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 Directors within the scope of the share award plan, see note 26. At the end of 2022 as at the end of the previous year, the Group held no treasury shares.

26 / SHARE AWARD PLAN AND LONG-TERM INCENTIVE PLAN

Since 2007, Directors and senior executives have received a portion of their remuneration in the form of bearer shares of Dätwyler Holding Inc.

The share award plan was introduced in 2007 and since 2019 only directors have participated in this plan. The awarding of shares is based on a fixed monetary amount. The number of shares to be awarded, representing the fixed monetary amount, is determined based on current market value. Share-based payments under the share award plan are recognised as personnel expenses in full at issue date, because the voting and dividend rights of shares awarded are transferred to the beneficiaries at issue date. The shares awarded under the share award plan may not be sold for a period of five years after issue date. In June 2022, Directors were awarded a total of 4'736 (previous year 4'879) bearer shares of Dätwyler Holding Inc., see also note 25. Personnel expenses relating to the share award plan amount to CHF 1.1 million (previous year CHF 1.5 million), without impact on additional paid-in capital (previous year no impact on additional paid-in capital).

Since 2018, a long-term incentive plan exists for senior executives, granting the participants a conditional right to receive bearer shares of Dätwyler Holding Inc. subject to fulfilment of certain conditions after completion of a three-year vesting period. Participants leaving the company before completion of the three-year vesting period usually will forfeit the right to receive shares. The number of shares to be received after completion of the vesting period is dependent on the share price performance as well as on achieving three performance targets in comparison with a peer group of companies. Personnel expenses for the long-term incentive plan attributable to 2022 amount to CHF 1.4 million (previous year CHF 1.5 million). Under this plan, shares were awarded April 2022, when 14'416 (previous year 8'356) bearer shares of Dätwyler Holding Inc. were distributed, see also note 25.

27 / SHAREHOLDERS

At year-end 2022, Pema Holding AG holds as in the previous year all 22'000'000 registered shares, plus 5'061'785 (previous year 5'080'937) of the total of 12'600'000 bearer shares of Dätwyler Holding Inc. This represents 78.21% (previous year 78.27%) of the voting rights and 55.66% (previous year 55.77%) of the share capital. The entire share capital of Pema Holding AG is held by Dätwyler Führungs AG, thereby indirectly possessing the majority of the voting rights in Dätwyler Holding Inc.

The Board of Dätwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3% or more of the total voting rights.

28 / DERIVATIVE FINANCIAL INSTRUMENTS

The Group economically hedges part of its exposure to foreign currency risk on trade accounts receivable and payable as well as intercompany loans. Forward exchange contracts and currency options, which generally have maturities of less than 12 months, are used as hedging instruments.

Unsettled forward exchange contracts

in CHF millions	31.12.2022	31.12.2021
Positive fair value	6.6	3.0
Notional amounts	266.9	201.1
Negative fair value	1.6	0.2
Notional amounts	101.6	60.2

These forward exchange contracts have maturities until June 2023. Positive fair values are recorded as other receivables (see note 13), while negative fair values have been recognised in other current liabilities (see note 20).

29 / CONTINGENT LIABILITIES

In the ordinary course of business, the Group is exposed to a number of risks among others in connection with litigation cases and outstanding or disputed tax assessments which can lead to possible obligations (contingent liabilities). For most actual cases the amounts involved are insignificant. No provisions have been made where the outcome of such matters is uncertain or the risk is not quantifiable or an outflow of resources is not probable. Provisions have been recognised to the extent that the outcome can be reliably estimated and an outflow of resources is probable.

At year-end 2022, guarantees amounting to CHF 3.1 million in favour of third parties existed. The Datwyler Group has not given any other guarantees in respect of its business relationships with third parties. Performance bonds and guarantees within the Group have been eliminated on consolidation. There are no subordination agreements with third parties.

With the agreement to sell Distrelec and Nedis at the end of 2019, the Group granted usual contractual guarantees to the purchasers. 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.

30 / COMMITMENTS

Maturities of commitments under operating leases, long-term rental and outsourcing agreements

in CHF millions	2022	2021
Less than 1 year	18.0	12.1
Between 2 and 5 years	32.4	21.0
Over 5 years	3.5	1.5
Total commitments	**53.9**	**34.6**

Total commitments include CHF 25.2 million (previous year CHF 20.0 million) relating to IT outsourcing contracts for the years 2023 to 2026. Operating lease payments recognised as an expense in the income statement amounted to CHF 5.6 million (previous year CHF 3.6 million). There are no individually significant operating leases.

31 / ACQUISITION AND SALE OF SUBSIDIARIES

Acquisitions and sales of subsidiaries had the following effect on the Group's assets and liabilities:

At the beginning of March 2022, Yantai Xinhui Packing Co. Ltd. in Yantai (Shandong), China, were fully acquired by the Healthcare Solutions business area. The acquired companies employed 213 people and generated between March and the end of December 2022 net revenue of CHF 15.1 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

in CHF millions	Fair value on acquisition
Cash and cash equivalents	0.5
Trade accounts receivable	3.1
Inventories	2.6
Other current assets	0.7
Property, plant and equipment	20.1
Other non-current assets	0.1
Current liabilities	–14.5
Net assets acquired at fair value	**12.6**
Goodwill including directly attributable transaction costs	46.3
Total	58.9
Less cash and cash equivalents acquired	–0.5
Net cash outflow on acquisition	**58.4**

In May 2022, QSR headquartered in Twinsburg (OH), USA, was fully acquired by the Industrial Solutions business area. The acquired companies employed 1'575 people and generated between May and the end of December 2022 net revenue of CHF 112.7 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

in CHF millions	Fair value on acquisition
Cash and cash equivalents	5.5
Trade accounts receivable	41.6
Inventories	37.3
Other current assets	5.6
Property, plant and equipment	37.5
Other non-current assets	3.0
Current liabilities	–27.4
Long-term liabilities	–0.6
Net assets acquired at fair value	**102.5**
Goodwill including directly attributable transaction costs	505.2
Total	607.7
Less cash and cash equivalents acquired	–5.5
Net cash outflow on acquisition	**602.2**

At the end of August 2022, CTsystems AG in Dübendorf, Switzerland, was fully acquired by the Industrial Solutions business area. Total assets acquired amounted to CHF 1.2 million, including a goodwill of CHF 1.1 million.

In the Technical Components division, the subsidiary Reichelt Elektronik GmbH & Co. KG, including the related subsidiaries Reichelt Verwaltungsgesellschaft mbH, Teco Immobilien AG and Dätwyler Teco Holding (Deutschland) GmbH, were sold at the end of September 2021 and are therefore presented as discontinued operations in the income statement.

The following table shows the carrying amount of assets and liabilities disposed of at the date of sale and the result generated from the transaction.

in CHF millions	Carrying amount on sale
Cash and cash equivalents	10.0
Trade accounts receivable	8.6
Inventories	19.8
Other current assets	2.0
Property, plant and equipment	15.8
Other non-current assets	6.1
Current liabilities	–12.5
Long-term liabilities	–26.4
Net assets disposed of	**23.4**
Cumulative translation adjustments charged to income on sale of foreign subsidiaries	5.4
Goodwill charged to income on sale of subsidiaries	69.9
Subtotal	98.7
Gain on sale of subsidiaries	58.4
Selling price, net of transaction costs	157.1
Less portion of selling price not yet due	–1.2
Less cash and cash equivalents disposed of	–10.0
Net cash inflow on disposal	**145.9**

32 / RELATED PARTY TRANSACTIONS

Pema Holding AG
Transactions with related parties include the dividend payments to Pema Holding AG of CHF 39.8 million (previous year CHF 30.4 million) and administrative costs of CHF 120'000 (previous year CHF 30'000) for administration and accounting services provided by Alvest AG. In addition, the following transactions with Pema Holding AG and its subsidiaries occurred in 2022: Net revenue none (previous year CHF 0.0 million), material expense of CHF 0.1 million (previous year CHF 0.3 million), IT and trademark service revenues and other service revenue of CHF 8.1 million in total (previous year CHF 8.2 million) and service expenses of CHF 0.7 million (previous year CHF 0.6 million). As part of the financing of the QSR acquisition, Pema Holding AG granted long-term loans to Dätwyler Holding Inc. in the amount of CHF 154.0 million (previous year repayment of CHF 55.0 million) with interest charges of CHF 0.5 million (previous year CHF 0.2 million). A total of 19'152 shares (previous year 13'235 shares) of Dätwyler Holding AG were purchased from Pema Holding AG at current market prices, see notes 25 and 26. Accounts receivable and payable with Pema Holding AG and its subsidiaries are disclosed as items with related parties in notes 11 and 19.

Pension schemes
Alvest AG charged administrative costs of CHF 0.2 million (previous year CHF 0.2 million) to the pension schemes.

Remuneration of Directors and Executive Board members
Except for the remuneration as disclosed in the remuneration report of the annual report, no further relations or transactions existed in 2022 and 2021 with the members of the Board of Directors and the Executive Board.

33 / EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors and the Executive Board are not aware of any other significant events occurring up to the date of approval of the consolidated financial statements on 7 February 2023 that would cause an adjustment of the carrying amounts of the Group’s assets and liabilities.

34 / SUBSIDIARIES

Dätwyler Holding Inc. directly or indirectly owned the following fully consolidated subsidiaries at 31 December 2022, all with a capital and voting interest of 100%. There are no minority interests.

		Registered office	Original currency	Capital in original currency (in millions)	Healthcare Solutions	Industrial Solutions	Service and financial companies
SWITZERLAND	Alvest AG *	Altdorf	CHF	15.000			●
	CTsystems AG	Dübendorf	CHF	0.100		○	
	Dätwyler AG *	Altdorf	CHF	0.100			●
	Dätwyler IT Services AG *	Altdorf	CHF	0.100			●
	Dätwyler Schweiz AG *	Schattdorf	CHF	32.000		○	
	Pohl Immobilien AG	Schattdorf	CHF	1.600	●		
BELGIUM	Datwyler Pharma Packaging Belgium NV *	Alken	EUR	17.688	○		
BRAZIL	Datwyler do Brasil Ltda.	São Leopoldo	BRL	36.694		○	
CHINA	Datwyler Sealing Technologies (Anhui) Co., Ltd.	Ningguo	USD	5.000		○	
	Datwyler Sealing Technologies (Wuxi) Co., Ltd.	Wuxi	USD	5.000		○	
	Quality Synthetic Rubber (Dongguan) Co., Ltd.	Dongguan	CNY	18.401		○	
	Yantai Xinhui Packing Co., Ltd.	Yantai	CNY	99.800	○		
GERMANY	Dätwyler Pharma Packaging Deutschland GmbH	Karlsbad	EUR	2.600	○		
	Dätwyler Sealing Solutions Deutschland GmbH & Co. KG	Cleebronn	EUR	2.800		○	
	Quality Synthetic Rubber GmbH	Stuttgart	EUR	0.025		○	
INDIA	Datwyler IT Services India LLP	Magarpatta, Pune	INR	0.100			●
	Datwyler Pharma Packaging India Private Limited	Kesurdi, Satara	INR	656.233	○		
HONGKONG	Quality Synthetic Rubber (Hong Kong) Limited	Hongkong	USD	0.001		○	
LATVIA	Datwyler IT Services SIA	Riga	EUR	0.003			●
ITALY	Datwyler Pharma Packaging Italy srl	Milano	EUR	2.000	○		
	Datwyler Sealing Solutions Italy S.p.A.	Viadanica	EUR	1.300		○	
MEXICO	Datwyler Sealing Technologies Mexico S DE RL DE CV	Silao	MXN	82.000		○	
	Q Seals de Mexico S DE RL DE CV	Querétaro	MXN	0.003		○	
	Qventas (Mexico) S DE RL DE CV	Querétaro	MXN	0.010		○	
SOUTH KOREA	Datwyler Korea Inc.	Daegu	KRW	1'131.000		○	
CZECH REPUBLIC	Datwyler Sealing Technologies CZ s.r.o.	Novy Bydzov	CZK	20.000		○	
UKRAINE	Datwyler Sealing Technologies Ukraine JSC	Malyn	UAH	12.500		○	
USA	Datwyler Parco Holdings Inc.	Wilmington	USD	0.000		●	
	Datwyler Pharma Packaging USA Inc.	Pennsauken	USD	0.001	○		
	Datwyler Sealing Solutions USA Inc.	Dayton	USD	0.153		○	
	Double-E LLC	Dallas	USD	0.000		○	
	Lexington Rubber Group Inc.	Wilmington	USD	0.000		○	
	Parco LLC	Ontario	USD	0.000		○	
	Q Holdco LLC	Wilmington	USD	0.000		●	
	TAC Materials Inc.	Bedford	USD	0.000		○	

○ *Manufacturing and sales*
● *Services/finance/real estate*

* *= Held directly by Dätwyler Holding Inc.*

Report of the Statutory Auditor on the Consolidated Financial Statements

KPMG

Statutory Auditor's Report

To the General Meeting of Dätwyler Holding AG, Altdorf

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the consolidated financial statements (pages F06 to F37) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, 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

REVENUE RECOGNITION

ACQUISITION QSR

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.

KPMG AG
Zurich, 7 February 2023

KPMG

REVENUE RECOGNITION

Key Audit Matter

Consolidated net revenue recognized for the year ended 31 December 2022 amounted to CHF 1'150.6 million. Revenues are an important metric to evaluate the Group's business performance and are therefore considered by external and internal stakeholders.

In the Business Areas Industrial Solutions und Healthcare Solutions revenues are mainly generated from the sale of products from own production. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer in accordance with the agreed terms and conditions.

Risk and rewards of ownership generally transfer with their delivery. Revenues under long-term multiple supply contracts are recorded at delivery of each instalment, according to the quantity delivered. These circumstances have to be considered when determining the appropriate time of revenue recognition. This results in a significant risk from an audit perspective.

There is a 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 controls within the Group and we tested the operating effectiveness of key controls relating to revenue recognition on a sample basis.

We assessed the appropriateness of accounting policies for revenue recognition and, specifically, for the appropriate time of revenue recognition.

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

- On a sample basis, we performed detailed cut-off testing of revenue transactions to either side of the balance sheet date with reference to shipping documentation and contracts. Based on that we assessed the appropriate revenue recognition based on the transfer of risks and rewards of ownership to the buyer in accordance with the agreed terms and conditions.
- On a sample basis, we obtained trade debtors confirmations and agreed the confirmations to the trade debtors balances.
- On a sample basis, we assessed the appropriateness of credit notes issued as well as the payments received after year end.
- In addition we performed analytical procedures including gross margin trend analysis on a Division level as well as on the level of various entities.

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 F10
- Segment Information on page F17

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ACQUISITION QSR

Key Audit Matter

In 2022 the Dätwyler Group acquired all shares of QSR. The accounting for this acquisition requires management to exercise judgement and is based on a number of assumptions, among others the following:

- The fair value measurement of assets and liabilities acquired at the date of the acquisition;
- Accounting treatment and classification of goodwill, earn-out agreements and acquisition related costs.

Based on this rationale, we consider the acquisition QSR as a key audit matter.

Our response

With the support of one of our own valuation specialists, we challenged the main valuation assumptions applied. Among others, our audit procedures included the following:

- Audit of the opening balance sheet of the entity acquired;
- Analysing the purchase agreement to identify conditions contained within the agreement with an impact on the purchase price allocation;
- Considering the appropriateness of the fair values ascribed to assets and liabilities;
- With the support of one of our own valuation specialists we critically challenged the assumptions applied by management to identify and measure the fair values of assets and liabilities;
- Evaluating proper accounting and disclosure of the transactions in the consolidated financial statements.

For further information on the Acquisition refer to the following:

- Summary of Significant Accounting Policies on page F10
- Acquisition and Sale of Subsidiaries on page F34

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 Remuneration Report and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Toni Wattenhofer Licensed Audit Expert Auditor in Charge	Manuel Odoni Licensed Audit Expert

Zurich, 7 February 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Dätwyler Holding Inc.

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

in CHF	**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

in CHF	**2022** Proposal of the Board of Directors	2021 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, Altdorf

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

Toni Wattenhofer Licensed Audit Expert Auditor in Charge	Manuel Odoni Licensed Audit Expert

Zurich, 7 February 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Shareholder Information

Five Year Summary

Datwyler Group

in CHF millions	2022	2021	2020	2019	2018
Net revenue	1'150.6	1'101.7	1'069.2	1'360.8	1'361.6
Year-on-year change (%)	4.4	3.0	–21.4	–0.1	5.4
EBITDA[1,3]	225.0	241.8	211.0	197.1	231.5
Depreciation and amortisation	75.8	66.0	62.4	68.4	61.5
As % of net revenue	6.6	6.0	5.8	5.0	4.5
Year-on-year change (%)	14.8	5.8	–8.8	11.2	7.5
Operating result (EBIT)	149.2	234.2	–315.9	–40.3	170.0
As % of net revenue	13.0	21.3	–29.5	–3.0	12.5
Year-on-year change (%)	–36.3	n/a	683.9	–123.7	4.6
Net result	104.8	194.0	–346.3	–86.6	121.0
As % of net revenue	9.1	17.6	–32.4	–6.4	8.9
Year-on-year change (%)	–46.0	n/a	299.9	–171.6	–2.2
Net cash from operating activities	118.6	183.5	185.3	174.8	162.9
As % of net revenue	10.3	16.7	17.3	12.8	12.0
Year-on-year change (%)	–35.4	–1.0	6.0	7.3	44.5
Free cash flow[1]	–582.9	160.4	115.7	73.2	–172.0
Non-current assets	695.1	630.5	609.2	629.8	675.2
Year-on-year change (%)	10.2	3.5	–3.3	–6.7	19.3
Current assets	603.9	630.5	497.7	531.9	639.6
Year-on-year change (%)	–4.2	26.7	–6.4	–16.8	–12.8
Total assets	1'299.0	1'261.0	1'106.9	1'161.7	1'314.8
Equity	403.6	948.3	735.1	675.1	827.4
Year-on-year change (%)	–57.4	29.0	8.9	–18.4	–7.9
As % of total assets	31.1	75.2	66.4	58.1	62.9
Total liabilities	895.4	312.7	371.8	486.6	487.4
Year-on-year change (%)	186.3	–15.9	–23.6	–0.2	21.5
Thereof current liabilities	190.2	143.7	199.6	303.0	303.5
Thereof long-term liabilities	705.2	169.0	172.2	183.6	183.9
Capital expenditures[1]	101.8	110.9	90.8	104.6	138.0
Year-on-year change (%)	–8.2	22.1	–13.2	–24.2	17.0
Personnel expenses	359.2	321.1	300.8	375.9	354.4
Year-on-year change (%)	11.9	6.7	–20.0	6.1	5.8
Number of employees (at year-end)	8'698	6'909	6'748	7'995	8'305
Year-on-year change (%)	25.9	2.4	–15.6	–3.7	9.1

Dätwyler Holding Inc.

in CHF millions	2022	2021	2020	2019	2018
Finance and investment income	64.7	77.1	20.2	22.5	21.0
Net result	67.1	126.6	317.2	–359.3	15.0
Equity	906.4	910.7	838.5	572.3	982.6
Equity as % of total assets	62.2	85.6	79.7	66.4	81.3
Share capital	0.9	0.9	0.9	0.9	0.9
Distribution	54.4[2]	71.4	54.4	51.0	51.0

1 *Datwyler Group uses certain financial performance measures that are not defined by Swiss GAAP. The definitions of these Alternative Performance Measures (APM) are explained on pages F60 to F62.*
2 *Board of Directors' proposal to the Annual General Meeting.*
3 *In 2021/2020 before gain/loss on sale of subsidiaries, in 2019 before impairment charges.*

Share Information

	Currency	**2022**	2021	2020	2019	2018
Market price SIX (high/low)						
Bearer share – high	CHF	410.00	408.50	263.50	189.60	211.50
Bearer share – low	CHF	150.00	250.50	125.60	123.00	122.60
Trading volume						
Number of shares		3'532'073	2'586'728	6'079'477	4'831'200	4'296'019
Value	in CHF mio.	849	810	1'107	741	755
Gross dividend						
Bearer share	CHF	3.20[1]	4.20	3.20	3.00	3.00
Registered share	CHF	0.64[1]	0.84	0.64	0.60	0.60
Net result per share						
Bearer share	CHF	6.16	11.41	–20.37	–5.09	7.12
Registered share	CHF	1.23	2.28	–4.07	–1.02	1.42
Net cash from operating activities per share						
Bearer share	CHF	6.98	10.79	10.90	10.28	9.58
Registered share	CHF	1.40	2.16	2.18	2.06	1.92
Price/earnings ratio (average)		39.0	27.4	n/a	n/a	24.7
Equity per share						
Bearer share	CHF	24	56	43	40	49
Registered share	CHF	5	11	9	8	10
Market capitalisation						
Average for the year	in CHF mio.	4'086	5'323	3'096	2'607	2'988
As % of equity		1'012	561	421	386	361
At 31 December	in CHF mio.	3'128	6'834	4'369	3'169	2'122
As % of equity		775	721	594	469	256

The Articles of Association of Dätwyler Holding Inc. do not contain any opting-out or opting-up provisions pursuant to the Swiss Stock Exchange Act.
[1] *Board of Directors' proposal to the Annual General Meeting.*

Alternative Performance Measures (APM)

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

Earnings before interest, taxes, depreciation and amortisation (EBITDA) are presented in the Highlights section of the Datwyler annual report and in the Five Year Summary on page F58.

in CHF millions	Datwyler Group 2022	Datwyler Group 2021	Continuing operations 2022	Continuing operations 2021
Revenue	1'150.6	1'101.7	1'150.6	947.6
Operating result (EBIT)	149.2	234.2	149.2	160.4
EBIT margin	13.0%	21.3%	13.0%	16.9%
Depreciation and amortisation (see page F08 and note 7)	75.8	66.0	75.8	65.2
Gain on sale of subsidiaries (see pages F06 and F08)	–	–58.4	–	–
EBITDA before non-recurring items	**225.0**	**241.8**	**225.0**	**225.6**
EBITDA margin before non-recurring items	19.6%	21.9%	19.6%	23.8%

RETURN ON CAPITAL EMPLOYED (ROCE)

Datwyler Group reports the return on capital employed (ROCE) in the Highlights and in the Business Areas sections of the Datwyler annual report. ROCE is calulated by dividing the operating result (EBIT) by the average capital employed. The following table illustrates the ROCE calculation:

in CHF millions	Datwyler Group 2022	Datwyler Group 2021	Continuing operations 2022	Continuing operations 2021
EBIT reported	149.2	234.2	149.2	160.4
Gain on sale of subsidiaries (see pages F06 and F08)	–	–58.4	–	–
EBIT before non-recurring items	149.2	175.8	149.2	160.4
EBIT margin before non-recurring items	13.0%	16.0%	13.0%	16.9%
Average capital employed	848.4	738.0	848.4	712.4
Return on capital employed before non-recurring items	**17.6%**	**23.8%**	**17.6%**	**22.5%**

AVERAGE CAPITAL EMPLOYED (CE)

Average capital employed according to Datwyler's definition is calculated using the average of the trade accounts receivable, inventories, property, plant and equipment excluding assets under construction, intangible assets less trade accounts payable. Averages are calculated using the balance sheet amounts per 31 December, 30 June and 31 December of the prior year divided by 3 as illustrated on the following table:

in CHF millions	Datwyler Group				
	31.12.2022	30.06.2022	31.12.2021	30.06.2021	31.12.2020
Trade accounts receivable	250.3	250.0	169.7	203.0	167.8
Inventories	209.0	214.6	143.4	157.3	123.5
Property, plant and equipment excluding assets under construction	510.9	507.3	461.1	463.0	448.0
Intangible assets	31.8	29.1	27.4	27.3	25.3
Trade accounts payable	–95.6	–95.5	–68.3	–74.8	– 59.8
Capital employed (CE)	906.4	905.5	733.3	775.8	704.8
Average capital employed	**848.4**		**738.0**		

The average capital employed per 31 December 2022 is calculated using the capital employed per 31 December 2022, 30 June 2022 and 31 December 2021 dividing by 3 equalling CHF 848.4 million. Similarly, the average per 31 December 2021 equates the average of 31 December 2021, 30 June 2021 and 31 December 2020. The ROCE as presented for the Business Areas Healthcare Solutions and Industrial Solutions is calculated accordingly.

in CHF millions	Healthcare Solutions	Industrial Solutions	Healthcare Solutions	Industrial Solutions
	2022	2022	2021	2021
EBIT	106.3	42.9	104.6	55.8
Average capital employed	443.9	399.2	396.1	313.3
Return on capital employed (ROCE)	**23.9%**	**10.7%**	**26.4%**	**17.8%**

CAPITAL EXPENDITURES

Capital expenditures in property, plant and equipment and intangible assets are reported in the Highlights section and the Five Year Summary on page F58 for the Datwyler Group and in the Business Area sections Healthcare Solutions and Industrial Solutions, respectively. Capital expenditures represent the additions to property, plant and equipment and intangible assets as presented in the tables of notes 14 and 15 of the consolidated financial statements (as opposed to the cash flow statement on page F08 where capital expenditures relate to cash payments only).

in CHF millions	Healthcare Solutions	Industrial Solutions	Datwyler Group	Healthcare Solutions	Industrial Solutions	Datwyler Group
	2022	2022	2022	2021	2021	2021
Capital expenditures in property, plant and equipment (see note 14)	53.8	37.6	91.6	64.4	38.3	103.3
Capital expenditures in intangible assets (see note 15)	4.4	5.6	10.2	4.9	2.2	7.6
Total capital expenditures	**58.2**	**43.2**	**101.8**	**69.3**	**40.5**	**110.9**

FREE CASH FLOW AND NET CHANGE IN CASH AND CASH EQUIVALENTS

Free cash flow as reported in the Highlights section and the Five Year Summary on page F58 equals net cash from operating activities reduced by net cash used in investing activities as presented in the cash flow statement on page F08.

in CHF millions	Datwyler Group				
	2022	2021	2020	2019	2018
Net cash from operating activities	118.6	183.5	185.3	174.8	162.9
Net cash used in investing activities	–701.5	–23.1	–69.6	–101.6	–334.9
Free cash flow	–582.9	160.4	115.7	73.2	–172.0
Net cash provided by/(used in) financing activities	466.8	–113.0	–132.7	–49.2	64.0
Net change in cash and cash equivalents	**–116.1**	**47.4**	**–17.0**	**24.0**	**–108.0**