

Ad hoc announcement pursuant to Art. 53 LR

Adval Tech Group's Annual Report 2023

Adval Tech was affected by massive disruptions in global supply chains in 2023, but won new series orders

Niederwangen, April 2, 2024, 7 a.m. – The Adval Tech Group looks back on a challenging financial year with various project postponements and cancellations of existing orders. Despite the rapid introduction of immediate measures, cost-cutting programs and the securing of replacement orders, Adval Tech suffered a decline in total income¹⁾ and a fall in profitability in the year under review. For a long time, the Group was only able to pass on part of the price increases to customers. Fortunately, however, Adval Tech succeeded in winning new, long-term series orders in both the metal and plastics sectors. These include interesting projects in the field of electromobility.

The markets relevant to Adval Tech were still confronted with considerable supply bottlenecks in the year under review – particularly for electronic components. Some key customers had to postpone agreed projects or even cancel them altogether. This also led to some painful and unforeseeable losses for Adval Tech.

Total income¹⁾ and net turnover

Overall, the Group achieved a total income¹⁾ of CHF 179.3 million in 2023 (2022: CHF 187.4 million, -4.3%). Net turnover from the sale of components fell from CHF 146.7 million in the previous year to CHF 143.2 million in 2023 (-2.4%). While the plants in Niederwangen, China, Hungary (metal sector) and Mexico were able to increase their turnover, volumes at the sites in Germany, Malaysia and Hungary (plastics sector) fell, in some cases significantly.

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

Profitability

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

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

Investments and operating net current assets¹⁾

In 2023, the Adval Tech Group invested CHF 5.9 million in property, plant and equipment (2022: CHF 3.0 million). Cash flow from operating activities amounted to CHF 4.5 million in 2023 (2022: CHF 1.6 million). Free cash flow¹⁾ amounted to CHF -1.7 million (2022: CHF -1.5 million). This development is primarily due to higher investment expenditure than in the previous year. At the end of December 2023, operating net current assets¹⁾ (trade accounts receivable, inventories, trade

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

Liquidity, equity ratio and dividend distribution

The net financial position amounted to CHF 25.9 million as at December 31, 2023 (end of 2022: CHF 28.2 million). The Adval Tech Group's equity ratio rose from 73.3% at the end of 2022 to a very high 75.5% at the end of 2023. Due to the negative net result, the Board of Directors will not propose a dividend distribution at the Annual General Meeting on May 16, 2024.

Sustainability

The major car manufacturers are increasingly aligning their business activities with the principles of sustainability and combining economic performance targets with ecological responsibility and social justice. They expect the same commitment from their suppliers. Economic, ecological and social sustainability has always been at the top of Adval Tech's list of priorities. With the Annual Report 2023, the Adval Tech Group is publishing an integrated Sustainability Report for the first time.

Volker Brielmann new CEO of the Adval Tech Group

At the beginning of March 2024, the Board of Directors of the Adval Tech Group appointed Volker Brielmann as the Group's new CEO with effect from April 1, 2024. The 56-year-old German citizen has a degree in mechanical engineering and many years of broad experience in management positions in the automotive supplier industry, including at the world's largest automotive supplier Robert Bosch in the areas of sales, development and production at various European locations. Most recently, Volker Brielmann was Managing Director at Allgaier Automotive. As the new CEO and member of the Group Executive Management, Volker Brielmann replaces René Rothen, Executive Chairman of the Board of Directors, in the operational management of the Adval Tech Group. René Rothen will remain with the Group as Chairman of the Board of Directors and will be available to the new CEO during his familiarization phase.

Outlook

Economic forecasts remain extremely difficult. The major uncertainties regarding the availability of supplier parts and raw materials remain, particularly in the automotive industry. Adval Tech is therefore refraining from making a specific forecast for 2024. However, the Group is convinced that it will be able to significantly improve its profitability again in the medium and long term, in particular thanks to the encouraging acquisition of various interesting projects for electric vehicles – both in the metal and plastics business.

Adval Tech will continue to exercise great restraint with regard to expenditure. Investments will be made where the Group's performance requires it and profitability can be increased. At the same time, it is important to continue to make the Group fit for 2025 and 2026, when the newly acquired major projects will be reflected in total income¹⁾ and turnover for the first time. The focus remains on implementing the acquired projects correctly the first time. Adval Tech will continue to do everything in its power to ensure that its motivated employees are able to respond flexibly and agilely to changing market developments and customer requirements at short notice.

Key figures	2023	2022	Change
Total income ¹⁾ (CHF million)	179.278	187.430	-4.3%
Net turnover (CHF million)	169.758	178.365	-4.8%
Operating earnings before depreciation EBITDA ¹⁾ (CHF million)	5.626	8.328	-32.4%
Operating earnings EBIT ¹⁾ (CHF million)	-1.692	0.596	n.a.
Net result (CHF million)	-3.850	-2.348	n.a.
Cash flow from operating activities (CHF million)	4.459	1.563	+185.3%
Number of employees on December 31	1,151	1,185	-2.9%
Dividend (CHF)	0.00 ²⁾	0.00	n.a.

1) Alternative Performance Measure, see Annual Report 2023, page 125

2) Proposed by the Board of Directors

Agenda

April 2, 2024, 10 a.m.: Media and financial analysts' conference on the 2023 financial statements

May 16, 2024: General Meeting of Shareholders 2024

End of August 2024: announcement of semi-annual results 2024

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Background information about the Adval Tech Group

Adding value through innovation – that's what Adval Tech stands for. The Adval Tech Group is a global industrial supplier of technologically sophisticated components and subassemblies made of metal, light metal and plastic. It focuses on selected activities, especially in its main target market, the automotive industry. As a supplier and value-adding partner, Adval Tech covers the entire value chain from product development to prototyping, to mold and tool development, and through to component production and assembly. Headquartered in Switzerland, the Adval Tech Group operates a total of nine production plants. These are located in Switzerland, Germany, Hungary, China, Malaysia, Mexico, and Brazil.

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