



**ANNUAL REPORT**  
2022

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## Leading provider of high-quality, system-critical elastomer components.

In billions of syringes and in every second car around the world, Datwyler components make an important contribution to patient and driver safety. The high-tech company focuses on high-quality, system-critical elastomer components and holds leading positions in attractive global markets such as healthcare, mobility, connectivity, general industry, and food & beverage. Datwyler materializes ideas for a safer, smarter and more sustainable world. Thanks to recognized core competencies, the company offers added value to its customers as a development partner.

Its strategic priorities of profitable growth, sustainability, agility, and digitalization make Datwyler an attractive partner for all stakeholders. With more than 25 production sites on four continents, sales in over 100 countries and more than 8'000 employees, the company generates annual revenue of more than CHF 1'100 million. Headquartered in Switzerland, Datwyler has been listed on the SIX Swiss Exchange since 1986 (security number 3048677).

→ [Learn more about us](#)



over **100**  
countries with sales



over **1'000**  
customers and innovation  
leaders



over **25**  
sites worldwide



over **100** million  
components  
manufactured every day



over **8'000**  
associates worldwide



over **100**  
years of material  
expertise

**Results 2022**  
Revenue growth of **21.4%** and EBIT margin of **13.0%**  
in continuing operations

Results

**Strengthening of sustainability focus**  
Chief Sustainability Officer now a member of Executive Management

Sustainability

**Capacities for future growth**  
thanks to second healthcare plant in India

Healthcare

**Five new photovoltaic systems and further reduction of CO<sub>2</sub> emissions per revenue unit by 4.7%**

Sustainability

**Opening up the attractive Chinese healthcare market**  
with Xinhui acquisition

Acquisition

**Stacked electroactive polymers open up new applications in the car of the future**

Innovation

**Proposal of a cash dividend of CHF 3.20 per bearer share**

Dividend

**Access to the high-growth electrical connectors segment**  
with QSR acquisition

Acquisition

**Shorten time to market**  
with new central technology and innovation labs

Innovation



# Eco-design check for new product developments to be launched

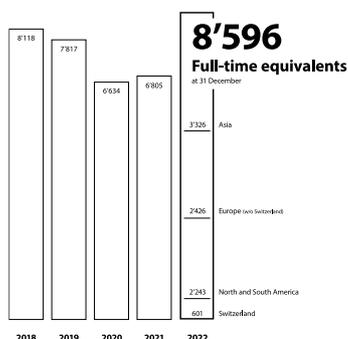
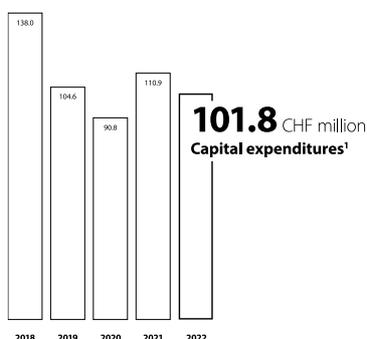
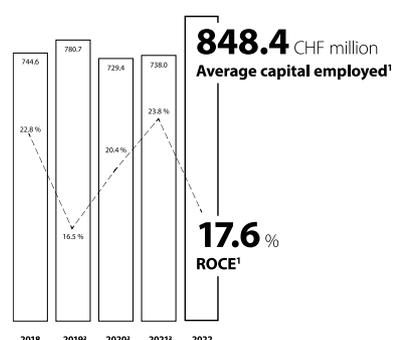
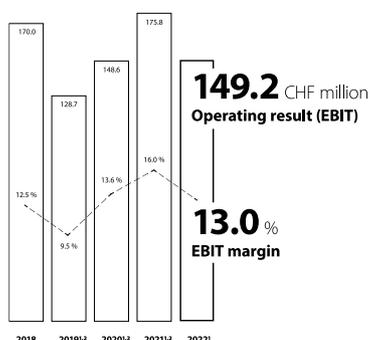
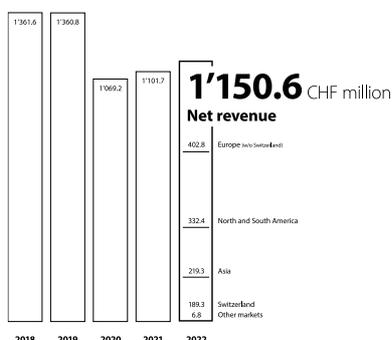
Sustainability



# Focus on profitable organic growth

Investment and acquisition cycle  
completed

Strategy



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 in the Financial Report 2022 (pages F60–F62).

2. Adjusted

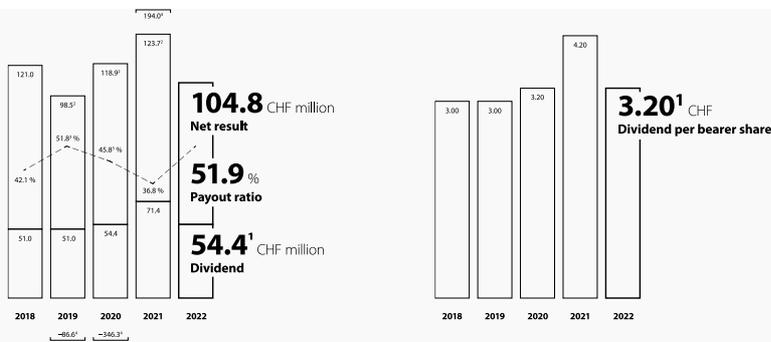
## Key figures

Reported, 12 months ended at 31 December, in CHF millions

	2022	2021	Change	Continuing operations 2022	Continuing operations 2021	Continuing operations Change
Net revenue	1'150.6	1'101.7	48.9	1'150.6	1'101.7	48.9
Operating result (EBIT)	149.2	175.8	(26.6)	149.2	175.8	(26.6)
EBIT margin	13.0%	16.0%	(3.0%)	13.0%	16.0%	(3.0%)
Average capital employed	848.4	738.0	110.4	848.4	738.0	110.4
ROCE	17.6%	23.8%	(6.2%)	17.6%	23.8%	(6.2%)
Capital expenditures	101.8	110.9	(9.1)	101.8	110.9	(9.1)
Full-time equivalents	8'596	6'805	1'791	8'596	6'805	1'791

				Continuing operations	Continuing operations	Continuing operations
	2022	2021	Change	2022	2021	Change
<b>Net revenue</b>	1'150.6	1'101.7	+4.4 %	1'150.6	947.6	+21.4 %
<b>EBITDA before non-recurring items<sup>1</sup></b>	225.0	241.8	-6.9 %	225.0	225.6	-0.3 %
↳ as % of net revenue	19.6 %	21.9 %	n/a	19.6 %	23.8 %	n/a
<b>EBIT before non-recurring items<sup>1</sup></b>	149.2	175.8	-15.1 %	149.2	160.4	-7.0 %
↳ as % of net revenue	13.0 %	16.0 %	n/a	13.0 %	16.9 %	n/a
<b>Operating result (EBIT)</b>	149.2	234.2	-36.3 %	149.2	160.4	-7.0 %
↳ as % of net revenue (EBIT margin)	13.0 %	21.3 %	n/a	13.0 %	16.9 %	n/a
<b>Net result</b>	104.8	194.0	-46.0 %	104.8	123.7	-15.3 %
↳ as % of net revenue	9.1 %	17.6 %	n/a	9.1 %	13.1 %	n/a
<b>ROCE<sup>1</sup></b>	17.6 %	23.8 %	n/a	17.6 %	22.5 %	n/a
Average capital employed <sup>1</sup>	848.4	738.0	+15.0 %	848.4	712.4	+19.1 %
<b>Net cash from operating activities</b>	118.6	183.5	-35.4 %			
<b>Net cash used in investing activities</b>	-701.5	-23.1	+2'936.8 %			
<b>Free cash flow<sup>1</sup></b>	-582.9	160.4	n/a			
<b>Net cash provided by/(used in) financing activities</b>	466.8	-113.0	n/a			
<b>Net change in cash and cash equivalents<sup>1</sup></b>	-116.1	47.4	n/a			
<b>Cash, cash equivalents and money market investments</b>	101.3	279.6	-63.8 %			
<b>Capital expenditures<sup>1</sup></b>	101.8	110.9	-8.2 %			
<b>Total assets</b>	1'299.0	1'261.0	+3.0 %			
<b>Equity</b>	403.6	948.3	-57.4 %			
↳ as % of total assets	31.1 %	75.2 %	n/a			
<b>Number of employees at 31 December</b>	8'698	6'909	+25.9 %			
<b>Full-time equivalents at 31 December</b>	8'596	6'805	+26.3 %			

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 in the Financial Report 2022 (pages F60–F62).



1. Board of Director's proposal to the Annual General Meeting
2. Continuing operations
3. In relation to the net result continuing operations
4. Reported net result

## Dividend and share information

12 months (unaudited) ended at **31 December**, in CHF

	2022	2021
<b>Earnings per bearer share</b>	6.16	11.41
<b>Dividend per bearer share</b>	3.20 <sup>1</sup>	4.20
<b>Dividend yield at 31 December</b>	1.7 %	1.0 %
<b>Market price (high/low) per bearer share</b>	410 / 150	409 / 251

1. Board of Director's proposal to the Annual General Meeting

## 2 Letter to the Shareholders

In a difficult environment, Datwyler achieved the objectives for 2022 that it communicated in May thanks to its strong market positions. Having completed the acquisitions of QSR and Xinhui, expanded the Indian healthcare production site and made promising progress in a range of growth and innovation projects, Datwyler is in a strong strategic position.

REVIEW

**Revenue growth of 21.4% with a positive contribution from all business units**

In comparison with the previous year, revenue was up by 21.4% to CHF 1'150.6 million in 2022 (previous year: CHF 947.6 million, continuing operations). Adjusted for negative currency effects of CHF 23.7 million and the revenues of QSR and Xinhui of CHF 127.9 million, which were consolidated for the first time, this corresponds to organic growth of 10.4%. Around one third of the growth comes from the price increases implemented.

The two business areas made different contributions to the revenue growth. Despite the strong decline in revenues for COVID components, Healthcare Solutions recorded organic growth of 13.0%. In Industrial Solutions, organic revenue growth amounted to 7.5%. While the Connectors, General Industry and Food & Beverage business units posted double-digit growth, Mobility was held back by the fall in vehicle production, especially in the first half of the year.

## Margin pressure due to significant rise in input costs

**10.4%**

**Revenue growth**

organic

To date, Datwyler has been able to pass on the sharp rise in input costs brought about by geopolitical developments and increasing inflation to its customers in all business units. However, due to the delayed impact of the price increases and cost savings implemented, the margin came under pressure. The operating result (EBIT) declined to CHF 149.2 million (previous year: CHF 160.4 million, continuing operations), which equates to an EBIT margin of 13.0% (previous year: 16.9%).

EBIT also includes one-off negative effects resulting from inventories in the acquired balance sheets and impairments on assets due to the temporary closure of the Ukrainian subsidiary totaling approximately CHF 7.5 million. The net result amounted to CHF 104.8 million (previous year: CHF 123.7 million, continuing operations), which equates to earnings per share of CHF 6.16 (previous year: CHF 7.28, continuing operations).

## Payout ratio of over 50%

**13.0%**

**EBIT margin**

The Board of Directors proposes to the Annual General Meeting a cash dividend of CHF 3.20 per bearer share (previous year CHF 4.20) and CHF 0.64 per registered share (previous year CHF 0.84). With total dividends of CHF 54.4 million and a payout ratio of 51.9%, Datwyler maintains a balance between dividend payments and strengthening the balance sheet. Last year's reported net result of CHF 194.0 million included an exceptional contribution of CHF 70.3 million from operations and from the divestment of online distributor Reichelt.

**3.20** CHF

**Cash dividend**

per bearer share

STRATEGIC TOPICS

## Value-adding strategic acquisitions

Through its takeover of QSR, Datwyler became a leading global supplier of system-critical seal solutions for electrical connector seals for a wide range of industries at the start of May 2022. Several megatrends such as electrification, connectivity, the Internet of Things and Industry 4.0 offer attractive growth opportunities for QSR's seals and components. The acquisition of QSR has strengthened Datwyler's market positions in North America and Asia and reduced its dependence on the European market due to QSR's pro forma annual revenue of CHF 168.5 million and its workforce of some 1'500 employees. QSR is the ideal fit for Datwyler in terms of strategy, core competencies and culture. This has also become evident in the integration work, which is going according to plan and has already led to several cross-selling projects with the Mobility business unit.



 [More about the acquisition of QSR](#)

At the beginning of March 2022, Datwyler completed the takeover of the Chinese company Yantai Xinhui Packing, which has around 200 employees and generates an annual revenue of over CHF 15 million. With Xinhui, we now have our own local plant that provides us direct access to the fast-growing Chinese healthcare market. The integration work is going to plan despite the pandemic. The process of upgrading the production standard and the product portfolio to higher-quality components is on track. With the help of Xinhui's customer contacts and sales organization, we were already able to substantially increase healthcare revenue in China in the year under review.



 [More about the acquisition of Yantai Xinhui Packing](#)

## Promising growth and innovation projects

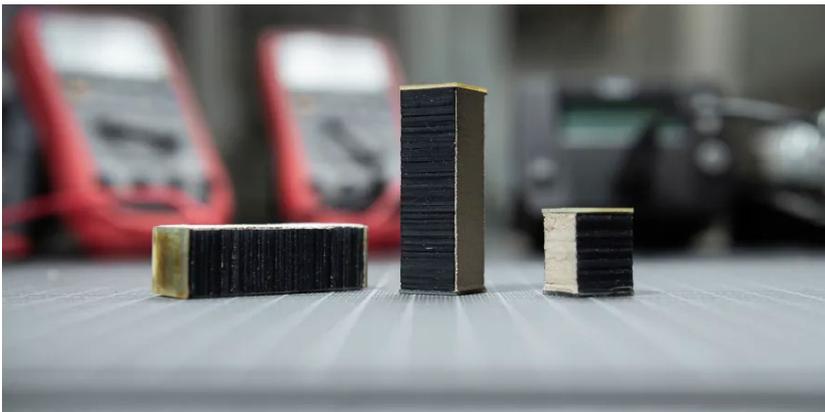
Datwyler also made good progress with and in some cases completed a number of important and promising growth and innovation projects in 2022. The existing site in India successfully put a second healthcare plant into operation, for example, and at the Swiss site, the expansion of production facilities for the Food & Beverage business unit has been largely completed. These capacity expansions are an important basis for the profitable revenue growth in low cyclical, long-term growing markets that Datwyler is targeting over the coming years.



 [More about the capacity expansion](#)

The Mobility business unit is working successfully on the transformation to electromobility and continuously increasing the share of projects focused on products for use in electric vehicles. Various new technologies such as smart rubber components, thermally conductive and electrically insulating materials are opening up attractive new applications in the vehicle of the future. In the form of electroactive polymers in a stacked design, we secured an important technology with patents in the year under review. Examples of applications include thermal management in batteries, comfort functions such as massage seats, and haptic feedback and morphing surfaces at the human-machine interface.

We are confident that, due to their many advantages, the electroactive polymers in a unique stacked design have the potential to become one of the highest-revenue product lines over the long term.



 [More about electroactive polymers \(EAP\)](#)

At its Swiss site, Datwyler opened new central technology and innovation labs for the chemical and physical analysis of materials and surfaces in the year under review. By taking this step, we have reinforced our research and development activities and our recognized core competencies in solution design, materials expertise and operational excellence.



 [More about the technology & innovation labs](#)

## Sustainability and operational excellence now an Executive Management function

Our strategic priorities – profitable growth, sustainability, agility and digitalization – form the framework for our decisions and the collaboration with all our stakeholders. With effect from 1 November 2022, we combined our existing activities to enhance sustainability and operational excellence in a new Executive Management function and appointed Sabrina Gérard as a new member of the Executive Management in the role of Chief Sustainability Officer. This underlines the fact that we view sustainability as an integral component of our business and promote it for the benefit of our customers and all our stakeholders.

Among other things, we also worked on the implementation of our climate strategy and on eco-design in 2022. A good example is our research into replacing petrochemical-based materials with those made from renewable raw materials. As part of our climate strategy, we installed our own photovoltaic systems at five further sites. As a result, the electricity that we obtain from renewable sources increased by 16.4% to 87'729 MWh and CO<sub>2</sub> emissions per revenue unit fell by a further 4.7%. You can find more information on our sustainability achievements in our Sustainability Report.



*System-critical components for injectable medicines*

### OUTLOOK 2023

## Encouraging order book – many uncertainties

Datwyler has made a successful start to the new year, with good performance in all business units, solid demand and an encouraging order book. At the same time, however, the numerous geopolitical and macroeconomic uncertainties such as the war in Ukraine, the course of the pandemic in China, rising input costs and a possible economic downturn call for caution. In this context, Datwyler is aiming to improve its operating result in 2023.

## Profitable growth potential intact

We remain confident with regard to the medium-term outlook. On the assumption that the environment will normalize, we confirm our medium-term objectives with annual revenue growth of 6% to 10% and an EBIT target range of 18% to 21%. Thanks to its value-adding acquisitions, the associated potential synergies and the progress made in its growth and innovation projects, Datwyler is in a strong strategic position. We have a clear focus on system-critical elastomer components that make a key contribution to the functionality and quality of our customers' systems while at the same time accounting for a very low proportion of these system's overall costs. We occupy leading positions in the markets we serve thanks to our products and our longstanding, close customer relationships with the market leaders. Global megatrends, long-term growth drivers and high barriers to entry create profitable growth potential. At the same time, we generate over 70% of revenue in markets that are low cyclical but are nevertheless growing. In the near future, our focus will be on achieving organic growth by scaling the business model and production capacities and on strengthening the balance sheet.

**6–10%**

**Revenue growth**

Midterm target

**18–21%**

**EBIT target range**

Midterm target

## Thank you for your extraordinary commitment

With its material shortages, cost increases and supply bottlenecks, 2022 was a very challenging year that demanded a great deal from our employees in all departments and at all levels. In addition to our day-to-day business, it was also necessary to integrate the newly acquired companies QSR and Xinhui. We would like to express our sincere gratitude to all of our employees for their tireless and dedicated efforts.. We also thank our customers for their constructive cooperation. And finally, a thank you goes to you, dear shareholders, for your loyalty to Datwyler.

On behalf of the Board of Directors and the Executive Management



Dr. Paul Hälgl, Chairman

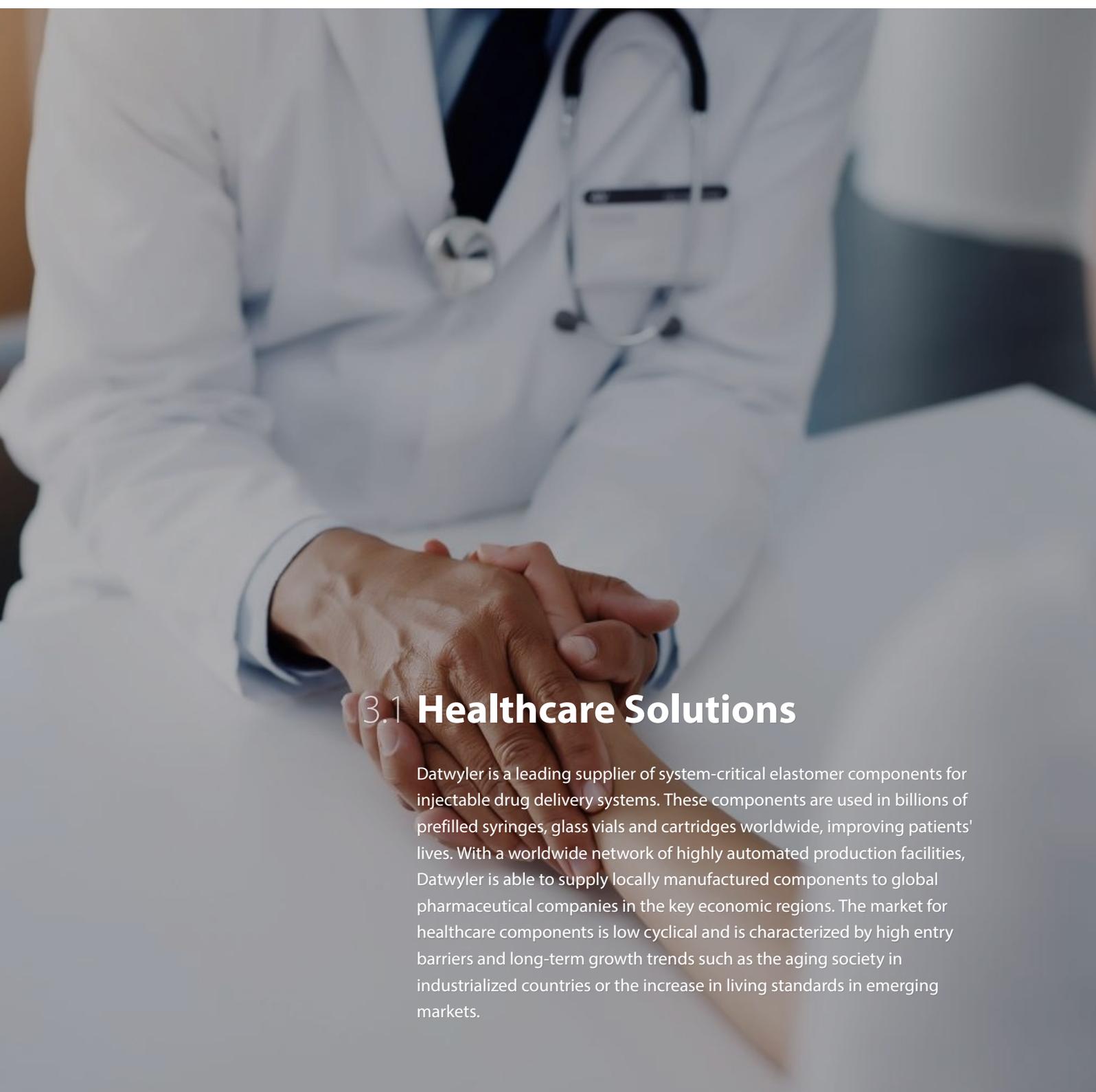


Dirk Lambrecht, CEO

## 3 Business Areas

- 3.1 Healthcare Solutions
- 3.2 Industrial Solutions

Datwyler is focusing on high-quality, system-critical elastomer components and has leading positions in attractive global markets such as healthcare, mobility, connectivity, general industry, and food & beverage.



## 3.1 Healthcare Solutions

Datwyler is a leading supplier of system-critical elastomer components for injectable drug delivery systems. These components are used in billions of prefilled syringes, glass vials and cartridges worldwide, improving patients' lives. With a worldwide network of highly automated production facilities, Datwyler is able to supply locally manufactured components to global pharmaceutical companies in the key economic regions. The market for healthcare components is low cyclical and is characterized by high entry barriers and long-term growth trends such as the aging society in industrialized countries or the increase in living standards in emerging markets.

**System-critical components  
to improve patients' lives**

## Target groups

- Pharmaceutical and biotech companies
- Manufacturers and contract fillers of injectable drugs
- Manufacturers of diagnostic and medical products
- Manufacturers of parenteral drug delivery systems

## Products and services

- ✔ **High-quality rubber components**  
for prefilled syringes, pens and injection systems
- ✔ **Components and closures**  
for injectable drugs in vials
- ✔ **Rubber components**  
for blood collection systems, IV administration sets, disposable syringes, etc.
- ✔ **Rubber components**  
for diagnostics and medical devices

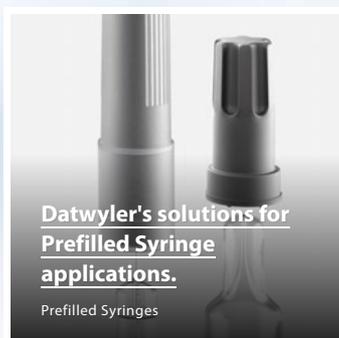
## Geographical markets

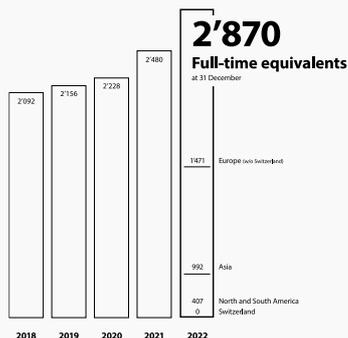
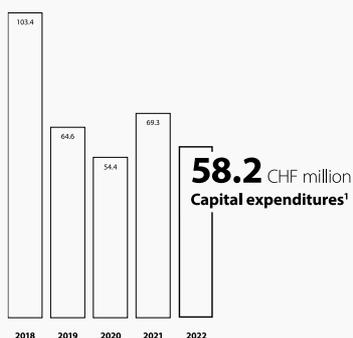
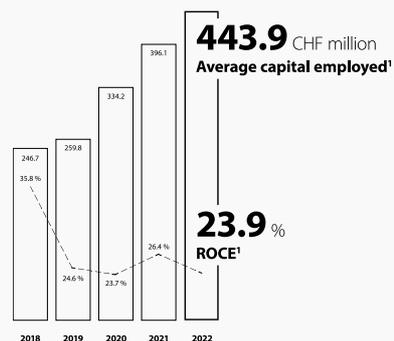
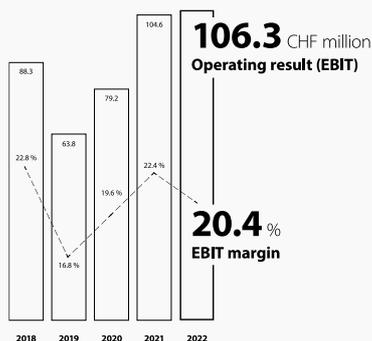
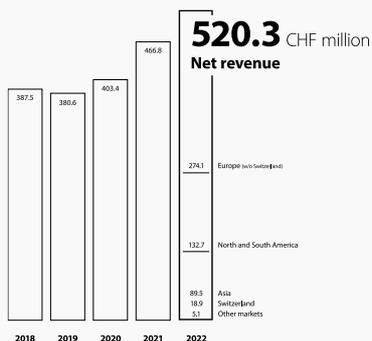
- Europe
- North and South America
- Asia
- Australia

### APPLICATIONS

## Datwyler's components make the difference

[Read more →](#)





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 in the Financial Report 2022 (pages F60–F62).

## Key figures

Healthcare Solutions, 12 months ended at 31 December, in CHF millions

	2022	2021	Change
<b>Net revenue</b>	520.3	466.8	+11.5 %
<b>Operating result (EBIT)</b>	106.3	104.6	+1.6 %
↳ as % of net revenue (EBIT margin)	20.4 %	22.4 %	n/a
<b>ROCE<sup>1</sup></b>	23.9 %	26.4 %	n/a
<b>Average capital employed<sup>1</sup></b>	443.9	396.1	+12.1 %
<b>Capital expenditures<sup>1</sup></b>	58.2	69.3	-16.0 %
<b>Full-time equivalents at 31 December</b>	2'870	2'480	+15.7 %

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 in the Financial Report 2022 (pages F60–F62).

## Healthcare Solutions achieves double-digit organic growth

### Revenue and earnings

**13.0%**  
Revenue growth  
organic

The Healthcare Solutions business area increased its revenue to CHF 520.3 million (previous year: CHF 466.8 million) in 2022. Adjusted for currency effects and acquisitions, this equates to organic growth of 13.0% in comparison with the previous year. As expected, revenue from components for COVID vaccines declined, with an accelerating trend towards the end of the year.

Datwyler was able to pass the significantly increased costs for input factors onto its customers over the course of the reporting year. The delayed impact of the price increases and the unfavorable development of the product mix caused the EBIT margin to decline to 20.4% (previous year: 22.4%). However, at CHF 106.3 million, the absolute operating result (EBIT) was slightly higher than in the previous year (CHF 104.6 million).

**20.4%**  
EBIT margin

### Key developments and priorities

By making the strategically important acquisition of Yantai Xinhui Packing, Datwyler gained direct access to the fast-growing Chinese healthcare market in the first half of the year. The integration work is going to plan despite the pandemic. With the help of Xinhui's customer contacts and sales organization, Datwyler was already able to substantially increase revenue in China in the year under review.



[More about the acquisition of Yantai Xinhui Packing](#)

Datwyler successfully put its second plant into operation at its existing site in India in 2022. This capacity expansion is an important basis for the profitable revenue growth that the company is targeting over the coming years. Datwyler will be able to further optimize its cost structure by transferring products from European plants to India.



[More about the capacity expansion](#)



Datwyler is investing continuously in the further development and optimization of the product portfolio and is planning to launch new high-quality components for glass containers, cartridges and prefilled syringes in the premium market segment.

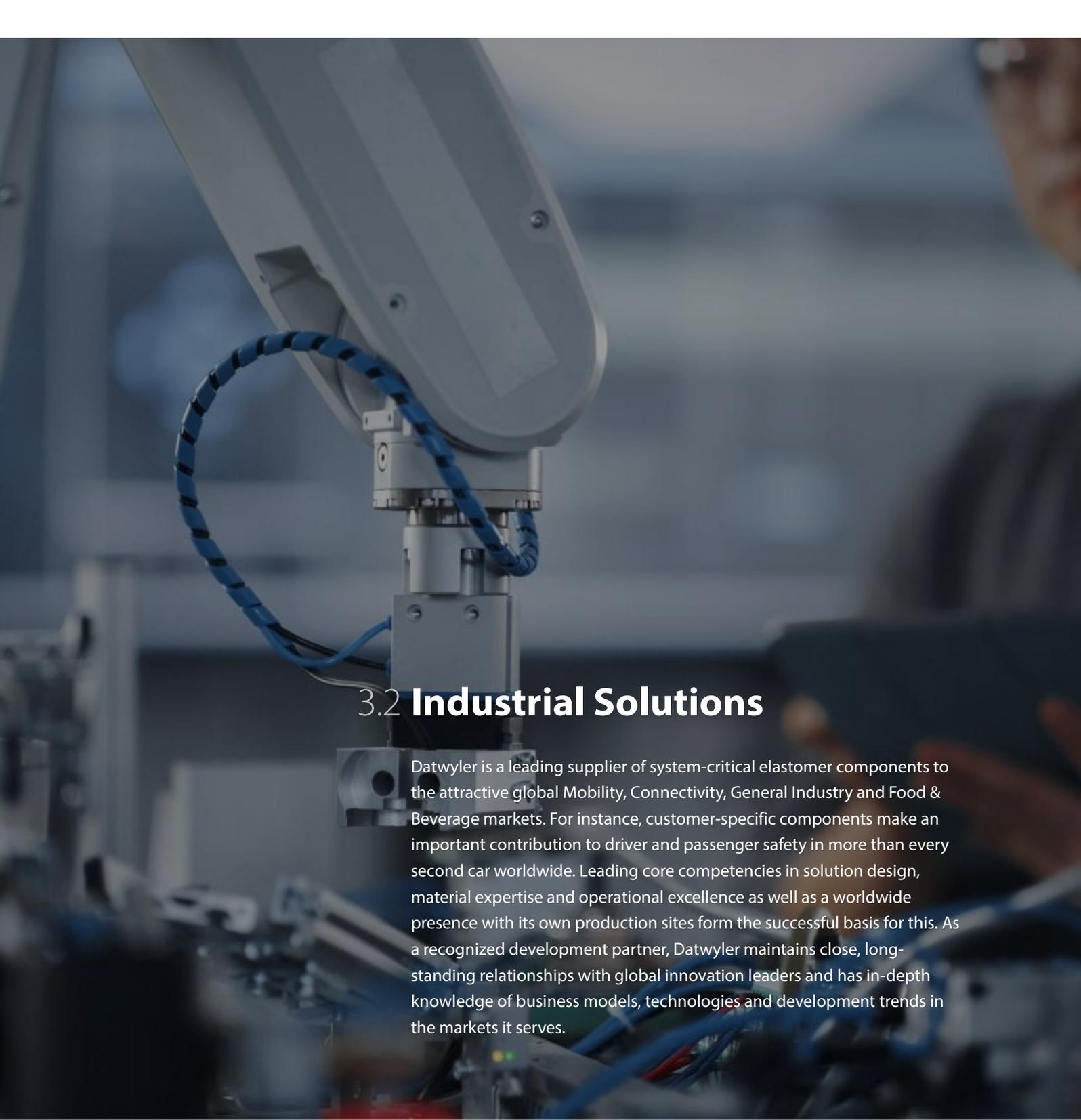
As a result of the supply bottlenecks during the pandemic, Datwyler came into contact with a large number of new pharmaceutical and biotechnology companies and was able to significantly expand its customer base. The outcome of this has been continuous growth in the number of project orders for high-quality, FirstLine® components, which will help to increase Datwyler's market share over the medium term.

## Outlook

In the short term, uncertainty will also persist in the healthcare industry in 2023. From today's perspective, revenues with Covid components will continue to decline in 2023. However, success in acquiring new customers and projects should be able to compensate for these effects. At the new Xinhui plant in China, Datwyler is working on continuously upgrading the product portfolio towards higher-value components. The next step is to manufacture Datwyler's standard compound and components locally.

For the medium and long-term future, Datwyler remains convinced about the growth potential of the system-critical components for injectable medicines. New medications are based primarily on biotechnological active substances, which will lead to rising demand for high-quality components. Thanks to the latest investments in the expansion of production capacities and customer support teams and the acquisition of Xinhui in China, Datwyler is in a strong position to benefit disproportionately from the anticipated market growth.





## 3.2 Industrial Solutions

Datwyler is a leading supplier of system-critical elastomer components to the attractive global Mobility, Connectivity, General Industry and Food & Beverage markets. For instance, customer-specific components make an important contribution to driver and passenger safety in more than every second car worldwide. Leading core competencies in solution design, material expertise and operational excellence as well as a worldwide presence with its own production sites form the successful basis for this. As a recognized development partner, Datwyler maintains close, long-standing relationships with global innovation leaders and has in-depth knowledge of business models, technologies and development trends in the markets it serves.

### Development partner for innovation leaders

#### Target groups

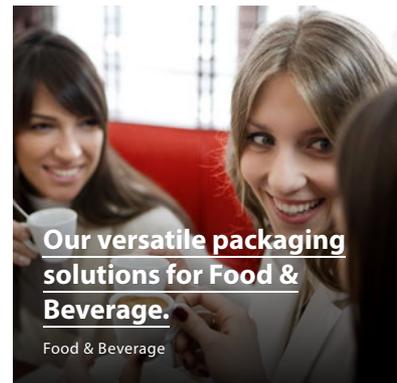
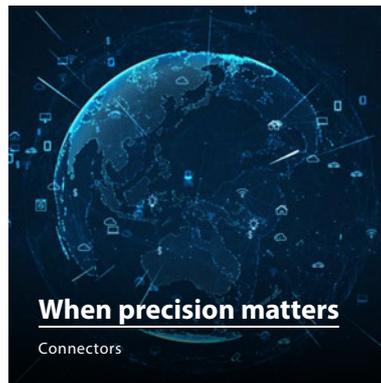
- Automotive system suppliers
- Electrical connector manufacturers
- Oil and gas service companies
- Aerospace and heavy machinery
- Manufacturers of power tools
- Process and water treatment industries
- Manufacturers of portioned food products

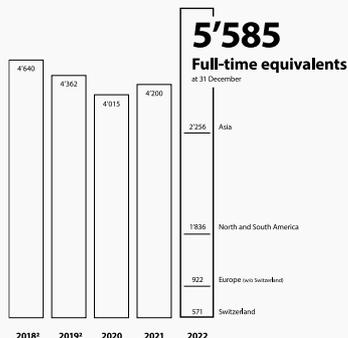
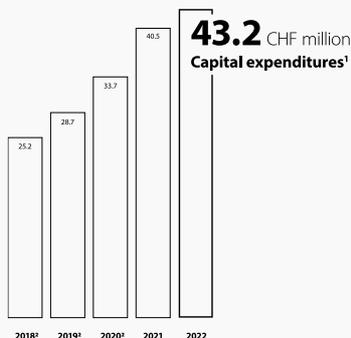
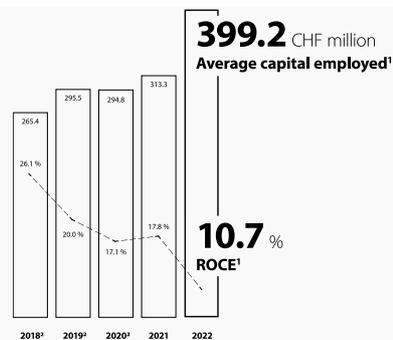
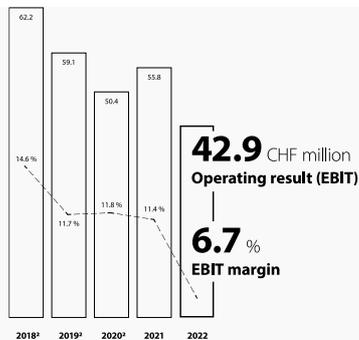
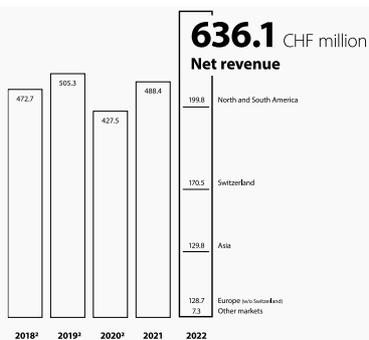
## Products and services

- ✔ **System-critical components**  
for brake systems, fuel and engine management, exhaust gas aftertreatment (Selective Catalytic Reduction), active assistance and safety systems, electromobility of the future
- ✔ **Seals and components**  
for electrical connectors for demanding applications in various markets such as mobility, aerospace or the manufacturing industry
- ✔ **Sealing components**  
for upstream systems in the oil and gas industry, aerospace and heavy machinery, power tools, process and water treatment industries
- ✔ **Sealing solutions**  
for portioned food and beverages

## Geographical markets

- Europe
- North and South America
- Asia





- Datwyler Group uses certain financial performance measures that are not defined by Swiss GAAP. The definitions of these Alternative Performance Measures (APM) are explained in the Financial Report 2022 (pages F60–F62).
- Continuing operations

## Key figures

Industrial Solutions, 12 months ended at 31 December, in CHF millions

	2022	2021	Change
<b>Net revenue</b>	636.1	488.4	+30.2 %
<b>Operating result (EBIT)</b>	42.9	55.8	–23.1 %
↳ as % of net revenue (EBIT margin)	6.7 %	11.4 %	n/a
<b>ROCE<sup>1</sup></b>	10.7 %	17.8 %	n/a
Average capital employed <sup>1</sup>	399.2	313.3	+27.4 %
<b>Capital expenditures<sup>1</sup></b>	43.2	40.5	+6.7 %
<b>Full-time equivalents at 31 December</b>	5'585	4'200	+33.0 %

- Datwyler Group uses certain financial performance measures that are not defined by Swiss GAAP. The definitions of these Alternative Performance Measures (APM) are explained in the Financial Report 2022 (pages F60–F62).

**Industrial Solutions**  
with strong second half

## Revenue and earnings

**7.5%**  
**Revenue growth**  
organic

The Industrial Solutions business area increased its revenue by 30.2% to CHF 636.1 million (previous year: CHF 488.4 million) in 2022. Adjusted for negative currency effects and the first-time consolidation of QSR's revenue for eight months, which amounted to CHF 112.8 million, this equates to organic growth of the previous three business units of 7.5%.

Due to the significantly higher input costs and the delayed impact of price increases, the operating result (EBIT) fell to CHF 42.9 million (previous year: CHF 55.8 million), which equates to an EBIT margin of 6.7% (previous year: 11.4%).

This figure includes negative one-off effects resulting from inventories in the acquired balance sheets and impairments on assets due to the temporary closure of the Ukrainian subsidiary totaling approximately CHF 7.5 million.

Contrary to the usual seasonal trend, the Industrial Solutions business area achieved significantly higher organic revenue growth in the second half of the year than in the first half, driven among other things by higher demand from the automotive industry. The EBIT margin also recovered in the fourth quarter. While the three business units Connectors, General Industry and Food & Beverage reported double-digit growth rates, the Mobility business unit was able to maintain its revenue level for the year as a whole. This was in a difficult environment dominated by COVID restrictions in China and declining vehicle production in the important sales market of Germany.

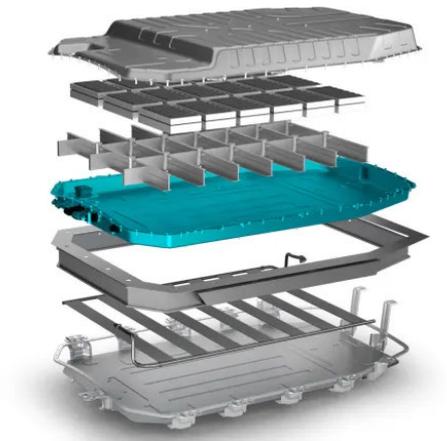
**6.7%**  
**EBIT margin**

## Key developments and priorities

Through the strategic acquisition of QSR, Datwyler became a leading global supplier of system-critical seals for electrical connector for a wide range of industries in the first half of 2022. The integration work is going to plan, which is already evident among other things from several acquired and additional specific cross-selling projects with the Mobility business unit. Measures to increase efficiency in accordance with Datwyler production standards and the outsourcing of additional product lines from the US locations to the Mexican site will generate one-off costs in the short term, but will further reinforce the leading market position of QSR and thus of the new Connectors business unit.



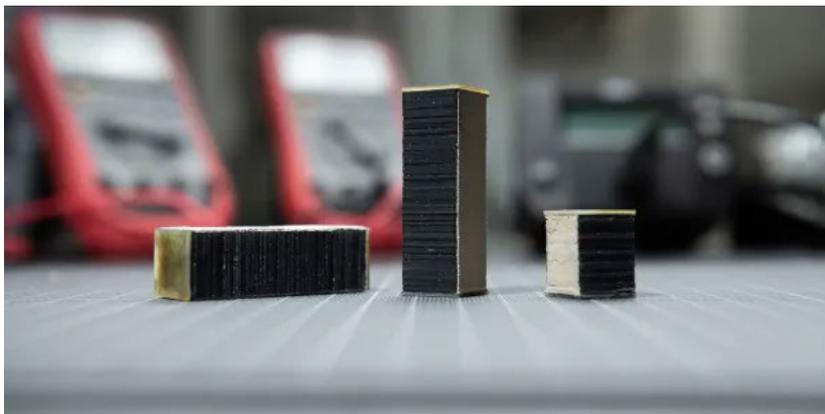
 [More about the acquisition of QSR](#)



 [More about the transformation to electromobility](#)

The Mobility business unit is working successfully on the transformation to electromobility. Various new materials and technologies are opening up attractive new applications in the car of the future. A new global business development team and an expanded global sales engineer network are acquiring new customers and projects. The share of projects focusing on applications in electric vehicles is increasing continuously. At the same time, Datwyler is upgrading its Mobility sites with next-generation injection molding technology so that it will be able to supply its customers worldwide with regionally produced e-mobility components.

One key technology for the new applications in the vehicle of the future is the electroactive polymers in a stacked design, which Datwyler secured with patents in the year under review. Usage examples include thermal management in batteries, comfort functions such as massage seats, and haptic feedback and morphing surfaces for applications at the human-machine interface. Prototype orders have shown that both vehicle manufacturers themselves and suppliers of technical systems and interiors are very interested in the new possibilities offered by Datwyler's electroactive polymers.



 [More about electroactive polymers \(EAP\)](#)



The Food & Beverage business unit also exceeded market growth by a considerable margin in 2022. The investment program at the Swiss site has been largely completed. In addition, Datwyler was able to realize significant capacity increases at the existing production sites through internal engineering services as part of the continuous improvement process. The switchover to aluminum with 80% recycled materials for the main customer Nespresso was completed.

Thanks to lively demand from the US energy industry, the General Industry business unit generated above-average revenue growth in 2022. Developments in the other target markets were also encouraging, with highlights including some promising prototype orders for new customers. The customers of the Ukrainian site were impressed by how quickly Datwyler's emergency response plans enabled it to relocate production to other sites.

## Outlook

In the short term, the uncertainties predominate in 2023. A possible recession in Europe or worldwide would have a negative impact on demand, especially in the Mobility and General Industry business units.

In order to make further use of growth synergies with QSR, Datwyler will set up a production cell for sample products and visits by European customers at the existing German production site in Cleeborn. The next step planned is to begin mass production of QSR components in Europe. In parallel, QSR's mold construction and compound development activities will be used as competence centers for all Datwyler sites in North America.



In the medium term, Datwyler is confident about the future in all four business units. The new Connectors business unit has attractive growth prospects due to several megatrends such as electrification, connectivity, the Internet of Things and Industry 4.0. The transformation to electromobility will also give the Mobility business unit the opportunity to increase its revenue share per vehicle.

The General Industry business unit is expanding its successful market development activities and focusing on high-quality components for demanding sectors. And as an expert and efficient production partner to the leading capsule coffee providers, the Food & Beverage business unit is growing at a rate above the market average.

## 4 Sustainability

For Datwyler, sustainability means operating successfully in the present, while also being oriented toward the long term and delivering more value for all stakeholders.

- 4.1 Highlights
- 4.2 Commitment and meaning
- 4.3 Material and focus topics
- 4.4 Governance
- 4.5 Environmental
- 4.6 Social
- 4.7 GRI content index

### 4.1 Highlights



**Strengthening of sustainability focus**  
with Chief Sustainability Officer in Executive Management

*Governance*



**45% reduction of absence days per FTE**  
due to work-related accidents (from 0.31 to 0.17 day)

*Social*



**E-Learning tool successfully established**  
Number of active learners almost doubled to 3'200 in second year

*Social*



## Eco-design check

for new product developments to be launched

Environment



## Progress in the development of sustainable materials

Environment



Five new photovoltaic systems and further reduction of CO<sub>2</sub> emissions per revenue unit by 4.7%

Environment



Locally sourced packaging material in Healthcare business area increased to 96.6%

Environment



## Decrease in consumption per revenue unit

for heating fuels, electricity, water and waste

Environment



### CEO statement

Datwyler is aware of its social and environmental responsibility and pursues a sustainability strategy with twelve focus topics. These are structured according to the globally recognized ESG concept (Environmental, Social and Governance). Each topic bundles activities related to current and future projects and contains clear responsibilities with measurable targets and quantifiable key figures for effective management. As early as 2009, we joined the UN Global Compact and committed ourselves to complying with its ten principles on human rights, labor practices, environmental protection and anti-corruption. And for the fifteenth time, we are publishing a sustainability report in accordance with the globally recognized guidelines of the Global Reporting Initiative.

**Sustainability and operational excellence now an Executive Management function**

As of 1 November 2022, we have combined the existing activities to increase sustainability and operational excellence in a new function in Executive Management and appointed Sabrina Gérard as Chief Sustainability Officer and as a new member of the Executive Management. This demonstrates that we see sustainability as an integral part of our business, even in a challenging environment, and are driving it forward for the benefit of our customers and all other stakeholders.

### Further reduction in relative CO<sub>2</sub> emissions

In the year under review, we worked on implementing our climate strategy and eco-design, among other things. A good example is our research into replacing petrochemical materials with those made from renewable raw materials. For this, we have patented a promising process for obtaining fillers from organic cellulose. As part of our climate strategy, we have commissioned our own photovoltaic systems at five additional sites. As a result of this and other measures, the amount of electricity from renewable sources increased by 16.4% to 87'729 MWh. This corresponds to some 36.6% of total electricity consumption. We integrated the newly acquired companies QSR and Xinhui, with plants in the USA, Mexico and China, into our sustainability activities from the beginning. Due to the strong acquisition-related and organic sales growth of 21.4%, absolute resource consumption has increased. In relative terms, however, we have made further progress. For example, thanks to the measures implemented, we have succeeded in reducing CO<sub>2</sub> emissions per unit of sales by a further 4.7%.

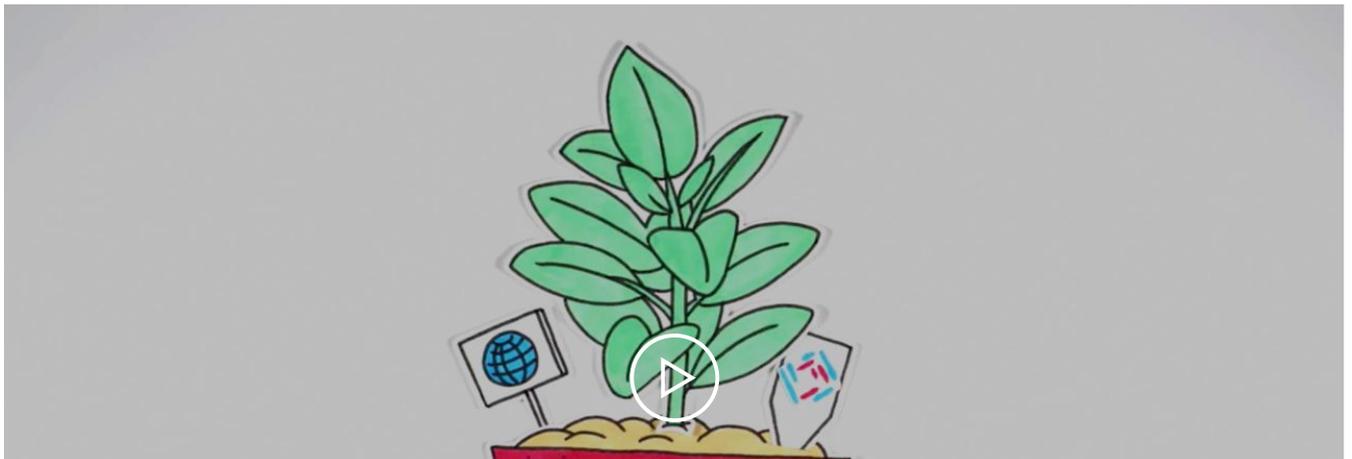
### Sustainability measures for calculating the variable incentive

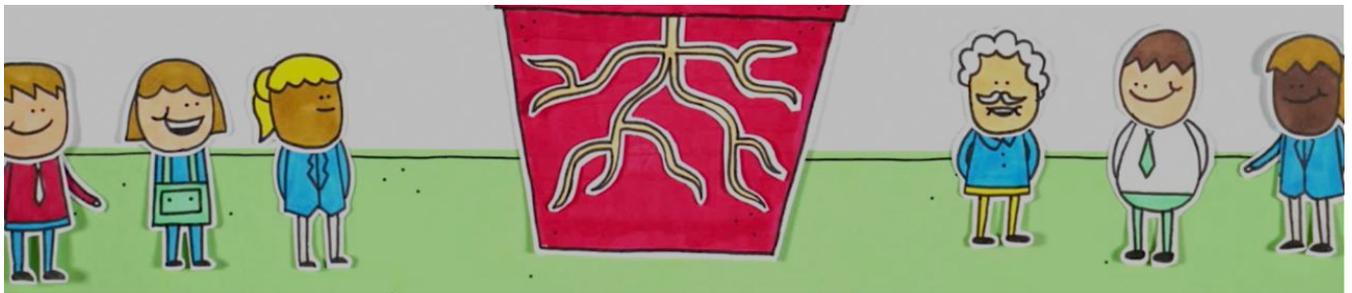
In order to embed the topic of sustainability even more firmly in the company, we have included three sustainability metrics with a total weighting of 20% in the calculation of the variable incentive for all eligible employees for the first time in fiscal year 2022. True to our mission «We materialize ideas for a safer, smarter and more sustainable world», Datwyler supports its customers in implementing innovative systems and, among other things, makes an important contribution to the safety of patients and drivers around the world. In addition, new Datwyler components and materials for electric vehicles support the transformation to e-mobility and the achievement of climate targets. The electrical connector seals from the newly acquired QSR are also making a particular contribution to this.



Dirk Lambrecht, CEO

## 4.2 Commitment and meaning





What sustainability means to Datwyler. Also available in other languages: [Chinese](#), [Czech](#), [Dutch](#), [German](#), [Hindi](#), [Italian](#), [Korean](#), [Portuguese](#), [Spanish](#)

## About Sustainability at Datwyler

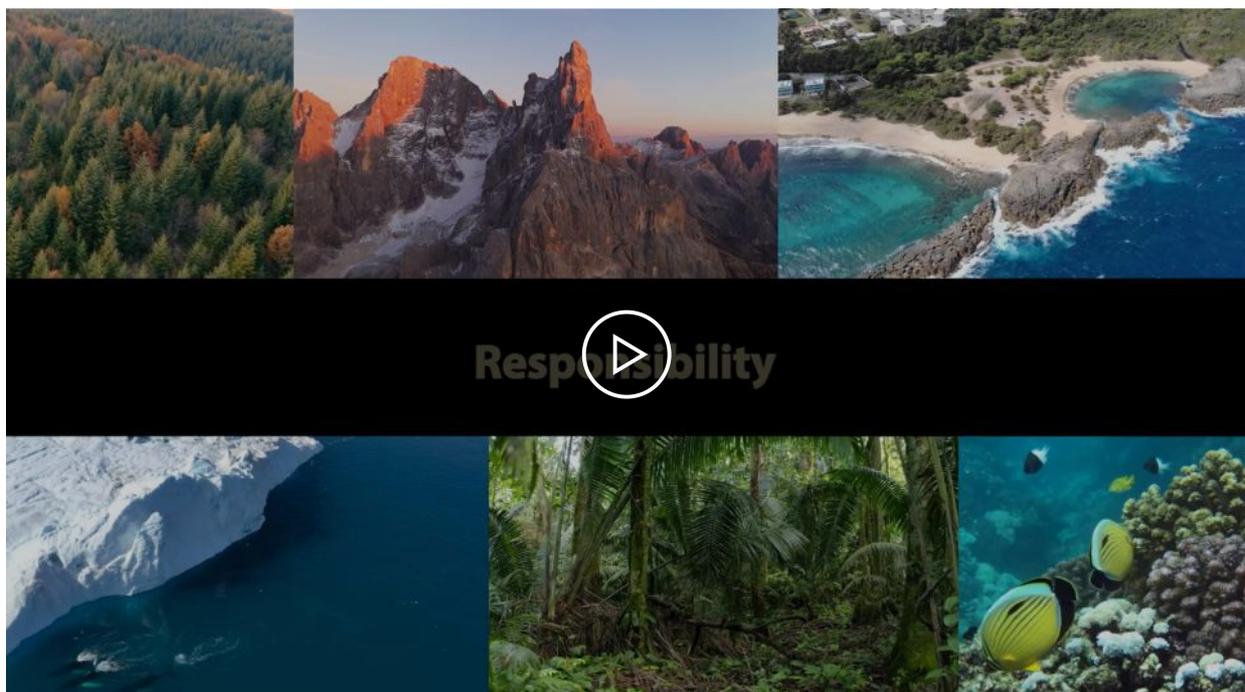
Sustainability is about balancing economic, social, and environmental responsibility. Within the Datwyler Group, sustainability is one of four strategic priorities embedded in everything Datwyler does, from product development and production to customer support and human resource management.

Given the considerable importance of sustainability to the company, employees, and communities where it does business, Datwyler integrated the sustainability report into the annual report and applied –as in many years before– the Global Reporting Initiative (GRI) standard as an external reporting framework.

## News and stories

Datwyler is continuously working on the implementation of its sustainability objectives and reports on this in current news and stories on its website.

[Discover more](#)



Advance sustainability at Datwyler. Also available in other languages: [Chinese](#), [Czech](#), [Dutch](#), [German](#), [Hindi](#), [Italian](#), [Korean](#), [Portuguese](#), [Spanish](#)

## Decision maker in charge for sustainability

Ambitious sustainability goals can only be achieved if they are carried across all units and levels of a company. At Datwyler, the entire management team is committed to sustainability and drives developments in their individual areas of responsibility.

## Datwyler ready to respond to external ESG trends

In recent years, corporate sustainability has gained significantly in importance, especially for listed companies. The primary driver has been the increasing global risk of climate change, which has been playing a major role in politics and society.

Being aware of its responsibility toward its stakeholders, society, and the environment, Datwyler is ready to: respond to climate change; improve ESG compliance, transparency, and performance; make a long-term transition toward a circular economy with products and services based on life-cycle thinking; navigate demographic and social changes that affect future consumer and employee expectations; and respond to industry-specific sustainability trends such as individual, digitalized healthcare approaches and electric mobility.



### Responding to climate change

- Reducing carbon emissions substantially toward long-term climate neutrality
- Committing to Science Based Targets to contribute a fair share to Paris agreement on climate protection
- Climate positivity replacing net-zero



### ESG compliance, transparency, and performance

- Integrating ESG in business processes
- Linking executive compensation to ESG performance
- Integrating sustainability risks in business risk management
- Meeting investor and regulatory ESG requirements



### Applying technology to sustainability

- Businesses will accelerate efforts to add carbon footprint labels to products
- Reduce, Reuse, Recycle
- Building sustainable and resilient supply chains
- Life-cycle thinking across company (no silos)



### Sustainability becomes the new «normal»

- Digitalisation in all aspects of life
- Diversity in management and workforce



### Industry-specific sustainability trends

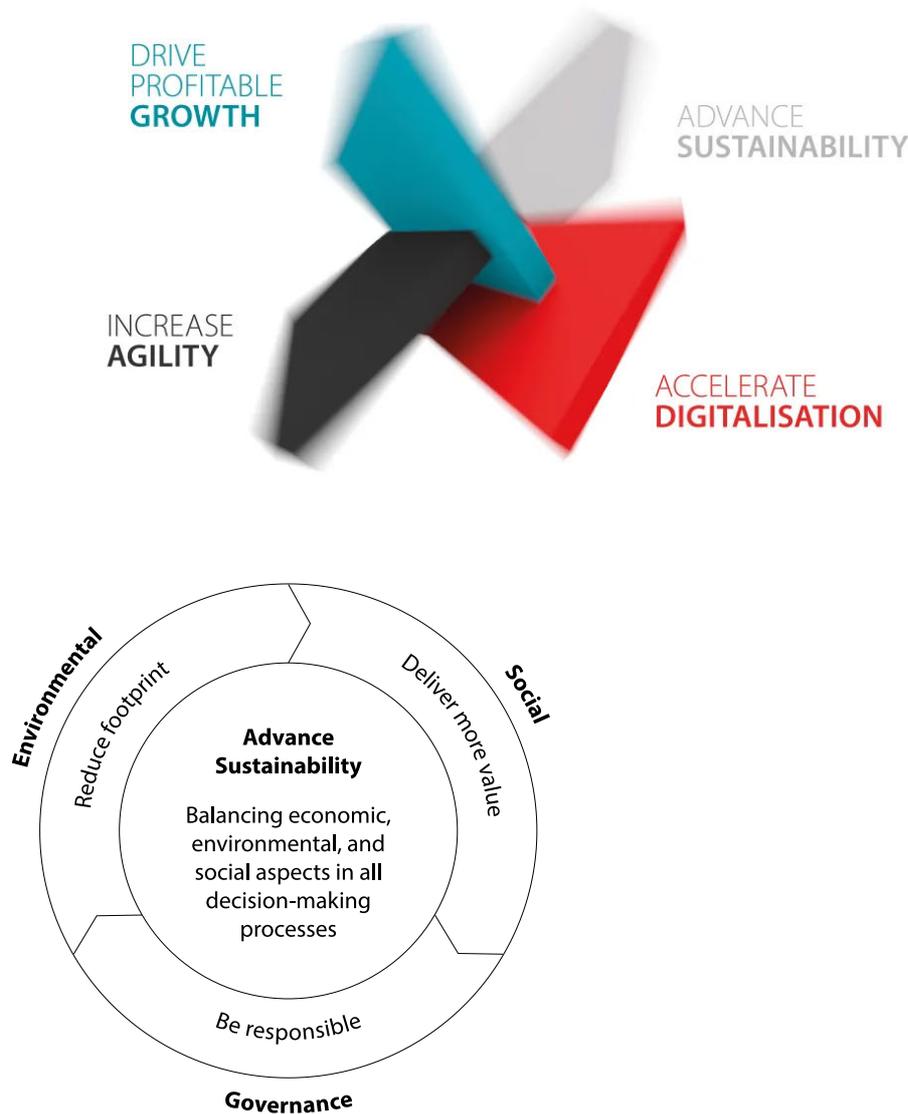
- Aging population in Europe with specific health requirements

- Valuing human capital: Connect work more closely with purpose to retain and engage employees
- Digital and individual approaches to healthcare
- World-wide pandemic
- Electric mobility and lightweight vehicles

## «Advance Sustainability» as proactive strategic priority

For Datwyler, sustainability means operating successfully in the present, while also being oriented toward the long term. Thus, the company wants to not only be responsive to current global and market trends, but to proactively contribute to shaping a sustainable future. A long-term orientation means striking a balance between economic, environmental, and social aspects in all decision-making processes.

Datwyler’s vision is to become a truly sustainable company focused on people, planet, and profit. This vision is inspired by the company’s intrinsic motivation to safeguard what is most essential for the business and its shareholders, customers, workforce, and their families. Building on more than 100 years of corporate history and over a decade of sustainability achievements, when Datwyler made sustainability a strategic priority in 2020, it reinforced the importance of integrating sustainability across the company’s activities.



As part of the four strategic priorities, sustainability is an important driver for the Datwyler Group. To further strengthen the focus on sustainability and operational excellence, Datwyler expanded its Executive Management team by appointing Sabrina Gérard as new Chief Sustainability Officer (CSO).

In addition to the sustainability function, the new Executive Management function is also responsible for heading the uniform global production system and the global quality systems and processes. This enables Datwyler to improve performance and efficiency in all dimensions of sustainability.

## Sustainability business integration and value creation for stakeholders

By adding sustainability as a fourth strategic priority, it is now considered an integral part of Datwyler's overall strategy to improve opportunities and reduce risks.

In addition to helping the company sustain high profitability, sustainability initiatives have simultaneously created value for many stakeholders by:



Creating innovative and sustainable products for customers.



Decreasing its environmental footprint along the entire value chain.



Enhancing prospects for employees in numerous regions.



Offering attractive and equal opportunities for all employees.



Cooperating with suppliers and business partners based on fairness.



Modeling leadership for sustainable development in the industry.

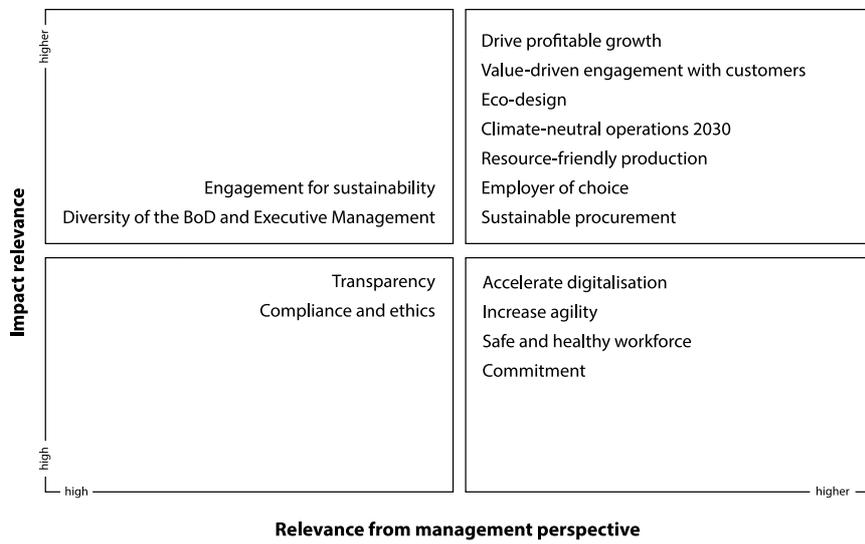


Sharing success with communities close to production sites.

## 4.3 Material and focus topics

Datwyler conducted a comprehensive materiality analysis in 2016, assessing topics in terms of both business relevance and their impact on the economy, society, and the environment. In developing the new sustainability strategy, the selection of material economic, social, and environmental topics was revised and topics were further focused and clarified.

The accompanying analysis was performed by the Sustainability Team and reviewed and confirmed by the Executive Management. No external stakeholders were consulted during the update of the materiality analysis. The results of the materiality analysis and the twelve ESG focus topics show a high level of alignment, which was an objective of the strategy process.



## Twelve ESG focus topics for further development

In 2021, Datwyler established an ESG landscape with twelve focus topics that embody the company's commitment to reducing its environmental footprint and delivering more value for all stakeholders. The focus topics are structured according to Environmental, Social, and Governance (ESG) priorities and are intended to close gaps and build on existing strengths.

Each topic bundles activities relating to current and future projects, and contain clear responsibilities with measurable objectives, derived measures, and quantifiable key figures for effective monitoring.

### Environmental Reduce footprint



#### Climate-neutral operations 2030

Scope 1+2 (Science Based Targets)



#### Eco-design

Life-cycle thinking, sustainable products



#### Resource-friendly production

Waste, water, materials



#### Sustainable Procurement

ESG-compliant processes, sustainable solutions through supplier base

### Social Deliver more value



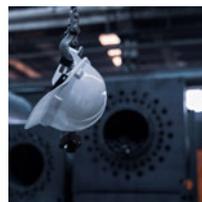
#### Employer of choice

Employee commitment & satisfaction, employer branding, diversity & inclusion



#### Value-driven engagement with customers

Interactions, collaboration, positive social impact



#### Safe and healthy workforce



#### Engagement for sustainability

Volunteering for activities for company, customers, society



### Transparency

Reporting, standards, ratings



### Compliance and ethics

Human rights, Code of Conduct, policies, proactive chemical compliance



### Diversity of the Board of Directors and Executive Management



### Commitment

Budget & resources, principles, memberships, remuneration



## Environmental

Reduce footprint

Reducing its ecological footprint is an important aspect of sustainability, supported by many of Datwyler's stakeholders. To achieve this, one of the company's environmental initiatives is to attain climate neutrality (scope 1 + 2) by 2030 following the Science Based Targets approach. Other environmental initiatives focus on: embedding eco-design principles into its product and manufacturing development processes; increasing sustainability awareness and life-cycle thinking in the company; reinforcing initiatives to reduce water, heating, and electricity consumption; reducing waste generation; and finding sustainable procurement solutions through the supplier base that align with internal and external benchmarks.



## Social

Deliver more value

By focusing on social activities Datwyler aims to deliver more value and meaningful purpose to its customers, employees and communities. Employee satisfaction and commitment are crucial for continued success and employer branding. Having a dynamic, diverse, and multicultural workforce brings several advantages such as increased productivity and creativity, improved cultural awareness, a positive reputation, employee empowerment and engagement, and expanded marketing opportunities. As one of the largest employers in the regions, Datwyler has a responsibility to elevate local communities. By supporting charitable projects and enabling employees to engage with their community, Datwyler creates a sense of pride and belonging, while simultaneously increasing its reputation both as an employer and community member. Other social initiatives include: engaging with customers to co-create sustainable products and safeguarding the safety and health of the workforce.



## Governance

Be responsible

In the area of governance, Datwyler focuses on continuous development of transparency, compliance and ethics, diversity of the Board of Directors and Executive Management, and commitments such as integrating a sustainability component into variable pay for all bonus-eligible employees.

## Top 10 goals

To make the ESG focus topics more tangible, Datwyler developed its top 10 sustainability goals for 2030.



## Environmental

- ➔ Climate-neutral operations (scope 1+2) by 2030 applying the Science Based Targets (SBT) approach.
- ➔ All new product developments include eco-design check by 2023.
- ➔ Waste-free production and 3% annual reduction in water consumption relative to revenue.



## Social

- Employee commitment rates above industry benchmark for all sites.
- Perceived as sustainability leader by customers.
- Zero accidents and zero injuries and healthy working environment.
- At least one annual external community activity per location.



## Governance

- Be among top 25% in all relevant sustainability ratings.
- Have ≥20% of women in executive management.
- Code of Conduct signed by all suppliers.

## Contribution to the SDGs



**Ensure healthy lives and promote well-being for all at all ages.**

Sustainable Development Goal #3 [↗](#)  
 → [Safe and healthy workforce](#)  
 → [Customer Health and Safety and Chemical Compliance](#)



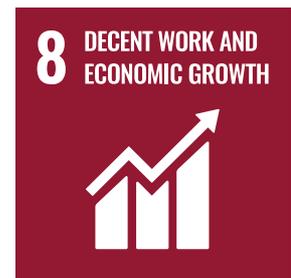
**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**

Sustainable Development Goal #4 [↗](#)  
 → [Employer of choice](#)



**Achieve gender equality and empower all women and girls.**

Sustainable Development Goal #5 [↗](#)  
 → [Employer of choice](#)  
 → [Diversity of the Board of Directors and Executive Management](#)



**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**

Sustainable Development Goal #8 [↗](#)  
 → [Employer of choice](#)



**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**

Sustainable Development Goal #9 [↗](#)  
 → [Eco-design](#)  
 → [Sustainable procurement](#)



**Ensure sustainable consumption and production patterns.**

Sustainable Development Goal #12 [↗](#)  
 → [Resource-friendly production](#)  
 → [Eco-design](#)



**Take urgent action to combat climate change and its impacts.**

Sustainable Development Goal #13 [↗](#)  
 → [Climate-neutral operations 2030](#)

## 4.4 Governance

Datwyler focuses on continuous development of transparency, diversity of the Board of Directors and Executive Management, commitment, and compliance and ethics, such as a proactive chemical compliance management.

### Sustainability (ESG) Governance

#### Oversight and execution of the sustainability (ESG) strategy at Datwyler

A strong governance framework is key to ensuring that the sustainability (ESG) strategy Datwyler has committed to is incorporated into the corporate agenda.

The governance of sustainability (ESG) is integrated into the corporate governance structure throughout the Group – from Board level to management level, Group functions, Business Units and all associates.



#### Datwyler Board of Directors

The highest governance body at Datwyler is represented by the Datwyler Board of Directors (BoD) and has overall responsibility for Datwyler's ESG strategy and reporting.

#### The Executive Management Team

C-level

Implementation responsibility for sustainability (ESG) lies with the Executive Management Team consisting of the C-level.

#### Business integration

In line with the Board of Directors' responsibility to determine the principles of corporate strategy (see the Corporate Governance section), the Board oversees the executive management on matters required to enable:

- the Datwyler Group to operate on a sustainable basis for the benefit of current and future generations;
- the development and adoption of the Datwyler Sustainability (ESG) Strategy and related policies, including the Sustainability (ESG) landscape and the Top 10 Goals;
- the effective management of ESG related risks;
- the communication of critical concerns to the highest governance body;
- the development of ESG knowledge at BoD and group level.

While the Board is responsible for oversight, the Datwyler Executive Team ensures the implementation of the Sustainability (ESG) Strategy.

### **Collective knowledge of the highest governance body**

Annual knowledge exchange sessions are organized for the BoD members with the goal of advancing the collective knowledge, skills and experience in sustainable development.

In 2022 the following topics were presented to the BoD:

- Understanding the ongoing sustainability trends from a market, customer and compliance point of view (BoD meeting May 2022)
- Datwyler's ongoing and planned sustainability activities to respond to these trends (BoD meeting May 2022)
- Why is sustainability important to Datwyler (key figures, internal stories, voice of the customer and next generation) (Group seminar June 2022)
- Sustainability booth (Group seminar June 2022):
  - Diversity, Equity and Inclusion
  - Eco-design
  - Environmental sustainability
  - Next generation
  - Engagement for sustainability

The new knowledge exchange overview for 2023 will be presented to the BoD during the May BoD meeting.

The Executive Management Team has defined 'advancing sustainability' as one of the four strategic priorities and has established sustainability (ESG) related objectives for the organization. For each objective measurable Key Results are defined and led by a Key Result (KR) owner.

The CSO (Chief Sustainability Officer) coordinates the sustainability activities within the organization and has regular exchange meetings with the KR owners.

The KR owners initiate and track key activities related to their Key Result and report progress on a quarterly basis to the Executive Team members. The Objectives and Key Result (OKR) system uses an iterative approach which facilitates to handle complex topics in an agile way.

Everyday sustainability topics are managed, as appropriate, by the sustainability functions, business units, sites and other corporate functions such as human resources, procurement, technology and innovation, communications, development, engineering, and compliance.

All Datwyler associates contribute to the Datwyler sustainability journey.

### **Evaluation of the performance of the highest governance body**

Each year the BoD Chair takes the initiative to evaluate the skill set of the BoD members by using an independent evaluation questionnaire assessing e.g. leadership, culture, role clarity, teamwork, accountability, decision making, communications, board operations. This questionnaire includes economic, environment, social and governance related questions.

The questionnaires are completed individually and reviewed by the Chair. Actions to close gaps related to the boards operation and skill set are taken if needed.

## Risk management

As a globally active company, Datwyler has an institutionalized and systematic risk management system. Risks are divided into four categories: strategic, operational, financial, and compliance. Sustainability risks are translated into one or several of these business risk categories according to their impact at Group level as well as at business units and production site levels.

↑↓ [More information is available in the risk management section of the Corporate Governance chapter](#)

## Communication of critical concerns

Critical concerns include concerns about the organization's potential and actual negative impacts on stakeholders raised through grievance mechanisms and other processes. They also include concerns identified through other mechanisms about the organization's business conduct in its operations and its business relationships.<sup>1</sup>

At Datwyler, critical concerns are immediately reported by the CEO or CFO to the Board of Directors (BoD). An overview of critical concerns is included in the compliance report and reported to the BoD twice a year by the CFO. Potential critical concerns are reported by the CFO in the annual risk management report.

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1. Definition taken from GRI standards, GRI 2: General Disclosures 2021



FOCUS TOPIC

## Transparency

Datwyler believes transparency is fundamental for stakeholders to recognize the company as a reliable partner. The company has consistently disclosed its ESG performance against leading and internationally recognized frameworks and published a sustainability report in accordance with GRI and the ten principles of the UN Global Compact since 2009.

The company has also disclosed its energy consumption and resulting CO<sub>2</sub> emissions to CDP (Carbon Disclosure Project) since 2013, and in 2022 for the first time also its water consumption. Datwyler has received the silver rating for sustainability performance from the globally recognized rating agency EcoVadis for the fourth time in a row in 2022. This places the company in the top 15% of more than 90'000 companies from 160 countries analyzed by EcoVadis. Within the elastomer industry, Datwyler counts among the top 8% of companies examined, according to EcoVadis.

 [Read more about Datwyler's EcoVadis rating](#)



### UN Global Compact

With more than 11,000 members, the United Nations Global Compact promotes awareness of the social and ecological responsibility of business.

→ [Learn more](#)



### Carbon Disclosure Project

CDP operates a leading global system for reporting on energy and resource consumption on behalf of institutional investors.

→ [Learn more](#)



### EcoVadis

EcoVadis is one of the world's leading providers for corporate social responsibility (CSR) audits. 90'000 companies from 160 countries have been assessed already.

→ [Learn more](#)



### Global Reporting Initiative

The GRI Standards are the most widely used standards for sustainability reporting worldwide.

→ [Learn more](#)



#### FOCUS TOPIC

## Compliance and Ethics

### A fair and responsible partner

Datwyler aspires to have an industry-leading ESG/sustainability policy framework that is continuously evaluated and improved. Datwyler's first Code of Conduct—which is binding for all employees at all sites across the Group—was published in 2008. This code mandates that the companies and employees within the Group must respect the national laws, human rights, personal dignity, and privacy of each individual person.

In its Code of Conduct and with its participation in the UN Global Compact, the Datwyler Group has firmly committed itself to protecting human rights. Additionally, since 2020, sustainability has become one of the Group's key strategic priorities, reinforcing its commitment with people and planet. To put this into practice, topics related to human rights and sustainability have been embedded in various policies and processes within Datwyler Group, such as its Supplier Code of Conduct, audits, or its DEI, Whistleblowing, Anti-Fraud, Anti-Money Laundering policies, just to name a few.

In 2022 the internal Global Business Continuity Planning (BCP) process includes enhanced focus on risks related to the environment (cf TCFD), human rights (e.g. child labour) and conflict minerals. First BCP assessments including the increased risk related focus items have been conducted in January 2023.

Datwyler has zero tolerance for discrimination, humiliation, oppression, harassment, or insults. The Code of Conduct also articulates how to deal with business partners and competitors, strictly prohibiting any special treatment, bribery, or corruption. For example, clear rules are defined in the code for placing orders, awarding sponsorship money, and dealing with conflicts of interest. Datwyler has defined expectations of suppliers in a separate Supplier Code of Conduct. With a publicly available tax strategy, Datwyler assumes its social responsibility and commits not to engage in aggressive tax planning.



*The ethically and socially exemplary conduct of the company's founder, Adolf Dätwyler (in the center), continues to shape the culture and style of the company thirty years after the family's withdrawal.*



#### FOCUS TOPIC

## Diversity of the Board of Directors and Executive Management

A Diversity, Equity, and Inclusion (DEI) policy has been in effect since June 2021. In addition, a Diversity Council was established and charged with defining targets for DEI key performance indicators and overseeing the implementation of DEI measures.

[↑↓ Read more about employer of choice](#)

## Rising diversity in Datwyler's Board of Directors and Executive Management

Regarding female representation in leadership positions, Datwyler has set concrete goals in line with regulatory requirements of the Swiss government: By 2025 the Board of Directors should reach 30% female representation while female representation in Executive Management should reach 20% by 2030. To achieve this goal, Datwyler makes no compromises on the required competencies. However, if different candidates have comparable qualifications, the one who can contribute positively to the diversity of the board is preferred.

At the end of 2022, female representation of the Board of Directors was at 25% (previous year: 12.5%) with the election of Judith van Walsum as a member of the Board of Directors as of March 16, 2022.

The appointment of Sabrina Gérard as Chief Sustainability Officer and member of the executive team increased the female representation of the executive management to 20% as of 1st of November 2022. In 2021, the executive management consisted entirely of men. Therefore, the Datwyler Group has already reached its 2030 goal at least 20% female representation in Executive Management.

[!\[\]\(170e59302cebbfee6a99b18d0365de57\_img.jpg\) Read more about the current composition of Datwyler's Executive Management](#)

[!\[\]\(133e5144baf9c90220b67ca9e7f162e0\_img.jpg\) Read more about the current composition of Datwyler's Board of Directors](#)



#### FOCUS TOPIC

## Commitment

On the basis of the sustainability strategy, which was enhanced in 2021, the Board of Directors has decided to add a sustainability indicator to the variable incentive model. The new sustainability performance indicator determines 20% of the variable incentive and has been applied for members of the Executive Management and for all eligible employees from 2022 onward. The two previous performance indicators—net revenue growth and EBIT—will be taken into account at a rate of 40% each. The model for calculating the variable incentive is described under «variable incentive.»

The measurement parameters for the sustainability performance indicator are derived from the twelve focus topics of the enhanced sustainability strategy. They can be redefined by the Board of Directors annually.

The Board of Directors has defined the following three measurement parameters for 2022:

- reduction of CO<sub>2</sub> emissions (scope 1 and 2) in relation to revenue (weighted at 50%)
- reduction in accident severity (25%)

- employee commitment (25%)

For all three parameters, there is a minimum threshold that has to be achieved in order to be taken into consideration and a maximum limit above which the contribution to target achievement no longer increases.

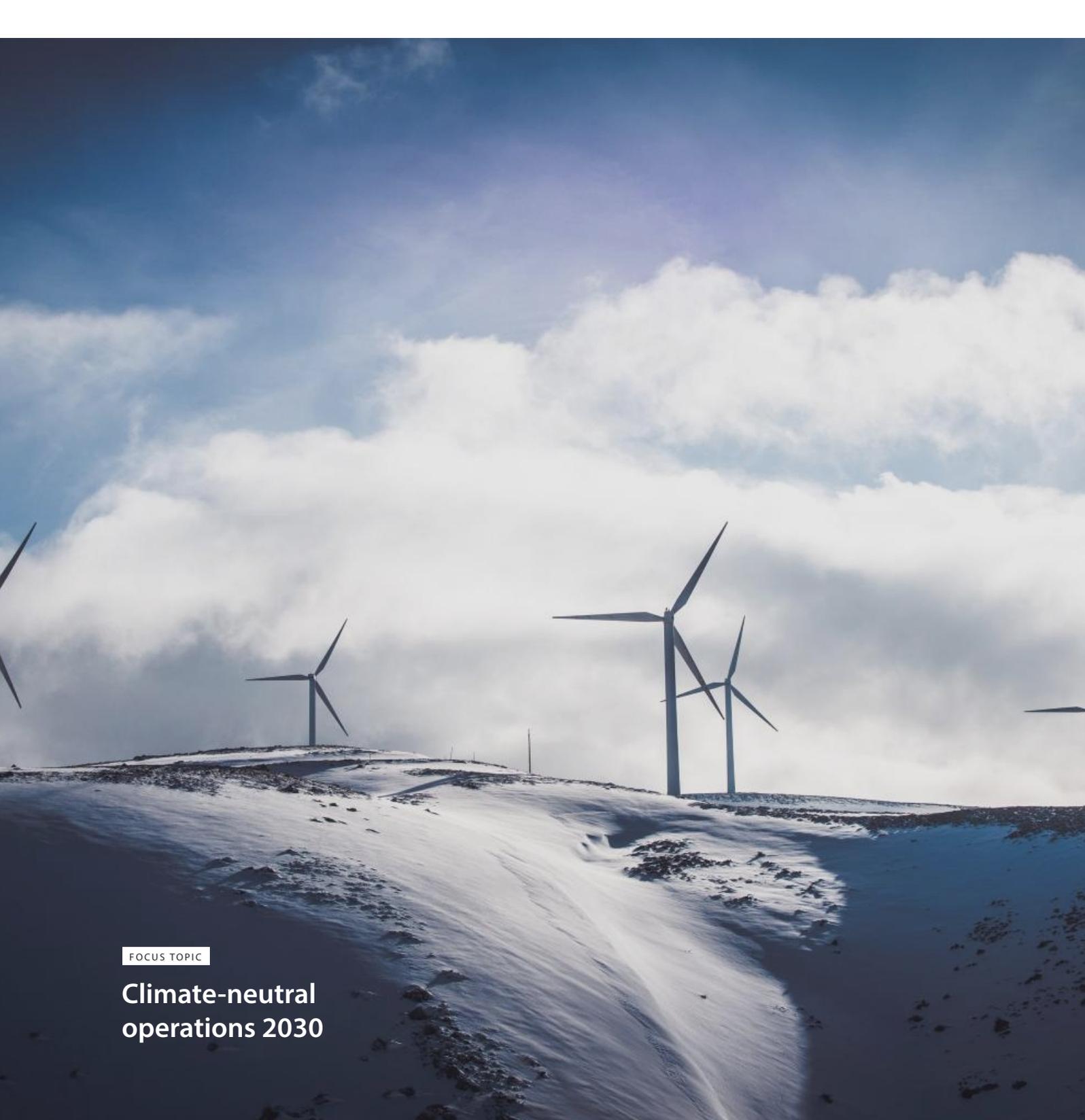
By taking sustainability measurement parameters into account in the variable incentive for all eligible employees, Datwyler is promoting awareness of the sustainability focus areas.

[↑↓ Read more in the current remuneration report](#)

## 4.5 Environmental

In the area of environment, Datwyler focuses on climate-neutral operations 2030, eco-design, resource-friendly production and sustainable procurement.

In parallel with the continuous reduction in relative resource and material consumption, Datwyler is striving for climate neutrality (scope 1 + 2) at its own sites by 2030 through applying the Science Based Targets approach.



FOCUS TOPIC

## Climate-neutral operations 2030

Climate change poses a critical risk to society and the global economy. The leading scientific organization IPCC sees evidence that climate change is «widespread, rapid, and intensifying» [\[1\]](#). The Paris Agreement, which was concluded in December 2015 at the Paris Climate Conference, is the leading global climate protection agreement. The Science Based Targets Initiative [\[2\]](#) (SBTi) guides companies to contribute to the agreement and to develop reduction plans for greenhouse gas emissions that limit global warming to 1.5°C. Through applying SBTi guidelines, Datwyler is seeking to contribute its fair share in reducing the risk of climate change.



## Our focus

Datwyler has set a goal to achieve climate neutrality for its own operations (scope 1 and 2) by 2030. Beginning with emissions of approximately 80'000 tons of CO<sub>2</sub>eq in 2020, Datwyler is following the 1.5°C reduction path defined by the SBTi, which includes implementing measures to purchase renewable energy, increase energy efficiency, and invest in its own production of renewable energy. The base year will be revised as soon as the full-year data of the newly acquired sites are available.

These actions are intended to drastically reduce greenhouse gas emissions despite forecasted business growth. In addition, greenhouse gas emissions that can't be avoided will be offset from 2030 onward in order to achieve climate neutrality. Datwyler is also focused on quantifying the Scope 3 emissions, mainly related to buying materials from suppliers for production and to transportation by third parties.



## Our long-term ambition

Climate-neutral operations (scope 1+2) by 2030 through applying the Science Based Targets (SBT) [SBT](#) approach.



## Our future key targets

Reduce electricity consumption by 3% and heating consumption by 6% relative to revenue.



## Our approach

### Ambitious commitment to climate target

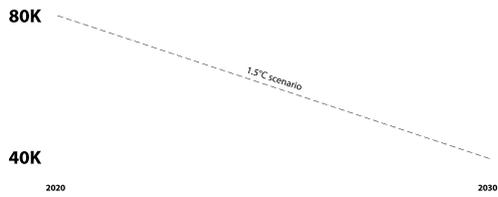
Energy management at the production sites is part of the integrated Environmental Management System (EMS) and is part of the Datwyler Production System. A global Sustainability Manager coordinates the energy management across all plants and is supported by a dedicated EHS officer at each individual plant.

Datwyler commits to a far-reaching climate target for its operations: climate-neutral operations by 2030. The SBTi [SBT](#) offers a 1.5°C reduction pathway to calculate Datwyler's «fair share» in reducing carbon emissions in order to help achieve the 1.5°C level. The overall reduction pathway offers guidance for Datwyler on the reductions needed to reach this goal by 2030 and beyond.

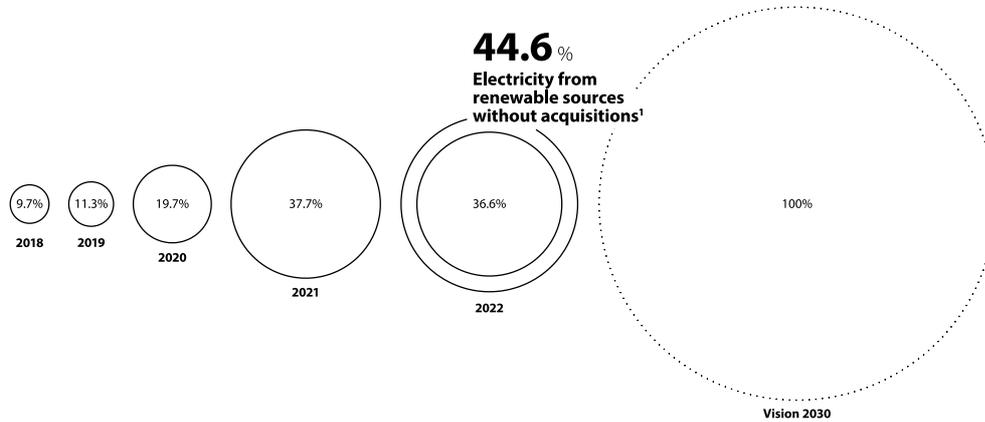
Determining the specific investments needed to achieve greater energy efficiency is one focus of the implementation program. A detailed plan for implementation at the production sites is currently under development. Purchasing renewable energy and the self-generation of electricity will be a main contribution to achieving our goals. Datwyler's electricity consumption was approximately 75% in 2022 of its overall energy consumption. In 2022, five sites installed photovoltaic systems: Montegaldella, Pregnana and Viadanica, all in Italy, Schattdorf in Switzerland and Karlsbad in Germany.

## Carbon emission reduction pathway (Scope 1 + 2) acc. to SBTi

Carbon emissions (in absolute tons CO<sub>2</sub>)



2022 with 15.8% absolute carbon emission increase due to the acquisitions.  
The base year will be revised as soon as the full-year data of the newly acquired sites are available.



Due to the acquisitions of QSR and Xinhui, the share of electricity from renewable sources for 2022 is 36.6% (1: without the acquisitions, the share of renewable electricity would be 44.6%). The newly acquired sites are currently being integrated into Datwyler's sustainability strategy and targets with the intention of also increasing their share of electricity from renewable sources over the next few years.



Datwyler is already relying on the power of solar electricity with its own photovoltaic systems at six locations worldwide.

The main goal is to reduce greenhouse gas emissions as much as possible by 2030. The so-called non-avoidable emissions will be offset after 2030 in order to achieve climate neutrality for the company's operations. Datwyler is aware that the greenhouse gas emissions outside its operations—so-called Scope 3 emissions—exceed the greenhouse gas emissions of its own operations.

In 2021, a project was launched to identify and quantify Scope 3 emissions, such as in the procurement of materials for production. The project is still ongoing in 2022. Initiatives like applying eco-design in product development help to identify measures to reduce Scope 3 emissions in the future, such as by choosing low-carbon materials and reducing material consumption. Specific targets on Scope 3 emission reduction are not currently set but will be developed step by step.

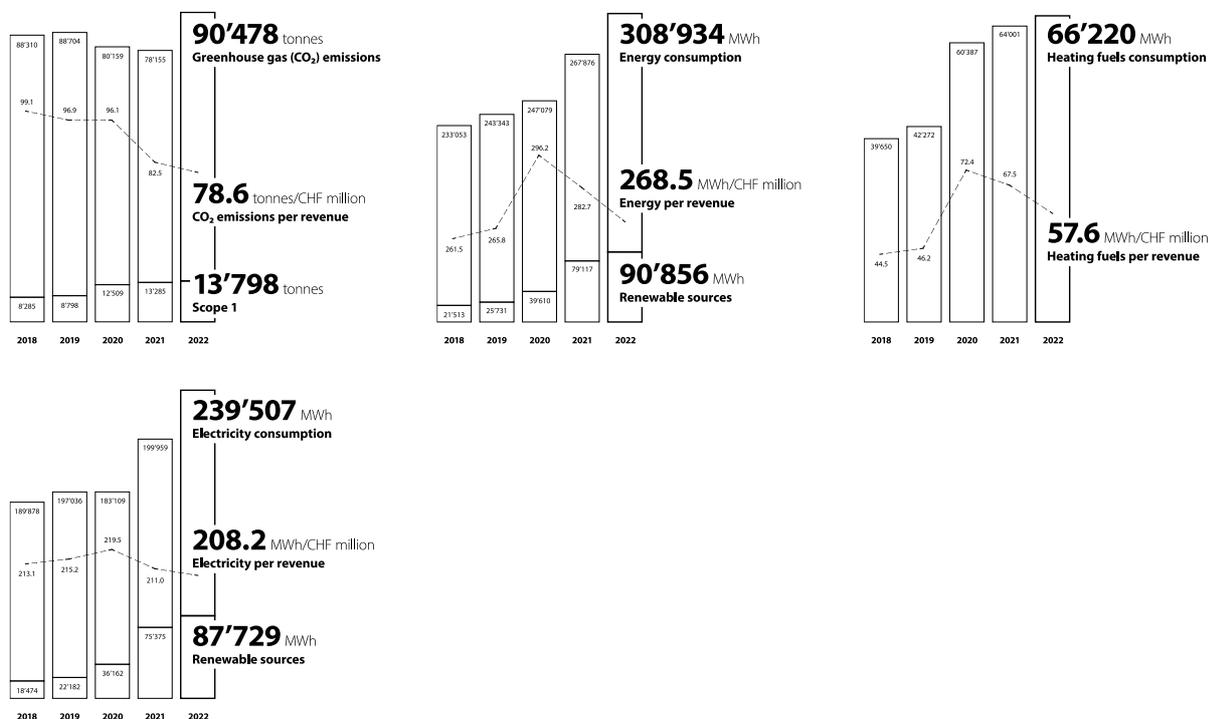
2022 with 4.7% relative carbon emission reduction.

Datwyler has been recording the energy consumption and greenhouse gas emissions caused by its own operations for many years. The results of the last five years are shown in the accompanying table.

The five-year track record reveals an increase in energy consumption mainly resulting from business growth, new plants and acquisitions.

In 2022, Datwyler's operations were responsible for emissions of about 90'478 tons CO<sub>2</sub>eq (scope 1 and 2)— the increase of 15.8 % compared to 2021 is due to the acquisitions of QSR and Xinhui. Thanks to the measures implemented to improve energy efficiency and the switch to renewable electricity, relative CO<sub>2</sub> emissions have decreased by 4.7% compared to 2021.

The plants in Schattdorf and Sao Leopoldo have been using renewable electricity since 2012 and 2016, respectively. In 2020, two plants, Alken and Vandalia, transitioned to renewable electricity. In 2021, four more—Pregnana, Montegaldella, Viadanica, and Karlsbad-Itterbach—switched to renewable electricity. The plant in Novy Bydzov has been purchasing renewable electricity since 2022, resulting in a reduction of CO<sub>2</sub> emissions by almost 7,000 tonnes per year. At the end of 2022, 36.6% of Datwyler's total electricity consumption at all plants came from renewable energy sources.



## Energy consumption

	2018	2019	2020	2021	2022
<b>Total energy (MWh)</b>	233'053	243'343	247'079	267'876	308'934
↳ of which renewable sources (MWh)	21'513	25'731	39'610	79'117	90'856
↳ Proportion of renewable sources	9.2 %	10.6 %	16.0 %	29.5 %	29.4%
<b>Total energy per revenue (MWh/CHF millions)</b>	261.5	265.8	296.2	282.7	268.5
<b>Heating fuels (MWh)</b>	39'650	42'272	60'387	64'001	66'220
Heating fuels per revenue (MWh/CHF millions)	44.5	46.2	72.4	67.5	57.6

	2018	2019	2020	2021	2022
Overview electricity + district heating (MWh)	193'403	201'057	186'692	203'848	242'714
<b>Of which electricity</b> (MWh)	189'878	197'036	183'109	199'959	239'507
↳ of which renewable sources (MWh)	18'474	22'182	36'162	75'375	87'729
↳ Proportion of renewable sources	9.7 %	11.3 %	19.7 %	37.7 %	36.6%
↳ Electricity per revenue (MWh/CHF millions)	213.1	215.2	219.5	211.0	208.2
<b>Of which district heating</b> (MWh)	3'525	4'021	3'583	3'889	3'207
↳ of which renewable sources (MWh)	3'039	3'535	3'448	3'715	3'127
↳ Proportion of renewable sources	86.2 %	87.9 %	96.2 %	95.5 %	97.5 %
Revenue (CHF millions)	891.1	915.6	834.1	947.6	1'150.6

For the reporting of energy consumption, all 27 production plants are included in 2022. For newly acquired companies, energy consumption was included in the first full calendar year until 2021. Accordingly, the energy consumption of the acquired companies Parco (USA) and Bins (Brazil) was included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The energy consumption of the acquired company Xinhui (China) was included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. In addition to organic growth at existing plants, the inclusion of acquired companies explains the increase in absolute energy consumption.

## Greenhouse gas (CO<sub>2</sub>) emissions

	2018	2019	2020	2021	2022
<b>Total emissions</b> (tonnes)	88'310	88'704	80'159	78'155	90'478
↳ of which Scope 1 (tonnes)	8'285	8'798	12'509	13'285	13'798
↳ of which Scope 2 <sup>1</sup> (tonnes)	80'024	79'906	67'650	64'870	76'680
Total emissions per revenue (tonnes/CHF millions)	99.1	96.9	96.1	82.5	78.6
Revenue (CHF millions)	891.1	915.6	834.1	947.6	1'150.6

For the reporting of CO<sub>2</sub> emissions, all 27 production plants are included in 2022. For newly acquired companies, CO<sub>2</sub> emissions were included in the first full calendar year until 2021. Accordingly, the CO<sub>2</sub> emissions of the acquired companies Parco (USA) and Bins (Brazil) were included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The CO<sub>2</sub> emissions of the acquired company Xinhui (China) was included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. In addition to organic growth at existing plants, the inclusion of acquired companies explains the increase in absolute CO<sub>2</sub> emissions. The greenhouse gas inventory was calculated in line with WRI/WBCSD Greenhouse Gas Protocol guidelines. Scope 1: GHG emissions from combustibles. Scope 2: GHG emissions arising from the production of electricity and district heating purchased by the companies. Emissions factors used: IEA and DEFRA.

1. Results in the table stem from a 'market-based approach' where for 9 sites with 100% renewable energy actual emission factors were considered and for the rest of the sites the national grid emission factors were used. Under sole consideration of the 'location-based approach' (using national grid emission factors for all sites), greenhouse gas emissions associated with the production of electricity would account for 108'812 t CO<sub>2</sub>e in 2022 and 87'740 t CO<sub>2</sub>e in 2021.



FOCUS TOPIC

## Eco-design

Applying the highest quality standards during product development while striving for the utmost reliability and security are paramount to Datwyler's success. This is reflected in the corporate value of «We excel in what we do». At the same time, the company must stay on top of future-oriented technologies, particularly regarding environmentally-friendly alternatives to the status quo. The concept of eco-design is hence moving to the forefront of Datwyler's product development strategy.



## Our focus

Datwyler's quality management is based on internationally recognized quality and safety assurance systems, proactive chemical compliance, and innovative collaborations with higher education institutions, international standardization committees, and independent testing bodies.

The company believes that the concept of eco-design must be part of a holistic approach to quality product development that considers environmental, social, and economic benefits throughout the life cycle of products.



## Our long-term ambition

Eco-design is integrated in all new product developments.



## Future key targets

All new product developments include eco-design checks by 2023.



## Our approach

Datwyler continuously invests in even better materials, process technologies, production equipment, and testing methods.

### Quality assurance through standardized processes

Datwyler's corporate processes are based on its production system and internationally recognized quality management standards. For example, plants making products for the automotive industry are certified in accordance with IATF 16949:2016, while healthcare plants (with the exception of the US plant in Pennsauken) have ISO 15378:2017 certification.

State-of-the-art clean room technologies paired with automatic camera inspections, among other systems, ensure impeccable quality for Datwyler's over 300 billion manufactured components. In addition, the impacts of its products on user health and safety are closely examined. Line functions involved in procurement and production are supported by a global quality assurance function and by a local team for each plant.

### Statutory information obligations as minimum standards

Almost all Datwyler Group products are subject to statutory information obligations in the countries of use, in addition to a variety of chemical law requirements and additional industry and customer-specific rules at its production locations. Chemical legislation and EU REACH regulations regarding the physical composition of products are particularly relevant. REACH (EU Regulation 1907/2006) governs the registration, assessment, and approval of chemical substances within the European Union.

In 2022 Datwyler succeeded in the substitution of a raw material with a Bisphenol-A alternative in a compound for General Industry products and a full substitution of carcinogenic mineral oil softeners. In its effort to proactively address SoCs (Substances of Concern), Datwyler is further engaging in analytical testing of finished products to determine if a full replacement is needed. This is also a commitment to its customers, to be able to produce clearer and more accurate statements that can help the entire supply chain.

### **Integration of eco-design in development and production**

Eco-design principles offer a critical perspective when developing products that reduce the environmental impact across all its life cycle stages. Datwyler's successful approach to eco-design optimizes the environmental performance of its products while also maintaining their functional qualities. This includes developing environmentally friendly elastomer compounds, optimizing design to save on materials, reducing process-related waste, and using reusable or recyclable packaging and boxes. But eco-design is more than simply reducing the environmental footprint of a product: this holistic approach helps developers think through social benefits and reconsider economic factors at the same time.

Recently, Datwyler launched an action plan that will guide the company through the next few years of integrating eco-design systematically across product development and across all life cycle stages of a product. Datwyler successfully implemented the «Idea Box» tool where ideas and initiatives from employees have been selected from a development team to initiate concrete projects aimed at minimizing the ecological impact in different areas.

The eco-design initiative is supported by external specialists and includes comprehensive eco-design trainings for different product development teams. A «train the trainer» approach aims at multiplication of the gained know-how across the organisation.

Another new core element are «eco-design checkboxes» for product developments. The check-boxes are specifically designed to cover "build-to-print" and "co-engineering" product categories and their implementation is envisioned for both Mobility and Healthcare business unit. This will ensure more flexibility in applying the eco-design approach in different areas. The "eco-design checkboxes" will be systematically integrated in new products development by 2023.

Pilot projects on Product Carbon Footprint (PCF) calculations and Life Cycle Assessments (LCA) for typical products in both Mobility and Healthcare are also part of this initiative.



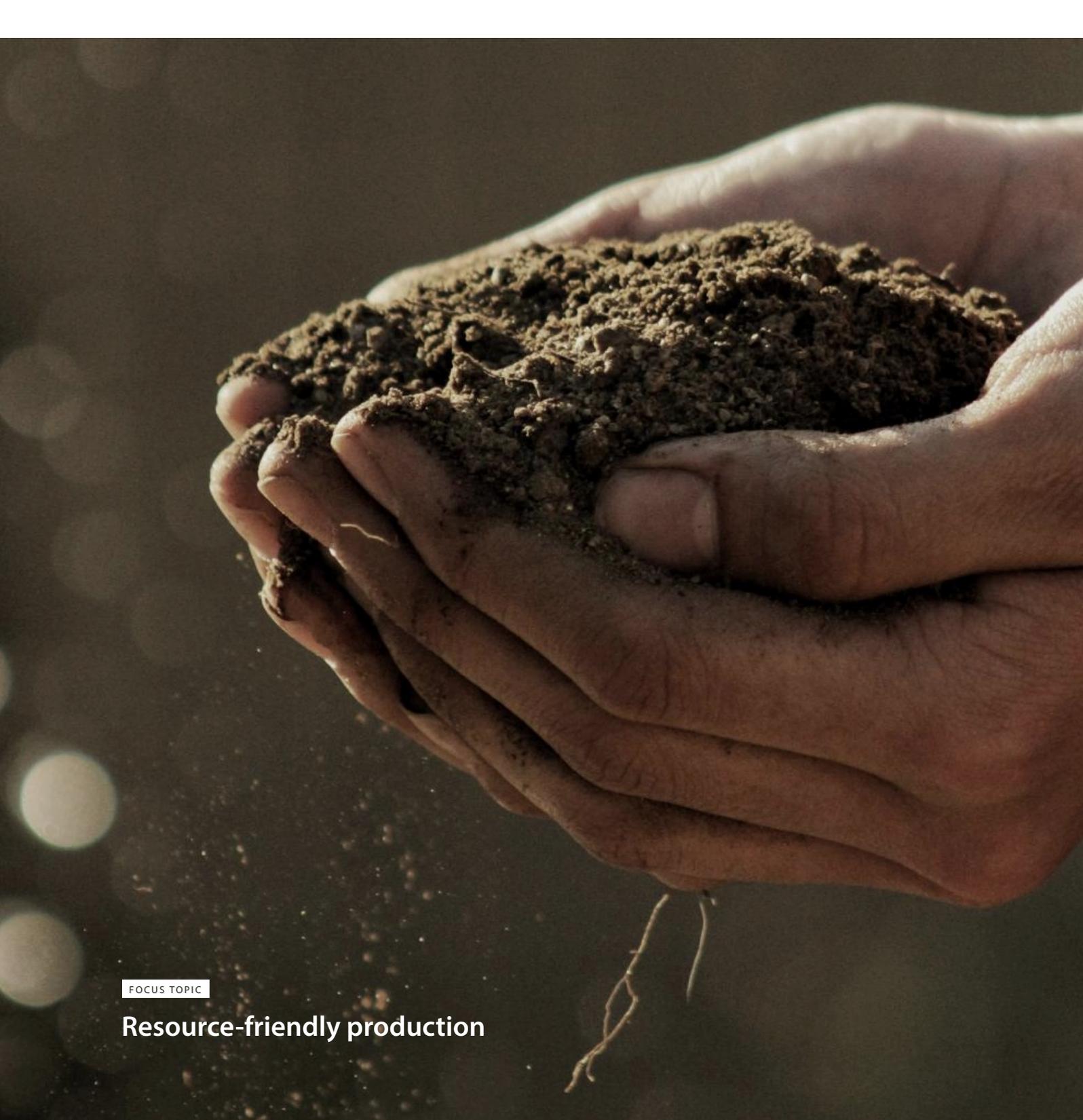
*Datwyler systematically integrates eco-design into the product development process. In this way, the company creates value for its customers and promotes sustainability.*

### **Sustainability also considered as criteria in new material developments**

Material development is an area in which Datwyler has the most control over new materials. Researching new materials not only involves assessing the cost, manufacture, and performance of the final product, but also its environmental impact, from the sustainability of the raw materials to the compostability and overall recyclability of the component.

Datwyler is currently working on a number of projects that could reduce the requirement for fossil fuels in the elastomer manufacturing process. These projects include replacing an oil-based polymer with a polymer made from sugar cane, using a plasticizer based on vegetables rather than petroleum oil, replacing plastic-based fibers with modified cellulose, and many more.

The use of recycled materials is another important area for sustainability, and we have been investigating how scrap material produced during manufacture can be used in brand new components. The process involves grinding leftover material down to a fine powder, which is then added to the raw materials for new components. Not only does this reduce the volume of discarded material in the original process, but it also increases the amount of reclaimed materials in new products.



FOCUS TOPIC

## Resource-friendly production

Datwyler's corporate values and the Datwyler Code of Conduct highlight the company's commitment to the responsible handling of natural resources. In fulfilling its promise to be a responsible and sustainable company, Datwyler not only improves sustainability awareness but also gains a competitive advantage by attracting new customers. To uphold these goals, Datwyler has a vested interest in developing more resource-friendly production methods, such as reducing process-related elastomer waste through improvements in production processes and component engineering.



## Our focus

Resource consumption in production is one of Datwyler's focus topics, as it is a primary lever for reducing its environmental impact.

To achieve this, Datwyler's priority is the gradual reduction of waste and water consumption, in addition to improved energy efficiency and increased use of renewable energies. Energy- and emission-related activities are reported here.



## Our long-term ambition

Waste-free and highly water- and energy-efficient production.



## Future key targets

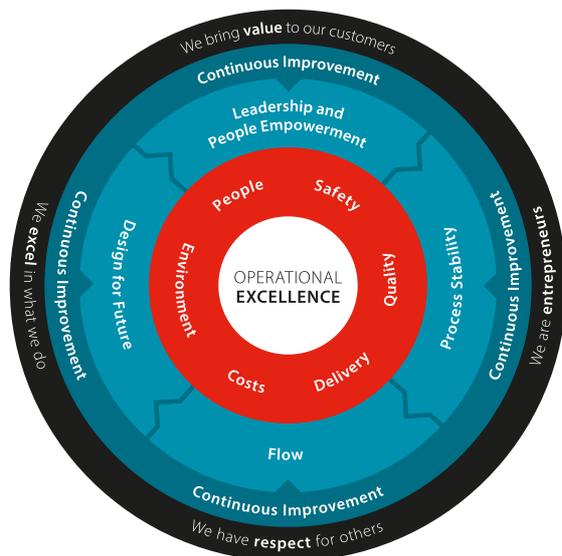
- Reduce waste volume relative to revenue by 3% per year
- Reduce water consumption relative to revenue by 3% per year
- Reduce electricity consumption relative to revenue by 3% per year
- Reduce fuel consumption relative to revenue by 6% per year



## Our approach

### Datwyler Production System (DPS)

The Datwyler Production System, which is based on the company values and lean principles that guide Datwyler employees, is a long-term improvement program to foster a lean and agile culture and achieve operational excellence. As a shared program for continuous improvement, this system supports uniform production processes across all plants on all continents. For Datwyler, the quest for operational excellence means not only a safe workplace, high-quality products, on-time deliveries, and satisfied and empowered employees, but waste-free processes and environmental protection as well. This makes reducing the consumption of resources and protecting the environment an integral dimension in the pursuit of operational excellence.



## Environmental Management System (EMS)

Within the Datwyler Production System, a certified and integrated Environmental Management System (EMS) provides the basis for optimizing resource use. This EMS aims to minimize the impact of the company's operations and products on the environment by designing and manufacturing products and processes that use natural resources sustainably and reduce the company's carbon footprint. A global sustainability manager coordinates the environmental management across all sites and is supported by site EHS officers.

In addition, the impact on resource use is also considered when the Group embarks on maintenance or modernization of its worldwide production plants. In the reporting year, investments in property, plant, and equipment amounted to CHF 101.8 million (previous year: CHF 110.9 million).

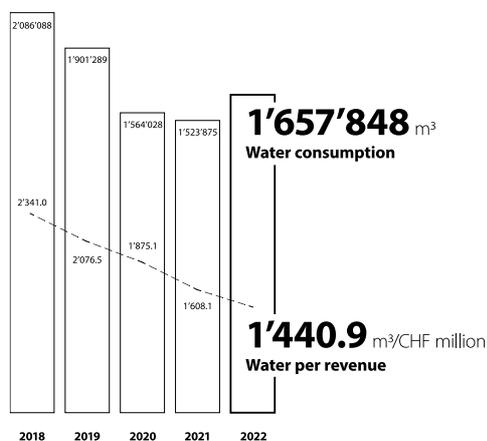
As a result of the EMS, sixteen of Datwyler's plants have already achieved environmental certification in accordance with the ISO 14001 standard and other sites are laying the groundwork to achieve this certification. The Swiss plant is also a member of the Energy Agency of the Swiss Private Sector (EnAW).

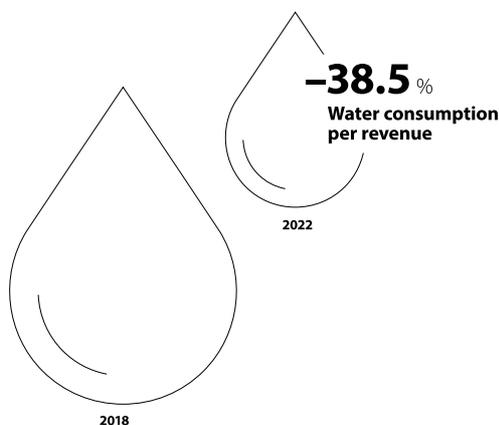
## Water consumption

Most of Datwyler's total water consumption is attributable to the specific requirements of its production processes. Both the cooling systems used in the Food & Beverage division's production and the washing of components in the healthcare sector require significant amounts of water. Specifically, approximately 35% of Group-wide water consumption occurs at the Swiss plant.

The long-term target (2015 to 2025) to reduce relative water consumption per revenue unit by 3% each year is based on this general condition. Over the last seven years, this target has been exceeded on average. In 2022, the absolute water consumption was 8.8% higher than in the previous year. This is due to the acquisition of new sites. Nevertheless, Datwyler is in line with its long-term water reduction targets. Absolute water consumption was reduced by nearly a fourth between 2016 and 2022—from 2.1 million m<sup>3</sup> to 1.7 million m<sup>3</sup>.

Even more informative than absolute water consumption is water consumption in relation to revenue—the best approximation of the development of production output. This observation shows the development of efficiency in water use. The reduction of 10.4% compared to the previous year shows that Datwyler continues to make progress in this area.





	2018	2019	2020	2021	2022
<b>Drinking/industrial water (m<sup>3</sup>)</b>	2'086'088	1'901'289	1'564'028	1'523'875	1'657'848
<b>Water per revenue (m<sup>3</sup>/CHF millions)</b>	2'341.0	2'076.5	1'875.1	1'608.1	1'440.9
<b>Revenue (CHF millions)</b>	891.1	915.6	834.1	947.6	1'150.6

For the reporting of water consumption, all 27 production plants are included in 2022. For newly acquired companies, water consumption was included in the first full calendar year until 2021. Accordingly, the water consumption of the acquired companies Parco (USA) and Bins (Brazil) was included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The water consumption of the acquired company Xinhui (China) was included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. In addition to organic growth at existing plants, the inclusion of acquired companies explains the increase in absolute water consumption.

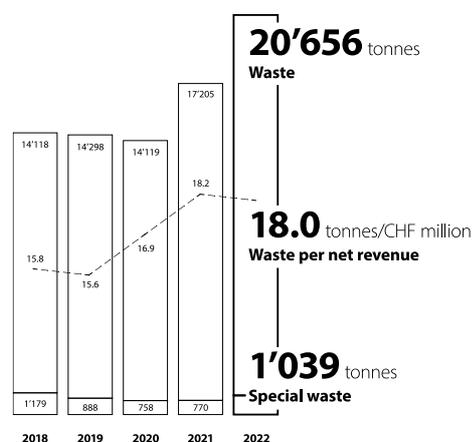
## Energy consumption

Datwyler will also strive to reduce its fuel consumption and electricity consumption relative to revenue by 6% and 3% a year, respectively, by 2025. (For further information on the reduction of Datwyler's fuel and electricity consumption, please refer to Climate-neutral operations 2030.)

## Waste disposal

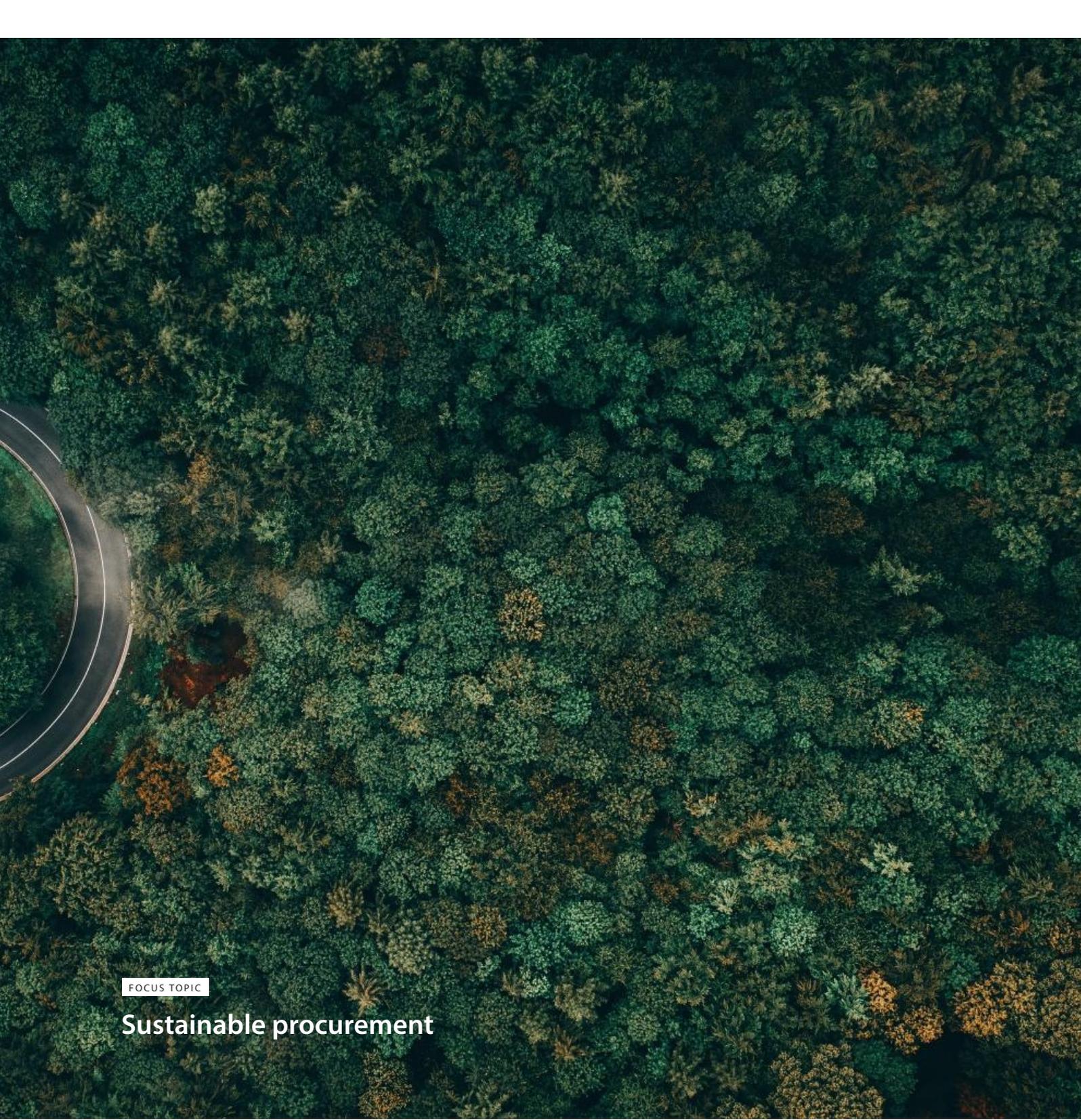
The EMS system also supported Datwyler in setting a goal to reduce the volume of waste in relation to revenue (tons/CHF million) by 3% annually. This goal could not be reached and requires increased attention in the future. This goal could not be reached yet and requires increased attention in the future. But Datwyler has succeeded in increasing the amount of elastomer waste used in downcycled products steadily over the past five years. For example, the company's process-related elastomer waste is increasingly used in the production of surface coverings for sports fields. With this application, Datwyler increased the amount of recycled waste from 68.3% in 2017 to 70% in 2022, including the newly acquired sites.

Datwyler is also reducing packaging material in the procurement of its raw materials—about one-third of raw materials are now delivered using pallets and delivery boxes that are collected by the supplier for reuse. Non-reusable packaging material made of wood, cardboard, or plastic is recycled by waste management companies. The absolute volume of waste increased by 20.1% from 17'205 tons in 2021 to 20'656 tons in 2022. This is mainly due to the acquisitions of new production sites. However, Datwyler managed to reduce the relative waste volume per unit of revenue by around 1%.



	2018	2019	2020	2021	2022
<b>Total waste (tonnes)</b>	14'118	14'298	14'119	17'205	20'656
↳ of which regular waste (tonnes)	12'939	13'410	13'361	16'435	19'617
↳ of which special waste (tonnes)	1'179	888	758	770	1'039
Proportion of waste sent for recycling	69.7 %	72.1 %	72.6 %	74.1 %	70.0 %
Total waste per revenue (tonnes/CHF millions)	15.8	15.6	16.9	18.2	18.0
Revenue (CHF millions)	891.1	915.6	834.1	947.6	1'150.6

For the reporting of waste volume, all 27 production plants are included in 2022. For newly acquired companies, waste volume was included in the first full calendar year until 2021. Accordingly, the waste volume of the acquired companies Parco (USA) and Bins (Brazil) was included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The waste volume of the acquired company Xinhui (China) was included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. In addition to organic growth at existing plants, the inclusion of acquired companies explains the increase in absolute waste. The accuracy of the waste reporting of the newly acquired companies QSR and Xinhui is not yet complete, but is presented as transparently as possible. As part of the post-merger integration, improvement of the accuracy of their waste reporting continues.



FOCUS TOPIC

## Sustainable procurement

Datwyler prioritizes using quality raw materials to improve its competitive position and guarantee business continuity. Knowing that a socially and environmentally sustainable supply chain is the basis of its sustainable solutions, the company integrates sustainability in the selection and monitoring of its suppliers, seeks long-term supplier relationships, and actively collaborates with its supply chain to stimulate greener products and ideas. Furthering the sustainability of suppliers also supports the advancement of Datwyler's other focus topics, such as resource-friendly production and eco-design.



## Our focus

The purpose of Datwyler's procurement function is to bring innovative and sustainable solutions into the company, while maintaining focus on cost optimization, availability of raw materials, proactive risk management, and compliance. Datwyler continually works to reduce packaging material and source the most environmentally friendly raw materials possible in order to reduce the environmental footprint of its end products.

A binding Code of Conduct for suppliers and guidelines for sustainable procurement form the basis for ethical and environmentally friendly supply chains. In addition, by systematically embedding ESG criteria into its procurement processes, Datwyler strives to continuously increase the sustainability level of the company's suppliers. Datwyler's procurement activities focus primarily on suppliers of quality-critical raw materials and products as well as on particularly important suppliers.



## Our long-term ambition

Further improve ESG-compliant processes and supply chain and sustainability solutions through suppliers.



## Future key targets

- Code of Conduct signed by all suppliers
- Engage suppliers to further conversations on sustainable solutions
- Ensure availability of the most important raw materials through pro-active risk management. This includes, among others local-for-local and whenever possible dual sourcing of materials,
- In sourcing, identify five product replacements with better sustainability performance annually by 2030



## Our approach

### Global standardized guidelines and supplier management processes

Datwyler produces system-critical components that mainly consist of elastomer. Hence, the company primarily buys raw materials such as elastomer materials, plastics, aluminum, metals, and operating materials (some 65'000 per year). To procure these raw materials, the company works with approximately 400 suppliers worldwide, with about one-third of the purchasing volume sourced from the ten largest global suppliers. Approximately 65% of raw materials come from Europe, while 20% and 15% come from Asia and the Americas, respectively. Overall, around 1'800 suppliers and service providers invoice Datwyler for more than CHF 10'000 a year.

Datwyler's Global Procurement Team takes pride in its versatility and various fields of expertise. It provides local procurement teams at each plant with global standardized guidelines and supplier management processes.

The broad and proven supplier base and expertise in Datwyler's procurement teams proved their worth last year, when resources became even scarcer and other challenges in global supply chains led to production constraints for many companies. Despite the additional efforts in procurement, Datwyler continued to drive forward the further development of the sustainability level of its suppliers, which was launched in 2020:

- Integrating ESG into supplier selection and monitoring practices
- Integrating ESG topics into supplier audits
- Encouraging suppliers to suggest more sustainable products and share ideas
- Exchanging ideas with suppliers and learning from them

## **Embedding ESG to improve supply chain sustainability**

### **Selection**

Datwyler's standard Code of Conduct for suppliers forms the basis for its ethical and environmentally friendly supply chains. One of Datwyler's goals is to have all suppliers sign the Code or present equivalent internal guidelines, and a 2022 analysis revealed that 98% of the quality-critical suppliers (previous year: 97%) were already meeting this requirement. In addition, suppliers must be in compliance with certain ISO norms.

### **Monitoring and development**

In 2020, Datwyler developed its own Supplier Sustainability Assessment program, which is used to monitor the ESG performance of its main suppliers that represent 80% of spend. The program awards points for:

- signing Datwyler's Supplier Code of Conduct
- sustainability certificates (ISO 14001, ISO 45001, ISO 50001)
- quality sustainability reporting (toward GRI, disclosing of energy, water footprints and work-related incidents)
- a supplier code of conduct
- a defined position responsible for sustainability

In 2022, suppliers scored 71% of available points (previous year: 67%).

### **Auditing**

Relevant ESG-related ISO norms are also included in all on-site audits.

### **Complaint management**

The company monitors environmental and safety compliance issues that are submitted by suppliers via a dedicated email address.

### **Training procurement teams**

To ensure that the newest guidelines are met, Datwyler provides regular training for its purchasers. In 2022 refresher training sessions for the purchasing employees were conducted to increase awareness.

## **Facilitating sustainable solutions through supply chain engagement**

### **Sharing ideas**

Datwyler engages its suppliers on a yearly base by organizing workshops and meetings that provide a platform for exchanging sustainability ideas.

### **Encouraging more sustainable product offerings**

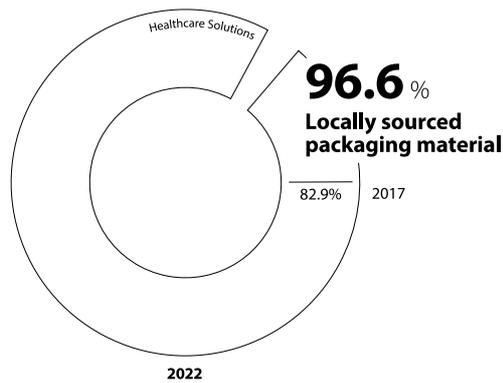
The company also began encouraging suppliers to propose more sustainable materials to replace existing products completely or to be used in new developments. Several suggestions have been received already, and the goal is to identify five product replacements annually by 2030.

### Promoting local sourcing

To support its eco-design strategic priority, Datwyler aims to increase its share of locally sourced materials. After identifying the number of existing local suppliers, packaging materials was selected as a first focus and local sourcing targets were developed. This approach is now also being extended to directly sourced raw materials. This strategy will also reduce the company's supply chain continuity risks.

### Reducing product and service footprints

Datwyler has set a goal to collaborate with suppliers on at least one project a year that targets the reduction of the carbon footprint of a product or service. Some suppliers have already evaluated the footprint of their products and services, and the company would like to have at least one active project per year from 2021 onward. As part of the Scope 3 analysis, the further focus for the next projects with suppliers will be defined.



### Proactive reduction of packaging material

Datwyler takes action at various levels to reduce the environmental impact of raw material procurement. Whenever practical and possible, the company has raw materials delivered in large volumes by dry-bulk tankers, which cuts down on packaging materials significantly.

About a third of raw materials are delivered in boxes on pallets, which suppliers reclaim and reuse. Non-reusable pallets and boxes comprised of wood, cardboard, or plastic are recycled via disposal companies.

### Striving for environmentally friendly materials

Datwyler is constantly looking for the most environmentally friendly raw materials possible. To this end, the procurement department works with research and development to implement the findings of proactive chemical compliance management. Natural rubber, for instance, has been reduced to less than 1% of purchased elastomer raw materials, thereby helping to preserve rainforest in Southeast Asia and Central and South America.

Recognizing that synthetically produced rubber derived from crude oil has a considerable carbon footprint, Datwyler is currently exploring the option of a synthetic rubber based on monomers derived from plants. In the Food & Beverage business unit, Datwyler, as an innovative partner, is supporting Nespresso to move toward sustainable and traceable aluminum in the spirit of the circular economy.

**65'000** tons  
total raw materials

**42'000** tons  
ingredients  
to manufacture rubber compounds

**12'000** tons  
rubber compounds  
purchased from third parties

**8'500** tons  
aluminum

**400** suppliers  
for raw materials

**260** million  
total raw material  
expenses (CHF)

**70%**  
of the raw material  
come from Europe

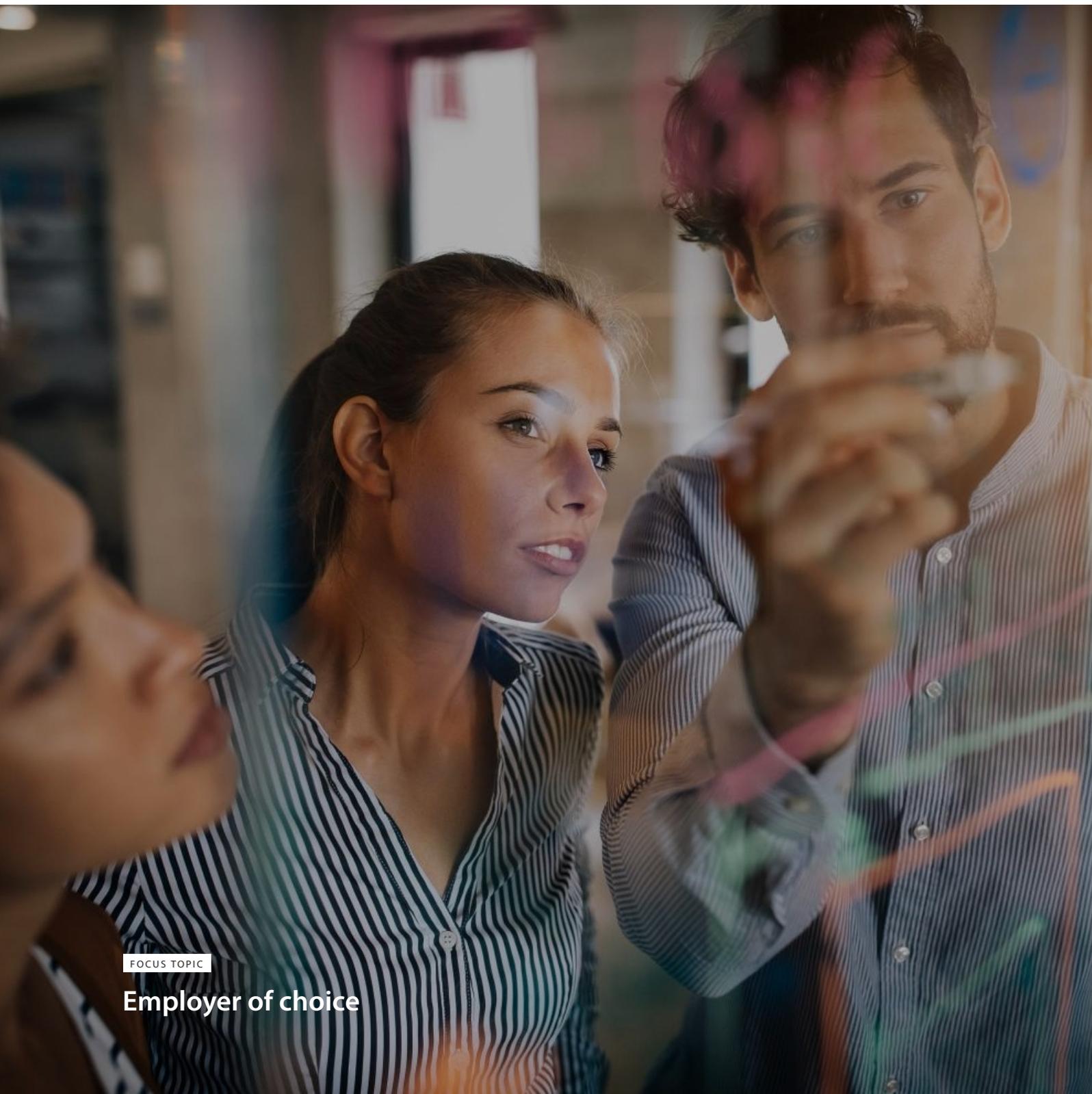


*Datwyler's experts strive to identify alternative, more sustainable raw materials for the composition of its components.*

## 4.6 Social

In the social area, Datwyler focuses on employer of choice, value driven engagement with customers, safe and healthy workforce and engagement for sustainability.

By focusing on social activities, Datwyler aims to deliver more value and meaningful purpose to its customers, employees, and communities.



FOCUS TOPIC

## Employer of choice

To achieve success in rapidly changing international industrial markets, a qualified and fully committed workforce is vital. To attract the best international talent while fulfilling its social responsibility, Datwyler emphasizes fair and secure working conditions and an attractive, inclusive, and agile work environment. To unlock the full performance potential of its employees, the company also offers in-depth training and development and a strong corporate culture based on the values of «We are entrepreneurs» and «We have respect for others».



## Our focus

Ultimately, Datwyler wants to empower employees to create value for customers, the company, themselves, their local communities, and the entire planet. The company promotes equal opportunities, equal treatment, and fair conditions of employment. It focuses particularly on talent and internal leadership development, prioritizing the development of agility and entrepreneurial initiative in every employee.



## Our long-term ambition

To collaborate as a diverse and inclusive network of ambassadors and contributors, enabling the company to stay on top of labor market trends and be a great place to work.



## Future key targets

Employee commitment rate above industry benchmark for all sites.



## Our approach

### Composition of workforce

At the end of 2022, the headcount of the continuing operations—including those on fixed-term contracts—totaled 8'698 people (previous year: 6'909). Employees are spread across more than thirty locations in 13 countries, with 39% in Asia, 26% in North and South America, and 35% in Europe. This equated to 8'596 full-time equivalents at the end of the year (previous year: 6'805).

Expressed as an annual average, 10.0% were employed on a fixed-term contract (previous year: 11.2%). The proportion of women in the overall workforce was 35.7% (previous year: 36.4%), while the proportion of women in senior positions was 19.4% (previous year: 18.3%). Based on 8'104 as the average number of full-time equivalents for the year (previous year: 6'710), revenue per full-time equivalent was CHF 141'979 in 2022 (previous year: CHF 141'984).

Datwyler pays fair wages and offers social benefits in line with the relevant country and sector. Personnel expenses, including contributions to the social security funds, amounted CHF 359.2 million in the reporting year (previous year: CHF 321.1 million).

Workers who are not employees and whose work is controlled by Datwyler are part of the temporary headcount reporting. In headcount-reporting Datwyler does not distinguish between employees on Datwyler contracts and those employed through third parties. However, temporary staff are generally hired for functions such as operations and logistics through an employment agency and therefore do not have an employment contract with the Datwyler Group.

Some of the manufacturing locations rely on temporary staff during peak production periods, while other manufacturing locations, particularly in the USA, hire first through third parties and take on the best-performing employees on a permanent basis with Datwyler. The turnover of temporary employees is not tracked in detail.



*Datwyler emphasizes fair and secure working conditions and an attractive, inclusive, and agile work environment for all its more than 8,000 employees.*

### **Promoting entrepreneurial initiative**

Management at Datwyler is based on concrete and inspiring objectives, which are broken down and assigned to the various levels within the hierarchy. The company uses the concept of Objectives and Key Results (OKR) for this purpose. For each selected objective, several key results and related activities are defined that are specific, timebound, and challenging in order to foster thinking and acting on what matters most. For each key result, there is a responsible person who coordinates the alignment of activities to meet the objectives at all hierarchical levels and in all units of the company. Activities are regularly reviewed and adjusted if necessary, and the objectives and key results are transparent and observable by all employees. In this way, Datwyler delegates responsibility for achieving goals to volunteers across the full organization, promotes its network cooperation and increases entrepreneurial initiative and customer focus across the business.

### **Agility to strengthen competitiveness**

Increasing agility is a key strategic priority for Datwyler. In this way, the company promotes the organization's adaptability to rapidly changing conditions and further strengthens collaboration across departmental boundaries and hierarchical levels. Important projects were announced on the Datwyler intranet since 2022, including purpose, project set-up and required roles. Volunteers have the chance to apply and join diverse international teams besides their responsibilities in the line organization. In this way, learning experience and visibility to top management were combined with driving the business forward. This is what Datwyler calls true empowerment in a network organization

### **Leadership development / WeLead program**

Datwyler is creating an environment for agility to be lived in everyday life and for employees to make full use of their talents, skills, and creativity. To this end, the company offers its leaders targeted training that helps them to create a culture where everybody feels appreciated, respected and empowered for who they are and for what they do. The company's internal WeLead program—a series of seven training initiatives, each with its own learning objectives leading to different, yet aligned results—is the basis for its systematic talent management and the foundation to apply appropriate leadership styles in a VUCA (volatility, uncertainty, complexity and ambiguity) world.

In 2022, 187 Datwyler employees participated in 16 sessions of WeLead trainings. Participants rate their overall experience with these programs highly. Positive elements are high interactivity level and mixed delivery methods (input sessions, breakout group work, plenary discussions, individual coaching). It is well balanced between theoretical input and practical application of content learned. Content and speed are adjusted in real time to the pace of the group, which is functionally, culturally, and geographically diverse. Participants highlight the safe space they experience for learning. To keep the quality of courses at the highest level and to deliver learning experience also in the local language, in 2022 Datwyler invested in trainers, who conduct the sessions in Mexico due to regional growth and demand.



## Talent and succession management

In 2022 Datwyler further improved the talent and succession management formally introduced in 2020. Involving top leaders, more than 10 conferences have been held on site, in Business Units/Areas and with the Management Board.

Talents have been assessed, identified and discussed for Key positions to safeguard succession planning. Common criteria on assessing employees' potential and the use of reliable and valid assessment-methodologies contribute to the Diversity, Equity and Inclusion principles.

For talents individual development plans including on and off the job activities have been established to prepare them for future challenges. External offerings focus on general management, strategy development, business acumen and leadership behavior in an ambiguous world. In addition "Working out Loud" Circles have been introduced to strengthen internal networking and peer coaching.

## Learning and development

Datwyler envisions becoming a self-learning organization and invites everyone to become the best version of their true self. For Datwyler, learning and development is one of the cornerstones to cultivate the culture and learning mindset necessary to sustain that vision. In 2022, Datwyler has agreed on their learning and development strategy which will help to focus and prioritize their actions.

The Datwyler Academy is part of the learning and development strategy and is growing step by step. After the decision on the Learning Management System (LMS platform) the internal and external offering is steadily increasing.

In 2022, the number of active learners almost doubled to now 3'200. Around 150 courses – internal and external – have been offered on the LMS platform), which had more than 25'000 sign-ins in 2022. Almost 9'000 courses have been completed, including mandatory ones like the Code of Conduct training.

## **Performance management**

### **Updated pay philosophy and global job architecture**

The payphilosophy supports the four core values of the Datwyler Group:

- We are entrepreneurs.
- We excel at what we do.
- We bring value to our customers.
- We have respect for others.

It was updated in 2022, where Datwyler successfully conducted a job architecture and grading project within the full group. It was the very first time that all the functions were assessed around the globe on common standards. It was another step forward to increase equity and fairness – internally and externally. For 2023, implementation of the new grading country by country will be one of the core tasks in the field of HR.

### **Reward team effort**

In 2020, Datwyler redesigned its bonus system. Individual goals were set aside and replaced by common corporate goals. This system was further improved in 2021. Starting from 2022 onwards, sustainability targets have been included in the short-term incentive pay.

Employees have been continuously informed about the efforts, e.g. relating to the reduction of CO<sub>2</sub> or the accident severity rate. Site-specific reporting has been adjusted to make these important KPIs visible to all employees.

By taking sustainability measurement parameters into account in the variable incentive for more than 1'000 eligible employees, Datwyler is promoting awareness of the sustainability focus areas.

### **Personal performance appraisals support development**

While individual targets for the award of variable remuneration are a thing of the past at Datwyler, individual targets remain in place to support the personal development of each employee. At least once a year, leaders and employees engage in a structured dialog to discuss key tasks, Datwyler competences, and to agree on development opportunities both on and off the job.

## **Diversity, Equity, and Inclusion**

Datwyler has zero tolerance for discrimination, humiliation, oppression, harassment, or insults relating to anyone's gender, origins, nationality, culture, religion, or color. This is clearly laid down in the Code of Conduct, with punishments ranging from sanctions to dismissal.

Datwyler's Diversity Council, which was established in 2021 based on the DEI policy, had six meetings in the course of the year 2022. The diverse team including the CEO developed the following vision statement for the Council: «Our vision is to create an inclusive culture, where all of us can flourish – and build a sustainable future, together.». The council analyzed the as-is situation in various fields of DEI, initiated projects to improve the status quo e.g. in the field of gender diversity, which were included in the OKR system. So tangible progress has been achieved in the field of female employees in management positions, where the quota increased from 18.3% to 19.4%.

No claims of potential discrimination within Datwyler companies were received in 2022.



## Employee surveys

Employees who are happy, motivated, and willing to accept change are the backbone of a company because they work hard. They should make up a substantial proportion of the workforce. To measure employee satisfaction and engagement on a range of parameters, Datwyler regularly conducts a comprehensive employee survey, most recently in 2020 for the full group. The next survey takes place in January – February 2023.

In addition, surveys were conducted in 2022 on existing sites in US and Italy and on all sites of the newly acquired companies QSR and Xinhui. The results were positive overall. Especially in the newly onboarded companies, the way in which integration has been realized has been highly appreciated. Besides surveys many culture workshops have been successfully conducted. As a result of the various surveys, which all have been non-paper based, action plans on a site basis were developed. Follow-up on improvement measures is ongoing.

## Employee benefits and recognition

The slogan #FOR YOU serves as an umbrella for a range of benefits and initiatives at Datwyler that support employees and make them feel valued. The program is constantly growing and organized around five pillars:

1. Health
2. Well-being
3. Work environment
4. Ideas/involvement
5. Personal development

Of continuing importance to Datwyler and its employees from a number of perspectives is the issue of language. On the one hand, cross-border communication and thus cooperation depend on the possibility of linguistic understanding. On the other hand, foreign language skills are also a valued personal development. For this reason, offers for the further development of foreign language skills are also provided under the slogan #FOR YOU.

Datwyler employees with English skills at all hierarchy levels are offered the opportunity to gain international experience by working on short-, mid-, or long-term assignments at its plant in Delaware in the United States. In China, the site initiated a project to meet physically and support each other building English language skills. Participants present technical themes to each other in English and while relevant content and knowledge is shared, they help each other to build confidence in speaking and presenting in English.

## Employee structure

	2022	2021	Change
<b>Headcount annual average</b>	8'191	6'794	+20.6 %
└ thereof female	35.7 %	36.4 %	n/a
Average permanent headcount	7'371	6'035	+22.1 %
└ thereof female	36.9 %	38.1 %	n/a
Average temporary headcount	820	759	+8.0 %
Average full-time headcount	7'145	5'830	+22.6 %
└ thereof female	36.2 %	37.4 %	n/a
Average part-time headcount	205	188	+9.0 %
└ thereof female	62.4 %	63.8 %	n/a
Average headcount with higher management function	227	169	+34.3 %
└ thereof female	19.4 %	18.3 %	n/a
Headcount end of period	8'698	6'909	+25.9 %
Employees joining (new, growth in existing functions/replacements)	1'271	1'447	-12.2 %
Employees leaving	1'348	994	+35.6 %
└ thereof voluntary leaves	1'129	911	+23.9 %
Rate of new hires	17.2 %	24.0 %	n/a
Turnover rate	15.3 %	15.1 %	n/a

—  
The information on employees relates to the continuing operations. The turnover rate is calculated by dividing the number of those leaving voluntarily by the average headcount for the year (not including temporary employment contracts).

## Voluntary leaves

	2022	2021	Change
Male	635	505	+25.7 %
└ turnover rate	13.6 %	13.5 %	n/a
Female	494	406	+21.7 %
└ turnover rate	18.2 %	17.6 %	n/a
Under 30	407	333	+22.2 %
30-50	603	513	+17.5 %
Over 50	119	65	+83.1 %
Higher management (mgmt)	24	19	+26.3 %
Team leader (tl)	8	5	+60.0 %
Office worker (excl. mgmt & tl)	126	101	+24.8 %
Production worker (excl. mgmt & tl)	971	786	+23.5 %
Full-time equivalents average YTD	8'104	6'710	+20.8 %

—  
The information on employees relates to the continuing operations.

## Full-time equivalents

	2022	2021	Change
Full-time equivalents end of period	8'596	6'805	+26.3 %
└ thereof in Asia	38.7 %	35.3 %	n/a
└ thereof in North and South America	26.1 %	19.4 %	n/a
└ thereof in Switzerland	7.0 %	9.5 %	n/a
└ thereof in rest of Europe	28.2 %	35.8 %	n/a

—  
The information on employees relates to the continuing operations.



FOCUS TOPIC

## Value-driven engagement with customers

The needs and requirements of customers are at the heart of everything Datwyler does. The only way a business can enjoy sustainable success is to make sure its customers are completely satisfied. Two of our corporate values—«We are entrepreneurs» and «We bring value to our customers»—speak to the importance of this perspective.

Customer retention takes more than just high-quality customer service. Datwyler truly values its relationship with customers, designing its products and solutions to not only fulfill the highest expectations in terms of functionality and quality but to also do their part to support the customers' sustainability performance and goals. The majority of Datwyler's customers operate in socially important market segments. Together with them, Datwyler can amplify its impact and create high-quality end-consumer products that save lives while also helping to save the planet.



## **Our focus**

With more than 100 years of experience and a global production footprint, Datwyler's material, engineering, and production expertise helps make it a market leader for system-critical elastomer components. Efforts to constantly improve allow the company to continually expand its innovative portfolio of products and services.

This keeps customers at the forefront of technological advancement by consistently engaging with them to demonstrate its dedication to their needs. Datwyler has a zero defects philosophy and applies Quality by Design principles in its design and manufacturing processes. Sustainability has become another integral part of Datwyler's value proposition to customers and helps the company differentiate itself in the marketplace.



## **Our long-term ambition**

Perceived as a sustainability leader by customers.



## **Future key targets**

High rankings in customer service rating for sustainability.



## **Our approach**

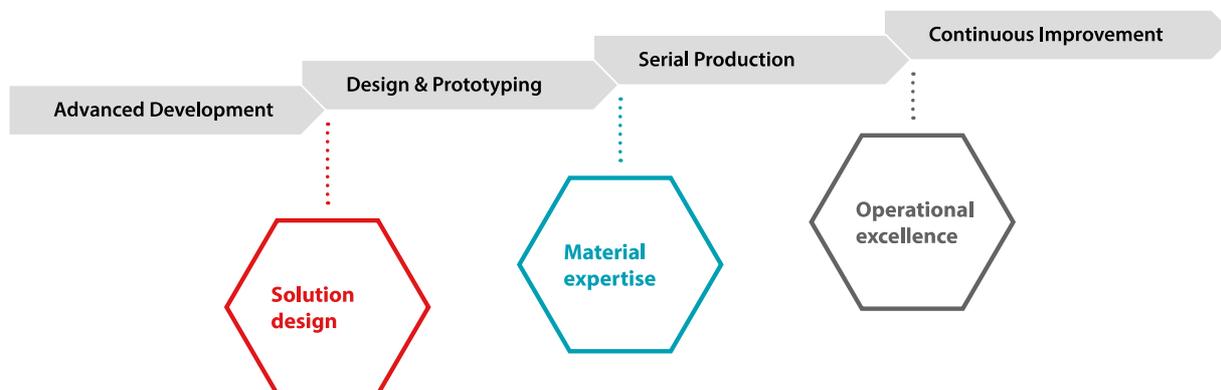
### **Supplying system-critical elastomer components**

The elastomer components Datwyler produces for specific customers are system-critical parts. They are a key contribution to ensuring systems function properly and safely for customers in the socially important global Healthcare, Mobility, Connectivity, General Industry and Food & Beverage market segments.

### **Datwyler's core competencies**

Datwyler's core competencies of solution design, material expertise, and operational excellence form the basis for its value-driven engagement and co-engineering approach with customers across industries. They allow Datwyler to support customers as a development partner—from the original design study and prototype phase through to global production of billions of parts based on a zero-defect philosophy throughout the entire life cycle of the product.

The value of Datwyler's core competencies is becoming increasingly apparent to its globally active customers as they run ever more powerful and complex systems.



### **Integrating sustainability into customer engagements**

Datwyler is increasingly marketing its ambitious sustainability strategy and how it can add value to customers. All global customer-facing teams are trained on Datwyler's sustainability program and encouraged to always include sustainability in the value proposition presented to customers. It doesn't matter if it is during a 30-minute call or three-day workshop, one of Datwyler's main customers or a new lead, a multinational or a small start-up company. It is Datwyler's explicit goal to encourage sustainability-related collaborations with customers to maximize impact.

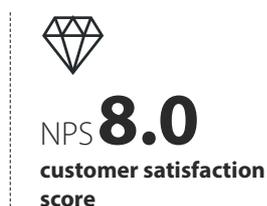
### **Systematic complaints management**

Datwyler maintains a systematic approach to complaints management with a global process and uniform database. The internationally recognized 8D reporting concept is used to process complaints and resolve the underlying problems. Datwyler also endeavors to define detailed product specifications with customers in advance to avoid the potential for future complaints. The aim is to continuously reduce justified complaints compared to the previous year.

### **Customer satisfaction**

Datwyler regularly surveys customer satisfaction—most recently in 2020, where a Net Promoter Score (NPS) of 8.0 was achieved. The survey revealed a positive and consistent image of Datwyler and a high level of satisfaction across different markets, customer sizes, and roles. The next customer survey will take place in 2023.

For the future, a specific sustainability survey for customers is planned.





*Datwyler representatives regularly attend trade fairs to engage in dialogue with customers and other partners and learn more about their needs.*

### **Continuous improvement process**

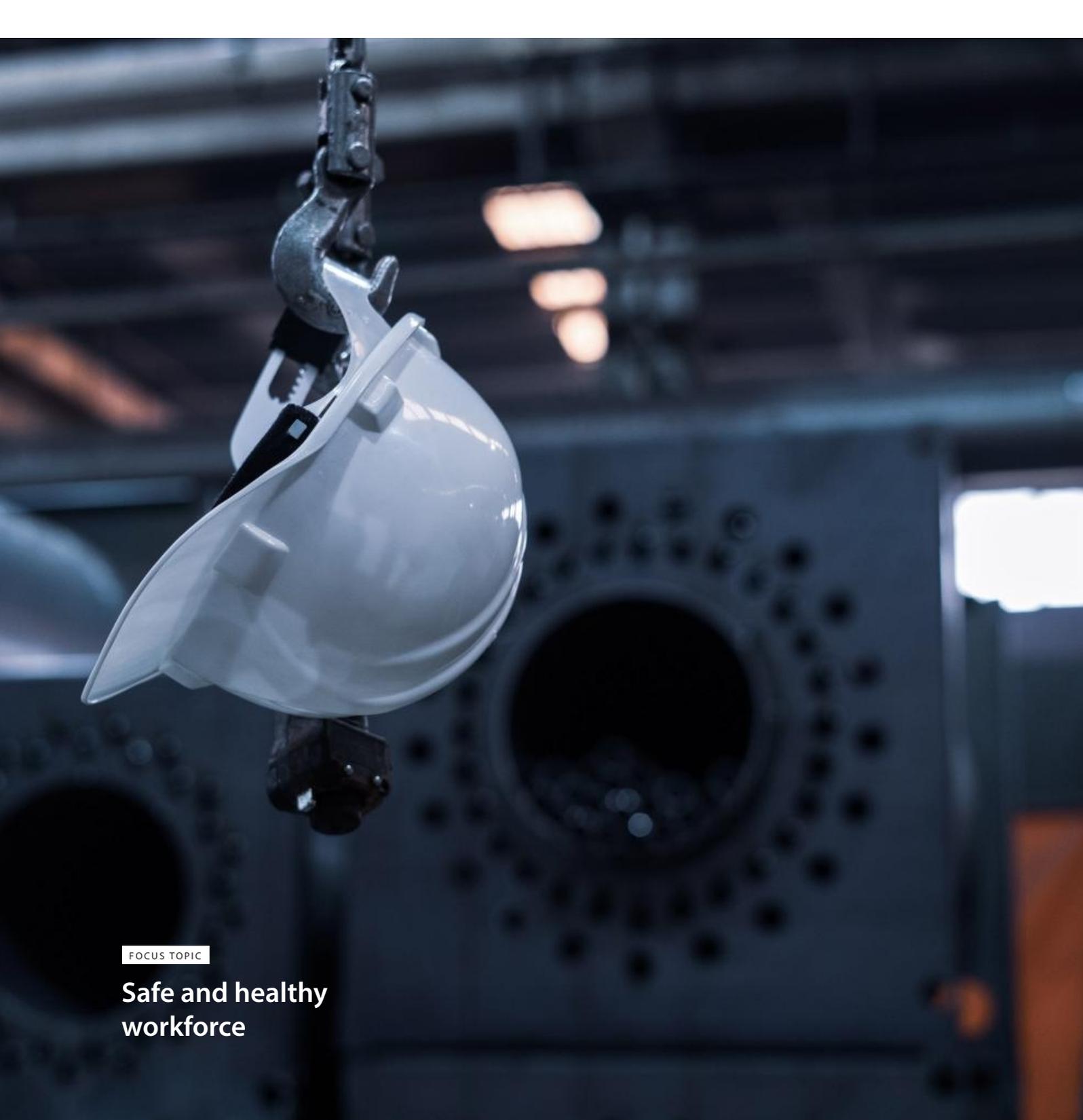
Datwyler uses the results of customer surveys and complaints management to identify and implement measures for improvement. These are part of the systematic management process and thereby help ensure the service customers receive keeps on getting better. For example, Datwyler uses Tech Days on site with existing and potential customers from the Mobility business unit to strengthen relationships and raise awareness of its competencies and offerings. Doing business with Datwyler must be simple for existing and potential customers.

This is why the company wants to develop an even better understanding of the future requirements and needs of its markets and customers. This kind of proactive approach will help Datwyler benefit from changes within the international supplier industry, since customers in global market segments have been steadily reducing the number of suppliers they use and tending to work more closely with those they retain. Datwyler is thus increasingly becoming a development partner with the ultimate aim of saving costs and conserving resources.

### **Customer health and safety and chemical compliance**

Datwyler meets a variety of chemical law requirements at its production locations as well as additional industry and customer-specific rules. Almost all Datwyler Group products are subject to statutory information obligations in the countries of use. Chemicals legislation and the EU REACH regulations regarding the physical composition of products are of particular relevance. REACH (EU Regulation 1907/2006) governs the registration, assessment, and approval of chemical substances within the European Union.

With its proactive chemical compliance management, Datwyler goes above and beyond legal requirements, setting leading standards worldwide in the elastomer industry. Again, in the 2022 reporting year, Datwyler recorded zero incidents of non-compliance with provisions of conduct relating to the impact of products on the health and safety of users.



FOCUS TOPIC

## Safe and healthy workforce

A safe and healthy workplace is of utmost importance to Datwyler. Good health and safety measures not only reduce injuries and illnesses for employees, they secure long-term benefits for Datwyler by reducing absences and ensuring that the workplace is more efficient and productive. With the integrated Datwyler Production System, workplace safety and health management are an integral part of the company's drive for operational excellence.



## Our focus

An accident- and injury-free vision is strongly embedded in Datwyler's corporate strategy. This ensures the commitment of the company and those responsible under its Code of Conduct to ensuring a safe working environment and providing employees with regular training.

This focus applies to the technical planning of workplaces, facilities, and processes, and to safety management and people's individual behavior as they go about their day-to-day work. Furthermore, each site has its own targets to guide their performance and make Datwyler's corporate strategy more tangible.



## Our long-term ambition

Zero accidents and zero injuries and a healthy working environment.



## Future key targets

0.25 accident-related days of absence a year per full-time equivalent and four days of absence due to illness a year per full-time equivalent on company level.



## Our approach

### Established health and safety management

Datwyler is committed to protecting the health and safety of all employees, contractors, or visitors by planning, managing, conducting, and supervising its work in compliance with legislation and best practices. One priority of Datwyler's health and safety management is to develop and coordinate health and safety systems and processes at a global level to prevent accidents and improve health and safety conditions at production sites. A task group coordinates global workplace safety and health initiatives in cooperation with Human Resource Management. Technical support is provided to specific sites as needed by a local EHS manager, who oversees deployment and follow-up of processes.

To ensure state-of-the-art health and safety awareness, plants hold regular training and audits and encourage employees to report any safety observations. Findings from these audits and individual accidents on site-level are reported to a central database that is accessible to all plants to enhance learning. These regular audits ensure health and safety compliance, good practices, continuous training, and advance site certification. Already, sixteen of Datwyler's production sites are ISO 14001 certified, and eight sites are ISO 45001 certified. As these eight plants comprise nearly half of Datwyler's employees, they are instrumental in increasing safety awareness on an employee level. By ensuring that unsafe actions and conditions are identified and eliminated on a regular basis, employee health and safety is further advanced.

In the production plants of the two business areas Healthcare Solutions and Industrial Solutions, there were 1'319 days of absence due to workplace accidents in 2022 (prior year: 2'099). Expressed per full-time equivalent, this figures equates to 0.17 days of absence for the year as a whole (prior year: 0.31).

The Datwyler target of 0.25, which is the «Good Practice» benchmark set by SUVA, the Swiss Accident Insurance Fund, could therefore be achieved. Higher than accident-related absence is absence due to illness. this amounted to 48'340 days in the reporting year (prior year: 44'736).

This equates to 6.37 days of illness per full-time equivalent (prior year: 6.67). This value is above the medium-term Datwyler target of four days of absence due to illness a year per full-time equivalent.

The data includes both permanent and temporary employees and covers all sites except Xinhui (China) and the QSR sites in the USA. As part of the post-merger integration, these sites are still working on recording absence figures. Datwyler is employing systematic absence management and individual consultations to continuously work on further improvement of the work environment aiming to reduce the absence rate and keep employee motivation high.

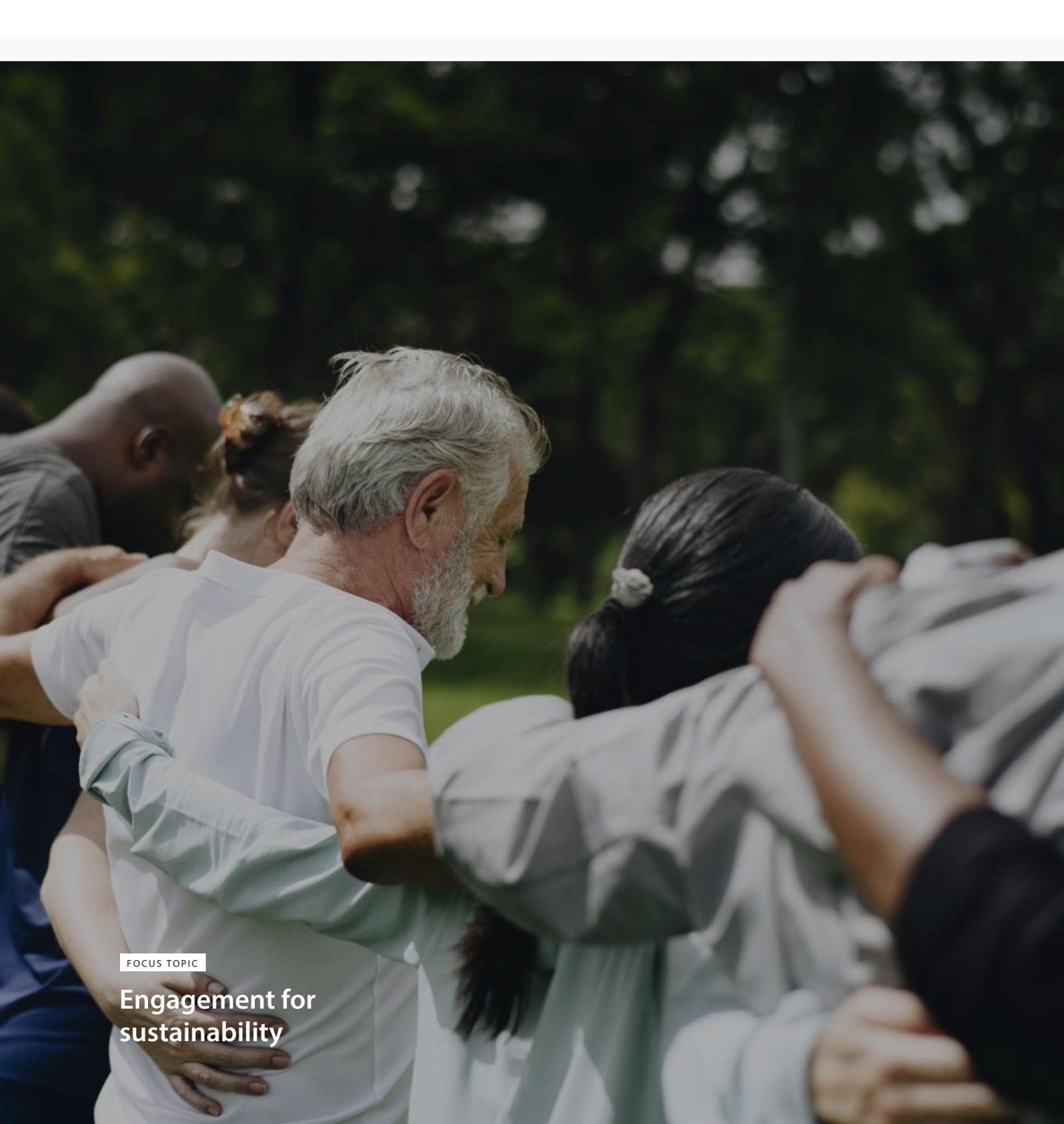


Employee health and safety is a top priority for Datwyler. Regular training sessions and audits are held, and lessons learned are shared across all sites.

## Absences

	2022	2021	Change
Total available working days FTE (TAWD)	1'946'404	1'840'544	+5.8 %
Total absences other than vacation days	83'978	67'313	+24.8 %
Total absences other than vacation days in % of TAWD	4.3 %	3.7 %	n/a
└ thereof absences due to work related accidents (days)	1'319	2'099	-37.2 %
Work related accidents in days per FTE (annual average)	0.17	0.31	-44.0 %
└ thereof absences due to illness (days)	48'340	44'736	+8.1 %
Illness in days per FTE (annual average)	6.37	6.67	-4.6 %

FTE = Full time equivalent. TAWD = Total available working days.  
The information on absences relates to the continuing operations.  
As part of the post-merger integration, the newly acquired sites are currently working on recording absence figures. As this process is not yet completed, the following sites are excluded from the table: QSR sites in the US and Xinhui (China).



FOCUS TOPIC

## Engagement for sustainability

Datwyler is often among the largest employers in the regions where it operates. With this comes a responsibility to elevate local communities by supporting charitable projects. Enabling employees, who are typically part of these communities, to volunteer also creates a sense of pride and belonging and benefits Datwyler's reputation both as an employer and community member.



## Our focus

Datwyler supports its local communities not only through wages and tax payments, but also through donations, volunteering and engagement, education, and improvement of local infrastructures.



## Our long-term ambition

Engage Datwyler people at all locations in relevant community work.



## Future key targets

At least one external community activity per location, per year.



## Our approach

### Benefitting society

Datwyler supported the charity organization, Help4Ukraine, which was founded by a few current and former Datwyler employees. The company organized a Datwyler Donation Week at all its locations. Datwyler doubled the amount of money donated by its employees.

### Benefitting local communities

As a large regional employer, Datwyler's bigger sites generate considerable direct and indirect economic benefits for the local area. Municipalities benefit not only from the tax paid by Datwyler companies and its employees. Also the community projects that every site runs locally make a positive difference. As a guideline for community projects, Datwyler explicitly focuses on activities in the area of education, critical human needs, and inclusion of minority groups.

The goal is to have at least one active local community engagement project at every location. Datwyler is consistently sharing its community efforts internally and/or externally to create a butterfly effect and inspire each other to go the extra mile. The company encourages bottom-up input of powerful ideas from all colleagues around the globe, since they know best what matters most locally.

It is great to see some examples where global multi-disciplinary teams dedicate time of their team's workshops to contribute to the community. This not only positively impacts the community, it creates unique bonds in the team while volunteering.



*In partnership with Planet Water, Datwyler has so far provided access to drinking water for some 60,000 people in the region of its Indian Healthcare Solutions plant.*

## 4.7 GRI content index

Datwyler's Sustainability Report 2022 is an integral part of the Annual Report 2022. The reporting was compiled in accordance with GRI Standards 2021. The GRI Content Index can be found online at the link below.

 [GRI Content Index](#)

*The GRI content index will be available here once the Materiality Disclosures Service has been completed by GRI.*

# 5 Corporate Governance

at 31 December 2022

As a company committed to creating long-term value, Datwyler has a clear framework of management and control policies in place to ensure compliance with the principles of good corporate governance. These policies are set out in the Articles of Association and the Rules of Organisation and Business Conduct of Dätwyler Holding Inc. They are presented below following the applicable Directive issued by the SIX Swiss Exchange.

Where appropriate, reference is made to issues that are discussed in detail in the notes to the financial statements and in the Remuneration Report. Where information required under a section of the SIX Directive has been omitted, it is either not applicable to Datwyler or the corresponding situation does not exist at Datwyler or does not apply to Datwyler.

- 5.1 Group structure and shareholders
- 5.2 Capital structure
- 5.3 Internal organization
- 5.4 Risk management and compliance
- 5.5 Board of Directors
- 5.6 Executive Management
- 5.7 Remuneration, shareholdings, loans
- 5.8 Shareholders' participation rights
- 5.9 Statutory auditors
- 5.10 Information policy

## 5.1 Group structure and shareholders

Datwyler is focusing on high-quality, system-critical elastomer components and has leading positions in attractive global markets such as healthcare, mobility, connectivity, general industry and food & beverage.

With its recognised core competencies and technological leadership, the company delivers added value to its customers in the markets served. Datwyler concentrates on markets that offer opportunities to create more value and sustain profitable growth.

## Substantial shareholders and shareholder structure

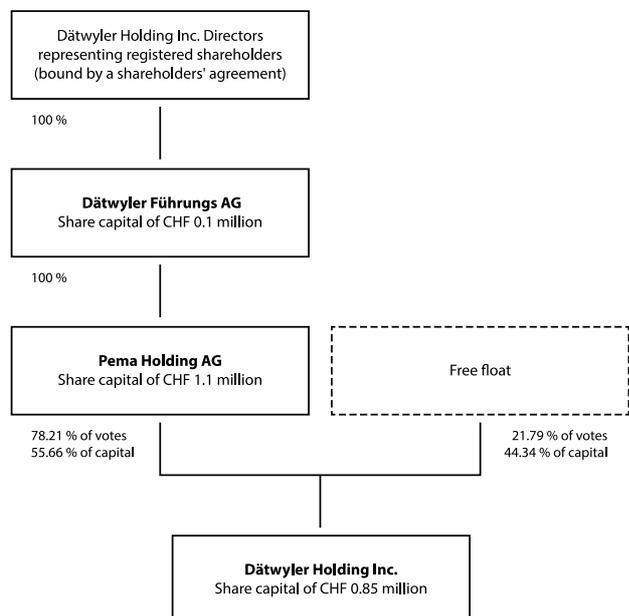
The ownership structure of Datwyler is the result of the Dätwyler family succession arrangements of 1990. The family's primary objective was to ensure the long-term independence of the company.

Following the 1986 IPO, Peter and Max Dätwyler's interest had been reduced to roughly 50% of capital and just below 80% of votes. They placed this ownership interest without compensation in a company they had founded, Pema Holding AG (PeMa = Peter and Max). Today, the Board of Directors of Dätwyler Holding Inc. controls these assets and the associated voting rights on a fiduciary basis and without beneficial ownership.

It does so through Dätwyler Führungs AG, likewise founded by the Dätwyler brothers in 1990. The members of the Board of Directors of Dätwyler Holding Inc. are concurrently members of the Board of Directors of Pema Holding AG and hold equal interests of CHF 0.1 million in the share capital of Dätwyler Führungs AG.

A shareholders' agreement requires departing Board members to pass their shares in Dätwyler Führungs AG on to their successors at par value and without financial gain. The Board members are likewise not entitled to receive dividend payments from Dätwyler Holding Inc. Dividends are retained by Pema Holding AG and can be reinvested in Dätwyler Holding Inc.

Under the shareholders' agreement, Pema Holding AG may invest only in Datwyler and its spin-offs. It therefore has no conflicts of interest with other shareholdings and completely reflects the interests of the bearer shareholders. Disposal of a majority of votes is permitted only by a qualified majority, and only in the event that it is no longer economically feasible to maintain Dätwyler Holding Inc. as an independent going concern. In this case, Dätwyler Führungs AG and Pema Holding AG are to be liquidated, with the proceeds going to the Datwyler Foundation.



Shareholder structure

Pema Holding AG may be compared to a family of entrepreneurs who hold the majority of the capital and voting rights in a listed company. The restriction relating to Dätwyler Holding Inc., as set out in the shareholders' agreement, allows Pema Holding AG a management mandate with an obligation to create long-term value. The representatives of public shareholders on the Board of Directors of Dätwyler Holding Inc. are not member of the Boards of Directors of Pema Holding AG or of Dätwyler Führungs AG. Concluded in 1990, these Dätwyler family succession arrangements entailed a waiver of claims to substantial assets and are unique.

Pema Holding AG currently owns all 22 million registered shares and 5'061'785 of the total of 12.6 million bearer shares of Dätwyler Holding Inc. This represents 78.21% of the voting rights and 55.66% of the share capital.

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. No disclosure notices were received in the year under review.

## Group structure and companies

Dätwyler has combined its market and production activities in the two business areas Healthcare Solutions and Industrial Solutions. These two market units are supported by the three service units Technology & Innovation, Sustainability & Operational Excellence and Finance & Shared Services. This organisational structure strengthens Dätwyler's market focus, core competencies and agility.



Organizational structure

Additional information on the company's structure can be found in the following sections of the Annual Report and on our website:

- Segment reporting (Financial Report 2022, page F17)
- List of subsidiaries and investments (Financial Report 2022, page F37)
- Worldwide locations

No listed companies are included in the consolidation of Dätwyler Holding Inc. There are no cross-shareholdings with other companies.

## 5.2 Capital structure

## Composition of share capital

At December 31st 2022, in CHF

22'000'000 registered shares of CHF 0.01 each	220'000
12'600'000 bearer shares of CHF 0.05 each	630'000
Total ordinary share capital	850'000
Authorised additional share capital	none
Authorised contingent share capital	none
Participation certificates	none
Profit-sharing certificates	none
Registration and voting restrictions	none
Opting-out and opting-up provisions	none

All shares are fully paid-up and – irrespective of their value – are entitled to vote and rank for dividend.

Information about changes in equity for 2022 and 2021 is presented in the statement of changes in equity in the Financial Report 2022 (page F09).

Changes in equity for 2021 and 2020 are shown in the statement of changes in equity in the Financial Report 2021 (page F09).

## Convertible bonds and share options

As at December 31st 2022, Datwyler did not have any outstanding convertible bonds or options.

There are two ordinary bonds (Financial Report 2022, page F28, note 18, Bonds):

- On 15 June 2022, a 2.1% CHF 240 million bond was placed. The bond is repayable on 15 June 2027.
- On 30 May 2018, a 0.625% CHF 150 million bond was placed. The bond is repayable on 30 May 2024.

## 5.3 Internal organisation

### Role of the Board of Directors

The Board of Directors is the ultimate decision-making, management and governing body of Datwyler. The Board consists of no fewer than five and no more than eleven members. At 31 December 2021, the Board comprised eight Directors. The roles of the Chairman and Chief Executive Officer (CEO) are separate. The Directors or companies and organisations which they influence have no executive functions in the Group and do not have any business relationship with the Datwyler Group. The current Chairman, Paul Hälg, was the CEO of the Datwyler Group from 2004 to 2016.

The other members of the Board never served in executive functions for the Datwyler Group. No Director holds cross-directorships with other Directors through involvement in other listed companies. When members are appointed to the Board of Directors, care is taken to ensure that the kinds of competencies important to Datwyler with regard to the various industries, technologies and markets are suitably represented.

Directors are elected for one-year terms. They are eligible for re-election for further periods, with no limit on the number of terms they may serve. Directors retire at the Annual General Meeting following their 70th birthday. Each class of shares is entitled to nominate at least one representative to the Board. The average age of the Directors currently in office is 61 and their average tenure is 5.9 years.

Each member of the Board of Directors is subject to a periodic tenure review, usually every five years. This is prepared by the Nomination and Compensation Committee and discussed by the full Board.

## Main responsibilities and operation of the Board

The Board organises itself. Its main responsibilities are defined in Art. 716a of the Swiss Code of Obligations. In order to discharge these responsibilities efficiently, the Board has authority under the Rules of Organisation and Business Conduct of Dätwyler Holding Inc. to appoint Committees from among its members to deal with specific matters. There are currently two Committees: the Audit Committee and the Nomination and Compensation Committee.

In accordance with the Rules of Organisation, the Board holds at least five regular meetings a year, each lasting between half a day and one full day. A two-day annual strategy workshop is held to review and develop the strategy. The strategy workshop is usually combined with a visit to one of the locations. Special Board meetings are held when necessary.

The Board has a quorum when at least a majority of its members is present. Its resolutions are passed by a majority of the members present. The Chairman is also a voting member and has the casting vote in the event of a tie. Resolutions may also be adopted by telephone conference or by circular letter. During 2022, the Board held seven meetings. In addition, there was one decision by circular letter. Three Directors were absent for one meeting each. The CEO and CFO and the other members of the Executive Management were present at each meeting for the discussion of items relating to them. In 2022, no external specialists were called in.

### Meeting attendance 2022

Paul Hälgi	7/7
Hanspeter Fässler	7/7
Jens Brey	7/7
Claude Cornaz	7/7
Jürg Fedier	6/7
Martin Hirzel	7/7
Gabi Huber	7/7
Hanno Ulmer <sup>1</sup>	2/3
Judith Van Walsum <sup>1</sup>	3/4

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1. At the Annual General Meeting on 16 March 2022, Hanno Ulmer stepped down as a Director. At the same General Meeting, Judith van Walsum was newly elected to the Board of Directors.

Agendas for Board meetings are set by the Chairman in consultation with the CEO and CFO. Any Director may request that an item be placed on the agenda or that a special meeting be held. The CFO acts as Secretary to the Board. Directors receive papers and information in good time in advance of meetings to allow them to prepare for discussion of each item.

Depending on the nature of the business to be transacted, the Chairman may invite members of the Executive Management to provide information at Board meetings and participate in an advisory capacity. The Board operates as a team and strives to reach decisions unanimously, wherever possible. If a unanimous decision cannot be reached, the minutes of the meeting must give the names of who voted and how they voted.

Once a year, usually at the end of the year, the Board of Directors carries out a self-assessment of its work and that of its committees. For this purpose, each member completes a standardized questionnaire covering topics such as strategy, discussion culture, organization of meetings, and competencies of the members. In addition, the Chairman conducts a separate structured discussion with each member on an annual basis. The evaluation of the questionnaires and the findings from the individual discussions are reviewed by the Board. Any potential for improvement is recorded and implemented in the following business year. In addition to the annual self-evaluation, a "private meeting" is usually held at the end of each board meeting without the participation of management representatives. The purpose of this meeting is, among other things, to assess the discussions and decision-making at the meeting and to draw any lessons from them.

## Operation of the Committees

The Committees have written terms of reference specifying their responsibilities. In addition to these written terms, the Audit Committee has defined its tasks and responsibilities in a detailed checklist. The Committees generally prepare the groundwork for decision-making by the full Board. They meet at the call of their chairmen as often as necessary to discharge their duties, but at least once a year. Their meetings usually last half a day. All Directors, Executive Management members and the external auditors may request a meeting of the Committees. Depending on the nature of the business to be transacted, meetings are attended by the CEO, CFO or, if required, a representative of the external auditors or a specialist in an advisory capacity.

The agendas for Committee meetings are set by the respective chairmen in agreement with the CEO and CFO. Committee members receive papers and information in advance of meetings to allow them to prepare for discussion of each item. At least two members must be present to constitute a quorum. The Committees pass their resolutions by an absolute majority of the votes cast. In the event of a tie, the chairman has the casting vote. The Committees keep a record of their decisions and recommendations in minutes submitted to the Board and report the results of their activities at the next Board meeting.

## Audit Committee

The Audit Committee consists of at least three Directors, each of whom has experience in finance and accounting, who are appointed by the Board from among its members for a period of one year. The Audit Committee appoints its chairman. Members of the Audit Committee are: Jürg Fedier (Chairman), Gabi Huber and Martin Hirzel. In 2022, the Audit Committee held four meetings with all members present, each of which was attended by the CEO and CFO.

The reporting of the internal audit is a standard agenda item at the meetings of the Audit Committee. The representatives of the external auditors attended all the meetings for the discussion of selected items. In 2022, other external specialists were not called in.

Responsibilities of the Audit Committee:

- To ensure a comprehensive and effective audit programme for Dätwyler Holding Inc. and the Dätwyler Group.
- To comment on the annual and consolidated financial statements.
- To comment on the audit plan and results of audits.
- To receive recommendations from the external auditors, discuss the recommendations with the Executive Management and provide a summary for the Board of Directors.
- To present the Executive Management's proposal for the appointment of Dätwyler Holding Inc.'s external auditors to the Board of Directors for consideration by the Annual General Meeting of Shareholders.

## Meeting attendance 2022

Jürg Fedier	4/4
Gabi Huber	4/4
Hanno Ulmer <sup>1</sup>	1/1
Martin Hirzel <sup>1</sup>	3/3

1. At the Annual General Meeting on 16 March 2022, Hanno Ulmer stepped down as Director and as member of the Audit Committee. The Board of Directors has elected Martin Hirzel as Hanno Ulmer's successor on the Audit Committee.

## Nomination and Compensation Committee

The responsibilities of the Nomination and Compensation Committee are recorded in the Remuneration Report.

## Division of responsibilities between the Board of Directors and Executive Management

The authority and responsibilities delegated to the Board of Directors and Executive Management are laid down in the "Rules of Organisation" as provided in Article 20 of the Articles of Association of Dätwyler Holding Inc. These rules are updated on a regular basis. They describe the duties and responsibilities of the Board of Directors and define the duties and responsibilities of the Executive Management, presided over by the CEO. In addition to the non-delegable functions reserved for the Board of Directors by law, the Rules of Organisation delegate the following duties, among others, to the Board:

- To determine the principles of corporate strategy.
- To make decisions on financial policy.
- To adopt resolutions on the establishment of new business units and discontinuation of existing ones.
- To adopt resolutions on the setting up of new sites and closure of existing ones.
- To adopt resolutions on the acquisition and disposal of equity holdings.
- To adopt resolutions on the acquisition, encumbrance and disposal of land and buildings.
- To review the risk management system.

As a rule, the Board of Directors approves major projects it deems expedient together with the rolling forecast. For urgent capital expenditures not included in the budget, levels of authority are defined and a return on investment analysis must be prepared. Capital expenditures exceeding CHF 3 million must be approved by the full Board of Directors.

The policies set out in the "Rules of Organisation" are detailed for all business and functional areas in the following written documents: "Division of Responsibilities of the Executive Management" and "Investment Manual". Dätwyler operates a systematically decentralised management system within a clear framework. The Group fosters an entrepreneurial culture where decisions are taken at the lowest possible level close to the market and customers.

## Information and control systems for monitoring the Executive Management

The Board has an internal control system in place to monitor and control the Executive Management. This is based on an institutionalised, annual management process cycle, of which the key elements available to the full Board of Directors are as follows:

- Monthly report with a business area and Group consolidation: actual and forecast figures, including variance analyses and a written commentary by the business area managers on current developments and potential risks.
- Interim and annual report.

- Quarterly review and approval of the rolling forecast for 18 months and annual review and approval of the three-year medium-term plan.
- Annual review and approval of the updated Group and business area strategies.
- Uniform Group-wide management system with integrated risk evaluation for strategic projects.
- Special reports on major items of capital expenditures, acquisitions and alliances.
- Inclusion of Executive Management members at Board and Committee meetings.

In addition to these institutionalised information and control systems, the Chairman of the Board and CEO engage in regular dialogue regarding all important business. In addition, the CEO and CFO are required to inform the Chairman of the Board without delay of any important unusual events or developments.

## Internal Audit

Internal Audit reports to the Audit Committee and is under the direct administrative line management of the CFO. Every year it draws up a risk-based audit plan, which is approved by the Audit Committee. The interval between audits of Group companies varies between two and five years, depending on the size and importance of the individual company. To optimise cooperation, the Head of Internal Audit meets regularly with the representatives of the external auditors. At their meetings they harmonise audit plans and audit priorities and exchange useful information.

Internal Audit verifies compliance with the division of responsibilities and monitors the internal control system, risk management and the efficiency of the structures and processes. The findings and recommendations of Internal Audit are recorded in written reports.

Following completion of the audit, the findings are reviewed and discussed with the local management. In coordination with Internal Audit, the local management defines specific corrective measures and a timetable for implementation. Business area management and local management each issue an opinion. The report (including the corrective measures, the timetable for implementation and the opinions) is sent to the line managers, the external auditors, Executive Management and the Audit Committee. The Head of Internal Audit presents the significant findings contained in the audit reports at the respective next meeting of the Audit Committee. Comments and suggestions of the Audit Committee and the external auditors are taken into consideration in planning and conducting audits. Internal Audit also ensures that all discrepancies raised by its audits are addressed within the prescribed period and submits a report on such matters to Executive Management and the Audit Committee.

## 5.4 Risk management and compliance

### Risk Management

Datwyler is aware of the importance of systematic risk management for lasting corporate success. Final responsibility in assessing risks lies with the Board of Directors. The Head of Internal Audit is responsible for the Group-wide coordination of risk management. He is supported by risk officers in both business areas.

As part of an ongoing process to ensure business continuity, risks are continuously identified and assessed throughout the Group. An open exchange of views on opportunities and risks is encouraged at all levels of the company and is part of the corporate culture.

The management of each business area is responsible for significant risks and informs the Executive Management and the Board of Directors. The findings are recorded in a risk management software. The CFO and the Head of Internal Audit monitor the risk management process through active exchanges and quarterly meetings with the business areas. In particular, risks are regularly discussed at the meetings between the business area management and the Executive Management. These reviews ensure that uniform valuation approaches are applied and that similar risks are treated equally across the Group business areas. The consolidation of risks and the annual reporting to the Board of Directors are carried out by the Head of Internal Audit.

The company-wide risk management process is also supported by a Business Continuity Process (BCP), which has been in place at all production sites for almost 20 years. Business continuity planning establishes risk management processes and procedures that aim to prevent interruptions to mission-critical services, and reestablish full function to the organisation as quickly and smoothly as possible. The underlying business continuity plans consider various unpredictable events, such as natural disasters, fires, disease outbreaks, cyberattacks, and other external threats. The underlying risk management at the sites is based on ISO 31000 and integrates regular audits. The BCP process at the production sites includes key ESG risks such as climate change, framework conditions in the supply chain, and access to skilled labor.

Datwyler basically divides the risks recorded into four categories: Strategic risks, operational risks, financial risks and compliance risks. Strategic risks include risks relating to the industry and the market, external stakeholders, social and environmental developments, corporate governance and catastrophic events. Datwyler also regularly assesses and minimises the risks of criminal cyber attacks as part of its strategic risks.

For their part, operating risks include risks along the value chain, risks from investment activities and personnel and cultural risks. The financial risks category includes market risk, liquidity and credit risk, capital structure and compliance with tax and accounting regulations. Finally, compliance risks are defined as the risks arising from laws, regulations and other rules and regulations. This includes existing and new regulations on sustainability issues.

Risks are assessed on the basis of the probability of occurrence and the potential loss amount. Once the individual risks have been identified and assessed, it is the responsibility of the business area management to develop a series of measures to reduce the risk of occurrence and the loss potential for each risk. The implementation of these measures is monitored as part of the continuous risk management process and taken into account in the next risk evaluation.

Global sustainability risks such as climate change and other environmental, social and governance risks are assigned to the appropriate risk category based on their strategic, operational, financial or compliance impact, at Group level as well as at business areas and production site level.

In addition, Datwyler is currently focusing on expanding sustainability risk management in the following areas:

- Climate change risks, measures, and performance have been described for many years in sustainability reporting and as part of CDP reporting. New reporting is being developed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- The sustainability risk assessment in purchasing and in the supply chain is being continuously expanded.
- In the future, access to talent and skilled workers will be more explicitly included in the risk assessment.

## Code of Conduct and whistleblower hotline

Datwyler's ethically sound business practices are supported by its zero tolerance objectives. The Group works proactively to prevent cases of corruption or justified legal action against Group companies. The Code of Conduct forms an integral part of every person's employment contract, and every employee is expected to be familiar with its content and to report any circumstances that suggest a violation of the code. The points of contact for reporting are an employee's direct line manager, the manager responsible, the personnel department responsible, or the Group Compliance Officer (currently the Group Chief Financial Officer). Datwyler had already been offering its global employees a whistleblower hotline for reporting code violations since 2009. A formal whistleblower policy in line with the requirements of the EU whistleblowing directive as well as national requirements formalizes the whistleblowing process.

Details of the whistleblower hotline are displayed at all sites, and this function is reviewed on a regular basis during internal audits. Whistleblower reports are forwarded directly to the internal audit department where each report is treated confidentially in accordance with the relevant data protection provisions and investigated conscientiously. Most reports do not stand up to detailed scrutiny or are resolved locally with the Group Compliance Officer acting as intermediary. In the reporting year, seven reports contained concrete information, although this did not necessarily indicate violations of the Code of Conduct. The reports also refer to local leadership problems that can be eliminated by improving processes or structures. Datwyler used the findings of these incidents to improve and further develop its processes and guidelines. To help promote ethically sound collaboration, Datwyler also offers its suppliers an email address for code of conduct issues, which is also managed by the Group's internal audit department. No reports were made during the reporting year.

## Compliance reporting process

Datwyler has a standardized compliance reporting process, available to management and employees on the company's intranet. The management teams at individual subsidiaries are responsible for implementing the Code of Conduct and upholding various national laws and standards. All employees complete an online training course once a year with an integrated test on the Code of Conduct and compliance topics.

Additionally, the general managers of all subsidiaries annually formally confirm with the Group Compliance Officer (currently the Group Chief Financial Officer) that that all new employees have received a copy of the Code of Conduct and understand its principles; that any violations of the Code of Conduct have been reported; that the processes and procedures for ensuring compliance with the Code of Conduct are regularly reviewed and adapted; that they are aware of the main risks for their area of responsibility regarding «compliance and fraud»; and that they monitor these risks via suitable processes and checks. Based on the compliance reporting process, no complaints relating to anti-competitive conduct, or the forming of anti-competitive cartels or monopolies were filed against Datwyler in 2022 and no significant fines or non-monetary penalties for infringements of legal provisions were imposed. The confirmation of compliance from subsidiaries is evaluated for accuracy by the internal audit department as part of its inspection work.

## 5.5 Board of Directors

The Directors of Dätwyler Holding Inc. are – with the exception of the representative of the public shareholders – also Directors of Pema Holding AG and Dätwyler Führungs AG. Pema Holding AG is the majority owner of Dätwyler Holding Inc. See substantial shareholders and shareholder structure.

Pursuant to Article 14 of the Dätwyler Holding Inc. Articles of Association, the number of mandates members of the Board of Directors may hold on management and supervisory boards of legal entities outside the Group is restricted as follows: Four mandates in exchange-listed enterprises, ten mandates in unlisted enterprises and fifteen mandates in other legal entities such as foundations and associations.



**Dr. Paul Hälg**

1954, Swiss

Chairman – term expires in 2023



**Dr. Hanspeter Fässler**

1956, Swiss

Vice Chairman / Chairman of the Nomination and Compensation Committee – term expires in 2023



**Jens Breu**

1972, Swiss

Director / Public shareholders' representative / Member of the Nomination and Compensation Committee – term expires in 2023



**Claude R. Cornaz**

1961, Swiss

Director / Member of the Nomination and Compensation Committee – term expires in 2023



**Jürg Fedier**

1955, Swiss

Director / Chairman of the Audit Committee – term expires in 2023



**Martin Hirzel**

1970, Swiss

Director / Public shareholders' representative / Member of the Audit Committee – term expires in 2023



**Dr. Gabi Huber**

1956, Swiss

Director / Member of the Audit Committee – term expires in 2023



**Dr. Judith van Walsum**

1964, Dutch

Director / Public shareholders' representative – term expires in 2023

[📄 Detailed portraits of the current Board of Directors](#)

## Changes in the composition of the Board of Directors

At the Annual General Meeting 2022, Hanno Ulmer stepped down from the Board of Directors. Judith van Walsum was elected as a new Director and representative of the public shareholders.

At the Annual General Meeting 2023, all existing members of the Board of Directors will be available for re-election.

## 5.6 Executive Management

Pursuant to Article 19 of the Dätwyler Holding Inc. Articles of Association, the number of mandates members of the Executive Management may hold on management and supervisory boards of legal entities outside the Group is restricted as follows: Two mandates in exchange-listed enterprises, five mandates in unlisted enterprises and ten mandates in other legal entities such as foundations and associations.



**Dirk Lambrecht**

1960, German/Swiss

Chief Executive Officer (CEO)  
Head of Business Area Industrial  
Solutions / Chief Operating Officer (COO)



**Walter Scherz**

1977, Swiss

Chief Financial Officer (CFO)  
Head of Group Function Finance &  
Shared Services



**Dirk Borghs**

1963, Belgium

Chief Operating Officer (COO)  
Head of Business Area Healthcare  
Solutions



**Sabrina Gérard**

1968, Belgium

Chief Sustainability Officer (CSO)  
Head of Group Function Sustainability  
and Operational Excellence



**Dr. Frank Schön**

1975, German/Swiss

Chief Technology Officer (CTO)  
Head of Group Function Technology &  
Innovation

[📄 Detailed portraits of the  
current Executive Management](#)

**Changes in the Executive Management in the reporting  
year**

Effective 1 November 2022, the Board of Directors has appointed Sabrina Gérard as the new Chief Sustainability Officer, CSO, and as a member of the Executive Management. In this role, she will lead the Group Function Sustainability and Operational Excellence. The Executive Management now consists of five members.

## **Significant events after balance sheet date**

There have been no changes in the Executive Management since 31 December 2022.

## **Management contracts**

There are no management contracts with external individuals or companies to perform management tasks for the Datwyler Group.

## **5.7 Remuneration, shareholdings and loans**

The information on remuneration and loans is recorded in the Remuneration Report. Information on the shareholdings of the members of the Board and the Executive Management is provided in the notes to the financial statements of Dätwyler Holding Inc. (Financial Report 2022, pages F49 and F50).

## **5.8 Shareholders' participation rights**

The shareholders' participation rights comply with the provisions of Swiss Corporation Law, subject to the one-share-per-vote principle presented below. The Articles of Association contain no quorum requirements that differ from those prescribed by law.

### **Voting restrictions and proxy voting**

There are no restrictions on registration or voting. Under the Articles of Association of Dätwyler Holding Inc., each share carries one vote at general meetings regardless of its par value. Persons representing shareholders must present a written proxy. Legal representatives of shareholders do not need a proxy appointment. Shareholders who are unable to attend a general meeting may also appoint and instruct an independent proxy to represent them. To do so, an electronic solution has been provided since 2014. The independent proxy is elected annually by the Annual General Meeting for the next ordinary Annual General Meeting.

### **Calling of general meetings and additions to the agenda**

The procedures for calling general meetings and adding items to the agenda are set out in the Articles of Association of Dätwyler Holding Inc. in accordance with the Swiss Code of Obligations (Art. 699 f.). Shareholders holding no less than 10% of the share capital are entitled to submit agenda items in writing. The deadline for submitting agenda items is published in advance in the Swiss Official Gazette of Commerce.

### **Share registration**

Every person whose name is entered in the share register no later than 14 days prior to a general meeting is recognised by the company as a shareholder and holder of all rights attached to the registered shares.

## Change of control and defensive measures

The Articles of Association do not contain any «opting out» or «opting up» provisions. Dätwyler Holding Inc. does not have any change of control clauses which benefit Directors or Executive Management members.

## 5.9 Statutory auditors

KPMG was mandated to audit the consolidated financial statements at the Annual General Meeting 2018. The auditors are appointed by the Annual General Meeting of Shareholders for a period of one year. In accordance with the Swiss Code of Obligations, the normal rate of rotation for the auditor in charge is seven years. Some of the Group companies are audited by other audit firms.

### Fees paid in 2022 to the statutory and other auditors

In CHF

	Statutory auditors	Other auditors
Auditing services, total	593'000	227'000
Additional services, total	2'000	250'000
└ Tax consulting	2'000	247'000
└ Legal consulting	–	3'000
└ Transaction services	–	–
└ Other advisory services	–	–

Representatives of the statutory auditors attend all meetings of the Audit Committee for the discussion of certain items. Four meetings were held in 2021. At each meeting, the statutory auditors present a written report on the progress of their work. The core element of the auditors' reporting is the annual audit report with recommendations to the Audit Committee.

The supervisory body for the external statutory auditors is the overall Board of Directors. It conducts an annual evaluation of the statutory auditors. This is based on the following criteria:

- Professional competence
- Scope and quality of their written reports and verbal statements
- Practicability of recommendations
- Priority setting
- Transparent and effective communication and coordination
- Ability to meet deadlines
- Independence
- Fees

The members of the Board of Directors rely on the competencies and experience they have gained in similar roles with other companies, on the statutory auditors' reports as well as on the comments made by the Audit Committee. The responsibilities of the Audit Committee are defined in the chapter Internal organization.

## 5.10 Information policy

Datwyler maintains an open dialogue with all stakeholders. In the interests of shareholders, Datwyler especially fosters relationships with investors, banks and media representatives. Communication takes place through the Annual Report, Interim Report, Annual General Meeting and at least one press and analyst conference every year. Through press releases and on its website [datwyler.com](https://www.datwyler.com), Datwyler provides up-to-the-minute information on all important projects as required by the ad hoc publicity rules of SIX Swiss Exchange.

The ad hoc press releases are available in the archive on the website. On the website, interested persons can also register for the distribution list for the ad hoc announcements. Contact details as well as a financial calendar with the important dates are also available on the website. Official notices concerning Datwyler are published in the Swiss Official Gazette of Commerce. Notices and invitations to registered shareholders are made in writing.

### Further information



Datwyler  
website



Datwyler  
events



Newsletter  
subscription



Ad hoc  
announcements

# 6 Remuneration Report

The Remuneration Report describes the governance framework and principles of remuneration of the Board of Directors and Executive Management of the Datwyler Group. It also provides information on remuneration plans and remuneration paid for the 2022 fiscal year.

The Remuneration Report is written in accordance with the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance of [economiesuisse](https://www.economiesuisse.ch).

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## 6.1 Remuneration governance framework

### Nomination and Compensation Committee

The Nomination and Compensation Committee generally consists of three members of the Board of Directors who are elected individually each year by the Annual General Meeting. The Nomination and Compensation Committee appoints its chairman.

At the end of 2022, the members of the Nomination and Compensation Committee were: Hanspeter Fässler (Chairman), Jens Breu and Claude R. Cornaz. In 2022 the Nomination and Compensation Committee met for three meetings with all members present.

## Meeting attendance 2022

Hanspeter Fässler	3/3
Jens Breu	3/3
Claude Cornaz	3/3

## Responsibilities of the Nomination and Compensation Committee:

- ② Basic human resource matters (e.g. talent management, succession planning, etc.) of the Datwyler Group.
- ② Nominations to the Board of Directors and Executive Management taking into account the gender guidelines under Swiss law.
- ② Preparation of the maximum compensation amounts to the Board of Directors and Executive Management to be submitted to shareholders' vote at the Annual General Meeting.
- ② Determination of remuneration for members of the Board of Directors within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21b of the Articles of Association.
- ② Employment terms for members of the Executive Management.
- ② Determination of performance-based remuneration for members of the Executive Management within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21c of the Articles of Association.
- ② Monitoring of structure and development of remuneration.
- ② Oversight of compliance by the members of the Board of Directors and Executive Management with the provisions of the Articles of Association concerning the number of mandates in top management and supervisory bodies of legal entities outside the Datwyler Group (Art. 14 section 5 and Art. 19 section 3 of the Articles of Association) including any necessary measures.
- ② Compliance with regulations concerning the disclosure of remuneration of members of the Board of Directors and Executive Management.
- ② Preparation of the remuneration report.

The Nomination and Compensation Committee has written terms of reference setting out its responsibilities. The Committee generally prepares the groundwork for proposals and decision-making by the full Board. It has executive authority only within the remuneration framework already approved in principle by the Annual General Meeting or Board of Directors and where expressly provided in the Articles of Association or a policy. It meets upon invitation of its Chairman as often as necessary, but at least once a year. The Chairman and the CEO attend the meetings by invitation and in an advisory capacity, and the HR officer of the Group takes the minutes.

At the agenda points, where his own performance and remuneration are being discussed, the CEO does not attend. The members of the Committee receive documentation before meetings to enable them to prepare for the individual agenda items. At least two members must be present to adopt decisions. The committees pass resolutions by an absolute majority of the votes cast. In the event of a tie, the Chairman casts the deciding vote. The Nomination and Compensation Committee keeps a record of its decisions and recommendations in minutes submitted to the full Board of Directors and reports the results of its activities at the next Board meeting.

## Approval levels

	Proposal	Review	Approval
<b>Remuneration principles (Articles of Association)</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (binding vote)
<b>Remuneration models for the Board of Directors and Executive Management</b>	Nomination and Compensation Committee		Board of Directors
<b>Remuneration Report</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (consultative vote)
<b>Maximum aggregate amount of remuneration for Board of Directors</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (binding vote)
<b>Individual remuneration of Board of Directors members</b>	Nomination and Compensation Committee		Board of Directors
<b>Maximum aggregate amount of remuneration for Executive Management</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (binding vote)
<b>Remuneration CEO</b>	Nomination and Compensation Committee		Board of Directors
<b>Individual remuneration other members of Executive Management</b>	CEO	Nomination and Compensation Committee	Board of Directors

## Determination procedure for the remuneration system

The remuneration system is normally reviewed every three years by the Nomination and Compensation Committee and may be adjusted to reflect the evolving business environment.

The Datwyler Group's remuneration policy is compared against common standards for similar positions at comparable companies. The process for determining the elements and levels of remuneration for the Board of Directors and Executive Management is based on a periodic benchmarking analysis on the basis of remuneration surveys and of remuneration disclosures published by comparable companies in their annual reports.

Comparable companies are defined as international industrial companies listed on the SIX Swiss Exchange with similar geographic scope, revenue, complexity, capitalisation and employee headcount. They include: ALSO, Belimo, Bucher Industries, DKSH, Dormakaba, Emmi, Forbo, Galenica, Georg Fischer, Idorsia, Landis+Gyr, OC Oerlikon, SFS Group, Sigfried, Sulzer, Tecan and VAT Group.

The Annual General Meeting approves the proposals of the Board of Directors concerning the maximum aggregate amount for remuneration of the Board of Directors each year for the period up to the next ordinary Annual General Meeting pursuant to Art. 21b of the Articles of Association, and of remuneration for the Executive Management for the following fiscal year pursuant to Art. 21c of the Articles of Association.

The amount of remuneration for members of the Board of Directors is based on service on the individual committees. It is determined annually by the Nomination and Compensation Committee within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21b of the Articles of Association. The full Board of Directors approves the result. Members of the Board of Directors have a right to be consulted at these meetings of the Board of Directors.

The effective performance-based remuneration of members of the Executive Management is determined annually by the Nomination and Compensation Committee within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21c of the Articles of Association. The full Board of Directors approves the result.

Under Art. 21a section 5 of the Articles of Association, the company is authorised to pay an additional amount of up to 50% of the applicable aggregate amount of the applicable maximum total remuneration of the Executive Management to members of the Executive Management who join the Executive Management or assume additional duties during a period for which Executive Management remuneration has already been approved in the event that the approved maximum aggregate amount of remuneration is insufficient for this period.

The Remuneration Report is submitted to the Annual General Meeting for approval in an consultative vote.

## Remuneration philosophy and principles

The remuneration philosophy, as set forth in the Articles of Association, is aligned with the business strategy of sustainable, profitable growth and aims to promote and support the four core values of the Datwyler Group:

- We are entrepreneurs.
- We excel at what we do.
- We bring value to our customers.
- We have respect for others.

The framework for implementing these remuneration principles is set forth in the Articles of Association.

### **Pay for performance**

The variable incentive plan for Executive Management rewards the collective performance of the company.

### **Sustainability performance as a remuneration criterion**

By considering sustainability performance for the calculation of the variable incentive, Datwyler promotes responsible behavior.

### **Reward long-term value creation**

Part of the remuneration is paid in the form of blocked shares for the Board of Directors and in the form of performance share units for the Executive Management in order to encourage a long-term view and to create alignment with the interests of the shareholders.

Furthermore, the variable incentive plan for Executive Management has no excessive leverage and therefore does not encourage inappropriate risk-taking.

### **Market competitiveness**

Remuneration levels are in line with competitive market practice and are designed to attract, retain and develop the best talent.

### **Fairness and transparency**

Remuneration programmes are straightforward, transparent and fair.

## 6.2 Remuneration structure of the Board of Directors

The remuneration of members of the Board of Directors is determined based on the responsibility and time requirements of their function and includes a base fee for Board membership and additional fees for special functions such as committee chairmanship and membership. The additional fees are cumulative in the case of multiple functions.

Members of the Board of Directors receive their remuneration in the form of a fixed fee in cash and a grant of bearer shares of Dätwyler Holding Inc., blocked for five years. The number of bearer shares granted is calculated from the fixed amount and the average price on the 20 trading days prior to the grant date. In the event of death or disability of a Board member, the shares may be subject to early un-blocking if the participant or their beneficiaries so choose. They remain blocked in all other instances.

### Remuneration model for members of the Board of Directors

	Cash (CHF)	Blocked shares (CHF)
<b>Base fee</b>		
For Board membership	30'000	150'000
<b>Additional fee</b>		
For special functions		
└ Board chairmanship	100'000	180'000
└ Board vice-chairmanship		50'000
└ Committee chairmanship	40'000	
└ Committee membership	20'000	

The elements and levels of remuneration for the Board of Directors is based on benchmarking analysis with a group of comparable international industrial companies listed on the SIX Swiss Exchange with similar geographic scope, revenue, complexity, capitalisation and employee headcount. They include: ALSO, Belimo, Bucher Industries, DKSH, Dormakaba, Emmi, Forbo, Galenica, Georg Fischer, Idorsia, Landis+Gyr, OC Oerlikon, SFS Group, Sigfried, Sulzer, Tecan and VAT Group.

Board members may receive additional compensation for assuming special duties, as well as for participation in meetings of a temporary additional committee (other than the Audit Committee and the Nomination and Compensation Committee). Both the special duty and the additional committee and the corresponding compensation must be determined in advance by the Board of Directors.

Fees are paid and shares allocated in June for the current year of Board service. They are subject to regular social security contributions but are not pensionable. Members of the Board of Directors receive no additional reimbursement of business expenses beyond actual expenditures for business travel.

## 6.3 Remuneration structure of the Executive Management

The remuneration of Executive Management members is determined based on the scope and responsibilities of their position and consists of a fixed base salary, a variable incentive, a long-term incentive plan with performance share units and benefits such as retirement pension, insurance and perquisites.

### Remuneration model for the Executive Management

	Instrument	Purpose
<b>Fixed base salary</b>	Monthly cash payments	To compensate for performance of duties and for qualifications required to perform the role
<b>Variable incentive</b>	Annual cash payment	To reward collective business performance in the reporting year (revenue, profit and sustainability criteria)
<b>Long-term incentive plan</b>	Annual granting of performance share units with a vesting period of three years	To drive sustainable results and create long-term alignment with shareholders' interests
<b>Employer social insurance contributions and perquisites</b>	Retirement pension, insurance and perquisites	To protect against risks and reimburse business expenses

### Fixed base salary

The amount of the fixed base salary depends on the scope of the position, the qualifications and experience required to perform the role together with the market environment. The objective is to pay fixed salaries in line with those offered by comparable companies for similar positions.

### Variable incentive

The variable incentive plan rewards the collective performance of the company over a time horizon of one year. The variable incentive is capped at 180% of the annual fixed base salary for the CEO and individually between 45% to 100% for the other members of the Executive Management.

In alignment with the overall strategy of sustainable profitable growth, the variable incentive will be measured on the basis of three performance indicators with different weightings:

- Net revenue growth compared to previous year, relative to a peer group of companies (weighting 40%);
- EBIT improvement (earnings before interest and tax) compared to previous year, relative to the same peer group of companies (weighting 40%);
- Sustainability measurement parameters (weighting 20%).

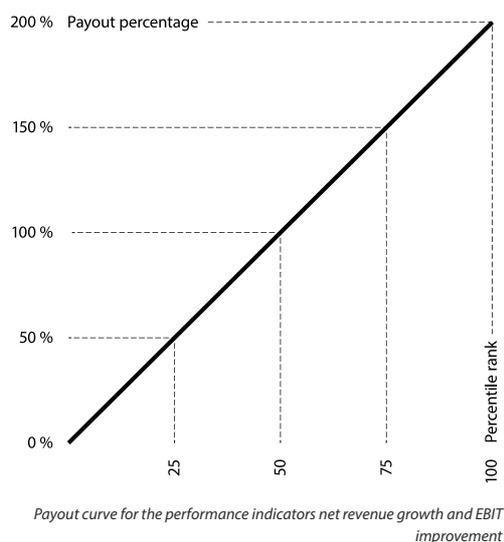
The comparison of the two performance indicators net revenue growth and EBIT improvement with the performance of similar companies is performed by an independent consulting firm. The peer group includes industrial firms that have a comparable base of products, technology, customers, suppliers or investors and thus are exposed to similar market cycles as Datwyler. It is identical for all members of the Executive Management.

The intention of measuring the performance relatively to peer companies is to neutralise the effect of market cycles and external factors that impact the company's performance but are outside of the control of management. The external market cycles being neutralised, the true performance of the company can be better assessed.

The performance indicators net revenue growth and EBIT improvement together determine 80% of the variable incentive. To achieve the target amount of a 100% payout for these two performance indicators, the median performance of the peer group must be reached for both indicators. The maximum payout of 200% can only be achieved if Datwyler achieves the best ranking among all peer companies on both net revenue growth and EBIT improvement. Should Datwyler perform below all peer companies on both indicators, there is no payout for these two performance indicators. The payout percentage for any point between the lowest ranking (0% payout), the median (100%) and the best ranking (200%) is determined by linear interpolation.

The sustainability performance indicator determines 20% of the variable incentive. The measurement parameters for the sustainability performance indicator are derived from the 12 focus topics of the sustainability strategy. They can be redefined and weighted by the Board of Directors annually.

For all three parameters, there is a minimum threshold that has to be achieved in order to be taken into consideration and a maximum limit above which the contribution to target achievement no longer increases. The three measurement parameters for the sustainability performance indicator cannot be compared with the companies from the peer group. By taking sustainability measurement parameters into account in the variable incentive for all eligible employees, Datwyler is promoting awareness of the sustainability focus areas.



## Overview of the performance indicators and their weighting for calculating the variable incentive

Target values in % of annual fixed base salary	CEO	COO, CFO, CTO, CSO
Net sales growth relative to peers	36 %	9 % – 20 %
EBIT improvement relative to peers	36 %	9 % – 20 %
Sustainability measurement parameters	18 %	4.5 % – 10 %
Total (at target)	90 %	22.5 % – 50 %
Total (at maximum)	180 %	45 % – 100 %

## Peer group of companies to measure the collective performance

The Board of Directors may decide to adjust both performance indicators to reflect currency effects, extraordinary effects such as one-time costs or sale of real estate and structural changes such as acquisitions or divestments affecting net sales by more than 10% of the previous year figure. In case of a negative net result, the Board of Directors reserves the right to deviate from the above-mentioned calculation approach.

The model for calculating the variable incentive with three collective performance indicators including sustainability measurement parameters and a uniform peer group applies to all employees of the company who are entitled to a variable incentive. In this way, Datwyler promotes agile collaboration across hierarchical levels and departments and accelerates the implementation of customer requests and development projects. By simultaneously introducing the concept of Objectives and Key Results (OKRs), Datwyler focuses the activities of all employees on a clearly defined number of over-arching company objectives.

Peer group:

- Aluflexpack
- Amcor
- Amgen
- Aptargroup – Food & Beverages
- Aptargroup – Pharma
- Aptiv
- Atrion Corp.
- Becton Dickinson & Company – Life Sciences
- Becton Dickinson & Company – Medical
- Bridgestone Corporation
- Continental – ContiTech
- Gerresheimer – Plastics & Devices
- Gerresheimer – Primary Packaging Glass
- Hexpol AB
- Johnson Control
- Nipro Corporation
- Parker-Hannifin – Diversified Industrial
- Sanofi
- Semperit AG Holding
- Trelleborg – Sealing Solutions
- Valeo
- West Pharmaceutical
- ZF Friedrichshafen

## Long-term incentive plan

With the 2018 financial year, Datwyler replaced the previous share participation for the Executive Management with a long-term incentive plan. This measures performance relative to comparable peer companies. This is intended to neutralise the effect of market cycles and external factors that impact the company's performance but are outside of the control of management. The external market cycles being neutralised, the true performance of the company can be better assessed.

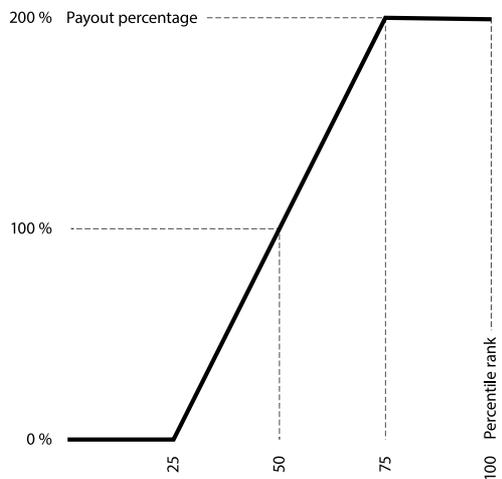
Share-based remuneration will be awarded under a long-term incentive plan in future in the form of performance share units (PSUs). A PSU is a conditional right to receive shares of the company subject to the fulfilment of certain conditions during a three-year vesting period. The vesting conditions will include both the achievement of predetermined performance objectives (performance conditions) and continuous employment at the end of the vesting period (service condition).

As a basis for the allocation of PSUs, a target amount for the long-term incentive plan was determined for each member of the Executive Management. This target amount is based on the relevant compensation benchmarks.

At grant date (1 January), the target incentive amount will be converted to a number of PSUs on the basis of the average closing share price during the twenty trading days before the grant date. The PSUs will be subject to a three-year vesting period, conditional on continued service within the company and on the following performance targets being achieved:

- Relative net sales growth, with one-third weight
- Relative ROCE growth, with one-third weight
- Relative total shareholder return (TSR), with one-third weight

Datwyler's performance on all three indicators is compared annually with a peer group of companies. The peer group is a consolidation of the peer companies that are already considered for the calculation of the annual variable incentive.



*Payout curve for the long-term incentive plan*

## Peer group

The peer group is confirmed by the Board prior to the annual grant of PSUs and may be adjusted if required.

The peer group consists of the following companies:

- Aluflexpack
- Amcor
- Amgen
- Aptargroup
- Aptiv
- Atrion Corp.

- Becton Dickinson & Company
- Bridgestone Corporation
- Continental
- Gerresheimer
- Hexpol AB
- Johnson Control
- Nipro Corporation
- Parker-Hannifin
- Sanofi
- Semperit AG Holding
- Trelleborg
- Valeo
- West Pharmaceutical
- ZF Friedrichshafen

## Reward for long-term performance

With the long-term incentive plan, a significant portion of Executive Management compensation is linked to the company's long-term performance. This strengthens the alignment to shareholders' interests. Datwyler's relative performance will be expressed as a percentile rank, which determines a payout factor between 0% and 200%:

- Ranking < 25% of the peer group (threshold): 0% payout
- Ranking at the median of the peer group: 100% payout
- Ranking > 75% of the peer group (cap): 200% payout
- Linear interpolation between those points

The combined payout factor is a weighted average of the payout factors for relative sales growth (one-third weight), relative ROCE growth (one-third weight) and relative TSR (one-third weight) over the three-year vesting period. An independent external specialist will calculate the level of relative performance achievement and the combined payout factor.

If Datwyler reports a negative profit after tax (i.e. a loss) from continuous operations during the last year of the three-year vesting period, or if the Board of Directors believes that an adequate dividend cannot be paid out to shareholders, the Board of Directors reserves the right to determine whether and to what extent the PSUs for this period should be forfeited, irrespective of the combined payout factor achieved.

In the case of someone leaving, the PSUs are usually forfeited, except in the case of retirement, death, disability or change of control of the company where they are converted into shares for the number of months up to the time of leaving based on the payout factor achieved (pro-rata vesting).

In the event of death, the pro-rata payout is made at the time of leaving (accelerated vesting). It follows the regular vesting schedule in the other cases.

If Datwyler is required to prepare an accounting/financial restatement, clawback and malus provisions will apply to PSUs or shares awarded under the long-term incentive plan. Datwyler shall have the right to forfeit (malus provision) and/or or to obtain reimbursement (clawback provision) of any PSU or shares that were granted or allocated to the participant in the case that fraud or misconduct by the participant has led to the booking correction.

The total number of shares transferred to the participant after the vesting period will be calculated as follows:

$$\boxed{\text{Number of PSUs originally granted to the participant}} \times \boxed{\text{Combined payout factor (0-200\%)}} = \boxed{\text{Number of shares transferred}}$$

## Transition rules

In order to facilitate the transition from the former long-term incentive plan (fixed number of restricted shares) to the new long-term incentive plan that is fully performance-based, specific transition rules have been determined for those members of the Executive Management who were members of the Executive Management on 1 January 2018.

First of all, the individual grant value in the transition years 2018, 2019 and 2020 were multiplied by a factor of 1.75, 1.5 and 1.25 respectively. This is to compensate for the fact that in each of those years, neither shares will be allocated under the former share participation programme (discontinued) nor under the new long-term incentive plan (no vesting before the year 2020).

Secondly, the vesting schedule for the awards granted in the transition years 2018, 2019 and 2020 were subject to an upper limit, but also a lower limit as follows:

- PSUs granted in 2018: the vesting in 2020 will range from a minimum of 80% to a maximum of 120%
- PSUs granted in 2019: the vesting in 2021 will range from 50% to 150%
- PSUs granted in 2020: the vesting in 2022 will range from 25% to 175%

The Board of Directors has decided to introduce a lower upper limit during the transition period. This is due to the introduction of the above-mentioned factor, which could lead to all too high payout values. However, the Board of Directors also decided that the introduction of an upper limit would at the same time be supplemented by a symmetrical lower limit for reasons of fairness. This ensures that the payout values remain in a reasonable range within the transitional phase between the two systems. PSUs granted to longstanding Executive Management members from 2021 onwards follow the regular plan rules. The same applies to new Executive Management members who were hired after 1 January 2018; i.e. all except the current CEO.

## Employer social insurance contributions

Members of the Executive Management belong to the regular social security and pension plans of the respective countries in which their employment contracts were concluded. The social and pension benefits are mainly paid into state social insurance plans, pension plans and health and accident insurance plans. The purpose is to provide employees or their dependents with adequate benefits in the event of retirement, disability, death, accident or illness.

Members of the Executive Management with a Swiss employment contract participate in the regular employee pension plan provided by Datwyler to all employees in Switzerland. The pension plan consists of a basic plan covering annual earnings up to the sixfold of the maximal retirement pension of the Swiss Governmental Old-Age, Survivors' and Disability Insurance (AHV) and a supplementary plan in which earnings in excess of this limit are insured up to a maximum of the tenfold of the upper limiting amount according to the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG). The benefits provided under the pension fund exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and are in line with typical market practice of other industrial companies in Switzerland.

## Perquisites

Members of the Executive Management do not receive any particular executive benefits. They are entitled to a company car and a fiscally approved entertainment allowance, in accordance with the expense rules applicable to all employees at management levels employed in Switzerland. Since representation allowance represent a reimbursement of expenses, they are not included in the remuneration tables.

## Employment contracts

Employment contracts with members of the Executive Management stipulate a notice period of 6 to 12 months and of 12 months for the CEO. They contain neither a severance provision in the event of termination of employment, nor any change of control clauses.

The employment contracts of Executive Management members contain a clawback clause allowing the company, where necessary under applicable Swiss law and the Articles of Association, to recover remuneration already paid, insofar as and to the extent that such remuneration was paid before approval by the Annual General Meeting and the next Annual General Meeting fails to approve the proposals of the Board of Directors.

## 6.4 Remuneration in the reporting year 2022

The remuneration to current and former members of the Board of Directors and Executive Management and persons connected with them are presented below. Explanations are available after the tables. Tables 1 to 4 have been audited by the statutory auditors.

### Remuneration Board of Directors in 2022 (term)

Table 1, in CHF

Name	Function	Fixed base salary, gross	Share participation <sup>2</sup> Number	Share participation <sup>2</sup> Fair value	Employer social insurance contributions	Total remuneration
Paul Hälgi <sup>1</sup>	Chairman	130'000	1092	330'194	22'360	482'554
Hanspeter Fässler	Vice Chairman	70'000	662	200'172	12'410	282'582
Jens Breu	Director	50'000	497	150'280	11'555	211'835
Claude R. Cornaz	Director	50'000	497	150'280	11'555	211'835
Jürg Fedier	Director	70'000	497	150'280	10'301	230'581
Martin Hirzel	Director	50'000	497	150'280	11'555	211'835
Gabi Huber	Director	50'000	497	150'280	8'817	209'097
Judith van Walsum	Director	30'000	497	150'280	9'851	190'131
<b>Total for Directors</b>		<b>500'000</b>	<b>4'736</b>	<b>1'432'046</b>	<b>98'406</b>	<b>2'030'452</b>

1. Highest remuneration

2. The shares were granted on 1 June 2022. The reported market value corresponds to the average share price of CHF 302.38 in the time frame from 19 April to 16 May 2022.

## Remuneration Board of Directors in 2021 (term)

Table 2, in CHF

Name	Function	Fixed base salary, gross	Share participation <sup>2</sup> Number	Share participation <sup>2</sup> Fair value	Employer social insurance contributions	Total remuneration
Paul Hälgi <sup>1</sup>	Chairman	130'000	1'125	330'075	27'804	487'879
Hanspeter Fässler	Vice Chairman	70'000	682	200'099	17'712	287'811
Jens Breu	Director	50'000	512	150'221	14'134	214'355
Claude R. Cornaz	Director	50'000	512	150'221	14'134	214'355
Jürg Fedier	Director	70'000	512	150'221	12'643	232'864
Martin Hirzel	Director	30'000	512	150'221	12'386	192'607
Gabi Huber	Director	50'000	512	150'221	11'163	211'384
Hanno Ulmer	Director	50'000	512	150'221	11'963	212'184
<b>Total for Directors</b>		<b>500'000</b>	<b>4'879</b>	<b>1'431'500</b>	<b>121'940</b>	<b>2'053'440</b>

1. Highest remuneration

2. The shares were granted on 1 June 2021. The reported market value corresponds to the average share price of CHF 293.40 in the time frame from 16 April to 14 May 2021.

The fixed base salary of the Board of Directors remained unchanged compared to the previous year. The fixed base salary of the individual Directors depends on their membership in the two committees (see also Structure of remuneration of the Board of Directors).

The share participation for the members of the Board of Directors for the year 2022 was determined by the Nomination and Compensation Committee and approved by the Board of Directors in accordance with the maximum aggregate amount approved by the Annual General Meeting and Art. 21b of the Articles of Association.

The grant of Datwyler bearer shares as of 1 June 2022 was based on a fixed amount and the average share price of CHF 302.38 in the time frame from 19 April to 16 May 2022. Due to the slightly higher share price compared to the previous year, the number of shares granted decreased slightly in the reporting year. The granted shares are blocked for a period of five years.

## Remuneration Executive Management in 2022

Table 3, in CHF

Name	Function	Fixed base salary, gross	Variable incentive, gross <sup>3</sup>	Performance Share Units <sup>4</sup> Number	Performance Share Units <sup>4</sup> Grant value	Employer social insurance contributions	Perquisites	Total remuneration
Dirk Lambrecht <sup>1</sup>	CEO	655'000	369'900	1'680	650'244	345'907	10'440	2'031'491
<b>Total for Executive Management<sup>2</sup></b>		<b>1'538'726</b>	<b>570'634</b>	<b>2'894</b>	<b>1'120'058</b>	<b>801'536</b>	<b>50'588</b>	<b>4'081'542</b>

1. Highest remuneration
2. One member was appointed to the Executive Management on 1 November 2022. As of 31 December 2022, the Executive Management comprised five members.
3. Best estimate at the time of publication of the annual report, as only the nine-month figures are available for the companies in the peer group at this date.
4. The performance share units of the long-term incentive plan were granted on 1 January 2022 based on the Datwyler bearer share price of CHF 387.05 (average closing price 20 trading days prior to the grant date).

## Remuneration Executive Management in 2021

Table 4, in CHF

Name	Function	Fixed base salary, gross	Variable incentive, gross <sup>3</sup>	Performance Share Units <sup>4</sup> Number	Performance Share Units <sup>4</sup> Grant value	Employer social insurance contributions	Perquisites	Total remuneration
Dirk Lambrecht <sup>1</sup>	CEO	655'000	827'615	2'636	650'169	387'095	10'012	2'529'891
<b>Total for Executive Management<sup>2</sup></b>		<b>1'799'000</b>	<b>1'470'060</b>	<b>5'537</b>	<b>1'365'701</b>	<b>1'041'926</b>	<b>62'842</b>	<b>5'739'529</b>

1. Highest remuneration
2. One member of the Executive Management resigned on 30 September 2021 and was not replaced. As of 31 December 2021, the Executive Management comprised four members.
3. The variable incentives paid to the Executive Management in 2022 reporting year and relating to the 2021 fiscal year were in total CHF 139'241 lower than the estimate published in the 2021 Annual Report. The social insurance contributions have also been adjusted accordingly.
4. The performance share units of the long-term incentive plan were granted on 1 January 2021 based on the Datwyler bearer share price of CHF 246.65 (average closing price 20 trading days prior to the grant date).

## Remuneration of the Executive Management

The Executive Management was expanded to include the function of Chief Sustainability Officer as of 1 November 2022, and now consists of five members. The fixed base salary of the Executive Management amounted to CHF 1'536'362 in the year under review. This was 14.6% less than in the previous year, in which the Executive Management consisted of five members for nine months. The Executive Management's variable incentive for the 2021 reporting year was calculated according to the model described in detail under Variable incentive.

This involved comparing net revenue growth and EBIT improvement with a peer group of similar companies. Based on the available revenue and earnings figures for the first nine months of the year under review, Datwyler has made best estimates for calculating the variable incentive. The company expects to outperform its peer group by 28% in net revenue growth and 5% in EBIT improvement for the full year. In the model with a maximum payout factor of 200% per performance indicator, these values correspond to a payout factor of 56% for net revenue growth and a payout factor of 10% for EBIT improvement.

For the sustainability performance indicator included for the first time, the Board of Directors had defined the following three measurement parameters for the year 2022: Reduction of CO<sub>2</sub> emissions (Scope 1 and 2) in relation to revenue, reduction of accident severity, and employee satisfaction. These measurement parameters cannot be compared with the companies in the peer group, but are also based on nine-month figures as of the end of September 2022. In terms of CO<sub>2</sub> emissions, Datwyler exceeded the predefined maximum of 14.4 tonnes with a reduction of 16.2 tonnes per million revenue, resulting in a payout factor of 200% for this measurement.

Datwyler reduced the accident severity rate to 0.08%. With a maximum value of 0.0%, the payout factor for this measurement parameters is 146.7%. To evaluate employee commitment, Datwyler will conduct a survey in January and February 2023. The values of this employee survey are taken into account for the calculation of the variable incentive to be effectively paid out. For the best estimate of the variable incentive in this annual report, the employee commitment from the survey at the end of 2020 was used. The value at that time of 85% genuinely satisfied employees, with a maximum value of 100% genuinely satisfied employees, results in a payout factor of 128.6%.

Taking into account the weighting of the three performance indicators (net revenue growth (40%), EBIT improvement (40%) and sustainability (20%), the aggregate provisional payout factor amounts to 60%). Accordingly, the provisional figure for the Executive Management's variable incentive amounts to CHF 570'279. Compared to the successful previous year, this corresponds to a decrease of 61.2%.

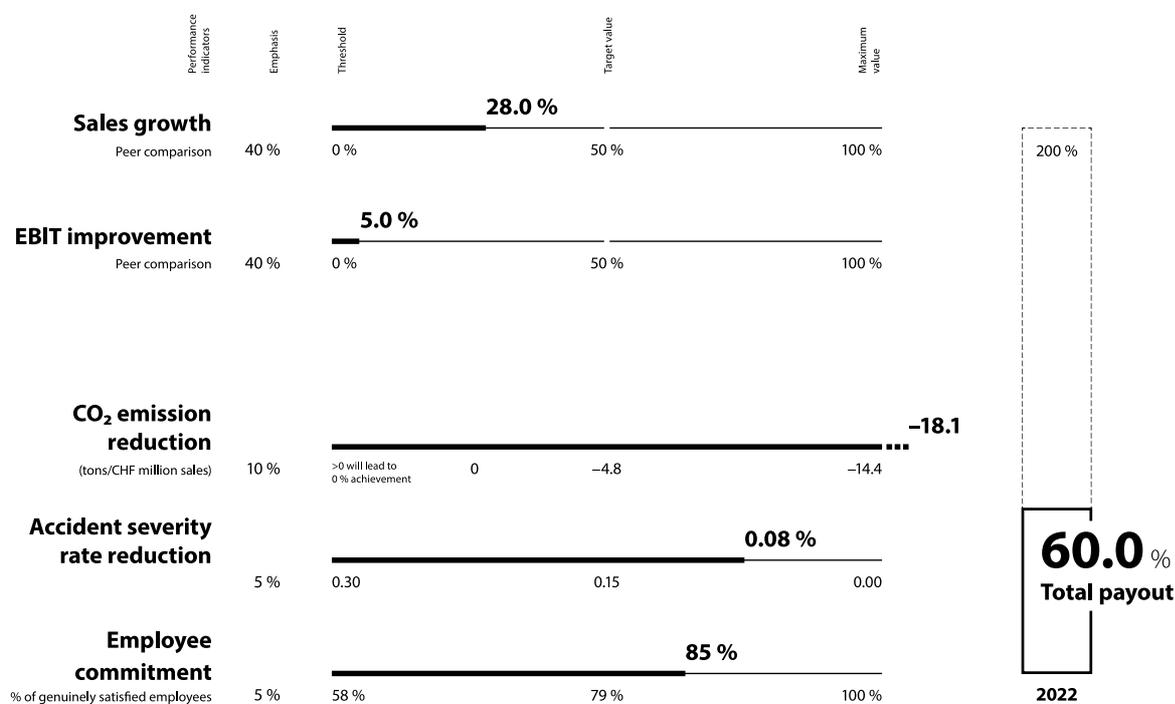
An external, independent specialist calculated the provisional figures for net revenue growth and EBIT improvement relative to peer groups of similar companies.

Based on the annual reports published by peer companies, the same specialist will ascertain the definitive figures in April 2022 before the date on which the variable incentive is paid out. The actual variable incentive paid out will be published in next year's Remuneration Report.

Under the long-term incentive plan, 2'894 performance share units (PSUs) worth CHF 1'120'058 were granted to the members of the Executive Management on 1 January 2022. This was based on the average closing price of the Datwyler bearer share of CHF 387.05 over the 20 trading days prior to the grant date. Due to the smaller group of participants and the significantly higher share price compared to the previous year, the number of PSUs granted was 47.7% lower in the reporting year.

The heading "Employer social insurance contributions" includes all employer expenditures for pension plans and social security contributions. Perquisites reflect the employer's contribution to private use of business vehicles and child allowances.

The total remuneration of the Board of Directors and the Executive Management is below the maximum total remuneration figures of CHF 2.1 million and CHF 8.5 million respectively, which the shareholders approved for the 2022 fiscal year at the 2021 and 2022 Annual General Meetings.



## Long-term incentive plans

Includes members of Executive Management as of 31 December 2022

Plan	Participants	Grant date PSU	Performance period	Vesting date PSU	Number of PSU granted	Value of PSU at grant date in CHF	Vesting level in % of grant	Number of shares (vesting)	Value of shares at vesting date in CHF
LTIP 2019	(Exec Management incl. CEO)	01.01.2019	2019–2021	31.12.2021	6'060	821'251	168 %	9'319	2'865'593
LTIP 2020	(Exec Management incl. CEO)	01.01.2020	2020–2022	31.12.2022	6'234	1'115'387	To be determined	To be determined	To be determined
LTIP 2021	(Exec Management incl. CEO)	01.01.2021	2021–2023	31.12.2023	4'523	1'115'598	To be determined	To be determined	To be determined
LTIP 2022	(Exec Management incl. CEO)	01.01.2022	2022–2024	31.12.2024	2'948	1'141'023	To be determined	To be determined	To be determined

Due to the transition rules for the long-term incentive plans 2018, 2019 and 2020, the upper limit of 150% was applied for the vesting of the CEO. As the other beneficiaries were not members of the Executive Management as of 1 January 2018, the transition rules do not apply to them.

The number of shares awarded in spring 2022 for the long-term incentive plan 2019-2021 was calculated according to the model described in detail under Long-term incentive plan.

In the 2019-2021 performance period, Datwyler achieved the following results for the three performance conditions compared to the peer group:

- Relative net revenue growth: 54.8% of peer group companies outperformed
- Relative ROCE growth: 75.7% of peer group companies outperformed
- Relative total shareholder return: 67.8% of the companies in the peer group outperformed

Based on these results, the payout factor was 168%. The members of the Executive Committee serving as of 31 December 2022 were allocated a total of 6'060 performance share units (PSUs) with a value of CHF 821'251 as of 1 January 2019. The payout factor increased the originally granted PSUs to 9'319 shares with a value of CHF 2'865'593 as of the vesting date of 31 December 2021. Due to the transition rules for the long-term incentive plans 2018, 2019 and 2020, the upper limit of 150% was applied for the vesting of the CEO.

As only the nine-month figures of the companies of the peer group are available at the time of publication of the annual report, the share allocation from the long-term incentive plan is reported in the following year. In this way, estimates can be avoided. The PSUs from the long-term incentive plan are recognised as remuneration and reported in the year in which they were originally allocated.

## **Remuneration of former members of the Board of Directors and Executive Management**

In the year under review, one former member of the Executive Management who is now retired received 1'845 shares worth CHF 567'338 from the long-term incentive plan 2019-2021. No further remuneration was paid to former members of the Board of Directors or the Executive Management in the year under review, nor was any non-arm's length remuneration paid to persons connected with current or former members of the Board of Directors or Executive Management.

## **Loans and credits**

The Articles of Association do not allow for the possibility to grant loans and/or credits to current or former members of the Board of Directors or Executive Management or persons connected with them.

## **Shareholdings of the Board of Directors and Executive Management**

At the end of 2022, the Directors held a total of 74'227 Datwyler bearer shares and the Executive Management members held 17'155 Datwyler bearer shares. The shareholdings of Directors and Executive Management are detailed in the financial statements of Dätwyler Holding Inc. (Financial Report 2022, page F49, note 2.19).

# 6.5 Remuneration outlook

The Board of Directors will propose the following maximum total sums to the 2023 ordinary Annual General Meeting for remuneration of the Board of Directors for their service during the period up to the 2024 ordinary Annual General Meeting and for remuneration of the Executive Management for the 2024 fiscal year:

- Board of Directors: CHF 2'100'000, of which CHF 600'000 for cash remuneration plus CHF 1'500'000 for granting of Dätwyler Holding Inc. bearer shares.
- Executive Management: CHF 7'900'000, of which CHF 5'000'000 for cash remuneration (fixed base salary, variable incentive, employer social insurance and perquisites) plus CHF 2'900'000 for the maximum value at grant of the Performance Share Units awarded under the new long-term incentive plan.

For the sustainability performance indicator, which accounts for 20% of the variable salary component, the Board of Directors has defined the following three measurement parameters for the year 2023:

- Reduction in CO<sub>2</sub> emissions (scopes 1 and 2) relative to revenue (10% of variable incentive component)
- Reduction in accident severity (5% of the variable incentive component)
- Customer satisfaction (5% of the variable incentive component)

For all three parameters, there is a minimum threshold that has to be achieved in order to be taken into consideration and a maximum limit above which the contribution to target achievement no longer increases. The three measurement parameters for the sustainability performance indicator are not compared with the companies from the peer group. By taking sustainability measurement parameters into account in the variable incentive for all eligible employees, Datwyler is promoting awareness of the sustainability focus areas.

## 6.6 Report of the statutory auditor on the Remuneration Report



# Report of the Statutory Auditor

To the General Meeting of Dätwyler Holding AG, Altdorf

## Report on the Audit of the Remuneration Report

### Opinion

We have audited the Remuneration Report of Dätwyler Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in the tables 1 to 4 in section «Remuneration in the reporting year 2022» and section «Loans and credits» and section «Remuneration of former members of the Board of Directors and Executive Management» of the compensation report.

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

### Basis for Opinion

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

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

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables 1 to 4 in section «Remuneration in the reporting year 2022» and section «Loans and credits» and section «Remuneration of former members of the Board of Directors and Executive Management» in the Remuneration Report, the consolidated financial statements, the financial statements and our auditor’s reports thereon.

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

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

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

### Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### **Auditor's Responsibilities for the Audit of the Remuneration Report**

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

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

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

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

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

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Manuel Odoni  
Licensed Audit Expert

Zurich, 7 February 2023

## 7 **Financial Report**

This section contains the complete financial report, including the consolidated financial statements and the financial statements of Dätwyler Holding Inc., the alternative performance measures and key financial figures for the company and the share over the past five years.

# DATWYLER FINANCIAL REPORT 2022

## Consolidated Financial Statements

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## 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

<u>in CHF millions</u>	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%
<b>Total change in net revenue</b>	<b>48.9</b>	<b>4.4%</b>	<b>32.5</b>	<b>3.0%</b>

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

<u>in CHF millions</u>	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%
<b>Total change in gross profit</b>	<b>–24.0</b>	<b>–8.6%</b>	<b>22.7</b>	<b>8.8%</b>

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

<u>in CHF millions</u>	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
<b>Total change in operating result</b>	<b>–85.0</b>	<b>–36.3%</b>	<b>550.1</b>	<b>n/a</b>

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 an 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
<b>Total liquidity reserves</b>	<b>442.9</b>	<b>636.2</b>

### 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
<b>Net cash surplus</b>	<b>90.6</b>	<b>279.2</b>

### 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
<b>Net revenue</b>	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
<b>Gross profit</b>		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	3	–	–	–	–	58.4	58.4
<b>Operating result</b>	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
<b>Earnings before tax (EBT)</b>		136.9	–	136.9	158.1	73.7	231.8
Income tax expenses	9	–32.1	–	–32.1	–34.4	–3.4	–37.8
<b>Net result</b>		104.8	–	104.8	123.7	70.3	194.0
<b>Net result per bearer share (in CHF)</b>	24	<b>6.16</b>	<b>–</b>	<b>6.16</b>	<b>7.28</b>	<b>4.13</b>	<b>11.41</b>

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
<b>Current assets</b>		<b>603.9</b>	<b>630.5</b>
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 asset	16	2.0	1.5
<b>Non-current assets</b>		<b>695.1</b>	<b>630.5</b>
<b>Total assets</b>		<b>1'299.0</b>	<b>1'261.0</b>

### 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
<b>Current liabilities</b>		<b>190.2</b>	<b>143.7</b>
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
<b>Long-term liabilities</b>		<b>705.2</b>	<b>169.0</b>
<b>Total liabilities</b>		<b>895.4</b>	<b>312.7</b>
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
<b>Equity</b>		<b>403.6</b>	<b>948.3</b>
<b>Total liabilities and equity</b>		<b>1'299.0</b>	<b>1'261.0</b>

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
<b>Net result</b>		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
<b>Net cash from operating activities</b>		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	–
<b>Net cash used in investing activities</b>		–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
<b>Net cash provided by/(used in) financing activities</b>		466.8	–113.0
<b>Net change in cash and cash equivalents</b>		–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
<b>Cash and cash equivalents at 31 December</b>	10	<b>101.3</b>	<b>219.6</b>

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 <sup>1</sup>	Treasury shares	Additional paid-in capital	Goodwill offset against equity	Retained earnings	Cumulative translation adjustments <sup>2</sup>	Total equity <sup>3</sup>
<b>At 1 January 2021</b>	<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–355.4</b>	<b>978.7</b>	<b>–94.2</b>	<b>735.1</b>
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
<b>At 31 December 2021</b>	<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–285.6</b>	<b>1'116.8</b>	<b>–88.9</b>	<b>948.3</b>
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
<b>At 31 December 2022</b>	<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–838.2</b>	<b>1'147.0</b>	<b>–111.2</b>	<b>403.6</b>

<sup>1</sup> Holding company's share capital: CHF 850'000 (previous year CHF 850'000).

<sup>2</sup> Arising on translation of subsidiaries' equity and income statements denominated in foreign currencies.

<sup>3</sup> 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

## I / 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	Eliminations	Total Group
<b>2022</b>					
Revenue from external customers	520.3	630.3	–	–	1'150.6
Inter-segment revenue	–	5.8	–	–5.8	–
<b>Total net revenue</b>	520.3	636.1	–	–5.8	1'150.6
<b>Operating result</b>	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	Eliminations	Total Group
<b>2021</b>					
Revenue from external customers	466.8	480.8	154.1	–	1'101.7
Inter-segment revenue	–	7.6	0.0	–7.6	–
<b>Total net revenue</b>	466.8	488.4	154.1	–7.6	1'101.7
<b>Operating result</b>	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

<u>in CHF millions</u>	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
<b>Total Group</b>	<b>1'150.6</b>	<b>1'101.7</b>

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

<u>in CHF millions</u>	2022	2021
Wages and salaries	279.5	257.9
Benefit cost	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
<b>Total personnel expenses</b>	<b>359.2</b>	<b>321.1</b>

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 <sup>1</sup>	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
<b>Total</b>	–	<b>–2.9</b>	<b>–2.8</b>	<b>–0.1</b>	<b>0.2</b>	<b>9.8</b>	<b>10.0</b>	<b>9.3</b>

<sup>1</sup> 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.	–	–	–
<b>Contributions and changes in employer contribution reserves</b>	<b>6.2</b>	<b>3.6</b>	<b>9.8</b>
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
<b>= Pension costs included in personnel expenses for the period</b>	<b>6.2</b>	<b>3.8</b>	<b>10.0</b>

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.	–	–	–
<b>Contributions and changes in employer contribution reserves</b>	<b>5.7</b>	<b>3.6</b>	<b>9.3</b>
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
<b>= Pension costs included in personnel expenses for the period</b>	<b>5.7</b>	<b>3.6</b>	<b>9.3</b>

## 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	–
<b>Total depreciation and amortisation</b>	<b>75.8</b>	<b>66.0</b>

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 lease	–	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
<b>Total interest and finance expenses</b>	<b>14.8</b>	<b>2.7</b>
Interest income on bank deposits and loans receivable	–0.3	–0.3
Fair value gain on forward exchange contracts	–2.2	–
<b>Total interest and finance income</b>	<b>–2.5</b>	<b>–0.3</b>
<b>Net finance result (expenses, net)</b>	<b>12.3</b>	<b>2.4</b>

## 9 / INCOME TAX EXPENSES

<u>in CHF millions</u>	<b>2022</b>	2021
Current income tax expense	33.0	35.7
Deferred income tax expense	-0.9	2.1
<b>Total income tax expenses</b>	<b>32.1</b>	<b>37.8</b>

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:

<u>in CHF millions</u>	<b>2022</b>	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 profit	-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
<b>Total (current and deferred) income tax expenses</b>	<b>32.1</b>	<b>37.8</b>

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

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

## 11 / TRADE ACCOUNTS RECEIVABLE

<u>in CHF millions</u>	2022	2021
Trade accounts receivable from third parties, gross	251.6	170.4
Provision for impairment of trade accounts receivable	-1.4	-1.1
<b>Total trade accounts receivable from third parties, net</b>	<b>250.2</b>	<b>169.3</b>
Trade accounts receivable from related parties	0.1	0.4
<b>Total trade accounts receivable, net</b>	<b>250.3</b>	<b>169.7</b>

### Aging analysis of gross trade accounts receivable from third parties

<u>in CHF millions</u>	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
<b>Total trade accounts receivable from third parties, gross</b>	<b>251.6</b>	<b>170.4</b>

### Movements in provision for impairment of trade accounts receivable

<u>in CHF millions</u>	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
<b>At 31 December</b>	<b>1.4</b>	<b>1.1</b>
Of which specific provisions for impairment	0.9	0.9

## 12 / INVENTORIES

<u>in CHF millions</u>	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
<b>Total inventories</b>	<b>209.0</b>	<b>143.4</b>

### 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
<b>Total other receivables</b>	<b>29.4</b>	<b>26.0</b>

### 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
<b>PROPERTY, PLANT AND EQUIPMENT 2022</b>					
<b>At cost</b>					
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
<b>At 31 December 2022</b>	<b>344.9</b>	<b>805.3</b>	<b>46.6</b>	<b>96.6</b>	<b>1'293.4</b>
<b>Accumulated depreciation</b>					
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
<b>At 31 December 2022</b>	<b>–141.5</b>	<b>–511.3</b>	<b>–33.1</b>	<b>–</b>	<b>–685.9</b>
<b>Net book values</b>					
At 1 January 2022	193.6	253.8	13.7	89.5	550.6
<b>At 31 December 2022</b>	<b>203.4</b>	<b>294.0</b>	<b>13.5</b>	<b>96.6</b>	<b>607.5</b>

in CHF millions					
	Real estate	Machinery and production equipment	Office equipment, computer systems, vehicles	Assets under construction	Total property, plant and equipment
<b>PROPERTY, PLANT AND EQUIPMENT 2021</b>					
<b>At cost</b>					
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
<b>At 31 December 2021</b>	<b>325.8</b>	<b>730.0</b>	<b>43.9</b>	<b>89.5</b>	<b>1'189.2</b>
<b>Accumulated depreciation</b>					
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
<b>At 31 December 2021</b>	<b>-132.2</b>	<b>-476.2</b>	<b>-30.2</b>	<b>-</b>	<b>-638.6</b>
<b>Net book values</b>					
At 1 January 2021	210.1	225.1	12.8	77.4	525.4
<b>At 31 December 2021</b>	<b>193.6</b>	<b>253.8</b>	<b>13.7</b>	<b>89.5</b>	<b>550.6</b>

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
<b>INTANGIBLE ASSETS 2022</b>		
<b>At cost</b>		
At 1 January 2022		46.3
Additions		10.2
Disposals		-0.0
Acquisition/disposal of subsidiaries		0.2
Exchange differences		-1.4
<b>At 31 December 2022</b>		<b>55.3</b>
<b>Accumulated amortisation</b>		
At 1 January 2022		-18.9
Amortisation expense		-5.0
Disposals		-
Exchange differences		0.4
<b>At 31 December 2022</b>		<b>-23.5</b>
<b>Net book values</b>		
At 1 January 2022		27.4
<b>At 31 December 2022</b>		<b>31.8</b>

in CHF millions		Software	Other intangible assets	Total intangible assets
<b>INTANGIBLE ASSETS 2021</b>				
<b>At cost</b>				
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
<b>At 31 December 2021</b>		<b>46.3</b>	<b>0.0</b>	<b>46.3</b>
<b>Accumulated amortisation</b>				
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
<b>At 31 December 2021</b>		<b>-18.9</b>	<b>-0.0</b>	<b>-18.9</b>
<b>Net book values</b>				
At 1 January 2021		25.1	0.2	25.3
<b>At 31 December 2021</b>		<b>27.4</b>	<b>0.0</b>	<b>27.4</b>

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

<u>in CHF millions</u>	<b>2022</b>	2021
<b>At cost</b>		
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
<b>At 31 December</b>	<b>838.2</b>	<b>285.6</b>
<b>Accumulated amortisation</b>		
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	–	–
<b>At 31 December</b>	<b>–342.1</b>	<b>–241.9</b>
<b>Theoretical net book values</b>		
At 1 January	43.7	70.2
<b>At 31 December</b>	<b>496.1</b>	<b>43.7</b>

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

<u>in CHF millions</u>	<b>2022</b>	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

<u>in CHF millions</u>	<b>2022</b>	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

<u>in CHF millions</u>	<b>2022</b>	2021
Long-term loans to third parties	0.6	0.4
Other financial investments	1.4	1.1
<b>Total miscellaneous financial asset</b>	<b>2.0</b>	<b>1.5</b>

## 17 / BANK DEBT

<u>in CHF millions</u>	<b>2022</b>	2021
Bank overdrafts	–	–
Current portion of long-term bank loans	10.7	0.4
<b>Total short-term bank debt</b>	<b>10.7</b>	<b>0.4</b>
Long-term bank loans	143.2	0.1
<b>Total bank debt</b>	<b>153.9</b>	<b>0.5</b>
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	–	–
<b>Total long-term bank debt</b>	<b>143.2</b>	<b>0.1</b>

## 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
<b>Total other current liabilities</b>	<b>40.2</b>	<b>26.4</b>

### 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
<b>PROVISIONS 2022</b>				
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
<b>At 31 December 2022</b>	<b>14.3</b>	<b>1.3</b>	<b>3.0</b>	<b>18.6</b>
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
<b>PROVISIONS 2021</b>				
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
<b>At 31 December 2021</b>	<b>14.5</b>	<b>0.6</b>	<b>3.8</b>	<b>18.9</b>
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
<b>At 1 January:</b>		
Deferred income tax assets	51.0	57.5
Deferred income tax liabilities	9.5	9.4
<b>Deferred income tax (assets)/liabilities, net</b>	<b>-41.5</b>	<b>-48.1</b>
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
<b>At 31 December:</b>		
Deferred income tax assets	53.8	51.0
Deferred income tax liabilities	8.6	9.5
<b>Deferred income tax (assets)/liabilities, net</b>	<b>-45.2</b>	<b>-41.5</b>

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
<b>Total share capital</b>	<b>850'000</b>	<b>850'000</b>

## Per share data

	2022	2021
<b>Bearer shares</b>		
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 <sup>1</sup>	4.20
<b>Registered shares</b>		
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 <sup>1</sup>	0.84
<b>Total par value of shares ranking for dividend (CHF)</b>		
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

<sup>1</sup> 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

<u>in CHF millions</u>	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

<u>in CHF millions</u>	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
<b>Total commitments</b>	<b>53.9</b>	<b>34.6</b>

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
<b>Net assets acquired at fair value</b>	<b>12.6</b>
Goodwill including directly attributable transaction costs	46.3
Total	58.9
Less cash and cash equivalents acquired	-0.5
<b>Net cash outflow on acquisition</b>	<b>58.4</b>

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
<b>Net assets acquired at fair value</b>	<b>102.5</b>
Goodwill including directly attributable transaction costs	505.2
Total	607.7
Less cash and cash equivalents acquired	-5.5
<b>Net cash outflow on acquisition</b>	<b>602.2</b>

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.

<u>in CHF millions</u>	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
<b>Net assets disposed of</b>	<b>23.4</b>
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
<b>Net cash infl ow on disposal</b>	<b>145.9</b>

## 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
<b>SWITZERLAND</b>	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	●		
<b>BELGIUM</b>	Datwyler Pharma Packaging Belgium NV *	Alken	EUR	17.688	○		
<b>BRAZIL</b>	Datwyler do Brasil Ltda.	São Leopoldo	BRL	36.694		○	
<b>CHINA</b>	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	○		
<b>GERMANY</b>	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		○	
<b>INDIA</b>	Datwyler IT Services India LLP	Magarpatta, Pune	INR	0.100			●
	Datwyler Pharma Packaging India Private Limited	Kesurdi, Satara	INR	656.233	○		
<b>HONGKONG</b>	Quality Synthetic Rubber (Hong Kong) Limited	Hongkong	USD	0.001		○	
<b>LATVIA</b>	Datwyler IT Services SIA	Riga	EUR	0.003			●
<b>ITALY</b>	Datwyler Pharma Packaging Italy srl	Milano	EUR	2.000	○		
	Datwyler Sealing Solutions Italy S.p.A.	Viadanica	EUR	1.300		○	
<b>MEXICO</b>	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		○	
<b>SOUTH KOREA</b>	Datwyler Korea Inc.	Daegu	KRW	1'131.000		○	
<b>CZECH REPUBLIC</b>	Datwyler Sealing Technologies CZ s.r.o.	Novy Bydzov	CZK	20.000		○	
<b>UKRAINE</b>	Datwyler Sealing Technologies Ukraine JSC	Malyn	UAH	12.500		○	
<b>USA</b>	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



## 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



## 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 and 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



## 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

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

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

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

Manuel Odoni  
Licensed Audit Expert

Zurich, 7 February 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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# Dätwyler Holding Inc.

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## Income Statement

in CHF	Notes	2022	2021
Dividend income from subsidiaries	2.1	52'216'836	68'210'125
Trademark income	2.2	14'287'000	13'692'000
Other income		–	671
Reversal of provisions	2.3	66'879	3'507'138
Personnel expenses		–1'690'949	–2'119'780
Other operating expenses	2.4	–2'520'694	–2'338'265
<b>Income before interest and taxes</b>		<b>62'359'072</b>	<b>80'951'889</b>
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
<b>Earnings before taxes</b>		<b>68'661'798</b>	<b>128'910'321</b>
Direct taxes		–1'600'385	–2'280'991
<b>Net result</b>		<b>67'061'413</b>	<b>126'629'330</b>

*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
<b>Total current assets</b>		<b>28'654'843</b>	<b>142'546'855</b>
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
<b>Total non-current assets</b>		<b>1'428'597'519</b>	<b>921'678'919</b>
<b>Total assets</b>		<b>1'457'252'362</b>	<b>1'064'225'774</b>

### 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
<b>Total current liabilities</b>		<b>5'548'143</b>	<b>1'590'918</b>
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
<b>Total long-term liabilities</b>		<b>545'301'000</b>	<b>151'893'050</b>
<b>Total liabilities</b>		<b>550'849'143</b>	<b>153'483'968</b>
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
<b>Total shareholders' equity</b>		<b>906'403'219</b>	<b>910'741'806</b>
<b>Total liabilities and shareholders' equity</b>		<b>1'457'252'362</b>	<b>1'064'225'774</b>

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
<b>Share capital</b>	<b>850'000</b>	<b>850'000</b>

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

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

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

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

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

## **2.14 / VOLUNTARY RETAINED EARNINGS**

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

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

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

## **2.16 / JOINT AND SEVERAL LIABILITY**

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

## **2.17 / CONTINGENT LIABILITIES**

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

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

## **2.18 / LOANS AND CREDITS**

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

## 2.19 / BOARD OF DIRECTORS AND EXECUTIVE BOARD SHAREHOLDINGS

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

### Board of Directors shareholdings 2022

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

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

### Executive Management shareholdings 2022

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

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

### Board of Directors shareholdings 2021

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

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

### Executive Management shareholdings 2021

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

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

## 2.20 / SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## Proposed Appropriation of Retained Earnings

### Retained earnings carried forward

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

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

<u>in CHF</u>	<b>2022</b>	2021
	Proposal of the Board of Directors	Resolution of the General Meeting of Shareholders
<b>Retained earnings at disposal of General Meeting of Shareholders</b>	<b>513'289'901</b>	<b>517'628'488</b>
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
<b>To be carried forward</b>	<b>458'889'901</b>	<b>446'228'488</b>

# 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

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

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

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

Manuel Odoni  
Licensed Audit Expert

Zurich, 7 February 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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## Shareholder Information

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## Five Year Summary

### Datwyler Group

in CHF millions	2022	2021	2020	2019	2018
<b>Net revenue</b>	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
<b>EBITDA<sup>1</sup></b>	225.0	241.8	211.0	197.1	231.5
<b>Depreciation and amortisation</b>	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
<b>Operating result (EBIT)</b>	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
<b>Net result</b>	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
<b>Net cash from operating activities</b>	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
<b>Free cash fl w1</b>	-582.9	160.4	115.7	73.2	-172.0
<b>Non-current assets</b>	695.1	630.5	609.2	629.8	675.2
Year-on-year change (%)	10.2	3.5	-3.3	-6.7	19.3
<b>Current assets</b>	603.9	630.5	497.7	531.9	639.6
Year-on-year change (%)	-4.2	26.7	-6.4	-16.8	-12.8
<b>Total assets</b>	1'299.0	1'261.0	1'106.9	1'161.7	1'314.8
<b>Equity</b>	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
<b>Total liabilities</b>	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
<b>Capital expenditures 1</b>	101.8	110.9	90.8	104.6	138.0
Year-on-year change (%)	-8.2	22.1	-13.2	-24.2	17.0
<b>Personnel expenses</b>	359.2	321.1	300.8	375.9	354.4
Year-on-year change (%)	11.9	6.7	-20.0	6.1	5.8
<b>Number of employees (at year-end)</b>	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 <sup>2</sup>	71.4	54.4	51.0	51.0

<sup>1</sup> 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.

<sup>2</sup> Board of Directors' proposal to the Annual General Meeting.

<sup>3</sup> In 2021/2020 before gain/loss on sale of subsidiaries, in 2019 before impairment charges.

## Share Information

	Currency	2022	2021	2020	2019	2018
<b>Market price SIX (high/low)</b>						
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
<b>Trading volume</b>						
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
<b>Gross dividend</b>						
Bearer share	CHF	3.20 <sup>1</sup>	4.20	3.20	3.00	3.00
Registered share	CHF	0.64 <sup>1</sup>	0.84	0.64	0.60	0.60
<b>Net result per share</b>						
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
<b>Net cash from operating activities per share</b>						
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
<b>Price/earnings ratio (average)</b>						
		39.0	27.4	n/a	n/a	24.7
<b>Equity per share</b>						
Bearer share	CHF	24	56	43	40	49
Registered share	CHF	5	11	9	8	10
<b>Market capitalisation</b>						
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.

<sup>1</sup> 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	Datwyler Group	Continuing operations	Continuing operations
	2022	2021	2022	2021
<b>Revenue</b>	1'150.6	1'101.7	1'150.6	947.6
<b>Operating result (EBIT)</b>	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	–	–
<b>EBITDA before non-recurring items</b>	<b>225.0</b>	<b>241.8</b>	<b>225.0</b>	<b>225.6</b>
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 calculated by dividing the operating result (EBIT) by the average capital employed. The following table illustrates the ROCE calculation:

in CHF millions

	Datwyler Group	Datwyler Group	Continuing operations	Continuing operations
	2022	2021	2022	2021
<b>EBIT reported</b>	149.2	234.2	149.2	160.4
Gain on sale of subsidiaries (see pages F06 and F08)	–	–58.4	–	–
<b>EBIT before non-recurring items</b>	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
<b>Return on capital employed before non-recurring items</b>	<b>17.6%</b>	<b>23.8%</b>	<b>17.6%</b>	<b>22.5%</b>

### 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
<b>Capital employed (CE)</b>	906.4	905.5	733.3	775.8	704.8
<b>Average capital employed</b>	<b>848.4</b>		<b>738.0</b>		

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	
	2022	2021	2022	2021
	<b>EBIT</b>	106.3	104.6	42.9
Average capital employed	443.9	396.1	399.2	313.3
<b>Return on capital employed (ROCE)</b>	<b>23.9%</b>	<b>26.4%</b>	<b>10.7%</b>	<b>17.8%</b>

## 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
Capital expenditures in intangible assets (see note 15)	4.4	5.6	10.2	4.9	2.2	7.6
<b>Total capital expenditures</b>	<b>58.2</b>	<b>43.2</b>	<b>101.8</b>	<b>69.3</b>	<b>40.5</b>	<b>110.9</b>

## 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
<b>Free cash flow</b>	<b>-582.9</b>	<b>160.4</b>	<b>115.7</b>	<b>73.2</b>	<b>-172.0</b>
Net cash provided by/(used in) financing activities	466.8	-113.0	-132.7	-49.2	64.0
<b>Net change in cash and cash equivalents</b>	<b>-116.1</b>	<b>47.4</b>	<b>-17.0</b>	<b>24.0</b>	<b>-108.0</b>



## APPENDIX



### **Guido Unternährer**

Head of Corporate Communications & Investor Relations

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### **Imprint**

Published, edited and designed by:

#### **Dätwyler Holding Inc.**

Gotthardstrasse 31, 6460 Altdorf, Switzerland

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