

ANNUAL REPORT 2023

FINANCIAL CALENDAR

Date	Publication/Event
29/04/2024	Financial statements for 2023
08/05/2024	Announcement 1st quarter 2024
28/06/2024	Annual General Meeting
09/08/2024	Half-yearly financial report as per 30/06/2024
08/11/2024	Announcement 3rd quarter 2024

These dates and potential updates are detailed on our website at <https://schweizer.ag/en/investors-media/financial-calendar>.

KEY FIGURES

(in EUR millions)	2023	2022	Change in %
Revenue	139.4	131.0	6.4
Incoming orders	190.6	166.3	14.7
EBITDA ¹⁾	47.4	-12.3	n/a
EBITDA ratio (%)	34.0	-9.4	+43.4pp
Adjusted EBITDA ²⁾	8.9	5.0	+77.4
Adjusted EBITDA ratio (%) ²⁾	6.4	3.8	+2.6pp
EBIT ³⁾	40.9	-24.5	n/a
EBIT ratio (%)	29.4	-18.7	+48.1pp
Adjusted EBIT ²⁾	2.9	-1.4	n/a
Adjusted EBIT ratio (%) ²⁾	2.1	-1.0	+3.1pp
Annual result	32.9	-33.5	n/a
EPS (EUR)	8.72	-7.85	n/a
Cash flow from operating activities	9.9	-3.6	n/a
	31/12/2023	31/12/2022	
Order book	251.3	234.4	+7.2
Total assets	106.1	160.3	-33.8
Investments ⁴⁾	1.1	11.7	-90.6
Equity	25.8	-8.8	n/a
Equity ratio (%)	24.3	-5.5	+29.8pp
Net gearing ratio (%) ⁵⁾	64.2	n/a (neg. equity)	n/a
Working capital	20.1	-1.6	n/a
Employees (at year-end) ⁶⁾	583	934	-37.6

¹⁾ EBITDA: Total operating profit + other operating income ./ Material costs ./ Personnel costs ./ Other operating expenses

²⁾ Adjusted for the current result from January to April 2023 of Schweizer Electronic (Jiangsu) Co., Ltd., China and the deconsolidation effect

³⁾ EBIT: EBITDA ./ Depreciation of tangible and intangible assets

⁴⁾ Investment inflows according to the schedule of fixed assets

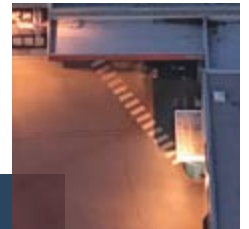
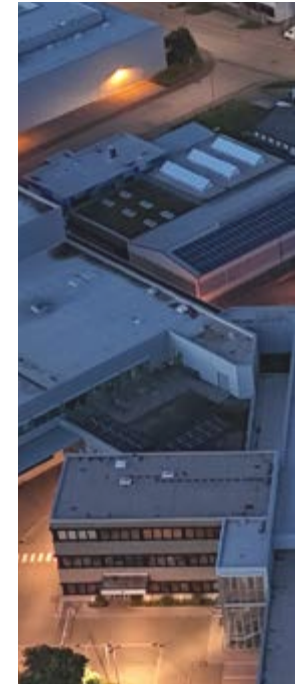
⁵⁾ Net gearing ratio: (interest-bearing liabilities after allowing for liquid assets and current financial assets) / equity

⁶⁾ Including temporary staff

All figures are rounded, which can lead to deviations when these are added up.



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The future is digital and electric – and we are part of it

The signs of the times are pointing in the same direction. Electrification is the future and will affect many areas of our private lives and industry. In just four years, the share of electric cars on German roads has increased more than tenfold. A gigantic solar park is currently being built in India, with an area five times that of Paris. And in South Korea, more than 1,000 industrial robots are already helping out in production in addition to 10,000 employees. Electrically, of course.

These are just three examples of many and they demonstrate that our global society is becoming more digital, automated and connected. We are on our way to becoming an All Electric Society. This is a concept that the German association for the digital and electronics industry ZVEI describes in detail – and which we are joining.

And rightly so, because electrification is a response to one of the challenges of our time. Societies need to become more sustainable and get more out of existing resources. To do this, we need smart solutions in all areas. Electronic components, chips and printed circuit boards make this development possible.

Without printed circuit boards, there are no microchips that compute, no robots that produce and no electrical devices that drive us forward. This can be illustrated as follows: if a microchip is the brain of a product and capacitors, diodes, transistors the organs, then the circuit board is the nervous system of a smart product. The beauty is in the intelligent combination of all these components.

And that's what we know best – since 1958, the year we started producing printed circuit boards. Thanks to our many years of experience, we continue to offer customers outstanding technology and support them with printed circuit boards, many of which

"Made in the Black Forest", the region known for mechanical engineering, precision mechanics and medical technology.

Close contact is important to us in order to be able to implement the demanding requirements of our customers precisely. Our main concern is to optimise our customers' products and systems with the help of our printed circuit boards. More power, more efficiency, more possibilities. Speaking of possibilities: ten to the power of 27 combinations – that's how many PCB variations we can offer to always find the most suitable solution for our customers. This refers to the design, the material composition, the production processes and the final execution. We always supply the most suitable PCB – helping our customers to become more energy efficient.

For example, with the development of our p² Pack. Using our chip embedding solution, a leading tier 1 automotive supplier was able to increase the energy efficiency of its latest generation of electric motors by as much as two percent. This may not sound like much at first, but it adds up when you look at the following economies of scale: in the European Union, the energy demand of electric vehicles was around 15 TWh in 2023 (source: Fraunhofer ISI). And sharply rising: by 2040, demand is expected to increase to 240 TWh, as forecast by Fraunhofer ISI. With an efficiency level that the drives of the aforementioned tier 1 supplier already now achieve with our technology, a potential saving in energy and emissions of around 5 TWh could be achieved. This could supply all households in the city of Cologne with electricity for two years. In addition, with lower energy consumption, the available capacity of each battery charge increases slightly. Vehicle drivers always welcome more range.

E-mobility – an important driver of electrification

Zero emissions from newly registered vehicles by 2035 – this is the EU's target for Europe, which is to be achieved with the ban on combustion engines, but above all by promoting e-mobility. The carbon fleet target values are already forcing automotive manufacturers to continuously reduce their emissions by the target date of 2035. In this way, the electric vehicle boom for the public will also be accelerated through regulations. In addition, there is an abundance of government support programmes such as in France and the Netherlands, as well as EU regulations such as the "60-kilometre rule", which is intended to expand the network of fast charging stations in Europe. This is preparing the way to make Europe the second largest market for electric vehicles. Sales of 17 million vehicles are forecast for 2035 – and thus high demand for energy-efficient printed circuit board technology.

We also focused on economy with our Combi Board, a high-performance printed circuit board. Power parts and logic structures are cleverly combined here and expensive copper parts are only used in the areas required, which avoids the unnecessary use of materials and makes for space-optimising compactness. The Combi Boards are used, for example, in industrial robots, which in turn accelerate the digital and electric automation in factories.

The need for material and energy-efficient solutions is not limited to the automotive and industrial sectors. Energy generation alone, whether through photovoltaics or wind power, is experiencing enormous growth worldwide due to the rapid expansion of capacity. In 2023, for example, the share of renewable energy in the EU was already a record 44 percent. However, in order to achieve the climate targets, it will also be important to design new plants as efficiently as possible. Electronics can play their part in this, just like in the data industry, one of the most energy-intensive sectors.

In Germany alone, the electricity demand of data centres increased by 70 percent between 2010 and 2020 to 17.9 billion kWh/a (source: bitkom). Assuming linear development, consumption will already be 27 billion kWh/a in 2030. If potentials are used here, consumption could be lower – and thus the costs for the individual operators.

The fundamental efficiency potential can be seen, for example, in an estimate by ON onductor. The US semiconductor manufacturer has calculated that energy efficiency gains of just 0.5% in large hyper-scale data centres can result in significant cost savings of around USD 80 million (for three million servers over an average lifetime of 4.5 years).

And this is how to optimise using the right electronic components, especially PCBs. This is a win for the climate and a win for companies' balance sheets. What is good for the environment benefits the company and thus also each individual customer.



Four questions for...



THOMAS GOTTWALD, VICE PRESIDENT TECHNOLOGY*)

"OUR CUSTOMERS APPRECIATE THAT THEY CAN OPTIMISE THEIR PRODUCTS WITH OUR PCBs"

Mr Gottwald, the trend is clear: the economy is moving towards electrification and digitalisation. What role do printed circuit boards play in this?

Cars, smartphones, robots or wind turbines: printed circuit boards are used as carriers for electronic components in almost every electronic device or component. And these play a major role in the transition to a more sustainable economy. In this context, the industry association ZVEI refers to an All Electric Society. And what's more: chips and semiconductors cannot be installed without printed circuit boards. So we can hardly overstate the importance of the PCB in the electronics ecosystem.

Talking about sustainability: how do printed circuit boards help in saving energy?

In many applications or products, it is about minimising losses. In electric vehicles, for example, there are conversion losses when the DC current in the battery is converted to AC current for the engine. An average electric vehicle suffers a loss of ten percent in this process! In order to achieve higher efficiency, we can ensure that these conduction losses are reduced at the PCB level. For example, by designing the lines with lower resistance. That makes a huge difference.

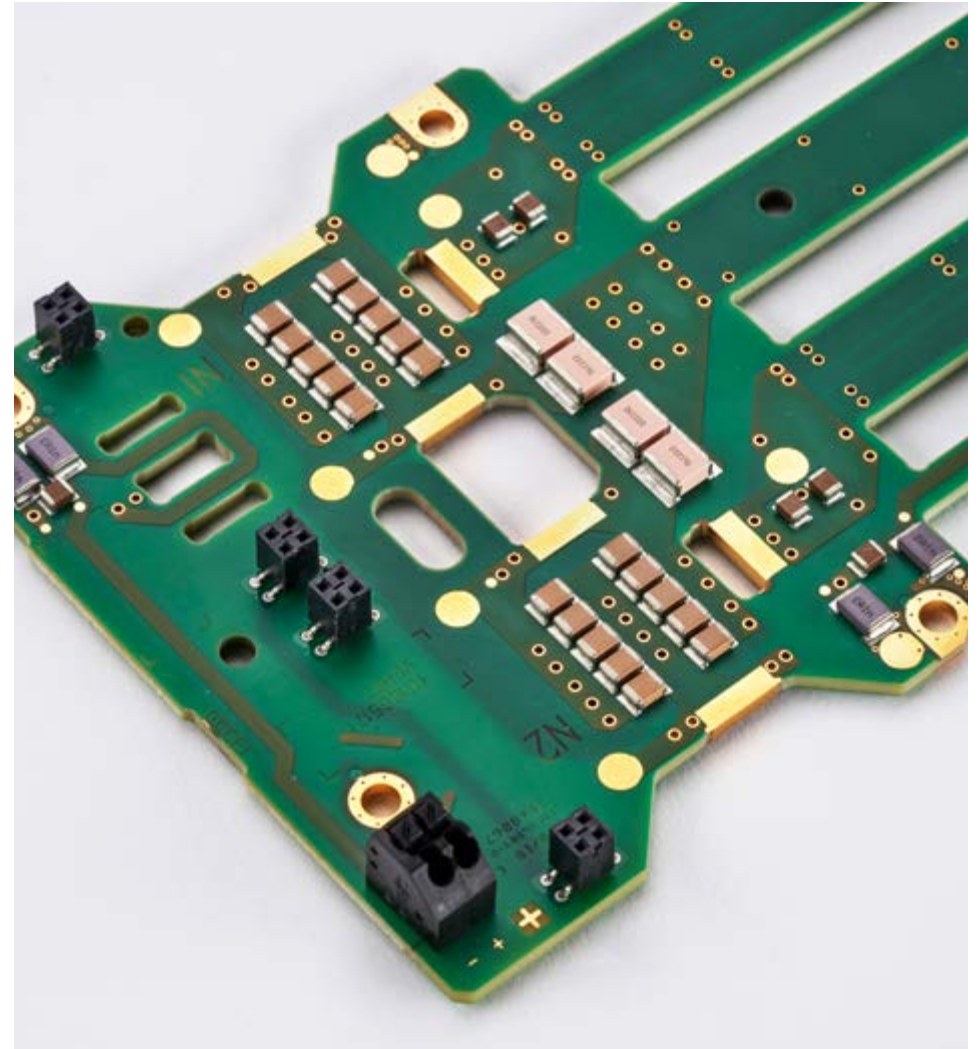
*) The Supervisory Board of Schweizer Electronic AG has appointed Mr Thomas Gottwald as CTO (Chief Technology Officer) to strengthen the Executive Board for a period of three years with effect from 1 May 2024.

Energy-saving printed circuit boards. Do you offer your own product for this?

We have, for example, developed our p² Pack technology, in which we embed power semiconductors directly into the printed circuit board. This simplifies the design of a system and brings major advantages in switching behaviour. Ultimately, users get higher energy efficiency from their products. We are experiencing increasing interest in our p² technology, which is also reflected in demand. Many of our customers are forced to develop energy-saving solutions. On the one hand, from a regulatory point of view in order to meet efficiency and emission requirements. On the other hand, because they want to save on costs. Of course, the fact that end consumers expect energy-efficient products also plays a major role. This is a huge topic for manufacturers.

The idea is to optimise. What else do you offer?

In addition to the p² Pack, we also offer many other solutions, such as the Power Combi Board, an intelligent printed circuit board designed for particularly high performance. This allows customers to optimise their products.





SCHWEIZER MORE THAN PCBS

LETTER FROM THE EXECUTIVE BOARD

Dear Shareholders,

2023 was a very special year for Schweizer Electronic AG. After four years of varying but still difficult framework conditions and challenges, we have succeeded in achieving a turnaround for the company.

The successful implementation of the sale of shares in our production joint venture in China and the operational handover of the plant to our partner WUS has been completed. The deconsolidation has also been completed, which you can clearly see in the figures presented to you in the following report. The start-up of production for our embedding products in Jintan, which was planned from the outset, has been successful and we have a positive share in this as a joint venture.

At the same time, in 2023, our strategy was adapted to the corporate reorganisation and the changed market conditions. The increased focus on technology, diversification of customer groups and addressing new market regions – in particular North America – are in full swing and already showed the first successes in 2023. We will stringently develop this strategy further and lead the reorganised company in terms of continuity, stability and, above all, long-term profitability.

In the recent, very difficult years, all employees, whether in production or administration, have shown what it means to be part of SCHWEIZER. With self-confidence, perseverance, diligence and an unwavering belief in making the supposedly impossible possible, we fought together as a team to get the company back on track for success. And for this, we express our special gratitude.

Our thanks also go to all customers, partners and financing partners who supported us in the past year and made a significant contribution to the successful turnaround. Our mutually trusting relationship was and remains the central pillar of our cooperation.

In particular, we would also like to thank you, our dear shareholders. Your loyalty to the company, as its owners, has not only strengthened all 600 SCHWEIZER employees on our common path, but has also had a direct positive effect on our customers, partners and financial institutions.

Exciting and certainly challenging times lie ahead of us, because the world is constantly changing, both in terms of society and technologically. We see this change as an opportunity for our, and also your, company. The rapidly advancing electrification and digitalisation represent exciting market opportunities for us. We want to, and will, use these to lead the now 175 year-old company into a successful future.

We look forward to welcoming you to our Annual General Meeting in Schramberg in a few weeks' time – on 28 June.

Yours sincerely,



Nicolas-Fabian Schweizer & Marc Bunz



Marc Bunz
Chief Financial Officer

Nicolas-Fabian Schweizer
Chief Executive Officer

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Schweizer Electronic AG is once again robust and profitable as one of Europe's leading PCB manufacturers. The successful reorganisation in a difficult environment has been achieved. After several years of various and exogenous negative influences, the company was put back on the road to success through clear strategic adjustments and a structural reorganisation.

The main reason for this was the concentrated and focussed work of all Management Board members, managers and employees involved in the success. By clearly focussing on what was necessary and consistently implementing the required measures, the turnaround was achieved in the 2023 financial year.

As a result, the company is now equipped to continue its positive development and further expand the path it has taken towards becoming a technologically leading manufacturer of printed circuit boards and semiconductor embedding solutions.

COOPERATION BETWEEN THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

In 2023, too, there was a close exchange between the Executive Board and the Supervisory Board. The Supervisory Board supported and advised the Executive Board on all strategic issues, and continuously reviewed and monitored its management. The benchmark for this was the tasks required of it by law, the Articles of Association, the Rules of Procedure and the German Corporate Governance Code.

The Executive Board informed the Supervisory Board both verbally and in writing of the Company's current position and of all issues relevant to the Company and the Group in a regular and comprehensive manner. Supervisory Board members were sent detailed monthly reports on the business performance between each meeting. A wide variety of topics were discussed in detail in the meetings as well as in a number of informal discussions.

Decisions or measures by the management requiring the approval of the Supervisory Board due to regulatory requirements were presented in good time, reviewed and the necessary resolutions passed. Where necessary, resolutions were passed by circulation procedure.

The Supervisory Board always had sufficient opportunity to engage critically with the reports and proposed resolutions presented by the Executive Board. In doing so, it assured itself of the lawfulness, expediency and regularity of the management.

MEETINGS AND RESOLUTIONS OF THE SUPERVISORY BOARD

In four regular meetings of the Supervisory Board in the 2023 financial year, the Supervisory Board dealt with all the issues relevant to the Company and made corresponding decisions. In addition, one resolution of the Supervisory Board was passed by circulation procedure. When necessary, the Supervisory Board also met without the presence of the Executive Board. In the 2023 financial year, the meetings of the Supervisory Board took place in person, with the possibility of virtual participation. No telephone conferences were held.

Individual attendance of Supervisory Board members at plenary meetings and meetings of the Audit Committee:

	Supervisory Board plenary meeting			Audit Committee		
	Meetings Number	Number of participants	Participation in %	Meetings Number	Number of participants	Participation in %
Dr Stefan Krauss Chair	4	4	100	2	2	100
Dr Stephan Zizala Deputy Chair (until 27 June 2023)	1	0 ¹⁾	0	1	0	0
Dr Harald Marquardt	4	4	100	2	2	100
Dr Andreas Schumacher (from 27 June 2023)	3	3	100	1	1	100
Chris Wu	4	3	75			
Petra Gaiselmann	4	4	100			
Jürgen Kammerer	4	4	100			

¹⁾ Dr Zizala was unable to attend the meeting of the Supervisory Board, but written votes were submitted by him for the resolutions.

FINANCE AND INVESTMENT PLANNING; CORPORATE STRATEGY

Both in the meetings as well as in the additional reports by the Executive Board, the Supervisory Board regularly dealt with the general business development, the financial and risk situation, the development of the various customer groups, the partner network and the existing compliance management system.

Other focal points in the reporting year were the consultations and discussions with management on the effects of multiple crises, persistent supply chain problems, rising inflation and growing bureaucracy on the market environment and their effects on the company.

In the consultations, the strategic further development of the Group regularly played a central role in the context of the adjustment of the business model (Fab Light Concept). The strategy update was discussed and coordinated in detail with regard to sustainable competitiveness.

PERSONNEL AND REMUNERATION

Personnel and remuneration issues were also discussed openly and in detail by the Supervisory Board.

Among other things, the target achievement levels for the key figures of the variable share of the Executive Board remuneration for the past financial year were discussed and decided upon. Furthermore, the targets for the 2023 financial year were discussed and defined. In accordance with Section 162 AktG, the Supervisory Board and the Executive Board jointly prepared a remuneration report and submitted it to the auditor with a request for a formal audit. Details of the remuneration of the Executive Board and Supervisory Board can be found there and are available both in the Annual Report as a separate chapter and on the Company's website.

IN ADDITION TO THE AFOREMENTIONED CORE ISSUES, THE SUPERVISORY BOARD DEALT WITH THE FOLLOWING ITEMS IN PARTICULAR AT ITS MEETINGS:

On 24 and 28 April 2023 (meeting to review accounts), the members of the Supervisory Board were informed of the target achievement meetings held by the Audit Committee with the Executive Board. The plenary followed the recommendations of the Committee, and the corresponding resolution on the variable remuneration components MSTI and LTI for the financial year 2022 was passed. The documents to be audited and the auditor's audit reports were made available to every Supervisory Board member at the meeting on 24 and 28 April 2023 and were sent to every Supervisory Board member in good time for preparation. The Supervisory Board dealt in detail with the annual financial statement documents and the report of the auditor of KPMG AG Wirtschaftsprüfungsgesellschaft. The auditors participated in the consultation on the annual and consolidated financial statements and reported in detail on the audits and audit focal points. The audit results were discussed with the Supervisory Board and questions were answered satisfactorily. The Supervisory Board approved the results of the audits of the financial statements.

Furthermore, the remuneration report, the report of the Supervisory Board, the statement on corporate governance and the non-financial report were discussed and adopted by the plenary. Another topic of this meeting was the form of the forthcoming Annual General Meeting and its agenda. The committee agreed that personal exchange with the shareholders was very important, which is why the form of a face-to-face meeting was chosen. The Supervisory Board also dealt with the election proposal for the seat freed up by one member of the Supervisory Board by the Annual General Meeting. The plenary voted unanimously in favour of proposing Dr Schumacher to the Annual General Meeting as a member of the Supervisory Board.

Following the ordinary Annual General Meeting, the Supervisory Board meeting was held in its new composition on 27 June 2023. The newly elected member of the Supervisory Board, Dr Andreas Schumacher, was elected to the Audit Committee by the members of the Supervisory Board at this meeting. Furthermore, Dr Harald Marquardt was appointed as the successor to Dr Stephan Zizala for the position of Deputy Chairman of the Supervisory Board and Deputy Chairman of the Audit Committee.

In the meeting on 25 September 2023, the focus of the discussions was on the economic development of the SCHWEIZER Group as well as the findings and prospects based on the adjusted business model.

On 1 December 2023, in addition to the regular issues, the Executive Board presented the budget planning for 2024 as well as the outlook for 2025 and 2026. The Supervisory Board approved the budget for 2024 and took note of the planning for the subsequent years. Furthermore, the plenary meeting adopted the updated Declaration of Compliance and defined the competence profile of the Supervisory Board.

SUPERVISORY BOARD SELF-ASSESSMENT

The Supervisory Board reviews and assesses its activity regularly every year by means of a questionnaire. The last review took place in autumn 2023. The results were then discussed by the Supervisory Board in a meeting. No major deficits were found.

SUPERVISORY BOARD COMMITTEES

To increase its efficiency, the Supervisory Board has set up an Audit Committee. For a company of our size and orientation, we do not believe that it is either advisable or necessary to set up any further committees. Duties assigned to other committees can be readily dealt with by this body, provided they are not required to be dealt with by the Supervisory Board. Furthermore, the Supervisory Board is informed of the outcome of the committee's deliberations.

KEY TOPICS OF THE AUDIT COMMITTEE

In 2023, two ordinary meetings of the Audit Committee took place.

The committee's activities focused on the preliminary audit of the annual and consolidated financial statements and the combined management report for Schweizer Electronic AG and the SCHWEIZER Group as well as the discussion of the audit of the annual financial statements with the auditors. Already in the context of the preparation and execution of the audit, the Audit Committee, or its Chair, held regular discussions with the auditor without the Executive Board and thus had the opportunity to monitor the quality of the audit.

Jointly with the Executive Board, the Audit Committee prepared the remuneration report for the Supervisory Board and dealt with the audit of the non-financial report (including the EU taxonomy) and made the corresponding recommendations to the Supervisory Board. Furthermore, it dealt with the half-yearly financial report before its publication.

In addition, the Audit Committee received reports on the implementation and findings of the Group's risk management system and considered its effectiveness.

In addition to the meetings, the regular tasks of the committee include conducting annual target and review discussions with the Executive Board and preparatory consultations on the targets and their achievement.

FURTHER EDUCATION AND TRAINING

Supervisory Board members carry out the further education and training required for their tasks under their own responsibility and are supported in this by the Company.

PERSONNEL CHANGES ON THE SUPERVISORY BOARD

At the end of the Annual General Meeting on 27 June 2023, Dr Stephan Zizala resigned as a member of the Supervisory Board. Dr Zizala had been a member of the Supervisory Board since the Annual General Meeting in 2017 and was elected Deputy Chairman of the Supervisory Board and Deputy Chairman of the then Personnel and Audit Committee in the following year. In 2019, he was re-elected to the Supervisory Board until the 2024 Annual General Meeting. The Supervisory Board would like to thank Dr Zizala for his many years of trusting cooperation, his commitment to the Company and his professional contributions. As the successor to Dr Zizala, Dr Andreas Schumacher, Executive Vice President for Strategy, Mergers & Acquisitions at Infineon Technologies AG, was newly elected to the Supervisory Board as a shareholder representative.

CORPORATE GOVERNANCE

At its December 2023 meeting, the Supervisory Board once again studied the German Corporate Governance Code and adopted an updated declaration in accordance with Section 161 of the German Stock Corporation Act (AktG). Further information on this and corporate governance in general can be found in the corporate governance statement, which is available both in the Annual Report as an independent chapter and on the Company's website.

EXAMINATION OF POSSIBLE CONFLICTS OF INTEREST

The principles of good governance have top priority for the members of the Supervisory Board and the Executive Board. Against this background, the professional handling of conflicts of interest of individual Supervisory Board members is crucial. Three Supervisory Board members hold high-ranking positions in companies with which SCHWEIZER has a business relationship. SCHWEIZER's business transactions with these companies are or were conducted under arms' length conditions. Further information on this can be found in the corporate governance statement at

<https://schweizer.ag/en/investors-media/corporate-governance-en>.

ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The audit firm, KPMG AG, has audited the annual financial statements and consolidated financial statements as well as the combined management report prepared by the Executive Board for Schweizer Electronic AG and the Group for 2023. At the proposal of the Supervisory Board, KPMG AG was elected as auditor by the Annual General Meeting on 27 June 2023. Prior to the proposal by the Supervisory Board to the Annual General Meeting as auditor, KPMG AG had confirmed to the Supervisory Board that there were no circumstances that could impair its independence as an auditor or give rise to doubts as to its independence. Mr Martin Armbruster has signed as auditor and Mr Mathias Laubert has signed as auditor responsible for the audit since the 2022 financial year.

The audits of the annual financial statements, consolidated financial statements and the combined management report did not give rise to any objections. As a result of these audits, unqualified audit opinions were issued on 19 April 2024. The documents to be audited and the auditor's audit reports were made available to every Supervisory Board member at the meeting on 19 April 2024 for resolution and were forwarded to every member in good time for preparation. The auditor took part in the discussion of the annual financial statements and the consolidated financial statements, during

which he reported on the scope, focus and key findings of the audit and provided additional information on request. No objections were raised after the final result of the reviews by the Supervisory Board. The Supervisory Board agrees with the result of the audit of both financial statements by the auditor, concurs with the Executive Board's assessment of the situation of the Group and of Schweizer Electronic AG and approves the annual financial statements and the consolidated financial statements as at 31 December 2023. The annual financial statements are thus adopted. The non-financial statement required by the CSR Directive Implementation Act was reviewed by the Supervisory Board.

The present report of the Supervisory Board to the Annual General Meeting was adopted by the committee.

We thank the Executive Board and all employees for their hard work and constructive collaboration in the past financial year. We also thank the shareholders for the trust they have placed in us.

Schramberg, 19 April 2024

The Supervisory Board



Dr Stefan Krauss
Chair of the Supervisory Board



Dr Stefan Krauss
Chair of the Supervisory Board

THE SHARE

THE STOCK MARKET YEAR

2023 was better than expected on the stock markets. After a strong first half of the year, neither the stagnation of the European economy nor the wars in Ukraine and the Middle East led to a trend reversal towards the negative.

It was quite surprising that, despite sharply rising interest rates, share prices recovered from 2022. With a clear signal for expected interest rate cuts in 2024, the US Federal Reserve then fulfilled the hopes of financial market players before Christmas. The DAX reacted positively and, for the first time in its history, exceeded the mark of 17,000 points in mid-December. The decline in the yield on ten-year federal bonds, which was pushed below the two-percent mark for the first time since March, coincided with the hope of interest rate cuts by the major central banks in the near future.

The European Central Bank (ECB) had also left key interest rates unchanged and was cautious already at its meeting in October in the face of decreasing inflation and an economic downturn.

The annual performance in the DAX was up 20.3 percent and closed at 16,751 points. It was striking that the values from second- and third-tier stocks rose less strongly. The MDAX, which includes mid-caps, rose by 8 percent to 27,137 points. The SDAX increased by 17 percent to 13,960 points and the TecDAX by 14 percent to 3,337 points. The number of IPOs in Germany in 2023 was lower than in previous years, with only three companies in the Prime Standard.

Although the economic outlook for 2024 is rather mixed, market players say that the valuations of some second- and third-tier stocks should be reassessed in the future and benefit from an easing in interest rates.



PERFORMANCE OF THE SCHWEIZER ELECTRONIC AG SHARE

The Schweizer Electronic AG share closed at a price of EUR 3.88 in 2022 and opened at a price of EUR 4.27 in 2023. With a positive trend, it exceeded the EUR 5 mark on 16 January, with trading volumes remaining moderate.

On 31 March, the share reached its quarterly low of EUR 4.08 and its annual low of EUR 3.98 on 5 April. A clear recovery began after that. The price reached a level of EUR 7.40 by the end of the first half of the year, on some occasions with above-average trading volumes.

In the third quarter, the price consolidated at roughly this level and reached its highest level of EUR 8.30 on 13 September. During the fourth quarter, the price initially tended to decline and fell briefly below the EUR 6 mark at the end of October, but then recovered again.

The closing rate for the year was EUR 6.72. Looking at the year as a whole, the price of the Schweizer Electronic AG share closed with a significant gain of 57 percent, with the SDAX gaining significantly less at +17 percent.

LIQUIDITY

In the year under review, the share's liquidity was almost 10 percent lower than in the previous year. On average, 2,422 shares per day were traded on XETRA and on the German regional stock exchanges in the financial year according to statistics of Deutsche Börse; in 2022, the average was 2,678 shares per day.

DIVIDEND

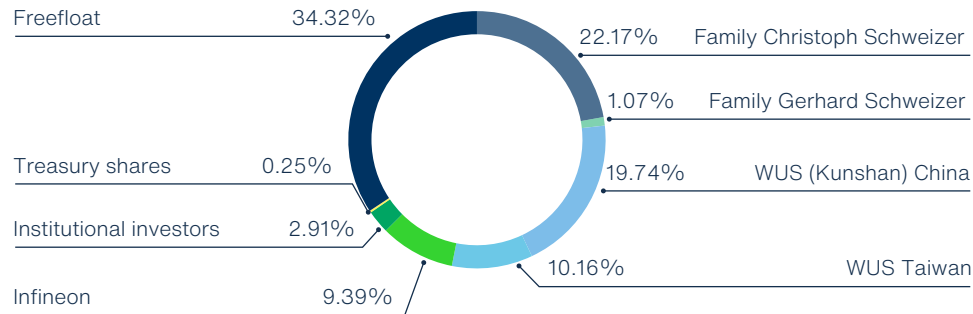
Despite the encouraging sales and earnings development of the SCHWEIZER Group, the company's balance sheet result in the past financial year was negative, which rules out the possibility of a dividend payment. With further growth and a sustained increase in profitability, dividend payments will be possible again in the future.

INVESTOR RELATIONS

Our goal is openness and transparency in continuous dialogue with our shareholders and capital market participants. Our investor relations work focuses on strengthening confidence in our shares in the long term and achieving a fair valuation on the capital market. In 2023, SCHWEIZER again provided all prospective capital market participants with comprehensive information through financial reporting, capital market and telephone conferences, and numerous one-on-one meetings. This allowed them at all times to make a reasonable evaluation of the current business situation and assess the company's prospects. The central forum for our private shareholders is the Annual General Meeting, which was again held in-person on 27 June 2023 in Schramberg. In an effort to establish a sustainable and trusting relationship with all stakeholders, we have published additional company information on our website besides the documents required by law. Extensive numerical data, various presentations and an analyst's assessment are published at <https://schweizer.ag/en/investors-media>.

SHAREHOLDER STRUCTURE

The shareholder structure of Schweizer Electronic AG was as follows at the end of 2023:



BASIC SHARE DATA

ISIN:	DE0005156236
WKN:	515623
Symbol:	SCE
Trading segment:	Regulated market (General Standard)
Type of share	Registered no-par-value shares
Number of shares	3,780,000
Share capital	EUR 9,664,054

SHARE DATA

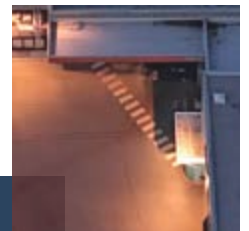
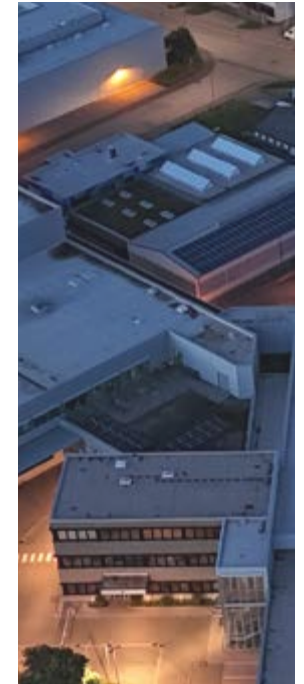
	2023	2022
Year-end closing price ¹⁾	EUR 6.72	EUR 3.88
Year high	EUR 8.30	EUR 14.95
Year low	EUR 3.98	EUR 3.80
Market capitalisation at the end of the financial year	EUR 25.4 million	EUR 14.7 million
Dividend per share	EUR 0.00	EUR 0.00

¹⁾ Closing price on XETRA trading system of Deutsche Börse AG



SCHWEIZER (Schramberg) at night

SUMMARISED MANAGEMENT REPORT



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SUMMARISED MANAGEMENT REPORT OF THE SCHWEIZER GROUP AND OF SCHWEIZER ELECTRONIC AG AS AT 31 DECEMBER 2023

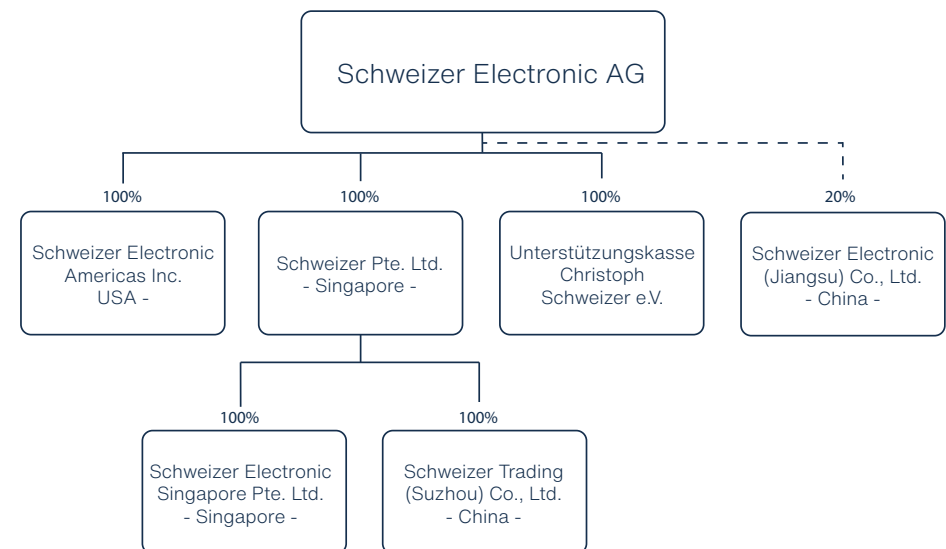
This report summarises the Group management report of the SCHWEIZER Group ("SCHWEIZER" or the "company"), comprising Schweizer Electronic Aktiengesellschaft (hereinafter referred to as: Schweizer Electronic AG) and its consolidated subsidiaries, and the management report of Schweizer Electronic AG. It should be read in the context of the consolidated financial statements including the disclosures in the notes to the consolidated financial statements. The consolidated financial statements are based on a series of assumptions and on accounting and valuation methods that are presented in detail in the notes to the consolidated financial statements. In addition, passages designated as such should be read in the context of the individual financial statements, including the notes. The summarised management report contains forward-looking statements regarding the performance of the business, the financial development and the income of SCHWEIZER. These statements are based on assumptions and forecasts which are themselves based on the presently available information and current assessments. These are fraught with uncertainties and risks. The actual performance of the business may therefore deviate significantly from the expected performance. SCHWEIZER assumes no obligation to update forward-looking statements, beyond that required by statutory provisions.

BASIC PRINCIPLES OF THE GROUP

LEGAL AND ORGANISATIONAL STRUCTURE

Schweizer Electronic AG, headquartered in Schramberg, is the parent company of the Group and manages the holdings directly and indirectly owned by it. The business performance of the parent company is closely linked to the performance of the subsidiaries.

GROUP STRUCTURE



With effect from 25 April 2023, the sale of the majority interest in Schweizer Electronic (Jiangsu) Co., Ltd. (China) ("SEC") to the investor WUS Printed Circuit (Kunshan) Co., Ltd. (China) ("WUS") was completed. At this point in time, WUS takes over all the rights and duties of SEC in accordance with its shareholding. As at the balance sheet date, Schweizer Electronic AG's share in SEC amounted to 20 percent. As at the

reporting date, it is an associate (participation in the annual financial statements) as significant influence can be exercised over SEC.

On 16 May 2023, Schweizer Trading (Suzhou) Co., Ltd. with registered offices in China was established.

BUSINESS MODEL

SCHWEIZER is an internationally recognised expert in the development and manufacture of printed circuit boards. Technological advice on the best PCB solution for optimising the customers' overall system sets SCHWEIZER apart from the competition. In addition to conventional printed circuit board technologies, SCHWEIZER has developed an established position in the application fields of sensor technology and power electronics for many years. SCHWEIZER targets various industries and markets with its products. In addition to the focus on the automotive sector, the products are becoming increasingly popular in aviation and industrial applications.

SCHWEIZER enables the efficient implementation of customers' sustainable innovations, such as electric mobility and renewable energies. SCHWEIZER attaches great importance to resource-saving production and also unconditionally requires its suppliers to comply with high environmental and social standards.

The state-of-the-art PCB production in Germany is complemented by Schweizer Electronic (Jiangsu) Co., Ltd., China, the production plants of WUS Printed Circuit (Kunshan and Huangshi) and a growing number of production partnerships also outside China.

BUSINESS STRATEGY – RESILIENCE AND GLOBALISATION

SCHWEIZER's customer-oriented structure comprising medium- and large-scale production in Europe with a wide range of certifications, in conjunction with production partners for large-, medium- and small-scale series in Asia as well as various sample manufacturers, enables customers to obtain a targeted and competitive offer for a wide range of printed circuit board technologies and series production sizes.

SCHWEIZER attaches great importance to strong process management, competitive prices and the highest level of reliability and quality among its production partners. Partners outside China are playing an increasingly prominent role in this. By intelligently linking German and Asian production, SCHWEIZER provides the answer to the pressing challenges for securing a reliable global supply chain and meeting customers' requirements for local content.

The focus of the global orientation are the sales regions of Europe (EMEA), North America and Japan. SCHWEIZER has established itself here as a leading manufacturer of printed circuit boards for the automotive industry, and made itself a good name worldwide as a provider of high-end PCB and embedding solutions in many other industries.

BUSINESS STRATEGY – PRINTED CIRCUIT BOARDS AND CHIP EMBEDDING

From simple 2-layer circuits to complex high-current, logic or radar structures, SCHWEIZER offers an extensive range of technologies and solutions for the highest requirements. Proven standard processes can be quickly and flexibly implemented in response to customer requests. For complex problems, expert teams are available to customers who provide expert advice and work out specific solutions in customer projects, from the initial idea to large-scale production.

Technology areas

Standard PCBs

The area of standard PCBs includes, for example, simple multi-layer structures through to complex HDI circuits that cannot be realised with conventional multi-layer technology. For all these PCBs, additional impedance requirements can be met.

Innovative PCB technologies

The area of innovative PCB technologies includes solutions for high-current, high-frequency, high-temperature and miniaturisation applications. State-of-the-art PCB technologies make high-end solutions possible. The inlay board, for example, offers maximum heat dissipation and current carrying capacity. Radar PCBs enable precise detection of speeds, distances and objects. FR4-Flex bendable PCBs are suitable for particularly small installation areas. Thick copper printed circuit boards with thicknesses up to 400 µm enable a current carrying capacity of several hundred amps, and the Combi Board combines the functionality of several printed circuit boards without connectors and cables.

Chip embedding and systems

Embedding solutions with integrated power semiconductors make it possible to produce exceptionally reliable high-performance modules with significantly better switching behaviour and optimised heating compared to SMT solutions. The Smart p² Pack embedding solutions also allow combination with logic wiring without additional connecting elements.

BUSINESS UNITS

RESEARCH AND DEVELOPMENT

Process development

As part of the further expansion of technologically higher-quality products, investments were already made in another CO₂ laser drilling machine in 2022. As a result, the increasing demands of customers for HDI circuits were met significantly better in the reporting year.

In addition, investments were made in the area of handling technology in order to meet the requirements with regard to ESD and cycle time compliance and to significantly reduce downtimes.

Series development

In 2023, SCHWEIZER had excellent successes in the further development of its business activities in the aviation segment. Projects gained have been converted into stable series parts. Sourcing activities with new business partners have also been strengthened and we expect continuously increasing project activities and new developments with new customers in 2024.

The cooperation with our partner WUS in the field of high-frequency solutions was also highly successful in 2023. After extensive efforts in 2023, we expect further nominations as volume producers for our customers in the ADAS segment.

Due to increased efforts with our customers in the field of quasi-inlay technology (QiT) in 2023, we expect to be able to ramp up the first series projects in 2024. In terms of the development of the other power technologies, SCHWEIZER significantly expanded its supplier base for stamped inlays with advanced technological properties and production capacities, including the partner network. Two new series production projects were also realised here, the first of which was already ramped up to a high

volume in 2023. The second project will also go into volume production in 2024. Both projects could not have been realised with the previous supply chain. These technologically challenging solutions help SCHWEIZER to increase customer loyalty and further expand our position as a technology leader.

As announced in the joint press release with Infineon Technologies, SCHWEIZER allocated all the necessary resources in 2023 to advance the series development of the p² Pack technology in connection with the embedding of silicon carbide semiconductors (SiC) and to enable a market launch according to automotive standards for all interested customers in 2026.

The technology transfer of the FR4-Flex technology to our strategic partner plant, Schweizer Electronic (Jiangsu) Co., Ltd. (China), was successfully realised, with the result that the volume ramp-up for the first series product could be completed in 2023. We expect further projects in this technology that will further increase the production volume at the SEC partner plant in China.

The series ramp-up of the p² Pack technology in 2023 at the Schramberg plant was successful. Production volumes will continue to increase in 2024, supported by the production ramp-up at the partner plant in China.

Innovation

The past year was characterised by continued strong interest in SCHWEIZER's high-voltage p² Pack technology, in which power semiconductors are embedded in the printed circuit board. In the area of high-voltage p² Pack technology (800–900V), the insulation material of the printed circuit board is essential for the long-term reliability of our customers' applications.

This is why SCHWEIZER began a series of material studies at an early stage and increased its activities for a second branch of technology in the area of high-voltage

p² Pack technology to validate the insulation strength of this technology.

In this second branch of technology, SCHWEIZER was able to place and launch two projects funded by the Federal Ministry for Economic Affairs and Climate Action. As part of these funded projects HoGaN and trustAE, SCHWEIZER is able to further develop the high-voltage p² Pack technology in cooperation with industrial partners, as well as universities and research institutes. These projects target work in the area of high-voltage power semiconductors such as GaN (gallium nitride) while simultaneously scaling the technology for different power ranges with an industrial focus.

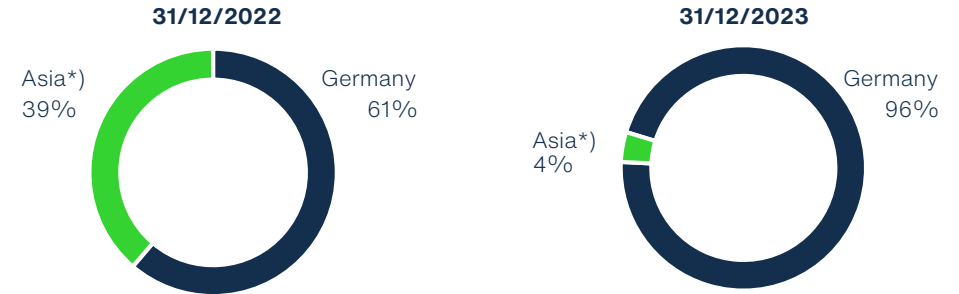
Basic research in the area of embedded components was started in 2023. The research focuses on applications for the industrial sector that require more flexible component technology, with lower quantities and more diverse applications. The aim is to transfer this technology to series development in 2024/25.

The innovations team has been strengthened. In 2024, the intention is to further expand the team to meet the growing need for further development of the technology with the necessary resources.

Research and development expenses in 2023 amounted to EUR 3.1 million (2022: EUR 3.1 million). SCHWEIZER's research and development department is located in Germany. 34 employees were assigned to this department.

The total number of patents granted increased to 67 as of 31 December 2023 (31 December 2022: 63).

EMPLOYEES^{*)} / LOCATIONS



Employees

Due to the transfer of the majority stake in Schweizer Electronic (Jiangsu) Co., Ltd., the number of employees and the percentage distribution by their locations changed significantly. As at 31 December 2023, the number of employees^{*)} was 583 (31 December 2022: 934).

^{*)}including temporary workers

QUALITY MANAGEMENT

In 2023, the company was re-certified according to IATF 16949. During the audits for EN 9100, ISO 50001, ISO 14001 and Nadcap AC 7119, both system conformity was verified against various customer orders as well as the production and business processes.

After the successful completion of the recertification audit in 2023, preparations are underway for the upcoming ISO 14001 recertification in 2024 and the comparison of the system with the updated audit catalogue of Nadcap AC 7119.

ENVIRONMENTAL AND ENERGY MANAGEMENT

Although the products and thus the processes and workflows required for production are becoming increasingly complex and multi-faceted, SCHWEIZER's higher-level goal is to limit the effects on the environment as far as possible through suitable product and process developments. This is also part of our mission statement. The consistent application of environmental and hazard analyses to protect the environment, our employees and the business partners involved in product manufacture/use are our top priority.

The effectiveness of our systems is regularly reviewed by means of internal audits and was once again confirmed for 2023 by the certification organisation as part of the ISO 14001 and ISO 50001 certifications.

ECONOMIC REPORT

ECONOMY AND SALES MARKETS

World

World economic growth was moderate in 2023 and increased by +2.8 percent year-on-year. As a result, global growth in gross domestic product (GDP) was significantly below the previous year's growth rates, but did not decline as feared as a result of the inflation shock and the subsequent monetary policy reactions.

In 2023, the development of the global economy was no longer significantly influenced by the measures to combat the coronavirus pandemic for the first time in three years. The strict coronavirus policy was also abandoned in China. However, the supply chain situation took some time to ease. The Russian invasion of Ukraine also had a negative impact in 2023. Further geopolitical tensions and military disputes, such as the Hamas group's attack on Israel, created uncertainty and reticence.

Expansion in emerging markets remained robust overall, benefiting from decreasing inflation and lower prices, especially in food. Particularly dynamic expansion was seen in India, whereas in China, structural problems, the crisis in the construction sector and increased youth unemployment in particular prevented stronger growth.

Inflation declined in 2023 and was significantly below the previous year's record highs at an average of 4.7 percent. In the G7 countries, the average inflation rate in October was +3.2 percent. The sharp fall in energy prices benefited the inflation rate. Nevertheless, the core rate of inflation (excluding energy and food) was quite high at 6.5 percent, particularly in the OECD countries. In the US, higher core inflation was the result of a tense labour market. The overall decline in inflation and an increase in remuneration resulted in higher real wages and led to an improvement in private consumption. The falling inflation rates also have a corresponding effect on the central banks' interest rate policies. They abandoned the increases in the corresponding key

interest rates after initial increases in spring and summer 2023. On the other hand, the end of expansive crisis-related fiscal measures, sharply increased government debt and higher financing costs in the interest rate environment had a negative impact on economic growth in 2023.

With growth of +0.8 percent compared to the previous year, global trade in goods lagged significantly behind expectations and is mainly due to rising protectionism and the regionalisation of supply chains.

The situation on the commodities markets eased during the year. Prices for non-energy commodities fell further and are at the level of the end of 2020. After a short-term increase in the oil price in the summer, the oil price fell again significantly towards the end of the year due to Saudi Arabia's subsidy cuts.

China

China's economy grew by +5.0 percent year-on-year and exceeded expectations after a weak 2022. It was thus again above the global growth rate of +3.5 percent for the first time in line with its long-term growth trend. Structural problems, such as the crisis in the construction sector, financial turbulence and worsening employment prospects as well as high youth unemployment dampened the consumer climate. In relation to global trends, consumer prices were significantly below Central Europe's values at +0.4 percent.

USA

The economic situation proved to be robust in 2023. The US economy grew with a GDP of +2.4 percent year-on-year, somewhat above the previous year's growth rate. Economic growth in 2023 was primarily characterised by the ongoing consumption-related catch-up effects from the coronavirus pandemic, extensive government subsidy programmes and increases in real wages, as well as a persistently good labour market situation. This had a correspondingly positive effect with an unemployment-job ratio at a very low level. The Fed's key rate rose in several steps in the first

half of the year from +0.25 percent to +5.5 percent and has remained unchanged since August 2023, taking into account the fall in inflation. Consumer price inflation was significantly below the previous year's highs at 3.1 percent.

Euro area

In the euro area, economic development was weak in 2023 with a low GDP growth rate of +0.5 percent. In particular, the rise in interest rates has driven up financing costs and noticeably slowed down investment activity. Weak foreign demand also dampened exports. In the individual European countries, the high inflation rates of up to +11.0 percent and the accompanying increases in key interest rates had a dampening effect on the economy. For the last time in September 2023, the European Central Bank raised the interest rates for the marginal lending facility to +4.75 percent.

Germany

German gross domestic product shrunk by -0.3 percent in 2023, adjusted for prices, and is thus the worst performing of all economies in the euro area. High energy costs, some of which are many times higher than the international level, as well as increased costs contributed significantly to this development.

Compared to the previous year, private consumer spending fell by -0.8 percent in 2023 (2022: +4.6 percent). Public budgets also reduced their price-adjusted consumer spending by -1.7 percent in 2023 for the first time in 20 years. This is due to high consumer prices, high interest rates and a loss of purchasing power. Compared to the previous year, private investments in equipment rose by +0.4 percent (2022: +2.5 percent) and government consumer spending by +9.9 percent (2022: +1.1 percent). This is due to the reduction in the order books of the capital goods manufacturers, which were built up as a result of the pandemic and supply bottlenecks. Foreign trade declined as a result of weak global trade in the last quarters of 2023, with exports declining by -0.8 percent. The decrease in imports had an overall stabilising effect on net exports at -1.3 percent.

First-quarter growth rates were close to zero. In the third quarter, economic performance contracted by -0.1 percent compared to the previous quarter. This was largely due to restraint in consumer spending, which was driven by a high inflation rate and particularly noticeable in energy prices. The decline in government spending influenced the weak economic development in the same way as the restraint in consumer spending as did the slowdown in the foreign economic environment with fewer exports. The continued strong price increases in the shopping basket and the increased energy costs burdened the German economy with an inflation rate of 6.1 percent. By contrast, corporate investments increased over the course of the year, which was mainly due to catch-up effects after the sharp decline during the coronavirus pandemic and investments in the vehicle fleet before the end of the government subsidy for the purchase of electric vehicles. The labour market situation was at an all-time high with 46.0 million people in employment despite the difficult economic environment. The unemployment rate was 5.7 percent at the end of the year.

(Sources: KfW Business Cycle Compass November 2023, RWI Economic Report 74 (4), Kiel Institute Economic Outlook Nos. 109 and 110 (2023/Q4), German Council of Economic Experts Annual Report 2023/24, wvib Annual Report 2023 White Paper, own sources)

SECTOR ENVIRONMENT

Automotive industry

According to initial estimates, the most important customer group for SCHWEIZER – the automotive industry – which accounts for around 71 percent of sales, sold 85.7 million new vehicles worldwide, representing an increase of around +4 percent (2022: 82.3 million units sold). As a result, the global sales level was still below the volume before the coronavirus pandemic. The decline in vehicles with combustion engines was more than compensated for by 14.5 million electric vehicles produced in 2023 (2022: 11 million units). The successive crises of recent years after the coronavirus pandemic, such as lockdowns in China, supply bottlenecks for chips, the Russian attack on Ukraine and most recently the war in the Middle East, as well as general geopolitical uncertainty, are reflected in a delayed catch-up effect. However, vehicle markets worldwide have seen continuous growth since 2020.

Of the number of vehicles worldwide of around 1.3 billion vehicles, 52 percent was attributed to developed countries, 40 percent to countries with advanced economies and 8 percent to developing countries.

In Europe, production volumes increased from 15.8 to 17.1 million passenger cars produced. Germany was the largest market, but did not lead the growth. Last but not least, the discontinuation of the government's promotion of electric mobility in August 2023 dampened the momentum. Most of the development is due to increased demand, primarily in Western European countries. The drivers of growth for the new vehicle market in Europe were electric vehicles, which reached a record level with a market share of 15.7 percent. Europe became the world's second largest market for electric vehicles after China.

Vehicle production in North America rose to 15.0 million new vehicles in 2023, which represents growth of around 5 percent compared to the previous year. However, the growth rates of electric vehicles declined at the end of the year. Despite consumers' openness to electric drives, concerns over the lack of manufacturer alternatives, charging infrastructure and range prevailed.

In China, 26.4 million new vehicles were produced in 2023. Of these, newly manufactured electric vehicles accounted for 29 percent. In view of the increasing air pollution and dependence on fossil fuels, the transition to electric mobility has been strongly promoted in China for years. There was also strong demand for hybrid vehicles (PHEVs), a transition technology between combustion engines and all-electric vehicles (BEVs). As a result, China not only remained the world's largest market for electromobility, but also formed a domestic and export environment for emerging domestic manufacturers. The production volume of electric vehicles of Chinese origin represented 60 percent of global emissions.

Printed circuit board industry

The global PCB production volume of around USD 90 billion fell by around -8 percent in 2023. The reason for this development was the lower demand from PC, smart device and server manufacturers, who have in recent years benefited from the increased demand during and after the coronavirus pandemic. Demand in the aerospace and defence sectors as well as in industrial control and measurement technology stagnated compared to the previous year. On the other hand, a market recovery was seen in the automotive industry, in particular due to the increasing production of electric vehicles, and in hardware components for use in AI data centres. Worldwide demand for PCBs in 2023 comprised 64 percent for computer and telecommunications applications, followed by 14 percent for consumer products, 11 percent for the automotive sector and 11 percent for other technological applications. The dominant market position of the PCB industry by Asian producers remained almost unchanged from the previous year with a share of 94 percent. North and South America accounted for 4 percent of

global production, while Europe, the Middle East and Africa accounted for 2 percent.

(Sources: N.T. Information Ltd., LAZARD Roland Berger, all electronics, German Environment Agency, Motor1, ZVEI, own sources)

RESULTS OF OPERATIONS (IFRS)

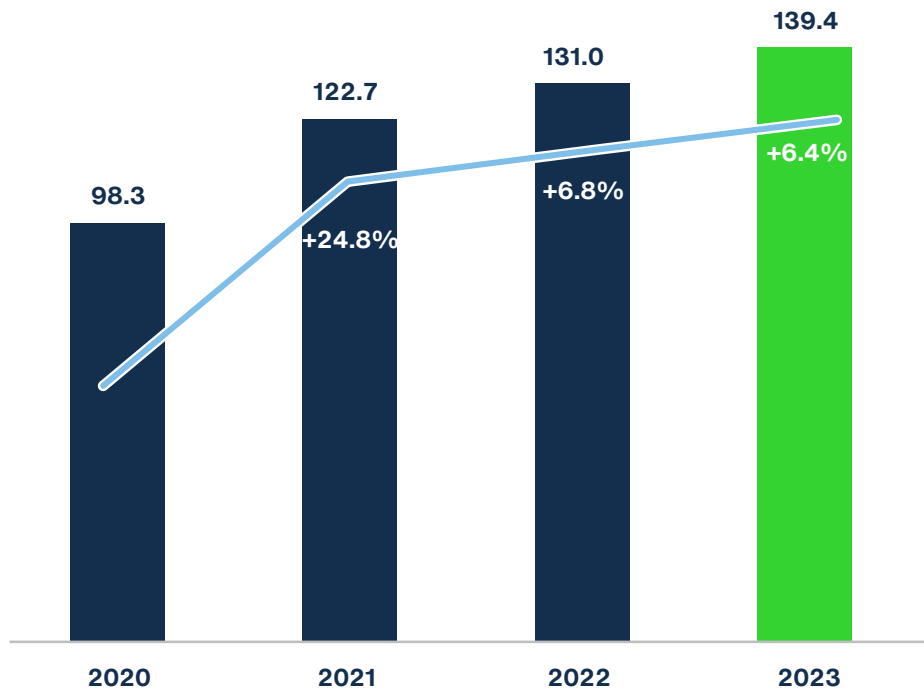
In the following section, we report on the Group's results of operations in accordance with International Financial Reporting Standards (IFRS).

Sales development and order book

Group sales amounted to EUR 139.4 million (2022: EUR 131.0 million). This is equivalent to an increase of +6.4 percent compared to the previous year.

Sales revenue

in EUR millions / change compared to previous year



The increase in sales in the first half of the year compared to the first half of the previous year was +6.4 percent. By contrast, the third quarter saw a decrease of -5.1 percent compared to the same quarter of 2022. A significant increase in the call-off dynamics of automotive customers led to growth of +19.3 percent in the fourth quarter compared to the fourth quarter of the previous year. Due to this dynamic, the second half of 2023 recorded a growth rate comparable to the first half of the year. The growth rate in the second half of the year was +6.4 percent compared to the second half of 2022.

Sales of printed circuit boards produced in Schramberg increased by 15.1 percent year-on-year to EUR 91.5 million (2022: EUR 79.5 million). The production volume at the former Chinese subsidiary of Schweizer Electronic (Jiangsu) Co., Ltd. (SEC), whose financial figures were fully consolidated only by 30 April of the financial year, was therefore -82.5 percent below the level of total annual sales for 2022 for the SCHWEIZER Group. Nevertheless, sales from in-house production increased to EUR 93.8 million, which is equivalent to a growth rate of +1.6 percent compared to the previous year (2022: EUR 92.4 million).

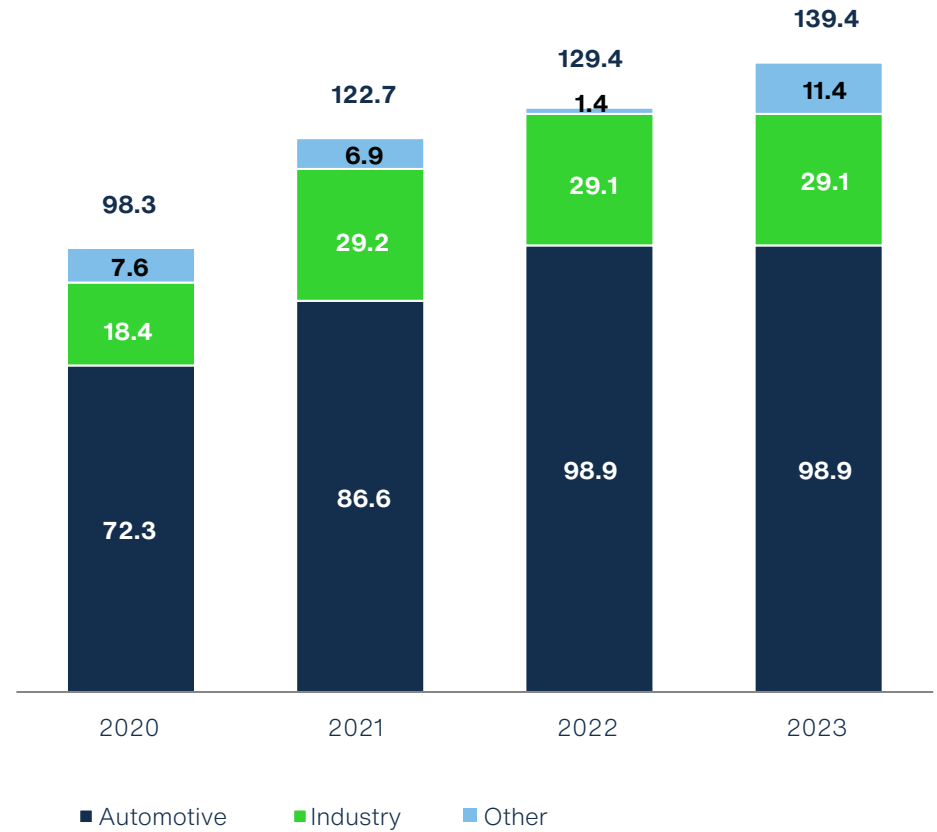
With commercial products manufactured by WUS Printed Circuit (Kunshan) Co., Ltd. at the Kunshan site or by Meiko Electronics Co., Ltd. at the sites in China and Vietnam, the SCHWEIZER Group generated sales of EUR 45.6 million (2022: EUR 38.6 million). The share of sales of commercial products increased to 32.7 percent compared to the previous year (2022: 29.5 percent).

Sales of EUR 98.9 million were generated with automobile customers, which is equivalent to an increase of +12.6 percent compared to the previous year. Sales with automotive customers amounted to 71.0 percent (2022: 67.1 percent). This development reflects the increasing dynamism in the automotive environment, after the industry was still severely affected in the previous year by supply bottlenecks for electronic components. Sales of EUR 29.1 million were realised with industrial

customers in the financial year. This corresponds to a decline of -15.6 percent compared to the previous year. This customer group, whose areas of application are primarily in sensor technology and system controls, represents 20.9 percent of Group sales (2022: 26.3 percent). Sales with other customers in the fields of communication, consumers and computers increased by +30.8 percent to EUR 11.4 million. This customer segment represents 8.2 percent of Group sales (2022: 6.7 percent). Compared to the double-digit increase in mobility customers, this resulted in a decrease in turnover with non-mobility customers of -6.2 percent. The decline in sales with industrial customers was particularly noticeable in the second half of the year and was in line with the increasing weakening of the economy and slowing export activities in Germany.

Sales by customer group

in EUR millions

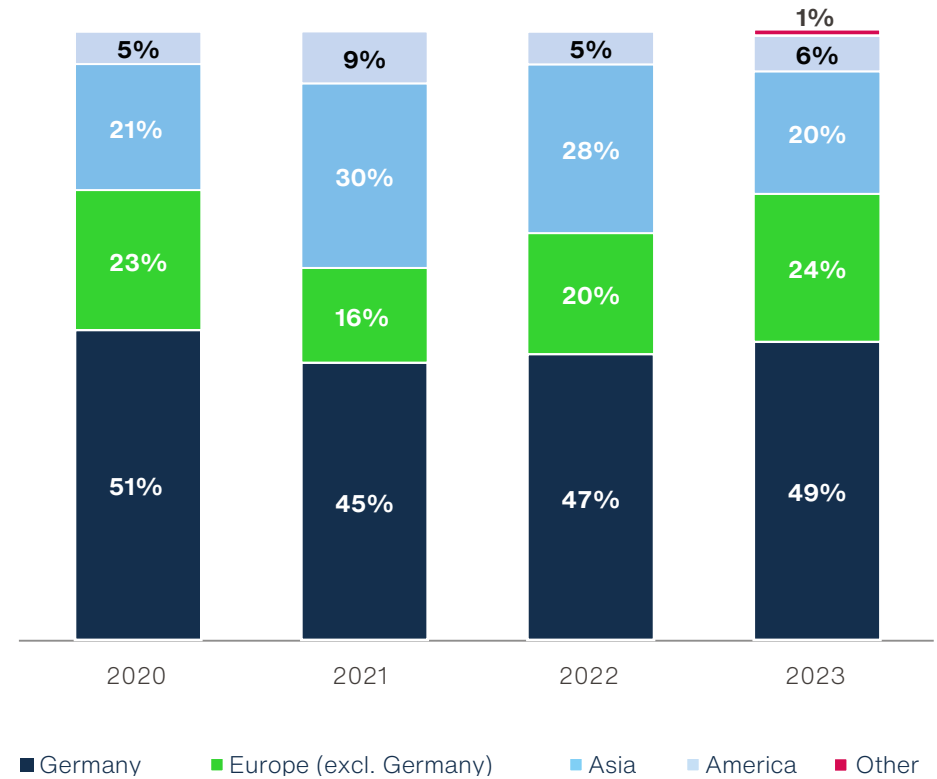


Compared to the previous year, there was a clear shift in the sales regions in favour of Germany and Europe. Sales increased by +10.9 percent in Germany and by +29.6 percent in Europe. The growth in these regions was mainly due to sales with automotive customers. Exports to America and other export countries also increased strongly and dynamically at +29.5 percent overall. Sales in the Asian countries fell by -22.6 percent, primarily due to the decline in sales in China. The previous year's sales were only offset by the fully consolidated sales up to the end of 2023 April.

Sales of 73.0 percent are attributable to Germany and Europe (2022: 66.6 percent), 20.1 percent to Asia (2022: 27.7 percent) and 6.9 percent to America/other countries (2022: 5.7 percent). Overall, the share of sales in the market regions outside Germany fell slightly by 2.0 percentage points to 51.2 percent (2022: 53.2 percent).

Sales by region

in %



in EUR millions	2023	2022
Germany	68.0	61.3
Europe (excl. Germany)	33.7	26.0
Asia	28.1	36.2
America	8.2	7.0
Other	1.4	0.5
	139.4	131.0

Incoming orders in 2023 recorded growth of +14.7 percent compared to the previous year and amounted to EUR 190.6 million (2022: EUR 166.3 million). As a result, the book-to-bill ratio (ratio of incoming orders to sales) rose slightly to 1.4 (2022: 1.3), due in particular to the momentum in the fourth quarter. Among other things, this showed the increase in demand from our automotive customers for printed circuit boards with integrated power semiconductors (embedded technology), which reached series maturity for production in Schramberg in the third quarter. Incoming orders for PCBs from our own production increased by +5.5 percent compared to the previous year. Orders received for printed circuit boards purchased from our strategic trading partners also increased by +66.4 percent.

At the end of the financial year, the order book amounted to EUR 251.3 million (31 December 2022: EUR 234.4 million). Of this, an order volume of EUR 152.0 million is due for delivery in 2024 (31 December 2022: EUR 132.6 million for 2023). The order volume for 2025 and subsequent years amounts to EUR 99.3 million as at the balance sheet date (31 December 2022: EUR 101.8 million for 2024ff).

Operating margin and operating result

Gross profit on sales amounted to EUR +15.6 million (2022: EUR -6.4 million), which is equivalent to a gross margin of +11.2 percent (2022: -4.9 percent). This result includes lower negative gross profit of the plant in China in the reporting year of EUR -6.0 million than in the previous year, which came to EUR -17.7 million. The reason for this is the sale of the majority shares of Schweizer Electronic (Jiangsu) Co., Ltd., China to the strategic partner WUS Printed Circuit (Kunshan) Co., Ltd., China with effect from April 2023. In addition, volume increases more than compensated for the loss in the plant's sales in China with EUR 31.6 million with corresponding economies of scale being realised, particularly in Schramberg. In addition to the increase in selling prices, the energy price brake in force in 2023 also had a positive impact. The decline in inflation also had a positive impact on commodity purchases. The Group's gross profit excluding China amounted to EUR +21.6 million, which equates to an increase

in gross profit of EUR +10.3 million compared to the previous year.

Other operating income amounted to EUR +48.2 million, which represented an increase of EUR +43.5 million compared to the previous year (2022: EUR +4.7 million). Most of this amount – EUR +44.6 million – related to revenue from the deconsolidation of the majority shares in Schweizer Electronic (Jiangsu) Co., Ltd., China. It comprises sales proceeds of EUR +4.4 million and the disposal of the corresponding negative net assets of EUR -30.4 million. In addition, the remaining 20 percent shares in associates resulted in the recognition of an investment of EUR +13.7 million. Besides currency gains of EUR +1.6 million, other operating income for the reporting year also included EUR +1.1 million from waste recycling.

The functional costs of sales and administration increased by EUR +1.1 million or by +5.6 percent compared to the previous year. This includes one-off expenses of EUR 1.2 million. Other operating expenses decreased by EUR -1.1 million or -35 percent compared to the previous year, which is mainly due to lower currency losses of EUR +1.1 million.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR +47.4 million (2022: EUR -12.3 million). The EBITDA ratio was +34.0 percent (2022: -9.4 percent). Adjusted for the result in China and the positive deconsolidation result of the holding in Schweizer Electronic (Jiangsu) Co. Ltd., China, EBITDA came to EUR +8.9 million (2022: EUR +5.0 million).

Earnings before interest and taxes (EBIT) amounted to EUR +40.9 million (2022: EUR -24.5 million) and increased by EUR +65.4 million year-on-year, in particular driven by the deconsolidation result from Schweizer Electronic (Jiangsu) Co. Ltd., China. Depreciation amounted to EUR -6.5 million (2022: EUR -12.2 million). The main reason for the lower depreciation is the deconsolidation of Schweizer Electronic (Jiangsu) Co., Ltd, China in April 2023. The Group, excluding China and adjusted for

deconsolidation effects, achieved an EBIT of EUR +2.9 million in the financial year (2022: EUR -1.4 million).

Financial result

The financial result amounted to EUR -3.7 million (2022: EUR -4.5 million). A significant component was the loss allocations of the investment in Schweizer Electronic (Jiangsu) Co., Ltd., China, recognised as an associate from May in the amount of EUR -2.7 million. The cash interest expense for current and non-current financial liabilities amounted to EUR -3.0 million (2022: EUR -4.7 million).

Consolidated result and earnings per share

Compared to the previous year, the consolidated result improved significantly from EUR -33.5 million by EUR +66.4 million to EUR +32.9 million. Under taxes on income, the tax expense amounted to EUR -0.7 million in the financial year (2022: EUR -4.5 million).

Earnings per share for financial year 2023 amounted to EUR +8.72 (2022: EUR -7.85).

For the purposes of better comparability, the information on changes in the financial, liquidity and net asset position in the previous year relates to values after reclassification of the corresponding items of the disposal group to "Assets held for sale" and "Liabilities associated with assets held for sale".

Financial situation (IFRS)

As of the balance sheet date, liabilities to banks amounted to EUR 24.3 million (2022: EUR 29.2 million). All scheduled repayments were made during the reporting period. Long-term financing amounted to EUR 21.7 million, representing a decrease of EUR -2.6 million compared with the previous year. The term of the long-term financing ends on 31 December 2028.

The working capital credit lines amounted to EUR 5.7 million as at 31 December of the reporting year. No lines were availed of as at the balance sheet date.

In contrast to the long-term credit lines, all short-term credit lines are unlimited in time and unsecured.

In the financial year, various assignments of receivables amounting to a cumulative EUR 52.2 million were used as financing instruments. As at the reporting date, receivables totalling EUR 7.6 million had been assigned.

Liquidity (IFRS)

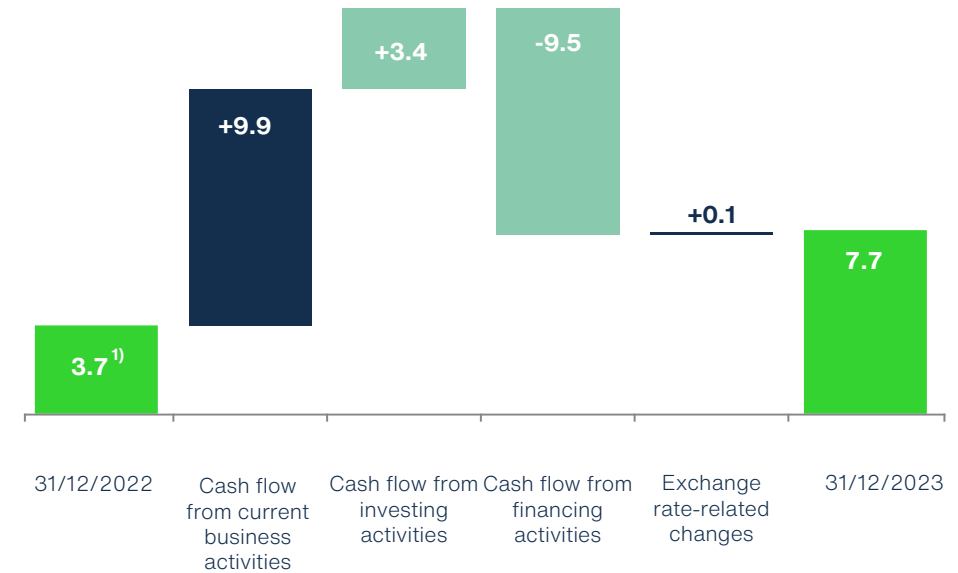
Liquid funds amounted to EUR 7.7 million as at the balance sheet date. This represents an increase of EUR +5.7 million compared with the previous year. The freely available funds, including unused current account, forfaiting and leasing lines, total EUR 12.3 million. The forfaiting line represented the maximum amount for assigned receivables as at the respective balance sheet date.

Cash flow from operating activities amounted to EUR +9.9 million in the financial year, increasing by EUR +13.5 million compared to the previous year (2022: EUR -3.6 million). The sharp increase in operating cash flow was due to EBIT adjusted for the special effects of deconsolidation, which increased by EUR +15.1 million from EUR -12.2 million to EUR +2.9 million compared to the previous year. Changes in accounts receivable and payable were only marginal in the reporting year at a net amount of EUR +0.6 million. Cash flow from operating activities included an effect of EUR +7.6 million resulting from a receivables assignment as at the reporting date (2022: EUR +10.6 million). These cash-relevant investments mainly concerned the cash acquisition of property, plant and equipment and intangible assets for production in China of EUR -0.9 million. The purchase price for the majority holding in Schweizer Electronic (Jiangsu) Co. Ltd., China, sold increased by EUR 4.4 million. Overall, cash flow from investing activities was netted off at EUR +3.4 million (2022: EUR -10.0

million). Cash flow from financing activities was mainly influenced by repayments of existing loans and lease liabilities of EUR -6.5 million as well as interest paid of EUR 3.0 million, thus balancing at EUR -9.5 million (2022: EUR 2.9 million). In total, the exchange rate-adjusted change in cash and cash equivalents amounted to EUR +4.0 million (2022: EUR -10.7 million). The liabilities of Schweizer Electronic AG were paid by the due date at all times utilising discount deductions. During the year, current account lines were used or receivables were assigned to cover peaks in financial requirements.

Cash flow

in EUR millions



¹⁾ thereof reclassified to assets held for sale EUR 1,751 thousand

in EUR millions	2023	2022
Cash flow from current business activities	+9.9	-3.6
Cash flow from investing activities	+3.4	-10.0
Cash flow from financing activities	-9.5	2.9

Financial position (IFRS)

Compared to the previous year, total assets decreased by EUR -54.2 million to EUR 106.1 million. Non-current assets increased by EUR +3.3 million to EUR 48.3 million. The main reasons were the capitalisation of the shares in associates at a value of EUR 10.1 million as at 31 December 2023 and the items in property, plant and equipment reduced by scheduled depreciation.

Current assets increased by EUR -21.3 million to EUR 57.8 million compared to the end of the previous year (2022: EUR 36.5 million). Cash and cash equivalents increased by EUR 5.8 million to EUR 7.7 million. Trade receivables also increased by EUR 14.1 million, which is due in particular to the higher sales volume and the unconsolidated receivables from SEC.

Equity increased significantly – mainly driven by the sale of the majority shares in Schweizer Electronic (Jiangsu) Co., Ltd., China – from EUR -8.8 million in the previous year by EUR +34.6 million to EUR 25.8 million in the 2023 reporting year. The equity ratio was thus 24.3 percent (31 December 2022: -5.5 percent).

Non-current and current financial liabilities decreased by EUR 5.0 million to EUR 24.2 million (31 December 2022: EUR 29.2 million). Both non-current financial liabilities decreased by EUR 2.6 million to EUR 21.7 million as a result of regular repayments and current liabilities decreased by EUR 2.4 million to EUR 2.6 million. Trade payables increased by EUR +5.8 million to EUR 19.2 million (31 December 2022: EUR 13.4 million).

KEY FIGURES FOR CORPORATE MANAGEMENT

The company's financial control parameters relate to four categories:

- Economic efficiency
- Growth and investment
- Capital commitment
- Financing

The achievement of the category targets is measured on the basis of various key figures and compared against the targets set. The following comparison relates to the target achievement compared to the forecast disclosed in the 2023 Annual Report published on 22 April 2023 with its last amendments published on 28 July/3 November 2023.

1. Economic efficiency

SCHWEIZER assesses economic efficiency using the profitability ratios of EBITDA (earnings before interest, taxes, depreciation and amortisation) in EUR and the EBITDA ratio. The EBITDA ratio indicates EBITDA as a percentage of sales. EBITDA in EUR represents a profitability indicator within the income statement that also shows a high correlation to cash flow. For instance, it may be appropriate to tap additional sales potential with merchandise, although the corresponding margin may be below the average margins to date. This can, for example, increase the potential of internal and external financing for the company's investments and development services. The EBITDA ratio, on the other hand, measures the quality of sales in relation to profitability. In order to ensure a balance between quantitative and qualitative growth, both ratios are of equal significance at SCHWEIZER.

SCHWEIZER forecast an adjusted EBITDA ratio of +4 to +6 percent for the 2023 financial year in the 2022 Annual report on 23 April 2023. The unconsolidated ramp-up losses of Schweizer Electronic (Jiangsu) Co., Ltd., ("SEC") from May of the financial year and gains from the deconsolidation of the subsidiary were not taken into account as significant factors in the forecast of the adjusted bandwidth. With the new set-up of the SCHWEIZER Group, profitable sales growth was expected. Furthermore, it was assumed that the interim fall in energy costs remained at a high level and would have a significant impact on profitability against the backdrop of competition with producers in Asia.

In a capital market announcement dated 28 July 2023, an EBITDA ratio, which included the fully consolidated results of the former subsidiary Schweizer Electronic (Jiangsu) Co., Ltd., China, as well as the deconsolidation gains until 30 April 2023, was additionally forecast at between +35 and +40 percent. At the same time, an adjusted EBITDA ratio of between +6 and +9 percent was expected. In the quarterly announcement of 3 November 2023, the expected ranges for the EBITDA ratio were re-estimated at between +37 and +40 percent and between +7 and +9 percent for the adjusted EBITDA ratio.

The decisive factor for updating the forecast was the sales dynamics resulting in the fourth quarter with simultaneous improved profitability.

EBITDA in the financial year actually amounted to EUR +47.7 million, which represents an EBITDA ratio of +34.2 percent. Adjusted EBITDA amounted to EUR +9.1 million, corresponding to an adjusted ratio of +6.5 percent.

2. Growth and investment

SCHWEIZER measures the "growth and investment" category on the basis of the key figures of growth ratio and investment ratio. The growth ratio shows the percentage change in sales compared to the previous period. For 2023, SCHWEIZER set itself a

growth target between +5 and +10 percent, which was roughly equivalent to a target turnover of between EUR 137 and 144 million. In the course of preparing the half-yearly financial report, a growth expectation of between 0 and 5 percent was assumed because, in addition to the declining development and the problems in the automotive manufacturers' supply chain that have not yet been fully resolved, a declining sales dynamic was expected. In the quarterly announcement of 3 November, the sales increase compared to the previous year was assumed to be between 2 and 3 percent. This assessment was justified by the renewed increase in sales dynamics in the fourth quarter.

Actual sales of EUR 139.4 million were generated in the financial year. This represents an increase of +6.4 percent compared to the previous year.

The ratio of cash flow from investing activities (excluding divestments) in EUR to EBITDA in EUR represents the investment ratio. Due to the consolidated profit in the financial year that had a strong impact on EBITDA, it was not expedient to calculate the investment ratio for 2023 (2.0 percent excluding divestment).

3. Capital commitment

An important factor in liquidity management is the optimisation of capital commitment. The capital commitments are measured by the working capital. Working capital is the difference between current assets and current liabilities. This is calculated by deducting current liabilities from current assets (excluding liquid funds). There is growing pressure from customers to extend payment terms and to set up consignment warehouses. Longer payment terms combined with a higher sales volume will lead to an increase in receivables and thus in pre-financing requirements. Another important factor is inventory management. As part of working capital management, the aim is to reduce inventories of raw materials, consumables and supplies, semi-finished goods and finished goods. The task of working capital management is to optimise supplier liabilities by managing payment terms and setting up consignment warehouses.

SCHWEIZER prefers to consistently exploit potential cash discount income where possible for reasons of maximising profitability. This is an attractive alternative, even given the current interest rate level and even if it does not minimise working capital.

SCHWEIZER had forecast an increase in working capital in line with the increase in sales in its Annual Report last year. In the forecast adjustment of 28 July/3 November, a value between EUR 18 million and EUR 22 million was estimated. During the financial year, working capital amounted to EUR 20.1 million. For comparison purposes, this value does not include the receivables from or liabilities to the former subsidiary Schweizer Electronic (Jiangsu) Co., Ltd., China as at the reporting date. These items were still eliminated in the previous year as part of the Group's debt consolidation. Compared to the previous year, working capital increased by EUR +10.4 million. The adjusted capital tie-up effect was determined by an increase in trade receivables of EUR +14.1 million, an increase in contract assets of EUR +3.7 million and, in contrast, an increase in trade payables of EUR +5.8 million.

4. Financing

In the years before the direct investment in China, SCHWEIZER concentrated on very stable balance sheet structures, high equity ratios and very low debt. The key figures used to measure the target category of "financing" are the equity ratio and net gearing ratio. As a result of the deconsolidation following the majority sale of the shares in Schweizer Electronic (Jiangsu) Co., Ltd., China, the liabilities side of the balance sheet was significantly reduced. In the 2022 Annual Report, an equity ratio ranging between 25 and 30 percent was therefore forecast for 2023. Due to the increased revenue dynamics in the fourth quarter, the positive profit contributions of the Group companies from operating activities and the losses to be borne on a counter-proportional basis by the associate Schweizer Electronic China, an equity ratio of 27 to 29 percent was expected in the quarterly announcement of 3 November 2023. At the end of the financial year, the equity ratio was +24.3 percent. Compared to the preliminary investigations, the profit from deconsolidation decreased from EUR

46.9 million to EUR 44.7 million.

The net gearing ratio is calculated as interest-bearing liabilities less liquidity holdings in relation to equity. For 2023, net debt was expected to be significantly reduced compared to the previous year in the Annual Report as a result of deconsolidation effects. The net gearing ratio was adjusted to a range of between 50 and 70 percent in the forecasts for the interim financial statements on 28 July and most recently in connection with the quarterly announcement on 3 November of the financial year. The net gearing ratio in the financial year was 64.1 percent.

The following table shows the attainment of the targets in financial year 2023:

Target attainment by the SCHWEIZER Group

	2022 actual	2023 target		2023 actual
		Forecast in Annual Report of 28 April 2023	Forecast adjustment on 28 July / 3 Nov. 2023	
Sales / compared to PY	EUR 131.0 million / +6.8%	+5% to +10%	+2% to +3%	EUR 139.4 million / +6.4%
EBITDA ratio	-9.4%			
Adjusted ¹⁾ EBITDA ratio		+4% to +6%	+7% to +9%	+6.4%
Unadjusted EBITDA ratio			+37% to +40%	+34.0%
Working capital	EUR -1.6 million	Proportional to sales	EUR 18 to 22 million	EUR 20.1 million
Net gearing ratio	n/a (neg. equity)	Approx. 150%	50% to 70%	64.2%
Equity ratio	-5.5%	25% to 30%	27% to 29%	24.3%

¹⁾ adjusted for the current result from January to April 2023 of Schweizer Electronic (Jiangsu) Co., Ltd., China and the deconsolidation effect.

SCHWEIZER ELECTRONIC AG

Disclosures in accordance with HGB

Schweizer Electronic AG, headquartered in Schramberg, is the parent company of the five subsidiaries of the SCHWEIZER Group. Schramberg is home to a production facility for printed circuit boards, research and development, central sales and the central administrative functions of the Group. The financial statements of Schweizer Electronic AG were produced in accordance with Sections 242ff. and Sections 264ff. of the German Commercial Code (HGB) and according to the relevant provisions of the German Stock Corporation Act (AktG).

Results of operations

Income statement in accordance with HGB (condensed version)

	2023 EUR thousands	2022 EUR thousands
Sales revenue	110,805	94,804
Cost of goods and services provided to generate sales	-93,383	-84,049
Gross profit	17,422	10,755
Distribution costs	-4,535	-4,128
General administration expenses	-13,535	-11,080
Other operating income	2,993	20,051
Other operating expenses	-1,272	-1,936
Other interest and similar income	14	214
Depreciation from financial assets	-1,657	-32,980
Interest and similar expenditure	-2,305	-1,355
Taxes on income and revenue	-262	-4,430
Earnings after tax/net loss for the year	-3,137	-24,888
Loss carried forward	-27,945	-3,057
Net loss	-31,082	-27,945

Schweizer Electronic AG achieved sales of EUR 110.8 million in the reporting year (2022: EUR 94.8 million). As a result, the sales growth forecast in the previous year was significantly exceeded in the range between +5 and +10 percent with an actual sales increase of +16.9 percent. Both the sales of in-house manufactured products at the Schramberg site in the amount of EUR 90.6 million (2022: EUR 79.5 million) increased by EUR 11.1 million and sales from the purchase of commercial products of strategic partner companies increased by EUR +4.9 million from EUR 15.3 million to EUR 20.2 million. The share of sales from commercial products is 18.2 percent of total sales (2022: 16.2 percent).

Incoming orders for the financial year increased by +22.6 percent to EUR 167.7 million compared to the previous year.

The order volume as at 31 December 2023 increased by +22.9 percent to EUR 218.9 million compared with the previous year. Of this total, PCBs worth EUR 142.9 million are scheduled for delivery in 2024.

The gross margin increased by EUR +6.7 million to EUR 17.4 million, representing 15.7 percent of revenue (2022: 11.3 percent). Realised volume-related economies of scale, price increases, as well as reduced inflation and the energy price brake applicable in 2023 had a corresponding positive impact on the gross margin in 2023.

At EUR 4.5 million, sales costs were slightly higher than in the previous year due to volume and inflation (2022: EUR 4.1 million). Administrative costs increased by EUR +2.4 million to EUR 13.5 million (2022: EUR 11.1 million). This includes one-off expenses of EUR 1.2 million.

The operating result/EBIT in the financial year amounted to EUR 1.1 million (2022: EUR +13.7 million). The EBIT ratio was thus +1.0 percent (2022: +14.4 percent). Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted

to EUR +5.2 million (2022: EUR 18.0 million). This corresponds to an EBITDA ratio of +4.7 percent (2022: +19.0 percent), which lies within the forecast range of +4 to +6 percent made for 2023. Both EBIT and EBITDA included extraordinary income of EUR +15.2 million from a patent value determined by an expert, which was contributed in kind to the subscribed equity of the subsidiary in China at the time, Schweizer Electronic (Jiangsu) Co. Ltd., China.

Net assets and financial position

Balance sheet in accordance with HGB (condensed version)

	31/12/2023	31/12/2022
	EUR thousands	EUR thousands
Assets		
Fixed assets		
Intangible assets	611	661
Property, plant and equipment	21,220	24,160
Financial assets	17,770	23,342
	39,601	48,162
Current assets		
Inventories	16,458	16,458
Receivables and other assets	22,075	17,651
Cash on hand, bank balances	3,064	1,103
	41,597	35,212
Prepayments and accrued income	548	573
Deferred tax assets	880	928
Total assets	82,626	84,875
Liabilities		
Equity	21,093	24,230
Provisions	14,408	13,102
Liabilities	47,125	47,543
Total liabilities	82,626	84,875

As at 31 December 2023, the total assets of Schweizer Electronic AG decreased by EUR -2.2 million to EUR 82.6 million, which is mainly due to the impairment loss of EUR 1.7 million on Schweizer Electronic (Jiangsu) Co., Ltd., China. The further reduction is due to the scheduled depreciation of fixed assets. This was partially offset by the accumulation of receivables, which resulted in particular from the reclassification of receivables from affiliated companies to receivables from associates (Schweizer Electronic (Jiangsu) Co., Ltd., China).

Compared to the previous year, intangible assets and property, plant and equipment decreased substantially by EUR -2.9 million to EUR 21.8 million. Net investments in the financial year amounted to EUR 0.9 million.

Current assets increased by EUR +6.4 million to EUR 41.6 million. This is mainly due to a reduced forfeiting volume of EUR 7.6 million in the reporting year compared to the previous year of EUR 10.6 million and thus to the increase in receivables. In addition, cash and cash equivalents increased by EUR 2.0 million.

Deferred tax assets decreased slightly compared to the previous year, which resulted exclusively from the reduction in tax loss carryforwards.

Equity decreased by EUR -3.1 million to EUR 21.1 million as at the balance sheet date as a result of the net loss for the year. The equity ratio thus amounted to 25.5 percent (31 December 2022: 28.5 percent). The forecast assumed a further moderate increase in the equity ratio.

Key figures for corporate management (HGB)

Due to the close integration and its weighting within the Group, Schweizer Electronic AG's target attainment is reflected in the Group's target attainment. The development of the Group's business activity forecast in the combined management report of the previous year for financial year 2023 is primarily a result of the development of the parent company's targets. The sales target of Schweizer Electronic AG and the forecast growth rate of between +5 and +10 percent were exceeded with an achieved growth rate of +16.9 percent. The expanding business with traded printed circuit boards from our strategic partners also contributed to this. Due to the extraordinary income of EUR +15.2 million in 2022 from a patent value determined by an expert, EBITDA fell by EUR -12.7 million in 2023 compared to the previous year. The patent was made as a contribution in kind to the subscribed equity of the subsidiary in China, Schweizer Electronic (Jiangsu) Co., Ltd., (SEC). Adjusted for this effect, the previous year's EBITDA amounted to EUR +2.8 million. This resulted in an EBITDA increase of +EUR 2.4 million compared to the previous year's adjusted value. The corresponding rate of +4.7 percent (adjusted 2022: +2.9 percent) is in a targeted range of between +4 and +6 percent.

Working capital amounted to EUR 8.1 million and decreased by EUR -1.3 million compared to the previous year. In the forecast of 28 April 2023, an increase in line with the business volume was expected. The equity ratio was estimated at 29 to 30 percent in the forecast. The equity ratio in the financial year was 25.5 percent. Net debt dropped by EUR 7.0 million to EUR 21.2 million, representing a ratio to equity of 100.4 percent. The forecast was for a key figure of around 110 percent.

Forecast report (HGB)

The estimates of business development in the forecast report of the SCHWEIZER Group also serve as premises for the forecast of Schweizer Electronic AG's key figures.

For Schweizer Electronic AG, sales growth of between +2 and +9 percent is expected for 2024. For EBITDA, a range of between EUR +9 million and EUR +10 million is forecast. Working capital is expected to develop in proportion to the higher revenue. The equity ratio is also expected to increase moderately and the net gearing ratio to decrease significantly.

Schweizer Electronic AG forecast

	2023 actual	2024 forecast
Sales / Growth ratio	EUR 110.8 million / +16.9%	+2% to +9% ¹⁾
EBITDA / EBITDA ratio	EUR +5.2 million / +4.7%	EUR +9 to +10 million
Working capital	EUR 8.1 million	Proportional to sales
Equity ratio	25.5%	25% to 28%
Net gearing ratio	100.4%	Around 50% to 80%

¹⁾ Change compared to the previous year

FORECAST REPORT

MARKET ENVIRONMENT

The global economy will continue to be characterised by the challenges of inflation and low growth rates in 2024. Overall, global trading activities declined in 2023 and the population's consumption behaviour was restrained. These issues could also be relevant for 2024. On this basis, the OECD expects growth in global gross domestic product (GDP) of +2.7 percent. This would mean a slight weakening compared to 2023.

SCHWEIZER's core markets are Europe with a focus on Germany, as well as the USA in the future.

Growth of 0.9 percent is expected in the euro area. Germany is expected to be the worst performer in the euro area. With an expected growth increase of 0.6 percent, Germany could become the G20 country with the weakest growth ahead of Argentina. High energy prices and still weak consumer confidence are cited as pressure factors. The weak order situation in the capital goods sector is also impacting growth negatively. Nevertheless, an improvement is expected for Germany compared to 2023. High wage agreements and lower inflation are likely to stimulate domestic demand.

Growth of 1.5 percent is forecast for the US. If the US Federal Reserve returns to a somewhat looser monetary policy in the second half of 2024, this could lead to a trend reversal in consumer behaviour.

The further development of international trade flows and the associated tendency to build more resilient and local electronics supply chains is of strategic relevance for SCHWEIZER. In the previous year, the total of international trade flows in the goods and products sector fell by 1.5 percent. This could be due to supply chain disruptions caused by external influences (e.g. attacks on merchant ships) and already a stronger local supply.

For 2024, global passenger car sales are expected to increase to 88.3 million units, representing an increase of 2.8 percent. This growth is roughly equivalent to the general global economic growth for 2024. Growth will be influenced in particular by manufacturers' pricing policies, interest rate developments, the functioning of supply chains and the continued success of electric mobility.

Sales of 15.1 million units are expected in Europe – an increase of 2.9 percent. As a result, the automotive segment will grow significantly faster than the overall European economy. In the US, experts from S&P Global Inc. expect growth of 2.0 percent to 15.9 million vehicles.

The success of electric mobility is set to continue. The growth rates of BEVs (battery electric vehicles) are significantly higher than the market average. The US is expected to achieve top growth in 2024. With an increase in BEV sales of 66.4 percent, the US is developing even more strongly than Europe, which is also on an impressive growth path with an increase of 41 percent. This means that the biggest growth jumps in electric mobility are expected in our focus markets of Europe and the US. The penetration of the markets is still highly varied. While a market share of 22.2 percent is expected for BEVs in Europe in 2024, this figure is still noticeably lower for the US at 13.2 percent and has corresponding catch-up potential. China is expected to have the highest BEV penetration at 28.6 percent.

Mechanical engineering is an important sales segment for industrial customers. After the significant losses in incoming orders in 2023, the outlook for 2024 remains gloomy. A further decline in German mechanical engineering of -2.4 percent is expected. The development in the construction sector will be similar. Building control and building automation are important segments of electronics. In the construction sector, a further decline in sales of 3 percent is expected compared to 2023.

Overall, the automotive sector, especially in the area of electrified drives, will be much more promising than the industrial sector in 2024.

(Sources: OECD Economic Outlook Global and Germany, S&P Global Mobility forecast auto sales in 2024, PWC Mechanical Engineering Barometer Outlook 2024, VDMD Mechanical Engineering Press Release, own sources)

OUTLOOK FOR THE SCHWEIZER GROUP

After 2023 was heavily influenced by the sale of the majority stake in Schweizer Electronic (Jiangsu) Co., Ltd., China ("SEC"), 2024 will only be slightly affected by special effects from this transaction.

In order to make the 2024 forecast comparable with the values from 2023, we have adjusted the 2023 comparison basis by the effects from the sale of the majority stake in SEC to WUS Printed Circuit (Kunshan) Co., Ltd. In the sales for 2023, the pro rata revenue from in-house production generated in SEC in the months January to April 2023 is excluded. For the EBITDA key figure, the special effects from deconsolidation and the SEC profit contributions from January to April are adjusted for 2023. Since the balance sheet key figures (net debt, equity ratio and working capital) are values as at the reporting date of 31 December 2023, no adjustments need to be made to the comparative key figure for 2023.

The following forecasts depend on various exogenous factors. No lasting disruptions to supply chains, a gradual easing of monetary policy supported by a falling inflation rate, an increase in the consumer trend and an initial trend reversal in capital goods in the second half of the year are important examples here.

Sales forecast – another record year expected

Based on current findings, we expect sales of EUR 140 to 150 million for 2024 (2023: EUR 139.4 million). This enables sales to increase by up to around +10 percent compared to the previous year. Consequently, we expect to beat the record year 2023 once again.

The growth driver will be the ramp-up of larger projects in the automotive sector. Particularly noteworthy here is the embedding technology, which is currently used for hybrid drive technologies in the 48-volt range, but later also in the area of high-voltage applications for a better energy yield in BEVs. However, despite promising projects with industrial customers, they will not be able to achieve the growth rates of the automotive sector due to the ongoing challenges in the mechanical engineering and construction sectors. We therefore expect a moderate shift in sales towards automotive in 2024.

We expect the strongest growth to be in Europe due to the ramp-up of important projects. We also want to achieve growth in North America. The acquisition of new customers and an increasing business volume with existing customers play a decisive role here. We created the prerequisite for this last year by establishing a high-performance sales structure in the US.

Earnings forecast – EBITDA expected to exceed EUR 10 million again

The EBITDA forecast is between EUR +10 and +11 million (2023: EUR +9.1 million). We therefore consider it realistic to increase EBITDA by around 10 percent on an adjusted basis compared to the 2023 comparison year. Due to the increasing trading share of printed circuit boards in our sales programme and the associated dilution effects on an EBITDA ratio, this key figure is no longer regarded as meaningful and will therefore no longer be reported in the future.

The main factors that this forecast takes into account are increasing price pressure, the additional burdens caused by rising energy costs and the sales structure.

The average capacities for PCB production in Asia and Europe are currently not fully utilised by competitors. Producers are responding to this situation either by reducing capacity, particularly in Germany with short-time work, or by reducing prices in order to gain additional production capacity. The latter is leading to noticeable price pressures for standard PCB technologies. This has to be partially reduced, even though the cost gap between Europe and China is widening further. China is struggling with deflation, and Europe with inflation.

The reasons for the rising costs in Germany are the higher burdens due to rising CO₂ taxes, the increase in grid charges and the elimination of the energy price brake. In addition, personnel costs are increasing due to inflation-induced increases and ongoing competition for talent.

All these topics make competitive production in Germany more difficult. Although SCHWEIZER has an established competitive position in Germany, the majority of our future growth will be realised through PCBs produced in Asia (partner model). This fact improves the risk profile for SCHWEIZER, but the percentage profit margin for PCBs not produced in-house is lower due to the business model.

A major advantage is that significant increases in revenue and portfolio expansions can be achieved using the partner model even without increasing investments in machinery and systems. Additional profit contributions result from our excellent market access and technological expertise.

Key balance sheet figures continue to improve

In order to measure the solidity of the balance sheet and financing structures, we closely monitor the equity ratio, net gearing ratio and short-term tied-up capital (working capital).

Equity ratio

We expect to close 2024 with an equity ratio of 25 to 28 percent.

The slight improvement is based on the earnings forecast and taking into account the development of debt capital. The existing non-current financial liabilities are reduced by the regular repayments of EUR 2.6 million. Current planning does not see any need for new long-term bank loans in 2024. However, as business volumes increase, higher supplier liabilities are also expected, which could result in an increase in short-term debt capital. Overall, the sum of long-term and short-term debt is therefore expected to barely change.

Net gearing ratio

The net gearing ratio is forecast to be between 50 and 80 percent.

The expected stability of the key figure is based on the assumption that the ratio between interest-bearing liabilities and liquidity has hardly changed. Despite a slight increase in equity, we only expect a minor change in the key figure. The level of net debt is in line with our strategic targets.

Working capital

We expect working capital to be in the range of EUR 20 to 24 million.

In particular, the expansion of the trading business and the large-volume start-up of semiconductor embedding technology will contribute to the increase in working capital. The embedding products have particularly intrinsic value, as in addition to the printed circuit board, the embedded semiconductors also contribute to the tied-up short-term capital. Likewise, occasionally increased buffer stocks to safeguard the volume ramp-up cannot be ruled out.

Conversely, and to a lesser extent, we expect an improvement in payment terms with suppliers by extending the credit limits for SCHWEIZER. This expectation is based on SCHWEIZER's significantly improved financial situation compared to 2022.

GENERAL STATEMENT

Due to the strategic realignment, SCHWEIZER achieved a remarkable turnaround in earnings and the cash and balance sheet figures in 2023. The adjusted strategy can be consistently pursued and implemented from 2024. This will lead to a sustained increase in sales and profitability. The Fab-Light strategy leads to a reduced use of funds for capacity investments. Investments will be focused on the Schramberg site, whereas the partnerships in Asia can achieve broad-based growth without own investments in plants.

Forecast for the SCHWEIZER Group

	2023 actual	2024 forecast
Revenue	EUR 137.2 million ¹⁾	EUR 140 to 150 million
EBITDA	EUR 8.9 million ²⁾	EUR 10 to 11 million
Working capital	EUR 20.1 million	EUR 20 to 24 million
Equity ratio	24.3%	25% to 28%
Net gearing ratio	64.2%	50% to 80%

¹⁾ excluding SEC revenue Jan to Apr 2023.

²⁾ excluding SEC values Jan to Apr 2023 and deconsolidation gains.

OPPORTUNITIES AND RISKS REPORT

For SCHWEIZER, as a supplier of technologically outstanding and safety-relevant products, the structured and transparent assessment of opportunities and risks is essential for our business activity and our corporate goal of achieving sustained company success. The opportunities to realise growth and the introduction of new technologies must always be weighed against the associated risks. Against this backdrop, our risk strategy is aligned, on the one hand, towards realising opportunities that arise, and on the other, towards actively reducing risks by means of countermeasures and, in particular, avoiding risks that threaten the very existence of the company. To this end, risk management is closely linked with corporate planning and the implementation of our corporate strategy. SCHWEIZER defines risks and opportunities as the occurrence of future deviations of a negative or positive nature from business planning.

The risk management of the SCHWEIZER Group includes the parent company Schweizer Electronic AG and the individual business-relevant Group companies involved. The risks or risk fields arising from the risk inventory are assigned to the appointed risk owners in the respective companies. The risk owners are responsible for managing and reporting the risks and, in the same context, for reporting ad hoc risks. The review of the assessment and reported measures by the risk owners as well as risk reporting at Group level are the responsibility of the Corporate Risk Manager.

The structure of our risk policy is based on a number of different, complementary elements within a risk management and control system. As part of an internal reporting process, function-specific issues and related opportunities and risks are reported on to the Supervisory Board and the Executive Board. The Executive Board provides regular written and oral reports to the Supervisory Board.

Reporting to the Executive Board takes the form of an annual risk report which, in addition to the individual risk status and risk-limiting measures, includes the de-

termination of the risk-bearing capacity, the assessment of risks and opportunities and the aggregated overall risk.

In addition, an annual workshop with the Executive Board is held to identify, assess and manage risks in a top-down approach. The 14-day management meetings of the Executive Board with the first management level, weekly rolling liquidity planning and regular management reporting serve as further sources of information. Potential material risks and opportunities are discussed, ad hoc information about risks are categorised and evaluated and the required measures determined at fortnightly meetings between the Executive Board and the management staff. Risks are evaluated on the basis of all the information that the management has available. The internal control system with respect to the accounting system (ICS) is another element in this respect.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE FINANCIAL ACCOUNTING PROCESS

In contrast with the risk management system, the focus of the internal control system (ICS) is on the financial accounting process with the aim of monitoring the correctness of the accounting and financial reporting processes. The aim of the internal control system is to minimise the risk of misstatements in accounting and in external reporting and to ensure a reasonable degree of assurance for the financial statement and that it complies with regulatory requirements.

For this to be achieved, company-wide compliance with statutory provisions and internal company rules is essential. Clear ownership of processes is assigned. The fundamental design of the control system aims to ensure effectiveness and include all the important legal units and key functions. The system monitors the principles and procedures on the basis of preventive and detective controls.

With regard to the financial accounting process, the company attributes the greatest importance to those features of the internal control and risk management system that significantly influence the accounting procedures as well as the overall tenor of the

financial statement and consolidated financial statement including the management report.

This includes the following elements in particular:

- Identification of the main risk and control areas relevant to the accounting process;
- Reporting of the results of the accounting process controls at the Executive Board level;
- Preventive control measures in the finance and accounting system as well as in all operational company processes that provide salient information on the composition of the financial statement and consolidated financial statement with the management report, including a division of functions and pre-defined approval processes in relevant areas,
- Measures that ensure correct IT-supported processing of accounting-related facts, data integrity and cyber security,
- Inclusion of external experts for complex accounting issues in the accounting process as well as a multi-stage assessment process between the finance and accounting departments and the Executive Board,
- Implementation of a risk management system, which includes measures for identifying and evaluating significant risks as well as measures to limit risks, in order to ensure the correctness of the financial statements and the consolidated financial statements.

Evaluation of effectiveness

The effectiveness of the internal control system governing the financial accounting process is systematically evaluated. Initially, an annual risk analysis is performed and the defined controls revised, if necessary. At this stage, significant risks with regard to the financial accounting and financial reporting process are identified and updated. The controls defined for the identification of risks are documented in a standardised way across the company. To evaluate the effectiveness of controls, we carry out regular tests on the basis of spot checks. These form the basis for an internal assess-

ment of whether the controls are fit for purpose. The results of this internal assessment are documented and reported in a standardised system.

Where weaknesses in the control system are identified, these are rectified taking into account their potential effects. In addition, risks that arise are systematically identified and suitable corrective measures initiated in the course of monthly reports to the Supervisory Board on the financial, earnings and net asset situation and process-related key figures.

At the end of the annual cycle, the effectiveness of the internal control system with regard to the accounting process is reviewed and confirmed. The Executive Board and the Supervisory Board are orally informed of significant control weaknesses as well as the effectiveness of the controls put in place as part of the Supervisory Board meetings and, if necessary, on an ad hoc basis. The risk management and internal control system is subject to ongoing revision in line with internal and external requirements. The system is improved in order to continuously monitor the relevant risk areas.

In the year under review, the persons responsible carried out the assigned control tasks with the specified frequency, the required scope of random sampling and permanent automated controls in such a way as to ensure the adequacy and effectiveness of the accounting-related internal control system and the overarching internal control system^{*)}. Identified weaknesses in the control system were addressed and implemented promptly.

^{*)} unaudited information

RISK AND OPPORTUNITY MANAGEMENT SYSTEM

The risks relevant for the SCHWEIZER Group are categorised as follows:

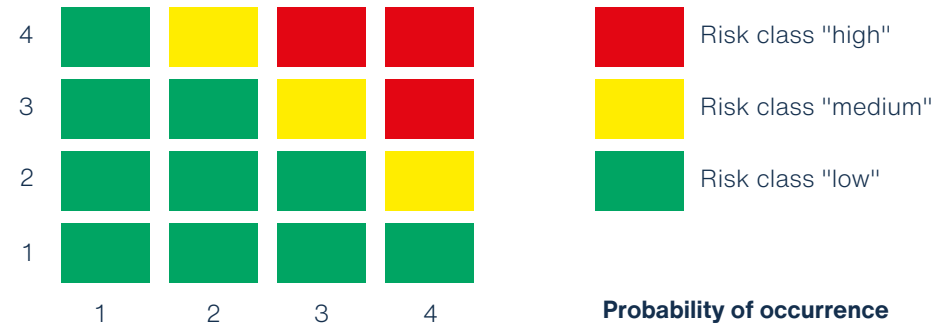
Strategic risks	Financial risks	Operating risks	Compliance risks
Market and competition, customers, technology, capacity utilisation, expansion investments, cooperations/strategic suppliers	Liquidity, margins, cost structures, raw material prices, interest rates, exchange rates, covenants	Cyber attacks, trade secrets, business interruption, procurement, (IT) process, staff turnover	Environmental damage, legislation, reporting obligations, patent violations

Overall assessment

The Executive Board assesses the corporate opportunity and risk profile for the categories of strategy, finance, operations and compliance once a year. The most important sources of information are the SCHWEIZER risk management system of the Group companies included individually, ad-hoc reports and other internal and external analyses and reports.

All risks and opportunities relevant to the SCHWEIZER Group are evaluated uniformly from a quantitative and qualitative perspective using the dimensions of impact (relevance) and probability of occurrence. According to the degrees of impact and probability of occurrence pursuant to the risk classification matrix below, the risk is classified as "high", "medium" or "low":

Degree of impact (relevance)



Relevance

1	< EUR 1 million	tolerable impact on business objective
2	< EUR 6 million	significant impact on business objective
3	< EUR 10 million	major impact on business objective
4	> EUR 10 million	catastrophic, existential threat

Probability of occurrence

1	< 10%	every 10 years or more	very unlikely
2	< 33%	every 3 years	less likely
3	< 50%	every 2 years	likely
4	> 90%	annual	certain or almost certain

The loss in EUR, weighted with the probability of occurrence, defines the calculable upper limit of a gross maximum loss of an individual risk. The risk evaluation follows the net principle in that the evaluated influences, control and hedging measures are deducted from the gross value. The resulting net loss is the base value of the individual risks considered in the risk aggregation. With the help of a mathematical Monte Carlo simulation, extensive scenarios of a deviation from the planned expected value are calculated using risk-adjusted probability distributions. The calculated

values lead to an approximate normal distribution of result deviations, which leads to the determination of the total risk of Schweizer Electronic AG with certain probability statements – including value at risk. The maximum risk-bearing capacity threshold resulting from the annual risk-bearing capacity analysis is compared with the overall risk from the risk aggregation to a probability of 95 percent. This makes it clear the extent to which the maximum risk-bearing capacity of available liquidity or equity is utilised.

The following describes the risks that can have a significant to substantial impact on the financial position, net assets and results of operations and are assigned to the risk classes "high" and "medium".

STRATEGIC RISKS

Market and competition / customers (risk: high – opportunity: medium)

While the supply chain problem has eased in recent years, geopolitical tensions and the macroeconomic environment remain essential factors for the development of the global economy, individual regions and industries.

The Non-Mobility division accounted for 29 percent of total sales in 2023. With a turnover share of 71 percent in the Mobility division, SCHWEIZER remains highly dependent on the development of the automotive industry. Despite the further improvement in global passenger car sales, the level of 2019 could not be reached again even in 2023. Increased vehicle prices, weakening consumer confidence and an inconsistent development in increasing vehicle electrification are characterising market developments.

According to S&P Global Mobility, the growth forecast for global passenger car sales for 2024 is +2.8 percent. With an expected sales volume of only 88.3 million vehicles worldwide, it remains unlikely that the pre-coronavirus level will be reached in 2024. SCHWEIZER therefore expects only a slight improvement in this market for 2024, despite a continued gradual improvement in supply chains. Should the weak passenger car sales trend continue or be exacerbated by an overall economic downturn, this would have an impact on the sales growth and profitability of SCHWEIZER.

A further risk is the competitive situation in the automotive segment, which is becoming significantly fiercer in an international context. In particular, Asian PCB companies are forcefully trying to establish themselves in this customer segment, in order to profit from the medium-term growth opportunities and to better diversify their customer portfolios.

SCHWEIZER counters this trend with its Asian partner network, its strategic partnership (SEC) in Jintan (China) and its successful qualification with well-known customers. SCHWEIZER has thus opened up the opportunity to tap into greater sales potential with new and existing customers and to gain additional market potential through a broader portfolio of technology products.

The general risk of lower passenger car sales is countered by the transformation of the automotive industry towards more hybrid and electric vehicles (i.e. more electronics per vehicle) and thus a higher demand for PCBs as an opportunity.

SCHWEIZER's high quality and technological expertise, as well as its local proximity to many of the world's largest Tier-1s, gives it the opportunity to be successful as a reliable partner in this market. SCHWEIZER sees opportunities for a very good market position in the e-mobility sector through its embedding technology in the 48-volt applications sector. The acquisition of major projects in recent years confirms this. The high-voltage embedding sector is another milestone in this development.

A share of sales of 71 percent in the automotive sector and a 56-percent share in total sales of the five largest customers entails significant risks for SCHWEIZER should there be significant changes in their market, profitability or financial situation.

The further expansion of the US business through a partnership with a renowned trading partner further improves SCHWEIZER's customer presence in North America and the global opportunities in the focus markets of automotive, industry, medical and aviation.

Furthermore, the global positioning with a proprietary production facility in Germany, a strategic partner plant in China and the expansion of further production partners in Asia will enable us to better tap into new customers in the sales markets. With our technological expertise, flexibility and the quality standard of the parent plant in Germany and the transfer of these to our partnership in China, the chances of developing our market share increases.

SCHWEIZER has been able to establish itself as a reliable technology partner for the European and, in the future, also American and Asian automotive suppliers. This opens up good opportunities to profit from the innovative talent of these customers. SCHWEIZER's most important customers are global leaders in their segments. The barriers to market entry are generally high for new competitors due to the high level of technological expertise and the required quality.

Service disruptions (risk: high – opportunity: medium)

The Technology division includes the areas of Front-End/Work Planning, Product Management/Series Development and Innovation/Pre-Development. In the Front-End division, series orders are planned that lie within our production capabilities and which are documented in the printed circuit board standard. During planning, the administrator checks the customer's requirements against our capabilities. The order is planned in the standard if all the customer's requirements are within our production capabilities. For this reason, every newly created order is checked in accordance with internally defined procedures and the result is documented in a feasibility commitment internally and externally to the customer. In some cases, this check is carried out with the use of software, but in some cases the check must be carried out without system support. The fundamental problem here is that requirements outside of our specification are overlooked, potentially violating the customer's specification.

This problem is addressed with established quality standards, such as the use of checklists and the review of production plans with a dual control principle.

Risks that cannot be mitigated by design modifications, but are nevertheless desired by the customer are contractually excluded from the warranty. Product liability insurance and recall insurance have been taken out for any damage that may nevertheless occur.

Product management

Products that have characteristics outside the standard, but are nevertheless to be manufactured in series for customers, are developed in series development as part of customer projects and transferred to a controlled state via various release stages. The stage-gate process is used as the development method. This development work begins with the introduction of new technologies as early as in the area of pre-development, where the foundations of the technology are laid on which products can then be developed.

The new p² Pack technology, i.e. the embedding of power electronic components in the printed circuit board, was transferred to the production site in Jintan, China in 2023. This site is also intended to produce 90 percent of the quantities that SCHWEIZER has to supply. New start-ups are always associated with risks that only appear when a product is manufactured in high quantities. In order to minimise this risk, SCHWEIZER has sent specially trained personnel to Jintan to accompany and secure the qualification and production ramp-up. The current status of the ramp-up is discussed in weekly online meetings.

Innovation / Pre-development

In the area of development, there is a risk of delays with regard to prototype deadlines, which could lead to missed time windows in which a technology decision is made. This can lead to sales being later than planned or not achieved at all. This may put the company's overall sales target at risk. This risk is countered by a project management system which also includes deadline controlling. Non-compliance with deadlines leads to project escalation, which is discussed and decided upon in regular project meetings.

Technology (risk: medium – opportunity: high)

The rapidly accelerating energy transition is having an increasingly significant impact on the electronics industry. The discontinuation of nuclear power plants in Germany and the reduction in the use of fossil fuels are leading to a growing need for replacement technologies in power generation and the mobility industry. The transition from combustion engines to electric vehicles in the automotive industry opens up new opportunities for the electronics industry and thus also for PCB production.

Power electronics – i.e. the conversion of electrical energy – is becoming increasingly important for the energy turnaround. In the industrial sector, applications such as solar inverters and charging stations for electric vehicles are experiencing significant growth. In the automotive industry, there is a trend away from combustion engines, now also away from hybrid vehicles, towards all-electric vehicles, which is also linked to the changed political support landscape.

Automated driving is another mega-trend in the automotive industry. This trend leads to a growing demand for sensors and cameras per vehicle and thus to a high growth market. This creates good opportunities for SCHWEIZER to continue serving the radar systems and camera applications market and to win additional projects. This results in high cost pressure on simple systems. Radar and camera systems that require higher resolution are much more complex, which creates opportunities for SCHWEIZER to win projects in the field of high-resolution radar and camera systems. Controlling the greater complexity also represents a risk, but can be classified as manageable.

SCHWEIZER has high prospects of success in winning projects from the field of electric mobility and transferring them to series production. Thanks to its broad-based technology portfolio for power electronics applications, SCHWEIZER can offer a wide range of solutions for many customer requirements.

All-electric vehicles, known as BEVs/NEVs (battery electric vehicles, new energy vehicles), are operated with high-voltage on-board electrical systems. The voltages are currently predominantly at 400 V and will rise more strongly towards 800 V in the future. This trend requires the qualification of base materials that have a high level of long-term reliability under these stresses and the required harsh automotive environmental conditions. The availability and qualification of the processing of such materials represents a medium risk, as the required test methods are in some cases new and still have to be established.

In the area of drive inverters, there are major opportunities for our embedding technology p² Pack and for our inlay technology, in which solid copper busbars are laminated into the printed circuit boards. However, in this area of application, there is also considerable pressure for innovation on competing technologies that have already been launched and competing suppliers, which makes it difficult for SCHWEIZER to enter this new market segment. In projects that have already been won, there are risks that our customers will develop and use cheaper alternative solutions due to constant cost pressure.

The availability of suitable power semiconductors remains a risk for embedding technology. Due to the high market demand, especially in the SiC semiconductor sector, all semiconductor manufacturers are in allocation mode. Since the embedding technology for high-voltage applications (400/800 V) is still in series development, the supply with semiconductors specially adapted for the embedding technology cannot yet be taken for granted. In addition, improved base materials suitable for the requirements of high-voltage applications are needed. Such materials are being qualified internally. The risk that these materials cannot be qualified is rated as medium.

There is also a high degree of pressure to increase energy efficiency in the field of power conversion and drive applications in industrial applications. Due to the proven increase in efficiency with our embedding solutions, there are also good opportunities to penetrate new areas of application.

In our strategic partner plant in China (SEC), the qualification of embedding technology for automotive products has been successful. This means that the production volume can be adapted to the increasing demand at lower manufacturing costs. Due to the generally higher staff turnover in China, risks arise due to the fact that specially trained personnel could leave the company. The secondment of personnel from the Schramberg site to support engineering has been made considerably easier due to China's changed visa policy. This has significantly simplified the possibility of supporting the production ramp-up compared to the coronavirus phase. Changes in the political situation and visa regulations are a fundamental, uncontrollable risk in this respect.

Supply chains (risk: medium – opportunity: medium)

For SCHWEIZER, the risk that certain raw materials and production materials may not be available is also relevant in 2024. The global conflict regions in Europe (war in Ukraine), Asia (China/Taiwan conflict), the Red Sea (attacks by rebel groups), weather-

related exceptional situations, strikes and protest campaigns in Germany and Europe continue to pose the risk of bottlenecks or longer delivery times in 2024. The problems and risks in transport logistics remain unchanged (including rail freight from China and trade union strikes). SCHWEIZER could be affected with respect to raw materials / auxiliary materials / operating supplies and for commercial goods. SCHWEIZER launched further material qualifications in 2023 to support multiple sourcing. The results of these qualifications will reduce but not completely eliminate procurement risks in 2024. Many raw materials that have a direct or indirect impact on the supply situation of SCHWEIZER are mined in the conflict regions mentioned above or in Africa and South America. Auxiliary/Operating materials and semi-finished products are also affected. For European suppliers, and thus also for SCHWEIZER, the effects of the energy price increases in recent years remain a risk.

Legal requirements such as the LKSG (German Supply Chain Due Diligence Act), CBAM (Carbon Border Adjustment Mechanism), CSDDD (Corporate Sustainability Due Diligence Directive) and conflict minerals processing complicate procurement options or further restrict them strategically.

Despite all the challenges, the procurement situation improved further overall in 2023. Delivery times, especially for the most important commodity group for SCHWEIZER – basic materials – have fallen massively and have almost returned to the pre-coronavirus pandemic range. Gas and electricity prices have stabilised – albeit at a high level. The predictability of material availability and costs is also expected to improve in 2024.

LOSS OF CONTROLLING INTEREST IN SCHWEIZER ELECTRONIC CHINA

(Risk: high – opportunity: high)

In April 2023, SCHWEIZER sold its majority holding in Schweizer Electronic (Jiangsu) to WUS Printed Circuit (Kunshan). Regardless of the shareholdings, Schweizer Electronic (Jiangsu) continues to play an important role in achieving the strategic objectives of the SCHWEIZER Group. Despite the loss of control, SCHWEIZER has been given a seat on the board of Schweizer Electronic (Jiangsu) in order to be able to exert an appropriate influence on the company's strategy.

FINANCIAL RISKS

Schweizer Electronic AG as a going concern (risk: medium – opportunity: high)

With the direct investments in the former subsidiary in China (SEC) in 2018 and 2019, the debt of Schweizer Electronic AG (SEAG) increased. The higher net gearing ratio makes SEAG more susceptible to an economic downturn. A sharp downturn in business could mean that SCHWEIZER's planned sales and earnings contributions will not be achieved, which would also reduce its liquidity headroom. As a result of an impairment of the equity value of the shares held by SEAG in SEC, the equity ratio in the annual financial statements as at 31 December 2023 fell to 25.5 percent.

Comparing the risk-bearing capacity of Schweizer Electronic AG and a worst-case scenario from risk aggregation with a calculated probability of occurrence of a maximum of 5 percent resulted in more than sufficient risk cover capital for 2023.

Market developments are constantly monitored by means of comprehensive and up-to-date reporting and corresponding mitigation measures are being consistently introduced. This includes, for example, the early adjustment of capacities and inventories as well as the implementation of cost-saving programmes.

The deconsolidation of the former subsidiary in China (SEC) at the end of April 2023 had a positive impact on the Group's financial figures and enabled a further boost for

the implementation of the trading strategy via the partner business model.

As a result of the solid equity ratio of the SCHWEIZER Group of 24.3 percent, the starting position for new financing or extended payment terms from suppliers has improved. This development contributes to a financially stable SEAG and opens up additional opportunities in the markets. The partner model provides for SCHWEIZER to continue to have access to the capacities of SEC. This also secures the successful realisation of embedding technology in Jintan in collaboration with SEAG. Furthermore, WUS opens up the opportunity for SEAG to access the technologies of the other WUS plants. This makes it possible for SEAG to address product and market segments not previously cultivated. This even increases the chance of exceeding the previous forecasts due to additional growth potential.

The review of the available liquidity for the next 12 months does not indicate any shortfall in SEAG's financing requirements at any time in the assumed plan scenario, and the Executive Board therefore assumes that the company will continue as a going concern.

Further capital raising instruments, such as the issue of new shares, convertible bonds or corporate bonds, can continue to support growth and the investments required for this in the future.

OPERATING RISKS

IT processes (risk: medium – opportunity: medium)

Business and production processes, as well as internal and external communication at SCHWEIZER, depend to a large extent on functioning IT systems and related IT infrastructure. These are potentially exposed to various risks. In addition to general disruptions or downtimes, which can be triggered by a variety of causes, the generally observable dynamics in the area of cyber attacks and cyber crime are particularly significant risks. This includes, above all, attempts by unauthorised third parties to gain access to confidential information or data, to take control of systems, to publish data or to render large parts of IT systems, including data backups, unusable, such as through encryption.

SCHWEIZER regularly takes technical and organisational measures to mitigate the risk of impairments, IT system failures, cyber attacks or similar events that could significantly limit or even interrupt the company's operations for a longer period of time. The measures taken include, among others, rules and procedures for IT operations and IT security based on an information security managed system (ISMS), an IT architecture that ensures the protection and availability of business-critical, operational procedures, but also the expansion of training measures, especially for increasing awareness within the workforce for the threat of cyber attacks. In order to ensure the availability, integrity and confidentiality of our data and that of our customers, SCHWEIZER follows recognised standards such as the ISO 27001 and TISAX standards. If the measures are not sufficient to effectively limit the aforementioned risks, SCHWEIZER could incur considerable losses and disadvantages due to downtimes or the knowledge and use of its information by third parties.

Further risks arise from the increasing complexity of the organisational and technical networking of suppliers and customers. Despite extensive defence mechanisms and the continuous measures and investments in IT security in 2023, a manufacturing industrial company cannot fully protect itself against cybercrime risks. The financial

consequences are difficult to calculate. To avoid loss, the departments are in regular contact with experts from the insurance company. Appropriate cyber insurance has been extended.

SCHWEIZER sees opportunities above all in Industry 4.0 concepts and in the area of machine learning, in order to further automate the software and production landscape and to open up new efficiency potential.

COMPLIANCE RISKS

Infringement of patents and copyrights (risk: medium – opportunity: low)

The number of patents and property rights in the area of electronics and PCBs is constantly increasing. An unintentional infringement of property rights in a series product gives rise to the risk that products will no longer be permitted to be manufactured or that licence payments will have to be made to the owner of the property right. In order to mitigate this risk, the internal Stage Gate process for new product development includes an examination of a potential infringement of industrial property rights. Nonetheless, a potential conflict cannot always be ruled out because interpreting patents is often quite difficult.

SCHWEIZER has invested heavily in recent years in protecting its intellectual property. As a result, the likelihood of discovering or preventing infringements of industrial property rights in this regard is increased.

OVERALL ASSESSMENT

Although forecasting institutes currently expect global economic output to rise in 2024, there is still significant uncertainty, particularly due to the ongoing warfare conflicts in Ukraine and tensions in the Middle East. The further development of inflation and the interest rate policy of the central banks, a sustained disruption of supply chains and a lack of reinvestment of private consumption could also dampen the dynamic development of the global economy. Likewise, an increasing intensification of the political situation between China and the US could lead to additional obstacles to growth. This can also be seen against the backdrop of the presidential elections in the US in autumn 2024.

The growth of the automotive industry is roughly in line with the overall global economic growth expected for 2024. This assumption by manufacturers is based on a decline in interest rates, the functioning of supply chains and the continued success of electric mobility.

Both in the US and increasingly in Europe, automotive manufacturers are seeking to safeguard global value chains. The goal is to become less dependent on China with the intention of increasing the resilience of supply chains. This opens up opportunities for SCHWEIZER to play a more important role in the global electronics value chain of Western economies in the context of reshoring.

Following the sale of a majority stake in Schweizer Electronic (Jiangsu) shares in WUS, the opportunity/risk ratio of the business model improved. The partnership concept, i.e. a mix of in-house production in Schramberg to ensure supply chain resilience and local production, and growth through access to production capacities in the strategic partner network with WUS as well as other Asian production plants, allows SCHWEIZER to expand its range of products for customers and dynamically continue its growth despite lower tied-up capital. The deconsolidation of Schweizer Electronic (Jiangsu) resulted in a drastic improvement in the balance sheet ratios in

the SCHWEIZER Group, which makes it possible to raise equity or further debt financing such as convertible bonds or corporate bonds. Neither the assessment of individual risks nor the aggregation analysis of the risk inventory reveals any development that could jeopardise SCHWEIZER's existence as a going concern in the forecast period.

MATTERS RELEVANT TO ACQUISITIONS

(in accordance with Sections 289a (1) and 315a (1) HGB)

Composition of the subscribed capital

The company's share capital of EUR 9,664,053.86 is divided into 3,780,000 registered shares (no-par-value shares). All company shares carry the same rights and obligations as set out in the law and the Articles of Association.

Restrictions relating to voting rights or the transfer of shares

The Executive Board is not aware of any restrictions relating to voting rights or the transfer of shares.

Direct or indirect holdings in the company's capital that exceed ten percent of the voting rights

Mr Christoph Schweizer, resident in Schramberg, Germany, Mr LK Wu, resident in Kunshan, China, to whom the voting rights of WUS International Company Limited based in Tsuen Wan, New Territories, Hong Kong are attributable and WUS Printed Circuit Co, Ltd. based in Kaohsiung, Taiwan, to which the voting rights of WUS Group Holding Co., Ltd. based in Tortola, British Virgin Islands are attributable, each hold more than ten percent of the subscribed capital.

Shares conferring special control rights

There are no shares conferring special control rights.

Type of voting right controls in the case of profit-sharing programmes

There are no profit-sharing programmes or comparable arrangements whereby employees have participating interests in the capital without being able to directly exercise their control rights.

Statutory provisions and provisions in the Articles of Association governing the nomination and withdrawal of Executive Board members and amendments to the Articles of Association

The regulations governing the nomination and withdrawal of Executive Board members, as set out in Sections 84 and 85 of the German Stock Corporation Act (Aktiengesetz; AktG) and in Section 5 (2) of the company's Articles of Association, are as follows: The Supervisory Board determines the number and appointment of Executive Board members as well as their withdrawal. The Supervisory Board is also responsible for appointing a member of the Executive Board as CEO.

Deputy board members may be appointed.

The prerequisites for an amendment to the Articles of Association are regulated in Sections 179 to 181 AktG and in Section 17 (2) of the Articles of Association. The power to make amendments and additions to the Articles of Association which only affect the wording has been assigned to the Supervisory Board by the Annual General Meeting (cf. Section 12 of the Articles of Association).

Powers of the Executive Board to issue and buy back shares

Authorised capital

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of EUR 4,832,026.93 for cash or contributions in kind by issuing new registered ordinary or preference shares (no-par-value shares) once or more times (authorised capital). The authorisation encompasses the power to issue further preferred shares (with or without voting rights) in the case of the multiple issue of preferred shares, which have priority over or are equal to the preferred shares issued earlier, when distributing the profits or assets of the company. The new shares must, in principle, be offered to the shareholders to purchase. The Executive Board is however authorised, subject to the approval of the Supervisory Board, to exclude the shareholders' subscription right under the conditions of the resolution of the Annual General Meeting of 25 June 2021.

The Executive Board may only avail of the aforementioned authorisation to exclude the subscription right to such an extent overall that the pro-rata amount of the shares issued subject to the exclusion of the subscription right does not exceed 20 percent of the share capital (20-percent limit), neither on the date the resolution is passed on this authorisation nor at the time of its utilisation.

Insofar as use is made, during the term of the authorised capital until its use, of other authorisations to issue or to sell company shares or to issue rights that allow the purchase of company shares or make it obligatory, while the subscription right is excluded, this must be credited against the aforementioned 20-percent limit.

Convertible bonds, inter alia, conditional capital

The Executive Board is authorised, subject to the consent of the Supervisory Board, until 24 June 2026, to issue bearer or registered convertible bonds, warrant bonds, participation rights, participation bonds or combinations of these instruments (jointly referred to as "bonds") with or without a restriction on maturity in a total nominal amount of up to EUR 35,000,000 and to grant the bearers and/or creditors of convertible or warrant bonds conversion or option rights to new, registered no-par-value shares of the company with a pro-rata amount of the share capital of up to EUR 4,832,026.93 overall. The issue can also be made against contributions in kind. The shareholders generally have a subscription right. However, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude the subscription right under certain conditions.

Any issue of bonds for which the subscription right is excluded may only take place subject to the aforementioned authorisation, if the calculated share of the share capital attributable to the sum of new shares to be issued on the basis of such a bond does not exceed 20 percent of the share capital, neither on the effective date nor, if this value is less, at the time the authorisation is exercised. Shares that are issued or sold or that will be issued during the term of this authorisation on the basis

of another authorisation, for which the subscription right is excluded are credited against this limit.

The share capital of the company is conditionally increased by up to EUR 4,832,026.93 through the issue of up to 1,890,000 new, registered no-par-value shares (conditional capital). The conditional capital increase shall only be implemented insofar as the bearers and/or creditors of conversion or option rights or those parties subject to a conversion obligation arising from bonds, which the company or a Group company issued on the basis of the authorisation resolution of the Annual General Meeting of 25 June 2021 through to 24 June 2026, exercise their conversion or option rights or those bearers/creditors of issued bonds subject to a conversion obligation fulfil their obligation to convert or if the company exercises an option to grant, in whole or in part, no-par-value shares in the company instead of the payment of the due monetary amount and insofar as no treasury shares or other forms of fulfilment are used to service these rights. The new shares shall be issued at the conversion or option price to be determined in each case in accordance with the aforementioned authorisation resolution in the terms and conditions of the bonds/options. The new shares participate in profits from the start of the business year in which they come into being through the exercise of conversion or option rights, through the fulfilment of conversion obligations or through the exercise of put options. The Executive Board is authorised, with the consent of the Supervisory Board, to define the further details of the implementation of the conditional capital increase.

Authorisation to acquire treasury shares and use thereof

The company is authorised, until 24 June 2026, to acquire its own shares up to a total of 10 percent of the share capital of EUR 9,664,053.86 existing at the time the resolution was adopted or – if this value is less – the share capital existing at the time the authorisation is exercised. At no time may more than 10 percent of the relevant share capital of the company be attributable to the shares acquired on the basis of this authorisation together with other shares of the company which the company had already acquired or still owns or which are assigned to it in accordance with Sections 71 et seq. AktG. The authorisation may not be used by the company for the purposes of trading in own shares; otherwise the determination of the purpose of the acquisition is left to the discretion of the Executive Board. The Executive Board may choose to acquire shares via the stock market, via a public purchase offer aimed at all shareholders of the company or via a public invitation to the shareholders to submit offers to sell.

Further information can be found in the publicly accessible invitation to the Annual General Meeting 2021 at:

<https://schweizer.ag/en/investors-media/annual-shareholders-meeting/archive>

Compensation agreements concluded by the company

In the event of premature termination of an Executive Board member's contract of employment as a result of a change of control, Executive Board members are entitled to a compensation and severance payment limited to three years' compensation. The calculation of the relevant annual remuneration is based on the average of the total remuneration for the last three financial years prior to their exit.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement pursuant to Section 289f and Section 315d HGB forms part of the summarised management report and is available in the Annual Report under “Corporate governance statement” and on the Internet at:

<https://schweizer.ag/en/investors-media/corporate-governance-en>

NON-FINANCIAL REPORT OF THE COMPANY AND THE GROUP

The non-financial statement is available in the form of a non-financial report by the company and the Group as a separate section in the Annual Report and on the Internet at: <https://schweizer.ag/en/the-company/csr-en>

Schramberg, 12 April 2024

Schweizer Electronic AG
The Executive Board

(N. F. Schweizer)

(M. Bunz)

NON- FINANCIAL REPORT



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NON-FINANCIAL REPORT

1. INTRODUCTION

SCHWEIZER is a manufacturer of printed circuit boards (PCBs) for every requirement in a wide variety of industries and markets. Our innovative PCB technologies are used in automotive, aerospace, industrial and medical technology, as well as communications and computing applications. Industry-leading companies worldwide rely on SCHWEIZER's innovative strength, decades of experience and the excellent product and service quality of our PCB and embedding solutions. In addition, printed circuit board technologies from SCHWEIZER are used in our customers' energy and environmentally friendly applications.

With this non-financial report, we comply with our obligation (Section 289 b (1) HGB and Section 315 b HGB) to disclose the "non-financial information" specified in the CSR Guidelines Implementation Act. This publication was prepared on the basis of the standards of the Global Reporting Initiative (GRI) and the key figures identified as significant for SCHWEIZER. The specific content of the GRI standard applied can be found in the index information at the end of the non-financial report. In accordance with the EU Taxonomy Regulation and the supplementary delegated acts, we report on its application in this non-financial report. The EU Taxonomy Regulation comprises rules and disclosures for economic activities in relation to a total of six environmental objectives. With the final adoption of the corresponding act on 27 June 2023, the EU Commission extended the reporting rules from the previous two environmental objectives to six environmental objectives. Further details can be found in Chapter 6.

SUSTAINABILITY

In order to make the complexity of sustainability tangible and to integrate it consistently into our activities, we have set out our commitment to sustainable action and the resulting areas of activity in our SCHWEIZER Management System. This manual is updated and expanded on an ongoing basis to meet the latest requirements.

MATERIAL ASPECTS AND STAKEHOLDERS

The SCHWEIZER Management System defines the sustainable development of quality, the environment, energy and occupational safety in conjunction with other corporate objectives as the content of corporate governance and provides targets, measures, schedules and guidelines for implementation. The business processes and subject areas described in the management system and our organisational structure result in the following relevant stakeholder groups or stakeholders for SCHWEIZER:

- Employees
- Customers
- Investors
- Suppliers
- Public authorities

The SCHWEIZER Management System contains a comprehensive analysis of stakeholders and fields of materiality.

The following section of the non-financial report focuses on environmental, employee and social issues, as well as measures for respecting human rights and combating corruption and bribery.

As part of the legal requirements from the Corporate Sustainability Reporting Directive (CSRD) to be applied in the future, SCHWEIZER is obliged to carry out a materiality analysis from the 2024 financial year onwards. This is currently under development.

All the information required for an understanding of the business processes, business results, SCHWEIZER's present situation and the effects of its activities on the aforementioned aspects is already part of the summarised status report or the corporate governance statement and is therefore not referred to again in this section of the Annual Report. This information can be found via the GRI Index starting on page 103.

OUR CONTRIBUTION TO ACHIEVING THE SDGS

Our actions are also guided by the 17 global Sustainable Development Goals (SDGs) set by the United Nations as part of the 2030 Agenda.

In addition to the main topic areas of environmental, employee and social concerns as well as measures for respecting human rights and combating corruption and bribery, we contribute to the SDGs listed below in the areas we can influence.

- SDG 4 High-quality education
- SDG 6 Clean water and sanitation facilities
- SDG 8 Decent work and economic growth
- SDG 9 Industry, innovation and infrastructure
- SDG 12 Sustainable consumption and production
- SDG 13 Climate change mitigation measures

SDG 4 High-quality education

Lifelong learning is the basic prerequisite for ensuring the employability of our own employees and on the labour market in general. We provide access to education in different ways. Our apprenticeship programme includes both commercial and technical vocational training and, as required, apprenticeships for students at the dual university.



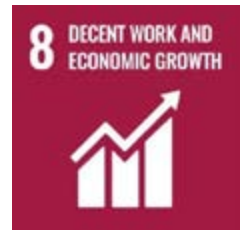
SDG 6 Clean water and sanitation facilities

The availability and sustainable management of our water resources is of paramount importance and by no means a matter of course. We take responsibility for this area through sustainable water management, water recycling measures and wastewater treatment.



SDG 8 Decent work and economic growth

As a responsible employer, we are committed to ensuring decent work, including compliance with labour rights, as well as promoting equal pay for work of equal value and a safe working environment through our business activities. We respect internationally recognised human rights and support their observance. Where possible, we offer our employees the option of working remotely.



SDG 9 Industry, innovation

As an innovative technology company, we support our customers in developing sustainable products. Our solutions in the areas of sustainable mobility, renewable energies and energy-efficient energy conversion contribute to more efficient use of resources and environmentally friendly technologies.



SGD 12 Sustainable consumption and production

We are committed to using resources responsibly and recognise the high added value of the circular economy for the economy, the environment and society. By establishing ISO 14001:2015 and ISO 9001:2015, we are committed to continuous improvement in the areas of environment and quality. With our measures in the areas of water, waste, copper and gold, we make a contribution to conserving resources and the environment.



SGD 13 Climate change mitigation measures

With our product portfolio, we help our customers to develop more energy-efficient products, especially in the field of mobility. Internally, energy management also plays an important role at SCHWEIZER, and we are aware of our responsibility.



2. OUR PRINCIPLES

CODE OF CONDUCT

The "ZVEI Code of Conduct on Social Responsibility" (CoC) is the foundation of our social responsibility in the context of our global activities. These guiding principles from the Zentralverband Elektrotechnik- und Elektronikindustrie e. V. (German Electronic and Digital Industry Association, ZVEI) state what corporate responsibility means for working conditions, social and environmental impacts, trusting collaboration and dialogue.

We do all this from our deepest conviction because we know that acting responsibly is worth it for a world worth living in, greater trust and ever better products.

OUR GUIDING PRINCIPLES

Vision

We are a global "best-in-class" technology company. Our products conserve resources to safeguard the future of our children. We are a leading manufacturer of high-quality printed circuit boards (PCBs) and recognised producer of energy-saving, environmentally-friendly products and services.

Mission

Our mission is to ensure the success of our customers – and thus also that of our company! The goals of our customers, their faith in us and our pleasure in constantly pushing the boundaries of what is possible – these are the key drivers behind our success. We are able to achieve this based on our long-term experience, state-of-the-art technology, production methods and processes, and excellent knowledge of our target markets. We focus on attractive and promising business opportunities. Our activities as a family business with a longstanding tradition are geared towards long-term, sustainable success. Our employees form the basis for this success.

Values

The following values are important to us and guide our conduct: Quality, speed, creativity and openness. These values represent the foundation for our past, present and future.

Quality and the environment awareness

We are continuously committed to improving our performance in respect of product and service quality, environmental protection and energy management. Relevant, binding obligations arising from our activities are essential foundations for our actions, as is compliance with relevant laws and regulations. Environmental protection for us comprises, among other things, reducing environmental pollution, optimising energy requirements as well as continuously improving processes and their safety. When it comes to all issues relating to environmental protection and incident management, we work with the authorities and the public. We stand for highest quality levels and operate with utmost care in all the facets of our business. This means that we are also working on reducing our rejects (zero error goal) in order to offer our customers the highest quality. This philosophy and approach ensure that we remain fit for the future and place us in the best possible position for any upcoming challenges.



The following guiding principles that determine our actions and are based on our values arise from our mission statement: We are customer-oriented, creative, globally coordinated, versatile, competent, cooperative, friendly, inviting, competitive and consciously responsible.

We have developed the Competency Framework for our employees. It sets out the guidelines for cooperation and management and is intended to help employees and managers orient themselves in their day-to-day work.

COMPLIANCE

Prevention	Disclosure	Response
SCHWEIZER corporate guidelines	Investigating leads	Legal assessment of the facts
Code of conduct	Audits	Disciplinary measures
CSR policy	Data protection	Measures e.g. for process improvement
Conflict Minerals Policy (CMRT)	Conflict mineral report template, customer/supplier queries	Individual measures
Supply Chain Due Diligence Act (LkSG) ¹⁾	Review of country risks, product/commodity group risks, incidents, evidence	
Directive on the prevention of corruption		
Data protection		
Whistleblower system (hint box)		

¹⁾ In 2023, the processing of the requirements of the Supply Chain Due Diligence Act (LkSG) was started, although SCHWEIZER does not fall within the scope of the law and is only indirectly affected by it.

Our compliance system ensures that legal violations are avoided and that standards of conduct and internal company guidelines are complied with. Responsibility for compliance lies with the entire Executive Board.

Respect for human rights and combatting corruption and bribery

Respect for human rights is a central component of our corporate governance and is set out in detail in our Code of Ethics, our CSR policy and our Conflict Minerals Policy, which is communicated to every employee and supplier. At the same time, we expect our suppliers to complete and sign the Conflict Minerals Report (CMRT) template and return it to us for full review.

We likewise attach great importance to the fight against corruption. We reject any form of corruption and therefore also expect our employees and authorised representatives to report all suspected cases of corruption to the Executive Board. We have set out all the details for the prevention of corruption in a separate directive and made it available to our employees. If you suspect violations of our policies, these can and should be reported via our whistleblower system. No such notifications have been received.

We started working on the requirements of the Supply Chain Due Diligence Act (LkSG) in 2023, although SCHWEIZER does not fall within the scope of the law and is only indirectly affected by it. We also check our suppliers with regard to environmental protection, human rights and corruption. In addition to country risks, SCHWEIZER also assesses the degree of certification and the corresponding audits. In addition to the country risk, a product and commodity group risk assessment is also carried out and, in the event of high risks, countermeasures are then defined and implemented.

Whistleblower system

As we have a keen interest in ensuring that violations against laws, regulations and internal rules are reported in order to detect unlawful conduct in the company and to be able to clarify same, we introduced a whistleblower system at SCHWEIZER in 2018 and concluded a works agreement in this regard. Reports from employees, former colleagues, customers and third parties at an early stage can assist in developing a preventive strategy in order to avert tangible and intangible losses as well as legal

consequences and reputational damage to the Company and its employees.

The whistleblower system opens up a confidential communication channel in which employees and other persons have the opportunity to report legal violations or violations of internal guidelines in connection with the company electronically to a central administrator. Special care is taken to ensure that participants' personality rights, informal right of self-determination and data privacy are preserved. In 2023, no reports were received in accordance with the material scope of application of the Whistleblower Protection Act.

EARLY RISK DETECTION SYSTEM AND RISK MANAGEMENT

The identification, assessment, minimisation and/or avoidance of internal and exogenous risks is an important part of our management organisation and supports the implementation of our strategic projects.

The task of the implemented risk management process organisation is to identify all relevant risks throughout the company and derive corresponding mitigating measures from them. Risks are identified and prioritised at an early stage via control processes as well as ad hoc reports, and corresponding action programmes are planned and implemented. These measures enable us to fully achieve our strategic, operational, financial and compliance objectives.

The risk management process includes risk assessment, risk evaluation, comparison of risk-bearing capacity and aggregated overall risk position, control activities as part of regular risk reporting and risk-adequate communication to our control bodies and managers.

System responsibility lies with the function for risk management located in the finance division as well as the risk officers of Schweizer Electronic AG and the managing directors of the individual subsidiaries.

The Executive Board regularly informs the Audit Committee of the Supervisory Board about developments and results in the early risk detection system. In the case in question, the control process is supplemented by ad hoc reports of significant new risks that have occurred between the regular reporting dates.

As part of the further development of the early risk detection system, the activities in the areas of environment, social and good governance (ESG) will be integrated into the risk management process in the future. The risks in the implementation of the ESG strategy and the corresponding initiatives, including the ecological, social, societal, ethical and circular economy aspects along the entire value chain, are defined, monitored and influenced by control measures.

CERTIFICATIONS

Our entrepreneurial actions are measurable thanks to numerous certifications of the SCHWEIZER management system. The following successful certifications and re-certifications confirm that our activities comply with recognised standards and are continuously maintained.

The foundation of our SCHWEIZER management system is **ISO 9001:2015**, an internationally recognised standard for the introduction, implementation and maintenance of a quality management system in an organisation.

The series production of printed circuit boards for the automotive industry places additional requirements on our management system, which are taken into account by meeting the requirements according to **IATF 16949:2016**.

Aerospace customers need comprehensive product documentation on long-term product preservation and sustainability. These and other requirements are defined in **EN 9100:2018**. For aerospace customers, the required production and testing processes for the production of printed circuit boards must also be accredited and certified by **Nadcap** (National Aerospace and Defence Contractors Accreditation Program). As a result of this certification, SCHWEIZER is listed as a qualified printed circuit board manufacturer at Nadcap.

The integration of the requirements of **ISO 14001:2015** into the SCHWEIZER management system supports the consideration of environmental concerns in order to keep the impact of PCB production on the environment, water and air as low as possible.

The energy required for the production of printed circuit boards is monitored and evaluated according to criteria in order to achieve responsible use of existing resources in this area as well. The energy management system in accordance with **ISO 50001:2018** is part of the SCHWEIZER management system.

3. ENVIRONMENTAL ISSUES

Preventative quality assurance and environmental protection, supplemented with the careful use of energy, ease the ecological burden and offer potential to reduce production costs. Our intention to continuously improve by regularly reviewing, defining and re-adjusting environmental and energy measures contribute to reducing the burden.

Careful planning, regular ongoing maintenance, audits and training prevent the environment from being damaged by unforeseen incidents. For instance, large retention areas are available for liquid hazardous substances, which prevent liquids from escaping uncontrolled from the buildings. As a preventative measure, the population in a large radius of the vicinity was informed of unforeseeable events and measures taken to prevent such.

CARBON DISCLOSURE PROJECT

The CDP (Carbon Disclosure Project) is a non-profit organisation whose aim is to create greater transparency on emissions that are harmful to the climate, water consumption and companies' relevant strategies. Data on companies' climate change mitigation and climate strategy are obtained every year for investors and companies by means of a questionnaire.



More than 23,000 companies participated in the CDP rating in 2023. The global average of all participating companies yielded a C rating. SCHWEIZER was able to maintain the C rating despite stricter criteria and even improve in individual points. SCHWEIZER's rating therefore corresponds to the average global rating as well as the average rating for companies for electrical and electronic equipment.

ENVIRONMENTAL ISSUES – CORE TOPICS AND INDICATORS

With respect to environmental issues, the following material core topics and performance indicators can be identified for SCHWEIZER's line of business:

Energy consumption

CO₂ footprint

Water consumption

Waste

Use and consumption of resources (raw materials)

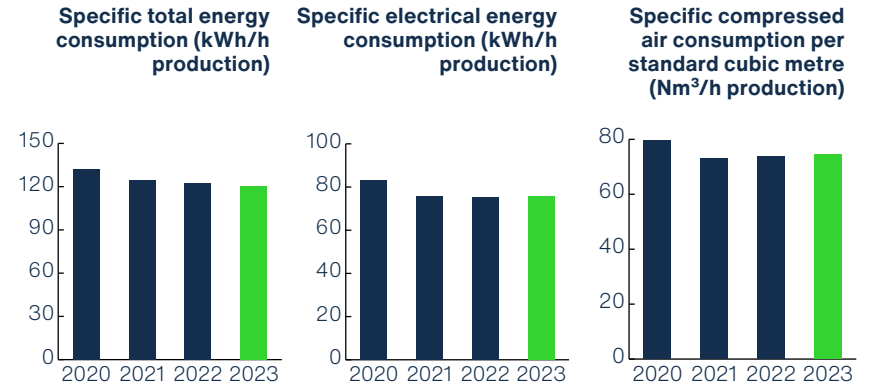
At SCHWEIZER, environmental protection is actively practised by employees. This is particularly evident in energy management, the high level of readiness to sort waste, and the careful use of water. The relevant sustainability indicators relate to production hours in each case in order to do justice to the increasing complexity of printed circuit boards.

ENERGY CONSUMPTION AND MEASURES TO REDUCE ENERGY CONSUMPTION

Energy efficiency is a key market driver of our PCB business. Our PCBs help our customers in the automotive sector to increase the fuel efficiency of their vehicles and reduce CO₂ emissions. It is therefore logical that energy management plays a significant role at SCHWEIZER, given the products and services we offer. For a company as energy-intensive as SCHWEIZER, the issue of energy efficiency is of particular importance not only in terms of conserving resources, but also with regard to cost management. For example, the share of hybrid and electric vehicles increased again in 2023, and as at 31/12/2023, amounted to 60 percent (31/12/2022: 51 percent) of the entire company fleet. The issue of electromobility in the company's own fleet will continue to be driven forward in the future.

The goal for the 2023 financial year was to reduce electricity consumption during non-production periods by two percent compared to the previous year. For specific electrical energy consumption, the target was <75.17 kWh/h. The specific electrical energy consumption depends on the company's production capacity utilisation, i.e. with shorter process times, the relatively high basic energy loads of production systems and climate control have a disproportionate effect on the key figures for energy efficiency.

In addition to the specific total energy consumption and the specific electrical energy consumption per production hour (kWh/h), the compressed air consumption in standard cubic metres in relation to the production hour (Nm³/h) have been identified as key figures for reporting at Schweizer Electronic AG. Thanks to the successful implementation of energy-saving measures in 2023, specific total energy consumption was further reduced. The target of reducing electricity consumption by two percent during non-production periods was achieved at -2.4 percent. However, due to shifts within the product range, specific electrical energy consumption increased in 2023.



	Specific total energy consumption (kWh/h production)	Specific electrical energy consumption (kWh/h production)	Specific compressed air consumption per standard cubic metre (Nm ³ /h production)
2023	120.61	75.7	74.6
2022	122.3	75.2	73.8
2021	124.2	75.6	72.9
2020	132.2	83.3	79.7

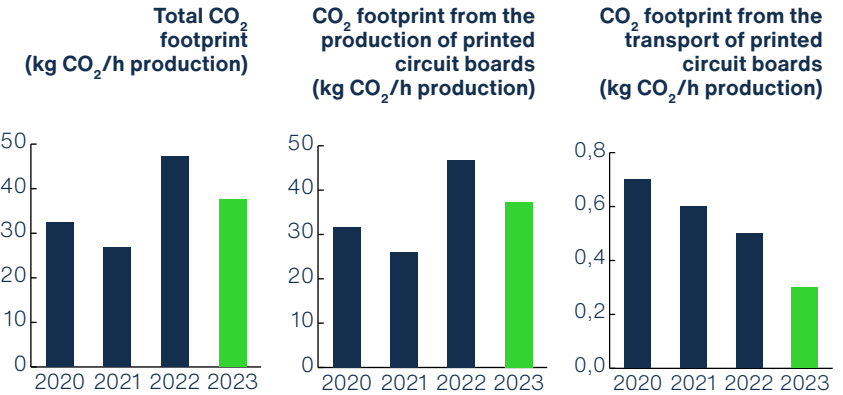
CO₂ FOOTPRINT AND MEASURES TO REDUCE CO₂ EMISSIONS

The overall CO₂ footprint¹⁾ is calculated from the production CO₂ footprint and the transport CO₂ footprint. For production, the data from the supply plants for the Schramberg site are used. For transport, CO₂ consumption data from the Federal Environment Agency (UBA), which is recorded per tonne of goods and kilometres driven with the respective means of transport, is used. The CO₂ production footprint includes all indirect CO₂ emissions from electricity consumption and direct CO₂ emissions from gas combustion. The transport CO₂ footprint comprises the CO₂ emissions generated by transporting the finished printed circuit boards to customers.

Thanks to an electricity mix with lower CO₂ emissions, the CO₂ footprint could be reduced by around 20 percent compared to the previous year. SCHWEIZER is, however, aware that the use of renewable energy is important and endeavours to continuously increase the share of renewable energy in the electricity mix in order to reduce CO₂ emissions in the long term. However, care is taken to ensure that economic aspects are also taken into account in order to maintain the company's competitiveness.

All key figures shown for the CO₂ footprint refer to production and transport ex works. Sales of Schweizer Electronic AG, which are derived directly from our partner companies (for example, WUS and Meiko) amounted to around 33 percent of total revenue in 2023 (2022: around 30 percent) and are not included in the disclosure. Overall, the transport CO₂ footprint accounts for less than one percent of the total CO₂ footprint.

¹⁾For explanation of the calculation, see GRI Index, GRI 305 Emissions



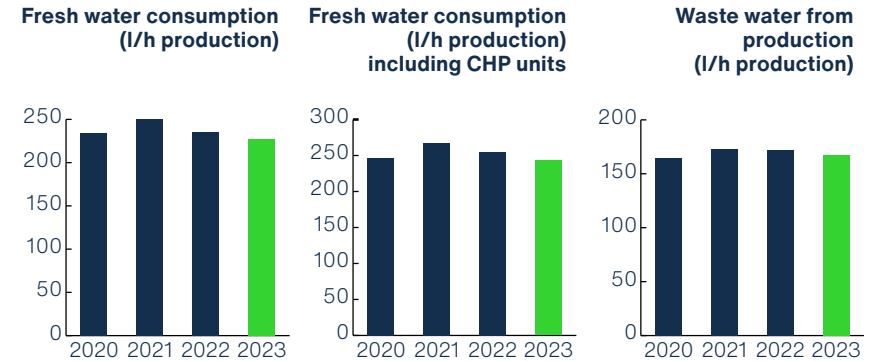
	Total CO ₂ footprint (kg CO ₂ /h production)	CO ₂ footprint from the production of printed circuit boards (kg CO ₂ /h production)	CO ₂ footprint from the transport of printed circuit boards (kg CO ₂ /h production)
2023	37.6	37.3	0.3
2022	47.3	46.8	0.5
2021	26.8	26.1	0.6
2020	32.4	31.7	0.7

WATER

The production of a printed circuit board contains many water-intensive processes, meaning the consumption of fresh water and the generation of production-related effluents are important indicators for assessing SCHWEIZER'S impact on the environment. Therefore, one of our most important tasks in the field of environmental protection is to continuously optimise fresh water consumption and effluents produced during production. For example, at the Schramberg site, excess water from the air-conditioning systems are recirculated to fresh water treatment and not fed to the sewage system. By using rainwater, the company saves between 10,000 and 20,000 cubic metres of drinking water per year. In addition, the use of large rainwater storage tanks, which collect the drain water from roof surfaces, relieves the drain system in the event of heavy rain. It is a given for us to consider environmentally friendly aspects when planning and purchasing new systems.

Fresh water consumption (including consumption by the CHP unit) and waste water from production were identified as relevant key figures for reporting on the Schramberg site, in each case in relation to hour of production. The target for 2023 was to fall below 180 l/h of waste water from production at the site. Fresh water consumption consists of the water supplied by the city, rainwater and recirculated water from the air conditioning system.

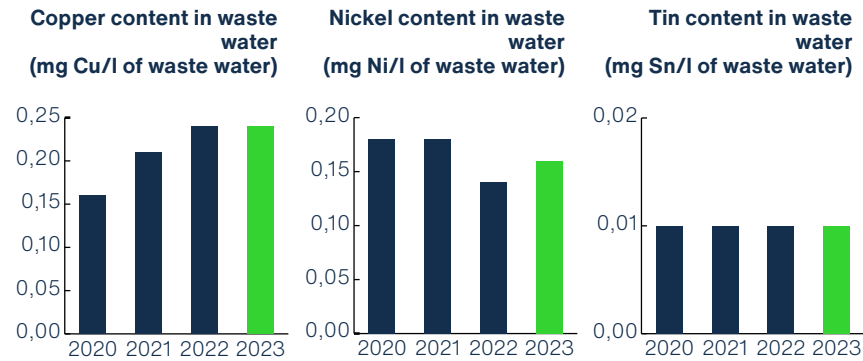
Analogous to the specific energy consumption, the fresh water consumption is not only dependent on the consumption due to production, but also on usage independent of the capacity utilisation. This consumption, which is independent of the process times, is caused, for example, by air conditioning systems or by maintenance work.



	Fresh water consumption (l/h production)	Fresh water consumption (l/h production) including CHP units	Waste water from production (l/h production)
2023	227	243	167
2022	235	255	172
2021	250	267	173
2020	234	247	165

AMOUNT OF COPPER, NICKEL AND TIN IN WASTE WATER

The relevant metal content in the waste water at the Schramberg site includes copper and nickel in particular. Both have a permissible limit value of 0.5 mg/l of effluent. For the sake of completeness, we also show the tin content. The limit value here is much higher at 2 mg/l of waste water.



2023	0.24	0.16	0.01
2022	0.24	0.14	0.01
2021	0.21	0.18	0.01
2020	0.16	0.18	0.01

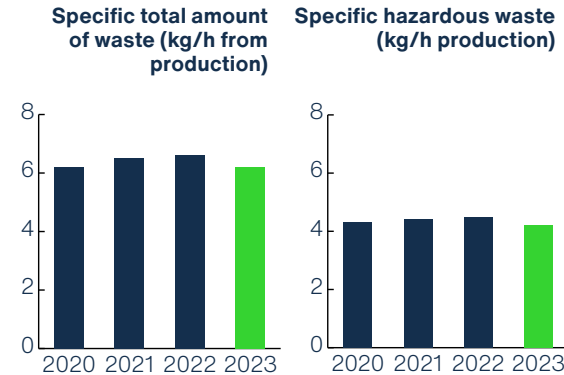
WASTE

Since the first introduction of the environmental management system ISO 14001, the topics of waste and in particular the clean separation of waste has been one of our focal points. The goal of consistent separation of the types of waste produced in the company, in addition to the correct disposal, is to achieve the best possible and highest quality utilisation of the waste. Our aim is to avoid waste wherever this is possible in terms of both quality and organisationally. This aim of high-quality disposal is evident from the fact that almost 90 percent of our overall waste at the Schramberg site is recycled (e.g. in the recovery of metals and, if necessary, acids or the production of preliminary products for new goods and energy use). The high share of hazardous waste (in 2023: almost 70 percent of waste generated) is common in the production of printed circuit boards.

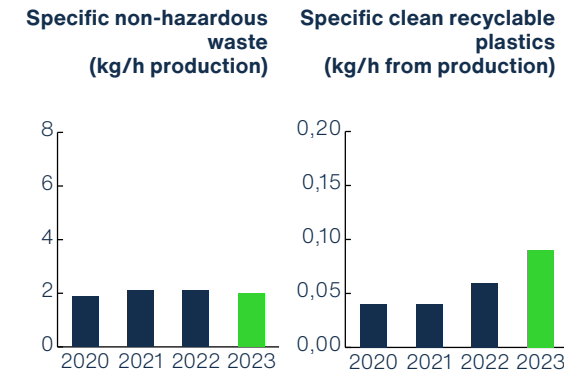
The total amount of waste, the amount of hazardous waste and the amount of non-hazardous waste in relation to the production hour were identified as relevant key figures for the reporting. The target for the 2023 financial year was a total specific waste of ≤ 6.2 kg/h and a specific hazardous waste of ≤ 4.25 kg/h.

In order to ensure the high quality requirements of our products, it is not always possible to reduce the amount of waste generated at all stages of production, from purchasing to shipping. This is actively implemented and promoted in cases where SCHWEIZER can sensibly minimise waste generation. This is the case, for example, for production resources that are used repeatedly or permanently.

¹⁾ Due to the change of biofilter material, a special item of non-hazardous waste amounting to just over 100 tonnes was generated in 2023. This special item was not included in the calculation.



2023	6.2	4.2
2022	6.6	4.5
2021	6.5	4.4
2020	6.2	4.3



2023¹⁾	2.0	0.09
2022	2.1	0.06
2021	2.1	0.04
2020	1.9	0.04

RESOURCES

The supply of resources for the manufacture of PCBs remains a concern. The printed circuit board market is highly volatile, which is generating a global shortage in the availability of raw materials resulting in massive price increases. Underutilisation of capacity leads to job losses for employees at manufacturers and suppliers, which, in turn, further exacerbates the situation in terms of market recovery.

Our mission obliges us to use resources sparingly. Furthermore, the economic factor is relevant for us both in terms of availability to ensure production and cost optimisation in procurement.

For the purposes of this report, we primarily define resources as the materials used in production, from base material laminates, a synthetic resin-impregnated fibre mat, a wide range of metals for the production of conductor paths and the refinement of surfaces, to the chemicals used in wet processes.

We generally expect our suppliers to use a QM system based on DIN EN ISO 9000ff and pursue further development towards IATF 16949 as well as have an environmental management system according to ISO 14001 and an energy management system according to ISO 50001/EMAS.

In 2022, we accorded even greater importance to the topic of energy than in the past. New alternative procurement models for electricity and gas will in future help to ensure flexibility in procurement, optimal pricing and security of supply. Intensive monitoring of the gas and electricity market and continuously following the legal framework conditions was and is essential.

We continuously monitor the global conflict regions and adapt our procurement strategies for the individual product categories in order to ensure security of supply for our production with a balanced selection of manufacturers and suppliers.

CIRCULAR ECONOMY

The circular economy is seen as a solution to the global waste problem, slows down the consumption of resources and reduces climate-damaging greenhouse gases. For this reason, the recycling of all substances should be our long-term goal. The action we have taken in the areas of water, waste, copper and gold is our contribution to coming closer to achieving this goal. Besides the measures taken to optimise fresh water and waste water mentioned in the section "Water", the measures taken to separate waste described in the section "Waste" and the disposal and recycling of our copper and gold waste, our procurement side also contributes to the circular economy.

CONFLICT MATERIALS

Conflict materials are natural resources whose mining or trade can directly or indirectly finance or support armed conflict. The most well-known conflict materials include gold, tin, tantalum, tungsten and their derivatives, which are used in a variety of products such as electronics, jewellery, automotive and other industrial goods.

As a family-owned company with a long tradition, we are committed to maintaining the highest standards of ethical conduct and sustainability. SCHWEIZER firmly believes that it is the company's responsibility to ensure that supply chains are free of conflict materials and that it can thus achieve a positive impact in the environment in which the company operates.

Comprehensive measures have been implemented to ensure that SCHWEIZER is not indirectly involved in the financing or support of armed conflicts. Supplier review – regular reviews of suppliers are conducted to ensure they comply with the guidelines for the prevention of conflict materials. Transparency and traceability – full transparency and traceability of supply chains is sought to ensure that potential risks can be identified and effective action taken. Cooperation with stakeholder groups – SCHWEIZER is actively engaged in collaborating with government agencies, non-

governmental organisations and other stakeholder groups to share best practices and work together on solutions.

In the future, SCHWEIZER will also continue its efforts to meet the challenges associated with conflict materials and strive to further strengthen supply chains by using innovative technologies to ensure transparency and promote social and environmental responsibility.

Delivery times were once again drastically reduced for all product groups in 2023 and have developed to the pre-COVID level.

MATERIALS USED BY WEIGHT



2023	64,974	111,000	63.8
2022	77,219	103,000	66.2
2021	94,679	109,822	65.9
2020	81,367	85,611	56.7

¹⁾ The quantities for copper refer to copper anodes; other copper products (foil or laminates and/or chemicals) are included in the laminates and are not listed separately.



2023	241,000	1,037,015
2022	265,000	1,234,695
2021	282,000	1,253,521
2020	222,000	985,486

4. EMPLOYEE ISSUES

The most important resource and driving force behind SCHWEIZER are its employees. Within the SCHWEIZER family, we act as one team and thus together form the foundation for our success. Our culture is characterised by diversity, responsibility and trust. The commitment of all employees to the values and goals at SCHWEIZER ensures our profitability. In the face of multiple crises and challenges, our focus is not only on employee **satisfaction** and **training and further education**, but also in particular on the issue of **health and safety**.

SCHWEIZER, in its Code of Conduct, undertakes to act in an ethically correct manner and thus comply with all relevant legal provisions that serve to prevent discrimination and respect and observe human rights. All employees benefit from equal opportunities and equal treatment, irrespective of origin, skin colour, gender, creed, sexual orientation, political opinion, social status or other differentiating features. Employee inclusion is a firm component of our corporate culture. The company's management places great value on transparency and the opinion of individuals and for this reason the door to the Executive Board and the HR management is, in principle, open to all employees. Anonymised employee surveys, idea management and the whistleblower system are available as further feedback opportunities.

The number of employees in the SCHWEIZER Group amounted to 583 at the end of the year (of which 560 in Germany). The annual average staff turnover rate¹⁾ in Germany was 7.0 percent (2022: 6.4 percent). More than 35 percent of our employees in Germany have been with us for more than 25 years. SCHWEIZER employed 23 people in Asia and the USA as at the end of the year. As a result of the disposal of the majority interest in the Chinese plant, Schweizer Electronic (Jiangsu) Co., Ltd. at the end of 2023 April, data for this plant has not been disclosed for the 2022 financial year in order to create better comparability of the information.

¹⁾ Staff turnover rate: resignations/average number of employees (excluding temporary workers).

Not least because of the coronavirus pandemic, it was important for SCHWEIZER to protect our employees in the past and will continue to be so in the future. **Occupational safety and protective measures** have been further developed for this purpose. In general, at SCHWEIZER, we take a proactive and preventive approach to prevent illnesses that could be related to the respective work task and to prevent occupational accidents. The number of occupational and commuting accidents has decreased by 17 percent compared to the previous year, which is due to increased awareness of the issue of occupational safety in general.

In addition to regular occupational safety training, our employees are continuously informed about current regulations in the form of digital information and notices. SCHWEIZER also offers first-aid courses and courses on how to behave correctly in the event of a fire for all employees at regular intervals. With the involvement of the company doctor, the occupational safety specialist and employees, regular safety inspections are carried out for the respective activities and workplaces, during which aspects such as noise exposure and ergonomics are considered more closely. We attach great importance to protecting the health of our employees. SCHWEIZER therefore offers two annual appointments for all employees for influenza vaccination. In conjunction with the health insurance fund, all employees were also offered free colorectal cancer screening

SCHWEIZER has implemented an employee app as an information and communication platform. The reason for this was that employees had asked for more timely information and communication. This medium has contributed to greater transparency and made a decisive contribution to the rapid dissemination of information, but also to the **promotion of employee satisfaction and the support of intercultural cooperation**. Thanks to an automated translation function in the app, it has become easier to communicate with colleagues around the world.

Moreover, the company offers a bicycle leasing model for e-bikes as well as normal bicycles. This programme has been met with a very positive response and is an important element of employer attractiveness as well as an offer to employees to take part in **Company Health Management (BGM)** activities. Through campaigns such as various city and company runs or "CITY CYCLING – cycling for a good climate", SCHWEIZER would also like to raise awareness of climate change mitigation and create offers to promote the health of our employees. In the Rottweil district, the SCHWEIZER team took 1st place in the city cycling competition with the most kilometres cycled and also took 1st place in the Rottweil public "Relay Race". The cooperation with a local fitness studio expands the health promotion offer. Company integration management, as an important component of company health management, has been actively continued. With the support of the company doctor, it was possible to support the re-integration of employees – sometimes remotely – and provide occupational health support. With company health management, the objective is to improve employees' health in the long term, strengthen human resources and reduce health risks. In addition, the aim is to increase motivation through good working conditions, raise work satisfaction and improve the working environment. For the company, this means fewer sick days, higher productivity and performance as well as improvements in the quality of products and services. In this context, SCHWEIZER also has the option of offering the partial retirement model to employees who are about to retire.

At SCHWEIZER, **training** is an important component of succession planning, as well as ensuring that additional requirements for the future are covered. On average, there are 10 trainees in the company per year. We train with the aim of deploying our trainees in the respective departments, employing them in the long term and developing them further within the company.

The training programme at Schweizer Electronic AG covers both commercial and technical professions. The company trains industrial administrators as well as

specialists in warehouse logistics, mechatronics technicians, machine and plant operators and surface coaters. Depending on requirements, apprenticeships for electronics technicians, IT specialists and dual student placements in the fields of business administration, industry and business informatics are offered.

SCHWEIZER stands for high-quality training. In addition to technical training in the departments or training workshops, our trainees and dual students are also responsible for their own projects. These very much promote motivation and independence in their everyday professional life.

In addition to training for career starters, the focus for experienced employees is on **internal and external further training**. In 2023, the focus was on improved onboarding, intensifying and expanding training, management training courses and specific specialist training, including on the topic of digitalisation and processes.

PERFORMANCE REVIEWS AND BRIEFINGS ON OCCUPATIONAL SAFETY, ENVIRONMENTAL PROTECTION AND ENERGY MANAGEMENT

Employees' performance is assessed on an annual basis. The system is an assessment instrument that is transparent and easy to understand for all employees. The performance appraised determines the annual performance bonus that is paid as a variable remuneration component in addition to the basic salary and is linked with an annual appraisal meeting.

In 2023, a line manager evaluation was also conducted. Using this assessment, SCHWEIZER makes it possible for employees to give targeted feedback to their line manager.

Recurring briefings on occupational safety, environmental protection and energy management are also held annually. For newly hired staff, briefings take place on the first working day. The aim of the briefings is to provide employees with knowledge of occupational safety, environmental protection and energy management, to inform them of key figures by means of regular, repeated briefings and to motivate them to act accordingly before they commence work for the first time.

The relevant key figures with regard to employment, occupational health and safety include the total number of employees hired, staff turnover, accidents at work and the resulting days of absence.

NUMBER OF OCCUPATIONAL AND COMMUTING ACCIDENTS AND RESULTING DAYS OFF AT THE SCHRAMBERG SITE

Financial year	Number of occupational and commuting accidents ¹⁾	Resulting days of absence
2023	10	211
2022	12	175
2021	8	97
2020	4	42

¹⁾These are reportable occupational and commuting accidents.

Of a total of 10 occupational and commuting accidents in 2023, three cases were reportable commuting accidents. The increase in days off is mainly due to the days off due to commuting accidents (128 days).

**Number of employees (31/12)
in persons**

		2023			2022		
		Men	Women	Total	Men	Women	Total
In Germany¹⁾							
Category	Employees	140	69	209	147	62	209
	Blue collar	242	109	351	248	115	363
	Full-time	376	153	529	393	154	547
	Part-time	6	25	31	2	23	25
		382	178	560	395	177	572
in Asia and the USA							
Category	Employees	11	12	23	1	2	3
	Blue collar	0	0	0	0	0	0
	Full-time	11	12	23	1	2	3
	Part-time	0	0	0	0	0	0
		11	12	23	1	2	3
Group		393	190	583	396	179	575

¹⁾ Including 14 temporary employees (2022: 6)

**Diversity among employees
in percent**

		2023		2022	
		Employees	Blue collar	Employees	Blue collar
Gender	Women	32%	31%	30%	32%
	Men	68%	69%	70%	68%
Age group	< 30 years	10%	9%	8%	11%
	30–50 years	41%	35%	37%	32%
	> 50 years	49%	56%	55%	57%
of which in Germany					
Gender	Women	33%	31%	30%	32%
	Men	67%	69%	70%	68%
Age group	< 30 years	10%	9%	8%	11%
	30–50 years	38%	35%	37%	32%
	> 50 years	52%	56%	55%	57%
of which in Asia and the USA					
Gender	Women	52%	0%	67%	0%
	Men	48%	0%	33%	0%
Age group	< 30 years	4%	0%	0%	0%
	30–50 years	70%	0%	0%	0%
	> 50 years	26%	0%	100%	0%

5. SOCIAL ISSUES

CORPORATE SOCIAL RESPONSIBILITY

For more than 174 years, we have been closely connected to the Schramberg site and are an important employer in the region. It is our concern to not only create and secure jobs, but to promote social, cultural and sporting activities in the city and region, and to ensure that the location is attractive and worth living in for present and future generations of employees and their families. SCHWEIZER therefore supports, for example, the triathlon club, Triathlon Verein Tria Schramberg e.V., located in Schramberg. The collaboration with Tria is a long-term and trusting one, in which SCHWEIZER not only supports the club, but the club also motivates SCHWEIZER employees to take part in sport, e.g. by offering running training.

We support local social institutions by purchasing their services and goods. As a result, SCHWEIZER actively supports their valuable work and commitment.

SCHWEIZER supports Forum Kunst in Rottweil by providing financial support as part of a "benefactor" agreement. Forum Kunst was established in 1970 as an art association with the aim of promoting engagement with contemporary art. Since its establishment, care has been taken to establish a forum (not only) for regional artists but also to bring national and international artists to the region and to promote exchange in this way. At the same time, this increases the region's attractiveness as a place to live for employees and their families.

In order to counteract the shortage of skilled workers, cooperative schemes have been successfully established with schools in the district. These school schemes allow pupils to be approached at an early stage and get them interested in an apprenticeship or internship. In turn, the schools benefit from expert knowledge from the field through cooperation.

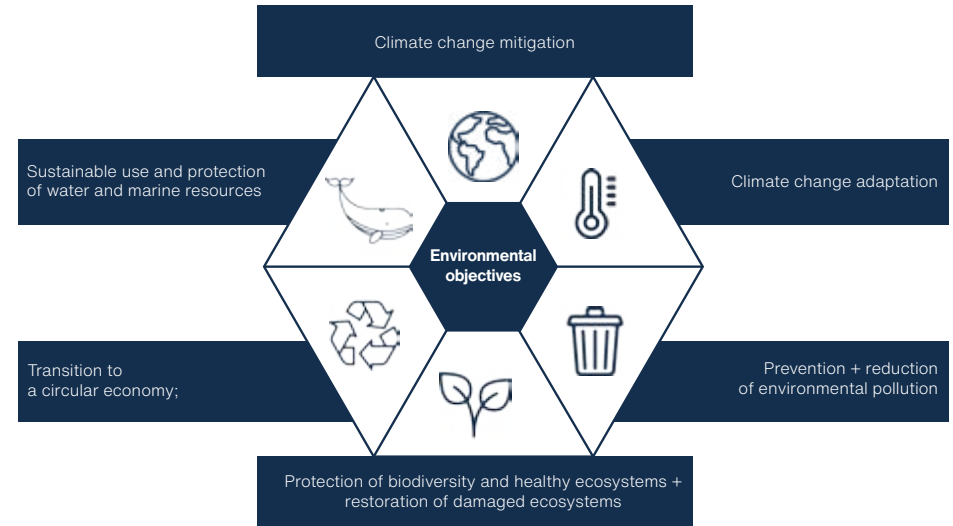
6. EU TAXONOMY

The EU Taxonomy which entered into force on 12 July 2020, aims to steer capital flows to sustainable projects and activities in order to achieve the EU's decarbonisation and environmental objectives for 2030 and become the first climate-neutral continent by 2050.

Against this background, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (hereinafter referred to as the Taxonomy Regulation) establishing a framework to facilitate sustainable investment and supplementing Regulation (EU) 2019/2088 has entered into force. As a uniform and legally binding classification system, it defines which economic activities that lead to revenue, capital expenditure (CapEx) or operating expenses (OpEx) are considered “environmentally sustainable”. The results of this classification must be reported on an annual basis on a company-specific basis.

Article 9 of the Taxonomy Regulation states the following six environmental objectives:

- 1) Climate change mitigation;
- 2) Climate change adaptation;
- 3) The sustainable use and protection of water and marine resources;
- 4) The transition to a circular economy;
- 5) Pollution prevention and control;
- 6) The protection and restoration of biodiversity and ecosystems.



With the final adoption of the corresponding legislative act on 27 June 2023, the EU Commission extended the reporting requirements of the two environmental objectives (climate change mitigation and climate change adaptation in accordance with Delegated Regulation (EU) 2021/2139 and its amendment in accordance with Delegated Regulation (EU) 2022/1214) to include the four remaining environmental objectives (Delegated Regulation (EU) 2023/2486).

In addition to supplementing the environmental objectives, further economic activities that contribute significantly to climate change mitigation and climate change adaptation have been added to the first two climate objectives (Delegated Regulation (EU) 2023/2485). This includes, for example, the manufacture of automotive and mobility components or activities in the aviation sector. In addition, selective adjustments were made to the technical evaluation criteria of existing activities. Until last year, the business activity of SCHWEIZER, the manufacture of printed circuit boards, was not covered by the EU Taxonomy, i.e. it was not described in any of the delegated

acts. With the aforementioned addition of economic activities and the publication of all targets, for the first time a small part of SCHWEIZER's core activity is covered (see section on Sales). SCHWEIZER's products are used in the field of renewable energy and energy-efficient energy conversion and thus also make a contribution to sustainable topics outside the framework of the EU Taxonomy.

With regard to the classification of an economic activity as "ecologically sustainable" as defined in the EU Taxonomy, a distinction must be made between taxonomy eligibility and taxonomy alignment. In the first step, it must be checked whether economic activity is described in the delegated act and is therefore taxonomy-eligible, i.e. potentially "ecologically sustainable". At SCHWEIZER, we conducted a workshop with relevant managers from the areas of finance, production and sales, among others, in order to filter out possible relevant economic activities. These were then verified on the basis of the actual revenues or costs. We have classified the following economic activities as taxonomy-eligible:

Activity	Number	Environmental objective	Brief description
Manufacture of automotive and mobility components	3.18	Climate change mitigation	Production of so-called p ² Pack (embedding technology), a printed circuit board that increases electrical efficiency and is currently installed in hybrid and electric vehicles. CO ₂ emissions are reduced by increasing the range in electric operation
Power generation from fossil gaseous fuels	4.29	Climate change mitigation	Maintenance costs for operating a CHP
Construction, expansion and operation of wastewater collection and treatment systems	5.3	Climate change mitigation	Maintenance of a wastewater system
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	Climate change mitigation	Company car leasing
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in car parks belonging to buildings)	7.4	Climate change mitigation	Installation of a wallbox
Installation, maintenance and repair of equipment for measuring, regulating and controlling the overall energy efficiency of buildings	7.5	Climate change mitigation	Investment in a process chiller
Installation, maintenance and repair of renewable energy technologies	7.6	Climate change mitigation	Investment in a heat pump
Collection and transport of non-hazardous and hazardous waste	2.3	Transition to a circular economy;	Collection and sale of materials discarded during production
Remediation of contaminated sites and areas	2.4	Pollution prevention and control	Operating expenses for pollutant measurements at the former site in Dunningen

Only taxonomy-eligible economic activities can be considered "ecologically sustainable" if certain criteria are met. Accordingly, the second step is to evaluate whether the aforementioned technical evaluation criteria (significant contribution and avoidance of significant impairments (Do No Significant Harm (DNSH)) are met and the minimum protection is complied with in order to be classified as taxonomy-aligned. We examined the technical evaluation criteria for those economic activities for which SCHWEIZER is to report alignment. As a climate risk analysis is part of the alignment requirements for all economic activities and we have not yet carried it out for any of our sites, our compliance rate for all KPIs is zero.

While both taxonomy eligibility and, if it can be achieved, alignment must be disclosed for the existing environmental objectives of "climate change mitigation" and "climate change adaptation", only taxonomy eligibility needs to be reported for the new environmental objectives and the additions to the existing ones. The full disclosure of taxonomy alignment of all six environmental objectives will take place in the 2024 financial year.

Environmental objectives	Reporting requirements		
	FY 2022	FY 2023	from FY 2024
Climate objectives (1-2) Prevention of climate change Climate change adaptation	Taxonomy eligibility and (first-time) taxonomy alignment	Taxonomy eligibility and alignment for existing activities Taxonomy eligibility for newly added activities	Taxonomy eligibility and alignment
Other environmental objectives (3-6) Sustainable use & protection of water & marine resources Transition to a circular economy; Pollution prevention and control Protection and restoration of biodiversity and ecosystems	No reporting required	Taxonomy eligibility	Taxonomy eligibility and alignment

Based on Section 289b (1) in conjunction with Section 315b HGB and Article 8 of the Taxonomy Regulation, SCHWEIZER is obliged to apply the provisions of the Taxonomy Regulation. In accordance with Section 315e (1) HGB, the consolidated financial statements of Schweizer Electronic AG as at 31/12/2023 were prepared in accordance with IFRS. The IFRS consolidated financial statements thus serve as the basis for determining the following figures.

REVENUE

The key sales figure is calculated as the ratio of the sales revenue from taxonomy-eligible activities of a financial year (numerator) to the total sales revenue of this financial year (denominator).

The total sales revenues of EUR 139,439 thousand for the 2023 financial year form the denominator of the key sales figure and can be taken from the Group's income statement (see p. 110).

SCHWEIZER'S sales revenues reported in the Group's income statement are examined across all Group companies to determine whether they were achieved with economic activities from all environmental objectives.

For SCHWEIZER, relevant economic activities could be identified for the first time in the delegated acts through this adaptation of the regulatory requirements:

- 3.18 Manufacture of automotive and mobility components (environmental objective 1)
- 2.3 Collection and transport of non-hazardous and hazardous waste (environmental objective 4)

Due to their initial application, they must be assessed according to their taxonomy eligibility. Taxonomy-eligible revenue is 5.45%, taxonomy-aligned revenue is 0%.

INVESTMENTS (CAPEX)

The denominator of capital expenditure at SCHWEIZER results from additions to property, plant and equipment and intangible assets and from right-of-use assets in accordance with IFRS 16 before depreciation, amortisation and any revaluations for the financial year in question and excluding changes in fair value. The total capital expenditure in accordance with the Taxonomy Regulation Art. 8 Annex I 1.1.2.1 amounts to EUR 1,107 thousand (see the respective information on p. 136 of the consolidated statement of changes in fixed assets).

According to Taxonomy Regulation Art. 8 Annex I 1.1.2.2, the CapEx numerator represents the share of capital expenditure that is either related to a taxonomy-eligible or aligned economic activity, linked to a plan to expand or achieve an ecologically sustainable economic activity, or is related to the purchase of products and services from a taxonomy-aligned economic activity.

In order to determine the numerator for SCHWEIZER, the additions were examined on the basis of the description of the economic activities. In the 2023 financial year, investments of EUR 501 thousand were incurred in connection with the following economic activities (Regulation (EU) 2021/2139, Annex I, No. 1.1.2.2 Category a) and c)):

- 3.18 Manufacture of automotive and mobility components (environmental objective 1)
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles (environmental objective 1)
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in car parks belonging to buildings) (environmental objective 1)
- 7.5 Installation, maintenance and repair of equipment for measuring, regulating and controlling the overall energy efficiency of buildings (environmental objective 1)
- 7.6 Installation, maintenance and repair of renewable energy technologies (environmental objective 1)

The CapEx KPI has a taxonomy eligibility of 45.29% and a taxonomy alignment of 0%.

OPERATING EXPENDITURE (OPEX)

The denominator for operating expenses is the sum of expenses for direct, non-capitalised research and development expenses, building renovation measures, short-term leasing, maintenance and servicing, as well as all other direct expenses related to the daily maintenance of tangible fixed assets that are necessary to ensure their operability. The total operating expenses of SCHWEIZER in accordance with Art. 8 Annex I 1.1.3.1 of the Taxonomy Regulation amount to EUR 7,557 thousand and take into account research and development costs, short-term leasing and maintenance costs.

The OpEx numerator in accordance with Art. 8 Annex I 1.1.3.2. of the Taxonomy Regulation indicates the proportion of operating expenses associated with taxonomy-eligible or taxonomy-aligned economic activities, a CapEx plan or the acquisition of products from a taxonomy-eligible or taxonomy-aligned economic activity.

At SCHWEIZER, the OpEx key figure numerator is derived from an analysis of the expenditure recorded on the above-mentioned accounts with regard to taxonomy-eligible economic activities. Therefore, EUR 637 thousand is classified as eligible for taxonomy in connection with the following economic activities:

- 4.29 Electricity generation from fossil gaseous fuels (environmental objective 1)
- 5.3 Construction, expansion and operation of wastewater collection and treatment systems (environmental objective 1)
- 2.4 Remediation of contaminated sites and areas (environmental objective 5)

Taxonomy eligibility for the OpEx KPI is 8.34%, for taxonomy alignment 0%.

When determining the above-mentioned key figures, various review steps, including documenting the data generation and ensuring reconciliation with other financial information, avoids any double counting of economic activities.

REPORTING FORM: SHARE OF REVENUE FROM GOODS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE FOR 2023

2023 financial year	Economic activities	Code (a)	Revenue in EUR thousand	Revenue share, 2023 %	Criteria for a significant contribution					DNSH criteria ('No significant impairment')					Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) revenue, year 2022 %	Enabling activity category E	Transitional activity category T		
					Climate change mitigation Y; N; N/ EL (b) (c)	Climate change adaptation Y; N; N/ EL (b) (c)	Water Y; N; N/ EL (b) (c)	Environmental pollution Y; N; N/ EL (b) (c)	Circular economy Y; N; N/ EL (b) (c)	Biodiversity Y; N; N/ EL (b) (c)	Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Environmental pollution Y/N				Circular economy Y/N	Biodiversity Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Ecologically sustainable activities (taxonomy-aligned)																			
	Revenue from ecologically sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	0%		
	Activities that make this possible		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	0%	E	
	Of which transitional activities		0	0%	0%						N	N	N	N	N	N	0%		T
A.2 Taxonomy-eligible but not ecologically sustainable activities (non-taxonomy-aligned activities)																			
					EL; N/ EL (d)	EL; N/ EL (d)	EL; N/ EL (d)	EL; N/ EL (d)	EL; N/ EL (d)	EL; N/ EL (d)									
	Manufacture of automotive and mobility components	CCM. 3.18	6,178	4.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%		
	Collection and transport of non-hazardous and hazardous waste	CE 2.3	1,426	1.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL							0%		
	Revenue from taxonomy-eligible but not ecologically sustainable activities (non-taxonomy-aligned activities) (A.2)		7,604	5.45%	4.43%	0%	0%	0%	1.02%	0%							0%		
	A. Revenue from taxonomy-eligible activities (A.1+A.2)		7,604	5.45%	4.43%	0%	0%	0%	1.02%	0%									
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
	Revenue from non-taxonomy-eligible activities		131,835	94.55%															
	TOTAL		139,439	100%															

(a) The code represents the abbreviation of the respective objective to which the economic activity can make a significant contribution and the number of the section of the activity in the relevant Annex covering the objective, i.e.

- Climate change mitigation: CCM
- Climate change adaptation: CCA
- Water and marine resources: WTR
- Circular economy: CE
- Pollution prevention and control: PPC
- Biodiversity and ecosystems: BIO

(b) Y – Yes, taxonomy-eligible and taxonomy-aligned activity with relevant environmental objective
 N – No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective
 N/EL – 'not eligible', non-taxonomy-eligible activity for the respective environmental objective

(c)

	Revenue/Total revenue	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	4.43%
CCA	0%	0%
WTR	0%	0%
CE	0%	1.02%
PPC	0%	0%
BIO	0%	0%

(d) EL – Taxonomy-eligible activity for the respective objective.
 N/EL – Non-taxonomy-eligible activity for the respective objective.

REPORTING FORM: CAPEX SHARE OF GOODS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE FOR 2023

2023 financial year				Criteria for a significant contribution						DNSH criteria ('No significant impairment')						Share of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, year 2022	Enabling activity category	Transitional activity category	
Economic activities	Code (a)	CapEx	CapEx share, 2023	Climate change mitigation	Climate change adaptation	Water	Environmental pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Environmental pollution	Circular economy	Biodiversity				Minimum protection level
		in EUR thousand	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Ecologically sustainable activities (taxonomy-aligned)																			
CapEx of ecologically sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Activities that make this possible		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional activities		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-eligible but not ecologically sustainable activities (non-taxonomy-aligned activities)																			
				EL; N/EL (d)	EL; N/EL (d)	EL; N/EL (d)	EL; N/EL (d)	EL; N/EL (d)	EL; N/EL (d)										
Manufacture of automotive and mobility components	CCM 3.18	249	22.45%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	172	15.57%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.64%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4/CCA 7.4	1	0.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of equipment for measuring, regulating and controlling the overall energy efficiency of buildings	CCM 7.5/CCA 7.5	50	4.51%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.17%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6/CCA 7.6	30	2.71%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.01%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		501	45.29%	45.29%	0%	0%	0%	0%	0%								2.82%		
A. CapEx for taxonomy-eligible activities (A.1+A.2)		501	45.29%	45.29%	0%	0%	0%	0%	0%										
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
CapEx for non-taxonomy-eligible activities		606	54.71%																
TOTAL		1,107	100%																

(a) The code represents the abbreviation of the respective objective to which the economic activity can make a significant contribution and the number of the section of the activity in the relevant Annex covering the objective, i.e.

- Climate change mitigation: CCM
- Climate change adaptation: CCA
- Water and marine resources: WTR
- Circular economy: CE
- Pollution prevention and control: PPC
- Biodiversity and ecosystems: BIO

(b) Y – Yes, taxonomy-eligible and taxonomy-aligned activity with relevant environmental objective
 N – No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective
 N/EL – 'not eligible', non-taxonomy-eligible activity for the respective environmental objective

(c)

CapEx share/Total CapEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	45.29%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(d) EL – Taxonomy-eligible activity for the respective objective.
 N/EL – Non-taxonomy-eligible activity for the respective objective.

REPORTING FORM: OPEX SHARE OF GOODS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE FOR 2023

2023 financial year	Economic activities	Code (a)	OpEx in EUR thousand	OpEx share, 2023 %	Criteria for a significant contribution					DNSH criteria ('No significant impairment')										Share of taxonomy- aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, year 2022 %	Enabling activity category E	Transitional activity category T
					Climate change mitigation Y; N; N/ EL (b) (c)	Climate change adaptation Y; N; N/ EL (b) (c)	Water Y; N; N/ EL (b) (c)	Environmental pollution Y; N; N/ EL (b) (c)	Circular economy Y; N; N/ EL (b) (c)	Biodiversity Y; N; N/ EL (b) (c)	Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Environmental pollution Y/N	Circular economy Y/N	Biodiversity Y/N	Minimum protection level Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Ecologically sustainable activities (taxonomy-aligned)																						
	OpEx of ecologically sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%				
	Activities that make this possible		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E			
	Of which transitional activities		0	0%	0%						N	N	N	N	N	N	N	0%		T		
A.2 Taxonomy-eligible but not ecologically sustainable activities (non-taxonomy-aligned activities)																						
	Power generation from fossil gaseous fuels	CCM 4.29/CCA 4.29	162	2.14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%				
	Construction, expansion and operation of wastewater collection and treatment systems	CCM 5.3/CCA 5.3	469	6.21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%				
	Remediation of contaminated sites and areas	PPC 2.4	6	0.08%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%				
	OpEx for taxonomy-eligible but not ecologically sustainable activities (non-taxonomy-aligned activities) (A.2)		637	8.43%	8.43%	0%	0%	0%	0%	0%								0%				
	A. OpEx for taxonomy-eligible activities (A.1+A.2)		637	8.43%	8.43%	0%	0%	0%	0%	0%												
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																						
	OpEx for non-taxonomy-eligible activities		6,920	91.57%																		
	TOTAL		7,557	100%																		

(a) The code represents the abbreviation of the respective objective to which the economic activity can make a significant contribution and the number of the section of the activity in the relevant Annex covering the objective, i.e.

- Climate change mitigation: CCM
- Climate change adaptation: CCA
- Water and marine resources: WTR
- Circular economy: CE
- Pollution prevention and control: PPC
- Biodiversity and ecosystems: BIO

(b) Y – Yes, taxonomy-eligible and taxonomy-aligned activity with relevant environmental objective
 N – No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective
 N/EL– 'not eligible', non-taxonomy-eligible activity for the respective environmental objective

(c)

OpEx share/Total OpEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	8.43%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(d) EL – Taxonomy-eligible activity for the respective objective.
 N/EL – Non-taxonomy-eligible activity for the respective objective.

KEY FIGURES IN ACCORDANCE WITH EU TAXONOMY – ACTIVITIES IN THE FIELDS OF NUCLEAR ENERGY AND FOSSIL GAS

For economic activities in the field of nuclear energy and energy production from fossil gas (Delegated Regulation (EU) 2022/1214) for environmental objectives 1 and 2, additional information must be disclosed. SCHWEIZER has taxonomy-eligible operating expenses for electricity generation from fossil gaseous fuels and therefore discloses the following reporting forms:

Reporting form 1

Activities in the fields of nuclear energy and fossil gas

Activities in the field of nuclear energy		Yes/No
1.	The company is active in the research, development, demonstration and deployment of innovative power generation plants that generate energy from nuclear processes with minimal waste from the fuel cycle, finances such activities or holds risk positions in connection with these activities.	No
2.	The company is active in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat – including for district heating supply or industrial processes such as hydrogen generation – and in their safety-related improvement using the best available technologies, finances such activities or holds risk positions in connection with these activities.	No
3.	The company is active in the safe operation of existing nuclear facilities for the generation of electricity or process heat – including for district heating supply or industrial processes such as hydrogen production – and in their safety-related improvement, finances such activities or holds risk positions in connection with these activities.	No
Activities in the field of fossil gas		
4.	The company is active in the construction or operation of plants for the generation of electricity from fossil gaseous fuels, finances such activities or holds risk positions in connection with such activities.	Yes
5.	The company is active in the construction, modernisation and operation of plants for combined heat, power and cooling using fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	No
6.	The company is active in the construction, modernisation and operation of plants for heat generation that produce heat/cooling from fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	No

Reporting form 2

Taxonomy-aligned economic activities (denominator): OPEX

Line	Economic activities	Amount and share (in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount in EUR thousand	%	Amount in EUR thousand	%	Amount in EUR thousand	%
4.	Amount and share of taxonomy-aligned economic activity in accordance with section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	Amount and share of other taxonomy-aligned economic activities not listed in line 4 in the denominator of the OPEX KPI	0	0%	0	0%	0	0%
8.	Total OPEX KPI	7,557	100%				

Reporting form 3

Taxonomy-aligned economic activities (numerator): OPEX

Line	Economic activities	Amount and share (in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount in EUR thousand	%	Amount in EUR thousand	%	Amount in EUR thousand	%
4.	Amount and share of taxonomy-aligned economic activity in accordance with section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the applicable KPI numerator	0	0%	0	0%	0	0%
7.	Amount and share of other taxonomy-aligned economic activities not listed in line 4 in the OPEX KPI numerator	0	0%	0	0%	0	0%
8.	Total amount and share of taxonomy-aligned economic activities in the OPEX KPI numerator	0	0%				

Reporting form 4

Taxonomy-eligible but not taxonomy-aligned economic activities: OPEX

Line	Economic activities	Share (in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount in EUR thousand	%	Amount in EUR thousand	%	Amount in EUR thousand	%
4.	Amount and share of taxonomy-eligible but non-taxonomy-aligned economic activity in accordance with section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	162	25.37%	162	25.37%	0	0%
7.	Amount and share of other taxonomy-eligible but non-taxonomy-aligned economic activities not listed in line 4 in the OPEX KPI denominator	475	74.63%	475	74.63%	0	0%
8.	Total amount and share of taxonomy-eligible but non-taxonomy-aligned economic activities in the OPEX KPI denominator	637	100%				

Reporting form 5

Non-taxonomy-eligible economic activities: OPEX

Line	Economic activities	Amount in EUR thousand	Percentage
4.	Amount and share of non-taxonomy-eligible economic activity referred to in line 4 of reporting form 1 in accordance with section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0%
7.	Amount and share of other non-taxonomy-eligible economic activities not listed in line 4 in the denominator of the OPEX KPI	6,920	100%
8.	Total amount and share of non-taxonomy-eligible economic activities in denominator of the OPEX KPI	6,920	100%

8. GRI CONTENT INDEX

The non-financial statement contains standard disclosures from the GRI Sustainability Reporting Guidelines.

GENERAL STANDARD DISCLOSURES

GRI Standard	Disclosures	Page in report or reason for omission
GRI 1: Fundamentals (2021)		
GRI 2: General disclosures (2021)		
Organisation and its reporting practices		
2-1	Organisational details	2023 Annual Report, chapter on Summarised Management Report, section on Fundamentals of the Group
2-2	Entities included in the organisation's sustainability reporting	The sustainability reporting in this report refers to Schweizer Electronic AG, excluding employee issues and the EU Taxonomy disclosures. 2023 Non-financial report. Information on the Group structure can be found in the 2023 Annual Report, chapter on Summarised Management Report, section on Fundamentals of the Group
2-3	Reporting period, frequency, and contact point	01/01/2023 – 31/12/2023; annually Contact: Elisabeth Trik Publication date: 29/04/2024
2-4	Re-statements of information	In the 2022 non-financial report, information on the employees of the Chinese subsidiary of Schweizer Electronic (Jiangsu) Co., Ltd. was provided in the chapter on employee issues. As a result of the disposal of the majority interest in the Chinese subsidiary at the end of April 2023, data for this plant for the 2022 financial year has not been disclosed in order to improve the comparability of the information.

2-5 External assurance

This sustainability report has not been audited externally. The quality of the data was reviewed by the Supervisory Board.

Activities and employees

2-6 Activities, value chain and other business relationships

2023 Annual Report, chapter on Summarised Management Report, section on Fundamentals of the Group

2-7 Employees

2023 Non-Financial Report, chapter on employee issues.

Annual financial statements of Schweizer Electronic AG as at 31/12/2023, Annex: Report on equality and equal pay.

Corporate governance

2-9 Governance structure and composition

2023 Annual Report – Report of the Supervisory Board, Statement of Corporate Governance

2-10 Nomination and selection of the highest governance body

2023 Annual Report – Report of the Supervisory Board, Statement of Corporate Governance

2-11 Chair of the highest governance body

2023 Annual Report – Report of the Supervisory Board, Statement of Corporate Governance

2-12 Role of the highest governance body in overseeing the management of impacts

2023 Annual Report – Report of the Supervisory Board, Statement of Corporate Governance

2-13 Delegation of responsibility for managing impacts

2023 Annual Report – Report of the Supervisory Board, Statement of Corporate Governance

2-14 Role of the highest governance body in sustainability reporting

2023 Annual Report – Report of the Supervisory Board

2-15 Conflicts of interest

2023 Annual Report – Report of the Supervisory Board

2-16 Communication of critical concerns	In principle, SCHWEIZER has an open communication structure, even across hierarchical structures. For critical concerns that the complainant wishes to be communicated anonymously, both external and internal stakeholders can contact the responsible departments via the Hintbox whistleblower system.
2-18 Evaluation of the performance of the highest governance body	2023 Annual Report – Report of the Supervisory Board, Statement of Corporate Governance
2-19 Remuneration policies	2023 Annual Report – Remuneration Report. The description of the remuneration system of the Executive Board and Supervisory Board can be found at: https://schweizer.ag/en/investors-media/corporate-governance-en
2-20 Process to determine remuneration	The description of the remuneration system of the Executive Board and Supervisory Board can be found at: https://schweizer.ag/en/investors-media/corporate-governance-en
2-21 Annual total compensation ratio	2023 Annual Report – Remuneration Report, Statement of Corporate Governance, Statement of Compliance

Strategy, policies and practices

2-22 Statement on sustainable development strategy	2023 Non-financial report, chapter: Our Fundamentals
2-23 Policy commitments	2023 Non-financial report, chapter: Our Fundamentals, section on Compliance
2-24 Embedding policy commitments	The SCHWEIZER principles for new employees are communicated internally as part of an onboarding process. Employees are continuously informed about new developments digitally or by means of notices or have permanent access to the fundamentals, instructions, guidelines via the intranet and the SCHWEIZER Management Information System.

2-26 Mechanisms for seeking advice and raising concerns

In principle, SCHWEIZER has an open communication structure, even across hierarchical structures. For critical concerns that the complainant wishes to be communicated anonymously, both external and internal stakeholders can contact the responsible departments via the Hintbox whistleblower system.

2-28 Membership associations

Information on organisation bodies: <https://schweizer.ag/en/the-company/institutions>

Stakeholder engagement

2-29 Approach to stakeholder engagement

2023 Non-financial report, chapter: Material Aspects & Stakeholders

2-30 Collective bargaining agreements

Remuneration is based on standard market conditions. Further statements on the remuneration: 2023 Non-Financial Report, chapter on employee issues, section on Performance Review and Annual Financial Statements of Schweizer Electronic AG as at 31/12/2023, Annex: Report on equality and equal pay.

GRI 3: Material topics (2021)

3-1 Process to determine material topics

The procedure for determining material topics differs from the requirements of the GRI. The procedure applied by SCHWEIZER is described in Section 1 of the Non-Financial Report, chapter on Material Aspects & Stakeholders.

3-2 List of material topics

The material topics remain unchanged. The report focuses on environmental, employee and social issues, as well as measures for respecting human rights and combating corruption and bribery.

3-3 Management of material topics

The management of material topics is described in the chapter Our Fundamentals, in particular in the section on Compliance.

GRI 205: Anti-corruption (2016)

205-2 Communication and training about anti-corruption policies and procedures

The procedures for preventing and/or disclosing corruption and bribery are described in the chapter Our Fundamentals.

205-3 Confirmed incidents of corruption and actions taken

2023 Non-financial report, chapter: Respect for Human Rights and Combating Corruption and Bribery.

303-5 Water consumption

2023 Non-Financial Report, chapter: Environmental Issues, section: Water. The information is not shown in absolute values, but per production hour

GRI 305: Emissions (2016)

305-x

2023 Non-Financial Report, chapter: CO₂ Footprint and Reduction Measures.

GRI 301: Materials (2016)

301-1 Materials used by weight or volume

2023 Non-Financial Report, chapter: Environmental Issues. This is a quantitative list of the most important production materials. Due to its complexity, it is currently not possible to break it down into renewable and non-renewable materials. Packing materials are not included.

The diagram contains the total CO₂ footprint, which includes both direct CO₂ emissions (gas combustion) and indirect CO₂ emissions from electricity purchased from utility companies. An additional distinction is made between the CO₂ footprint resulting from production, which also consists of direct emissions, and the CO₂ footprint caused by transporting our goods (direct emissions only). Gas, petrol and electricity consumption were used to determine CO₂. No oil was used. Since the consumption values of the utility companies (electricity) are not supplied until the autumn of the following year, the value is determined using the previous year's values as an estimate. Information is shown per production hour.

GRI 302: Energy (2016)

302-1 Energy consumption within the organisation

2023 Non-Financial Report, chapter: Environmental Issues

302-3 Energy intensity

2023 Non-Financial Report, chapter: Environmental Issues. This is a quantitative list of the most important production materials. Due to its complexity, it is currently not possible to break it down into renewable and non-renewable materials. Packing materials are not included.

GRI 306: Waste (2020)

306-3 Waste generated

2023 Non-Financial Report, chapter: Environmental Issues, section: Waste. The figure includes the total amount of waste and the breakdown into hazardous and non-hazardous waste and clean recyclable plastics per hour of production.

302-4 Reduction of energy consumption

2023 Non-Financial Report, chapter: Environmental Issues, section: Energy Consumption & Measures to Reduce Energy Consumption

GRI 303: Water and wastewater (2018)

303-3 Water withdrawal

2023 Non-Financial Report, chapter: Environmental Issues, section: Water

303-4 Water discharge

2023 Non-Financial Report, chapter: Environmental Issues, section: Water

GRI 401: Employment (2016)

401-1 New employee hires and employee turnover 2023 Non-Financial Report, chapter on employee issues.

GRI 414: Supplier social assessment (2016)

414-2 Negative social impacts in the supply chain and actions taken 2023 Non-Financial Report, chapter: Our Fundamentals, Compliance.

GRI 403: Occupational health and safety (2018)

403-5 Worker training on occupational health and safety 2023 Non-Financial Report, chapter on employee issues. Regular occupational safety training courses in digital form and with notices.

403-6 Promotion of worker health 2023 Non-Financial Report, chapter on employee issues. Offer of flu vaccinations, colorectal cancer screening, cooperation with fitness studio, participation in sports events as a SCHWEIZER team.

403-9 Work-related injuries 2023 Non-Financial Report, chapter on employee issues. List of reportable accidents and resulting days off. There were no fatalities.

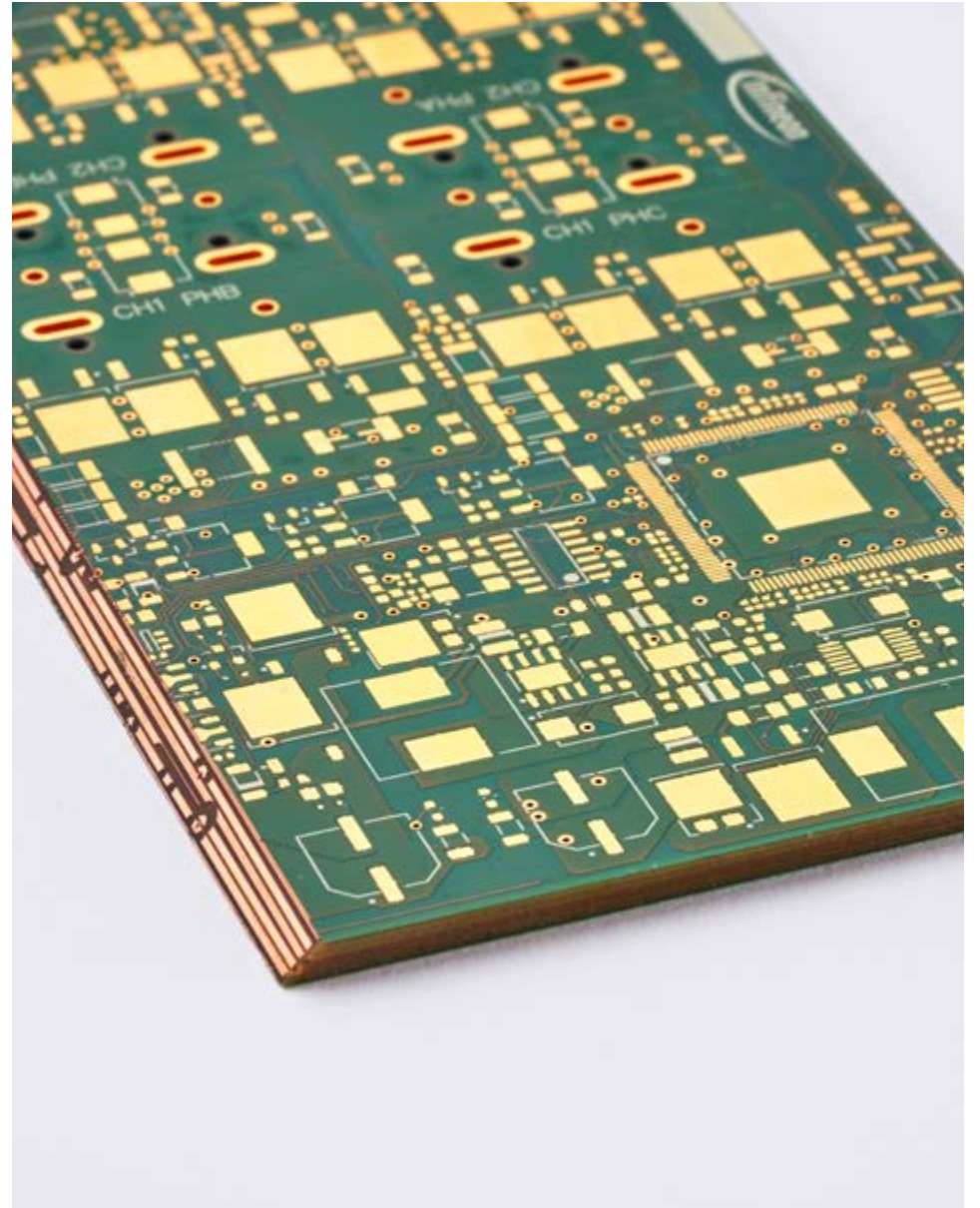
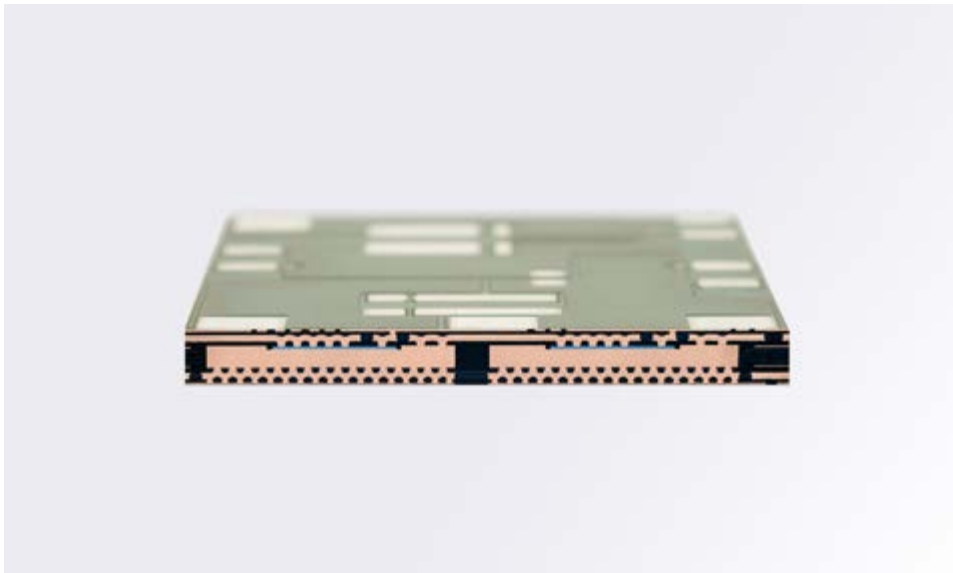
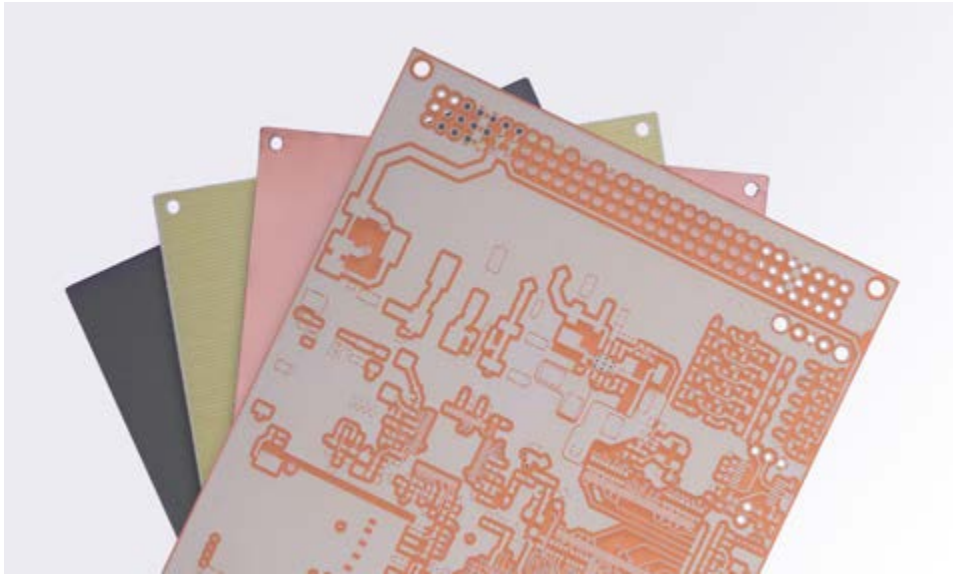
GRI 404: Training and education (2016)

404-2 Programs for up-grading employee skills and transition assistance programs 2023 Non-Financial Report, chapter on employee issues. GRI 405: Diversity and equal opportunity (2016)

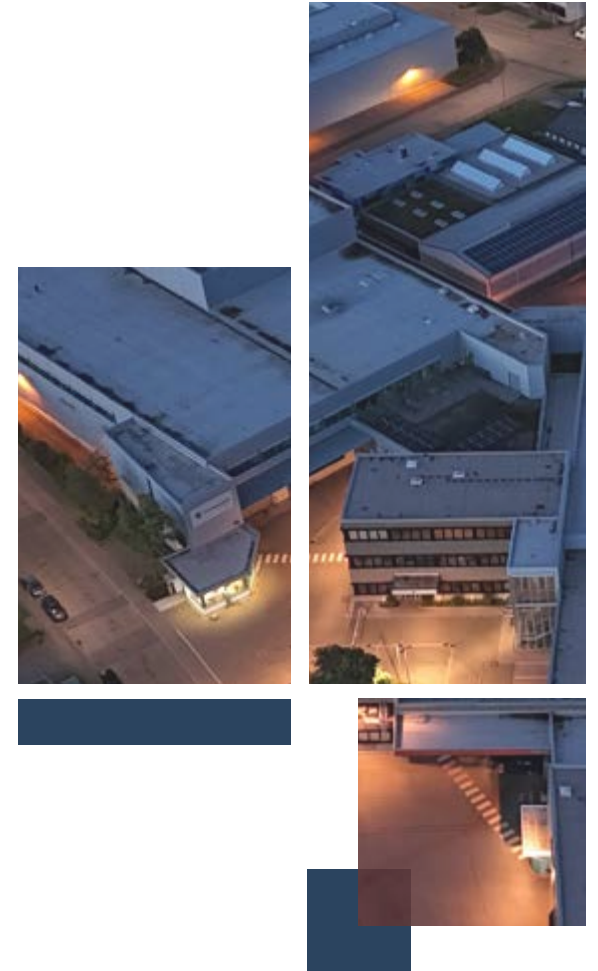
405-1 Diversity of governance bodies and employees 2023 Non-Financial Report, chapter on employee issues. 2023 Annual Report, chapter: Corporate Governance, Statement on Corporate Governance.

405-2 Ratio of basic salary and remuneration of women to men Annual financial statements of Schweizer Electronic AG as at 31/12/2023, Annex: Report on equality and equal pay. GRI 406: Non-discrimination (2016)

406-1 Incidents of discrimination and corrective actions taken 2023 Non-Financial Report, chapter: Our Fundamentals, section: Values, Guidelines, Code of Conduct, Whistleblower System. Annual financial statements of Schweizer Electronic AG as at 31/12/2023, Annex: Report on equality and equal pay.



CONSOLIDATED FINANCIAL STATEMENTS



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CONSOLIDATED INCOME STATEMENT

	Note	01/01/-31/12/2023 TEUR	01/01/-31/12/2022 TEUR
Sales revenue	3.1	139,439	131,047
Cost of sales Cost of goods and services provided to generate sales		-123,873	-137,413
Gross profit		15,566	-6,366
Distribution costs		-5,697	-5,348
Administration costs		-15,028	-14,281
Other operating income	3.2	48,172	4,700
Other operating expenses	3.3	-2,081	-3,200
Operating result		40,932	-24,495
Financial income	3.4	22	410
Financial expenses	3.5	-3,732	-4,930
Financial result		-3,710	-4,520
Result from financial assets accounted for using the equity method	3.6	-3,592	0
Earnings before taxes on income and revenue		33,630	-29,015
Taxes on income and revenue	3.9	-743	-4,504
Consolidated result		32,887	-33,519
Of which attributable to:			
Shareholders of the parent company		32,887	-29,589
Non-controlling interests		0	-3,930
Earnings per share			
Undiluted (=diluted) shareholding (per share)		3,770,713	3,770,713
Undiluted, based on the profit attributable to holders of ordinary shares of the parent company (in EUR)	3.10	8.72	-7.85
Diluted, based on the profit attributable to holders of ordinary shares of the parent company (in EUR)	3.10	8.72	-7.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01/01/-31/12/2023 TEUR	01/01/-31/12/2022 TEUR
Consolidated result		32,887	-33,519
Other income			
Other income to be reclassified to profit or loss in subsequent periods (after taxes):		-1,370	1,791
Currency translation of foreign operations	4.10	-1,370	1,791
Other income not to be reclassified to profit or loss in subsequent periods (after taxes):		-1,393	4,394
Gains/(losses) on the revaluation of defined benefit pension plans	4.14	-1,956	6,197
Related tax	3.9	563	-1,803
Other income after tax		-2,763	6,185
Total income after tax		30,124	-27,334
Of which attributable to:			
Shareholders of the parent company		30,124	-23,356
Non-controlling interests		0	-3,978

CONSOLIDATED BALANCE SHEET

	Note	31/12/2023 TEUR	31/12/2022 TEUR		Angabe	31/12/2023 TEUR	31/12/2022 TEUR
Assets				Equity and Liabilities			
Non-current assets				Equity			
Tangible assets	4.2	32,958	37,983	Subscribed capital	4.10	9,664	9,664
Intangible assets	4.2	523	629	Own shares	4.10	-24	-24
Financial assets recognised using the equity method	4.4	10,065	0	Capital reserves	4.10	21,727	21,779
Other participating interests		12	12	Profit reserves	4.10	-5,573	-37,970
Other financial assets	4.5	5	5	of which equity attributable to shareholders of the parent company	4.10	25,794	-6,551
Other assets	4.5	550	642	Non-controlling interests		0	-2,240
Deferred tax assets	3.9	880	928				
Right of use pursuant to IFRS 16	4.2	3,304	4,762				
				Non-current liabilities		46,758	49,076
Current assets				Financial liabilities	4.12	21,700	24,250
Inventories	4.6	10,975	12,258	Other financial liabilities	4.13	2,575	3,591
Trade receivables	4.7	25,766	11,630	Provision for defined benefit pension plans	4.14	16,481	14,807
Contract assets	4.8	10,773	7,055	Trade payables	4.15	0	41
Tax receivables	4.5	2	3	Other liabilities	4.15	2,913	2,672
Other financial assets	4.5	1,146	1,323	Other provisions	4.16	1,070	1,229
Other assets	4.5	1,476	2,291	Deferred tax liabilities	3.9	2,019	2,486
Cash and cash equivalents	4.9	7,685	1,954				
Assets held for sale		0	78,814	Current liabilities		33,568	120,004
Total assets		106,120	160,289	Financial liabilities	4.12	2,550	4,994
				Other current financial liabilities	4.13	1,348	1,577
				Provision for defined benefit pension plans	4.14	993	970
				Trade payables	4.15	19,179	13,364
				Other liabilities	4.15	2,687	2,650
				Liabilities from taxes	3.9	1,789	1,854
				Other provisions	4.16	5,022	3,371
				Liabilities associated with assets classified as held for sale		0	91,224
				Total liabilities		80,326	169,080
				Total equity and liabilities		106,120	160,289

CONSOLIDATED CASH FLOW STATEMENT

	Note	2023 TEUR	2022 TEUR		Note	2023 TEUR	2022 TEUR
Operating activities				Investment activities			
Profit before tax		33,630	-29,015	Payments for the acquisition of property, plant and equipment and intangible assets	4.2	-930	-11,323
Adjustments to reconcile earnings before taxes to net cash-flows:				Payments received from government grants		0	1,294
Financial income	3.4	-17	-344	Proceeds from the disposal of financial assets	4.1	4,363	0
Financial expenses	3.5	3,732	4,930	Cash flow from investing activities		3,433	-10,029
Result of companies accounted for using the equity method	3.6	3,592	0	Financing activities			
Amortisation and impairment of tangible and intangible assets	4.2	6,512	12,205	Proceeds from equity contributions from other shareholders		0	10,586
Other non-cash income/expenses		-76	360	Incoming payments from the take-up of loans		0	13,296
Deconsolidation effect	4.1.2	-44,665	0	Payments for the repayment of loans	4.12	-4,994	-14,744
Gains (-)/losses (+) from the disposal of property, plant and equipment and other non-current assets		-6	13	Payments for the repayment of lease liabilities	4.3	-1,429	-1,541
Changes in the provision for defined benefit pension plans (without changes recognised directly in equity)	4.14	3,653	-482	Interest paid	3.5	-3,035	-4,677
Change in other provisions	4.16	1,299	2,294	Cash flow from financing activities		-9,458	2,921
Payments received from government grants	4.18	-35	236	Net change in cash and cash equivalents		3,876	-10,687
Change in trade receivables and other assets	4.5/4.7	-11,893	687	Changes in cash and cash equivalents owing to exchange rates		105	-30
Change in inventories	4.6	-1,405	3,155	Cash and cash equivalents at 1 January		3,705	14,422
Change in trade and other payables	4.15	15,365	2,171	Cash and cash equivalents at 31 December		7,685	3,705
Interest received	3.4	-5	-12				
Paid / refunded taxes on income and revenue	3.9	220	223				
Cash flow from operating activities		9,901	-3,579				

^{*)} of which reclassified to assets held for sale in 2022 1,751 TEUR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousands	Notes	Attributable to the parent company				Included in profit reserves			Equity attributable to shareholders of the parent company	Minority interests	Equity
		Subscribed capital	Own Shares	Capital reserve	Profit reserve	Profit/(Loss) on remeasuring defined benefit pension plans and comparable obligations	Fair value reserve	Currency translation difference			
As of 1 January 2022	4.10	9,664	-24	21,779	-23,084	-5,641	-274	-379	8,335	0	8,335
Consolidated result					-29,589				-29,589	-3,930	-33,519
Other income					6,235	4,395		1,839	6,235	-48	6,187
Overall result					-23,354	4,395	0	1,839	-23,354	-3,978	-27,332
Change in minority interests					8,179				8,179	1,738	9,918
Other changes					288			379	288		288
As of 31 December 2022		9,664	-24	21,779	-37,970	-1,246	-274	1,839	-6,551	-2,240	-8,791
As of 1 January 2023		9,664	-24	21,779	-37,970	-1,246	-274	1,839	-6,551	-2,240	-8,791
Consolidated result					32,887				32,887		32,887
Other income					-2,763	-1,393		-1,119	-2,763		-2,763
Overall result					30,124	-1,393	0	-1,119	30,124	0	30,124
Change in minority interests					2,240				2,240	2,240	4,480
Other changes					-52	-1	274		-19		-19
As of 31 December 2023		9,664	-24	21,727	-5,573	-2,639	0	720	25,794	0	25,794

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

The SCHWEIZER Group, comprising Schweizer Electronic Aktiengesellschaft and its subsidiaries, is a global technology company active in the manufacture of high-quality PCBs and the provision of innovative solutions for automotive, industrial and aviation electronics. Based on its recognised technology and consultancy expertise, SCHWEIZER supplies products and solutions that address key challenges in power electronics, embedding technology and cost reduction and which stand out thanks to their energy efficiency and consideration for the environment.

The parent company of the SCHWEIZER Group is Schweizer Electronic Aktiengesellschaft (hereinafter referred to as the company, Schweizer Electronic AG or SCHWEIZER). Schweizer Electronic AG's registered office is located at Einsteinstrasse 10, 78713 Schramberg, Germany. The company is entered in the commercial register at the District Court of Stuttgart under commercial register number HRB 480540. Schweizer Electronic AG has been listed on the stock exchange since 5 July 1989. The shares (ISIN DE0005156236) are listed in Frankfurt am Main and Stuttgart (regulated market).

The consolidated financial statements of the SCHWEIZER Group for the financial year ending 31 December 2023 were prepared and approved for publication by the Executive Board on 12 April 2024.

The consolidated financial statements have been prepared in accordance with Section 315e of the German Commercial Code (HGB), International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB), as adopted by the European Parliament and

Council Regulation No. 1606/2002 on the application of international accounting standards in the European Union. In addition, the supplementary provisions of Section 315e HGB were observed.

The consolidated financial statements are prepared in the reporting currency (EUR), which is the functional currency of Schweizer Electronic AG. Unless otherwise specified, all values are rounded up or down to the nearest EUR thousand in accordance with commercial rounding practices, which can lead to minor deviations when these are added up.

The consolidated financial statement was prepared essentially applying the historical cost principle, except for derivative financial instruments, and certain debt and equity instruments which have been measured at fair value. The income statement was produced according to the cost-of-sales method. Various items of the consolidated balance sheet and the consolidated income statement were summarised in the interests of a clearer representation and explained accordingly in the notes. The consolidated cash flow statement was prepared in accordance with the indirect method for cash flow from operating activities and in accordance with the direct method for cash flow from investment and financing activity.

These condensed consolidated financial statements have been prepared under the going concern assumption.

ACCOUNTING PRINCIPLES APPLIED FOR THE FIRST TIME

The application of the following pronouncements of the International Accounting Standards Board (IASB) relevant to the SCHWEIZER Group is mandatory for financial year 2023:

		Effects on the consolidated financial statements
IFRS 17	Amendment to IFRS 17 Insurance contracts and first-time application of IFRS 17 and IFRS 9 – comparative information	Not applicable
IAS 1	Amendment to IAS 1 Presentation of financial statements – disclosure of accounting policies	No significant effects
IAS 8	Amendment to IAS 8 Accounting policies, changes in accounting estimates and errors – definition of estimates	No significant effects
IAS 12	Amendment to IAS 12 Income taxes – deferred taxes relating to assets and liabilities arising from a single transaction	No significant effects
IAS 12	Amendment to IAS 12 International tax reform – pillar two model rules	Not applicable, as sales < EUR 750 million

No significant effects arise for the consolidated financial statements of the SCHWEIZER Group from the initial application of these pronouncements.

ACCOUNTING PRINCIPLES PUBLISHED BUT NOT YET APPLIED

The IASB pronouncements listed below have already been published but their application is not yet mandatory and their applicability, in some cases, still requires adoption into EU law ("endorsement"). The SCHWEIZER Group will not voluntarily apply this prematurely.

No significant effects are presently expected from the initial application.

Standards/Interpretations		Mandatory application	Adoption into EU law	Anticipated effects on the consolidated financial statements
IAS 1	Amendment to IAS 1 Presentation of financial statements – classification of liabilities as current or non-current; non-current liabilities with contractual agreement	1 January 2024	Yes	No significant effects
IFRS 16	Amendment to IFRS 16 Leases – lease liability on sale and leaseback	1 January 2024	Yes	None – monitoring of future business transactions
IFRS 7	Amendment to IFRS 7 Financial instruments: details – supplier financing agreements	1 January 2024	No	No significant effects
IFRS 10	Amendment to IFRS 10 Consolidated financial statements – sale or contribution of assets between an investor and its associate or joint venture	Date of initial application postponed indefinitely	No	No significant effects
IAS 7	Amendment to IAS 7 Cash flow statement – supplier financing agreements	1 January 2024	No	No significant effects
IAS 21	Amendment to IAS 21 Effects of changes in exchange rates – lack of exchangeability	1 January 2025	No	No significant effects
IAS 28	Amendment to IAS 28 Investments in associates and joint ventures – sale or contribution of assets between an investor and its associate or joint venture	Date of initial application postponed indefinitely	No	No significant effects

2. SUMMARY OF MATERIAL ACCOUNTING PRINCIPLES

CONSOLIDATED FINANCIAL STATEMENTS

The scope of consolidation includes all companies that are controlled by Schweizer Electronic AG. Control is said to exist when Schweizer Electronic AG has a power of disposition over the associated company, is exposed to risk due to, or is entitled to fluctuating returns from, its engagement in the associated company, and is also able to use its power of disposition over the associated company to influence these returns.

The consolidated financial statement is based on the financial statements of Schweizer Electronic AG and its subsidiaries. All financial statements are prepared as at the reporting date, 31 December 2023. The annual financial statements of the individual companies included in the consolidated financial statement have been prepared in accordance with uniform accounting and valuation methods.

In addition, associates are included in the consolidated financial statements of Schweizer Electronic AG as financial assets accounted for using the equity method. Associates are companies over which the Group exerts significant influence, but no control or joint leadership with regard to financial and business policy. Shares in associates are initially recognised at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the total result of financial assets accounted for using the equity method until the time when significant influence or joint control ceases.

The sale of the majority of the shares in SEC to WUS was completed upon receipt of the full agreed purchase price on 25 April 2023 (closing date). Schweizer Electronic AG assesses and accounts for the change in voting rights due to the execution of the share transfer agreement, deviating from the above effective date of 25 April 2023, as a simplification to 30 April 2023, as there were no significant changes within the period between 25 and 30 April 2023.

Intra-Group profits and losses, sales, expenses and income and all receivables and liabilities between the consolidated companies are eliminated. Deferred tax assets are recognised on consolidation measures that affect profit and loss – insofar as these are tax-effective processes. Unrealised gains on transactions with companies accounted for using the equity method are written off against the Group's share in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no indication of impairment.

In addition to Schweizer Electronic AG as the parent company, the consolidated Group is comprised as follows:

	Number of fully consolidated companies		
	National	International	Total
31 December 2021	1	5	6
Included for the first time in financial year 2022	-	-	-
Eliminated in financial year 2022	-	1	1
31 December 2022	1	4	5
Included for the first time in the financial year 2023	-	1	1
Eliminated in the financial year 2023	-	1	1
31 December 2023	1	4	5

A complete overview of the participating interests of Schweizer Electronic AG is provided in the list of shareholdings in Section 7.5.

CURRENCY TRANSLATION

The consolidated financial statements are prepared in the functional currency of the parent company, the euro. The functional currency of the foreign subsidiaries is the respective national currency. For the preparation of the consolidated financial statement, the assets and liabilities of foreign subsidiaries whose functional currency is not EUR are translated at the exchange rate valid on the balance sheet date. Translation of items in income statements is done using the year's average exchange rate. The resultant currency translation differences are recognised directly in equity.

Foreign currency transactions are translated into functional currency in the separate financial statements at the time of the transaction at the applicable spot rate. Assets and liabilities denominated in foreign currency are in principle converted using the average spot exchange rate applicable as at the balance sheet date. The effects are recognised in the income statement under other operating expenses or other operating income.

For the translation of important currencies within the Group, the following exchange rates against the EUR were used as a basis:

Foreign currencies	Year-end rate		Average rate	
	31/12/2023	31/12/2022	2023	2022
USD (USA)	1.1050	1.0666	1.0816	1.0539
CNY (China)	7.8509	7.3582	7.6591	7.0801
SGD (Singapore)	1.4591	1.4300	1.4523	1.4520

ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets

The acquired intangible assets are in principle, measured at acquisition cost, reduced by scheduled depreciation and any impairments. When depreciating software on a straight-line basis, a useful life of three to eight years is used. There are no intangible assets with an indefinite useful life.

Internally generated intangible assets are capitalised at their production cost if it is probable that the use of the asset will result in a future economic advantage and the cost can be reliably determined. If the capitalisation criteria are not met, the expenses are recognised immediately in profit or loss in the year in which they arise. At SCHWEIZER, capitalised development costs concern a technology that will be used in future PCBs and for which future customer orders have already been placed. Capitalised costs comprise all directly attributable direct and overhead costs. The asset is depreciated on a straight-line basis over a useful life of six years from the time it can be used. This is the case when it is at its location and is in the operational condition intended by management.

The useful lives and depreciation methods are reviewed regularly.

Property, plant and equipment

The property, plant and equipment item is measured at acquisition or production costs, less scheduled depreciation and any impairments. The production costs of internally generated assets also include reasonable shares of required materials and production overheads in addition to the direct individual costs.

Costs of repairs and maintenance are generally recognised as expenses. Costs for carrying out major maintenance work are capitalised if the recognition criteria are met.

Land and plants under construction are not subject to scheduled depreciation. The following useful lives serve as a basis for planned depreciation for the other assets of the tangible fixed assets:

- Buildings: 10 to 50 years
- Technical equipment and machines: 5 to 20 years
- Other plant, factory and office equipment: 3 to 20 years

Scheduled depreciation takes place in accordance with the linear method.

Leases

At the inception of the lease, SCHWEIZER assesses whether the lease constitutes a lease in accordance with IFRS 16. This is the case if the agreement entitles the holder to control the use of an identified asset for a specified period in return for a fee. If these conditions are met, the SCHWEIZER Group capitalises a right of use in the leased asset and shows the commitment to lease payment as a liability.

As lessee, the SCHWEIZER Group records right-of-use assets at the date of provision (i.e. at the time when the underlying leased asset is ready for use). Rights of use are measured at cost less any accumulated depreciation and any accumulated impairment losses and are adjusted for any revaluation of lease liabilities. The cost of rights of use comprises the recognised lease obligations, the initial direct costs incurred and the lease payments made at or before the date on which the asset is made available for use, less any incentives received.

Rights of use are amortised on a straight-line basis over the shorter of the lease term and the expected useful life of the rights of use. If ownership of the leased asset is transferred to the Group at the end of the lease term, or if the costs include the exercise of a purchase option, depreciation is calculated on the basis of the expected useful life of the leased asset.

On the date of provision, the Group recognises the lease liability at the present value

of the lease payments to be made over the term of the lease. Lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the Group will actually exercise it and penalties for termination of the lease if the term of the lease takes into account that the Group will exercise the termination option.

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the inception date of the lease if the interest rate the lease is based on cannot be readily determined. After the provision date, the amount of the lease liability is increased to reflect the increase in interest expense and decreased to reflect the lease payments made. In addition, the carrying amount of lease liabilities is reassessed if there are changes to the lease, changes to the term of the lease, changes to lease payments (for example, changes to future lease payments resulting from a change in the index or interest rate used to determine those payments) or a change in the assessment of a call option for the underlying asset.

The Group's lease liabilities are included in other financial liabilities.

The SCHWEIZER Group avails itself of the relief provided for leased assets of low value and short-term leases with a term of less than one year. With respect to motor vehicles, the SCHWEIZER Group makes use of the option to eliminate the separation of non-lease and lease components and accounts for the corresponding lease components and related non-lease components as one lease component.

SCHWEIZER determines the term of the lease on the basis of the non-terminable basic term of the lease and including the periods resulting from an option to renew the lease if it is sufficiently certain that the company will exercise this option, or the periods resulting from an option to terminate the lease if it is sufficiently certain that the company will not exercise this option. This means that discretion is exercised when considering all relevant factors.

After the provision date, SCHWEIZER reassesses the term of the lease if a significant event or change in circumstances occurs that is within its control and affects whether or not SCHWEIZER will exercise its option to renew or terminate the lease (e.g. planned restructuring of the location or its size).

The interest rate on which the lease is based is generally not readily determinable, with the result that the marginal borrowing rate is regularly used to value the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow, with comparable certainty, the funds it would need to finance an asset with a value comparable to its right of use in a similar economic environment for a similar term. The SCHWEIZER Group calculates the incremental borrowing rate using observable input factors (e.g. market interest rates), where available.

In the context of a sale and leaseback transaction, the SCHWEIZER Group first checks whether the transfer of an asset is to be accounted for as a sale using the criteria from

IFRS 15. If the transfer of an asset does not meet the requirements for accounting as a sale as set out in IFRS 15, the asset continues to be recognised and the proceeds received are recognised as a financial liability in accordance with IFRS 9.

Impairment of non-current assets

For non-current assets, including intangible assets, property, plant and equipment and right-of-use assets from lease agreements, a review is performed at every closing date to determine whether there are indications of an impairment of the assets. If such indications are found to exist, an impairment test is performed.

To test for impairment, assets are grouped into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or the cash-generating unit (CGU).

Irrespective of whether there is any indication of impairment, an impairment test is performed annually on intangible assets that are not yet ready for use. In this process, the recoverable amount of the affected asset is determined and then compared to its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of other assets or CGUs.

An asset is deemed to be impaired, if and insofar as the carrying amount exceeds the recoverable amount of the asset. In this case, the impairment loss is immediately recognised through profit or loss.

If an impairment recognised in previous years no longer exists or no longer exists to the same extent due to changes to the underlying estimates, the impairment loss is reversed through profit or loss. The reversal of the impairment loss is limited here to the carrying amount that would have resulted had the impairment not been recognised.

Financial instruments

Financial instruments are recognised on the transaction date of the market-standard purchase or sale; this means on delivery of an asset. On initial recognition, financial instruments are recorded at their fair value. Transaction costs directly attributable to the acquisition or issue are included unless the financial instrument is measured at fair value through profit or loss. Subsequent measurement is based on the respective classification of the financial instruments.

IFRS 9 contains three categories for the classification and measurement of financial assets: measured at amortised cost, measured at fair value in other comprehensive income and recognised in profit or loss. Classification is based on the SCHWEIZER business model for managing financial assets (business model condition) and the contractual cash flows (cash flow condition).

Financial assets – measured at fair value through equity in other comprehensive income

Financial assets measured at fair value through other comprehensive income are assets with contractual payments that consist solely of interest and principal payments on the nominal amount outstanding and that are held both to collect the contractual cash flows and to sell. In the financial year, no financial instruments were measured at fair value.

Financial liabilities – measured at amortised cost

This category includes trade receivables, cash and cash equivalents, and other financial assets. They are measured at amortised cost, taking into account any impairment losses.

For trade receivables and contract assets, regardless of their term, the simplified approach is applied for determining value adjustments in accordance with IFRS 9. Accordingly, the expected loss over the entire term is always recognised as risk provisioning. The expected loss ratios are determined on the basis of customer-specific probabilities of default, taking into account external credit reports (where available). Receivables are generally derecognised only if a receivable is deemed uncollectible. Factors for uncollectibility include the conclusion of insolvency proceedings or the rejection of insolvency proceedings due to a lack of assets. Impairment losses are recognised under other operating expenses.

The general impairment approach is applied to the other financial assets in this category. A risk provision for expected loan defaults is then determined in two steps. For financial instruments whose credit risk has not increased significantly since initial recognition, a risk provision for loan losses must be recognised in the amount of the loan defaults expected to occur within the next twelve months. The determination of changes in default risk since initial recognition is based on credit ratings. If the credit risk has increased significantly since initial recognition, based on credit information or information on impending payment defaults, a risk provision in the amount of the expected credit defaults is formed. Gains or losses on these financial assets are recognised in profit or loss if they are impaired, modified or derecognised.

Financial assets – measured at fair value through profit or loss

All financial assets not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are significantly different. In this case, a new financial liability is recognised at fair value based on the adjusted terms. No adjustments or derecognitions had to be made in the 2023 financial year. The IBOR reform has no impact on the SCHWEIZER Group.

Derivative financial instruments

The SCHWEIZER Group uses derivative financial instruments on a case-by-case basis to counter currency risks and commodity price risks. The derivative financial instruments of the SCHWEIZER Group are allocated to the measurement category "at fair value through profit or loss". Changes in fair value are recognised in the income statement. There are no hedge accounting relationships in the SCHWEIZER Group.

As at the balance sheet date, the SCHWEIZER Group only held commodity derivatives for which purchase price agreements exist, which are not influenced by the IBO reform.

Determining fair values

In determining the fair value of an asset or liability, the Group uses observable market data to the extent possible. Based on the inputs used in the valuation techniques, the fair values are categorised into different levels of the fair value hierarchy:

- Level 1: Use of listed (not adjusted) prices for identical assets or liabilities in active markets accessible on the valuation date.
- Level 2: Fair value calculated using valuation methods based on observable input factors for similar assets and liabilities in active markets or for identical assets and liabilities in inactive markets.
- Level 3: Assets and liabilities measured using valuation methods based on developed, non-observable input factors, because insufficient observable market data is available to determine the fair value.

If the inputs used to determine the fair value of an asset or liability can be categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety into the level of the fair value hierarchy that corresponds to the lowest level input that is significant to the measurement as a whole. The Group recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

Inventories

Inventories are recognised at the lower of acquisition or production costs and the net realisable value. The average cost method is applied for the valuation of raw materials and supplies and goods purchased for resale. The production costs of unfinished and finished products are determined through the individual assignment of their individual production costs. Along with the directly attributable costs, the production costs also include appropriate shares of the attributable overheads, which also contain depreciation.

Contract assets

The contract assets are based on the period-related revenue recognition of customer-specific products that have no alternative use and for which an enforceable payment claim exists in the amount of the costs already incurred plus an appropriate profit margin. Contract assets are reclassified as trade receivables as soon as there is an unconditional right to receive the consideration. This point in time corresponds to the invoicing date to the customer.

For the impairment of contract assets, the simplified approach is applied, with the result that a risk provision is recognised for expected losses over the entire term of the contract.

Cash and cash equivalents

Cash, sight deposits and all financial resources with an original term of up to three months that are readily convertible to a fixed amount of cash and which are subject to an insignificant risk of changes in value are disclosed as cash and cash equivalents.

Provision for defined benefit pension plans

The provision for defined benefit pension plans is calculated on the basis of actuarial opinions in accordance with the projected unit credit method, taking into account future pension adjustments. The service costs and net interest expense on net debt

from defined benefit plans are recognised in income. Revaluations of recognised net debt from defined benefit plans are included in other comprehensive income.

Deferred taxes

Deferred taxes are determined for temporary differences between the tax valuations of the assets and liabilities and the carrying amounts in the consolidated balance sheet, arising from consolidation measures that impact on profit and loss – insofar as these are tax-effective processes – and for existing tax loss carryforwards. The valuation is performed taking into consideration the relevant national tax rates of the taxable entities, which are valid at the time of realisation and already in force at the balance sheet date or which will be applicable in all probability.

Deferred tax assets are only recognised to the extent that it is probable that a future taxable profit will be available. Deferred tax assets and liabilities are netted, if these relate to the same tax creditor and period.

Other provisions

Other provisions take into account all recognisable risks and uncertain obligations towards third parties whose settlement is expected to lead to an outflow of funds which can be reliably estimated. They are recognised at their most likely amount and discounted if the discount amount is material. Rights of recourse are presented separately under other assets.

Obligations arising from partial retirement arrangements are classified as other long-term employee benefits in accordance with IAS 19 and accrued. The provisions are calculated on the basis of an actuarial report using the projected unit credit method applying the FIFO method (first in, first out), in which the portion earned from all top-ups is distributed in such a way that the top-ups to be paid out first are also fully financed first. The accumulation period for all top-ups ends uniformly at the end of the work phase. The present value is determined as the settlement amount for the fully financed benefits. For the group of employees who have a legal claim to the conclusion of a partial retirement contract, potential provisions were created assuming the probable utilisation of partial retirement by the employees. The fair value of the plan assets from the insolvency protection of the partial retirement obligations is deducted from the present value of the benefit obligations, so that the net liability is recognised in the provisions.

Liabilities

Trade payables and other payables are recognised at nominal value or the higher repayment amount. Non-current liabilities are discounted if the discount amount is material.

Sales revenue

At SCHWEIZER, revenue is recognised when the respective performance obligation is fulfilled, i.e. when the power to dispose of the promised goods is transferred to the customer. The power of disposition is transferred either at a particular point in time (date-related) or during a period of time (period-based) in accordance with the contractual circumstances and requirements.

Revenue from the sale of products and merchandise is mainly recognised on a time-period basis, as there is no alternative use for the products and there is a legal claim to payment for the service already provided.

The period-related calculation of sales revenues is based on the input method.

The cost of materials used to manufacture unfinished and finished products is used to determine sales revenues. In a second step, a check is carried out to determine how high the order backlog is in the frozen zone, depending on the order date. The frozen zone is the period during which the customer cannot make any changes to the order or job and is obliged to accept the products. In a further step, the percentage of completion is also taken into account for unfinished products, i.e. the percentage of completion of the materials. The sales price at which the materials are sold is then examined, which ultimately results in revenue in accordance with IFRS 15 or leads to contract assets. The manufacturing costs attributable to these revenues are deducted from inventories and included in the cost of sales (see "Sales" Section 3.1). In the case of commodities, if the criteria of IFRS 15 are met, they are recognised as contract assets taking into account the calculated margin.

In the other cases, the transfer of power of disposal takes place at the time of delivery of the parts or upon removal from the consignment warehouse.

The transaction price represents the consideration that SCHWEIZER is expected to receive in exchange for the transfer of the promised goods or services to a customer. Revenue is recognised in the amount of the agreed price for the respective goods. In some cases, customers are granted bonuses, cash discounts, credit notes or rebates that represent variable consideration. These are recorded as a reduction in sales based on experience or sales revenue. In line with revenues, the costs of goods and products sold are recognised through profit or loss in the same period.

As warranty agreements exist in connection with the sold goods only with respect to the hedging of contractually agreed product specifications, these do not constitute a performance obligation. These will continue to be accounted for in accordance with IAS 37.

For SCHWEIZER, the period of time between the transfer of the power of disposition of the promised goods and payment is no more than one year, meaning that SCHWEIZER applies the practical remedy in accordance with IFRS 15.63 and does not adjust the consideration by a financing component.

The payment terms for service obligations under contracts with customers are usually between 30 and 90 days after invoicing. In most cases, the invoice is issued at the time of delivery.

Grants from public authorities

Government grants are recognised at fair value if there is adequate certainty that the grants will be forthcoming and the company meets the associated conditions. Grants provided for an asset are initially recognised in the balance sheet as a liability and are offset from the acquisition and manufacturing cost at the time the asset is capable of operating. Profit-related grants are deducted from the relevant expenses.

Recognition of other income and expenses

Other income is recognised at fair value at the time the legal claim came into being. Operating expenses are recognised in profit or loss at the time the service is used or at the time they are caused. Interest income and interest expenses are recorded for the relevant period and other financial income is recognised at the time the legal claim came into being.

Assumptions and estimates

Estimates and discretionary decisions played an essential role in the preparation of these consolidated financial statements. Management makes various estimates and assumptions that affect the valuation of reported income, expenses, assets, liabilities and corresponding information, and the disclosure of contingent liabilities. All estimates and assumptions are made to the best of management's knowledge and beliefs in order to present a true and fair view of the net assets, financial position and results of operations. The assumptions and estimates are reviewed on an ongoing basis. Nonetheless, future events can deviate from the estimates made and have a significant influence on the net assets, financial position and results of operations.

In the following areas, the assumptions and estimates made are of particular importance:

· Recognition and measurement of deferred tax assets

The recognition of deferred tax assets from temporary differences and tax loss carryforwards, which are not offset by deferred tax liabilities from temporary differences, requires a significant estimate by management with regard to the planned taxable income (see also "Deferred taxes" and Section 3.9).

• *Determination of the useful life of fixed assets*

Estimates of the useful life of depreciable fixed assets are based on past experience (see also "Property, plant and equipment" and "Intangible assets" and Section 4.2).

• *Measurement of the provision for defined benefit pension plans*

Costs related to defined benefit plans and the present value of pension obligations are calculated based on actuarial calculations. An actuarial valuation is based on various assumptions which may differ from actual developments in the future. These include determination of the discount rate, future salary increases, mortality rates and future pension increases. Given the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date (see "Provision for defined benefit pension plans" Section 4.14).

• *Impairment of shares in associates*

The impairment of shares in associates is assessed on the balance sheet date in accordance with IAS 28 in conjunction with IAS 36. For this purpose, the recoverable amount is determined using the discounted cash flow method. The calculation of the recoverable amount is subject to assumptions and estimates, in particular with regard to future earnings developments and the capitalisation interest rate used.

• *Assumption of continuation of operations*

These condensed consolidated financial statements have been prepared under the going concern assumption. The assessment of the parent company's ability to continue as a going concern is based on the corporate planning currently prepared by the Executive Board. This includes significant assumptions and estimates regarding the development of turnover and earnings.

The material uncertainties associated with the geopolitical uncertainties have been taken into account in the discretionary decisions and estimates, where relevant, and

are presented in the respective sections of the Notes. As in the previous year, there were no material adjustments to the carrying amounts of the reported assets and liabilities in financial year 2023.

Segment information

The SCHWEIZER Group comprises exclusively the electronic business segment. In this segment, the SCHWEIZER Group develops, produces and distributes high-quality printed circuit boards for the automotive, solar, aviation and general industries.

Please see Section 3.1 for information on sales revenue by geographical region and on our main customers.

3. NOTES TO THE CONSOLIDATED INCOME STATEMENT

3.1 SALES REVENUE

Revenue from contracts with customers are broken down as follows:

Sales revenue for 2023 in EUR millions	HDI	Multilayer	Metallised circuits	Non-metallised circuits	Other	Total
Germany	35.7	18.8	11.3	0.5	1.7	68.0
Europe (excl. Germany)	20.8	9.3	2.8	0.8	-	33.7
China	10.9	3.1	0.7	-	-	14.7
Asia (excl. China)	10.3	1.0	0.2	1.2	0.6	13.3
America	6.9	1.2	-	0.1	-	8.2
Other countries	0.2	0.2	0.2	-	0.9	1.5
	84.8	33.6	15.2	2.6	3.2	139.4

Sales revenue for 2022 in EUR millions	HDI	Multilayer	Metallised circuits	Non-metallised circuits	Other	Total
Germany	32.2	13.7	12.2	1.2	2.0	61.3
Europe (excl. Germany)	13.5	8.9	2.7	0.9	-	26.0
China	13.9	10.9	0.8	0.1	-	25.7
Asia (excl. China)	5.8	1.5	0.5	2.6	0.1	10.5
America	5.2	1.6	-	0.2	-	7.0
Other countries	-	0.3	0.2	-	-	0.5
	70.6	36.9	16.4	5.0	2.1	131.0

The above information on sales revenue is broken down by customer supply region.

The following table provides information on the balances of receivables and contract assets from contracts with customers:

Contract balances

	2023 EUR thousands	2022 EUR thousands
Trade receivables	25,766	17,316
of which reclassified to assets		
held for sale	0	5,686
Contract assets	10,773	7,055

In 2023, sales revenue from three customers accounted for approximately 41 percent of total revenue (2022: approx. 35 percent).

Sales revenue generated from these three largest customers amounted to EUR 27.4 million (2022: EUR 25.3 million), EUR 16.5 million (2022: EUR 13.1 million) and EUR 13.9 million (2022: EUR 10.7 million).

The total amount of the transaction price allocated to the unfulfilled period and date-related performance obligations at 31 December 2023 amounted to EUR 7,670 thousand (2022: EUR 6,890 thousand). These performance obligations were met in January and February 2024.

3.2 OTHER OPERATING INCOME

Other operating income is comprised as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Proceeds from the recycling of gold waste	1,080	1,329
Profit/Loss from deconsolidation	44,665	0
Currency gains	1,619	1,417
Income from the reversal of provisions	510	327
Income from the reversal of risk provisions	0	260
Income from subsidiaries	35	1,184
Other income	263	183
Total	48,172	4,700

Income from deconsolidation of the Chinese subsidiary amounts to EUR 44,665 thousand. This mainly results from the derecognition of assets and liabilities in the amount of EUR 30,362 thousand, the residual value of the remaining shareholding in the amount of EUR 13,657 thousand as at 30 April 2023, the purchase price received in the amount of EUR 4,363 thousand, less the share of non-controlling interests in the amount of EUR 3,466 thousand and less a currency effect of EUR 251 thousand reclassified to other comprehensive income. Further details can be found in Section 4.1.2 Disposal of shares in subsidiaries.

3.3 OTHER OPERATING EXPENSES

Other operating expenses are composed as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Currency losses	1,672	2,750
Expenses from valuation allowances on receivables	57	118
Allocation to provision for product risks	202	205
Other expenses	150	127
Total	2,081	3,200

3.4 FINANCIAL INCOME

Financial income is made up as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Other interest and similar income	5	55
Other	17	356
Total	22	411

Other financial income includes interest income from changes in provisions of EUR 17 thousand (2022: EUR 338 thousand).

3.5 FINANCIAL EXPENSES

Financial expenses are made up as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Interest expenses	3,019	4,673
Other interest and similar expenses	713	257
Total	3,732	4,930

The interest paid of EUR 1,095 thousand (2022: EUR 3.334 thousand) is attributable to the local investment loan for the Jintan site and, in the amount of EUR 1,746 thousand (2022: EUR 826 thousand), for other financial liabilities. The increase in expenses for other financial liabilities is attributable to the sharp increase in interest rates on variable loans (see Section 4.12). They also include interest expenses for lease obligations in the amount of EUR 177 thousand (2022: EUR 364 thousand).

Other interest and similar expenses mainly consist of changes in provisions of EUR 558 thousand (2022: EUR 192 thousand).

3.6 RESULT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The result of companies accounted for using the equity method is as follows:

	2023
	EUR
	thousands
Loss allocations	2,680
off-balance-sheet depreciation from identified hidden reserves	912
Total	3,592

3.7 PERSONNEL EXPENSES

Personnel expenses are made up as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Wages and salaries	34,238	38,425
Social security costs	5,906	7,033
Pensions	684	735
Total	40,828	46,193

3.8 RESEARCH AND DEVELOPMENT EXPENSES

In the financial year, further development costs of EUR 61 thousand (2022: EUR 28 thousand) were capitalised as internally generated intangible assets. The expenditure for research and development recognised as an expense amounted to EUR 3.1 million (2022: EUR 3.1 million), of which EUR 2.7 million is attributable to personnel costs.

3.9 TAXES ON INCOME AND EARNINGS

Domestic corporate income tax (plus solidarity surcharge), trade taxes and similar income-related taxes levied abroad are reported in this item.

This item also includes deferred taxes resulting from temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS consolidated balance sheet or from the carryforward of unused tax losses to the extent that it is probable that taxable profit will be available in the future.

Deferred taxes are calculated based on the tax rates applicable in each country.

Taxes on income and earnings are made up of expense (+) / income (-):

	2023	2022
	EUR	EUR
	thousands	thousands
Current taxes related to the reporting period	598	1,586
Taxes on income from other periods	0	308
Deferred taxes	145	2,610
of which deferred taxes from temporary differences EUR 94 thousand (2022: EUR 220 thousand)		
of which change due to a reversal of tax losses already taken into account EUR 51 thousand (2022: EUR 2.390 thousand).		
Total taxes on income	743	4,504

Deferred taxes on transactions recognised in other comprehensive income in equity result from defined benefit pension plans and increased equity in the financial year by EUR 563 thousand (2022: reduced equity by EUR 1,803 thousand).

Reconciliation of expected and actual tax expense

The results of Schweizer Electronic AG in Germany are subject to corporate income tax (plus solidarity surcharge) and trade tax. Results assessed abroad are taxed at the tax rates applicable in the respective country. The tax rate of 29.13 percent (2022: 29.13 percent) on which the expected tax expense is based takes the company structure relevant for taxation into account.

Based on the consolidated annual result before income taxes and the expected income tax, the reconciliation to the actual income tax expense is as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Earnings before tax on profit	33,630	-29,015
Expected income tax expense (-) / income (+)	-9,796	8,451
Divergent tax rates	-220	-1,221
Tax-free income	12,586	318
Non-tax-deductible expenses	-354	-800
Taxes from other periods	0	-308
Effect from the adjustment of tax loss carryforwards of the previous year	-122	0
Effects from the use of loss carryforwards for which no deferred tax assets were previously recognised	0	0
Effects of non-recognition of deferred tax assets on loss carryforwards and consolidation measures	-2,498	-10,850
of which Schweizer Electronic AG	-	-
of which Schweizer Electronic (Jiangsu) Co., Ltd.	-2,375	-6,669
of which Schweizer Electronic Singapore Pte. Ltd.	-	-320
of which Schweizer Electronic Americas Inc.	-85	-61
of which Schweizer Trading (Suzhou) Co., Ltd.	-12	0
of which consolidation measures		-3,800
of which Schweizer Pte. Ltd.	-26	0
Other	-340	-94
Actual tax expense	-743	-4,504
Effective income tax rate in %	2.21%	-16.0%

Tax receivables

These items only include tax on profits; any other taxes are included in other payables or other receivables.

	2023 EUR thousands	2022 EUR thousands
Corporate income tax refund	2	3
Trade tax refund	0	0
Total receivables relating to taxes on income	2	3
Non-current	0	0
Current	2	3

Liabilities and provisions relating to tax

The items only include income taxes; any other taxes are included in other liabilities or other receivables.

	2023 EUR thousands	2022 EUR thousands
Corporate income tax 2022	713	886
Corporate income tax 2023	299	0
Trade tax 2022	650	650
Other tax provision	127	318
Total tax provisions and liabilities	1,789	1,854
Non-current	0	0
Current	1,789	1,854

Deferred taxes

Deferred taxes result from the following balance sheet items:

	Deferred tax assets 31/12/2023 EUR thousands	Deferred tax liabilities 31/12/2023 EUR thousands	Deferred tax assets 31/12/2022 EUR thousands	Deferred tax liabilities 31/12/2022 EUR thousands
Property, plant and equipment	35	4,960	75	5,134
Intangible assets	0	1,194	0	78
Rights of use	0	0	0	1,450
Inventories	1,692	9	1,223	0
Receivables and other assets	5	0	0	0
Contract assets	0	2,236	0	1,623
Provisions for pensions and similar obligations	3,839	0	3,319	0
Other provisions	189	33	253	46
Liabilities	838	5	1,153	0
Tax loss carryforwards	699	0	750	0
	7,297	8,437	6,773	8,331
Netting	-7,297	-7,297	-6,773	-6,773
Recognition of deferred taxes	0	1,140	0	1,558

Deferred tax assets and deferred tax liabilities are offset when the Group has a legally enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes for the same taxable entity levied by the same taxation authority. In the consolidated balance sheet, deferred tax asset items amounting to EUR 880 thousand and deferred tax liabilities amounting to EUR 2,019 thousand were reported as gross amounts. A liability surplus of EUR 1,140 thousand was recognised. The Group has loss carryforwards of EUR 2,416 thousand that can be used in Germany (corporate income tax 2022: EUR 2,399 thousand after the 2016–2020

tax audit that has now been concluded) and EUR 2,378 thousand (trade tax 2022: EUR 2,781 thousand after the 2016–2020 tax audit that has now been concluded) as well as loss carryforwards usable abroad in the amount of EUR 919 thousand (2022: EUR 65,640 thousand including loss carryforwards of the former subsidiary Schweizer Electronic (Jiangsu) Co., Ltd. (China)).

The loss carryforwards attributable to German Schweizer Electronic AG can be carried forward for an unlimited period of time. The deferred tax assets are offset by sufficient deferred tax liabilities, so that it can be assumed that they are recoverable.

Loss carryforwards usable abroad

- in the amount of EUR 724 thousand are attributable to Schweizer Electronic Americas Inc. (these can be carried forward indefinitely),
- in the amount of EUR 42 thousand are attributable to Schweizer Trading (Suzhou) Co. Ltd., China (these can be carried forward for a limited period of five years),
- and in the amount of EUR 153 thousand are attributable to Schweizer Pte. Ltd, Singapore (these can be carried forward indefinitely).

Deferred tax assets were not recognised as it is not probable that they can be utilised.

SCHWEIZER has decided that the previously undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

3.10 EARNINGS PER SHARE

When calculating the undiluted earnings per share, the earnings attributable to holders of ordinary shares of the parent company are divided by the weighted average number of ordinary shares in circulation during the year.

The following table shows the amounts on which the calculation of undiluted (= diluted) earnings per share is based:

	2023	2022
	EUR	EUR
	thousands	thousands
Earnings attributable to holders of ordinary shares of the parent company	32,887	-29,589
	2023	2022
Weighted average number of ordinary shares	3,770,713	3,770,713

Earnings per share, based on the profit attributable to the holders of ordinary shares of the parent company, amounted to EUR 8.72 for the financial year (2022: EUR -7.85).

4. NOTES TO THE CONSOLIDATED BALANCE SHEET

4.1 CHANGES IN THE SCOPE OF CONSOLIDATION

4.1.1 Establishment of subsidiaries

With effect from 16 May 2023, the trading company Schweizer Trading (Suzhou) Co. Ltd., China was officially founded. The subsidiary is a wholly-owned subsidiary of Schweizer Pte. Ltd., Singapore.

4.1.2 Sale of shares in subsidiaries

The sale of the majority holding in Schweizer Electronic (Jiangsu) Co., Ltd., China ("SEC") to WUS Printed Circuit (Kunshan) Co., Ltd., China ("WUS") was completed in accordance with the share transfer agreement Article 1, on 25 April 2023, upon receipt of the full agreed purchase price (closing date).

At the same time, a capital increase was made by WUS at SEC to refinance the company and advance the capacities for the production of chip embedding technology. As a result, Schweizer Electronic AG ("SEAG") will now only hold 20 percent and WUS 80 percent of the joint venture SEC from the end of April. The company is recognised as an at-equity investment in the consolidated financial statements of SEAG, as SEAG cannot exercise any control from this point in time, but can only exercise significant influence.

The disposal proceeds, the addition of the fair value for the remaining shares of 20 percent, the disposal of the carrying amounts and other influences are presented in the following table: Derecognition of carrying amount and disposal gains from the sale of a majority stake in Schweizer Electronic (Jiangsu) Co., Ltd. (China) as of 30 April 2024.

	In EUR thousands
Intangible assets	-783
Property, plant and equipment	-56,563
Rights of use in accordance with IFRS 16	-4,103
Inventories	-2,574
Trade receivables	-2,814
Other assets	-2,413
Liabilities to credit institutions	60,111
Trade payables	26,488
Other obligations	9,086
Other financial liabilities	3,927
Disposal of net assets	30,362
Sales revenue	4,363
Capital gains	34,725
Fair value for shareholding of 20 percent	13,657
Minority interests	-3,466
Deconsolidation gain with currency translation gain	44,916
Reclassification of foreign exchange gains with no effect on income to other comprehensive income	-251
Deconsolidation gain	44,665

The deconsolidation gain was recognised in other operating income (see Section 3.2 Other operating income).

The purchase price claims for the agreed purchase price of EUR 4.4 million were received on 25 April 2023.

4.2 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The development of property, plant and equipment as well as intangible assets in the financial years 2023 and 2022 is shown in the development of the Group's property, plant and equipment and intangible assets:

Additions and disposals of property, plant and equipment

Additions to property, plant and equipment amounted to EUR 1.1 million in 2023, of which additions related to technical plant and machinery in the amount of EUR 0.4 million and in the case of advance payments and assets under construction in the amount of EUR 0.4 million.

Intangible assets

In the reporting year, further development costs of EUR 61 thousand were capitalised as internally generated intangible assets.

Depreciation

Scheduled depreciation of property, plant and equipment is predominantly disclosed in the consolidated income statement under cost of sales.

Development of consolidated fixed assets and intangible assets in 2023

	Procurement and manufacturing costs						Accumulated depreciation						Carrying amounts			
	01/01/2023	Acquisitions	Disposals	Change in consolidated group	Transfer postings	Currency translation	31/12/2023	01/01/2023	Acquisitions	Disposals	Change in consolidated group	Transfer postings	Currency translation	31/12/2023	31/12/2023	31/12/2022
In EUR thousands																
Property, plant and equipment																
Land and buildings	64,313	0	765	-24,989	0	0	38,559	20,480	1,175	103	-2,459	0	0	19,094	19,466	20,629
Technical equipment and machines	120,705	413	2,599	-37,242	8,371	0	89,648	82,450	2,874	214	-5,919	-151	0	79,040	10,608	13,422
Other plant, factory and office equipment	58,853	117	457	-2,627	0	-1	55,885	53,511	1,049	193	-732	0	-1	53,634	2,251	3,184
Advance payments and plants under construction	9,297	324	0	-815	-8,172	0	633	0	0	0	0	0	0	0	633	747
Total property, plant and equipment	253,167	855	3,820	-65,673	199	-1	184,726	156,441	5,099	510	-9,111	-151	-1	151,767	32,958	37,983
Rights of use																
Right-of-use assets in accordance with IFRS 16	14,926	177	392	-5,581	0	-4	9,126	5,941	1,236	25	-1,478	151	-3	5,822	3,305	4,762
Intangible assets																
Industrial property rights and licences to such rights and assets	7,483	15	781	-847	52	0	5,922	5,807	178	192	-64	0	0	5,728	194	361
Internally generated intangible assets	269	61	0	0	0	0	329	0	0	0	0	0	0	0	329	269
Total intangible assets	7,752	75	781	-847	52	0	6,251	5,807	178	192	-64	0	0	5,728	523	629
Total	275,845	1,107	4,993	-72,102	251	-4	200,103	168,189	6,512	727	-10,653	0	-4	163,317	36,786	43,374

Development of consolidated fixed assets and intangible assets in 2022

	Procurement and manufacturing costs							Accumulated depreciation					Carrying amounts				
	01/01/2022*	Gross additions	Grants from public authorities	Acquisitions	Disposals	Transfer postings	Currency translation	31/12/2022	01/01/2022*	Acquisitions	Disposals	Transfer postings	Currency translation	31/12/2022	Reclassification to assets held for sale	31/12/2022	31.12.2021 ¹⁾
In EUR thousands																	
Property, plant and equipment																	
Land and buildings	63,286	1,700	-277	1,423	0	215	-611	64,313	18,583	1,983	0	0	-85	20,480	-23,204	20,629	44,703
Technical equipment and machines	121,183	1,844	-683	1,160	2,765	1,857	-731	120,705	79,336	5,966	2,473	-151	-227	82,450	-24,832	13,422	41,847
Other plant, factory and office equipment	58,834	227	-19	207	192	70	-67	58,853	52,036	1,684	183	0	-26	53,511	-2,158	3,184	6,798
Advance payments and plants under construction	5,182	7,512	-783	6,729	0	-2,341	-273	9,297	0	0	0	0	0	0	-8,549	747	5,182
Total property, plant and equipment	248,484	11,282	-1,763	9,519	2,957	-199	-1,682	253,167	149,954	9,633	2,656	-151	-339	156,441	-58,743	37,983	98,530
Rights of use																	
Right-of-use assets in accordance with IFRS 16	15,022	402	0	402	376	0	-123	14,926	3,858	2,237	255	151	-50	5,941	-4,222	4,762	11,165
Intangible assets																	
Industrial property rights and licences to such rights and assets	6,941	13	-179	-167	45	804	-50	7,483	5,483	335	0	0	-10	5,807	-1,316	361	1,458
Internally generated intangible assets	240	28	0	28	0	0	0	269	0	0	0	0	0	0	0	269	240
Total intangible assets	7,181	41	-179	-138	45	804	-50	7,752	5,483	335	0	0	-10	5,807	-1,316	629	1,699
Total	270,688	11,726	-1,942	9,784	3,377	605	-1,855	275,845	159,295	12,205	2,911	0	-399	168,189	-64,281	43,374	111,394

¹⁾ Correction in accordance with IAS 8, see note 6.4

4.3 LEASES

The SCHWEIZER Group is a lessee of real estate, technical equipment, motor vehicles and other assets. Leases for motor vehicles generally have a term of three years. For technical equipment, the contract term is generally between eight and ten years. Real estate contracts generally have a term of between two and four years.

At present, the Group has no significant contractually agreed extension or termination options that have not already been exercised in 2023.

In 2023, additions in an amount of EUR 177 thousand were recognised under right-of-use assets (2022: EUR 402 thousand). The following table shows the carrying amounts of the rights of use recognised in the balance sheet and the changes during the reporting period:

In EUR thousands	Technical equipment	Real estate	Motor vehicles	Other assets	Total
As at 31 December 2021	9,489	719	610	347	11,165
Acquisitions	-	73	310	20	402
Divestments	-	-26	-347	-3	-376
Depreciation expense	-1,748	-57	-119	-159	-2,083
Currency translation	-108	-10	-8	2	-124
As at 31 December 2022	7,633	699	446	207	8,985¹⁾
Acquisitions	-	-	172	5	177
Disposal from deconsolidation	-3,291	-678	-15	-	-3,983
Divestments	-	-	-42	-	-42
Depreciation expense	-978	-15	-217	-149	-1,359
Currency translation	-	-3	-2	3	-2
As at 31 December 2023	3,364	3	345	63	3,775

¹⁾The carrying amounts are shown before reclassification of assets held for sale, to which EUR 4,222 thousand is attributable to Schweizer Electronic (Jiangsu) Co., Ltd ("SEC").

The carrying amount of the lease liabilities is EUR 3,810 thousand (2022: EUR 9,262 thousand). The maturity analysis of the lease liabilities is presented in Section 4.17.

The following amounts were recognised in the income statement in the reporting period:

	2023	2022
	EUR	EUR
	thousands	thousands
Depreciation expense for rights of use	1,406	2,237
Interest expenses for lease liabilities	125	364
Expenses for leases of low value assets	52	44
Total amount recognised in profit or loss	1,583	2,645

The Group's cash outflows for leases amounted to EUR 1,429 thousand in 2023 (2022: EUR 1,541 thousand). Future cash outflows for leases that have not yet commenced are currently not expected.

4.4 FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

In the course of the sale of the majority stake in the former subsidiary Schweizer Electronic (Jiangsu) Co., Ltd., China (SEC) to WUS Printed Circuit (Kunshan) Co., Ltd., China as at 30 April 2023, the company will continue to be included in the consolidated financial statements of SEAG as shares in associates, as SEAG cannot exercise control, but can only exercise significant influence. The Group holds 20 percent of the equity.

The following table contains financial information on the at-equity participation Schweizer Electronic (Jiangsu) Co., Ltd., China (SEC).

	2023
	EUR
	thousands
Balance sheet	
Non-current assets	113,835
Current assets	13,536
Assets	127,371
Non-current liabilities	-46,942
Current liabilities	-87,860
Capital	-134,803
Income statement	
Sales revenue	15,956
Tax on profits	0
Overall result (100%)	-13,398

The following table describes the development of the valuation-based investment value from the time of acquisition at the deconsolidation date to the reporting date.

	2023
	EUR
	thousands
Carrying amount of shares in associates at the deconsolidation date	13,657
Proportional loss of the associate (20%) for May to December 2023	-2,679
Other comprehensive income (20%)	0
Overall result (20%)	-2,679
Elimination of unrealised gains/losses from "downstream sales"	0
Off-balance-sheet depreciation from identified hidden reserves	-913
Carrying amount of shares in associates as at 31 December 2023	10,065

4.5 OTHER ASSETS

Other financial assets are comprised as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Vendors with debit balances	16	33
Financial receivable	1,125	1,122
Miscellaneous other financial assets	10	173
Total other financial assets	1,151	1,328
Non-current	5	5
Current	1,146	1,323

Other assets are comprised as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Turnover tax claim from investments	25	92
Receivables from outstanding grants from public authorities	0	3,352
Prepayments and accrued income	1,360	1,265
Receivables from tax refunds	636	444
Miscellaneous other assets	5	2,193
Total other assets	2,026	7,346
Non-current	550	642
Current	1,476	6,704
of which reclassified to assets held for sale (current)	0	4,412

The tax refund amounts are based on the refund claims from energy tax of EUR 217 thousand (2022: EUR 116 thousand) and from electricity tax of EUR 416 thousand (2022: EUR 197 thousand).

4.6 INVENTORIES

	2023	2022
	EUR	EUR
	thousands	thousands
Raw materials and supplies	5,684	6,941
Unfinished products	3,466	4,204
Finished products	1,825	3,827
Total inventories	10,975	14,972
of which reclassified to assets held for sale	0	2,714

Write-downs on inventories, which were recognised as expenses in the reporting period, amount to EUR 1,413 thousand (2022: EUR 1,423 thousand) and are reported under cost of sales.

There are no major restrictions on ownership or disposal in respect of the inventories reported in the balance sheet.

4.7 TRADE RECEIVABLES

	2023	2022
	EUR	EUR
	thousands	thousands
Trade receivables	25,766	17,316
of which reclassified to assets held for sale	0	5,686

The increase in trade receivables is due to the circumstance that the previous receivables from affiliated companies to SEC became receivables from associates as part of the deconsolidation, which means that these must be included in the consolidated balance sheet. Trade receivables are not interest-bearing and are usually payable in 30 to 90 days. To optimise working capital, the Group makes use of the factoring line granted to it. Assignments of receivables amounting to EUR 52.2 million were realised in the financial year. As of the balance sheet date, receivables in the amount of EUR 7,588 thousand had been assigned.

In EUR	Gross carrying	Risk provision	Average expected	Gross carrying
thousands	amount as at	as at	probability of	amount as at
	31/12/2023	31/12/2023	default in %	31 December
				2022
Not due	16,660	12	0.0720	14,589
Past due by 1-30 days	2,900	7	0.2414	1,513
Past due by 31-60 days	22	0	0	883
Past due by 90 days	6,208	38	0.6121	474
Total	25,790	57		17,459

As at 31 December 2023, allocations to risk provisioning amounted to EUR 57 thousand (2022: EUR 142 thousand). The estimates and measurement of the recoverability of receivables are based on the respective credit risk determined from credit checks, not on the overdue items as at the balance sheet date.

4.8 CONTRACT ASSETS

	2023	2022
	EUR	EUR
	thousands	thousands
Contract assets	10,773	7,055

An impairment loss of EUR 3 thousand was recognised for contract assets (2022: EUR 5 thousand).

4.9 CASH AND CASH EQUIVALENTS

	2023	2022
	EUR	EUR
	thousands	thousands
Bank balances and cash on hand	7,685	3,705
As at 31 December	7,685	3,705
of which reclassified to assets held for sale	0	1,751

Bank balances earn interest at variable rates for on-call deposits.

As of 31 December 2023, the Group had firmly committed credit lines of EUR 5,690 thousand (2022: EUR 5,690 thousand). The credit lines relate to Schweizer Electronic AG. It has transferred a credit line of EUR 1 million to Schweizer Electronic Singapore Pte. Ltd. Schweizer Electronic AG has given a guarantee for this. The means of payment shown are not subject to any restrictions on disposal. The terms and conditions of the credit lines are listed below:

Credit lines	Term in	Amount
	financial year	in EUR
		thousands
Schweizer Electronic AG		
Sparkasse Rottweil credit line	6.205%	3,400
Volksbank Schwarzwald-Donau-Neckar credit line	8.662%	290
Commerzbank AG – EUR credit line	6.449%	1,000
Schweizer Electronic Singapore Pte. Ltd.		
Commerzbank AG – USD credit line	2.25%	1,000

4.10 EQUITY

Schweizer Electronic AG

The share capital amounted to an unchanged EUR 9,664,054 as per 31 December 2023 and is divided into 3,780,000 nominal shares (no-par-value shares).

As at the balance sheet date, Schweizer Electronic AG held a total of 9,287 treasury no-par-value shares. This represents an amount of EUR 24 thousand or 0.25 percent of the share capital. The subscribed capital is shown net of the par value of the treasury shares. Each no-par share grants one vote at the Annual General Meeting of Schweizer Electronic AG and the same share in the profits in accordance with the dividend distribution resolved by the Annual General Meeting.

Share performance

	Treasury	Treasury	Outstanding shares
	shares in EUR	shares in	in units
		units	
As at 1 January 2022	23,743	9,287	3,770,713
Share issues	0	0	0
As at 31 December 2022	23,743	9,287	3,770,713
Share issues	0	0	0
As at 31 December 2023	23,743	9,287	3,770,713

Authorised capital

By resolution of the Annual General Meeting of 25 June 2021 and its entry in the commercial register, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital until 24 June 2026 by up to EUR 4,832,026.93 in total, by issuing new, registered ordinary or preference shares (no-par-value shares) in return for contributions in cash and/or in kind (authorised capital). This authorisation may be exercised in full or in parts, and on one or several occasions. A subscription right is to be granted to the shareholders in this process,

which can be excluded, subject to the consent of the Supervisory Board and certain conditions being fulfilled.

Conditional capital

Furthermore, the Executive Board is authorised by the resolution passed by the Annual General Meeting of 25 June 2021 and its entry in the commercial register, subject to the consent of the Supervisory Board and until 24 June 2026, to issue bearer or registered bonds (convertible bonds, warrant bonds, participation rights, participation bonds or combinations of these instruments) with or without a restriction on maturity up to EUR 35 million and to grant the bearers and/or creditors of convertible or warrant bonds conversion or option rights to new, registered no-par-value shares of the company with a pro-rata amount of the share capital of up to EUR 4,832,026.93 overall. The bonds may be issued in full or in parts, and on one or several occasions. A subscription right is to be granted to the shareholders in this process, which can be excluded, subject to the consent of the Supervisory Board and certain conditions being fulfilled.

Capital reserves

The capital reserve concerns premiums in relation to capital increases, share purchases and sales made at Schweizer Electronic AG and transferred own shares. Under the German Stock Corporation Act (Aktiengesetz), the capital reserve is not available for dividend payments by Schweizer Electronic AG.

Profit reserves

The profit reserves essentially include changeover effects from the first-time preparation of IFRS consolidated financial statements, as well as undistributed profits and losses generated in previous years by Schweizer Electronic AG and the included subsidiaries.

Other comprehensive income

In addition to differences from currency translation and changes in the fair value of assets measured at fair value with no effect on income, effects from the revaluation of pension obligations less offsetting deferred taxes are also reported here. The effect of the currency translation of foreign operations is recognised in other comprehensive income, which is to be reclassified to the income statement in the subsequent periods.

	2023	2022
	EUR	EUR
	thousands	thousands
Currency translation of foreign operations		
Consolidation-related currency effects	-1,370	1,791
Total	-1,370	1,791

Dividends

No cash dividend was distributed to the shareholders of Schweizer Electronic AG in the 2023 financial year in respect of the 2022 financial year. Schweizer Electronic AG will not pay any dividends also for the 2023 financial year.

4.11 INFORMATION ON CAPITAL MANAGEMENT

For purposes of capital management, equity includes subscribed capital as well as all other capital reserves attributable to the shareholders of the parent company. The primary objective of the Group's capital management is to optimise EBITDA or capital increases from the issue of new shares to increase the equity ratio.

Firstly, the Group monitors its capital based on a debt ratio which corresponds to the ratio of debt to equity. SCHWEIZER focuses on the development of the net gearing ratio in this connection. The net gearing ratio is calculated as interest-bearing liabilities less liquidity holdings in relation to equity.

	2023	2022
Net gearing ratio as a performance indicator	EUR thousands	EUR thousands
Financial liabilities	24,250	91,391
Less cash and cash equivalents	-7,685	-3,705
Net financial liabilities	16,565	87,686¹⁾
Equity	25,794	-8,791
Net gearing ratio	64.2%	n/a
Equity ratio	24.3%	-5.5%

Group equity amounted to EUR 25.8 million as of the balance sheet date (2022: EUR -8.8 million). SCHWEIZER's equity ratio increased in the 2023 financial year by 29.8 percentage points to 24.3 percent (2022: -5.5 percent) due to the positive consolidated result and the positive effects of the deconsolidation of Schweizer Electronic (Jiangsu) Co., Ltd., China.

¹⁾ In 2022, all carrying amounts were presented before reclassification of liabilities related to assets held for sale.

4.12 FINANCIAL LIABILITIES

Financial liabilities are broken down into the following types of bank loans and developed as follows in financial year 2023:

Financial liabilities	Term in the financial year	2023 EUR thousands	2022 EUR thousands
Fixed-interest bank loans		0	2,444
Schweizer Electronic AG			
Current account line utilised	6.205%	0	1,069
Bank loan for a nominal amount of EUR 3 million	1.15%	0	375
Bank loan for a nominal amount of EUR 3 million	2.45%	0	1,000
Variable-interest bank loans		24,250	88,947
Schweizer Electronic AG			
Bank loan for a nominal amount of EUR 25 million	4.955% ¹⁾	16,000	17,800
Bank loan for a nominal amount of EUR 9 million	4.955% ¹⁾	8,250	9,000
Schweizer Electronic (Jiangsu) Co., Ltd.			
Bank loan for a nominal amount of CNY 520 million (EUR 70.7 million)		0	48,689
Bank loan for a nominal amount of USD 14.2 million (EUR 13.4 million)		0	13,458
of which reclassified to liabilities in connection with assets held for sale		0	62,167

¹⁾ A variable interest rate of zero or positive 3-month Euribor plus a margin surcharge of 1 percent to 2.25 percent depending on the net gearing is agreed for these loans.

The bank loans involve non-current and current financial liabilities. The term of the loans ends between 2025 and 2028, any residual debt at the end of the term is final. All fixed-interest loans of Schweizer Electronic AG were repaid in full in the financial year.

The loans of Schweizer Electronic AG are secured by mortgages up to an amount of EUR 20.8 million. In addition, EUR 3.4 million (2022: EUR 6.4 million) is provided as collateral via an assignment of goods for inventory with a carrying amount of EUR 15.1 million (2022: EUR 17.5 million) at the Schramberg site.

The loan portfolio is reviewed on a weekly basis together with the regular short and medium-term financial planning for the SCHWEIZER Group. The loan exposure is adjusted where necessary.

4.13 OTHER FINANCIAL LIABILITIES

	2023	2022
	EUR	EUR
	thousands	thousands
Lease liabilities	3,811	9,262
Derivatives with negative market value	28	39
Miscellaneous other financial liabilities	83	68
Total other financial liabilities	3,923	9,369
Non-current	2,575	7,138
Current	1,348	2,231
of which reclassified to liabilities in connection with assets held for sale (non-current)	0	3,547
of which reclassified to liabilities in connection with assets held for sale (current)	0	654

4.14 PROVISION FOR DEFINED BENEFIT PENSION PLANS

Pension obligations are commitments funded with provisions and are subject to the defined rules of the pension fund and legal requirements. These are benefit commitments that depend on the number of years worked, and provide not only pension but also invalidity and survivors' benefits.

All defined benefit pension plans of the Group are exposed to typical actuarial risks, particularly interest rate risks. The past service costs and net interest on the net liabilities of defined benefit plans are reported in the profit and loss account as personnel expenses in the respective functional areas.

The carrying amount of the defined benefit obligations is determined according to the projected unit credit method using actuarial techniques. For the German companies, the following actuarial assumptions and the "2018 G guideline tables" of Prof Heubeck have been applied:

		2023	2022
Financial assumptions			
Discount rate as at 31 December	%	3.10	3.69
Future pay increases	%	-	-
Future pension increases, executive employees p.a.	%	2.50	2.50
Future pension increases, Executive Board members p.a.	%	2.00	1.00
Future pension increases, other p.a.	%	1.50	1.00
Demographic assumptions			
Age to be expected		GT 2018 G	GT 2018 G
Assumed retirement age, individual commitments	Years	60	60
Assumed retirement age, others	Years	Statutory	Statutory
Fluctuation p.a.	%	6.51	5.00

A salary trend based on future salary increases was not taken into account because all employment relationships have ended or they represent commitments not based on salary. The net obligations are reported in the balance sheet in the amount of EUR 17.5 million (2022: EUR 15.8 million) and are derived as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Changes in present value of defined benefit obligations		
Liability from defined benefit obligation as at 1 January	15,777	22,457
Expenses recognised in profit and loss		
Interest expense	566	220
Current service cost	101	185
Retirement benefits paid	-915	-897
Settlements	-11	0
Amounts recognised in other comprehensive income		
Actuarial gains and losses		
Changes in demographic assumptions	-1	-4
Changes in financial assumptions	2,025	-6,349
Experience adjustments to gains (-)/losses (+)	-68	165
Liability from defined benefit obligation as at 31 December	17,474	15,777
	2023	2022
	EUR	EUR
	thousands	thousands
Benefit commitment amounts recognised in the balance sheet		
Present value of defined benefit obligations	17,474	15,777
Provisions for pensions and similar obligations	17,474	15,777
These obligations are broken down as follows:		
Active members	4,814	4,313
Retired members with vested entitlement	1,369	1,256
Retirees	11,291	10,208

The following amounts were recognised in the statement of comprehensive income:

	2023	2022
	EUR	EUR
	thousands	thousands
Effects on the statement of comprehensive income		
Current service cost	101	185
Interest expense for defined benefit obligation	566	220
Amounts recognised in the income statement	667	405
Actuarial gains (-) and losses (+)		
from changes in demographic assumptions	-1	-4
from changes in financial assumptions	2,025	-6,349
due to experience-based adjustments	-68	165
Amounts recognised in other comprehensive income	1,956	-6,188
Total (amounts recognised in the statement of comprehensive income)	2,623	-5,783

The following sensitivity analysis shows how the present value of the obligation would change in the event of a change in the actuarial assumptions. No correlations between the individual assumptions are considered here, i.e. when varying one assumption, the other assumptions remain constant. The projected unit credit method used to determine the carrying values was also used in the sensitivity analysis.

		2023	2022
		EUR	EUR
		thousands	thousands
Sensitivity			
Discount rate	+0.5%	-985	-845
Discount rate	-0.5%	1,089	930
Pension increase	+0.5%	935	799
Pension increase	-0.5%	-861	-738
Change in life expectancy	+ 1 year	730	579

In subsequent years, the following maturities of non-discounted payments for pensions are expected:

	2023	2022
	EUR	EUR
	thousands	thousands
Within the next 12 months (next financial year)	993	970
between two and five years	4,116	3,976
between six and ten years	5,095	4,943

The weighted average maturity of the defined benefit pension plans at the end of the financial year is 12.2 years (2022: 11.6 years).

In the case of defined contribution plans for members of the Executive Board, no further obligations exist beyond remittance of the contributions to the congruently funded provident fund. The contribution payments are recognised as a personnel expense and amount to EUR 592 thousand (2022: EUR 559 thousand) for the financial year.

Contributions to statutory pension insurance in the 2023 financial year came to EUR 2,307 thousand (2022: EUR 2,384 thousand).

4.15 TRADE AND OTHER PAYABLES

Trade payables amounted to EUR 19,179 thousand (2022: EUR 37,455 thousand).

Other liabilities are comprised as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Liabilities from salary and wage accounting	1,542	2,088
Liabilities from other taxes	1,320	1,128
Upfront liability	570	588
Miscellaneous other liabilities	2,168	2,343
Total other liabilities	5,600	6,147
Non-current	2,913	2,672
Current	2,687	3,475
of which reclassified to liabilities in connection with assets held for sale (current)	0	826

The upfront liability is based on a deferred payment receipt for anticipated price discounts from a supplier (upfront payment) of EUR 570 thousand (2022: EUR 588 thousand). The reversal takes place in the same way as the sales generated. Miscellaneous other liabilities include a compensation payment to a former member of the Executive Board in the amount of EUR 2,216 thousand.

4.16 OTHER PROVISIONS

Other provisions are broken down into the following types of provisions and developed as follows in financial year 2023:

In EUR thousands	As at 1 January	Acquisitions	Utilised	Reversals	Interest effect	Reclassification	As at 31 December
Obligations vis-à-vis employees	1,632	2,349	1,882	39	18	83	2,161
Guarantees	493	695	493	0	0	0	695
Insurance premiums	13		13	0	0	0	0
Additional provisions	2,462	2,418	1,271	380	7	0	3,236
Total	4,600	5,459	3,568	468	25	83	6,092
Of which current	3,371						5,022
Of which non-current	1,229						1,070

The obligations vis-à-vis employees include costs for time credit entitlements, profit participations, outstanding leave, anniversary and partial retirement obligations and other personnel expenses.

The total obligation from partial retirement agreements amounted to EUR 829 thousand as of the balance sheet date (2022: EUR 603 thousand). Reinsurance assets secured against insolvency were netted at EUR 483 thousand (2022: EUR 310 thousand).

Other provisions mainly include provisions for product risks in the amount of EUR 695 thousand (2022: EUR 493 thousand), annual financial statement costs in the amount of EUR 382 thousand (2022: EUR 421 thousand) and outstanding cost invoices in the

amount of EUR 591 thousand (2022: EUR 196 thousand).

For the majority of the other provisions, with the exception of provisions for compensation payments, retirement and anniversaries, an outflow of economic benefits is expected within the next 12 months.

4.17 ADDITIONAL INFORMATION CONCERNING FINANCIAL INSTRUMENTS

2023

In EUR thousands	Fair value	1st level	2nd level	3rd level	at amortised cost	not within the scope of IFRS 7	Carrying amount
Assets							
Participating interests	10,077		10,077				10,077
Trade receivables	25,766				25,766		25,766
Other non-derivative financial assets	1,151				1,151		1,151
Cash and cash equivalents	7,685				7,685		7,685
Liabilities							
Financial liabilities	24,250				24,250		24,250
Trade payables	19,179				19,179		19,179
Other derivative financial liabilities	28	28					28

2022

In EUR thousands	Fair value	1st level	2nd level	3rd level	at amortised cost	not within the scope of IFRS 7	Carrying amount
Assets							
Participating interests	12						12
Trade receivables	17,316				17,316		17,316
Other non-derivative financial assets	1,328				1,328		1,328
Cash and cash equivalents	3,705				3,705		3,705
Liabilities							
Financial liabilities	91,496				91,391		91,391
Trade payables	37,455		37,455		37,455		37,455
Other derivative financial liabilities	31		31				31

Lease liabilities are not included in the financial liabilities measured at amortised cost as they do not fall within the area of application of IFRS 9. With regard to equity investments, the carrying amount corresponds to the fair value due to the measurement category.

In the case of trade receivables, other non-derivative financial assets and cash and cash equivalents, the carrying amounts correspond to the fair value, due to the predominantly short maturities of these instruments.

In the case of trade payables, other current non-derivative financial liabilities and other current liabilities, it is assumed, on the basis of the short maturities, that the carrying amounts of these instruments correspond to the fair values.

As at 31 December 2023, the derivative financial instruments comprised commodity hedges. The commodity hedges involve commodity derivatives (palladium swaps), with a fixed price being paid for gold and palladium and the bank paying variable amounts. Derivatives were valued on the basis of Level 2 inputs, i.e. on the basis of values for identical assets in active markets. Hedging transactions for gas and electricity are concluded to hedge energy prices at the Schramberg site. These do not meet the requirements of IFRS 9, as only parts of the expected consumption are secured and these are also held for the purpose of own consumption.

Net losses and gains on financial instruments by measurement category in accordance with IFRS 9 for financial year 2023

In EUR thousands	Fair value	Value adjustment	from interest	from dividends	Net result
Financial assets measured at amortised cost	-	-50	-48	-	-98
Financial assets measured at fair value through profit or loss (FVTPL)	-	-3,592	-	-	-3,592
Financial assets (equity instruments) measured at fair value through other comprehensive income (FVOCI)	-	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-2,600	-	-2,600
Financial liabilities measured at fair value through profit or loss (FVTPL)	-	-130	-	-	-130
Total	-	-3,772	-2,648	-	-6,420

Net losses and gains on financial instruments by measurement category in accordance with IFRS 9 for financial year 2022

In EUR thousands	Fair value	Value adjustment	from interest	from dividends	Net result
Financial assets measured at amortised cost	-	-112	-45	-	-157
Financial assets measured at fair value through profit or loss (FVTPL)	-	-	-	-	-
Financial assets (equity instruments) measured at fair value through other comprehensive income (FVOCI)	-	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-4,527	-	-4,527
Financial liabilities measured at fair value through profit or loss (FVTPL)	-	-53	-	-	-53
Total	-	-165	-4,573	-	4,737

Risks in relation to financial instruments

SCHWEIZER is exposed to risks from changes in exchange rates and interest rates and uses standard derivative instruments to a limited extent to hedge risks arising from operating and financing activities in line with the risk assessment. The use of these instruments is governed by Group directives within the risk management system which lay down limits based on the value of the underlying transactions, define approval procedures, prohibit the use of derivative instruments for speculative purposes, minimise credit risks and regulate internal reporting and the segregation of duties. Reviews are carried out regularly to ensure compliance with these guidelines and the correct processing and measurement of transactions while observing the segregation of duties. The risk management of financial instruments is also integrated into the Group-wide risk management system. For further explanations on this topic, please refer to the "Opportunity and Risk Report" section of the Group management report.

The risks which are hedged are primarily as follows:

Interest rate risks:

No interest rate hedging transactions were to be recognised as of the balance sheet date. The presentation of the quantitative indication of risk in relation to the interest rate risk required by IFRS 7 is based on a sensitivity analysis. This method is used to determine the effects of hypothetical changes in market interest rates on interest income and expenses and on equity as of the reporting date. The sensitivity analysis is based on the following assumptions: The variable-interest financial instruments are subject to interest rate risk and must therefore be included in the sensitivity analysis. Had the interest rate of the variable-rate loan increased (decreased) by 1 percent during the financial year, earnings before tax on profit would have increased or decreased by EUR 258 thousand (2022: EUR 630 thousand respectively, of which EUR 441 thousand for the loan of the subsidiary in China).

Currency risks:

Primary financial instruments are held essentially in the functional currency.

Exchange rate differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

If the euro had risen (fallen) against the US dollar by 10 percent as at 31 December 2023, earnings before tax would have increased by EUR 120 thousand (2022: EUR 1,244 thousand) or respectively fallen by EUR 151 thousand (2022: EUR 1,521 thousand). An increase (decrease) in the euro compared to the Singapore dollar of 10 percent would have resulted in a decrease (increase) of EUR 12 thousand (2022: EUR 3 thousand) or EUR 1 thousand (2022: EUR 0 thousand) in earnings before tax on profit. An increase (decrease) in the euro against the Chinese renminbi of 10 percent would result in a profit of EUR 42 thousand (2022: EUR 6,345 thousand) or a loss of EUR 5 thousand (2022: EUR 705 thousand).

In order to reduce currency risks and to secure the calculation basis for customer orders, natural hedge transactions are carried out on a case-by-case basis or derivative financial instruments may be used depending on the assessment of developments on the currency market. Currency risks are monitored and managed centrally. There were no cross-year hedging contracts as of the balance sheet date.

Liquidity risks:

Risks arising from cash flow fluctuations are detected early within the framework of the established liquidity planning system. Due to the credit lines granted by banks, the Group has the possibility of accessing sufficient liquid funds. In order to cushion any liquidity risks that may arise, the Group makes use of the factoring line granted to it. In 2023, SCHWEIZER received special cash inflows from the share sale of Schweizer Electronic (Jiangsu) Co., Ltd. (China) from WUS Printed Circuit (Kunshan) Co., Ltd. (China) in the amount of around EUR 4.4 million (RMB 34.45 million). As a result of

the deconsolidation of SEC, the financial key figures of the SCHWEIZER Group have improved significantly. Developments or risk scenarios requiring liquidity can be countered by means of suitable risk management measures for raising capital, for example by issuing new shares, convertible bonds or corporate bonds.

Maturity analysis of liabilities

The financial liabilities have the following maturities:

	31 December	up to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total		31 December	up to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands		EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands
2023							2022						
Financial liabilities	24,250						Financial liabilities	91,392					
Repayment		700	1,850	21,700	0	24,250	Repayment		2,050	22,015	67,326	0	91,392
Interest		306	877	1,920	0	3,102	Interest		1,102	2,907	4,789	0	8,798
Balance		1,006	2,727	23,620	0	27,352	Balance		3,152	24,922	72,116	0	100,190
Trade payables	19,179	16,419	2,560	200	0	19,179	Trade payables	37,455	32,359	5,053	41	0	37,455
Other financial liabilities							Other financial liabilities						
thereof lease liabilities	3,976	341	983	2,652	0	3,976	thereof lease liabilities	9,369	652	1,579	5,589	1,549	9,369
Repayment		316	921	2,573	0	3,810	Repayment		547	1,579	5,589	1,549	9,262
Interest		25	62	79	0	166	Interest		36	95	180	2	314
Other de- rivative financial liabilities	28						Other de- rivative financial liabilities	31					
of which commodity swaps		28	0	0	0	28	of which commodity swaps		0	31	0	0	31
Total	47,589	17,794	6,426	26,472	0	50,694	Total	138,206	36,203	74,713	34,894	1,551	147,286

Counterparty risks:

Identifiable risks are taken into account through corresponding risk provisions. Otherwise, the carrying amount represents the maximum credit risk.

Counterparty default risks are taken into account using the expected credit loss model. This means that a risk deduction is made according to the probability of default and taken into account for the corresponding term of the assets. SCHWEIZER regularly reviews the expected credit losses model under IFRS 9 in order to identify potential effects on the model and make any necessary adjustments. A review based on the current information situation therefore did not reveal a need for adjustment as at 31 December 2023. SCHWEIZER carries out active receivables management. All open receivables are classified as due or overdue on the basis of the relevant payment terms (see Section 4.7). The accounts receivable are divided into dunning levels and dunned according to the overdue date.

4.18 GRANTS FROM PUBLIC AUTHORITIES

	2023 EUR thousands	2022 EUR thousands
Set-off of acquisition and manufacturing costs	0	-1,942
Income recognised in profit or loss	35	1,184

In the financial year, no asset-related government grants (2022: EUR 1,294 thousand) and non-asset-related grants in the amount of EUR 4 thousand were received. In the 2023 financial year, Schweizer Electronic AG received a research allowance of EUR 31 thousand, which relates to non-capitalisable expenses. These were recognised in other operating income through profit or loss.

5. NOTES TO THE CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES

Operating cash flow changed by a total of EUR +13.5 million to EUR 9.9 million (2022: EUR -3.6 million). The basis for this is the significantly higher profit before tax of EUR 33.6 million compared to the previous year (2022: EUR -29.0 million).

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities amounted to EUR 3.4 million in the reporting year (2022: EUR -10.0 million).

CASH FLOW FROM FINANCING ACTIVITIES

Compared to the previous year, cash flow from financing activities decreased by EUR -12.4 million to EUR -9.5 million, in particular due to loan repayments made (2022: EUR 2.9 million).

CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

In EUR thousands	As at 1 January 2022	Currency differences	Cash flow from financing activities	New leases	As at 31 December 2022 ¹⁾
Financial liabilities	94,375	-1,536	-1,448		91,391
Lease liabilities	10,492	-91	-1,541	402	9,262
Liabilities from financing activities	104,867	-1,627	-2,989	402	100,653
Non-current	89,713				74,464
Current	15,154				26,189

¹⁾ All carrying amounts are shown before reclassification of liabilities in connection with assets held for sale (see Section 4.8).

In EUR thousands	As at 1 January 2023	Correction IFRS 5	Currency differences	Cash flow from financing activities	New leases	As at 31 December 2023
Financial liabilities	91,391	-58,221	-891	-8,029		24,250
Lease liabilities	9,262	-3,927	-272	-1,429	177	3,923
Liabilities from financing activities	100,653	-62,148	-1,051	-9,458	177	28,173
Non-current	74,464					24,275
Current	26,189					3,898

6. OTHER DISCLOSURES

6.1 CONTINGENT LIABILITIES

As at 31 December 2023, there are liability amounts from cooperative shares of Schweizer Electronic AG in the amount of EUR 5 thousand (2022: EUR 5 thousand).

There are no contingent liabilities at the level of the subsidiaries.

The risk of claims arising from the contingent liabilities is deemed to be negligible.

6.2 SHARE-BASED REMUNERATION

The company has granted the members of the Executive Board share-based, long-term cash compensation as part of a long-term incentive plan (LTI) since financial year 2019.

The amount paid out under the LTI plan is based on the performance of the Schweizer Electronic AG share price, the achievement of the return on capital employed (ROCE) target and a corporate factor determined by the Supervisory Board. An allocation of virtual shares and a payment under the LTI plan are made only if an average target achievement rate of at least 80 percent with respect to ROCE is achieved over a four-year performance period.

In the event of a corresponding target achievement, the amount of the payment is determined by the average price of the Schweizer Electronic AG share at the end of the performance period. The amount to be paid out is calculated by multiplying this share price by the number of virtual shares granted to the Executive Board member under the LTI plan. The number of virtual shares is calculated as follows: Depending on the level of target achievement, a certain amount (40 percent of the gross annual fixed salary in the case of 100-percent target achievement; limited to a maximum of 80 percent of the gross annual fixed salary) is recalculated as virtual shares based

on an average starting price determined at the beginning of the performance period. This initial number of virtual shares is adjusted using the ROCE target achievement factor on average over the performance period and the company factor to produce a final number of virtual shares at the end of the performance period.

The entitlements earned under the LTI plan up to the end of the reporting period are measured at a payment of EUR 221 thousand (2022: EUR 0 thousand) as of the balance sheet date as the average ROCE target achievement level for the 2020 tranche (performance period from 2020 up to and including 2023) at the end of the performance period was 130 percent.

A possible payment under the LTI plan is made in the form of a cash payment at the end of the 4-year performance period. Further information on the remuneration of the members of the Executive Board can be found in Section 6.3.

6.3 INFORMATION ON RELATED PARTY TRANSACTIONS

Related companies

Related companies controlled by Schweizer Electronic AG are presented in Section 7.5. The business transactions between Schweizer Electronic AG and its subsidiaries were eliminated within the framework of consolidation. Related companies are also pension plans managed at SCHWEIZER as congruently funded pension funds for the Executive Board (see Section 4.12).

Related persons

The related persons of the SCHWEIZER Group comprise the members of the Executive Board and the Supervisory Board of Schweizer Electronic AG (see Section 7.4) and their close family members.

Remuneration for the members of the Executive Board and the Supervisory Board is comprised as follows:

	2023	2022
	EUR	EUR
	thousands	thousands
Current benefits (without share-based remuneration)	1,222	1,066
Benefits after termination of employment	596	559
Share-based remuneration	221	0
Total	2,039	1,625

The total remuneration of the Executive Board in accordance with Section 314 (1) no. 6a HGB amounted to EUR 1,262 thousand in the financial year (2022: EUR 886 thousand). This includes the short-term variable benefits in the amount of EUR 584 thousand (2022: EUR 166 thousand), but not the contributions for post-employment benefits.

In the 2023 financial year, former members of the Executive Board and their surviving dependants were granted post-employment benefits of EUR 700 thousand (2022: EUR 708 thousand). Provisions for this group of persons amount to EUR 4,763 thousand for pensions (2022: EUR 4,341 thousand) and for support funds EUR 625 thousand (2022: EUR 771 thousand). Furthermore, there is a compensation payment obligation in the amount of EUR 2,217 thousand (2022: EUR 2,341 thousand) for a former member of the Executive Board.

The total remuneration of the Supervisory Board in accordance with Section 314 (1) no. 6a HGB comprised short-term benefits of EUR 180 thousand in the financial year (2022: EUR 180 thousand). The employees' representatives on the Supervisory Board, who are employed at SCHWEIZER, received a salary for their activity as employees.

Further disclosures regarding the remunerations of the Executive Board and the Supervisory Board are set out in the remuneration report.

Other transactions with related parties

The aggregated value of business transactions and outstanding balances relating to companies controlled by members of the Supervisory Board or which had significant control exerted over them were as follows:

	Transaction values		Balances outstanding on 31 December	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
	thousands	thousands	thousands	thousands
Sale of goods	42,533	10,034	14,044	15,233
Purchase of goods	38,880	29,155	14,166	1,027
Other services	37	20	3	4

All outstanding balances with these related parties have been closed at normal market terms. None of the balances are secured. No bad or doubtful debts expense was recognised in the current year and previous year in respect of amounts due from related parties. With a company controlled by a member of the Supervisory Board, one equity transaction was carried out in the financial year at Schweizer Electronic (Jiangsu) Co., Ltd.

7. ADDITIONAL INFORMATION IN ACCORDANCE WITH HGB

7.1 DECLARATION IN ACCORDANCE WITH SECTION 161 AKTG WITH REGARD TO THE GERMAN CORPORATE GOVERNANCE CODE

The Executive Board and the Supervisory Board of Schweizer Electronic AG have issued the declaration for 2023 stipulated in Section 161 AktG and have made this declaration available to shareholders on the company website at <https://schweizer.ag/en/investors-media/corporate-governance-en>

7.2 NUMBER OF EMPLOYEES

The average number of employees is:

	2023			2022		
	National	Inter-national	Total	National	Inter-national	Total
Wage-earning employees	302	0	302	320	227	547
Employees	194	23	217	194	151	345
Number of employees	496	23	519	514	378	892
Trainees	14	0	14	12	0	12
Number of employees (including trainees)	510	23	533	526	378	904

7.3 AUDITOR'S FEES

For the financial year, the auditor's fee for audit services amounted to EUR 465 thousand, for other confirmation services in connection with the German Electricity Grid Charges Regulation EUR 6 thousand and for other services in connection with the EU Taxonomy EUR 5 thousand.

7.4 COMPANY CORPORATE BODIES

Executive Board

The following persons were appointed as members of the Executive Board during this financial year:

Nicolas-Fabian Schweizer

Chair of the Executive Board

Responsible for Technology R&D, Business Development, Operations & Quality, Human Resources, Legal as well as Media & Communications (PR).

Activities and mandates within the Group:

- Managing Director of Schweizer Pte. Ltd., Singapore
- Managing Director of Schweizer Electronic Singapore Pte. Ltd., Singapore (since 4 April 2023)
- Supervisor of Schweizer Trading (Suzhou) Co., Ltd., China (since 16 May 2023)
- President of Schweizer Electronic Americas Inc., Delaware, USA
- Supervisor of Schweizer Electronic (Jiangsu) Co., Ltd., Changzhou City, Jintan, China (until 1 February 2023)
- Member of the Executive Board of Unterstützungskasse Christoph Schweizer e.V., Schramberg

Marc Bunz

Member of the Executive Board, (Deputy Chair)

Responsible for Sales & Marketing, Finance & Controlling, Global Supply Chain, Information Technologies and Investor Relations.

Activities and mandates within the Group:

- Managing Director of Schweizer Pte. Ltd., Singapore
- Managing Director of Schweizer Electronic Singapore Pte. Ltd., Singapore
- Chairman of the Board of Directors of Schweizer Trading (Suzhou) Co., Ltd., China (since 16 May 2023)
- Secretary of Schweizer Electronic Americas Inc., Delaware, USA
- Director of Schweizer Electronic (Jiangsu) Co., Ltd., Changzhou City, Jintan, China
- Member of the Executive Board of Unterstützungskasse Christoph Schweizer e.V., Schramberg

Supervisory Board

The Supervisory Board consists of the following persons:

Dr Stefan Krauss

Chair

Chair of the Audit Committee

Lawyer, partner of the law firm, KRAUSS-LAW in Lahr, Black Forest,

Dr Harald Marquardt

Deputy Chair (since 27 June 2023)

Deputy Chair of the Audit Committee (since 27 June 2023)

Chair of the Management Board of Marquardt Management SE, Rietheim-Weilheim,

Dr Stephan Zizala (until 27 June 2023)

Deputy Chair

Deputy Chair of the Audit Committee

Chair of u-blox AG, Thalwil, Switzerland

Dr Andreas Schumacher (since 27 June 2023)

Member of the Audit Committee

Executive Vice President for Strategy, Mergers & Acquisitions

Infineon Technologies AG, Neubiberg

Chris (Chuan Pin) Wu

President of WUS Printed Circuit (Kunshan) Co., Ltd., Kunshan, China

Other activities and mandates:

- Director of Biggering (BVI) Holdings Co., Ltd., British Virgin Islands, United Kingdom
- Director of Happy Union Investment Co., Ltd., New Territories, Hong Kong
- Chairman of the Board of Schweizer Electronic (Jiangsu) Co., Ltd., Changzhou City, Jintan, China (since 1 February 2023)

Petra Gaiselmann^{*)}

Human Resources department employee, Schweizer Electronic AG, Schramberg

Jürgen Kammerer^{*)}

Mechanics process engineer, Schweizer Electronic AG, Schramberg

^{*)}Employee representative

7.5 SHAREHOLDINGS AS AT 31 DECEMBER 2023

Name	Headquarters	Share in equity (in percent)
Fully consolidated subsidiaries		
Schweizer Pte. Ltd.	Singapore	100.0
Schweizer Electronic Singapore Pte. Ltd.	Singapore	100.0
Schweizer Trading (Suzhou) Co., Ltd.	Suzhou, China	100.0
Schweizer Electronic Americas Inc.	New Castle, USA	100.0
Unterstützungskasse Christoph Schweizer e.V. (provident fund)	Schramberg, Germany	100.0
Associates (accounted for using the equity method)		
Schweizer Electronic (Jiangsu) Co., Ltd.	Jiangsu, China	20.0
Other participating interests		
SCHRAMBERGER WOHNUNGSBAU GmbH	Schramberg, Germany	1.3

With effect from 16 May 2023, the founding of the trading company Schweizer Trading (Suzhou) Co. Ltd., China became legally binding.

Schramberg, 12 April 2024

Schweizer Electronic AG
The Executive Board

(N. F. Schweizer)

(M. Bunz)

INDEPENDENT AUDITOR'S REPORT

To Schweizer Electronic Aktiengesellschaft, Schramberg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARISED MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of Schweizer Electronic Aktiengesellschaft, Schramberg, and its subsidiaries (the Group) – comprising the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2023 and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the report on the status of the Company and the Group (hereinafter referred to as the "summarised management report") of Schweizer Electronic Aktiengesellschaft for the financial year from 1 January to 31 December 2023.

In accordance with German legal requirements, we have not audited the content of the components of the summarised management report mentioned in the section "Other information" of our auditor's report.

In our opinion based on the findings of our audit,

- the enclosed consolidated annual financial statements are in all material respects in compliance with IFRS as applicable in the EU and the supplementary provisions under commercial law pursuant to Section 315e(1) of the German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and result of operation of the Group as at 31 December 2023 and its earnings situation for the financial year from 1 January to 31 December 2023 in accordance with these

requirements and

- the accompanying summarised management report provides a suitable understanding of the Group's position. In all material aspects, this summarised management report is consistent with the consolidated financial statements, complies with German law and suitably presents the opportunities and risks of future development. Our audit opinion on the summarised management report does not cover the content of the components of the summarised management report mentioned in the section "Other information".

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections against the correctness of the consolidated financial statements and the summarised management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the summarised management report in accordance with Section 317 HGB, EU Auditor Regulation (No. 537/2014; hereinafter "EU-APrVO") and the generally accepted German accounting standards laid down by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer; IDW). Our responsibility in accordance with these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the consolidated financial statements and summarised management report" of our audit opinion. We are independent of the Group company in accordance with European and German commercial and professional legal regulations and have met our other German professional duties in accordance with these requirements. In addition, we declare in accordance with Article 10 (2) letter f) of the EU-APrVO (EU Regulation on the Preparation of Financial Statements) that we have not provided any prohibited non-audit services pursuant to Article 5 (1) of the EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and summarised management report.

Particularly significant audit issues in the audit of the consolidated financial statements

Particularly significant audit issues are those which, in our opinion and due discretion, were most significant to our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These issues have been considered in connection with our audit of the consolidated financial statements as a whole and in forming our opinion thereon; we do not express a separate audit opinion on these issues.

Assumption of continuation of operations

For the assessment of the legal representatives with regard to the ability to continue as a going concern and the accounting policies applied derived from this, we refer to the section "2. Summary of significant accounting policies" sub-section "Assumptions and estimates" in the notes to the consolidated financial statements and the disclosures in the "Opportunity and risk report" sub-section "Financial risks" of the summarised management report.

Risk for the financial statements

In the previous year, equity in the consolidated financial statements had decreased to EUR -8.8 million as a result of accumulated losses. The deconsolidation of the former Chinese subsidiary Schweizer Electronic (Jiangsu) Co., Ltd. in the 2023 financial year had a positive impact on the financial figures in the consolidated financial statements, which increased the equity ratio to 24.3 percent as at 31 December 2023. As part of the preparation of the consolidated financial statements, the legal representatives are responsible for assessing the possible effects of a negative business development with declining revenue and profit contributions and the associated ability to continue the company's activities and for presenting the results of their assessment appropriately in the consolidated financial statements. The legal representatives have performed a review of the available liquidity for the next twelve months in the assumed plan scenario, which does not indicate any shortfall in SEAG's financing

requirements at any time.

The legal representatives' assessment of the company's ability to continue as a going concern and the presentation in the consolidated financial statements, including related notes, are based on a number of significant assumptions, in particular the future development of revenue and earnings and the associated cash flows in the planning period.

There is a risk that the assumptions made by the legal representatives and the presentation in the consolidated financial statements may be incorrect.

Our audit procedure

We have interviewed the legal representatives and the Chair of the Supervisory Board regarding their assessment of the going concern assumption and obtained a written assessment of the going concern assumption from the legal representatives.

With the involvement of our restructuring specialists, we have assessed the appropriateness of the key assumptions for the Group's liquidity planning for the forecast period. For this purpose, we discussed the expected sales and results with the person responsible for planning. We also looked at the company's forecast quality to date, in which we compared the planned figures for the current year with the actual values for the first quarter and the previous year's planning with the actual values for the 2023 financial year.

To account for forecast uncertainty, we have examined the impact of sustained plan failures by creating alternative scenarios.

Finally, we assessed the appropriateness of the disclosures in the notes to the consolidated financial statements.

Our conclusion

The assumptions made by the legal representatives are reasonable and the presentation in the consolidated financial statements is appropriate. However, an audit cannot predict future events and circumstances that may cause an entity to cease its operations or all potential future impacts on an entity.

The impairment of the investment in Schweizer Electronic (Jiangsu) Co., Ltd.

Please refer to the notes to the consolidated financial statements for information on the accounting policies applied in Section 4.4.

Risk for the financial statements

In the consolidated financial statements of the company as at 31 December 2023, following the completion of the sale of the majority stake in Schweizer Electronic (Jiangsu) Co., Ltd. (SEC) in the 2023 financial year, shares of EUR 10.1 million are recognised under financial investments accounted for using the equity method. The share of SEC in the total assets amounts to 9.5 percent and thus has a significant impact on the Group's net assets.

If there are indications of impairment of the financial assets accounted for using the equity method, the company determines the recoverable amount at the balance sheet date and compares this with the carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the investment. The value in use calculated for the investment as the recoverable amount is determined using the discounted cash flow method (DCF method). If the carrying amount is higher than the recoverable amount, an impairment is required.

The calculation of the value in use according to the DCF method is complex and, with regard to the assumptions made, highly dependent on estimates and discretionary decisions by the company. These include, in particular, the estimation of future earnings developments and long-term growth rates as well as the determination of capitalisation interest rates.

There is a risk for the consolidated financial statements that impairments have not been recognised at a sufficient level and that the remaining investment in SEC may therefore not be recoverable. Furthermore, there is a risk that the related disclosures in the notes may not be accurate.

Our audit procedure

With the involvement of our valuation specialists, we have assessed the appropriateness of the key assumptions for the company's measurement method. For this purpose, we discussed the expected development of results and the assumed long-term growth rates with those responsible for planning. We also performed reconciliations with other internally available forecasts and the budget prepared by the legal representatives. The corporate planning underlying the valuation is based on the budget adopted by the majority shareholder of SEC, supplemented by the long-term planning by the legal representatives of the company. In addition, we assessed the consistency of the assumptions with external market assessments.

We compared the assumptions and data underlying the capitalisation rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data, with the assistance of our valuation specialists.

In order to account for the existing forecast uncertainty, we have examined the effects of possible changes in the capitalisation rate and the expected results on the fair value by calculating alternative scenarios and comparing them with the company's

valuation results (sensitivity analysis).

In order to assess the methodologically and mathematically correct implementation of the measurement method, we verified the valuation carried out by the company on the basis of our own calculations and analysed deviations.

Finally, we assessed whether the disclosures in the notes on the impairment of the investment in SEC are appropriate.

Our conclusion

The procedure underlying the impairment test of the investment is appropriate and in accordance with the measurement principles. The underlying assumptions and data of the company are appropriate. The related disclosures in the notes are appropriate.

Miscellaneous information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following components of the summarised management report that have not been audited:

- the separate combined non-financial report of the company and the Group referred to in the summarised management report,
- the combined corporate governance statement of the company and the Group referred to in the summarised management report, and
- the information contained in the summarised management report that is not part of the management report and is marked as unaudited.

The other information also includes the other parts of the Annual Report. The other information does not include the consolidated financial statements, the audited content of the summarised management report and our associated audit opinion.

Our opinion on the consolidated financial statements and summarised management

report does not extend to miscellaneous information, and accordingly we do not express an audit opinion or any other form of conclusion on such information.

In connection with our audit, our responsibility is to read the other information and, in doing so, to assess whether the other information

- is materially inconsistent with the consolidated financial statements, summarised management report or the findings of our audit, or
- otherwise appears materially misrepresented.

Based on the work performed by us, should we conclude that a materially false disclosure has been made in this other information, we are obligated to report on this matter. In this respect, we have nothing to report.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the summarised management report

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements, which must correspond in all material respects with IFRS as applicable in the EU and the additional requirements of German law pursuant to section 315e(1) HGB, and for the ensuring that the consolidated financial statements provide, in accordance with these provisions, a true and fair view of the net assets, financial position and the results of operation of the Group. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary to permit the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error (i.e. manipulations of the accounting process and asset misappropriation).

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, where relevant, matters relating to the continuation of the company's activities. In addition, they are responsible for accounting on the basis

of the going-concern accounting principle, unless there is the intention to liquidate the Group or to discontinue operations or there is no realistic alternative.

Moreover, the legal representatives are responsible for the preparation of the summarised management report, which as a whole provides a suitable view of the Group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a summarised management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the summarised management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the summarised management report.

Responsibility of the auditor for the audit of the consolidated financial statements and summarised management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraudulent acts or error, and whether the summarised management report as a whole provides a suitable view of the Group's position and in all material respects is in accordance with the consolidated financial statements and the findings of our audit, complies with the requirements of the German legal regulations and suitably presents the opportunities and risks of future development, and to issue an audit report that includes our audit opinions on the consolidated financial statements and summarised management report.

Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with Section 317 HGB and the EU-APrVO and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement. Misstatements can result from fraudulent acts or error and are regarded as material if it could reasonably be expected that they could individually or collectively influence the economic decisions of recipients made on the basis of these consolidated financial statements and summarised management report.

During the audit, we exercise due discretion and maintain a critical attitude. In addition,

- we identify and assess the risks of material misstatements in the consolidated financial statements and summarised management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or override of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the precautions and measures relevant to the audit of the summarised management report for planning audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.
- we draw conclusions about the appropriateness of the going-concern accounting principle applied by the legal representatives and, based on the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that could raise significant doubts about the Group's ability to continue its activities

as a going concern. If we conclude that there is material uncertainty, we are obliged to draw attention to the relevant information in the consolidated financial statements and the summarised management report in our audit report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the Group no longer being able to continue its business activities.

- we assess the disclosure presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying business transactions and events such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS as applicable in the EU and the additional requirements of German law pursuant to Section 315e (1) HGB;
- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to express an opinion on the consolidated financial statements and the summarised management report. We are responsible for the management, supervision and execution of the audit of the consolidated financial statements. We bear the sole responsibility for our audit opinions.
- we assess the consistency of the summarised management report with the consolidated financial statements, its compliance with the law and the picture it conveys of the Group's position.
- we perform audit procedures on the forward-looking statements presented by the legal representatives in the summarised management report. On the basis of sufficient suitable audit evidence, we follow up on the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions. We do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable

risk that future events could differ materially from the forward-looking statements.

We discuss with those responsible for monitoring, inter alia, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system, which we identify during our audit.

We make a statement to those responsible for the monitoring that we have complied with the relevant independence requirements and discuss with them all the relationships and other matters that can reasonably be expected to affect our independence and the actions or protective measures taken to eliminate threats to independence.

From the matters that we have discussed with those responsible for supervision, we determine those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and which are therefore particularly important audit matters. We describe these matters in the auditor's report, unless laws or other legal provisions exclude public disclosure of the facts.

MISCELLANEOUS LEGAL AND OTHER LEGAL REQUIREMENTS

Note on the audit of the electronic reproductions of the consolidated financial statements and the summarised management report prepared for the purposes of publication pursuant to section 317(3a) HGB

Pursuant to Section 317(3a) HGB, we have performed an audit to obtain reasonable certainty as to whether the reproductions in the consolidated financial statements and the summarised management report prepared for the purposes of publication in the enclosed file "529900X0OMB39EW0OC11-2023-12-31-de.zip" (SHA256 hash value: e061f6f6bb0dbdfea1c576deb5ac2cc8fc8039d0dec58bf642035480f4e614), (hereinafter also referred to as "ESEF documents") meet the requirements of Section 328(1) HGB regarding the electronic reporting format (ESEF format) in all material respects. In line with German statutory regulations, this audit only extends to the translation of the information in the consolidated financial statements and the summarised management report into the ESEF format and, therefore, not to the information contained in these reproductions and nor to other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the summarised management report contained in the above-mentioned, provided file for the purpose of disclosure comply with the requirements of Section 328(1) HGB regarding the electronic reporting format in all material respects. Beyond this audit opinion and our audit opinions contained in the aforementioned "Note on the audit of the consolidated financial statements and the summarised management report" on the enclosed consolidated financial statements and the enclosed summarised management report for the financial year from 1 January to 31 December 2023, we do not provide any opinion whatsoever regarding the information contained in these reproductions as well as the other information contained in the above-mentioned file.

We performed our audit of the reproductions of the consolidated financial statements and summarised management report contained in the above-mentioned file in line with Section 317(3a) HGB taking into account the IDW audit standard: Audit of the electronic reproductions of financial statements and management reports prepared for the purposes of publication pursuant to section 317(3a) HGB (IDW PS 410 (06/2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereafter is described in more detail below. Our auditing practice complies with the IDW quality management standard: Requirements for quality management in audit firms (IDW QMS 1 (09.2022)).

The company's legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the summarised management report pursuant to Section 328 (1) sentence 4 no. 1 HGB and for the mark-up of the consolidated financial statements pursuant to Section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the company's legal representatives are responsible for the internal controls they regard as necessary to enable the preparation of ESEF documents that are free of material – intentional or unintentional – violations of the provisions of Section 328 (1) HGB regarding the electronic reporting format.

The Supervisory Board is responsible for monitoring of the process of the preparation of the ESEF documents as part of the accounting process.

Our objective is to obtain reasonable certainty whether the ESEF documents are free of material – intentional or unintentional – violations of the requirements of Section 328 (1) HGB. During the audit, we exercise due discretion and maintain a critical attitude. In addition,

- we identify and assess the risks of material – intentional or unintentional – violations of the requirements of section 328(1) HGB and plan and perform audit procedures in

response to these risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our audit opinion.

- we gain an understanding of the internal controls relevant to the audit of the ESEF documents for planning audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- we assess the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version valid as at the reporting date regarding the technical specification for this file.
- we assess whether the ESEF documents enable an identical XHTML reproduction of the audited consolidated financial statements and the audited summarised management report.
- we assess whether the labelling of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as amended at the reporting date, allows for an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other disclosures in accordance with Article 10 EU-APrVO

We were appointed as Group auditors by the Annual General Meeting held on 27 June 2023. We were appointed by the Chair of the Audit Committee on 18 August 2023. We have been the Group auditors of Schweizer Electronic Aktiengesellschaft without interruption since financial year 2022.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee under Article 11 EU-APrVO (audit report).

Other issues – use of the audit opinion

Our audit opinion must always be read in conjunction with the audited consolidated financial statements and the audited summarised management report as well as the audited ESEF documents. The consolidated financial statements translated into the ESEF format and the summarised management report – including the versions to be entered in the company register – are only electronic reproductions of the audited consolidated financial statements and the audited summarised management report and do not substitute them. In particular, the ESEF note and our opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Note on supplementary audit

We issue this auditor's report on the consolidated financial statements and summarised management report as well as on the electronic reproductions of the consolidated financial statements and summarised management report included in the file "529900X0OMB39EW0OC11-2023-12-31-en.zip" (SHA256 hash value: e061f6f6bb0dbdfea1c576deb5ac2cc8fc8039d0deced58bf642035480f4e614) provided for the first time for audit purposes and prepared for the purpose of disclosure on the basis of our audit in accordance with professional standards on 19 April 2024 and our supplementary audit conducted on 29 April 2024, which referred to the initial submission of the ESEF documents.

Responsible auditor

The auditor responsible for the audit is Mathias Laubert.

Freiburg im Breisgau, 19 April 2024/limited to the audit of the ESEF documents
referred to in the note on the supplementary audit: 29 April 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft [Audit firm]

Laubert
Auditor

Armbruster
Auditor

DECLARATION BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report, that is combined with the management report of Schweizer Electronic AG, includes a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Schramberg, 12 April 2024

The Executive Board

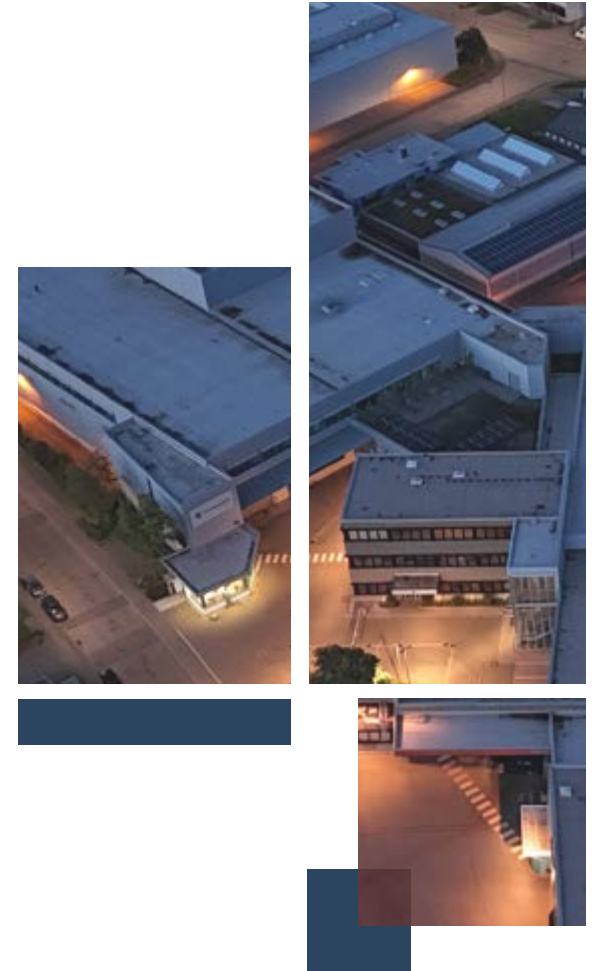


Nicolas-Fabian Schweizer



Marc Bunz

CORPORATE GOVERNANCE



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CORPORATE GOVERNANCE STATEMENT

The principles of responsible and good corporate governance determine the activities of the management and control bodies of the SCHWEIZER Group and Schweizer Electronic AG. The corporate governance statement in accordance with Section 289f and Section 315d HGB (German Commercial Code) forms part of the combined management report.

Schweizer Electronic AG is a listed company in accordance with German law and therefore has a dual management system, comprising the Executive Board and the Supervisory Board.

The Executive Board of Schweizer Electronic AG and the management of the Group subsidiaries lead the Company in accordance with the statutory provisions, the Articles of Association and the procedural rules.

The Supervisory Board monitors, advises and supports the Executive Board in its activities. The procedural rules of both boards regulate aspects such as the collaboration between them. With the German Corporate Governance Code, a standard for the transparent control and management of companies was established, which is focused particularly on the interests of the shareholders.

1. DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG (STOCK CORPORATION ACT)

The Declarations of Conformity made by Schweizer Electronic AG have been made available to all interested parties on the Company's website at <https://schweizer.ag/en/investors-media/corporate-governance-en/compliance-declarations>.

The Executive Board and the Supervisory Board of Schweizer Electronic AG adopted the following declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) on 1 December 2023:

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG (AS AT: DECEMBER 2023)

The Executive Board and the Supervisory Board of Schweizer Electronic AG (hereinafter "Company") issue the following Declaration of Conformity pursuant to Section 161 AktG with respect to the recommendations of the "Government Commission on the German Corporate Governance Code" and will ensure that it is published on the Company's website. The Executive Board and the Supervisory Board of Schweizer Electronic AG issued the last Declaration of Conformity pursuant to Section 161 AktG in December 2022. The following declaration refers to the recommendations of the Code in the version dated 28 April 2022, which was published in the Federal Gazette on 27 June 2022 (2022 version).

The Executive Board and the Supervisory Board of Schweizer Electronic AG declare that since the last Declaration of Conformity was issued in December 2022, the recommendations of the Code have been and are being complied with, with the following exceptions:

B.5: The Code recommends that an age limit be specified for members of the Executive Board and disclosed in the Corporate Governance Statement (recommendation B.5 of the Code). The Company has not complied with and is not complying with this

recommendation. The Executive Board and the Supervisory Board do not consider the specification of an age limit for members of the Executive Board to be meaningful. Competence, technical expertise and experience are far more relevant criteria, which should be evaluated regardless of age.

C.2: C.2 of the Code recommends that an age limit be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement. The Company has not complied with and is not complying with this recommendation. The Supervisory Board does not consider the general specification of an age limit for members of the Supervisory Board to be meaningful. Competence, technical expertise and experience are far more relevant criteria, which should be evaluated regardless of age.

C.12: According to recommendation C.12 of the Code, members of the Supervisory Board shall not perform any executive function or advisory duties with significant competitors of the Company and shall not have a personal relationship with a significant competitor. This recommendation is not fully complied with, as a member of the Supervisory Board holds an executive function at another PCB-producing company that could be considered a significant competitor of SCHWEIZER .

C.13: C.13 of the Code recommends that in its election proposals to the Annual General Meeting, the Supervisory Board shall disclose the personal and business relationships of every candidate with the enterprise, the governing bodies of the Company, and any shareholders with a material interest in the Company. The Company has not complied with and is not complying with this recommendation because the Supervisory Board believes the requirements of the Code regarding the duty of disclosure are vague and unclear in their delimitation. In this context, such a report is not considered useful.

D.3, D.4: Since Dr Stefan Krauss is Chairman of the Supervisory Board and Chairman of the Audit Committee at the same time, there is a deviation from Recommendation

D.3 sentence 5 of the Code.

Furthermore, there is still no Nomination Committee of the Supervisory Board as recommended by D.4 of the Code. The Supervisory Board does not believe it is either reasonable or necessary to set up such a committee for a company the size of Schweizer Electronic AG with only six members sitting on the Supervisory Board. The tasks intended for the Nomination Committee as well as the other tasks of the Supervisory Board can easily be dealt with in plenary meetings, provided they are not entrusted to the existing Audit Committee of the Supervisory Board.

Given the size of the Company and the size of the Supervisory Board of Schweizer Electronic AG, the Supervisory Board maintains it is neither reasonable nor necessary to set up additional committees.

F.2: In F.2, 1st half-sentence of the Code, it is recommended that the consolidated financial statements and the Group management report shall be made publicly accessible within 90 days from the end of the financial year.

The Company has not complied with and is not complying with this recommendation. Compliance with a term of 90 days is not possible due to the time required to prepare consolidated financial statements and a Group management report. However, the consolidated financial statements and group management report have been and are disclosed within the statutory period.

G.4: The Code recommends in G.4 that to ascertain whether remuneration is in line with usual levels within the enterprise itself, the Supervisory Board shall take into account the relationship between Executive Board remuneration and the remuneration of senior managers and the workforce as a whole, and how remuneration has developed over time.

The Supervisory Board has not fully complied with this recommendation. When concluding employment contracts, the Supervisory Board did take steps, in accordance with the provisions of the German Stock Corporation Act (AktG), to ensure that the total remuneration awarded to Executive Board members does not exceed the customary remuneration without specific reason. However, insofar as the Code specifies this review of vertical appropriateness of Executive Board remuneration, which is already required under the German Stock Corporation Act, and defines in more detail the relevant comparison groups as well as the time scale for the comparison, a deviation is declared in this respect.

The Supervisory Board considers the requirements of the recommendation to still be too vague. In particular, the Supervisory Board does not have sufficiently specific information on how the senior management staff should be distinguished from junior management and which sections of the workforce are relevant and which irrelevant in this respect. It is also unclear what time frame and perspective should be considered in terms of "development over time". The Supervisory Board is therefore of the view that the measures already implemented for determining the remuneration of the Executive Board are sufficient to ensure appropriate remuneration for members of the Executive Board.

G.13: In G.13 sentence 2 of the Code, it is recommended that if post-contractual non-compete clauses apply, the severance payments shall be taken into account in the calculation of any compensation payments. This recommendation has not been fully complied with. However, the remuneration system adopted by the Supervisory Board on 12 April 2021 and approved by the Annual General Meeting on 25 June 2021 for the members of the Schweizer Electronic AG Executive Board provides for any severance payment to be offset against compensation payments for observing non-compete obligations. The recommendation has been fully complied with since 1 April 2023.

G.18: According to Code recommendation G.18, sentence 2, performance-related remuneration promised to members of the Supervisory Board is intended to be geared towards sustainable or long-term corporate development. The Company has not complied with and is not complying with this recommendation, because the performance-related compensation promised to Supervisory Board members is linked to the dividend distributed for the respective financial year. The Executive Board and the Supervisory Board believe that linking performance-related remuneration to the dividend adequately reflects the responsibility of the Supervisory Board for sustainable business development and that the existing compensation arrangement provides the members of the Supervisory Board with sufficient incentive to orient the exercise of their duties towards the long-term, successful development of the Company.

2. REMUNERATION REPORT AND REMUNERATION SYSTEM

The remuneration system applicable to the members of the Executive Board pursuant to Section 87a AktG, which was approved by the Annual General Meeting on 25 June 2021, as well as the resolution on the remuneration of the Supervisory Board passed by the Annual General Meeting pursuant to Section 113 para. 3 AktG is available at <https://schweizer.ag/investoren-und-medien/corporate-governance>. The remuneration report and the audit opinion can be found at the same web address.

3. STRUCTURE OF THE COMPANY'S MANAGEMENT AND MONITORING

3.1 Shareholders and Annual General Meeting

The shareholders of Schweizer Electronic AG exercise their rights as part of the Company's Annual General Meeting held at least once a year. The Chair of the Supervisory Board presides over the Annual General Meeting. Each share represents one vote. All shareholders who are entered in the share register and have registered by the deadline are entitled to participate in the Annual General Meeting. The Annual General Meeting decides on all the tasks allocated to it by law, in particular with respect to the appropriation of profits, formal approval of the actions of the Executive Board and Supervisory Board, appointment of auditors, capital measures and changes to the Articles of Association. The Company assists shareholders in exercising their rights at the Annual General Meeting. Furthermore, the Investor Relations department is available for the exchange of information between the Company and shareholders throughout the year.

It is the goal of SCHWEIZER to make it as easy as possible for shareholders to participate in the Annual General Meeting. All the documents necessary for participation are therefore published online. The shareholders can register for the Annual General

Meeting in writing or electronically, and exercise their voting rights through an authorised representative or by postal vote, e.g. to the Company's proxy. After virtual Annual General Meetings were held between 2020 and 2022 due to the COVID-19 pandemic, they were held in person again in 2023.

3.2 Executive Board

As a governing body of the Group, the Executive Board is committed to serving the Company's interests and increasing its value in a sustainable manner. The Executive Board develops the strategic orientation of the Company and, besides long-term economic targets, also takes environmental and social targets into account. The Executive Board consults on and agrees on these targets with the Supervisory Board and ensures their implementation. The Executive Board ensures appropriate risk management and controlling in the Company. The Executive Board leads the Company under its own responsibility.

The Executive Board is responsible for preparing the interim announcements, the semi-annual financial report as well as the annual financial statements and combined management report of Schweizer Electronic AG and the Group. The Executive Board prepares the remuneration report jointly with the Supervisory Board.

It has established an appropriate and effective internal control system and risk management.

Furthermore, the Executive Board ensures that statutory provisions, official regulations and internal corporate guidelines are adhered to and acts to ensure that they are complied with through the Group companies (compliance). The Executive Board fosters a corporate culture in which reliability, honesty, credibility and integrity are the cornerstones of actions.

In the context of the established risk management system, the Executive Board not

only ensures that existing legal regulations and Company guidelines and principles are complied with, but also provides for an environment in which any risks are identified at an early stage and measures are taken, thereby guaranteeing lawful conduct and minimising risks. Directives on competition law, insider regulations, fair competition, foreign trade legislation, export controls and the avoidance of corruption are made available to employees and form part of the corporate processes. Besides the general conditions of purchase, the existing supplier guidelines and evaluations, as well as the Conflict Minerals Policy, form the basis for a responsible supply chain. The Company has established a whistleblowing system in order to investigate violations fairly and appropriately. SCHWEIZER employees as well as external parties can report violations using this system. The whistleblowing system ensures that absolute confidentiality is maintained when processing the information provided. Information on the risk management system is described in the summarised status report and published as a separate section in the Annual Report under <https://schweizer.ag/en/investors-media>.

Periodic evaluations of specific compliance risks are carried out using checklists; the necessary measures are taken and verified by certification companies.

Information on the implementation of the CSR Directive Implementation Act is available in the Non-Financial Statement as a separate section in the Annual Report and is available on the website at: <https://schweizer.ag/en/the-company/sustainability>.

The Executive Board informs the Supervisory Board regularly, promptly and comprehensively with regard to all relevant issues regarding strategy, planning, business development, risk situation, risk management and compliance.

3.2.1 Composition of the Executive Board

The Board consists of two members. The Executive Board currently consists of Mr Nicolas-Fabian Schweizer (appointed until 30 June 2027) and Mr Marc Bunz (appointed until 31 March 2028). Further information regarding the first appointment, areas of responsibility, mandates and resumes of the Executive Board members can be found on the Company's website at: <https://schweizer.ag/en/the-company/institutions>.

3.2.2 Targets and diversity for the composition of the Executive Board

In its resolution dated 11 April 2022, the Supervisory Board determined the targets and diversity of Executive Board appointments. When selecting suitable candidates for the Executive Board, the Supervisory Board has always oriented and will continue to orient itself in the future primarily on their technical and personal suitability, irrespective of gender or age. A general age limit, as recommended in the GCGC, is not provided for members of the Executive Board. Should the Executive Board be increased to more than three members, the Supervisory Board intends to appoint a woman to this position. The target applies as from 12 April 2022 and is valid until 31 December 2026.

3.2.3 Long-term succession planning for the Executive Board

In accordance with its task of appointing and dismissing Executive Board members, the Supervisory Board decides on appointments to the Executive Board. With the support of its Audit Committee, the Supervisory Board works with the Executive Board to carry out sustainable long-term succession planning for the Executive Board. In this planning, the requirements of the German Stock Corporation Act (Aktien-gesetz), the German Corporate Governance Code and the procedural rules of the Supervisory Board are taken into account in addition to the criteria determined by the Supervisory Board for the composition of the Executive Board. Taking into account the specific qualification requirements and the criteria mentioned, an appointment profile is developed on the basis of which the Audit Committee prepares a shortlist

of available (internal and external) candidates . Structured interviews are held with these candidates. A recommendation is then made to the Supervisory Board for the passing of an appropriate resolution. If required, external consultants are called in to support the development of the requirements profile in the selection of candidates.

When considering the composition of the Executive Board, a balanced age structure is observed without a fixed age limit being set.

D&O insurance with an excess has been concluded for the Executive Board.

3.3 SUPERVISORY BOARD

Under the Articles of Association, the Supervisory Board of Schweizer Electronic AG is made up of six members, of whom two are chosen by the Company employees in accordance with the provisions of the law with respect to the one-third participation of employees in the Supervisory Board (One-Third Participation Act) and the remaining four by the Annual General Meeting. Elections to the Supervisory Board are held regularly in individual elections.

The Chair and Deputy Chair of the Supervisory Board are chosen from among the members of the Supervisory Board.

The Supervisory Board appoints the members of the Executive Board. It monitors and advises the Executive Board in the leadership of the Company. The key decisions made by the Executive Board require the approval of the Supervisory Board. The Supervisory Board meets at least four times per year. The members of the Executive Board participate in Supervisory Board meetings unless the Chair of the Supervisory Board issues a directive to the contrary. However, the Supervisory Board should also meet regularly without the presence of the Executive Board. In financial year 2023, meetings of the Supervisory Board and the Committee were held virtually or as face-to-face meetings with the option of participating virtually.

The Supervisory Board adopts the annual financial statements and approves the consolidated financial statements. The Audit Committee commissions the auditor and they jointly determine the focal points of the audit. Further details on its way of working are explained in the Supervisory Board report.

The Supervisory Board reviews and assesses its activity regularly every year by means of a questionnaire. The last review took place in autumn 2023. The results were then discussed by the Supervisory Board in a meeting. No major deficits were found.

The members of the Supervisory Board disclose any conflicts of interest to the Supervisory Board without delay. When passing resolutions, the Supervisory Board ensures that potential conflicts of interest are taken into account. Further details can be found in the Supervisory Board report.

Any further education and training measures required are carried out by the members of the Supervisory Board under their own responsibility and are supported by the Company in doing so.

D&O insurance with an excess has been concluded for the Supervisory Board.

Audit Committee

The Supervisory Board has an Audit Committee, which carries out both the tasks of the former Personnel and Finance Committee and the tasks of an audit committee. The committee chair regularly informs the Supervisory Board of the consultations and resolutions of the committee. The Audit Committee is composed of three representatives of the shareholders, Dr Stefan Krauss as Chairman, Dr Harald Marquardt, Dr Stephan Zizala (until 27 June 2023) and Dr Andreas Schumacher (from 27 June 2023). Further information on the members of the Supervisory Board and the current Audit Committee is available under point 3.3.3 and at <https://schweizer.ag/en/the-company/institutions>.

3.3.1 Targets for the composition, competence profile and diversification concept of the Supervisory Board

In 2022, the Supervisory Board adopted and updated its objectives for the composition, its diversity concept and competence profile. Accordingly, the Supervisory Board should have a composition such that it can perform its tasks set out by law and the Articles of Association in the best possible manner. This includes ensuring that the Supervisory Board carries out qualified control of and consultation with the Executive Board and, in doing so, appropriately also takes into account environmental and social targets, in addition to long-term economic targets, both in the corporate planning and in the risk management system. The Supervisory Board and the Audit Committee also deal annually with non-financial reporting pursuant to Section 289b and 315b HGB (German Commercial Code).

Competence profile of the Supervisory Board

Ensuring that appropriate appointments are made to the Supervisory Board is an important issue in good corporate governance. The Supervisory Board of Schweizer Electronic AG has adopted the competence profile below for the composition of the overall body, which is reviewed and adapted on a regular basis, in line with the legal requirements and the German Corporate Governance Code (GCGC). Accordingly, the Supervisory Board should have a composition such that it can perform its tasks set out by law and the Articles of Association in the best possible manner. This includes ensuring qualified control of and consultation with the Executive Board by the Supervisory Board. In its election proposals to the Annual General Meeting, the Supervisory Board takes into account the targets it has set for the composition of the Supervisory Board and aims to fill this competency profile, while at the same time taking the targets of the diversity concept for the Supervisory Board into account.

Objectives of the competence profile

The candidates proposed for election to the Supervisory Board should be in a position, based on their knowledge, skills and experiences, to carry out the tasks of a Supervisory Board member in an international company and to preserve the Company's public reputation.

The aim is to have all the knowledge and experience regarded as significant given the activities and business fields of SCHWEIZER on the Supervisory Board as a whole. With its competence profile, the Supervisory Board defines the requirements as well as the personality of each individual Supervisory Board member as well as the technical competence of the body as a whole.

Requirements of individual Supervisory Board members

Personal requirements

In the context of election proposals, the **independence, loyalty, mandate limitations, availability** and **professionalism** of the persons proposed for election should be taken into account in particular.

Technical competence of the Supervisory Board as a whole

The Supervisory Board should cover the following areas of competence. Not every Supervisory Board member needs to have all the named competences. Rather, the knowledge, skills and technical experience as a whole is understood as the sum of all the knowledge, skills and experience of individual Supervisory Board members.

Area of competence	Requirements profile
Strategy	Experience and knowledge of corporate strategy development and strategy processes
Management	Experience and knowledge of managing an industrial company
Technical	experience and knowledge in the field of printed circuit board technology, production or related industries and their procurement markets
Internationality	Experience and knowledge in the field of international business activities and related topics (e.g. sales/marketing)
Finance and accounting	Knowledge and experience in the areas of accounting and financial statement auditing* as well as sustainability reporting and the related audits
Risk management	Experience and knowledge of risk management and compliance
Sustainability	Expertise in the field of sustainable corporate governance, Environmental Social Governance (ESG) and Corporate Social Responsibility (CSR)

^{*)} Pursuant to Section 100 para. 5 and Section 107 para. 4 AktG, at least one member of the Audit Committee must have expertise in the area of accounting at least one other member must have expertise in the area of financial statement auditing.

Given the purpose and size of the Company as well as the proportion of international business activities, the Supervisory Board of Schweizer Electronic AG aims to consider the following elements:

1. a minimum of one seat on the Supervisory Board for persons that particularly embody the criterion of internationality (for example, through foreign nationality, relevant experience abroad or relevant experience in international business);
2. no more than two seats on the Supervisory Board for persons having an advisory or executive role at customers, suppliers, lenders or other business partners of Schweizer Electronic AG; this is intended to limit potential conflicts of interest within the Supervisory Board;

3. a minimum of two seats on the Supervisory Board on the shareholder side for independent Supervisory Board members as defined by the GCGC;

4. a minimum of one seat on the Supervisory Board to be occupied by a woman.

In contrast, the Supervisory Board does not regard the determination of a general age limit for Supervisory Board members as appropriate. Rather, competence, technical knowledge and experience, evaluated independent of age, are considered important. This target is valid from 12 April 2022 until 31 December 2026.

3.3.2 Implementation of the targets for the composition of the overall body

With the exception of point 2, the composition of the Supervisory Board meets the targets for the composition. The target mentioned in point 2 states no more than two seats on the Supervisory Board for persons having an advisory or executive role with customers, suppliers, lenders or other business partners of Schweizer Electronic AG; this is intended to limit potential conflicts of interest within the Supervisory Board. Currently, three members of the Supervisory Board have either an advisory role for SCHWEIZER or an executive role with a customer or supplier. Dr Stefan Krauss advises Schweizer Electronic AG on matters relating to labour law. The legal regulations and relevant case law to be observed relating to the separation of the advisory role as a service provider and member of the Supervisory Board were and are always met. As the Chair of the Executive Board of Marquardt Management SE, Dr Harald Marquardt holds an executive role with a customer. The volume of business with companies of the Marquardt Group is regarded as immaterial for both SCHWEIZER as well as for the Marquardt Group. As President of WUS Printed Circuit (Kunshan) Co., Ltd., Mr Chris Wu has an executive role with a supplier and shareholder of Schweizer Electronic AG. Furthermore, Mr Chris Wu is the Chairman of the Board of Schweizer Electronic (Jiangsu) Co., Ltd., China, in which Schweizer Electronic AG holds a 20 percent stake as at 31 December 2023. When making decisions, the Supervisory Board always considers potential conflicts of interest and takes relevant precautionary measures.

The Supervisory Board as a whole has all the required technical and personnel qualifications and is familiar with the business fields of SCHWEIZER. The diversity of the Supervisory Board is appropriate. The target of having one woman on the Supervisory Board by 31 December 2026 has been met since the Annual General Meeting in 2017.

Competence matrix:

Based on its target composition, the Supervisory Board of Schweizer Electronic AG has prepared the following overview:

		Dr Stefan Krauss	Dr Stephan Zizala	Dr Harald Marquardt	Dr Andreas Schumacher	Chris Wu	Petra Gaiselmann¹⁾	Jürgen Kammerer¹⁾
Affiliation duration	Member since	2021	2016 until 27/06/2023	2022	since 27/06/2023	2017	2019	2019
Personal suitability	Independence ²⁾	✓	✓	✓	✓		✓	✓
	Mandate limitation	✓	✓	✓	✓	✓	✓	✓
Diversity	Gender	male	male	male	male	male	female	male
	Activity/ area	Lawyer	Chair of the Executive Board	Chair of the Executive Board	Executive Vice President for Strategy, Mergers & Acquisitions	President & CEO	Personnel department	Operations
Skills	Strategy	✓	✓	✓	✓	✓		
	Management	✓	✓	✓	✓	✓		
	Technical		✓	✓	✓	✓	✓	✓
	Internationality		✓	✓	✓	✓		
	Finance and accounting	✓	✓	✓	✓			
	Risk management	✓	✓	✓	✓	✓		
	Sustainability			✓	✓	✓		

¹⁾ Employee representative

²⁾ In accordance with the GCGC or, in exceptional cases, as justified by the Company

✓ based on an annual self-assessment by the Supervisory Board. A tick means at least good knowledge (4) on a scale of 5 (very good) to 1 (no knowledge).

3.3.3 Members of the Supervisory Board and Supervisory Board member mandates

Name	Current profession	Date of birth	Member since	Appointed until ¹⁾	Statutory domestic or foreign supervisory bodies of commercial enterprises (as of: 31/12/2023)
Dr Stefan Krauss Chair	Lawyer	24/11/1964	06/2021	2026	-
Chairman of the Audit Committee	Commercial lawyer/specialist lawyer for labour law				
Dr Stephan Zizala Deputy Chair	Chairman of the Executive Board of u-blox AG	24/11/1972	2016	06/2023	-
Member of the Audit Committee					
Dr Harald Marquardt²⁾	Chair of the Executive Board of Marquardt Management SE	08/05/1961	06/2022	2027	-
Member of the Audit Committee					
Chris Wu	President of WUS Printed Circuit (Kunshan) Co., Ltd.	20/09/1971	2017	2024	Director of Biggering (BVI) Holdings Co., Ltd. Director of Happy Union Investment Co., Ltd. Chairman of the Board of Schweizer Electronic (Jiangsu) Co., Ltd.
Dr Andreas Schumacher³⁾	Executive Vice President for Strategy, Mergers & Acquisitions of Infineon Technologies AG	28/05/1971	06/2023	2024	-
Petra Gaiselmann⁴⁾	Employee in Personnel Department at Schweizer Electronic AG	22/06/1971	2019	2024	-
Jürgen Kammerer⁴⁾	Process engineer for mechanics at Schweizer Electronic AG	12/03/1966	2019	2024	-

¹⁾ The term of office ends at the end of the (respective) ordinary Annual General Meeting

²⁾ Deputy Chairman of the Supervisory Board and Audit Committee since 27 June 2023

³⁾ Member of the Supervisory Board and the Audit Committee since 27 June 2023

⁴⁾ Employee representative

4. TARGETS FOR AND IMPLEMENTATION OF THE PROPORTION OF WOMEN ON THE SUPERVISORY BOARD, EXECUTIVE BOARD AND AT MANAGEMENT LEVEL

The "Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector Act" stipulates a minimum quota of 30 percent for women and men (known as the gender quota) on the supervisory boards of companies that are publicly listed and subject to parity codetermination. For companies such as Schweizer Electronic AG that are publicly listed or subject to codetermination (including under the One-Third Employee Representation Act [Drittelbeteiligungsgesetz]), an obligation has been introduced whereby they themselves must set targets for the proportion of women on the Supervisory Board and Executive Board and at the two highest management levels. The Company has to observe a "no deterioration" rule.

For the period from 1 July 2017, for the percentage of women on the **Supervisory Board**, the Supervisory Board set a target that at least one seat on the Supervisory Board should be filled by a woman. At the time the new target was determined, there were no women on the Supervisory Board. This target was extended until 31 December 2026 and has been met since the Annual General Meeting held in 2017. The Supervisory Board has set a target of zero for the percentage of women on the Executive Board for the period from 1 July 2017 to 30 June 2022. At the time this target was determined, there were no women on the Executive Board. With the new target valid from 12 April 2022 until 31 December 2026, the Supervisory Board has set itself the goal that, should the **Executive Board** be increased to more than three members, a woman will be appointed to this position. Further information on determining the target figure and diversity for the composition of the Executive Board can be found in the "Executive Board" section of this declaration.

Since 1 July 2017, the Executive Board has determined a target for the proportion of women in the **key management level** below the Executive Board. This target was extended until 31 December 2026, with at least one woman to be appointed to one

position. The legally stipulated second management level below the Executive Board is not defined as such at SCHWEIZER. For this reason, the target relates to the key management level. At the time the new targets were stipulated, the key management level below the Executive Board comprised employees who report directly to the Executive Board and comprised a total of eleven persons. When defining the new target figure, there were no women at this management level.

In the current composition, the agreed targets for the percentage of women on the Supervisory Board and Executive Board were achieved. The target percentage of women for the key management level set by the Executive Board has not been met since an employee left in April 2021. It is, however, always taken into account for personnel decisions to be made for the key management level.

5. ACCOUNTING AND FINANCIAL STATEMENT AUDIT

Since the 2015 financial year, consolidated financial statements have been prepared in accordance with IFRS guidelines. The annual financial statements of Schweizer Electronic AG are prepared in accordance with HGB guidelines. The consolidated financial statements and the annual financial statements are produced by the Executive Board, checked by the auditor and approved and adopted by the Supervisory Board. The consolidated financial statements and the annual financial statements are published within four months of the end of the financial year.

It has been agreed with the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Freiburg im Breisgau branch, that the Chair of the Supervisory Board or Audit Committee will be immediately informed of significant matters arising during the audit. The auditor reports immediately to the Chair of the Supervisory Board and Audit Committee with regard to all issues and occurrences of essential importance to the tasks of the Supervisory Board that arise during the audit of the financial statements. In addition, the Chair shall be informed if the auditor identifies facts that result in inaccuracy with respect to the Declaration of Compliance submitted by the Executive Board and the Supervisory Board in accordance with Section 161 AktG. The auditor personally attends the meeting of the Audit Committee, which deliberates on the consolidated and annual financial statements, and the meeting of the Supervisory Board, at which the consolidated and annual financial statements are approved and adopted.

6. TRANSPARENCY

SCHWEIZER attaches great importance to ensuring consistent, comprehensive and timely information. The business situation and the results are reported in the Annual Report, in earnings calls, in the interim reports and in the half-yearly financial report.

Information is also communicated via press releases and ad-hoc disclosures. All reports and disclosures are available at: <https://schweizer.ag/en/investors-media>. Furthermore, the Investor Relations department is available to answer any questions throughout the year.

7. ACQUISITION AND SALE OF COMPANY SHARES

In accordance with Article 19 of Regulation (EU) No. 596/2014 on market abuse, members of the Executive Board and the Supervisory Board are statutorily obliged to disclose the acquisition or sale of shares of Schweizer Electronic AG or related derivatives or other associated financial instruments, where the value of the transactions made by the member concerned or related persons reaches a total volume of EUR 20,000 within one calendar year. The transactions reported to Schweizer Electronic AG during the last financial year were duly disclosed and can be viewed on the Company's website at: <https://schweizer.ag/investoren-und-medien/corporate-governance/managers-transactions>.

Schramberg, 19 April 2024

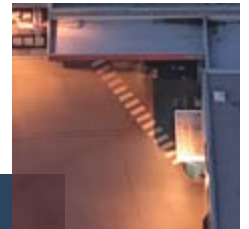
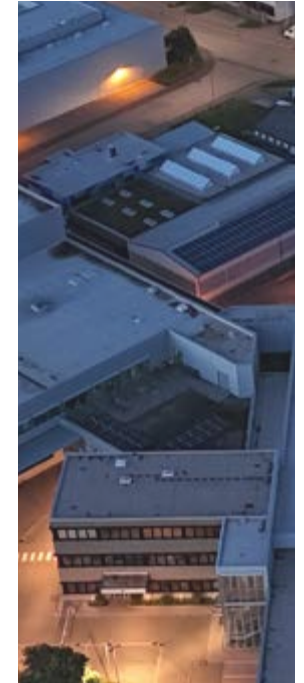
Executive Board

Supervisory Board

Nicolas-Fabian Schweizer
Chair of the Executive Board

Dr Stefan Krauss
Chair of the Supervisory Board

REMUNERATION REPORT



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REMUNERATION REPORT

In accordance with the Act Implementing the Second Shareholder Rights Directive (ARUG II), the Executive Board and Supervisory Board of Schweizer Electronic AG (SCHWEIZER) are required, since the 2021 financial year, to prepare a remuneration report in accordance with section 162 of the German Stock Corporation Act (Aktien-gesetz, AktG) and submit it to the Annual General Meeting for approval. The remuneration report for the 2022 financial year was approved by the Annual General Meeting on 27 June 2023 with a majority of 95.62%. The auditor has audited the remuneration report in accordance with section 162(3) sentences 1 and 2 AktG and prepared a note on the audit of the remuneration report. The audit note is enclosed with the remuneration report.

I. REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

At its meeting on 12 April 2021, the Supervisory Board of Schweizer Electronic AG approved a new remuneration system for the members of the Executive Board that meets the requirements of section 87a(1) AktG and takes into account the recommendations of the German Corporate Governance Code (GCGC). The Annual General Meeting approved the remuneration system on 25 June 2021 with a majority of 95.12% of votes cast.

There were no personnel changes in the Executive Board in the 2023 financial year. The Chair of the Executive Board, Mr Nicolas-Fabian Schweizer, was appointed as a member of the Executive Board for a further five years from 1 July 2022 to 30 June 2027 by an early resolution of the Supervisory Board dated 7 July 2021 and was once again appointed Chair of the Executive Board.

Likewise, Mr Marc Bunz was appointed as a member of the Executive Board for a further five years from 1 April 2023 to 31 March 2028 by an early resolution of the Supervisory Board dated 11 April 2022 and was once again appointed Deputy Chair of the Executive Board.

1. PRINCIPLES OF THE REMUNERATION SYSTEM

The remuneration system for the members of the Executive Board of Schweizer Electronic AG makes an important contribution to furthering the Company's business strategy. The structure of the remuneration system also motivates the members of the Executive Board to achieve significant strategic Group objectives – in particular, to increase the value of the Company and to strengthen its market position in the PCB industry.

When determining the remuneration of the Executive Board, the Supervisory Board is guided by the following principles:

Promotion of the corporate strategy

The remuneration of the members of the Executive Board is geared toward the long-term and sustainable development of the Company. The remuneration system as a whole makes a significant contribution to the promotion and implementation of the business strategy by defining sustainable performance criteria related to the long-term success of the Company.

The inclusion of important financial figures in the Executive Board remuneration is intended to incentivise the long-term and sustainable growth as well as the increasing profitability and viability of SCHWEIZER. In addition, performance that contributes to the strategic, technical and structural development of SCHWEIZER should also be taken into account. The variable remuneration is predominantly based on a multi-year assessment basis. The long term incentive (LTI) is aimed at a continuous and sustainable

increase in the Company's value, more specifically by taking into account the share price over a period of several years, and can thus make a significant contribution to a positive, long-term development of the Company.

In the context of long-term variable remuneration, non-financial target criteria that support sustainable corporate development are also agreed with the members of the Executive Board.

Appropriateness of remuneration

The remuneration of the members of the Executive Board should be proportionate to their duties and performance and should take into account the complexity and economic situation of the Company. Compared to similar companies, the remuneration is in line with market conditions and at the same time competitive.

Linking performance and remuneration

The remuneration of the members of the Executive Board is linked to their performance by making the variable remuneration components dependent on the achievement of certain target criteria. This means that outstanding performances are remunerated appropriately, while failure to meet the specified targets leads to a significant reduction in remuneration.

Harmonisation with shareholder and stakeholder interests

The remuneration system makes a key contribution to linking the interests of the Executive Board with the interests of shareholders and other stakeholders. The major portion of the variable remuneration is linked to the performance of the Company.

Consistency of the remuneration system

The remuneration system for the members of the Executive Board builds on the remuneration system for managers in the Group, sets comparable incentives and thus prescribes uniform targets.

2. DEFINITION OF THE SPECIFIC TARGET TOTAL REMUNERATION

In accordance with the remuneration system, the Supervisory Board determines the amount of the total target remuneration for each member of the Executive Board for the coming financial year. To this end, it must be considered that the respective remuneration is proportionate to the duties and performance of the Executive Board member as well as the position of the Company, does not exceed the usual remuneration without significant cause and is geared toward the long-term and sustainable development of Schweizer Electronic AG. For this purpose, both external and internal comparative observations are conducted:

a) Horizontal (external) comparison

The Supervisory Board uses an external independent remuneration consultant to assess the appropriateness and customary level of the actual total remuneration of the Executive Board members compared to other companies, using a suitable comparison group (horizontal comparison). The criteria of this comparison group are: Industry, company size and internationality. The comparison group of other companies used by the Supervisory Board to assess the appropriateness of the Executive Board remuneration in financial year 2021 included, for example, Sick AG (Waldkirch), Harting Stiftung & Co. KG (Espelkamp) and Manz AG (Reutlingen). The remuneration and employment conditions of employees were not taken into account when determining the remuneration system.

b) Differentiation according to the respective requirement profile

The remuneration system allows the Supervisory Board to take the function and area of responsibility of the individual member of the Executive Board into account when calculating the total target remuneration. Function-specific differentiations at the discretion of the Supervisory Board are therefore permissible. Criteria such as market practice, the experience of the respective Executive Board member and the Executive Board functions for which they are responsible are taken into account here.

c) Maximum remuneration limits

The variable remuneration is intended to ensure a balanced risk/opportunity profile. Therefore, if the set targets are not met, the amount of the variable remuneration paid out may fall to zero. If the targets are significantly exceeded, the amount paid out is limited to 200% of the target amount for both the short-term and long-term variable remuneration components.

In addition, in accordance with section 87a(1) sentence 2 No. 1 AktG, the Supervisory Board has set a maximum amount for the sum of all remuneration components, including ancillary benefits and pension costs (hereinafter referred to as "maximum remuneration"). The maximum remuneration for the Chair of the Executive Board and their Deputy amounts to EUR 1,400 thousand and for other members of the Executive Board to EUR 1,000 thousand each. These caps apply in each case to the sum of all payments resulting from the remuneration regulations for a financial year. This is the maximum possible calculated remuneration. The remuneration actually paid out is lower, as can be seen from the remuneration reports for the last financial years.

In the 2023 financial year, the maximum remuneration actually contractually agreed was EUR 1,200 thousand each for Mr Nicolas-Fabian Schweizer and Mr Marc Bunz. The remuneration granted and owed to the two members of the Executive Board in the 2023 financial year (see the details in section 6.a)) was below the amounts specified, which is why the maximum remuneration was complied with in each case.

d) Overview of components and structure of the total target remuneration

The remuneration system basically provides for fixed, non-performance-related and variable performance-related remuneration components.

The fixed performance-related remuneration components comprise the annual salary, ancillary benefits and a pension commitment.

The variable remuneration components comprise a remuneration component with a Medium & Short Term Incentive (hereinafter referred to as MSTI) and a remuneration component with a long-term incentive effect and risk element (long-term incentive, hereinafter referred to as LTI). Prior to the beginning of each financial year, the Supervisory Board sets target criteria for the variable remuneration components with regard to the strategic objectives, the requirements of sections 87, 87a AktG and the GCGC in their respective versions, the degree of achievement of which determines the amount of the actual payment.

The annual salary contributes 35-45% to the target remuneration. While the variable short- and medium-term remuneration component contributes 10-15%, the long-term remuneration component contributes 15-20% to the target remuneration. Pension costs make up about 25-30% of the target remuneration and ancillary benefits make up about 2-5% of the target remuneration.

The following overview provides a brief description of the key remuneration components, which are explained in detail in the following sections, as well as explanations of how the remuneration furthers the long-term development of the Company and the corporate strategy:

Compensation component	Structure	Strategy reference
Non-performance-related remuneration		
Annual fixed salary	Fixed remuneration, which is paid in twelve equal monthly instalments at the end of each month	Attracting and retaining qualified Executive Board members by providing competitive remuneration
Ancillary benefits	Company car, reimbursement of travel expenses, D&O insurance, accident insurance, employer's liability insurance association contribution, health and nursing care insurance contributions	
Pension commitment	Pension benefits in accordance with a pension commitment	
Variable remuneration		
Medium and short-term incentive	<ul style="list-style-type: none"> • Remuneration granted annually with short and medium-term incentive effect • Cap: 60% of the annual fixed salary • Financial performance criteria: EBITDA (weighting: 60%), Free cash flow (weighting: 40%) • Cash payment after adoption of the annual financial statements 	Incentive to increase SCHWEIZER's profitability and viability
Long-term incentive	<ul style="list-style-type: none"> • Variable remuneration with long-term incentive effect and risk element, which is rolled over in annual tranches with a term of four years each (performance period) • Cap: 80% of the annual fixed salary • Depending on financial (ROCE) and non-financial (corporate factor) performance criteria as well as share price performance • Cash payment after the end of the respective performance period 	Incentives to promote SCHWEIZER's long-term and sustainable growth strategy and to create sustainable value in the interests of shareholders
Other		
Malus regulation	Possibility of full or partial reduction of variable remuneration	Incentive to ensure sustainable business development and to avoid taking inappropriate risks
Maximum remuneration	Maximum amount of all remuneration components	Limitation of the remuneration for the Executive Board to ensure the appropriateness of the Executive Board remuneration and to avoid disproportionately high costs for the Company

The Supervisory Board has set the following target total remuneration for the 2023 financial year:

Target remuneration 2023	Nicolas-Fabian Schweizer		Marc Bunz	
	2023	2022	2023	2022
in EUR thousand				
Annual fixed salary	360	360	350	330
Ancillary benefits	14	14	13	15
Pension benefits ¹⁾	272	272	324	287
Total fixed non-performance-related target remuneration	646	646	686	632
MSTI	108	108	105	99
LTI	144	144	140	132
Total variable target remuneration	252	252	245	231
Total target remuneration	898	898	931	863

¹⁾ Contributions to external pension providers in accordance with pension commitments for the Company pension scheme.

3. APPLICATION OF THE REMUNERATION SYSTEM IN 2023 FINANCIAL YEAR

a) Annual fixed salary

The annual salary is fixed remuneration related to the entire financial year, which is paid out in twelve equal monthly instalments at the end of each month. The annual salary is reviewed by the Supervisory Board at intervals of two years.

In the 2023 financial year, Mr Nicolas-Fabian Schweizer was granted a fixed annual salary of EUR 360,000 and Mr Marc Bunz of EUR 350,000.

b) Ancillary benefits

The following ancillary benefits were granted to the members of the Executive Board in the 2023 financial year:

- the provision of a company car, which may also be used privately,
- reimbursement of travel expenses,
- the conclusion of a D&O insurance policy with an excess in accordance with section 93(2) sentence 3 AktG. D&O insurance is group insurance for all directors and officers of the Group and is not included in the amount of benefits granted and owed,
- accident insurance,
- contributions to the employer's liability insurance association, and
- health and long-term care insurance contributions in application of section 257 of Book V of the German Social Code (SGB V) and section 61 of Book XI of the German Social Code (SGB XI).

c) Pension benefits

Each member of the Executive Board receives pension benefits in accordance with a pension commitment.

The system of pension commitments for company pension benefits for members of the Executive Board who joined the Company up to 2017 refers to a percentage of the

base salary at the start of the retirement pension upon reaching the age of 65, but not before leaving the service of Schweizer Electronic AG. The pension commitment for Mr Nicolas-Fabian Schweizer amounts to 67% of the basic salary and for Mr Marc Bunz 48%. The commitment for occupational disability and surviving dependants' benefits relate to the occurrence of the underlying event (occupational disability and death). These benefits have been outsourced to external retirement funds and are based on the Company's contributions contractually promised to the Executive Board members paid to the reinsured, defined benefit pension fund.

The following table lists the allocations to pension funds made by the Company for the respective year and the annual pension entitlement earned as at 31 December in the event of an expected retirement at the age of 65 for the members of the Executive Board.

Pensions of the Executive Board members

in EUR thousand	Allocations paid to pension funds	earned as of 31 December Annual pension entitlement
Nicolas-Fabian Schweizer Chair of the Executive Board	272	106
2022	272	98
Marc Bunz Deputy Chair of the Executive Board	324	116
2022	287	102
Total 2023	596	222
Total 2022	559	200

If a Board member leaves the Company before the age of 65, the entitlement is reduced to the entitlement earned on leaving the Company. The contributions to the pension funds are adjusted accordingly on retirement. The pension reinsurance

asset values for tax purposes amount to EUR 2,272 thousand for Mr Nicolas-Fabian Schweizer as at 31 December 2023 (2022: EUR 1,987 thousand) and for Mr Marc Bunz to EUR 2,232 thousand (2022: EUR 1,893 thousand).

For Dr Maren Schweizer and Bernd Schweizer, the two former members of the Executive Board, the following reduced amounts will continue to be paid to the pension funds in 2023.

in EUR thousand	Allocations paid to pension funds	Annual pension entitlement earned as at 31 December
Dr. Maren Schweizer (until 2/2017)	39	91
2022	47	91
Bernd Schweizer (until 5/2015)	16	38
2022	16	38
Total 2023	55	129
Total 2022	63	129

The pension reinsurance asset values for tax purposes of the former members of the Executive Board, Dr Maren Schweizer and Mr Bernd Schweizer, amount to EUR 1,641 thousand as at 31 December 2023 (2022: EUR 1,574 thousand) and EUR 798 thousand (2022: EUR 771 thousand) respectively.

d) Variable remuneration component (Medium & Short Term Incentive (MSTI))

aa) Essential features

In the employment contract, the Supervisory Board agrees on a target amount for Medium & Short Term Incentive (hereinafter "MSTI target amount") for each member of the Executive Board, which is granted if the target is 100% achieved.

In the event of 100% target achievement, the MSTI amounts to 30% of the annual fixed salary. The maximum amount of MSTI to be paid is limited to 200% of the target amount, i.e. 60% of the annual fixed salary.

bb) Financial performance criteria

The origin and amount of the MSTI depends on the achievement of certain individual and/or company- or department-related objectives. The Supervisory Board currently defines the following two key figures as financial performance criteria within the meaning of section 87a(1) sentence 2 no. 4 AktG:

- EBITDA - Earnings before interest, taxes, depreciation and amortisation
- Free cash flow - The difference between the cash flow from operating activities and the cash flow from investing activities.

In order to calculate the MSTI, the degree of achievement of the currently defined targets – the EBITDA target of 60% and the free cash flow target of 40% – is weighted.

cc) Achievement of financial performance criteria

For each financial performance criterion, the target value for achieving a target of 100% corresponds to the value resulting from the planning for the respective financial year. Each year, the Supervisory Board determines the values for achieving the targets of 0% to a maximum of 200% for each financial performance criterion.

The degree of achievement of the target is determined by the target curve defined for the respective key figure. The targets and the corresponding target/payout curves are defined in advance by the Supervisory Board.

For the 2023 financial year, the Supervisory Board has defined financial performance criteria for both members of the Executive Board, which are adjusted for the effects of the Chinese subsidiary Schweizer Electronic (Jiangsu) Co., Ltd. and its deconsolidation. The Supervisory Board has set a target value of EUR 7.0 million (2022: EUR -4,225 thousand) (= 100% target value) and a performance corridor of EUR 5.6 million to EUR 11.2 million (2022: EUR -7,177 to 178 thousand) for both members of the Executive Board for the financial performance criterion EBITDA. The actual EBITDA value achieved amounts to EUR 8,864 thousand (2022: EUR -12,290 thousand). This results in target achievement of 125% (2022: 0%) and a corresponding weighted payout value of 102%.

For the financial performance criterion of free cash flow, the Supervisory Board has set a target value of EUR 4.5 million (2022: EUR -15,335 thousand) (=100 % target value) and a performance corridor of EUR 3.38 million to EUR 6.98 million (2022: EUR -18,287 thousand to EUR -10,932 thousand) for both members of the Executive Board for the 2023 financial year. The actual free cash flow value achieved amounts to EUR 5,838 thousand (2022: EUR -11,997 thousand). This results in target achievement of 125% (2022: 110%) and a corresponding weighted payout value of 68%.

In accordance with the weighting of the two key figures explained above, the target achievement rate for calculating the MSTI is 170% (2022: 52%).

The MSTI 2023 will be reported as remuneration granted in 2023 and paid out to the members of the Executive Board in the 2024 financial year once the annual financial statements have been adopted.

With regard to the MSTI, the following target achievement and disbursement amounts result for the members of the Executive Board:

MSTI 2023	Target amount	EBITDA		Free Cashflow		Overall target achievement ¹⁾	Disburse- ment amount
	in EUR thousand	Weighting	Target achieve- men ¹⁾	Weighting	Target achieve- ment ¹⁾		in EUR thousand
Nicolas- Fabian Schweizer Chair of the Executive Board	108	60%	180%	40%	170%	170%	184
(2022)	108	60%	0%	40%	110%	52%	56
Marc Bunz Deputy Chair of the Executive Board	105	60%	180%	40%	170%	170%	179
(2022)	99	60%	0%	40%	110%	52%	51

¹⁾ Payout on the basis of target achievement: measured on the basis of the corresponding target achievement and payout curves defined in advance by the Supervisory Board.

e) Variable remuneration component (Long Term Incentive (LTI))

aa) Essential features

The long-term incentive (hereinafter "LTI") is intended to promote the Executive Board's long-term commitment to the Company and its sustainable growth. It is a remuneration component with a long-term incentive effect and risk element, which is rolled over in annual tranches each with a 4-year term (performance period).

The amount of the LTI is determined by the performance of the share price (start share price and end share price in the respective performance period), the target achievement of a determined key figure (currently Return on Capital Employed

(ROCE)) and a corporate factor determined by the Supervisory Board. In order to respond to the respective situation of the Company, the Supervisory Board may change the key figure before the start of the respective tranche.

The corporate factor takes into account the sustainable development of the Company as a whole and thus contributes to promoting SCHWEIZER's sustainable growth strategy. With regard to the corporate factor, the Supervisory Board determines to what extent the individual targets of particular Executive Board members or targets applicable for all Executive Board members jointly are decisive.

The target amount is converted into virtual shares and paid out in cash at the end of the respective performance period, i.e. each LTI tranche, after four years.

The LTI target amount is converted into a conditional number of virtual shares granted for the purpose of calculating the LTI tranche. The start share price is decisive for the conversion (calculation of the start number of virtual shares). The start share price is the share price based on the average of the closing price of the Company's shares in the Xetra trading system of Deutsche Börse AG on the last 60 trading days before the start of the respective performance period.

In the event of 100% target achievement, the LTI amounts to 40% of the annual fixed salary. The maximum amount of LTI to be paid out is limited to 200% of the target amount, i.e. 80% of the annual fixed salary.

bb) Achievement of financial and non-financial performance criteria

The calculation of the LTI payout amount is shown below based on the currently defined key figure ROCE. The LTI payout amount is calculated for each LTI tranche using the following formula: Start number of virtual shares x ROCE target achievement factor x corporate factor = final number of virtual shares x end share price = LTI payout amount.

The target achievement of ROCE and the corporate factor is determined at the end of each of the four-year performance periods.

ROCE targets are agreed for each year within a performance period. The target achievement value at the end of the performance period corresponds to the average of the individual target achievement values of this performance period. If the average ROCE target achievement is 100%, a 100% payout is made. The annual ROCE targets for the performance period and the corresponding target achievement curve are defined in advance by the Supervisory Board for each performance period.

The Supervisory Board decides on the level of the corporate factor (degree of target achievement), which is generally determined on the basis of non-financial criteria for each tranche. The objectives and their weighting are defined at the beginning of each performance period for their duration. The corporate factor influences the LTI level in a range between plus and minus 20%, i.e. it amounts to a factor between 0.8 and 1.2.

The end share price is measured on the basis of the average closing price of the Company's shares in the Xetra trading system of Deutsche Börse AG on the last 60 trading days before the end of the respective performance period.

Payment is made as a gross amount after the respective end of the performance period. The LTI remuneration is reported as remuneration granted at the end of the respective performance period and is paid out in the following year after the annual financial statements have been adopted.

If the employment contract ends before the end of the respective performance period, the respective LTI tranches remain pro-rata at that time and will be remunerated pro-rata temporis. No claim to payment of an LTI, including payment of a pro-rata LTI, shall exist if the Company terminates the employment contract prematurely for good cause or cancels the appointment of the Executive Board member due to gross breaches of

duty for good cause or the Executive Board member resigns from office or terminates the employment contract without significant reason or without a change of control.

The end of the 2020 LTI tranche was reached at the end of the 2023 financial year. The target performance set for the 2020 LTI tranche by the Supervisory Board, which covers the period 2020–2023, was a weighted ROCE of -7.1%. The weighted ACTUAL- ROCE actually achieved in the performance period was -5.6%. Taking into account, the target achievement factor of 130% (=payout value of 160%), the development of the share price and the company factor, the payout amounts are as follows:

LTI Tranche 2020¹⁾	Initial number of virtual shares	x	Pay-out factor ROCE	x	Company factor	=	Final Numbers of virtual shares	x	Share price of the last 60 days in EUR	=	Disbursement amount in EUR thousand
Nicolas-Fabian Schweizer Chair of the Executive Board	10,391	x	1.6	x	1.0	=	16,626	x	6.72	=	112
Marc Bunz Deputy Chair of the Executive Board	10,102	x	1.6	x	1.0	=	16,163	x	6.72	=	109

¹⁾ LTI-Tranche 2020 covers the performance of financial years 2020-2023.

4. OTHER PROVISIONS RELEVANT TO REMUNERATION

a) Malus regulation

If an Executive Board member in their role as a member of the Executive Board commits a demonstrably deliberate gross violation of one of their duties of due diligence within the meaning of section 93 AktG, of an essential principle of action of the internal guidelines issued by the Company, or of any of their other duties arising from their employment contract, the Supervisory Board may, at its discretion, reduce in part or in full, to zero the variable remuneration to be granted for the financial year in which the gross violation occurred (hereinafter “malus regulation”). The remuneration system does not provide opportunities for the Company to recover variable remuneration components (“clawback”).

Any claims for damages by Schweizer Electronic AG against the Executive Board member, in particular from section 93(2) AktG, remain unaffected by the agreement of a malus regulation.

In the 2023 financial year, there were no circumstances that would have justified the application of the malus regulation. The Supervisory Board has therefore not exercised the option to reduce the variable remuneration.

b) Term and termination options

When appointing members of the Executive Board and during the term of the Executive Board contracts, the Supervisory Board complies with the statutory provisions of section 84 AktG and the recommendations of the GCGC. In the event of an initial appointment to the Executive Board, the term of the appointment and the term of the employment contract are generally three years. In the event of re-appointments or in the event of an extension of the term of office, the maximum duration of the employment contract is five years.

The employment contracts do not provide for an ordinary termination option; the

mutual right to extraordinary termination of the employment contract for good cause remains unaffected. In the event of a member of the Executive Board becoming permanently incapable of work during the term of the employment contract, the employment contract shall cease at the end of the third month after determining the permanent incapacity for work.

Payments to a member of the Executive Board in the event of premature termination of his or her Executive Board duties without good cause, including ancillary benefits, do not exceed the value of two years’ remuneration but do not remunerate more than the remaining term of the employment relationship (severance pay cap). If the employment contract is terminated for good cause for which the Executive Board member is responsible, no payments shall be made to the Executive Board member. The total remuneration of the past financial year and, if applicable, the estimated total remuneration for the current financial year form the basis for the calculation of the severance payment cap.

A post-contractual non-competition clause is agreed with each member of the Executive Board for a period of 24 months. Appropriate compensation (compensation for non-competition) amounting to 55% of their final average contractual compensation is granted for this period.

In the event of a change of control, the Executive Board member has the right to resign from their Executive Board position and terminate the employment contract with three months’ notice. The Company is also entitled to this right of termination. If the office and the employment contract ends due to a change of control, the member of the Executive Board is entitled to compensation and a severance payment. The Executive Board member is entitled to compensation in the amount of 100% of their average annual remuneration (gross), consisting of annual salary, MSTI and LTI, earned over the last three financial years prior to the departure for the remaining term of their employment contract. The compensation payments amount to a maximum of the

value of two annual salaries. In addition, the Executive Board member shall receive a severance payment of one year's remuneration. Combined compensation and severance benefits are limited to a maximum of three times the annual remuneration of the Executive Board member.

There was no change to the Executive Board in the 2023 financial year, which is why no benefits were granted or owed in the event of the departure of an Executive Board member.

5. NO THIRD-PARTY SERVICES

In the 2023 financial year, no Executive Board member was promised or granted remuneration by third parties with regard to their activity as Executive Board member.

6. REMUNERATION GRANTED AND OWED

a) Active Executive Board members in the 2023 financial year

The following table details the remuneration granted and owed to the Executive Board members in office in the 2023 and 2022 financial years in accordance with section 162(1) sentence 1 AktG. Accordingly, the table contains all amounts actually received by the members of the Executive Board in the 2023 and 2022 financial years (in fact) (remuneration granted) as well as all remuneration components due but not yet received (remuneration owed).

Remuneration granted and owed in EUR thousand	Nicolas-Fabian Schweizer				Marc Bunz			
	2023	In % of total remuneration	2022	In % of the total remuneration	2023	In % of total remuneration	2022	In % of the total remuneration
Annual fixed salary	360	54%	360	84%	350	54%	330	83%
Ancillary benefits	14	2%	14	3%	13	2%	15	4%
Total fixed non-performance-related remuneration	374	56%	374	87%	363	56%	345	87%
MSTI	184	27%	56	13%	179	27%	51	13%
2020 LTI tranche ¹⁾	112	17%			109	17%		
2019 LTI tranche ²⁾			0	0%			0	0%
Total variable remuneration	296	44%	56	13%	288	44%	51	13%
Total remuneration	670	100%	430	100%	651	100%	396	100%

¹⁾ The 2020 LTI tranche comprises performance in the 2020–2023 financial years.

²⁾ The 2019 LTI tranche comprises performance in the 2019–2022 financial years.

b) Former members of the Executive Board

In the 2023 financial year, pension payments of EUR 281 thousand (2022: EUR 281 thousand) were granted to former members of the Executive Board. In accordance with section 162(5) AktG, the personal details of former members of the Executive Board may not be disclosed as they left the Executive Board before 31 December 2013. In the 2023 financial year, EUR 196 thousand (2022: EUR 196 thousand) was granted to the former member of the Executive Board, Dr Maren Schweizer, as part of a court settlement. The total liability for this amounted to EUR 2,217 thousand as at 31 December 2023 (31 December 2022: EUR 2,341 thousand).

II. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is set out in Article 13 of the Company's Articles of Association. The Annual General Meeting confirmed the remuneration of the members of the Supervisory Board provided for in Article 13 of the Company's Articles of Association and the remuneration system underlying the remuneration with the information pursuant to sections 113(3) sentence 3, 87a(1) sentence 2 AktG on 25 June 2021 with a majority of 95.07% of votes cast.

Supervisory Board members receive a fixed remuneration for their work, the amount of which depends on the duties assumed by the Supervisory Board and its committees. In addition, the members of the Supervisory Board receive performance-related remuneration based on the amount of the dividend.

The system for the remuneration of the members of the Supervisory Board, which forms the basis of the regulations of the Articles of Association, is based on the legal requirements and takes into account the recommendations of the German Corporate Governance Code:

- In addition to a fixed remuneration, the system for the remuneration of the members of the Supervisory Board provides for performance-related remuneration, which is based on the dividend distributed to the shareholders for the respective financial year. In addition, the members of the Supervisory Board receive reimbursement of expenses for training and further education measures up to an amount of EUR 2,500.00 per year. In addition, the members of the Supervisory Board receive reimbursement of their expenses and any value added tax to be paid on the remuneration. No attendance fee is granted.
- The Supervisory Board remuneration consists of the following components: Members of the Supervisory Board receive a fixed remuneration of EUR 15,000.00 for each financial year, the Chair of the Supervisory Board receives twice this

amount, i.e. EUR 30,000.00, and the Deputy Chair receives one and a half times this amount, i.e. EUR 22,500.00. In accordance with recommendation G.17 of the German Corporate Governance Code, the greater time required of the Chair and Deputy Chair of the Supervisory Board is taken into account in the remuneration. The same applies to chairing and membership of committees. For membership of a committee of the Supervisory Board, members of the Supervisory Board receive an additional remuneration of EUR 15,000.00 per financial year and per committee membership. The Chair of a committee receives twice this amount, i.e. EUR 30,000.00, as additional remuneration, while the Deputy Chair receives one and a half times this amount, i.e. EUR 22,500.00.

- In addition, the members of the Supervisory Board receive variable remuneration. The only criterion for the granting and amount of variable remuneration is the amount of the dividend distributed to the shareholders for the respective financial year. The members of the Supervisory Board receive a performance-related remuneration of EUR 300.00 for each EUR 0.01 profit share decided by the Annual General Meeting, which is distributed to the shareholders in addition to a profit share of EUR 0.40 per share with full profit entitlement. If preferred shares are issued, the performance-related remuneration is based on the profit share per ordinary share. The variable remuneration is limited to a maximum amount of EUR 18,000.00. The regulation on performance-related remuneration deviates from recommendation G.18 Clause 2 of the German Corporate Governance Code. The Executive Board and the Supervisory Board believe that the existing compensation arrangement provides the members of the Supervisory Board with sufficient incentive to orient the exercise of their duties towards the long-term, successful development of the Company. Dividend payments are also a key performance indicator for the shareholders. The orientation of the performance-related remuneration of the members of the Supervisory Board to this performance indicator contributes to the long-term promotion of the Company's success.
- The upper limit for the remuneration of the members of the Supervisory Board is the sum of the fixed remuneration, the amount of which depends in detail on the tasks

assumed by the Supervisory Board and its committees, the maximum amount of performance-related remuneration and the maximum amount for the reimbursement of expenses for training and further education measures. Conversely, there is no quantified maximum remuneration figure for the members of the Supervisory Board.

- The amount and structure of the Supervisory Board remuneration is in line with the market and enables the Company to continue to be able to recruit qualified candidates for the Supervisory Board in the future. This is a prerequisite for the best possible exercise of the advisory and monitoring activities by the Supervisory Board, which in turn make a significant contribution to the promotion of the business strategy and the long-term development of the Company.
- The fixed remuneration is due for payment at the end of the respective financial year. The performance-related remuneration is due at the time of a corresponding resolution of the Annual General Meeting on the appropriation of the balance sheet profit. There are no deferral periods for the payment of remuneration components.
- The remuneration of the members of the Supervisory Board is finally regulated in the Articles of Association; there are no ancillary or supplementary agreements. Remuneration is linked to the duration of the appointment as a member of the Supervisory Board. If members of the Supervisory Board resign from the Supervisory Board or one of its committees during the course of a financial year, they receive pro rata remuneration. There are no commitments to dismissal compensation, pension and early retirement schemes.

The following table shows the remuneration granted and owed to the members of the Supervisory Board in the 2023 and 2022 financial years:

in EUR thousand	Fixed remuneration	in % ⁶⁾	Remuneration for committee work	in % ⁶⁾	Variable remuneration	in % ⁶⁾	Total remuneration
Dr Stefan Krauss¹⁾	30	50%	30	50%	0	0	60
(2022)	23	50%	23	50%	0	0	45
Dr Harald Marquardt²⁾	19	50%	19	50%	0	0	38
(2022)	8	50%	8	50%	0	0	15
Dr Stephan Zizala³⁾	11	50%	11	50%	0	0	23
(2022)	23	50%	23	50%	0	0	45
Dr Andreas Schumacher⁴⁾	8	50%	8	50%	0	0	15
Christoph Schweizer⁵⁾							
(in 2022)	15	50%	15	50%	0	0	30
Chris Wu	15	100%	-	-	0	0	15
(2022)	15	100%	-	-	0	0	15
Petra Gaiselmann	15	100%	-	-	0	0	15
(2022)	15	100%	-	-	0	0	15
Jürgen Kammerer	15	100%	-	-	0	0	15
(2022)	15	100%	-	-	0	0	15
Total 2023	113	63%	68	38%	0	0	180
(Total 2022)	113	63%	68	38%	0	0	180

¹⁾ Chair of the Supervisory Board and the Audit Committee.

²⁾ Since 27 June 2023, Deputy Chair of the Supervisory Board and the Audit Committee. Until 27 June 2023, ordinary member of the Supervisory Board and the Audit Committee

³⁾ Until 27 June 2023, Deputy Chair of the Supervisory Board and the Audit Committee

⁴⁾ Since 27 June 2023, member of the Supervisory Board and the Audit Committee

⁵⁾ Until 24 June 2022, Chair of the Supervisory Board and the Audit Committee

⁶⁾ Share of total remuneration

All figures are rounded, which can lead to deviations when these are added up.

III. COMPARATIVE PRESENTATION OF EARNINGS PERFORMANCE AND ANNUAL REMUNERATION

In accordance with section 162(1) sentence 2 no. 2 AktG, the following table shows SCHWEIZER's earnings performance, the annual change in remuneration of the members of the Executive Board and the Supervisory Board as well as the annual change in the average remuneration of employees on a full-time basis over the last five financial years.

In addition to the net income/loss for the year under commercial law of Schweizer Electronic AG, the earnings trend is shown using the EBITDA KPI for the Group. As a key performance indicator, the Group EBITDA is also part of the financial objectives of the MSTI and thus has a significant influence on the amount of remuneration paid to the members of the Executive Board.

For the members of the Executive Board and the Supervisory Board, their remuneration granted and owed in the respective financial year within the meaning of section 162(1) sentence 1 AktG is outlined.

For the presentation of the average remuneration of employees, is based on SCHWEIZER's workforce in Germany (including trainees), which included an average of 500 (2022: 489) employees (full-time) in the 2023 financial year. In comparison, the SCHWEIZER Group had around 600 employees worldwide as of 31 December 2023 (2022: around 1,000). The average remuneration of employees includes personnel expenses for wages and salaries, for fringe benefits, for employer contributions to social security and for any short-term variable remuneration components attributable to the financial year. Thus, consistent with the remuneration reported for the Executive Board and the Supervisory Board, employee remuneration also complies in principle with the remuneration components granted and owed as defined in section 162(1) sentence 1 AktG.

The following table shows the values in a manner that allows comparison:

Financial year	2019	Change in %	2020	Change in %	2021	Change in %	2022	Change in %	2023	Change in %
Earnings performance (in EUR millions)										
EBITDA ¹⁾	0.1	-99%	-9.5	>-100%	-8.5	11%	-12.3	-45%	8.9 ²⁾	>+100% ²⁾
Net income for the year in accordance with HGB ³⁾	-2.8	>-100%	-9.1	>-100%	2.8	>+100%	-24.9	>-100%	-3.1	+97%
Average employee remuneration (in EUR thousands)										
Employees in Germany	53 ⁴⁾	-9% ⁴⁾	60 ⁵⁾	+12% ⁵⁾	63 ⁶⁾	+7% ⁶⁾	68	+7%	67	-1%
Remuneration of Executive Board members in office⁷⁾ (in EUR thousands)										
Nicolas-Fabian Schweizer	563	+27%	385 ⁸⁾	-32% ⁸⁾	415	+8%	430	+4%	670	+56%
Marc Bunz	535	+27%	367 ⁸⁾	-31% ⁸⁾	394	+7%	396	+1%	651	+64%
Remuneration of former Executive Board members (in EUR thousands)										
Dr Maren Schweizer ⁹⁾	-	-	-	-	82	-	196	+139%	196	0%
Payments made to Executive Board members who left before 31 December 2013 ¹⁰⁾	278	0%	262 ¹¹⁾	-6%	281	+7%	281	0%	281	0%
Supervisory Board remuneration (in EUR thousands)										
Dr Stefan Krauss										
Chair of the Supervisory Board and the Finance Committee since 24 June 2022	-	-	-	-	15	-	45	+200%	60	+33%
Member of the Supervisory Board and the Audit Committee since 25 June 2021	-	-	-	-	-	-	15	-	38	+150%
Dr Harald Marquardt										
Deputy Chairman of the Supervisory Board and Audit Committee since 27 June 2023.	-	-	-	-	-	-	15	-	38	+150%
Member of the Supervisory Board and the Audit Committee since 24 June 2022	-	-	-	-	-	-	15	-	38	+150%
Dr Stephan Zizala										
Deputy Chairman of the Supervisory Board and Audit Committee until 27 June 2023	45	0%	45	0%	45	0%	45	0%	23	-50%
Dr Andreas Schumacher										
Member of the Supervisory Board and the Audit Committee since 27 June 2023	-	-	-	-	-	-	-	-	15	-
Chris Wu										
Member of the Supervisory Board since 7 July 2017	15	0%	15	0%	15	0%	15	0%	15	0%
Petra Gaiselmann										
Member of the Supervisory Board since 28 June 2019	8	-	15	+100%	15	0%	15	0%	15	0%
Jürgen Kammerer										
Member of the Supervisory Board since 28 June 2019	8	-	15	+100%	15	0%	15	0%	15	0%

- ¹⁾ Group EBITDA is a key performance criterion for determining the MSTI.
²⁾ EBITDA 2023 adjusted for deconsolidation effect and excluding pro rata result January-April 2023 of Schweizer Electronic (Jiangsu) Co., Ltd. | Change to FY 2022 = adjusted EBITDA 2023 less adjusted EBITDA 2022 (excluding pro rata profit of Schweizer Electronic (Jiangsu) Co., Ltd.
³⁾ The net income figure for the year of Schweizer Electronic AG (German Commercial Code, HGB) is not relevant for the variable remuneration of the Executive Board.
⁴⁾ Excluding short-time allowance (period of partial short-time work: March to July 2019).
⁵⁾ Excluding short-time allowance (period of partial short-time work: April to December 2020) | Voluntary waiver of fixed remuneration and special payments from some of the employees taken into account.
⁶⁾ Excluding short-time allowance (period of partial short-time work: January to February 2021).
⁷⁾ Fixed and variable remuneration components.
⁸⁾ Voluntary waiver of 30% of the contractually agreed fixed remuneration from April to June 2020.
⁹⁾ Since August 2021, payment of a severance payment, payable in monthly instalments.
¹⁰⁾ The remuneration shown consists of pension payments.
¹¹⁾ Waiver of 10% of the contractually agreed pension payment from April – December 2020.

Schramberg, April 19, 2024

Schweizer Electronic AG

For the Executive Board

Nicolas-Fabian Schweizer

Marc Bunz

For the Supervisory Board

Dr Stefan Krauss

AUDIT OPINION

NOTE FROM THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162(3) OF THE GERMAN STOCK CORPORATION ACT (AKTG)

To Schweizer Electronic Aktiengesellschaft, Schramberg

Audit opinion

We have formally examined the remuneration report of Schweizer Electronic Aktiengesellschaft, Schramberg, for the financial year from 1 January to 31 December 2023 to determine whether the information pursuant to Section 162(1) and (2) of the German Stock Corporation Act (AktG) was provided in the remuneration report. In accordance with Section 162(3) AktG, we have not audited the content of the remuneration report.

In our opinion, the information pursuant to Section 162(1) and (2) AktG has been provided in all material respects in the attached remuneration report. Our audit opinion does not extend to the content of the remuneration report.

Basis for the audit opinion

We conducted our audit of the remuneration report pursuant to Section 162(3) AktG, taking into account the IDW auditing standard: Audit of the remuneration report pursuant to Section 162 (3) AktG (IDW PS 870 (09/2023)). Our responsibility under this regulation and this standard is further described in the "Responsibility of the auditor" section of our note. As an auditing firm, we applied the requirements of the IDW quality management standard: Requirements for quality management in audit firms (IDW QMS 1 (09.2022)). We have complied with the professional duties in accordance with the Ordinance on Auditors and the Professional Regulations for Auditors/ Sworn Auditors, including the requirements for independence.

Responsibility of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board are responsible for preparing the remuneration report, including the related information, which complies with the requirements of Section 162 AktG. In addition, they are responsible for the internal controls that they have determined to be necessary for the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraudulent acts or error (i.e. manipulations of the accounting process and asset misappropriation).

Responsibility of the auditor

Our objective is to obtain reasonable certainty whether the information pursuant to Section 162 (1) and (2) AktG has been provided in all material respects in the remuneration report and to issue an audit opinion in a note on this.

We planned and performed our audit in such a way that we were able to determine the formal completeness of the remuneration report by comparing the information provided in the remuneration report with the information required in accordance with Section 162(1) and (2) AktG. In accordance with Section 162(3) AktG, we have not audited the accuracy of the content of the information, the completeness of the content of the individual disclosures or the appropriate presentation of the remuneration report.

Handling of misleading representations

In connection with our audit, we have a responsibility to read the remuneration report, taking into account the knowledge gained from the audit of the financial statements, and to remain alert for indications as to whether the remuneration report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the remuneration report.

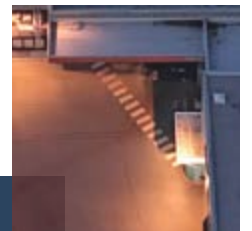
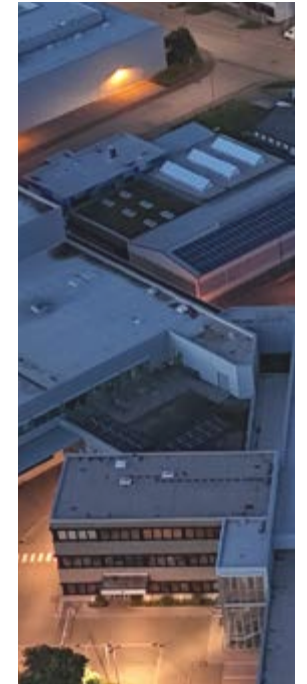
Based on the work performed by us, should we conclude that such a materially false disclosure has been made, we are obligated to report on this matter. In this respect, we have nothing to report.

Freiburg im Breisgau, 19 April 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft [Audit firm]

Laubert	Armbruster
Auditor	Auditor

INFORMATION



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FINANCIAL GLOSSARY

AKTG

Abbreviation for the “Aktiengesetz”, which is the German Stock Corporation Act.

INCOMING ORDERS

Total value of all orders (reduced by cancellations) received by the company from its customers in the corresponding accounting period.

CASH FLOW

Any excess of receipts over payments for a company, which is variably determined depending on the size of the payments under consideration.

CORPORATE GOVERNANCE

Refers to the responsible management and control of a company, aligned towards long-term value creation. The German Corporate Governance Code Governmental Commission compiles the relevant standards and integrates them in the Corporate Governance Code.

D&O INSURANCE

Abbreviation for director and officers insurance. D&O insurance is professional liability insurance for bodies, such as management and supervisory boards, and executive employees.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to insure against and minimise interest rate and/or currency risks due to fluctuations in the exchange rate or market interest rate.

EBIT

Abbreviation for earnings before interest and taxes and/or EBITDA ./. Depreciation of tangible and intangible assets.

EBITDA

Abbreviation for earnings before interest, taxes, depreciation and amortisation or operating results before financial result, taxes and depreciation.

EQUITY RATIO

Calculated as the ratio of total equity to total assets.

EPS

Abbreviation for earnings per share, calculated by dividing the annual net income of the company by the number of shares.

FREE FLOAT

Proportion of the share capital not in the permanent possession of specific shareholders, but that are in free float.

FREE CASH FLOW

Calculated as the difference between the cash flow from operating activities and the cash flow from investing activities.

GENERAL STANDARD

One of the three levels of transparency that companies can choose to have listed on the regulated market. Issuers in the general standard fulfil the high transparency standard of the regulated market, without having a specific international orientation. The general standard is primarily suitable for medium and large companies focused primarily on domestic investors.

HGB

Abbreviation for “Handelsgesetzbuch”, which is the German Commercial Code.

INVESTMENT RATIO

The ratio of investments made to generated EBITDA.

IFRS/IAS

Abbreviation for International Financial Reporting Standards. The internationally accepted accounting standards ensure the comparability of consolidated financial statements. The individual standards of the IFRS are referred to as IAS (International Accounting Standards), while the newer standards are referred to as IFRS.

ISIN

Abbreviation for International Security Identification Number. Used to clearly identify securities internationally.

CASH FLOW STATEMENT

Analysis of the development of liquid funds/flow of payments under consideration of the source and use of funds.

CONSOLIDATION

Within the consolidated financial statement, it is necessary to consolidate the shareholding relationships that exist between the Group companies. Here, the carrying amount of the participating interest is offset against the proportionate equity capital amounts of the subsidiaries.

DEFERRED TAXES

Payable or recoverable income taxes that result from the difference between the values stated in the tax and commercial balance sheets.

LTIP

Abbreviation for long-term incentive programme. Variable remuneration component with a long-term incentive effect and risk character in the form of a “share matching” plan.

MSTI

Abbreviation for medium and short-term incentive. Variable remuneration component with a medium and short-term incentive effect.

NET GEARING

Interest-bearing liabilities after allowing for liquid assets and current financial assets.

NET GEARING RATIO

(Interest-bearing liabilities after allowing for liquid assets and current financial assets) / equity capital.

PREPAYMENTS AND ACCRUED INCOME

Payments that have already been made or received in advance in the reporting period, but relate to a period after the reporting date.

ROCE

Abbreviation for return on capital employed. The ratio of EBIT to long-term capital employed (consisting of equity and long-term debt).

PROVISIONS

Payments or depreciations in value for later periods recognised as expenditure in the accounting period, the level and/or time of which is not fixed on the reporting date, but which is reasonably certain to occur.

COST-OF-SALES METHOD

Procedure for the income statement to determine the success of the relevant period, whereby expenses are split into functional areas (manufacturing, administration, sales). The sales revenue is only set against the manufacturing costs that were responsible for the sales.

WKN

Abbreviation for “Wertpapier-Kenn-Nummer”, the German securities code, which uniquely identifies securities in Germany. In international transactions the German securities code number is replaced by the ISIN.

WORKING CAPITAL

The difference between current assets and current liabilities. This is calculated by deducting current liabilities from current assets (excluding cash and cash equivalents).

TECHNOLOGY GLOSSARY

EMBEDDING TECHNOLOGY

Technology for the integration of active and passive components in PCBs.

FR4 FLEX

3D PCB with a bending radius of up to 180°.

HIGH-FREQUENCY APPLICATION

In this case, in the 24 GHz and 77 GHz range. These are radar applications in vehicles.

POWER ELECTRONICS

The conduction of high currents and/or heat dissipation.

POWER SEMICONDUCTOR

Power semiconductors offer almost unlimited freedom in shaping the flow of electrical energy. Their advantage is that they can switch extremely fast – typically within a split second – between the “open” and “closed” states. Due to the rapid succession of on/off pulses, almost any form of energy flow can be simulated.

PCB

Printed circuit board – a carrier for electronic components. PCBs are used to link active, passive and electromechanical components as well as connectors. Depending on the technological requirements, PCBs are available in a variety of formats. They offer a wide range of technological possibilities, which can be combined with each other, according to the modular principle.

p² PACK TECHNOLOGY

Innovative technology for manufacturing power electronics, with integrated power semiconductors.

LEGAL NOTICE

Schweizer Electronic AG

Einsteinstraße 10
78713 Schramberg
Germany
Tel.: +49 7422 512-0
Fax.: +49 7422 512 397
www.schweizer.ag

In this report, Schweizer Electronic AG is also referred to as SCHWEIZER .

In this report, Schweizer Electronic (Jiangsu) Co., Ltd. is also referred to as SCHWEIZER China.

In this report, WUS Printed Circuit (Kunshan) Co., Ltd. is also referred to as WUS or WUS Kunshan.

All figures are rounded, which can lead to minor deviations when these are added up.

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SAFE HARBOUR STATEMENT

This communication contains forward-looking statements and information; that is, statements about events in the future, not the past. These forward-looking statements can be identified by formulations such as “expect”, “wish to”, “anticipate”, “propose”, “plan”, “believe”, “seek to”, “estimate”, “become” or similar terms. While such forward-looking statements represent our current expectations and particular assumptions, they are subject to various risks and uncertainties. A number of factors, many of which are outside the control of SCHWEIZER, have an impact on SCHWEIZER’s business activities, strategy and results. These factors could cause the actual results and performance of the SCHWEIZER Group to differ materially from the information on results and performance made explicit or implied in these forward-looking statements. On our part, these uncertainties arise in particular due to the following factors: Changes to the overall economic and business position (including margin developments in the major divisions), challenges posed by the integration of important acquisitions and the implementation of joint ventures and other major portfolio measures, changes to exchange and interest rates, the introduction of competing products or technologies by other companies, failure to find acceptance of new products and services among SCHWEIZER’s target client groups, changes to the business strategy and various other factors. Should one or more of these risks or uncertainties be realised or should it become apparent that the underlying assumptions were incorrect, this could cause the actual results to differ materially both in a positive and negative sense from the results referred to in forward-looking statements such as expected, anticipated, proposed, planned, projected or estimated. SCHWEIZER does not obligate itself and does not intend to revise or correct these forward-looking statements in light of developments which differ from those anticipated.

Schweizer Electronic AG
Einsteinstraße 10
78713 Schramberg

Po Box 561
78707 Schramberg

