



# EXPANDING HORIZONS WITH FINEBLANKING, FORMING AND STAMPING

FEINTOOL GROUP  
Annual Report 2022

# IMPORTANT KEY FIGURES AT A GLANCE

	2022	2021	2020	2019	2018
	01/01/–12/31/22	01/01/–12/31/21	01/01/–12/31/20	01/01/–12/31/19	01/01/–12/31/18
<b>Operating figures</b>	in CHF m				
Expected releases – high volume parts manufacturing	549.8	307.8	253.1	265.2	286.1
Orders received third (investment goods)	25.3	37.9	24.5	50.5	87.7
Orders backlog third (investment goods)	15.6	16.8	10.8	18.5	31.0
Net sales	861.0	588.1	492.0	632.7	679.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	85.7 <sup>1)</sup>	85.6 <sup>2)</sup>	53.2 <sup>3)</sup>	67.7	89.7
Operating profit (EBIT)	26.7 <sup>1)</sup>	34.4 <sup>2)</sup>	3.0 <sup>3)</sup>	18.9	47.5
Net earnings	16.5	19.2	-3.9	10.7	30.5
<b>Return figures</b>	in %				
EBITDA margin	10.0 <sup>1)</sup>	14.5 <sup>2)</sup>	10.8 <sup>3)</sup>	10.7	13.2
EBIT margin	3.1 <sup>1)</sup>	5.9 <sup>2)</sup>	0.6 <sup>3)</sup>	3.0	7.0
Net return on sales	1.9	3.3	-0.8	1.7	4.5
<b>Cash flow and balance sheet statistics</b>	in CHF m				
Cash flow from operating activities	54.7	75.8	41.5	82.0	67.0
Cash flow from investing activities (net)	-80.1	-37.4	-40.2	-51.8	-121.0
Free cash flow	-25.4	38.3	1.3	30.2	-54.0
Total assets	915.0	684.4	677.1	706.3	705.3
Equity	540.5	338.4	293.9	309.9	320.8
Liabilities	374.5	346.0	383.2	396.4	384.5
Net debt	42.1	120.7	146.9	140.8	147.9
Equity ratio	59.1 %	49.4 %	43.4 %	43.9 %	45.5 %
Gross investments	40.0	57.4	43.3	56.3	101.2
<b>Key figures per share</b>	in CHF				
Earnings per share (basic)	1.48	3.92	-0.80	2.17	6.63
Dividend per share	0.34 <sup>4)</sup>	1.00	0.00	0.00	2.00
Equity per share	36.66	68.85	59.80	63.05	65.26
<b>Other</b>					
Number of employees at year-end (excl. apprentices)	3 390	2 478	2 570	2 641	2 697

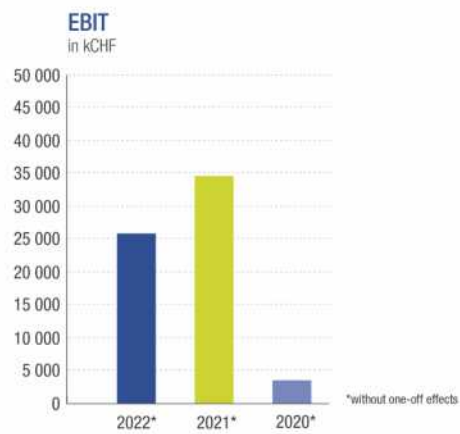
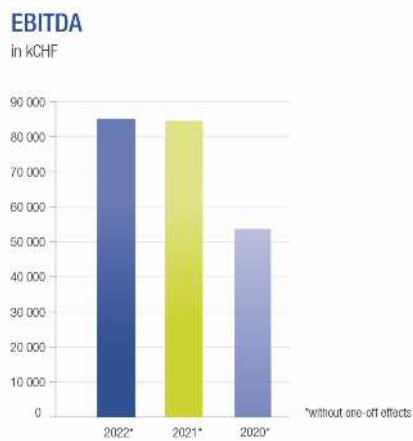
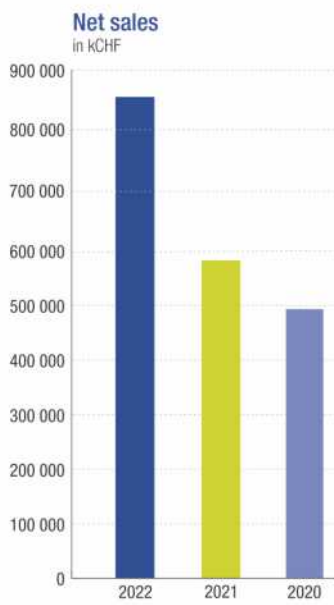
<sup>1)</sup> In the 2022 financial year, it was decided to change the Swiss pension fund as of January 1, 2023. The changed conditions have a negative one-off effect of CHF 7.8 million (amount excl. tax effect) on the statement of comprehensive income in the financial year. Also in the 2022 financial year, a Feintool company in Switzerland received an allowance of CHF 1.4 million (amount excl. tax effect) to mitigate the impact of the Covid-19 pandemic. In this overview, EBITDA and EBIT are presented without these effects.

<sup>2)</sup> In the 2020 financial year, Feintool received a loan of USD 8.4 million under the PPP program in the United States to mitigate the impact of the COVID-19 pandemic. In the first half of 2021, the government assured the company that this loan would not have to be repaid. Feintool also received CHF 3.9 million (amount excl. tax effect) in immediate aid from the Swiss government in the year 2021 to mitigate the effects of the COVID-19 pandemic. In addition, due to capacities no longer required at one plant, the company recognized an impairment loss on manufacturing equipment totaling CHF 12.1 million (amount excl. tax effect). In this overview, EBITDA and EBIT are presented without these effects.

<sup>3)</sup> In the 2020 financial year, the company agreed to a change in benefits in the Swiss pension plan and a curtailment due to the staff reduction measures, which had a positive one-off effect of CHF 6.3 million on comprehensive income for the period in accordance with IAS 19 (amount excl. tax effect). In addition, due to capacities no longer required at two plants, an impairment loss on manufacturing equipment totaling CHF 5.9 million was recognized (amount excl. tax effect). In this overview, EBITDA and EBIT are presented without these effects.

<sup>4)</sup> Board of Directors' proposal

## “Strong sales growth and double-digit EBITDA margin”





## Feintool – the Company

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ALEXANDER VON WITZLEBEN

KNUT ZIMMER

Dear Shareholders,

In the previous year, we mastered major challenges due to external influences primarily in the wake of geopolitical events, such as high energy prices, inflation-related additional expenses – for example for shipping – and, in some regions, increased personnel costs, all of which made business more difficult and needed to be passed on to customers. The development of steel prices also had a negative impact, although it varied from region to region. At the end of the year, we also faced short-term uncertainties in the United States and Europe due to temporary volatility in customer demand, which in turn had a negative impact on procurement and production planning for OEM (original equipment manufacturer) and Tier 1 customers.

Despite these challenges and unfavorable conditions, the Feintool Group increased its sales to CHF 861 million in the 2022 financial year, including the ten-month consolidation of the Kienle + Spiess Group. The new subsidiaries were fully and successfully integrated into the Feintool Group in 2022, as planned. Compared to the previous year Feintool's sales increased significantly by 46.4%. Earnings before interest and taxes (EBIT) before one-off effects amounted to CHF 26.7 million (EBIT margin: 3.1%) with an equity ratio of 59.1%. As a result, a dividend payment of CHF 0.34 per share will be proposed at the Annual General Meeting on April 25, 2023.

### Growth strategy leads to success

The Feintool Group is very well positioned for the future thanks to its investments in innovation and a forward-looking acquisition policy. Numerous new orders in 2022 confirm our growth strategy with a focus on electrification – we are selling products for the future of electric and hydrogen mobility as part of the transformation in the automotive sector on the one hand, and for industrial applications and wind turbines on the other. Strong growth is emerging primarily in the automotive sector, whereby in Europe we are particularly seeing nominations for electrolaminations. In the US, on the other hand, we acquired new contracts with our established sheet metal forming and fineblanking services. All in all, the Feintool Group reported incoming orders for the parts business with a lifetime value of approximately CHF 1.030 billion for the past financial year, thus achieving a record level of incoming orders. As such, the book-to-bill ratio stands well above 1 and indicates future sales growth.

For example, we succeeded in winning a multiyear contract from a major European customer with a lifetime value in the triple-digit million euro range. The OEM ordered stators and rotors from Feintool for the latest generation of electric main drives used in several electric vehicle models. Feintool's innovative and patented adhesive stacking system glulock HT is used in the production process. This helps to improve the efficiency of an electric motor and thus significantly increase the vehicle's range. The drive components will be produced in Germany starting in the first quarter of 2025 by the Stamping Europe business unit, in which the facilities newly acquired by Feintool as well as the former electrolamination production facility in Jessen (GER) have been merged. The necessary tool making is also carried out in-house.

Overall, Feintool's growth strategy has been fully confirmed. The group's market position as one of the leading manufacturers of rotors and stators in Europe has now been permanently strengthened. Based on our global and inherently technology-agnostic company focus, we are also in a position to supply products and services to an extremely wide range of customers: in the automotive sector, OEMs and manufacturers of internal combustion engines, fully electric cars, and vehicles with hybrid drive systems, as well as the future markets of renewable energy generation (wind power) and industrial electric drives for pumps, machinery, and building technology. We will also continue expanding the development of manufacturing processes for the production of ready-to-install bipolar plates. This also includes the ongoing advancement of Feintool's FB one fineblanking press. Bipolar plates are used in fuel cells to generate electricity from hydrogen and in electrolyzers to produce hydrogen from electricity and water.

### 2022 market trends

The global market environment in the past financial year was particularly shaped by increases in the cost of energy, labor, and steel purchases.

Even though the energy supply chain has remained largely stable, we nevertheless see a risk with regard to the power supply in Europe and the United States, and less so in Asia.

The shortage of semiconductor chips, which has plagued the automotive industry since 2020, has eased compared with the previous year and the supply chains have stabilized. Nevertheless, they have not yet reached the level that would be necessary in light of growing demand. The bottlenecks in semiconductor production are manifesting themselves in significantly longer delivery times. Increasing electrification and autonomous driving continue to drive chip demand, with shortages expected through 2024. In addition, it will only be possible to reduce the heavy dependence on Asian semiconductor production over the medium to long term.

While the war in Ukraine does not have a significant impact on Feintool's business activities, we are keeping a very close eye on the tensions in the relationship between the United States and Europe on the one hand, and China on the other. Over all, Asia remains an important growth market.

The labor shortage and increased personnel costs due to inflation are also making business more difficult. As a result, we needed to adjust wages accordingly in 2022. Inflation rates were particularly high in the Czech Republic and Hungary, where incomes are low. In the United States, hourly wages rose even faster last year than, with a delay, salaries in Europe, where new collective bargaining agreements resulted in additional costs, the impact of which was clearly felt.

The COVID-19 pandemic only led to temporary restrictions in Asia, while the situation has eased in the USA and Europe. However, higher sickness rates occurred in these regions, which were also due to corona infections, among other things.



**Market situation in the segments**

The parts business, which is divided into the three regionally aligned segments System Parts Europe, System Parts USA, and System Parts Asia, was very successful overall and posted high sales of CHF 837 million, a result we are extremely pleased with.

The transformation in the automotive industry toward electric mobility is taking place globally, but is happening at different speeds in the different regions. Feintool has positioned itself in the respective markets accordingly. In Asia, business was quite stable, even though it still remained short of its potential due to the chip shortage, the economic crisis, and the lockdowns in China, among other factors. In Europe, where the transformation is progressing faster and more systematically than in the United States and parts of Asia, we were able to secure interesting new projects in the field of electric mobility. Today, we are one of the largest suppliers of components for main drives used in electric cars and electric commercial vehicles.

Feintool can also look back on a successful sales year in the US in its traditional internal combustion engine and hybrid drive business. In line with our market-specific strategy, we continue to invest in the expansion of these activities in North America and see attractive growth opportunities through existing, newly acquired orders. By pursuing this strategy, we gain additional leeway for further growth in the course of the transformation in the automotive sector.

The machinery business (Fineblanking Technology) with fineblanking press systems such as the high-tech FB one series, tools, and services was again rather sluggish in 2022, but demand did pick up toward the end of the year. Our customers still have overcapacities.

### Sustainable corporate governance

The principle of sustainable corporate governance is enshrined in our Strategy 2030. We regularly communicate the impact of our business activities on human beings and environment as well as our targets and performance in accordance with the capital market's ESG requirements in our annual sustainability reports. For 2022, we are again following the guidelines of the Global Reporting Initiative – currently the new standards issued in 2021 – are aligning our annual reporting accordingly, and already have an eye on the EU's future sustainability reporting standards.

We remain on track to meet our self-imposed targets in all relevant areas: environment, employees, innovation, and governance.

In order to achieve the targeted halving of carbon emissions generated directly or indirectly by Feintool itself (Scope 1 and 2) by the year 2030, all Feintool Group companies drew up a roadmap in 2022, which is now being implemented according to plan. We know that as far as our carbon footprint is concerned, emissions in the supply chain (Scope 3) account for by far the largest share of the Group's total emissions, with the greatest potential for reduction in the supply of steel. Yet our ability to influence this area is limited. Nevertheless, in the context of achieving global climate goals, we see ourselves as a committed part of the solution and have therefore set up a Scope 3 project in 2022 to determine emissions in the supply chain in order to identify and capitalize on opportunities to reduce these emissions. As part of the integration of Kienle + Spiess, we are converting the sites in Germany to green electricity in 2023 despite the additional costs. In addition, with the exception of one plant, which will follow suit in the near future, all subsidiaries have been certified to ISO 14001.

On the personnel side, we were very active in the previous financial year. Our goal is to systematically foster and retain employees, to increase diversity, and to intensify the recruitment of new staff. That is why we developed a Global Leadership Program in 2022 and a Women Empowerment Program, both of which will be launched next year. In 2022, Feintool also implemented the global, modular talent management program "FEINtalent" for 30 employees across the group. The program for this talent pool is helping develop these employees' skills and enhance their identification with the company. Through this program, our goal is to enhance the group's position as an attractive employer and secure our success as a technology leader over the long term.

With respect to occupational health and safety, group-wide certification to ISO 45001 is proceeding as planned, albeit on a staggered schedule based on the region. The new Kienle + Spiess sites in Germany and Hungary already have this international management system in place.

On the product side, our efforts to increase the share of sales generated with innovative carbon-friendly applications are also on track, with these currently accounting for more than 50% of total sales.

With respect to governance, responsibility for sustainability within the Board of Directors has been defined. At the operational level, the global sustainability team coordinates all of the corresponding activities. In the 2022 financial year, we also completely revised the Feintool Group Code of Conduct and created a new Code of Conduct for Suppliers, which is now being implemented in business relationships.

In light of our wide-ranging ESG activities, all of which enhance the attractiveness of our products, we will undergo an external ESG risk rating in the first half of 2023.

### Outlook and guidance

We are confident about the Feintool Group's future prospects despite the challenges in a complex market environment. We see and manage risks related to the supply of energy and inflation trends. A recession in the United States and Europe may also have a negative impact on business performance in the coming year. That said, the transformation in the automotive industry will continue, although possibly not as rapidly as expected before the COVID-19 pandemic and the energy crisis in some regions. In any case, this climate-induced change process harbors attractive opportunities for us. We therefore expect the group to achieve further growth, particularly in the fields of electric mobility, industrial applications, and wind turbines, which we intend to continue expanding. The current order situation allows us to make an optimistic forecast regarding our business success. Barring unforeseen circumstances, Feintool expects to generate net sales of approximately CHF 900 million, EBITDA before one-off effects of between CHF 85 million and CHF 95 million, and EBIT before one-off effects of between CHF 25 million and CHF 30 million.

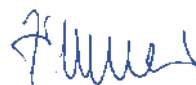
### New CEO and thanks

As its new CEO, Torsten Greiner has been responsible for the Feintool Group's business activities since January 1, 2023. The change at the top of the company took place seamlessly at the turn of the year 2022/2023, ensuring that operations will continue as planned on the basis of an established corporate strategy and the company's strong market position.

We would like to expressly thank you, our shareholders, for the confidence you have placed in us and for the constructive dialogue in these turbulent times. We also owe a debt of gratitude to our customers and all our business partners, as well as to all our 3 500 employees on three continents. It is they, through their hard work, skills, and dedication, who make Feintool a success.



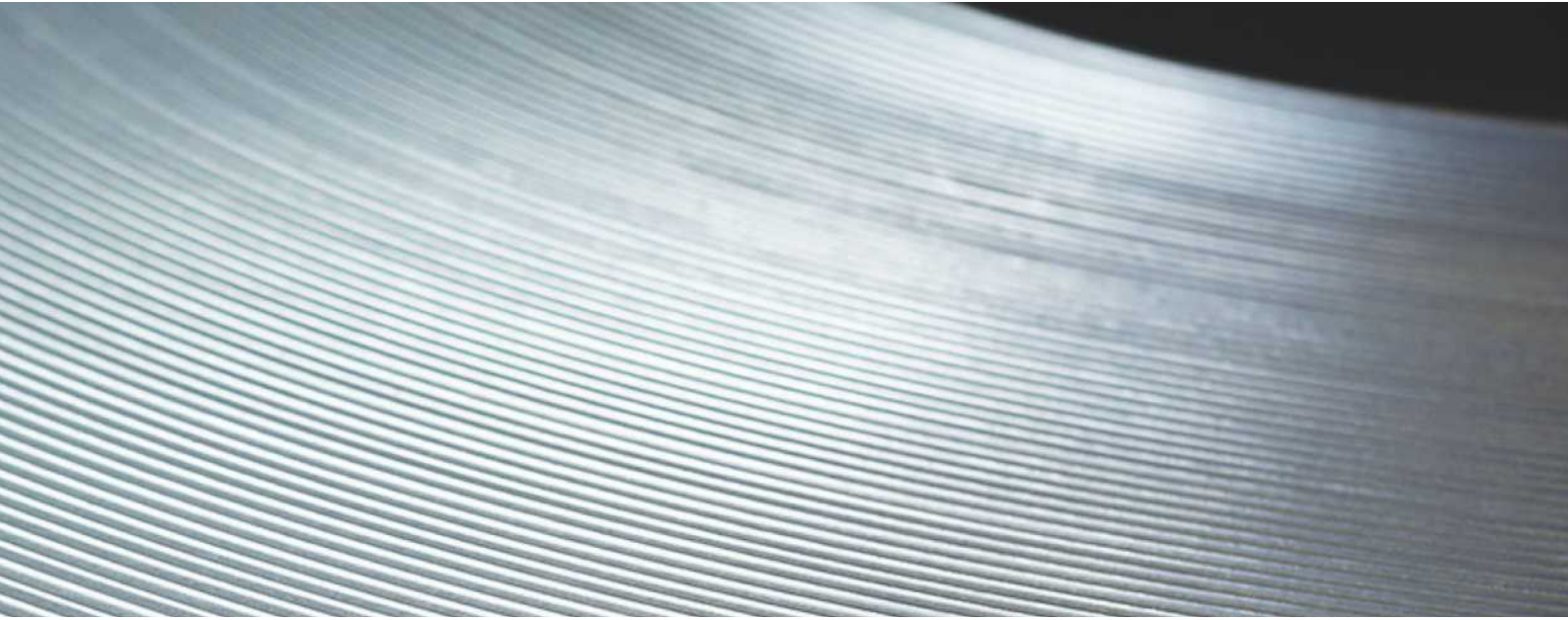
**ALEXANDER VON WITZLEBEN**  
Chairman of the Board of Directors



**KNUT ZIMMER**  
CEO

## **FEINTOOL GROUP**

Record order intake and strong net sales growth due to the acquisition of Kienle + Spiess – roughly 3% EBIT before one-off effects despite strong cost pressure



# FINANCIAL REVIEW

as at December 31, 2022

## BUSINESS PERFORMANCE

### General information

The consolidated financial statements for 2022 apply to Feintool International Holding AG and its subsidiaries. They cover the period January 1 to December 31, 2022.

On March 1, 2022, Feintool fully acquired the German company Kienle + Spiess GmbH together with its subsidiary Kienle + Spiess Hungary Kft.

To increase transparency, the System Parts segment will be divided into the regions Europe, USA, and Asia as of the 2022 fiscal year. The previous year's figures will also be presented in this way for the purpose of comparison. The Technology segment will continue to be managed as a separate operating segment.

### One-off effects

In 2022, Feintool decided to liquidate its own pension fund in Switzerland and join a joint plan. This had a one-off non-cash negative effect of CHF 7.8 million due to the change of plan.

In Switzerland, Feintool submitted an application for emergency aid for COVID-19 hardship cases in 2022. The Canton of Bern's Office of Economic Affairs approved the application and Feintool received a credit of CHF 1.4 million in total. This amount is reported in other operating income.

At EBIT level, there was a net negative one-off effect of CHF 6.4 million (previous year: net negative one-off effect of CHF 0.5 million). Unless expressly stated otherwise, the following information applies to Feintool's operating business excluding these one-off effects.

### Orders received and order backlog in the capital goods business; expected releases in high-volume parts production

In 2022, Feintool received orders with a lifetime value of around CHF 1'030 million. This is a record number for Feintool. Orders received therefore significantly exceed the pro forma annual net sales of around CHF 900 million (net sales with Kienle + Spiess as of January 2022). The large share of incoming orders attributable to e-mobility is extremely encouraging. The new order for rotors and stators (the main components of electric motors) from a new major automotive customer with a lifetime value in the triple-digit million euro range, which was communicated in November 2022, is particularly noteworthy.

Expected releases in the high-volume parts segment over the next six months total CHF 549.8 million (previous year: 307.8 million). This represents a year-over-year increase of 78.6%. Since customers can adjust or even completely cancel their releases under certain conditions, this key figure should be taken with a grain of salt in times of high uncertainty in the supply chains.

Companies' willingness to make investments remained low in the fineblanking sector due to market uncertainties and overcapacities in the market. The Fineblanking Technology segment received orders valued at CHF 30.8 million (previous year: CHF 42.7 million), equal to a decline of

27.8%. Internal orders from the System Parts segments accounted for CHF 5.5 million (previous year: CHF 4.8 million) of this total. As a result, third-party orders received fell by 33.2% to CHF 25.3 million (previous year: CHF 37.9 million). The order backlog increased by 13.5% to CHF 18.9 million (previous year: CHF 16.8 million). The current order backlog is insufficient and represents a workload of approximately four months.

#### **Net sales performance**

Consolidated sales rose in the reporting currency by 46.4% to CHF 861.0 million (previous year: CHF 588.1 million). Sales generated by Kienle + Spiess amounted to CHF 217.5 million, resulting in inorganic sales growth of 37.0%. Organic growth came to approximately 15.6%, and was driven by price growth. During the reporting year, currency effects had a negative impact of CHF 36.5 million, equal to 6.2%. As a result, Feintool recorded an increase in net sales of 52.6% expressed in local currency.

Net sales in the System Parts Europe segment increased by 78.2%, from to CHF 312.2 million to CHF 556.3 million. Currency effects had a negative impact of CHF 40.0 million; in local currency, sales in Europe thus increased by 91.0%. Net sales in the System Parts USA segment increased by 12.7% in the reporting currency to CHF 191.7 (previous year: CHF 170.1 million). The currency effect of the US dollar in the amount of CHF 8.1 million had a positive impact on sales, resulting in an increase in sales in local currency of 7.9%. Net sales in the System Parts Asia segment increased by 14.8% to CHF 89.3 million (previous year: CHF 77.7 million). Currency effects had a negative impact of CHF 4.7 million. Business in Asia, adjusted for currency effects, thus grew by 20.8%. In addition to inorganic growth, the increase in sales in the parts business was driven by price growth in Europe and the USA. In Asia, the segment also experienced volume growth.

Net sales generated by the Fineblanking Technology segment decreased to CHF 29.3 million (previous year: CHF 37.7 million). The translation effects of foreign currencies are negligible in the capital goods segment. Intragroup sales with the System Parts segments amounted to CHF 2.0 million; equal to 7.0% of the total (previous year: 13.1%). Third-party sales decreased to CHF 27.2 million (previous year: CHF 32.7 million).

Overall, the Feintool Group sold products and services with a total value of CHF 544.7 million in Europe, thus increasing the region's share to 63.2% (previous year: CHF 314.5 million, equal to 53.5%). With sales of CHF 208.1 million, equal to 24.2% of total sales (previous year: CHF 174.8 million or 29.7%), the share of sales generated in North America decreased. Sales in Asia increased to CHF 108.1 million, thus this region's share fell to 12.6% (previous year: CHF 98.8 million or 16.8%).

#### **Key expense items**

Material is by far the largest cost component for Feintool, whereby material costs also include costs for external processing of parts such as tempering or coating. In the reporting year, the material-to-sales ratio increased from 43.4% to 53.9% – taking changes in inventories into account – and the cost of materials totaled CHF 464.0 million (previous year: CHF 255.4 million). This change was caused by higher average steel prices and the significant percentage of materi-

als used by Kienle + Spiess. The reporting year was characterized by a sharp decline in steel prices in the United States and an increase in electrical sheet prices in Europe. Owing to price escalation clauses in many customer contracts and intensive negotiations, Feintool was able to pass on most of these fluctuations to its customers.

Labor costs excluding one-off effects totaled CHF 218.0 million (previous year: 179.2 million). Significantly higher sales (driven by high steel prices) caused the decline in labor costs as a percentage of sales from 30.5% to 25.3%. Production capacities remained underutilized at some sites, however.

Other operating expenses rose by CHF 24.7 million to CHF 95.9 million. As a percentage of sales, however, the ratio fell slightly to 11.1% (previous year: 12.1%). Many components of operating expenses, such as lease payments or IT expenses, do not vary substantially in relation to sales. Other operating income fell sharply to CHF 2.5 million (previous year: CHF 13.4 million). Other operating income in the current year includes emergency aid of CHF 1.4 million received in Switzerland. The previous year still included two one-off effects: On the one hand, Feintool USA received a loan of CHF 7.6 million under the PPP program, which it did not have to repay. In addition, Feintool Technologie AG in Switzerland received CHF 3.9 million in emergency aid.

#### **Earnings before interest, taxes, depreciation, and amortization (EBITDA)**

Operating earnings before interest, taxes, depreciation, and amortization (EBITDA) increased slightly by CHF 0.2 million to CHF 85.7 million in the reporting year (previous year: CHF 85.5 million). At 10.0%, the operating EBITDA margin in the financial year stood significantly lower than in the previous year (14.5%). There were three main reasons for this decline. Firstly, the decline in volumes led to poorer capacity utilization at the plants and thus to lower profitability. Secondly, the higher input prices (especially energy) could only partially be passed on to customers, or only after a delay. Thirdly, Feintool in the USA was negatively impacted by simultaneously passing on lower steel prices to customers. As a result, existing raw material inventories were reflected in the cost of materials at higher prices. Taking the cumulative one-off effects of CHF -6.4 million into account at the EBITDA level, operating earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to CHF 79.3 million, corresponding to an EBITDA margin of 9.2%.

#### **Depreciation, amortization, and impairment losses**

Depreciation and amortization increased to CHF 59.0 million in the reporting year (previous year: CHF 51.1 million), caused by the acquisition of Kienle + Spiess. Relative to sales, depreciation and amortization fell from 8.7% to 6.9%. The decline in capital expenditures in the fineblanking and forming sector and Kienle + Spiess' less capital-intensive business led to lower depreciation rates. At CHF 39.9 million (previous year: CHF 57.4 million), capital expenditures stood significantly below depreciation and amortization. Due to overcapacities at a European manufacturing site, one-off impairment losses of CHF 12.1 million were also recognized in the prior year.

#### **Earnings before interest and taxes (EBIT)**

Feintool generated operating earnings before interest and taxes (EBIT) of CHF 26.7 million (previous year: CHF 34.4 million). The negative currency effect at the EBIT level amounted to CHF 3.0 million. Feintool's highly capital-intensive business model increases the volatility of its

operating earnings as a result of largely fixed depreciation and amortization. Thus, the operating EBIT margin stood at 3.1% (previous year: 5.9%). Taking the one-off effects into account, EBIT totaled CHF 20.3 million, corresponding to an EBIT margin of 2.4%.

Operating earnings generated by the System Parts Europe segment rose by CHF 2.1 million to CHF 29.5 million (previous year: CHF 27.4 million).

As a result, the EBIT margin in the parts business in Europe stood at 5.3% (previous year: 8.8%). Profitability in Europe suffered from low capacity utilization at some plants and the delay in passing on high electricity prices.

Operating earnings generated by the System Parts USA segment declined by CHF 7.4 million to CHF 5.9 million (previous year: CHF 13.3 million). As a result, the EBIT margin in the parts business in the United States stood at 3.1% (previous year: 7.8%). Margins in the USA were impacted by lower volumes and the sharp decline in the price of steel.

Operating earnings generated by the System Parts Asia segment rose by CHF 1.6 million to CHF 7.2 million (previous year: CHF 5.6 million). As a result, the EBIT margin in the parts business in Asia stood at 8.0% (previous year: 7.2%). The improvement in profitability in Asia was the result of operational improvements and higher volumes.

The Fineblanking Technology segment, which continues to suffer from companies' lack of willingness to invest in the fineblanking sector, posted an operating loss (EBIT) of CHF 6.4 million (previous year: loss of CHF 4.3 million).

The non-operating units produced costs of CHF 11.6 million (previous year: CHF 9.7 million). The increase comes mainly from the costs of the acquisition of Kienle + Spiess and the CEO change.

#### **Financial result**

The net financial result of CHF -5.8 million increased slightly compared to the previous year (CHF -4.6 million). Adjusted for currency effects, the negative net financial result increased by CHF 0.4 million to CHF -6.1 million (previous year: CHF -5.7 million). Interest expenses increased primarily due to the interim financing of the acquisition of Kienle + Spiess. The high volatility in various currencies led to currency gains of CHF 0.3 million in the reporting year (previous year: currency gains of 1.1 million). Net debt at the end of the year stood at CHF 42.1 million, CHF 78.6 million lower than at the end of the previous year (CHF 120.7 million).

#### **Taxes**

In the 2022 financial year, the Feintool Group recognized tax income of CHF 2.0 million. On the one hand, many Feintool companies achieved solid results, which led to a tax burden. On the other hand, some companies suffered losses. In countries where loss carryforwards expire relatively quickly, these losses are not capitalized. Overall the group recorded net tax income in 2022 due to the capitalization of previously unrecognized loss carryforwards resulting from a planned merger.



**Group result**

All in all, including the one-off effects, this resulted in a consolidated net profit of CHF 16.5 million (previous year: CHF 19.2 million).

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Total assets increased by CHF 230.6 million, equal to 33.7%, to a total of CHF 915.0 million (previous year: CHF 684.4 million). This increase was driven by the acquisition of Kienle + Spiess.

Current assets increased from CHF 253.1 million in the previous year to CHF 350.0 million. The individual items developed quite differently in some cases, however. Receivables increased – due to the acquisition of Kienle + Spiess – to CHF 107.2 million (previous year CHF 92.9 million). As a percentage of sales, receivables decreased slightly from 15.8% to 12.4%. This was mainly due to low sales in December compared with the previous year. The age structure of receivables became worse in the reporting year, with 17.6% being overdue in the reporting year (previous year: 15.4%), of which 60.4% were overdue by less than 30 days. Inventories and contract assets also increased significantly by CHF 53.8 million to CHF 156.4 million (previous year: CHF 102.7 million) as a result of the acquisition of Kienle + Spiess. Prepaid expenses and accrued income increased to CHF 5.0 million (previous year: CHF 3.5 million). Cash and cash equivalents at the end of the reporting year totaled CHF 78.6 million (previous year: CHF 51.8 million).

Operating net working capital increased by CHF 55.7 million to CHF 140.1 million (previous year: CHF 84.4 million), thus amounting to 16.3% of sales (previous year: 14.3%). In particular, the sharp rise in material prices had a negative impact on this key figure. This is reflected in the increase in receivables by CHF 15.3 million and in the increase in inventories (CHF +54.1 million). The increase in trade payables (+ CHF 10.9 million) had a positive impact on net working capital.

Total non-current assets increased significantly by CHF 133.6 million or 31.0% to CHF 565.0 million (previous year: CHF 431.3 million). Property, plant, and equipment increased by CHF 68.1 million to CHF 399.3 million. Intangible assets increased by CHF 47.7 million to CHF 133.7 million. Financial assets also increased and now amount to CHF 11.7 million. Deferred tax assets increased by CHF 11.0 million to CHF 20.4 million (previous year: CHF 9.3 million).

On the liabilities side, total liabilities increased by CHF 28.4 million to CHF 374.5 million (previous year: CHF 346.0 million). Trade payables and other liabilities increased by CHF 19.5 million and amounted to CHF 102.6 million. Tax liabilities, deferred income, current and noncurrent provisions, and deferred tax liabilities increased by a cumulative CHF 13.5 million to CHF 81.0 million. Liabilities for employee benefits (IAS 19) increased by CHF 47.2 million to CHF 70.1 million due to the acquisition of Kienle + Spiess. The revaluation of employee benefits recognized directly in equity had a positive impact of CHF 16.0 million. This positive impact stems mainly from higher discount rates for future obligations.

Interest-bearing debt decreased by CHF 51.8 million to CHF 120.7 million (previous year: CHF 172.5 million). A total of CHF 39 million of the interest-bearing liabilities are short-term in nature. Noncurrent interest-bearing liabilities totaled CHF 81.6 million for the reporting period. Taking available cash and cash equivalents into account, net debt decreased markedly by CHF 78.6 million and thus totaled CHF 42.1 million (previous year: CHF 120.7 million). With CHF 239.5 million in cash and cash equivalents and available, confirmed lines of credit, Feintool has considerable financial flexibility (previous year: CHF 162.6 million).

Shareholder's equity stood at CHF 540.5 million on December 31, 2022 (previous year: CHF 338.4 million). As a result, the equity ratio increased from 49.4% to 59.1%. The main effect came from the equity offering in the amount of CHF 196.5 million. The Statement of Changes in Equity shows that net income from operations increased equity by CHF 16.5 million. Currency translation differences of CHF 21.7 million also had a negative impact. The revaluation of employee benefit obligations resulted in a positive effect of CHF 16.0 million. In addition, CHF 4.9 million in dividends was distributed to shareholders. The other items had a slightly negative effect overall (CHF -0.2 million).

### CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow from operating activities decreased to CHF 54.7 million (previous year CHF 75.8 million) due to lower profitability. Net working capital increased by CHF 19.5 million in the reporting period (previous year: increase of CHF 12.5 million), mainly due to higher material prices. At CHF 28.0 million, cash flow from investing activities resulting from ordinary operations stood clearly below the previous year's level (CHF 37.4 million). Taking the acquisition of Kienle + Spiess into account, cash flow from investing activities totaled CHF 80.0 million. The purchase price of Kienle + Spiess less the cash and cash equivalents held by the company at the time it was acquired totaled CHF 52.2 million. Depreciation and amortization thus significantly exceeded ordinary capital expenditures in the corresponding period. Overall, this resulted in a free cash flow of CHF -25.4 million (previous year: CHF 38.3 million). Excluding the purchase of Kienle & Spiess (CHF 52.2 million), this resulted in a clearly positive free cash flow of CHF 26.7 million. As such, Feintool was once again able to finance its capital expenditures from its operating business.

### EMPLOYEES

The number of employees\* (excluding trainees) increased by 912 to 3 390 in the financial year (previous year: 2 478). The acquisition of Kienle + Spiess added 947 employees (plus 12 trainees) as of December 31, 2022. In addition, 101 young people (previous year: 89) are undergoing vocational training at our companies. In terms of organic growth, the number of employees thus remained at roughly the same level as at the end of 2021. Feintool had 2 400 employees in Europe at the end of 2022, equal to 70.8% of the total workforce, and 908 more than in the previous year. In the United States, the number of employees fell by 22 to 511 (equal to 15.1%), while in Asia the number increased by 26 to 479 (14.1%).

\* Calculated as full-time equivalents on the reporting date



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 2022 financial year (January 1 to December 31, 2022)

	Note	2022		2021	
		in CHF 1 000	in %	in CHF 1 000	in %
<b>Net sales</b>	3	<b>860 973</b>	<b>100.0</b>	<b>588 058</b>	<b>100.0</b>
Change in finished and semi-finished goods and work in progress		5 322		16 713	
Capitalized self-generated assets	4	1 551		1 442	
Material expenses		-469 345		-272 090	
Personnel expenses	5	-225 733		-179 190	
Other operating expenses	6	-95 918		-71 171	
Other operating income	7	2 497		13 367	
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA) <sup>1) 2)</sup></b>		<b>79 347</b>	<b>9.2</b>	<b>97 129</b>	<b>16.5</b>
Depreciation and amortization	17, 18	-59 025		-51 103	
Impairment of tangible assets		-		-12 103	
<b>Operating profit (EBIT) <sup>1) 3)</sup></b>		<b>20 322</b>	<b>2.4</b>	<b>33 923</b>	<b>5.8</b>
Financial expenses	8	-17 339		-17 317	
Financial income	9	11 510		12 725	
<b>Earnings before taxes</b>		<b>14 493</b>	<b>1.7</b>	<b>29 331</b>	<b>5.0</b>
Income taxes	10	1 992		-10 120	
<b>Net income attributable to Feintool Holding shareholders</b>		<b>16 485</b>	<b>1.9</b>	<b>19 211</b>	<b>3.3</b>

<sup>1)</sup> One-off effects in financial year 2022:  
Change pension fund CHF -7.8 million  
Allowance related to Covid-19 pandemic CHF 1.4 million

One-off effects in financial year 2021:  
Allowance related to Covid-19 pandemic CHF 11.6 million  
Impairment of tangible assets CHF -12.1 million

In addition, please refer to section 1 of the Notes.

<sup>2)</sup> Includes the operating result before depreciation and amortization, (net) financial income and income tax.

<sup>3)</sup> Includes the operating result before (net) financial income and income tax.

	Note	2022		2021	
		in CHF 1 000	in %	in CHF 1 000	in %
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit or loss</b>					
Translation differences		-21 650		6 773	
<b>Items that may not be reclassified to profit or loss</b>					
Reassessment of net defined benefit liability (asset)	24	21 608		23 743	
Income taxes on non recyclable items		-5 645		-5 326	
<b>Total other comprehensive income</b>		<b>-5 687</b>		<b>25 190</b>	
<b>Total comprehensive income attributable to Feintool Holding shareholders</b>		<b>10 797</b>		<b>44 400</b>	
Net income attributable to Feintool Holding shareholders		16 485		19 211	
Total comprehensive income attributable to Feintool Holding shareholders		10 797		44 400	
Basic earnings per share (in CHF)	12	1.48		3.92	
Diluted earnings per share (in CHF)	12	1.48		3.92	
<b>Number of employees as of December 31</b>					
<b>Number of employees excl. 101 (previous year 89) trainees</b>		<b>3 390</b>		<b>2 478</b>	

# CONSOLIDATED BALANCE SHEET

for the 2022 financial year (as at December 31, 2022)

	Note	12/31/2022 in CHF 1 000	in %	12/31/2021 in CHF 1 000	in %
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		78 569		51 763	
Trade and other receivables	13	107 149		92 925	
Tax receivables		2 814		2 231	
Inventories	14	152 298		98 926	
Net contract assets	15	4 142		3 756	
Prepaid expenses and accrued income	16	5 041		3 452	
<b>Total current assets</b>		<b>350 013</b>	<b>38.3</b>	<b>253 053</b>	<b>37.0</b>
<b>Non-current assets</b>					
Property, plant and equipment	17	399 251		331 183	
Intangible assets	18	133 655		85 910	
Financial assets	19	11 694		4 925	
Deferred tax assets	11	20 353		9 326	
<b>Total non-current assets</b>		<b>564 953</b>	<b>61.7</b>	<b>431 344</b>	<b>63.0</b>
<b>TOTAL ASSETS</b>		<b>914 966</b>	<b>100.0</b>	<b>684 397</b>	<b>100.0</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Financial liabilities	20	39 045		20 703	
Trade and other payables	21	102 622		83 129	
Tax liabilities		10 377		6 651	
Accrued expenses and deferred income	22	28 617		30 951	
Current provisions	23	8 856		9 977	
<b>Total current liabilities</b>		<b>189 517</b>	<b>20.7</b>	<b>151 411</b>	<b>22.1</b>
<b>Non-current liabilities</b>					
Financial liabilities	20	81 630		151 808	
Non-current provisions	23	3 296		2 443	
Deferred tax liabilities	11	29 887		17 485	
Employee benefit liabilities	24	70 125		22 883	
<b>Total non-current liabilities</b>		<b>184 938</b>	<b>20.3</b>	<b>194 619</b>	<b>28.4</b>
<b>Total liabilities</b>		<b>374 455</b>	<b>40.9</b>	<b>346 030</b>	<b>50.6</b>
<b>Equity</b>					
Share capital	25	147 445		49 148	
Capital reserves		212 149		116 729	
Retained earnings		250 339		220 348	
Treasury shares		-389		-475	
Translation differences		-69 033		-47 383	
<b>Total equity</b>		<b>540 511</b>	<b>59.1</b>	<b>338 367</b>	<b>49.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>914 966</b>	<b>100.0</b>	<b>684 397</b>	<b>100.0</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 2022 financial year (January 1 to December 31, 2022)

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Retained earnings	Translation differences	Total equity
<b>January 1, 2021</b>	<b>49 148</b>	<b>-615</b>	<b>116 788</b>	<b>182 720</b>	<b>-54 156</b>	<b>293 885</b>
Translation differences	–	–	–	–	6 773	6 773
Reassessment of net defined benefit liability (asset), net of tax	–	–	–	18 417	–	18 417
<b>Total other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>18 417</b>	<b>6 773</b>	<b>25 190</b>
Net income attributable to Feintool Holding shareholders	–	–	–	19 211	–	19 211
<b>Total comprehensive income attributable to Feintool Holding shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>37 628</b>	<b>6 773</b>	<b>44 400</b>
Purchase/(sale) of treasury shares	–	-666	–	–	–	-666
Share-based management remuneration <sup>1)</sup>	–	806	-59	–	–	747
<b>December 31, 2021</b>	<b>49 148</b>	<b>-475</b>	<b>116 729</b>	<b>220 348</b>	<b>-47 383</b>	<b>338 367</b>
<b>January 1, 2022</b>	<b>49 148</b>	<b>-475</b>	<b>116 729</b>	<b>220 348</b>	<b>-47 383</b>	<b>338 367</b>
Translation differences	–	–	–	–	-21 650	-21 650
Reassessment of net defined benefit liability (asset), net of tax	–	–	–	15 963	–	15 963
<b>Total other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15 963</b>	<b>-21 650</b>	<b>-5 687</b>
Net income attributable to Feintool Holding shareholders	–	–	–	16 485	–	16 485
<b>Total comprehensive income attributable to Feintool Holding shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>32 448</b>	<b>-21 650</b>	<b>10 797</b>
Capital increase <sup>2)</sup>	98 297	–	98 178	–	–	196 475
Dividend <sup>3)</sup>	–	–	-2 457	-2 457	–	-4 914
(Purchase)/sale of treasury shares	–	-726	–	–	–	-726
Share-based management remuneration <sup>1)</sup>	–	812	-301	–	–	511
<b>December 31, 2022</b>	<b>147 445</b>	<b>-389</b>	<b>212 149</b>	<b>250 339</b>	<b>-69 033</b>	<b>540 511</b>

<sup>1)</sup> The share based management remuneration involves payment of part of the salary in shares.

<sup>2)</sup> On May 13, 2022, 9 829 684 new shares, each with a nominal value of CHF 10, were issued as capital increase.

<sup>3)</sup> The General Meeting held on April 28, 2022 approved the Board of Directors' proposed dividend distribution of CHF 1.00 per registered share from earnings for the financial year ended December 31, 2021.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the 2022 financial year (January 1 to December 31, 2022)

	Note	2022 in CHF 1 000	2021 in CHF 1 000
Net income of the Feintool Group		16 485	19 211
Depreciation, amortization and impairment	17, 18	59 025	63 206
(Gain)/loss on disposal of property, plant and equipment	6, 7	465	946
Increase/(decrease) in provisions and valuation allowances		3 354	4 207
Restructuring contribution to pension plan	24	–	-3 200
Other non-cash changes		-5 166	-4 051
Income taxes	10	-1 993	10 120
Received / paid Income taxes		-3 740	-6 772
Financial result		5 833	4 594
<b>Cash flows from operating activities before change in net working capital (NWC)</b>		<b>74 263</b>	<b>88 261</b>
Increase/decrease in:			
Accounts receivables	13	10 120	-10 785
Inventories and net contract assets	14, 15	-20 767	-25 546
Prepaid and accrued expenses and income	16, 22	-6 784	6 943
Accounts payables	21	-2 117	16 886
<b>Cash flows from operating activities</b>		<b>54 715</b>	<b>75 759</b>
Investments in property, plant and equipment	17	-27 910	-37 564
Disposals of property, plant and equipment	17	2 089	1 604
Investments in intangible assets	18	-1 246	-1 570
Disposals of intangible assets	18	648	8
Increase in financial assets	19	-2 465	-293
Decrease in financial assets	19	608	274
Interest received		160	98
Other financial income		147	11
Purchase of consolidated investments net of cash	2	-52 169	–
<b>Cash flows from investing activities</b>		<b>-80 138</b>	<b>-37 432</b>
<b>Free cash flow <sup>1)</sup></b>		<b>-25 423</b>	<b>38 327</b>

<sup>1)</sup> Includes the cash flows from operating activities and the cash flows from investing activities



	Note	2022 in CHF 1 000	2021 in CHF 1 000
Capital increase	25	196 979	–
Dividends paid		-4 914	–
Purchase of treasury shares		-726	-666
Other changes in equity		-303	-59
Borrowing of interest-bearing liabilities	20	156 660	15 916
Repayment of interest-bearing liabilities	20	-279 385	-49 961
Payment of financial lease liabilities		-8 396	-8 333
Interest paid		-5 778	-5 210
<b>Cash flows from financing activities</b>		<b>54 137</b>	<b>-48 313</b>
Translation differences Cash and cash equivalents		-1 908	473
<b>Change in cash and cash equivalents</b>		<b>26 806</b>	<b>-9 513</b>
Cash and cash equivalents at the beginning of the period		51 763	61 276
Cash and cash equivalents at the end of the period		78 569	51 763

Lease payments are classified as follows on the statement of cash flows:

- Cash payments for the amortization portion are recognized as financing activities.
- Cash payments for the interest portion are recognized in cash flow from financing activities.
- Cash payments for non-capitalized leases are recognized in cash flow from operating activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at December 31, 2022

## BUSINESS PERFORMANCE

Feintool International Holding AG, Industriering 8, 3250 Lyss, is a public limited company under Swiss law with headquarters in Lyss, Switzerland ("Company"). The consolidated financial statements for the period from January 1 to December 31, 2022, include the Company and its subsidiaries ("Feintool"). Feintool is the world's leading technology group specializing in the development of fineblanking systems and a worldwide provider of high-quality and cost-effective fineblanked, formed steel components and punched electro sheet metal products. The Group maintains close partnerships with its customers across the entire fineblanking, forming and punching of electric engine components process – from component design, tool design and system construction through to large-scale series parts production. In addition to fineblanking, the Feintool Group also deploys other key processes such as precision forming and punching of electric engine components technology, and is the world's only supplier of all-round solutions for the cost-effective manufacture of complex precision components.

With locations in Europe, US, China and Japan, the Feintool Group is represented in the world's major automotive markets. Headquartered in Lyss, Switzerland, the Group has a headcount of 3 390. At its various locations, Feintool provides training for 101 young people mainly as polymechanics, constructing engineers and commercial employees.

## GENERAL INFORMATION

The consolidated financial statements for the financial year are based on the financial statements of the Group companies as at December 31, 2022, which were prepared in accordance with consistent accounting policies.

The consolidated financial statements are prepared in accordance with Swiss law and the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The accounting principles of the SIX Swiss Exchange Listing Regulations have also been observed. In the management's opinion, the consolidated financial statements give a true and fair view of the Group's financial position, results of operations and cash flows.

The consolidated financial statements are prepared on a going-concern basis under the historical cost convention, with the exception of derivative financial instruments (measured at fair value) and net liability or assets from defined benefit plans (measured at present value of defined benefit obligations less fair value of plan assets).

The consolidated financial statements are prepared in Swiss francs (CHF), with amounts rounded to the nearest thousand (1 000). They are available in German and English. The German version is authoritative.

## INCREASE IN SHARE CAPITAL

On May 13, 2022, the Feintool Group concluded a capital increase. The transaction resulted in the creation of 9 829 684 new Feintool shares with a par value of CHF 10 each at the transaction price of CHF 20.51 each. Further information is provided in Note 25.

## FINANCIAL COVENANTS

Further information on financial covenants is provided in section 20 of the Notes. As of December, 31st 2022, all the covenants had been met.

## IMPACTS OF OECD GLOBAL MINIMUM TAX RATE

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Feintool Group operates are enacted or substantively enacted, Feintool may be subject to the top-up tax. At the date when the annual report was authorised for issue,

none of the jurisdictions in which the Feintool Group operates had enacted or substantively enacted the tax legislation related to the top-up tax, and therefore Feintool is unable to determine the potential impact.

## KEY ESTIMATES

The consolidated financial statements contain assumptions and estimated amounts which affect the amounts reported. Should these estimates and assumptions prove incorrect or incomplete, this may substantially affect the amounts reported and therefore Feintool's financial position, results of operations and cash flows.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Feintool regularly reviews whether the depreciation period chosen at the time matches the actual useful life, or capacity utilization rate, of the item of property, plant and equipment. If significant differences between the depreciation period and useful life are identified, the depreciation period is adjusted accordingly. If the expected cash flows on the item of property, plant and equipment no longer cover future depreciation, impairment losses are recognized.

### Leasing

In general, the right-of-use asset is initially recorded at the present value of the lease liability at the commencement of the lease term. This appraisal takes into account whether the ability to exercise renewal options is reasonably certain, or whether a termination option is not considered reasonably certain. In the case of indefinite leases, the value of the right-of-use asset and the amortization period are based on estimates of the economic life of such leases. All assumptions are continuously reviewed.

### Intangible assets/goodwill

The fair value of intangible assets is estimated at the date of acquisition. The residual value (difference between the purchase price and fair value of net assets acquired) represents goodwill. The intangible assets acquired have a finite life and are therefore amortized. Goodwill is not amortized, but is instead tested annually for impairment. The allocation to intangible assets and goodwill on the acquisition date therefore has an effect on amortization in subsequent periods.

When testing goodwill for impairment, various estimates are made which require medium and long-term (terminal value) estimates. This relates to both internally projected data (cash flow, growth rates, etc.) and external parameters (discount rate). Should these estimates prove incorrect, significant changes in value might result. Further information is given in section 18.2 of the Notes.

### Current tax receivables and deferred tax assets

Feintool is liable to taxation in various jurisdictions. Provisions for income taxes incurred worldwide are based on estimates. For many transactions and calculations in its ordinary business, the tax charge is uncertain. If actual tax charges differ from the estimated charges, the corresponding adjustment is recognized in the financial year in which the definitive assessment is made. Management considers the corresponding estimates to be realistic and the corresponding provisions to be appropriate. Deferred tax assets are formed from temporary differences, and from tax loss carryforwards, but only if realization is deemed probable. The recoverable amount of capitalized tax assets recognized for loss carryforwards is therefore based on future forecasts for the relevant taxable entity over a period of several years. Should these future forecasts prove incorrect, significant changes in value might result. In a referendum held on May 19, 2019, Swiss voters adopted the Federal Act on Tax Reform and Old Age and Survivors' Social Insurance Funding (STAF), thereby confirming the reform of corporate taxation in Switzerland. Feintool uses the instrument of the "patent box" in the financial year 2021, which results in a slight tax relief. Further information is given in sections 10 and 11 of the Notes.

### Research & development

On its balance sheet, Feintool carries purchased as well as its own research and development work if the following conditions are met cumulatively:

- ▶ Technical feasibility of completion of the intangible asset, so that it will be available for sale directly or indirectly
- ▶ Intention to complete and sell the asset directly or indirectly
- ▶ Ability to sell the asset directly or indirectly
- ▶ Evidence of the future benefit to the products of the intangible asset
- ▶ Availability of adequate financial, technical and other resources for conclusion of the development
- ▶ Reliable measurability of the production costs

All the above points are based on assumptions. Should these assumptions prove incorrect or incomplete, this may substantially affect valuation of the corresponding intangible asset. Further information is given in section 18.1 of the Notes.

### Provisions

Provisions are recognized if (a) a present obligation to a third party has arisen as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) the amount of the obligation can be reliably estimated. Provisions are recognized for a number of possible events and are explained in detail in section 23 of the Notes. By definition, however, they involve a higher degree of estimation than other items in the balance sheet, since the estimated obligations may result in a higher or lower outflow of funds depending on the outcome of the situation.

### Employee benefit plans

Feintool operates defined benefit plans for its employees in three countries. Their accounting status is in part based on long-term actuarial assumptions, which may differ from reality. Reassessments arising from changes in assumptions regarding life expectancy, developments in the capital market and changes in discount rates can amount to considerable sums. These are recognized directly in equity (other comprehensive income). Calculation of the respective underlying percentages involves estimated amounts that may substantially affect the financial position and results of operations. Further information is given in section 24 of the Notes.

The Board of Directors and management believe the basis of planning and the assumptions to be realistic.

### Interest-bearing liabilities

Feintool holds confirmed credit lines with various banks. These are considered to be financially non-current in nature, even if the individual installments have maturities of less than 360 days. The classification of interest-bearing liabilities as current or non-current is based on assumptions and estimates. These estimates are reviewed periodically, at least once a year. Details regarding the change in estimates can be found in section 20 of the Notes.

## SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

With the exception of newly issued or revised Standards and Interpretations that became effective in the financial year, Feintool essentially applies the same accounting policies as those applied in the previous year. On January 1, 2022, Feintool introduced the following new (adapted) standards and interpretations:

- ▶ IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- ▶ Annual Improvements to IFRS Standards 2018-2020
- ▶ IAS 16 – Property, Plant and Equipment
- ▶ IFRS 3 – Reference to the Conceptual Framework

Feintool is either unaffected by these changes, or the changes have no material effect on its financial position, results of operations or cash flows.

## NEW ACCOUNTING REQUIREMENTS

Various new IFRS regulations were published on the balance sheet date, but have not yet entered into force. Feintool decided against early adoption of the following standards, revised standards and interpretations. Feintool plans to adopt the changes from the financial years beginning on or after the date indicated:

- ▶ IFRS 17 – Insurance Contracts (January 1, 2023)
- ▶ IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (January 1, 2023)
- ▶ IAS 8 – Definition of Accounting Estimate (January 1, 2023)
- ▶ IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (January 1, 2023)
- ▶ IFRS 17 and IFRS 9 – Comparative Information (January 1, 2023)
- ▶ IAS 1 – Classification of liabilities as current or non-current (January 1, 2024)
- ▶ IFRS 16 – Lease Liability in a Sale and Leaseback (January 1, 2024)
- ▶ IAS 1 – Non-current Liabilities with Covenants (January 1, 2024)

Feintool is assessing the impacts of the revised Standards and Interpretations. Based on its initial findings, Feintool does not foresee any significant impacts on its financial position, results of operations or cash flows.

### BASIS OF CONSOLIDATION

The consolidated financial statements in principle encompass the annual financial statements of Feintool International Holding AG, Lyss (Switzerland), in addition to the financial statements of all Group companies in which Feintool International Holding AG directly or indirectly owns more than 50 % of the voting rights or that it controls in any other way. A list of all investments is provided in section 7 of the Notes to the Financial Statement of Feintool International Holding AG.

On March 1, 2022, Feintool Holding GmbH, Bayreuth, Germany, acquired 100 % of the shares of the German company Kienle + Spiess GmbH, located in Sachsenheim, Germany, with its subsidiary Kienle + Spiess Hungary Kft., located in Tokod, Hungary. As of December 31, 12 Kienle + Spiess Hungary Kft. was sold by Kienle + Spiess GmbH to Feintool International Holding AG. As of January 1 2023 Kienle + Spiess GmbH was renamed to Feintool System Parts Sachsenheim GmbH and Kienle + Spiess Hungary Kft. was renamed to Feintool System Parts Tokod Kft.

As of January 1st 2021 HL Holding AG was absorbed by Feintool System Parts Lyss AG.

### METHOD OF CONSOLIDATION

All companies that Feintool controls are included in the consolidated financial statements according to the full consolidation method. Assets and liabilities as well as income and expenses are therefore included in full in the consolidated financial statements. Minority interests in equity and income are disclosed separately in the consolidated balance sheet and the statement of comprehensive income. Intercompany liabilities, credits, expenses and income are offset. Unrealized temporary gains on inventories or assets are eliminated on consolidation.

### ACQUISITIONS AND GOODWILL

Newly acquired companies are consolidated using the acquisition method. The balance sheet and income statement are consolidated at the date on which control is obtained. The difference between the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiring party, on the one hand, and the purchase price, on the other, is recognized as goodwill. Acquisition costs are charged immediately to the statement of comprehensive income. After initial measurement, goodwill is reported at cost less any impairments. Goodwill is tested for impairment annually by calculating the recoverable amount (higher of fair value minus disposal costs and value in use) of the relevant cash generating units or group of cash generating units. Where the recoverable amount is less than the carrying amount, an impairment is recognized in the statement of comprehensive income.

Decisions are often made on the level of the business units. Sales are centralized within the business units; orders are distributed across them on the basis of the specific skills of individual plants (machinery, employee experience). This optimizes cash flows for the business units, although the cash flows of the individual production locations change randomly. Feintool is deciding about impairments on the level of the business units.

When a Group company is sold or control over a Group company is lost, the difference between the selling price and the net assets sold, including goodwill and cumulative foreign exchange gains, is recognized in the statement of comprehensive income under either "Other operating income" or "Other operating expenses". The company is deconsolidated on the date on which control over it is lost.

## CURRENCY TRANSLATION

The functional currency of the consolidated companies usually corresponds to the economic environment in which they primarily operate. Transactions in foreign currencies are translated at the respective daily rate. Monetary assets and liabilities in foreign currency are converted into the functional currency at the rate of exchange prevailing on the balance sheet date. In principle, the exchange translation differences are reported in net financial income/finance costs. Non-monetary assets and liabilities at historical cost are translated at the exchange rate applicable at the time of the transaction.

On consolidation, the balance sheet amounts of foreign subsidiaries are translated at closing rates, equity at historical rates and the amounts in the statements of comprehensive income and cash flows at average rates for the year. Exchange differences arising from translation differences in balance sheets and income statements are directly recognized in other comprehensive income and reported under shareholders' equity. When a Group company is sold or liquidated, or when control over the company is lost, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal.

Foreign currency gains on certain equity-type loans that form part of the net investment in a company are recognized in the statement of comprehensive income (other comprehensive income), provided settlement of these loans is neither planned nor likely to occur in the near future.

The Feintool Group used the following exchange rates in financial years:

		2022		2021	
		Closing rate	Average rate	Closing rate	Average rate
China	CNY 100	13.3544	14.0234	14.3219	14.2153
Eurozone	EUR 1	0.9847	1.0015	1.0331	1.0796
Japan	JPY 100	0.7001	0.7191	0.7924	0.8260
Czech Republic	CZK 100	4.0832	4.0882	4.1560	4.2114
USA	USD 1	0.9232	0.9555	0.9121	0.9152

## FINANCIAL ASSETS AND LIABILITIES

### Classification and Valuation of financial assets

In the first instance Feintool Group classifies a financial asset as “Amortized costs”, as “Fair value through other comprehensive income – debt investments”, as “Fair value through other comprehensive income – equity investments” or as “Fair value through profit and loss” (“FVTPL”). Classification is based on the basis of the company’s business model for the control of financial assets and the characteristics of the contractual payment flows of the financial asset.

A financial asset is to be evaluated at amortized cost if the following two conditions are met:

- ▶ The financial asset is contained within the scope of a business model, the objective of which is to keep financial assets for the absorption of contractual payment flows, and:
- ▶ The contractual conditions of the financial asset lead to payment flows at specified points in time that exclusively represent principal repayments and interest payments on the outstanding capital sum.

A financial asset is to be valued as “Fair value through other comprehensive income” if the following two conditions are met:

- ▶ The financial asset is contained within the scope of a business model, the objective of which is the absorption of contractual payment flows and the sale of financial assets, and:
- ▶ The contractual conditions of the financial asset lead to payment flows at specified points in time that exclusively represent principal repayments and interest payments on the outstanding capital sum.

On initial recognition of an equity instrument that is not held for trading, the Feintool Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on investment-by-investment basis.

In the initial calculation, the Feintool Group values a financial asset (with the exception of a trade receivable with no significant financing component) at fair value. For financial assets that are not valued at fair value through profit or loss, the valuation takes place with the addition or deduction of transaction

costs that can be attributed directly to the acquisition or the disbursement of the financial asset. Trade receivables with no significant financing components are initially recognized at the transaction price.

The following valuation guidelines apply for the subsequent valuation of financial assets:

- ▶ Financial assets at amortized cost:  
The subsequent valuation of these assets is based on the procurement costs carried over. The interest earned is to be calculated according to the effective interest method. The procurement costs carried over are to be reduced by any depreciations. Interest earned, foreign currency gains and value adjustments are recorded through profit and loss.
- ▶ Financial assets at FVTPL:  
The subsequent valuation of these assets is recorded through profit and loss.

Feintool does not currently apply hedge accounting.

### Impairment of financial assets

Expected credit losses are recorded. This model applies for financial assets at amortized cost as well as for contract assets. At the Feintool Group, the financial assets at amortized costs consist of trade and other receivables, cash and cash equivalents, and other current and non-current financial assets.

Under IFRS 9, the expected credit losses are valued based on one of the following two principles:

- ▶ 12-month credit loss: default event is expected in the next 12 months;
- ▶ credit loss expected over the duration: default event is expected over the full duration.

For trade and other receivables and similar receivables, the Feintool Group records the credit losses expected over the duration.

The calculation of the expected credit losses takes into account experience values and future expected losses based on market development, client position, and other components.

According to IFRS 9, the expected credit losses must likewise be evaluated with the following financial assets:

- ▶ Cash and cash equivalents
- ▶ Prepaid expenses and accrued income
- ▶ Non-current financial assets

Feintool does not expect any material credit losses for these items.

The avoidance of clumping risks and a concentration of the financial investments on first-rate counterparties should help to avoid bigger loan losses. The Feintool Group carries out its banking business exclusively with nationally and internationally renowned banks. It specifies the type of transactions that the subsidiaries are permitted to carry out with the banks.

#### Financial liabilities

Financial liabilities mainly include debt and trade payables, which are measured at amortized cost. Financial liabilities designated at fair value through profit or loss (derivatives) are stated at fair value. Non-current financial liabilities are measured using the effective interest method. In addition to the actual interest payments, interest expenses therefore also include the amounts of annual interest cost and pro rata transaction costs.

Financial liabilities are de-recognized when repaid.

#### ABS-Program

In the 2019 financial year, the Feintool Group entered into a revolving receivables purchase agreement with Weinberg Capital DAC (the program's special purpose entity) governing the sale of trade receivables. The negotiated structure provides for the sale of the Feintool Group's trade receivables as part of an ABS transaction, which was successfully initiated in December 2019. The receivables are being sold by the Feintool Group to the program's special purpose entity.

Under this ABS program with a maximum value of up to kCHF 14 770, the Feintool Group's European subsidiaries sold receivables valued at kCHF 14 123 (previous year kCHF 12 786) as of December 31, 2022, of which kCHF 1 911 (previous year kCHF 1 428) was retained as purchase price retentions. These funds are held as hedging reserves but are not paid out and are recognized as other financial assets. The basis for the

transaction is the assignment of trade receivables from individual Feintool companies to the program's special purpose entity as part of an undisclosed assignment. The program's special purpose entity does not have to be consolidated under IFRS 10, as Feintool has neither the decision-making power nor any significant vested interest and there is no link between decision-making power and the variability of returns from the program's special purpose entity.

The Feintool Group continues to perform receivables management (servicing) for the receivables sold.

Feintool is meeting the requirements regarding the derecognition of financial liabilities in accordance with IFRS 9.3.2.1, as the receivables are transferred in accordance with IFRS 9.3.2.4 b). An assessment pursuant to IFRS 9.3.2.6 has shown that Feintool has neither substantially transferred nor retained all of the risks and rewards. This means that in accordance with IFRS 9.3.2.16, Feintool must recognize its continuing involvement.

The maximum amount of the continuing involvement of kCHF 268, i.e. the amount for which Feintool is still liable for the default risk, will continue to be reported under trade receivables with a corresponding other financial liability. Any interest to be expected until receipt of payment is not recognized for reasons of materiality.

## BALANCE SHEET

#### Cash and cash equivalents

Cash and cash equivalents comprise cash holdings, balances on postal and bank accounts as well as fixed-term deposits with a maturity not exceeding 90 days.

#### Trade receivables/other receivables

This item contains accounts receivable from ordinary business activities. Bad debt provisions on trade receivables are calculated and recognized based on the expected credit losses. Other receivables are stated at their nominal amount less expected credit losses. Notes on the calculation of the expected credit loss can be found under "Financial assets and liabilities". The payment terms are within the usual business practice and are usually between 30 and 90 days.



**Inventories**

Raw materials and purchased goods are stated at weighted average cost. Finished and semi-finished goods are stated at cost of conversion including manufacturing and material overheads, but at no more than their net realizable values. Inventories with low turnover and obsolete items are written down. Work in progress is stated at the cost of conversion.

**Contract assets**

This item includes all contract assets less prepayments received and necessary allowances for identifiable risks. Recording of net sales of contract assets takes place over the specific period if several conditions are met. These conditions are explained in detail in chapter "Net Sales".

If these conditions are not met, the income is recognized when the control is transferred. If it is expected that the costs from a construction contract will exceed the contractually agreed income, the expected overall loss from the order is charged immediately and in full to the statement of comprehensive income.

The stage of completion of construction contracts is obtained from the ratio between the contract costs incurred and the total cost of the contract (cost-to-cost method), or based pro rata on the time spent (effort-expended method), provided the project can be assumed to proceed on a straight-line basis.

**Property, plant and equipment**

Items of property, plant and equipment are carried at cost less accumulated depreciation. Cost includes any costs attributable to bringing the asset to the condition necessary for it to operate in the intended manner. Borrowing costs are a component of cost if they are directly attributable to the asset. Subsequent maintenance costs are recognized in the carrying amount if the operational life is extended as a result or production capacity can be increased. Non-value-enhancing maintenance work and repairs are recognized in the income statement. Components of property, plant and equipment with different useful lives are recognized individually and depreciated separately. Depreciation is recognized on a straight-line basis over the estimated useful life. As a rule, land is not written down. Impairments (see separate section) are recognized when the carrying amount no longer appears to be recoverable. Such impairments are presented separately.

As a rule, the following depreciation periods are applied:

Buildings:	20 to 50 years
Plant and equipment:	5 to 15 years
Vehicles:	3 to 5 years
IT hardware:	2 to 5 years

Capitalized costs that are closely linked to leased premises are depreciated over a maximum of the contractually agreed lease term.

Government contributions (funding received) for assets (mostly property, plant and equipment) are deducted from the cost of acquisition or manufacture of the asset in question. Funds that are not related to a specific asset are capitalized and amortized on a straight-line basis over the period of the associated stipulations/conditions. As the funding usually comes with certain conditions attached that, if not complied with, would result in the funding having to be repaid, the funding received is also declared as a contingent liability.

**Leases**

Upon entering into a contract, the Feintool Group will assess whether the contract should be classified as a lease or contains a lease component. In making this assessment, which requires a certain degree of discretion, the Group will assess whether a specific asset is affected, whether the Group obtains substantially all the economic benefits from the use of the asset, and whether the Group has the right to control the use of the leased asset.

The Feintool Group will recognize a right-of-use asset and a lease liability at the beginning of the lease term, except in the following two cases:

- ▶ Leases of low-value assets
- ▶ Short-term leases with a lease term of twelve months or less

In both cases, lease payments are recognized as an expense on the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. If this rate cannot be reliably determined, the Feintool Group will use an incremental borrowing rate specific to the country, term, and currency of the contract.

Lease payments include, for example, fixed and variable payments that depend on an index or rate known at the commencement of the lease. The lease liability is subsequently measured at cost less accumulated depreciation and accumulated impairment on the basis of the effective interest method and remeasured (with a corresponding adjustment to the right-of-use asset) if future lease payments change as a result of renegotiation, changes in an index or interest rate, or a revaluation of options.

The right-of-use asset is initially measured at the amount of the lease liability, any initial direct costs, as well as restoration obligations, less any lease incentives granted. The right-of-use asset is amortized on a straight-line basis from the date of commencement to the end of the lease term unless ownership of the underlying asset is transferred to the company at the end of the lease term or the cost of the lease reflects the fact that the company will exercise a purchase option. In this case, the right-of-use asset is amortized over its useful economic life, which is determined in accordance with the rules for property, plant, and equipment. Similar to assets held by the Group, the recoverability of the right-of-use asset is also reviewed if there are indications of impairment.

The right-of-use asset is recognized under property, plant, and equipment and the lease liability under current and noncurrent financial liabilities.

The following contract terms or depreciation periods generally apply:

Property:	3 to 10 years
Machines:	5 to 15 years
Other tangible assets:	3 to 5 years

Further information is given in section 6, 17 and 20 of the Notes.

### Intangible assets

Intangible assets primarily include goodwill, in acquisitions purchased customer relations, technology, patents, software, land-use-rights and certain development costs. The latter are only capitalized if the technical feasibility of completing an asset that is ready for market can be demonstrated, the costs can be measured reliably and the costs appear to be feasible

based on the marketplace. Intangible assets are capitalized at cost and amortized over their estimated useful life on a straight-line basis. Any impairments are recognized when the carrying amount no longer appears to be recoverable. Such impairments are presented separately.

Intangible assets (with the exception of goodwill) have a finite life and are amortized as follows:

Patents, brands:	max. 10 years
Capitalized development costs:	3 to 5 years, max. 10 years
Software:	2 to 5 years
Customer relations:	max. 15 years

### Impairment

The recoverable amount of assets (property, plant and equipment, intangible assets) is reviewed when events or changes in circumstances indicate that the assets may be overvalued. In addition, the recoverable amount of goodwill is reviewed at least annually. If the carrying amount exceeds the recoverable amount (higher of fair value less disposal costs and value in use), it is immediately written down to the net realizable value. When calculating value in use, future cash flows are discounted using an after-tax discount rate. This discount rate reflects current market assessments and risks specific to the assets in question.

### Financial assets

Financial assets include loans granted to third parties and rental deposits. Depending on their nature (see "Financial assets and liabilities"), financial assets are stated at fair value or measured at amortized cost using the effective interest method. Gains and losses on these financial assets are recognized in the financial result.

### Current liabilities

Current liabilities are those with a remaining term to maturity of less than one year. The current portion of non-current liabilities is also included.

### Accrued expenses and deferred income

Expenditures incurred in the period at the end of the reporting year, for which no receipts are yet available, are recognized under accrued expenses and deferred income. On the other hand, revenues received in advance in the period at the end of

the reporting year for which no work has yet been performed are also recognized here. In the Feintool Fineblanking Technology segment in particular, it is often the case that clients are billed for fineblanking presses without all supplier invoices having been received as yet or all contractually agreed work on the press having been performed.

### Provisions

Provisions are recognized if (a) a present obligation to a third party has arisen as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) the amount of the obligation can be reliably estimated. No provisions are recognized for future operating losses. Provisions are recognized for restructuring efforts when the Group company has a constructive obligation to implement restructuring as a result of communicating the plan to the individuals affected by it, and provided the costs can be reliably determined on the basis of a detailed plan. Reversals of provisions no longer required are recognized when the item for which the provision was originally recognized no longer exists or it is no longer probable that this item will occur.

### Deferred taxes

Deferred taxes are accounted for using the balance sheet liability method. Under this method, the tax implications of temporary differences between carrying amounts in the consolidated financial statements and the tax base are recognized as a non-current liability or asset. They are generally calculated on the basis of actual or expected local rates of tax. Deferred tax liabilities are calculated for all taxable temporary differences. Deferred tax assets, including those for tax loss carryforwards and expected tax credits, are only recognized if it is probable that profits will be available for realizing the loss carryforwards and tax credits.

Changes in deferred taxes are recognized in the income statement except for deferred taxes on amounts recognized directly in other comprehensive income, which are also recognized in other comprehensive income.

### Share-based payments

Shares are transferred to Group management as part of the remuneration at a contractually predefined amount. The number of shares depends on the average price in October/November.

The shares have a staggered lock-in period of 1-4 years. Disbursement takes usually place in December. Individual members of the Board of Directors receive a contractually predefined number of shares. The shares are locked in for five years. The valuation corresponds to the price at the time of allocation.

### Employee benefit plans

The Group operates various employee benefit plans, which differ depending on the circumstances of the individual company. The benefit plans are financed through contributions made by the employer and/or the employee to state pension systems, separate legal entities (trusts, insurance companies) or through the accumulation of corresponding provisions in the balance sheet of the company itself.

In the case of defined contribution plans, the accrued expenses correspond to the agreed contributions by the Group companies. In the case of defined benefit plans, the costs are calculated by independent experts in the form of an actuarial report using the projected unit credit method. The calculations are updated periodically. Benefit plans operated by external providers are funded plans, while the agreed commitments of the Group companies themselves are unfunded plans. The liability carried consists of the defined benefit obligation as defined by the actuary, less any assets recognized at fair value.

The expense recorded in the statement of comprehensive income is an actuarial calculation of the cost less contributions from employees. This comprises:

- ▶ Current service cost
- ▶ Interest on the net defined benefit liability
- ▶ Reassessments of defined benefit obligations

The current past service cost is recognized in personnel expense. The impact of changes in pension plan benefits is also reported in personnel expenses. The interest on the net defined benefit liability is recognized in financial expense. The expense or income from reassessments is recognized as other comprehensive income in the statement of comprehensive income.

Other long-term obligations to employees, such as anniversaries or sabbatical leave programs are recognized using the same methodology, with the exception that any actuarial changes are recognized in personnel expense.

### Equity

Equity represents the residual value (assets less liabilities). Capital reserves result from premium payments made by shareholders, transactions involving treasury shares, employee options and the fair value of conversion rights at the time of issue. Retained earnings comprise the income earned and retained by the Group as well as the reassessment of the net defined benefit liability (asset). Acquisitions of treasury stocks are deducted from equity at cost. Other payments from equity instruments (derivatives classified as equity) are also taken directly as equity.

## REVENUE RECOGNITION

### Net sales – Revenue from contracts with customers

Under IFRS 15, income is recorded from the point when the client takes control of the product or service. The following provides an overview of the fundamental valuation guidelines.

#### Sale of series parts

These net sales arise in the System Parts segments. The client gets control upon the delivery of the series parts – depending on the arrangement of the income terms. The net sales are recorded at this specific point in time. In the case of client complaints as a result of quality deficiencies, the client issues an invoice to Feintool. These complaints are dealt with swiftly and – where justified – are recorded in material expenditure.

#### Sale of presses and tools

These net sales arise in the Fineblanking Technology segment. The client gets control over the period of production of the presses, including peripheral devices and tools, as the process here is job production with corresponding specifications. Any dissolution of a contract results in invoicing of the manufacturing costs plus the calculated profit. Recording of net sales therefore takes place over the specific period if the following conditions are also met:

- ▶ The value of the contract is greater than CHF 500 000 or the equivalent in foreign currency.
- ▶ The income from the contract can be reliably calculated.
- ▶ It is likely that the economic advantage linked to the contractual property asset of the company will occur.
- ▶ Contractual costs and the degree of completion of the production order can be determined reliably.

The expenditure for expected warranty costs is incorporated in the calculation, and a corresponding accrued liability is shown via the material expenditure across the whole period. In warranty cases, the press is repaired and the accrued costs charged to the accrued liability.

The System Parts segments also sell tools in connection with parts production. Since these tools remain in the corresponding production facility for the parts production, invoicing takes place after the “Production Part Approval Process” (PPAP) or during the delivery period of the parts.

#### Service contracts (in the press business)

The service and inspection contract is similar to a framework agreement with a description of the service scope and the daily rates to be applied. Customers are charged once the service has been rendered. The recording of net sales takes place at the defined time.

#### Other operating income/expenses

Other operating income includes gains on the disposal of property, plant and equipment, investments and various smaller items of income, such as revenue from staff restaurants, IT costs charged to third parties and letting income.

Other operating expenses include operating costs with the exception of material cost and personnel expenses as well as depreciation.

Gains/losses on the disposal of property, plant and equipment are recognized when ownership and the incidental risks and rewards are transferred.

#### Material expenses

The cost of materials includes the following costs associated with production:

- ▶ Raw materials, consumables, and supplies
- ▶ Trade parts
- ▶ Third-party work on materials and goods
- ▶ Direct procurement costs (freight, customs duties, etc.)
- ▶ Recognition of adjustments in the value of acquired inventories

Income from recycling scrap metal is deducted from the cost of materials.

**Research & development**

Order-related development costs are capitalized as work in progress. Research & development costs are charged in full to the statement of comprehensive income in the year in which they are incurred, provided they are not capitalized. Development costs for new products are capitalized only if there is a likely prospect of realization in technical and market terms, the cost can be measured reliably and it is probable that the expected future economic benefit attributable to the asset will belong to Feintool.

**Interest**

Interest is recognized using the effective interest method. Interest not yet received or paid is reported at the end of the reporting period in deferred income or expense. Interest is reported on the statement of comprehensive income under financial result.

## 1 SEGMENT INFORMATION

<b>1.1 Products and services 2022</b> in CHF 1 000	System Parts Europe	System Parts USA	System Parts Asia	Fineblanking Technology	<b>Total segments</b>	Finance/ Other	Eliminations	<b>Total Group</b>
Net sales	556 281	191 727	89 263	29 270	<b>866 541</b>	–	-5 568	<b>860 973</b>
– Intercompany income	-3 470	-48	-12	-2 038	<b>-5 568</b>	–	5 568	<b>–</b>
<b>Total net sales – Group <sup>1)</sup></b>	<b>552 811</b>	<b>191 679</b>	<b>89 251</b>	<b>27 232</b>	<b>860 973</b>	<b>–</b>	<b>–</b>	<b>860 973</b>
<b>EBITDA before one-off effects</b>	<b>64 737</b>	<b>17 468</b>	<b>17 677</b>	<b>-4 640</b>	<b>95 242</b>	<b>-9 398</b>	<b>-130</b>	<b>85 714</b>
One-off effects in the financial year <sup>2)</sup>	-4 233	–	–	-1 202	<b>-5 435</b>	-932	–	<b>-6 367</b>
<b>EBITDA after one-off effects</b>	<b>60 504</b>	<b>17 468</b>	<b>17 677</b>	<b>-5 842</b>	<b>89 807</b>	<b>-10 330</b>	<b>-130</b>	<b>79 347</b>
Depreciation and amortization	-35 325	-11 536	-10 516	-1 717	<b>-59 094</b>	-2 227	2 296	<b>-59 025</b>
<b>Operating profit (EBIT) before one-off effects</b>	<b>29 412</b>	<b>5 932</b>	<b>7 161</b>	<b>-6 357</b>	<b>36 148</b>	<b>-11 625</b>	<b>2 166</b>	<b>26 689</b>
One-off effects in the financial year <sup>2)</sup>	-4 233	–	–	-1 202	<b>-5 435</b>	-932	–	<b>-6 367</b>
<b>Operating profit (EBIT) after one-off effects</b>	<b>25 179</b>	<b>5 932</b>	<b>7 161</b>	<b>-7 559</b>	<b>30 713</b>	<b>-12 557</b>	<b>2 166</b>	<b>20 322</b>
Financial expenses								<b>-17 339</b>
Financial income								<b>11 510</b>
Income taxes								<b>1 992</b>
<b>Net income attributable to Feintool Holding shareholders</b>								<b>16 485</b>
<b>Number of employees</b>	<b>2 263</b>	<b>507</b>	<b>462</b>	<b>120</b>	<b>3 352</b>	<b>39</b>	<b>–</b>	<b>3 390</b>
<b>Assets</b>	<b>560 447</b>	<b>130 519</b>	<b>143 140</b>	<b>44 529</b>	<b>878 635</b>	<b>331 505</b>	<b>-295 174</b>	<b>914 966</b>
<b>Net working capital <sup>4)</sup></b>	<b>93 503</b>	<b>25 906</b>	<b>18 095</b>	<b>10 099</b>	<b>147 603</b>	<b>-8 729</b>	<b>1 235</b>	<b>140 109</b>
<b>Investments in property, plant and equipment/intangible assets (incl. leases)</b>	<b>25 579</b>	<b>6 849</b>	<b>4 091</b>	<b>635</b>	<b>37 154</b>	<b>2 848</b>	<b>-13</b>	<b>39 989</b>

<b>1.2 Geographical areas 2022</b>	Switzerland	Europe excl. Switzerland	America	Asia	<b>Total</b>
<b>Total net sales – Group <sup>5)</sup></b>	<b>8 444</b>	<b>536 277</b>	<b>208 121</b>	<b>108 131</b>	<b>860 973</b>
thereof Germany		337 342			
thereof USA			135 787		
thereof Japan				27 755	
thereof China				68 813	
<b>Fixed and intangible assets</b>	<b>27 986</b>	<b>366 759</b>	<b>60 312</b>	<b>77 849</b>	<b>532 906</b>

<b>1.3 Products and services 2021</b> in CHF 1 000	System Parts Europe	System Parts USA	System Parts Asia	Fineblanking Technology	<b>Total segments</b>	Finance/ Other	Eliminations	<b>Total Group</b>
Net sales	311 974	170 126	77 725	37 662	<b>597 487</b>	–	-9 429	<b>588 058</b>
– Intercompany income	-4 481	-13	-17	-4 918	<b>-9 429</b>	–	9 429	<b>–</b>
<b>Total net sales – Group <sup>1)</sup></b>	<b>307 493</b>	<b>170 113</b>	<b>77 708</b>	<b>32 744</b>	<b>588 058</b>	<b>–</b>	<b>–</b>	<b>588 058</b>
<b>EBITDA before one-off effects</b>	<b>54 471</b>	<b>24 927</b>	<b>15 877</b>	<b>-2 489</b>	<b>92 786</b>	<b>-7 273</b>	<b>39</b>	<b>85 552</b>
One-off effects in the financial year <sup>2)</sup>	–	7 649	–	3 928	<b>11 577</b>	–	–	<b>11 577</b>
<b>EBITDA after one-off effects</b>	<b>54 471</b>	<b>32 576</b>	<b>15 877</b>	<b>1 439</b>	<b>104 363</b>	<b>-7 273</b>	<b>39</b>	<b>97 129</b>
Depreciation and amortization	-27 078	-11 673	-10 278	-1 816	<b>-50 845</b>	-2 438	2 180	<b>-51 103</b>
Impairment of tangible assets <sup>3)</sup>	-12 103	–	–	–	<b>-12 103</b>	–	–	<b>-12 103</b>
<b>Operating profit (EBIT) before one-off effects</b>	<b>27 393</b>	<b>13 254</b>	<b>5 599</b>	<b>-4 305</b>	<b>41 941</b>	<b>-9 711</b>	<b>2 219</b>	<b>34 450</b>
One-off effects in the financial year <sup>2) 3)</sup>	-12 103	7 649	–	3 928	<b>-526</b>	–	–	<b>-526</b>
<b>Operating profit (EBIT) after one-off effects</b>	<b>15 290</b>	<b>20 903</b>	<b>5 599</b>	<b>-377</b>	<b>41 415</b>	<b>-9 711</b>	<b>2 219</b>	<b>33 923</b>
Financial expenses								<b>-17 317</b>
Financial income								<b>12 725</b>
Income taxes								<b>-10 120</b>
<b>Net income attributable to Feintool Holding shareholders</b>								<b>19 211</b>
<b>Number of employees</b>	<b>1 348</b>	<b>527</b>	<b>434</b>	<b>137</b>	<b>2 445</b>	<b>34</b>	<b>–</b>	<b>2 478</b>
<b>Assets</b>	<b>311 569</b>	<b>139 324</b>	<b>156 996</b>	<b>51 413</b>	<b>659 302</b>	<b>257 168</b>	<b>-232 073</b>	<b>684 397</b>
<b>Net working capital <sup>4)</sup></b>	<b>41 806</b>	<b>26 859</b>	<b>19 095</b>	<b>10 061</b>	<b>97 821</b>	<b>17 295</b>	<b>-30 734</b>	<b>84 382</b>
<b>Investments in property, plant and equipment/intangible assets (incl. leases)</b>	<b>39 368</b>	<b>6 505</b>	<b>9 182</b>	<b>1 333</b>	<b>56 388</b>	<b>1 430</b>	<b>-385</b>	<b>57 433</b>

<b>1.4 Geographical areas 2021</b>	Switzerland	Europe excl. Switzerland	America	Asia	<b>Total</b>
<b>Total net sales – Group <sup>5)</sup></b>	<b>5 658</b>	<b>308 826</b>	<b>174 770</b>	<b>98 804</b>	<b>588 058</b>
thereof Germany		220 226			
thereof USA			122 304		
thereof Japan				27 314	
thereof China				65 222	
<b>Fixed and intangible assets</b>	<b>33 789</b>	<b>229 542</b>	<b>63 400</b>	<b>90 362</b>	<b>417 093</b>

The following footnotes are applicable to the 2022 and 2021 financial years.

During the financial year 2022, the Feintool Group has changed its internal organisation and the composition of its operating segment, which resulted in a change in reportable segment. Accordingly, Feintool has restated the previously reported segment information ended as at December 31, 2021.

- 1) Total Net Sales include "Sales from products transferred over time" about kCHF 8 534 (previous year kCHF 12 515). The net sales have been recognized in the Fineblanking Technology Segment. The remaining net sales in this segment mainly consist of tool sales and services.
- 2) In the 2022 financial year, it was decided to change the Swiss pension fund as of January 1, 2023. The changed conditions have a negative one-off effect of kCHF 7 767 on the statement of comprehensive income in the financial year.  
Also in the 2022 financial year, a Feintool company in Switzerland received an allowance of kCHF 1 400 to mitigate the impact of the Covid-19 pandemic.  
In the 2020 financial year, Feintool received a loan of kUSD 8 400 under the PPP program in the United States to mitigate the impact of the COVID-19 pandemic. In the first half of 2021, the government assured the company that this loan would not have to be repaid. Feintool also received kCHF 3 928 in immediate aid from the Swiss government in the year 2021 to mitigate the effects of the COVID-19 pandemic.
- 3) Due to capacities no longer required at one plant, an impairment loss on manufacturing equipment totaling CHF 12 103 was recognized in the 2021 financial year. In addition, please refer to sections 17.2 and 17.3 of the Notes.  
  
Segment reporting is in accordance with internal reporting, and the one-time effects demonstrated have thus been factored into the group performance assessment by the Board of Directors and the management.
- 4) Net working capital comprises trade receivables, inventories, net assets of construction contracts and prepaid expenses and accrued income less trade payables, advance payments received from customers and accrued expenses and deferred income. The remaining receivables and liabilities is included in the calculation for "Finances/Other".
- 5) Net sales is allocated to countries based on the customer's domicile.

The following explanations on the segment information apply to the financial years 2022 and 2021.

The Fineblanking Technology segment comprises the development, manufacture and sale of presses, tools, peripheral systems and all related services.

The System Parts segments develop, produce and sell high-precision system components and assemblies using fineblanking and forming technology as well as electrical steel stamping. The segments also sell production-specific tools to third-party customers. The production and internal sale of tools is also included in this segments.

"Finances/Other" essentially comprises the figures for Feintool International Holding AG and the German sub-holding company Feintool Holding GmbH.

The operating profit/loss comprises all operating income and expenses directly attributable to the individual segments. This includes all cross-segment expenses, which are charged directly. Feintool's financing is undertaken at the Group level. Financial expenses and income, financial liabilities as well as taxes, are therefore reported only at the Group level and do not appear in the segment reports. Feintool generates 13.4 % (previous year 20.4 %) of consolidated sales with one customer. Income is generated in all segments. With the other customers, the share is less than 10.6 % (previous year 11.2 %) in each case.

There is no reconciliation of data in management reports and data contained in the financial reports, as internal and external reporting are subject to the same valuation principles.



## 2 ACQUISITION OF INVESTMENTS

On March 1, 2022, Feintool Holding GmbH, Bayreuth, Germany, acquired 100 % of the shares of the German company Kienle + Spiess GmbH, located in Sachsenheim, Germany, with its subsidiary Kienle + Spiess Hungary Kft., located in Tokod, Hungary. Kienle + Spiess is one of the leading suppliers in rotors and stators for highly efficient electric motors. With this acquisition, Feintool is significantly expanding its latest business pillar, electric sheet stamping and its production capacity. As of January 1 2023 Kienle + Spiess GmbH was renamed to Feintool System Parts Sachsenheim GmbH and Kienle + Spiess Hungary Kft. was renamed to Feintool System Parts Tokod Kft.

In its first ten months as part of the Feintool Group, Kienle + Spiess generated net sales of kCHF 217 512 and operating earnings (EBIT) of kCHF 14 630. If the acquisition had taken place on January 1, 2022, the consolidated net sales of the Feintool Group would have amounted to kCHF 896 119 and the operating earnings (EBIT) to kCHF 19 257.

The purchase price allocation has changed since the first half of 2022 due to new findings.

<b>2.1 Consideration for the interests acquired</b>	in CHF 1 000
Cash and cash equivalents	77 775
<b>Total consideration</b>	<b>77 775</b>

<b>2.2 Identifiable assets and liabilities</b>	in CHF 1 000
Cash and cash equivalents	25 606
Trade and other receivables <sup>1)</sup>	38 438
Inventories	38 177
Property, plant and equipment	102 190
Intangible assets <sup>2)</sup>	31 182
Financial liabilities	-76 677
Trade and other payables	-34 579
Provisions	-2 818
Deferred tax liabilities	-5 577
Employee benefit asset	-66 786
<b>Net identifiable assets</b>	<b>49 155</b>

<sup>1)</sup> The trade receivables comprise gross contractual amounts due of kCHF 37 819, of which kCHF 348 was expected to be uncollectable at the date of acquisition.

<sup>2)</sup> In intangible assets is mainly the value of customer contracts and relationships, as well as value of technology contained.

<b>2.3 Goodwill at the acquisition date</b>	in CHF 1 000
Total consideration	77 775
Net identifiable assets	-49 155
<b>Goodwill <sup>1)</sup></b>	<b>28 621</b>

<sup>1)</sup> Goodwill at historical rates on the acquisition date. For the Feintool Group, goodwill represents the value that it would have had to pay in order to independently set up a profitable operation for the production of rotors and stators for highly efficient electric motors in the automobile. With its acquisition, Feintool is positioning itself as one of Europe's leading manufacturers of motor cores for battery electric vehicles (BEV) and hybrids (HEV), industrial drives and regenerative energies. Goodwill is not a tax deductible.

The costs incurred by the Feintool Group for the acquisition of Kienle + Spiess amounted to around kCHF 1 500. In particular, this includes the fees of external lawyers and advisers. The costs were recognized in other operating expenses and amounted in financial year 2021 as well as in financial year 2022 to around kCHF 700 each.

### 3 NET SALES

	2022 in CHF 1 000	2021 in CHF 1 000
Gross sales	867 332	595 509
Sales deductions	-6 359	-7 451
<b>Total net sales</b>	<b>860 973</b>	<b>588 058</b>

### 4 CAPITALIZED SELF-GENERATED ASSETS

	2022 in CHF 1 000	2021 in CHF 1 000
Self-generated presses	84	131
Self-generated tools	757	387
Capitalized development costs	710	919
Other capitalized self-generated assets	–	5
<b>Capitalized self-generated assets</b>	<b>1 551</b>	<b>1 442</b>

### 5 PERSONNEL EXPENSES

	2022 in CHF 1 000	2021 in CHF 1 000
Salaries and wages	177 403	146 765
Social security contribution <sup>1)</sup>	40 096	23 487
Other personnel expenses	8 234	8 938
<b>Total personnel expenses</b>	<b>225 733</b>	<b>179 190</b>
of which direct personnel expenses <sup>2) 3)</sup>	105 028	88 080
of which indirect personnel expenses <sup>3)</sup>	120 705	91 110

<sup>1)</sup> In the financial year 2022, it was decided to change the Swiss pension plan as of January 1, 2023. The changed conditions have a negative one-off impact of kCHF 7 767 on the statement of comprehensive income. The one-off impact is included in social security expenses. See also note 1 and 24 in the notes.

<sup>2)</sup> Direct personnel expenses are personnel expenses that can be directly assigned to the production process.

<sup>3)</sup> The change of the Swiss pension plan is included in the direct personnel expenses with kCHF 3 418 and in the indirect personnel expenses with kCHF 4 349.

In the 2022 financial year, various Feintool Group companies received short-time work compensation totaling kCHF 125 (previous year: kCHF 2 000), which was deducted directly from labor costs. At the end of the financial year, the Feintool Group had 3 390 employees (previous year: 2 478) and 101 vocational trainees (previous year: 89).

**6 OTHER OPERATING EXPENSES**

	2022	2021
	in CHF 1 000	in CHF 1 000
Repair and maintenance	39 713	35 821
Energy	25 357	15 298
IT costs	5 919	5 176
Rental and leasing expenses	2 340	1 564
thereof expenses for short-term leases	932	509
thereof expenses for low-value assets	690	634
thereof miscellaneous	717	420
Sales and marketing expenses	2 907	1 897
Administration and distribution expenses	13 225	7 892
Loss on the disposal of property, plant and equipment	578	1 056
Taxes and duties (not including income taxes)	2 015	1 143
Other expenses	3 864	1 324
<b>Total other operating expenses</b>	<b>95 918</b>	<b>71 171</b>

**7 OTHER OPERATING INCOME**

	2022	2021
	in CHF 1 000	in CHF 1 000
Gain on the disposal of property, plant and equipment	113	111
Other income <sup>1)</sup>	2 384	13 256
<b>Total other operating income</b>	<b>2 497</b>	<b>13 367</b>

<sup>1)</sup> "Other income" includes the immediate aids from governments to mitigate the effects of the COVID-19 pandemic totaling kCHF 1 400 (previous year kCHF 11 577) as well as income from staff restaurants and subletting.

**8 FINANCIAL EXPENSES**

	2022	2021
	in CHF 1 000	in CHF 1 000
Interest expense	4 185	3 891
Other financial expenses <sup>1)</sup>	2 237	1 888
Foreign exchange losses	10 917	11 538
<b>Total financial expenses</b>	<b>17 339</b>	<b>17 317</b>

<sup>1)</sup> Besides bank charges, other financial expenses include annual amortization of establishing cost for the promissory note, syndicated loan and ABS program, market making costs and valuation expenses from hedging.

## 9 FINANCIAL INCOME

	2022	2021
	in CHF 1 000	in CHF 1 000
Interest income	160	98
Other financial income	148	7
Foreign exchange gains	11 202	12 620
<b>Total financial income</b>	<b>11 510</b>	<b>12 725</b>

## 10 INCOME TAXES

	2022	2021
	in CHF 1 000	in CHF 1 000
<b>10.1 Analysis of income taxes</b>		
Tax credits/charges for the reporting period	7 525	10 349
Tax credits/charges from previous years	72	-700
Deferred income taxes	-9 589	471
<b>Total income taxes</b>	<b>-1 992</b>	<b>10 120</b>

	2022	2021
	in CHF 1 000	in CHF 1 000
<b>10.2 Analysis of tax charge</b>		
<b>Earnings before taxes</b>	<b>14 493</b>	<b>29 331</b>
Weighted tax rate as % <sup>1)</sup>	24.1 %	25.1 %
<b>Expected overall tax expense / income</b>	<b>3 493</b>	<b>7 362</b>
Effect of tax rates in foreign jurisdictions	4 478	1 391
Non tax-deductible expense	838	215
Non-taxable income	-3 622	-1 757
Unrecognized tax loss carryforwards from the current year <sup>2)</sup>	5 469	2 633
Use of unrecognized loss carryforwards from previous years	-709	-279
Recognition of previously unrecognized loss carryforwards	-5 225	-
Tax credits/charges from previous years	72	-700
Effect of changes in tax rates	-15	-299
Reassessment of prior year	-157	635
Tax benefit on equity investments	-6 470	-298
Other effects	-144	1 217
<b>Effective income tax expense</b>	<b>-1 992</b>	<b>10 120</b>
<b>Effective income tax expense as %</b>	<b>-13.7 %</b>	<b>34.5 %</b>

<sup>1)</sup> The weighted tax rate is calculated from the income tax rates likely to apply to the income of the individual Group companies in the respective tax jurisdiction, which naturally varies according to the actual earnings figures.

<sup>2)</sup> Unrecognized tax loss carryforwards from the current year refer to System Parts Segments and Finance/Other.

## 11 DEFERRED TAXES

11.1 Carrying amounts	in CHF 1 000	12/31/2022		12/31/2021	
		Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Deferred taxes for temporary differences					
Current assets		2 658	1 741	1 837	848
Non-current assets		3 992	38 385	3 815	25 572
Provisions and other liabilities		5 125	1 276	2 634	643
Employee benefit plans		8 904	1 448	4 387	792
Loss carryforwards		12 635	–	7 024	–
<b>Total gross values</b>		<b>33 315</b>	<b>42 849</b>	<b>19 696</b>	<b>27 855</b>
Netting		-12 962	-12 962	-10 370	-10 370
<b>Total carrying amounts</b>		<b>20 353</b>	<b>29 887</b>	<b>9 326</b>	<b>17 485</b>
of which recognized in the balance sheet as deferred tax assets		20 353		9 326	
of which recognized in the balance sheet as deferred tax liabilities			29 887		17 485
<b>Net deferred tax assets/liabilities</b>			<b>9 534</b>		<b>8 159</b>

Feintool does not disclose deferred taxes related to earnings not distributed as dividends, which will presumably be reinvested permanently in subsidiaries. The tax effect is estimated as not material.

11.2 Statement of net deferred taxes assets/liabilities	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>Start of period</b>	<b>-8 159</b>	<b>-2 245</b>
Recognition and reversal of temporary differences	9 574	-770
Temporary differences arising on tax rate changes	15	299
Temporary differences arising on acquisition/sale of entities	-5 577	–
Temporary differences recognized directly in equity	-5 645	-5 326
Translation differences	258	-117
<b>End of period</b>	<b>-9 534</b>	<b>-8 159</b>

### 11.3 Unrecognized tax assets

Deferred tax assets, including those for tax loss carryforwards and expected tax credits, are only recognized if it is probable that profits will be available against which the loss carryforwards and tax credits can be utilized.

11.4 Tax loss carryforwards	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Total tax loss carryforwards	126 943	96 324
of which recognized loss carryforwards	62 013	30 321
<b>Total unrecognized tax loss carryforwards</b>	<b>64 930</b>	<b>66 003</b>
of which expiring within 1 year	2 823	1 135
of which expiring in one to five years	24 402	35 432
of which expiring in more than five years	37 705	29 438
<b>Tax effects of unrecognized tax loss carryforwards</b>	<b>15 006</b>	<b>15 520</b>

Income taxes and information regarding the tax charge are shown in Note 10.

## 12 CONSOLIDATED EARNINGS PER SHARE

	2022	2021
	Number	Number
<b>12.1 Average number of shares outstanding</b>		
Average number of shares outstanding	11 124 454	4 914 842
Less number of treasury shares (weighted)	-12 299	-8 361
Average number of shares outstanding – undiluted	11 112 155	4 906 481
Average number of shares outstanding – diluted	11 112 155	4 906 481

	2022	2021
	in CHF 1 000	in CHF 1 000
<b>12.2 Net income Feintool Group</b>		
Net income of the Feintool Group – undiluted	16 485	19 211
Net income of the Feintool Group – diluted	16 485	19 211

No dilution effects were recognized in the financial year.

	2022	2021
	in CHF	in CHF
<b>12.3 Earnings per share</b>		
Undiluted earnings per share	1.48	3.92
Diluted earnings per share	1.48	3.92

Earnings per share are calculated on the basis of the consolidated net income for the financial year divided by the average number of shares in circulation. No dilution effects were recognized in the financial year.

## 13 RECEIVABLES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>13.1 Trade and other receivables</b>		
Trade receivables	95 460	82 374
Valuation allowances	-1 102	-635
<b>Total trade receivables (net)</b>	<b>94 358</b>	<b>81 739</b>
Bills receivable	3 017	2 944
Outstanding VAT credits	3 685	3 933
Receivables from ABS program <sup>1)</sup>	1 911	1 401
Other receivables	4 178	2 908
<b>Total trade and other receivables</b>	<b>107 149</b>	<b>92 925</b>

<sup>1)</sup> As of December 31, 2022, trade receivables with a value of kCHF 18 658 were sold under factoring and ABS programs (previous year kCHF 17 820).

<b>13.2 Maturity profile of receivables</b>	in CHF 1 000	Carrying amount	Not yet due	Overdue up to 30 days	Overdue for 31-90 days	Overdue for 91-180 days	Overdue for more than 180 days
<b>12/31/2022</b>							
Trade receivables		95 460	78 674	10 138	3 686	1 157	1 805
Valuation allowances		-1 102	-1	-	-30	-25	-1 046
<b>Total receivables (net)</b>		<b>94 358</b>					
<b>12/31/2021</b>							
Trade receivables		82 374	69 714	7 393	2 461	1 342	1 464
Valuation allowances		-635	-	-	-27	-25	-583
<b>Total receivables (net)</b>		<b>81 739</b>					

<b>13.3 Valuation allowance on receivables</b>	2022 in CHF 1 000	2021 in CHF 1 000
<b>Start of period</b>	<b>-635</b>	<b>-810</b>
Change in scope of consolidation	-330	-
Translation differences	5	-
Recognized	-568	-398
Reversed	104	570
Used	322	3
<b>End of period</b>	<b>-1 102</b>	<b>-635</b>

## 14 INVENTORIES

	12/31/2022 in CHF 1 000	12/31/2021 in CHF 1 000
Raw material	60 986	29 761
Tool spare elements	29 189	21 006
Finished and semi-finished goods	75 151	53 604
Work in progress	18 653	18 846
Valuation allowances on inventories	-31 681	-24 291
<b>Total inventories</b>	<b>152 298</b>	<b>98 926</b>

## 15 CONTRACT ASSETS

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Contract assets	8 223	6 553
Prepayments received	-2 967	-2 085
Valuation allowances on construction contracts	-1 114	-712
<b>Total net contract assets</b>	<b>4 142</b>	<b>3 756</b>

The gross margin recorded under contract assets as at the closing date amounted to 38.8% (previous year 21.5%).

## 16 PREPAID EXPENSES AND ACCRUED INCOME

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Prepaid expenses for customer orders <sup>1)</sup>	3 572	1 859
Issue costs of promissory note and syndicated loan	173	406
Tax accruals	403	–
Scrap and material income	241	663
Other prepaid expenses and accrued income	652	524
<b>Total prepaid expenses and accrued income</b>	<b>5 041</b>	<b>3 452</b>

<sup>1)</sup> Prepaid expenses for customer orders includes expenses for constructions that are assigned to a specific order. These prepaid expenses are released on a straight-line basis over the course of the order.

## 17 PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	in CHF 1 000	in CHF 1 000
<b>17.1 Overview assets</b>		
Own property, plant and equipment	346 317	285 264
Right-of-use from leased assets	52 934	45 919
<b>Total carrying amounts</b>	<b>399 251</b>	<b>331 183</b>



17.2 Summary of own property, plant and equipment	in CHF 1 000	Real estate	Machinery	Other property, plant and equipment	Total
<b>Cost of acquisition as at 01/01/2021</b>		<b>136 046</b>	<b>357 937</b>	<b>63 972</b>	<b>557 955</b>
Additions		629	10 450	40 346	51 425
Disposals		-700	-10 001	-1 014	-11 715
Reclassifications <sup>1)</sup>		5 933	27 182	-48 038	-14 923
Translation differences		-1 462	2 070	-348	260
<b>As at 12/31/2021</b>		<b>140 446</b>	<b>387 638</b>	<b>54 918</b>	<b>583 002</b>
Additions		2 019	2 070	23 814	27 903
Disposals		-141	-6 814	-1 548	-8 503
Reclassifications <sup>1)</sup>		10 067	10 297	-33 573	-13 209
Change in scope of consolidation		32 427	49 525	20 238	102 190
Translation differences		-5 906	-14 298	-2 552	-22 756
<b>As at 12/31/2022</b>		<b>178 912</b>	<b>428 418</b>	<b>61 297</b>	<b>668 627</b>
<b>Accumulated depreciation as at 01/01/2021</b>		<b>-44 367</b>	<b>-205 963</b>	<b>-12 898</b>	<b>-263 228</b>
Additions		-4 497	-27 915	-2 913	-35 325
Disposals		382	8 195	702	9 279
Impairments <sup>2)</sup>		-3 288	-6 457	-623	-10 368
Reclassifications		-	-133	-	-133
Translation differences		1 022	828	187	2 037
<b>As at 12/31/2021</b>		<b>-50 748</b>	<b>-231 445</b>	<b>-15 545</b>	<b>-297 738</b>
Additions		-5 046	-34 319	-3 259	-42 624
Disposals		138	5 898	772	6 808
Translation differences		2 057	8 327	860	11 244
<b>As at 12/31/2022</b>		<b>-53 599</b>	<b>-251 539</b>	<b>-17 172</b>	<b>-322 310</b>
<b>Net carrying amounts</b>					
<b>As at 12/31/2021</b>		<b>89 698</b>	<b>156 193</b>	<b>39 373</b>	<b>285 264</b>
<b>As at 12/31/2022</b>		<b>125 313</b>	<b>176 879</b>	<b>44 125</b>	<b>346 317</b>

<sup>1)</sup> Reclassifications include positions of immaterial assets amounting to kCHF -672 (previous year kCHF -3), of assets in leasing amounting to kCHF -13 381 (previous year kCHF -14 871) and a revaluation of assets in leasing amounting to kCHF 861 (previous year kCHF 114).

<sup>2)</sup> In the financial year 2021, System Parts Europe recognized impairment losses on machinery & buildings of kCHF 12 030 and Software of kCHF 73 totaling kCHF 12 103. Of the impairment losses, kCHF 1 662 relate to leased machinery.

Other property, plant and equipment includes installations, vehicles and assets under construction. Assets under construction amounted to kCHF 39 431 in the year under review (previous year kCHF 29 446). Gains on asset disposals are recognized as other operating income (Note 7). A gain of kCHF 113 (previous year kCHF 111) was generated in the reporting year. Losses on asset disposals are stated as other operating expenses (Note 6). In the year under review, this loss totaled kCHF 578 (previous year kCHF 1 056). As at December 31, 2022, the Feintool Group had entered into purchase commitments for the purchase of property, plant and equipment totaling approx. kCHF 18 235 (previous year kCHF 27 693).

<b>17.3 Summary of leased property, plant and equipment</b>	in CHF 1 000	Real estate	Machinery	Other property, plant and equipment	Total
<b>Cost of acquisition as at 01/01/2021</b>		<b>8 996</b>	<b>75 854</b>	<b>2 563</b>	<b>87 413</b>
Additions		3 168	94	1 175	4 437
Disposals		-620	-182	-619	-1 421
Reclassifications		-114	14 871	–	14 757
Translation differences		39	-3 870	-41	-3 872
<b>As at 12/31/2021</b>		<b>11 469</b>	<b>86 767</b>	<b>3 078</b>	<b>101 314</b>
Additions		4 059	587	2 951	7 597
Disposals		-1 723	-168	-430	-2 321
Reclassifications		–	4 775	7 745	12 520
Translation differences		-365	-4 237	-245	-4 847
<b>As at 12/31/2022</b>		<b>13 440</b>	<b>87 724</b>	<b>13 099</b>	<b>114 263</b>
<b>Accumulated depreciation as at 01/01/2021</b>		<b>-3 333</b>	<b>-42 468</b>	<b>-1 481</b>	<b>-47 282</b>
Additions		-1 726	-7 988	-855	-10 569
Disposals		1 182	182	507	1 871
Reclassifications		–	119	–	119
Impairments <sup>1)</sup>		–	-1 662	–	-1 662
Translation differences		-37	2 138	28	2 129
<b>As at 12/31/2021</b>		<b>-3 914</b>	<b>-49 680</b>	<b>-1 801</b>	<b>-55 395</b>
Additions		-1 985	-7 318	-988	-10 291
Disposals		1 211	168	397	1 776
Translation differences		70	2 452	59	2 581
<b>As at 12/31/2022</b>		<b>-4 618</b>	<b>-54 378</b>	<b>-2 333</b>	<b>-61 329</b>
<b>Net carrying amounts</b>					
<b>As at 12/31/2021</b>		<b>7 555</b>	<b>37 087</b>	<b>1 277</b>	<b>45 919</b>
<b>As at 12/31/2022</b>		<b>8 822</b>	<b>33 346</b>	<b>10 766</b>	<b>52 934</b>

<sup>1)</sup> In the financial year 2021, System Parts Europe recognized impairment losses on machinery and buildings totaling kCHF 12 103. Of the impairment losses, kCHF 1 662 relate to leased machinery.

In the 2022 financial year, interest expenses from lease liabilities were incurred in the amount of kCHF 646 (previous year kCHF 525).

## 18 INTANGIBLE ASSETS

18.1 Summary of intangible assets	in CHF 1 000	Goodwill	Capitalized development costs <sup>1)</sup>	Software	Customer relations	Other intangible assets <sup>2)</sup>	Total
<b>Cost of acquisition as at 01/01/2021</b>		<b>63 198</b>	<b>12 219</b>	<b>8 737</b>	–	<b>32 193</b>	<b>116 347</b>
Additions		–	1 130	346	–	94	1 570
Disposals		–	-2 795	-177	–	-1	-2 973
Reclassifications		–	–	3	–	–	3
Translation differences		-1 569	–	-170	–	-449	-2 188
<b>As at 12/31/2021</b>		<b>61 629</b>	<b>10 554</b>	<b>8 739</b>	–	<b>31 837</b>	<b>112 759</b>
Additions		–	850	427	–	1	1 278
Disposals		–	–	-695	–	-10	-705
Reclassifications		–	–	672	16 637	-16 637	672
Change in scope of consolidation		28 621	–	241	24 163	6 778	59 803
Translation differences		-4 644	–	-269	–	-3 337	-8 250
<b>As at 12/31/2022</b>		<b>85 606</b>	<b>11 404</b>	<b>9 115</b>	<b>40 799</b>	<b>18 633</b>	<b>165 557</b>
<b>Accumulated depreciation as at 01/01/2021</b>		–	<b>-7 542</b>	<b>-7 173</b>	–	<b>-10 170</b>	<b>-24 885</b>
Additions		–	-1 917	-741	–	-2 551	-5 209
Disposals		–	2 795	170	–	–	2 965
Impairments		–	–	-73	–	–	-73
Translation differences		–	–	160	–	193	353
<b>As at 12/31/2021</b>		–	<b>-6 664</b>	<b>-7 657</b>	–	<b>-12 528</b>	<b>-26 849</b>
Additions		–	-1 660	-574	-1 342	-2 534	-6 110
Disposals		–	–	57	–	–	57
Reclassifications		–	–	–	-5 107	5 107	–
Translation differences		–	–	248	–	752	1 000
<b>As at 12/31/2022</b>		–	<b>-8 324</b>	<b>-7 926</b>	<b>-6 449</b>	<b>-9 203</b>	<b>-31 902</b>
<b>Net carrying amounts</b>							
<b>As at 12/31/2021</b>		<b>61 629</b>	<b>3 890</b>	<b>1 082</b>	–	<b>19 309</b>	<b>85 910</b>
<b>As at 12/31/2022</b>		<b>85 606</b>	<b>3 080</b>	<b>1 189</b>	<b>34 350</b>	<b>9 430</b>	<b>133 655</b>

<sup>1)</sup> Research and development expenses amounting to kCHF 4 132 (previous year kCHF 4 455) were charged to the consolidated statement of comprehensive income.

<sup>2)</sup> Other intangible assets primarily comprise patents and licenses, customer relations purchased within acquisitions as well as land-use-rights.

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>18.2 Other information – Goodwill</b>		
Cash-generating unit System Parts China	10 837	11 622
Cash-generating unit System Parts Fineblanking & Forming Europe	9 283	9 739
Cash-generating unit System Parts Stamping Europe	65 486	40 268
<b>Total carrying amounts</b>	<b>85 606</b>	<b>61 629</b>

The following impairment test was performed for all business units in the financial year: The recoverable amounts for the cash-generating units are calculated on the basis of the value in use and compared with the carrying amount. The values in use were calculated using the DCF method (discounted cash flow method). The Feintool Group uses the results from the respective current business plan with the assumptions contained therein regarding price, market and market share development. The first three plan years are approved by the Board of Directors, the further two plan years by the Group CFO. The growth rates are based on the forecasts of established institutions and on the Group's own past experience of price and market share development. A discount rate based on the weighted average cost of capital of the Feintool Group is used to discount future cash flows. The impairment tests for the financial year 2022 are approved by the audit committee.

The goodwill of the cash-generating unit System Parts Stamping Europe contains the goodwill of Feintool System Parts Jessen GmbH and its subsidiaries acquired in the financial year 2018 as well as the goodwill of Kienle + Spiess GmbH and Kienle + Spiess Hungary Kft. acquired in the financial year 2022.

	2022			2021		
<b>18.3 Parameter for Discount rate</b>	System Parts China	System Parts Europe (Fineblanking & Forming)	System Parts Europe (Stamping)	System Parts China	System Parts Europe (Fineblanking & Forming)	System Parts Europe (Stamping)
Discount rate after taxes	10.6	7.9	7.9	9.4	7.6	7.6
Discount rate before taxes	11.3	8.2	8.2	9.9	7.9	7.9
Terminal growth rate	3.6	1.0	2.0	3.6	0.8	1.7

As of the date of the impairment test, the recoverable amount of the cash-generating unit System Parts China exceeded the net carrying amount by kCHF 3 646 (previous year kCHF 1 168). An increase in the weighted average cost of capital after taxes to 10.9% (previous year 9.5%) or a decrease in the growth rate to 3.3% (previous year 3.5%) would lead to a situation where the value in use equates the net carrying amount.

For the cash-generating unit Stamping Europe the recoverable amount exceeded the net carrying amount by kCHF 15 468 (previous year kCHF 7 783). An increase in the weighted average cost of capital after taxes to 8.2% (previous year 8.0%) or a decrease of the growth rate to 1.7% (previous year 1.1%) would lead to a situation where the value in use equates the net carrying amount.

For the cash-generating unit System Parts Europa (Fineblanking & Forming) the recoverable amount exceeded the net carrying amount by kCHF 15 280. An increase in the weighted average cost of capital after taxes to 8.7% or a decrease of the growth rate to -0.1% would lead to a situation where the value in use equates the net carrying amount.

**19 FINANCIAL ASSETS**

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Loans to third parties	67	79
Non-current receivables	11 134	4 288
Rental deposit accounts	492	558
<b>Financial assets</b>	<b>11 694</b>	<b>4 925</b>

The weighted average interest rate in the reporting period was 0.20% (previous year 0.14%).

Loans to third parties consist of marketable securities and loans to staff.

Non-current receivables refers to tools the customer has ordered but not yet or only partially paid for. Amortization is based on either the parts produced or an agreed payment plan.

**20 FINANCIAL LIABILITIES**

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>20.1 Current financial liabilities</b>		
Current liabilities to banks	4 960	9 161
Current portion of non-current liabilities to banks	494	961
Current portion of lease liabilities	8 973	10 581
Current liabilities from promissory note	24 618	–
<b>Total current financial liabilities</b>	<b>39 045</b>	<b>20 703</b>

The weighted average interest rate in the reporting period was 1.5% (previous year 1.5%).

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>20.2 Non-current financial liabilities</b>		
Non-current promissory note	49 191	77 418
Non-current liabilities to banks	2 438	43 569
Non-current lease liabilities	30 001	30 821
<b>Total non-current financial liabilities</b>	<b>81 630</b>	<b>151 808</b>

The weighted average interest rate in the year under review was 1.5% (previous year 1.7%).

On July 15, 2016 and July 15, 2021 promissory notes in the amount of kEUR 75 000 were issued. Thereof kEUR 59 000 have a fixed interest rate and kEUR 16 000 are floating (variable interest rate). The issuer, with a guarantee from Feintool International Holding AG, is Feintool Holding GmbH based in Germany. The loan is divided into the following tranches:

- kEUR 25 000, term until fiscal year 2023
- kEUR 14 500, term until fiscal year 2024
- kEUR 29 500, term until fiscal year 2026
- kEUR 6 000, term until fiscal year 2028

Standard covenants are defined in the loan agreement. The only material covenant to be complied with is:

- Equity ratio > 25%

As of December 31, 2022, all the covenants relating to the promissory note had been met.

Credit agreements concluded on a bilateral basis with various banks also contain standard covenants, that are largely equivalent to those of the syndicated loan. As of December, 31st 2022, all the covenants had been met.

If the Group or companies were unable to meet one or several covenants of the syndicated loan, promissory note or bilateral debts, the banks would have the right to terminate the loans at short notice. As at December, 31st 2022, Feintool has kCHF 239 500 (previous year kCHF 110 800) in unused, confirmed creditlines at the bank and available cash.

<b>20.3 Reconciliation of financial liabilities</b>	<b>2022</b>	<b>2021</b>
	in CHF 1 000	in CHF 1 000
<b>Start of period</b>	<b>172 511</b>	<b>208 215</b>
Cash flows net <sup>1)</sup>	-131 121	-42 378
Non-cash changes	74 249	9 559
thereof acquisition	76 677	–
thereof new leases	-2 428	9 559
Translation differences	5 036	-2 885
<b>End of period</b>	<b>120 675</b>	<b>172 511</b>

<sup>1)</sup> This item includes the borrowing of interest-bearing debt of kCHF 156 660 (previous year kCHF 15 916), the repayment of interest-bearing lease liabilities of kCHF 8 396 (previous year repayment kCHF 8 332) and the repayment of interest-bearing debt of kCHF 279 385 (previous year kCHF 49 961).

## 21 TRADE AND OTHER PAYABLES

	<b>12/31/2022</b>	<b>12/31/2021</b>
	in CHF 1 000	in CHF 1 000
Trade payables	81 050	66 017
Prepayments from third parties	7 088	4 636
Notes payable	2 926	2 423
Liabilities from factoring and ABS <sup>1)</sup>	5 283	5 359
Social security liabilities	1 406	1 068
Outstanding VAT liabilities	1 258	1 743
Other liabilities	3 611	1 883
<b>Total trade and other payables</b>	<b>102 622</b>	<b>83 129</b>

<sup>1)</sup> Liabilities from factoring and ABS include all customer payments not yet forwarded and the corresponding liability in respect to the continuig involvement from ABS. Further information on the ABS program can be found in the notes to the financial statements, section "financial assets and liabilities".

## 22 ACCRUED EXPENSES AND DEFERRED INCOME

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Accruals for salary, bonus, overtime, additional hours	12 276	13 282
Outstanding accounts payable	7 955	8 021
Outstanding installations and other work to be fulfilled in relation to customer orders	6 750	7 779
Other accrued expenses and deferred income	1 636	1 869
<b>Total accrued expenses and deferred income</b>	<b>28 617</b>	<b>30 951</b>

## 23 PROVISIONS

	in CHF 1 000	Warranties	Other provisions	Total
<b>Total provisions as at 01/01/2020</b>		<b>3 118</b>	<b>5 449</b>	<b>8 567</b>
Recognized		703	5 575	6 278
Used		-474	-743	-1 217
Reversed		-449	-404	-853
Reclassifications		-	-24	-24
Translation differences		-14	-318	-332
<b>Total provisions as at 12/31/2021</b>		<b>2 884</b>	<b>9 535</b>	<b>12 420</b>
of which current provisions		1 178	8 799	9 977
of which non-current provisions		1 707	736	2 443
Recognized		765	9 693	10 458
Used		-537	-10 436	-10 973
Reversed		-344	-1 669	-2 013
Change in the scope of consolidation		441	2 377	2 818
Translation differences		-20	-537	-557
<b>Total provisions as at 12/31/2022</b>		<b>3 189</b>	<b>8 963</b>	<b>12 152</b>
of which current provisions		1 372	7 484	8 856
of which non-current provisions		1 817	1 479	3 296

Provisions for actual warranty events cover the estimated cost arising from warranty services provided by the Group companies, which the company must cover for contractual reasons or due to its conduct. The outflow of funds occurs as and when the warranties are taken up, over a maximum of three years.

"Other provisions" include provisions for restructuring, scrap rebates, customer complaints, price reductions that were not passed on and various small items. The expected duration of the outflow of funds is 1 to 2 years.

## 24 EMPLOYEE BENEFIT PLANS

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>24.1 Overview of net employee benefit liabilities (assets)</b>		
Net defined benefit liability (asset)	67 846	21 293
Jubilee benefits	1 825	1 453
Other benefit obligations	454	137
<b>Total net employee benefit liabilities (assets)</b>	<b>70 125</b>	<b>22 883</b>

The assets of the employee benefit plans do not include treasury shares (previous year kCHF 0). The Group does not use assets belonging to the retirement fund (previous year tangible assets kCHF 4 500).

The "Net defined benefit liability (asset)" item contains various benefit plans in Switzerland, Germany and Japan. The net liability from the Swiss plan amounts to kCHF 11 751 (previous year kCHF 12 170), the German plan to kCHF 55 685 (previous year kCHF 8 390) and the Japanese plan to kCHF 408 (previous year kCHF 733). On account of the materiality of the figures, only the Swiss and German plans are shown in Note 24.3 onwards.

### Swiss plan

The majority of Feintool employees in Switzerland are insured against the risks of death, old age and disability through the semi-autonomous Feintool Group pension fund. The benefits provided by the Feintool Group's pension fund exceed the minimum level prescribed by the Federal Occupational Old Age, Survivors' and Disability Pension Act (BVG). The typical retirement age is 65 for men and 64 for women. Employees have a right to early retirement from age 58, in which case the conversion rate is reduced in accordance with the longer expected pension payment period and the absence of contribution payments prior to retirement. Furthermore, employees can withdraw their retirement pension in full or in part as a lump sum. The amount of pension paid out is arrived at from the conversion rate, which is applied to the insured individual's accumulated retirement savings at the time of retirement. The accumulated retirement assets are arrived at from the employee and employer contributions paid into the individual savings account of each insured member, together with the interest credited to the retirement assets, vested benefits brought in and any voluntary payments made by the insured person. The interest rate paid on the retirement assets is set by the Board of Trustees each year.

The legal form of the Feintool Group's pension fund is that of a foundation. The Board of Trustees, which comprises an equal number of employee and employer representatives, is responsible for managing the foundation. The Board of Trustees is the central coordination and monitoring body for the management of the assets. The Feintool Group will change the pension fund to an independent collective foundation as of January 1, 2023.

### German plans

The German plans comprise:

- ▶ A "Works Agreement on the Introduction of an Occupational Pension Plan" concluded on June 25, 1998 that was terminated effective December 31, 2005 with the announcement that new employees would no longer be able to join the pension scheme from January 1, 2006, and that any entitlements already accrued would be frozen effective December 31, 2005.
- ▶ A pension scheme dated June 1, 1975 for all employees who joined the company by December 31, 1983.
- ▶ Individual commitments to certain managers.

This essentially includes the right to a lifetime pension payable upon retirement, disability and/or death. The level of monthly pension entitlement on reaching the retirement age of 65, amounts to approximately 50 % respectively 30 % of the annual pensionable income broken down into a monthly amount; the annual pensionable income is deemed to be the fixed annual income at the time the pension becomes due for payment.



## Japanese plan

The Japanese plan includes all employees who have worked at the company for three or more years. Employees are entitled to a pension from age 60.

	Defined benefit obligation		Plan assets		Net defined benefit liability (asset)	
	2022	2021	2022	2021	2022	2021
	in CHF 1 000	in CHF 1 000	in CHF 1 000	in CHF 1 000	in CHF 1 000	in CHF 1 000
<b>24.2 Change in defined benefit liability (asset)</b>						
<b>As at January 1</b>	<b>165 061</b>	<b>185 400</b>	<b>-143 768</b>	<b>-137 609</b>	<b>21 293</b>	<b>47 791</b>
Change in the scope of consolidation	65 253	–	–	–	65 253	–
<b>Recognized in income statement</b>						
Current service cost	3 739	4 558	–	–	3 739	4 558
Interest expenses (income)	1 909	357	-959	-243	950	114
General and administrative expenses	–	–	263	226	263	226
Impact of change of plan <sup>1)</sup>	7 767	–	–	–	7 767	–
<b>Total</b>	<b>13 415</b>	<b>4 915</b>	<b>-696</b>	<b>-17</b>	<b>12 719</b>	<b>4 898</b>
<b>Recognized in other comprehensive income</b>						
Expense/(income) from remeasurement of						
Actuarial loss/(gain) due to:						
Change in demographic assumptions <sup>2)</sup>	–	-8 787	–	–	–	-8 787
Change in financial assumptions	-41 364	-3 226	–	–	-41 364	-3 226
Experience adjustment	-322	-3 291	–	–	-322	-3 291
Expense/(income) on plan assets (excluding interest income)	–	–	20 079	-8 433	20 079	-8 433
Translation differences	-3 620	-681	338	239	-3 282	-442
<b>Total</b>	<b>-45 306</b>	<b>-15 985</b>	<b>20 417</b>	<b>-8 194</b>	<b>-24 889</b>	<b>-24 179</b>
<b>Other</b>						
Contributions from employer <sup>3)</sup>	-3 097	-287	-3 433	-6 926	-6 530	-7 213
Contributions from employees	2 683	2 887	-2 683	-2 887	–	–
Benefits paid out	-10 407	-11 869	10 407	11 865	–	-4
<b>Total</b>	<b>-10 821</b>	<b>-9 269</b>	<b>4 291</b>	<b>2 052</b>	<b>-6 530</b>	<b>-7 217</b>
<b>As at December 31</b>	<b>187 602</b>	<b>165 061</b>	<b>-119 756</b>	<b>-143 768</b>	<b>67 846</b>	<b>21 293</b>
of which Swiss plans	127 611	152 097	-115 860	-139 927	11 751	12 170
of which German plans	57 535	10 079	-1 849	-1 689	55 686	8 390
of which Japanese plans	2 455	2 885	-2 047	-2 152	408	733

<sup>1)</sup> In the financial year 2022, it was decided to change the Swiss pension plan as of January 1, 2023. The changed conditions, whereas the increase of the conversion rate to 5.75% (previously 4.40%) being the most significant, have a negative one-off impact of kCHF 7 767 on the statement of comprehensive income.

<sup>2)</sup> As at December 31, 2022, the weighted-average duration of pension benefit obligations was 11.9 years for the Swiss plan (previous year 13.8 years) and 11–15.5 years for the German plans (previous year 18.6–19.1 years). Feintool uses the BVG 2020 G mortality table (prior year BVG 2020 G) in Switzerland and Heubeck RT 2018 G (same as last year) in Germany for the hypothetical life expectancy.

<sup>3)</sup> In the previous year, the pension trust made contributions of kCHF 3 200 to restructure the Feintool Group's Swiss pension fund. Restructuring contributions of kCHF 1 200 annually have been committed until a coverage ratio of 100% has been reached, kCHF 2 000 are a one-time special payment to accelerate the restructuring process. The effect is shown in the pension obligation.

The expected contributions made to the employee benefit plans for the following financial year amount to kCHF 6 600 in the case of employer contributions and kCHF 2 700 in the case of employee contributions.

	2022	2021
	in %	in %
<b>24.3 Plan assets of defined benefit plans</b>		
Equities	0.0	31.4
Bonds	0.0	39.2
Real estate (including real estate funds)	4.3	20.7
Other	87.1	3.2
Cash	8.6	5.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Swiss plan

The plan assets are invested by an AAA-rated bank in line with the predefined strategy. The following limits apply to investment:

- ▶ Equities < 50 %
- ▶ Bonds < 70 %
- ▶ Real estate < 30 %
- ▶ Alternative investments 0 %

Currencies other than the CHF are hedged. With the exception of directly held real estate, all investments are traded on a public exchange.

	2022	2021
	in %	in %
<b>24.4 Defined benefit plan obligations – actuarial assumptions</b>		
<b>Swiss plan</b>		
Discount rate	2.3	0.3
Future increase in wages and salaries	1.8	1.0
<b>German plans</b>		
Discount rate	3.4 - 3.9	1.0
Future increase in wages and salaries	0 - 2.5	0.0
Future increase in pensions	2.0	1.8 - 2.0

<b>24.5 Defined benefit plan obligations – actuarial assumptions</b>	<b>2022</b> in years	<b>2021</b> in years
<b>Swiss plan</b>		
Life expectancy at age 65 for newly retired persons		
Men	22.8	22.6
Women	24.6	24.4
Life expectancy at age 65 for employees currently aged 45		
Men	25.1	24.9
Women	26.6	26.4
<b>German plans</b>		
Life expectancy at age 65 for newly retired persons		
Men	20.8	20.7
Women	24.2	24.1
Life expectancy at age 65 for employees currently aged 45		
Men	23.6	23.4
Women	26.5	26.4

<b>24.6 Defined benefit plan obligations – sensitivity analysis</b>	<b>2022</b> in CHF 1 000	<b>2021</b> in CHF 1 000
<b>Swiss plan</b>		
Change in discount rate -0.25 %	3 676	5 165
Change in discount rate +0.25 %	-3 468	-4 840
Change in wages and salaries -0.25 %	-235	-217
Change in wages and salaries +0.25 %	234	209
<b>German plans</b>		
Change in discount rate -0.25 %	1 678	509
Change in discount rate +0.25 %	-1 539	-477
Change in wages and salaries -0.25 %	n/a	n/a
Change in wages and salaries +0.25 %	n/a	n/a

## 25 EQUITY

	12/31/2022	12/31/2021
	Number/CHF	Number/CHF
<b>25.1 Share capital</b>		
Number of shares	14 744 526	4 914 842
Nominal value	10	10
Share capital	147 445 260	49 148 420

On May 13, 2022, the Feintool Group concluded a capital increase. The transaction resulted in the creation of 9 829 684 new Feintool shares with a par value of CHF 10 each at the transaction price of CHF 20.51 each. kCHF 98 297 was credited to the share capital and kCHF 103 315 to the capital reserves. Costs in connection with the capital increase in the amount of kCHF 5 137 were charged to the capital reserves.

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>25.2 Conditional capital – employee stock option plan</b>		
<b>Start of period</b>	<b>558</b>	<b>558</b>
Used	–	–
<b>End of period</b>	<b>558</b>	<b>558</b>

This conditional capital of 55 750 registered shares with a par value of CHF 10 each was created following the resolution of the Extraordinary General Meeting of July 2, 1998 for the payment of rights conferred under the employee stock option plan.

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
<b>25.3 Authorized capital</b>		
<b>Start of period</b>	<b>10 000</b>	–
Expired	–	–
Created	–	10 000
Used	–	–
<b>End of period</b>	<b>10 000</b>	<b>10 000</b>

According to the decision of the Annual General Meeting of April 20, 2021, the Board of Directors is authorized to create capital up to a maximum amount of CHF 10 000 000 as required through the issue of up to 1 000 000 new shares, each having a nominal value of CHF 10. The new shares are to be paid up in full. The Board of Directors is authorized to restrict or exclude subscription rights under certain circumstances. The new shares can be issued in one or more stages. The approval is limited to a period of two years. The authorized capital will expire on April 19, 2023.

	12/31/2022		12/31/2021	
	Number	in CHF 1 000	Number	in CHF 1 000
<b>25.4 Treasury shares – changes</b>				
<b>Start of period</b>	<b>7 369</b>	<b>475</b>	<b>10 172</b>	<b>615</b>
Bought	35 000		10 000	
Sale/transfer	-25 837		-12 803	
<b>End of period</b>	<b>16 532</b>	<b>389</b>	<b>7 369</b>	<b>475</b>
of which trading portfolio	16 532		7 369	

In the 2022 financial year, 35 000 shares were purchased at an average price of CHF 20.75 (previous year 10 000 shares at an average price of CHF 66.63) and 25 837 shares transferred at an average price of CHF 27.42 (previous year 12 803 shares at an average price of CHF 56.44) for the share-based management remuneration. Treasury shares are reserved primarily for management remuneration.

## 26 SHARED BASED PAYMENT PLANS

As a component of the bonus, 25 837 shares (previous year 12 803) were allocated to the Board of Directors, the Group Management and other managers in the financial year at a transaction value of kCHF 520 (previous year kCHF 747). Of this amount, 5 000 shares have been distributed in January 2023, 20 837 shares in December 2022. All shares were transferred from treasury shares and were transferred directly to the ownership of the recipient.

## 27 OFF-BALANCE SHEET TRANSACTIONS, CONTINGENT LIABILITIES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Contingent obligations	5 601	473
<b>Contingent liabilities</b>	<b>5 601</b>	<b>473</b>

Contingent obligations comprise funding that has been received and is subject to certain conditions. In the event of a breach of these conditions, there is a risk that these funds or a portion of them will have to be repaid.

Feintool owns properties at some locations that are either contaminated or suspected of being contaminated. Under the supervision of the local authorities, Feintool is remediating these plots of land to remove the corresponding pollution and contaminants. Based on our current assessment, these activities are not expected to have a significant impact on the Feintool Group's net assets, financial position, or results of operations.

At the end of the reporting period, Feintool was not involved in any other court proceedings. However, disputes relating to product liability, promotional activities, labor law and unfair dismissals, anti-trust law, securities trading, sales and marketing practices, health and safety, environmental and tax-related claims, state investigations and copyright law are always possible. Such proceedings could result in substantial claims being brought against Feintool that may not be covered by insurance policies. Feintool believes, however, that any such proceedings would not have a significant effect on the Group's financial position, operating results or cash flows.

## 28 ASSETS PLEDGED AS SECURITY FOR OWN LIABILITIES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Real estate	12 391	5 106
Machinery and equipment	40 247	37 088
<b>Assets pledged as security for own liabilities</b>	<b>52 638</b>	<b>42 194</b>

## 29 ECONOMIC RISKS

Continuously growing protectionism with rising tariffs, the change in raw material and energy prices as well as the persistently high external trade imbalances entail risks for the future development of the global economy. These factors could lead to a further decline in global economic growth. The inherent uncertainties cause stronger exchange rate fluctuations, and a continuation of the weakness of the euro in particular. The scenarios described could give rise to severe adverse effects for Feintool.

### Management of financial risks

Financial risk management is based on the directives approved by the Board of Directors and Group Management. The principles of risk management and the processes applied are reviewed on a regular basis in order to address changes in the market environment and in Feintool's activities.

Besides standards for general financial risk management, these directives include standards for specific aspects of liquidity, interest rate, exchange rate and default risk management, the use of derivative financial instruments, capital procurement and the policy on investing surplus liquidity. Capital procurement within the Group is mostly undertaken on a centralized basis.

### Liquidity risk

Liquidity risk denotes the risk that the Feintool Group may at some point in the future be unable to meet its regular payment obligations on time and in full. Feintool must ensure that the Group is able to meet its payment obligations at all times. This will be the case if sufficient funds can be generated by the cash flow from operating activities or if the necessary financial resources can be raised on the financial markets or from banking institutions. Feintool Group's management considers an operating liquidity reserve equivalent to one month's costs of the Group (approx. kCHF 50 000) to be adequate. This liquidity reserve can also be secured through unused credit lines. Management receives regular reports - at least quarterly - on the Group's present and anticipated liquidity status, giving it an overview of the liquidity situation.

Feintool has a syndicated loan of kCHF 100 000 (previous year kEUR 120 000), promissory notes in the amount of kEUR 75 000 (previous year kEUR 75 000), bilateral credit loans and several leasing and rental contracts (more details in note 20).

These contracts contain standard covenants, particularly

- ▶ equity ratio > 25 %
- ▶ net senior debt / EBITDA < 3.5x

Were the Group or individual companies unable to meet these covenants, the banks would have the right to terminate the loans at short notice. As at December 31, 2022, all covenants had been met. As at December 31, 2022, Feintool had kCHF 239 500 (previous year kCHF 110 800) in unused, confirmed credit lines at the bank and cash.

Financial liabilities – carrying amounts and cash outflows	in CHF 1 000	Carrying amount	Due within 1 year	Due within 3 years	Due within 5 years	Due in more than 5 years	Total
<b>12/31/2022</b>							
Liabilities <sup>1)</sup>		92 870	92 870	–	–	–	92 870
Accrued expenses and deferred income <sup>2)</sup>		9 590	9 590	–	–	–	9 590
Current liabilities to banks		4 960	4 960	–	–	–	4 960
Lease liabilities		38 974	9 164	10 999	7 755	11 793	39 711
Other liabilities to banks		76 741	25 263	18 365	29 573	5 948	79 149
<b>Total</b>		<b>223 135</b>	<b>141 847</b>	<b>29 364</b>	<b>37 328</b>	<b>17 741</b>	<b>226 280</b>
Foreign exchange futures <sup>3)</sup>							
Cash inflows		210	210	–	–	–	210
Cash outflows		18	18	–	–	–	18
<b>12/31/2021</b>							
Liabilities		75 682	75 682	–	–	–	75 682
Accrued expenses and deferred income		9 890	9 890	–	–	–	9 890
Current liabilities to banks		9 161	9 161	–	–	–	9 161
Lease liabilities		41 402	10 785	11 839	7 546	12 042	42 212
Other liabilities to banks/bonds		121 948	1 940	84 751	32 475	6 338	125 504
<b>Total</b>		<b>258 083</b>	<b>107 458</b>	<b>96 590</b>	<b>40 021</b>	<b>18 380</b>	<b>262 449</b>
Foreign exchange futures <sup>3)</sup>							
Cash inflows		86	86	–	–	–	86
Cash outflows		1 306	1 306	–	–	–	1 306

<sup>1)</sup> Excluding social security obligations, advance payments from third parties and outstanding VAT obligations.

<sup>2)</sup> Excluding accruals for salary, bonus and overtime as well as outstanding installations and other work to be fulfilled in relation to customer orders.

<sup>3)</sup> As at December 31, 2022, the contractual values of the forward exchange deals amounted to kCHF 4 206 (previous year kCHF 125 620).

### Interest rate risk

Interest rate risk can have a negative impact on the Group's earnings as a result of higher interest rates on borrowings or lower interest rates on assets. Furthermore, changes in interest rates can affect the fair value of underlying financial instruments. Depending on the expected trend in interest rates, Feintool obtains financing at either fixed or variable rates. There are currently financial liabilities from the promissory note loan due to fixed and variable interest payments, from bank loans mainly variable rates, and from lease liabilities with fixed rates, fixed terms and running amortization. Interest rate management is mostly undertaken on a centralized basis so as to limit the impact of interest rate changes on net financial income/finance costs.

A 0.5% increase in the adjustable interest rate would adversely affect pretax profits by kCHF 733.

### Exchange rate risk

Owing to its geographical diversification, Feintool is exposed to exchange rate risk particularly in relation to the euro (EUR), US dollar (USD), the Chinese currency yuan (CNY), the Japanese yen (JPY), the Czech crown (CZK) and the Hungarian Forint (HUF). Changes in exchange rates can affect the fair value of existing financial instruments and in particular the expected future cash flows. As far as possible, the Group uses natural hedges in order to offset the impact of exchange rate fluctuations. It seeks to ensure that costs are incurred in the same currency as the resulting income. The resulting surpluses (euro in particular) and requirements (Swiss franc in particular) at Group level are coordinated centrally in the various currencies. The net position of the most important foreign currencies is hedged over a period of usually six to twelve months, as required.

The Feintool Group's exchange rate risk is calculated by way of the following sensitivity analysis. The table shows the impact on total earnings if foreign currencies were decreased by 5% versus the Swiss franc and simultaneously all other variables were to remain the same.

	2022		2021	
	Base amounts in EUR 1 000 / USD 1 000	Effect in CHF 1 000	Base amounts in EUR 1 000 / USD 1 000	Effect in CHF 1 000
<b>Sensitivity analysis exchange rate risk</b>				
EUR – Comprehensive Income	-21 400	1 014	10 083	-375
USD – Comprehensive Income	5 818	-126	3 657	-57

### Other market risks

The fair value of financial instruments may change as a result of exchange rates, interest rates or changes in credit ratings, and may therefore affect the Group's financial position and earnings. Feintool seeks to minimize the net effect of market risks through a balanced financing and asset structure.

### Derivative financial instruments

Derivative financial instruments are used to minimize existing interest rate or exchange rate risks. The positive and negative fair values in the Note 30.5 show current market values. The contract volumes also shown indicate the extent of the exposure to derivatives.



### Capital structure

In terms of capital management, the Group's objective is to ensure that the business has the financial means necessary to continue as a going concern, and to provide the resources required to achieve the Group's objectives so that added value can be generated for shareholders and other stakeholders and a cost-effective, low-risk capital structure can be maintained. Among the criteria used by the Group to monitor its capital structure are the equity ratio and net financial liabilities. In addition, it monitors the main covenants (equity, senior net debt/EBITDA) under the syndicated loan agreement.

The equity ratio is calculated as the ratio of equity to total assets. Net financial liabilities consist of current and non-current interest-bearing liabilities less cash and cash equivalents.

The Group's aims for an equity ratio of at least 40 % and for a net debt/EBITDA ratio of less than 1. Comments on the aforementioned ratios are provided in the Financial Review (chapter "Consolidated Balance Sheet"). In terms of dividends policy, Feintool aims to pay shareholders approximately 30 % of consolidated annual profit in the form of a dividend.

### Credit risk

Feintool's credit risk is the book value of the recognized financial assets with the exception of financial guarantees. In this case, the guaranteed amount corresponds to the credit risk.

### Default risk

Default risk is the risk that a counterparty will be unable to meet its liabilities to the Group companies. By avoiding cluster risk and concentrating financial investments among first-class counterparties, it should be possible to avoid extensive credit default risk. The automobile sector is the focal point of Feintool's operations. By definition, this market segment involves a certain risk for Feintool's operations. As far as normal customer credit balances are concerned, outstanding receivables are constantly monitored as part of the process of regular reporting by the Group companies to head office. As at December 31, 2022, the overall default risk amounts to kCHF 193 284 (previous year kCHF 146 750). Feintool generates more than 13.4 % (previous year 20.4 %) of consolidated sales for one customer. Income is generated in all segments. With the other customers, the share is less than 10.6 % (previous year 12.4 %) in each case.

The Feintool Group banks exclusively with renowned national and international institutions that have a minimum rating of BBB. It specifies the type of transactions that the subsidiary companies may conduct with the banks.

## 30 FINANCIAL INSTRUMENTS

<b>30.1 Financial assets</b>	in CHF 1 000	Financial assets at amortised cost	Financial assets at fair value through profit and loss	<b>Total</b>
Cash and cash equivalents		78 569	–	<b>78 569</b>
Prepaid expenses and accrued income <sup>1)</sup>		-653	210	<b>-443</b>
Receivables		103 464	–	<b>103 464</b>
Financial assets		11 694	–	<b>11 694</b>
<b>Total carrying amounts as at 12/31/2022</b>		<b>193 074</b>	<b>210</b>	<b>193 284</b>
Cash and cash equivalents		51 763	–	<b>51 763</b>
Prepaid expenses and accrued income <sup>1)</sup>		984	86	<b>1 070</b>
Receivables		88 992	–	<b>88 992</b>
Financial assets		4 925	–	<b>4 925</b>
<b>Total carrying amounts as at 12/31/2021</b>		<b>146 664</b>	<b>86</b>	<b>146 750</b>

<b>30.2 Financial liabilities</b>	in CHF 1 000	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	<b>Total</b>
Accrued expenses and deferred income <sup>1)</sup>		9 591	–	<b>9 591</b>
Trade payables		92 870	–	<b>92 870</b>
Current financial liabilities		39 045	–	<b>39 045</b>
Non-current financial liabilities		81 630	–	<b>81 630</b>
<b>Total carrying amounts as at 12/31/2022</b>		<b>223 136</b>	<b>–</b>	<b>223 136</b>
Accrued expenses and deferred income <sup>1)</sup>		9 890	–	<b>9 890</b>
Trade payables		75 682	–	<b>75 682</b>
Current financial liabilities		20 703	–	<b>20 703</b>
Non-current financial liabilities		151 808	–	<b>151 808</b>
<b>Total carrying amounts as at 12/31/2021</b>		<b>258 083</b>	<b>–</b>	<b>258 083</b>

The carrying amounts do not differ significantly from the fair values.

<sup>1)</sup> Excluding accruals for salary, bonus and overtime as well as outstanding installations.

### 30.3 Fair value hierarchy

Feintool has measured financial instruments at fair value and uses the following hierarchy to determine fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Feintool holds only financial instruments in Level 2 amounting to kCHF 192 net (previous year kCHF -1 220).

<b>30.4 Classification of financial income/financial expenses</b>	in CHF 1 000	Cash and cash equivalents	Measured at fair value	Loans and receivables	Other financial liabilities	Total
<b>Carrying amounts as at 12/31/2022</b>		<b>78 569</b>	<b>192</b>	<b>115 158</b>	<b>223 136</b>	
Interest income/expenses		–	–	160	-4 185	<b>-4 025</b>
Other financial income/expenses		–	-891	-1 196	-2	<b>-2 089</b>
Change in valuation allowances on customer receivables and bad debt losses		–	–	113	–	<b>113</b>
<b>Total net gain/loss 2022</b>		<b>–</b>	<b>-891</b>	<b>-923</b>	<b>-4 187</b>	<b>-6 001</b>
<b>Carrying amounts as at 12/31/2021</b>		<b>51 763</b>	<b>-1 220</b>	<b>93 917</b>	<b>258 083</b>	
Interest income/expenses		–	–	98	-3 891	<b>-3 793</b>
Other financial income/expenses		–	-994	-830	-57	<b>-1 881</b>
Change in valuation allowances on customer receivables and bad debt losses		–	–	-27	–	<b>-27</b>
<b>Total net gain/loss 2021</b>		<b>–</b>	<b>-994</b>	<b>-759</b>	<b>-3 948</b>	<b>-5 701</b>

<b>30.5 Derivative financial instruments outstanding</b>	in CHF 1 000	positive	Fair values negative	Contract volumes
Futures contracts		210	18	4 206
<b>Foreign currency instruments</b>		<b>210</b>	<b>18</b>	<b>4 206</b>
<b>Total derivative financial instruments as at 12/31/2022</b>		<b>210</b>	<b>18</b>	<b>4 206</b>
Futures contracts		86	1 306	125 620
<b>Foreign currency instruments</b>		<b>86</b>	<b>1 306</b>	<b>125 620</b>
<b>Total derivative financial instruments as at 12/31/2021</b>		<b>86</b>	<b>1 306</b>	<b>125 620</b>

Currency instruments primarily relate to the hedging of foreign-currency risks in euros. The life of the foreign exchange futures is a few months.

## 31 RELATED PARTIES

### 31.1 Compensation paid to members of the Board of Directors and Group Management

Levels of compensation paid to the Board of Directors and Group Management are defined by the Nomination and Compensation Committee and approved by the Board of Directors. Total compensation (excluding tax-allowable expenses), specifically fees, salaries, credits, bonuses and benefits in kind agreed during the financial year and paid directly or indirectly to the members of the Board of Directors and Group Management, amounted to kCHF 2 292 (previous year kCHF 3 209).

	2022 in CHF 1 000	2021 in CHF 1 000
Wages (including cash bonuses), fees <sup>1)</sup>	1 549	2 157
Contributions to pension plans	481	582
Share-based payment <sup>2)</sup>	263	470
<b>Total</b>	<b>2 292</b>	<b>3 209</b>

<sup>1)</sup> Incl. benefits in kind (Provision of company cars, etc.).

<sup>2)</sup> For the Chairman of the Board of Directors, allocation of a predefined number of shares. The shares are locked in for five years. The valuation corresponds to the price at the time of allocation. For the 2022 financial year, the shares were transferred on January 4, 2023. Group Management is entitled to a predefined amount in Swiss francs or amount of shares. Remuneration is in the form of shares. The number of shares depends on the average price in October/November. The shares have a staggered lock-in period of 1–4 years. Disbursement took place in December.

### 31.2 Other related parties

As of December 31, 2022, there were no liabilities to other related parties (previous year CHF 0).

## 32 MAJOR SHAREHOLDERS

	Shareholders register / Received notifications	Disclosure according to FinFraG
Artemis Beteiligungen I AG und Michael Pieper	50.1 %	50.1 % on 21.05.2022
Geocent AG	9.8 %	9.7 % on 12.11.2008

Information on significant shareholders are based on the shareholders register or on notifications received by Feintool. A disclosure obligation exists if a person or group(s) is/are subject to the disclosure requirement when reaching, exceeding or falling below the threshold of 3, 5, 10, 15, 20, 25, 33.3, 50 or 66.6 percent of the voting rights of Feintool International Holding AG. Disclosure reports made during the reporting year in accordance with Art. 120 of the Financial Market Infrastructure and Market Conduct in Securities and Derivatives Trading (FinFraG) and the provisions of the Financial Market Infrastructure Ordinance (FinfraV) can be viewed on the reporting and publication platform of SIX Swiss Exchange (<https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html>).

## 33 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

## 34 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2023 and will be submitted to the Annual General Meeting for approval on April 25, 2023.



# Statutory Auditor's Report

To the General Meeting of Feintool International Holding AG, Lyss

## Report on the Audit of the Consolidated Financial Statements

### Opinion

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

In our opinion, the consolidated financial statements (pages 20 to 68) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Key Audit Matters



#### Accuracy and existence of revenue



#### Valuation of goodwill

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Accuracy and existence of revenue

### Key Audit Matter

Total consolidated net revenue of the financial year 2022 amounted to CHF 860,973 thousand. The segment System Parts contributed 96.8% to these revenues while the remaining 3.2% were realised in the segment Fineblanking Technology.

Revenues are a key performance indicator and therefore in the focus of internal and external stakeholders. In the segment System Parts, revenues comprise serial production parts while in the segment Fineblanking Technology revenues comprise press systems and tools. In the context of revenue recognition different characteristics need to be considered in the two segments:

The segment System Parts is characterised by high volumes that are produced within a short timeframe by using customised tools. These tools are purchased by the client either from the Fineblanking Technology segment or from third parties. In general, a client orders a customised tool in connection with the corresponding serial production. The correct recognition of revenue of such multiple-component contracts, also with a view to the appropriate period, is particularly relevant, taking into account the respective delivery terms.

### Our response

We assessed the revenue recognition for the different revenue streams throughout the process, starting with the order intake until final invoicing and also considering the IT systems, and examined if transactions are recognised in a complete and correct way. We also assessed the operating effectiveness of key controls applicable to revenue recognition within the internal control system.

In addition, we performed, amongst others, the following procedures in the segment System Parts:

- On a sample basis we reconciled revenues with the corresponding supporting documents to confirm the correct transfer of control related to the goods sold to the client and corroborated that revenues were recognised accurately.
- Based on a sample of delivery notes and corresponding receipts of payment we tested if the revenues existed and were recognised in the correct period. Based on beforementioned sample, we have also reconciled the accounts receivable as of balance sheet date.
- As it relates to the multiple-component contracts, we selected a sample to test if the individual components were correctly recorded in the system also taking into account the contractually agreed terms.
- We furthermore performed analytical procedures, among others on margin analyses, development of prices and volumes of the largest clients and the distribution of sales throughout the year. Concerning the cut-off, we tested deliveries around the balance sheet date.

For further information on revenue refer to the following:

- Note Accounting Principles on pages 26-37
- Note 1 Segment Information on pages 38-40
- Note 3 Net Sales on page 42



## Valuation of goodwill

### Key Audit Matter

As at December 31, 2022, the consolidated financial statements included goodwill amounting to CHF 85,606 thousand.

Goodwill has to be assessed for impairment by management at least on a yearly basis by determining the value in use, which is then compared to the carrying amount.

As part of the goodwill impairment test the discounted cashflow (DCF) method is applied. This requires the use of a number of key assumptions and estimates by management, including assumptions regarding expected future cash flows, long-term growth rates, future profitability levels and applicable discount rates, as well as assessments concerning the determination and allocation of assets to the cash generating units (CGUs).

In relation to total assets and net assets as per December 31, 2022, goodwill is of material importance. Furthermore, the economic environment in the automotive sector remains challenging overall due to technological change and to the uncertainty related to world-wide supply-chain issues.

In the financial year 2022 no impairment of goodwill was identified.

There is a risk that a potential impairment of goodwill is not or not adequately identified due to inappropriate assumptions and estimates.

### Our response

Amongst others, we have performed the following audit procedures:

- We evaluated the determination of the CGUs by management as well as the methodological and mathematical correctness of the valuation method used for the impairment test.
- Also, we assessed the appropriateness of the most important assumptions used to determine the value in use as well as the method applied for the cash-flow projections. This included the allocation of goodwill to the CGUs, the long-term growth rates and the determination of the discount rate based on our business understanding of the respective CGUs. In this respect, we made comparisons with publicly available market data, where possible. Our valuation specialists supported us in assessing the discount rate.
- Furthermore, we gained an understanding of the business plans and made comparisons with prior-year assumptions. Also, we traced the data used in the business plans back to the budgets and medium-term planning approved by the Board of Directors.
- We also conducted sensitivity analyses taking into account the historical forecasting accuracy.

Moreover, we assessed the appropriateness of the disclosures related to the impairment test.

For further information on goodwill refer to the following:

- Note Accounting Principles on pages 26-37
- Note 2 Acquisition of subsidiary on page 41
- Note 17 Intangible Assets on page 51-52



### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the tables 3.1, 3.2.1 and 4.1 on pages 109 to 110 of the Remuneration Report and our auditor's reports thereon.

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

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

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

### **Board of Directors' Responsibilities for the Consolidated Financial Statements**

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

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

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

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

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

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





conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

Yannick Peter  
Licensed Audit Expert

Zurich, 28 February 2023

# **FEINTOOL INTERNATIONAL HOLDING AG**

## Financial Review of the 2022 Financial Year

(from January 1 to December 31, 2022)

# FEINTOOL INTERNATIONAL HOLDING AG

## BALANCE SHEET

for the 2022 financial year (as at December 31, 2022)

	Note	12/31/2022 in CHF 1 000	in %	12/31/2021 in CHF 1 000	in %
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		15 401		9 761	
Trade receivables	1	7 844		5 415	
Other receivables	2	5 547		729	
Prepaid expenses and accrued income	3	1 631		1 297	
<b>Total current assets</b>		<b>30 423</b>	<b>5.7</b>	<b>17 202</b>	<b>4.5</b>
<b>Non-current assets</b>					
Property, plant and equipment	4	1 550		679	
Intangible assets	5	2 614		2 314	
Financial assets	6	284 724		148 068	
Investments	7	218 906		216 026	
<b>Total non-current assets</b>		<b>507 794</b>	<b>94.3</b>	<b>367 087</b>	<b>95.5</b>
<b>TOTAL ASSETS</b>		<b>538 217</b>	<b>100.0</b>	<b>384 289</b>	<b>100.0</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	8	33 708		1 673	
Other payables		360		195	
Current interest bearing liabilities	9	24 041		33 322	
Tax liabilities		1 697		1 002	
Accrued expenses and deferred income	10	2 233		3 088	
<b>Total current liabilities</b>		<b>62 039</b>	<b>11.5</b>	<b>39 280</b>	<b>10.2</b>
<b>Non-current liabilities</b>					
Non-current interest bearing liabilities	11	1 058		38 629	
Non-current provisions	12	499		451	
<b>Total non-current liabilities</b>		<b>1 557</b>	<b>0.3</b>	<b>39 080</b>	<b>10.2</b>
<b>Total liabilities</b>		<b>63 596</b>	<b>11.8</b>	<b>78 360</b>	<b>20.4</b>
<b>Shareholder's equity</b>					
Share capital	13	147 445		49 148	
General legal reserves from capital contributions	13	225 117		129 396	
Voluntary retained earnings					
Profit carry forward		125 403		103 762	
Result for the year		-22 955		24 098	
Treasury shares	14	-389		-475	
<b>Total equity</b>		<b>474 621</b>	<b>88.2</b>	<b>305 929</b>	<b>79.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>538 217</b>	<b>100.0</b>	<b>384 289</b>	<b>100.0</b>

# FEINTOOL INTERNATIONAL HOLDING AG

## STATEMENT OF INCOME

for the 2022 financial year (January 1 to December 31, 2022)

	Note	2022		2021	
		in CHF 1 000	in %	in CHF 1 000	in %
<b>INCOME</b>					
Operating income	15	32 056	48.7	28 208	43.0
Income from investments		11 814	17.9	16 486	25.1
Financial income	16	22 018	33.4	20 894	31.9
<b>Total income</b>		<b>65 888</b>	<b>100.0</b>	<b>65 588</b>	<b>100.0</b>
<b>EXPENSES</b>					
Personnel expenses	17	7 594	11.5	8 546	13.0
Other operating expenses	18	12 829	19.5	8 963	13.7
Depreciation		1 166	1.7	1 222	1.8
Valuation allowance on investments		30 749	46.7	2 000	3.0
Financial expenses	19	35 031	53.2	16 931	25.8
Prior-period expenses	20	1 103	1.7	1 526	2.3
Income Taxes		371	0.6	2 302	3.5
<b>Total expenses</b>		<b>88 843</b>	<b>134.8</b>	<b>41 490</b>	<b>63.3</b>
<b>RESULT FOR THE YEAR</b>		<b>-22 955</b>	<b>-34.8</b>	<b>24 098</b>	<b>36.7</b>

# NOTES TO THE FINANCIAL STATEMENTS OF FEINTOOL INTERNATIONAL HOLDING AG

as at December 31, 2022

## PRINCIPLE

### General

Feintool International Holding AG has its headquarters in Lyss, Switzerland. The 2022 financial statements were prepared in accordance with the provisions of Swiss accounting law (Art. 32 of the Swiss Code of Obligations). The main applied valuation principles that are not required by law are described in the following.

### Treasury shares

Treasury shares are recognized at the time of acquisition at cost as a minus line item in equity. In the event of resale, the profit or loss is booked in the income statement and not directly into equity.

### Capital participation plans

Treasury shares are used for share-based payments to the Board of Directors and employees. They are recognized at a fixed price in the regulations for the issue and transferred to the entitled beneficiary. The corresponding expense including social security contributions is reported in personnel expenses.

### Leases

Leasing transactions are accounted for according to economic power of disposal. Leasing and rental contracts are classified as a finance lease if the connected risks and rewards which are inherent in ownership of the leased asset are transferred to Feintool International Holding AG. All other leasing transactions represent operating leases. In the case of a finance lease, the value of the leased item is capitalized in property, plant and equipment and at the same time recognized as a lease liability. The depreciation of the property, plant and equipment and the amortization of the lease liability take place over the term of the contract. In case of an operative leasing, the rental and leasing payments are recognized directly in profit or loss.

Intercompany rental and lease agreements continue to be recognized as rental and lease expenses in each accounting period in which resulting expenses are incurred. This means that the right-of-use asset leased under such contracts is not capitalized, nor is a lease liability recognized. A total of kCHF 54 is recognized as an expense from such contracts in the income statement for 2022 (previous year kCHF 147).

### Omission of cash flow statement and additional information in the Notes to the Financial Statements

Feintool International Holding AG prepares its consolidated financial statements in accordance with a recognized standard for accounting (IFRS) and consequently omits additional disclosures in the Notes to the Financial Statements and a report on the cash flow statement in these financial statements as set forth in the statutory provisions.

## 1 TRADE RECEIVABLES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Accounts receivable – intercompany	7 844	5 415
<b>Total trade receivables</b>	<b>7 844</b>	<b>5 415</b>

## 2 OTHER RECEIVABLES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Other receivable – third parties	931	729
Interest bearing receivable – intercompany <sup>1)</sup>	4 616	–
<b>Total other receivables</b>	<b>5 547</b>	<b>729</b>

<sup>1)</sup> Interest bearing receivable related to zero balance cash pools

## 3 PREPAID EXPENSES AND ACCRUED INCOME

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Prepaid expenses – third parties	1 550	1 280
Prepaid expenses – intercompany	81	17
<b>Total prepaid expenses and accrued income</b>	<b>1 631</b>	<b>1 297</b>

## 4 PROPERTY, PLANT AND EQUIPMENT

### 4.1 Own property, plant and equipment

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Other fixed assets and furniture and fixtures	116	–
<b>Total property, plant and equipment</b>	<b>116</b>	<b>–</b>

### 4.2 Property, plant and equipment in lease

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Right of use on buildings	1 362	548
Other Right of use assets	72	131
<b>Total right of use assets</b>	<b>1 434</b>	<b>679</b>

## 5 INTANGIBLE ASSETS

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Cost for research and development	2 309	2 195
Software	305	119
<b>Total intangible assets</b>	<b>2 614</b>	<b>2 314</b>

## 6 FINANCIAL ASSETS

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Financial assets – intercompany	284 724	148 068
<b>Total financial assets</b>	<b>284 724</b>	<b>148 068</b>

## 7 INVESTMENTS

Company	Locations, country	Capital	Proportion of capital and voting rights as of December 31, 2022	Proportion of capital and voting rights as of December 31, 2021	Consolidation method
<b>Feintool International Holding AG</b>	<b>Lyss, CH</b>	<b>CHF 49 148 420</b>	<b>100 %</b>	<b>100 %</b>	<b>Full</b>
Feintool Automotive System Parts (Tianjin) Co. Ltd. <sup>1)</sup>	Tianjin, CN	EUR 26 350 000	100 %	100 %	Full
Feintool Engineering Co. Ltd.	Atsugi, J	JPY 400 000 000	100 %	100 %	Full
Feintool Fineblanking Technology (Shanghai) Co., Ltd.	Shanghai, CN	USD 2 500 000	100 %	100 %	Full
<b>Feintool Holding GmbH</b>	<b>Bayreuth, GER</b>	<b>EUR 818 000</b>	<b>100 %</b>	<b>100 %</b>	<b>Full</b>
Feintool System Parts Ettlingen GmbH	Ettlingen, GER	EUR 766 937	100 %	100 %	Full
Feintool System Parts Jena GmbH	Jena, GER	EUR 3 068 000	100 %	100 %	Full
Feintool System Parts Obertshausen GmbH	Obertshausen, GER	EUR 1 000 000	100 %	100 %	Full
Feintool System Parts Oelsnitz GmbH	Oelsnitz, GER	EUR 550 000	100 %	100 %	Full
Feintool System Parts Ohrdruf GmbH <sup>2)</sup>	Ohrdruf, GER	EUR 2 556 000	100 %	100 %	Full
Kienle + Spiess GmbH <sup>3)</sup>	Sachsenheim, GER	EUR 3 068 000	100 %	n/a	Full
Stanzwerk Jessen GmbH	Frankfurt, GER	EUR 3 000 000	100 %	100 %	Full
Feintool System Parts Jessen GmbH	Jessen, GER	EUR 1 000 000	100 %	100 %	Full
Jela Immobilien GmbH	München, GER	EUR 25 000	100 %	100 %	Full
Feintool Japan Co. Ltd	Atsugi, J	JPY 225 000 000	100 %	100 %	Full
Feintool Precision System Parts (Taicang) Co. Ltd.	Taicang, CN	USD 20 800 000	100 %	100 %	Full
Feintool System Parts Lyss AG	Lyss, CH	CHF 3 100 000	100 %	100 %	Full
Feintool System Parts Most s.r.o.	Most, CZ	CZK 100 000 000	100 %	100 %	Full
<b>Feintool Technologie AG</b>	<b>Lyss, CH</b>	<b>CHF 2 000 000</b>	<b>100 %</b>	<b>100 %</b>	<b>Full</b>
<b>Feintool U.S. Operations, Inc.</b>	<b>Cincinnati, USA</b>	<b>USD 6</b>	<b>100 %</b>	<b>100 %</b>	<b>Full</b>
Feintool Cincinnati, Inc.	Cincinnati, USA	USD 500	100 %	100 %	Full
Feintool Equipment Corp.	Cincinnati, USA	USD 100	100 %	100 %	Full
<b>Feintool New York, Inc.</b>	<b>White Plains, USA</b>	<b>USD 1 000</b>	<b>100 %</b>	<b>100 %</b>	<b>Full</b>
One Holland Ave. Development LLC	Cincinnati, USA	USD –	100 %	100 %	Full
Feintool Tennessee, Inc.	Nashville, USA	USD –	100 %	100 %	Full
Kienle + Spiess Hungary Kft. <sup>3)</sup>	Tokod, HU	EUR 336 807	100 %	n/a	Full

<sup>1)</sup> Feintool Automotive System Parts (Tianjin) Co. Ltd. carried out a capital increase in the amount of EUR 1.15 million in the financial year.

<sup>2)</sup> Feintool Holding GmbH holds a 60 % stake in Feintool System Parts Ohrdruf GmbH. The remaining 40 % is held by Feintool International Holding AG.

<sup>3)</sup> On March 1, 2022, Feintool Holding GmbH, Bayreuth, Germany, acquired 100 % of the shares of the German company Kienle + Spiess GmbH, located in Sachsenheim, Germany, with its subsidiary Kienle + Spiess Hungary Kft., located in Tokod, Hungary. As of December 31, 2022 Kienle + Spiess Hungary Kft. was sold by Kienle + Spiess GmbH to Feintool International Holding AG. As of January 1, 2023 Kienle + Spiess GmbH was renamed to Feintool System Parts Sachsenheim GmbH and Kienle + Spiess Hungary Kft. was renamed to Feintool System Parts Tokod Kft.

## 8 TRADE PAYABLES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Current liabilities – third parties	1 119	870
Current liabilities – related parties	148	201
Current liabilities – intercompany <sup>1)</sup>	32 441	213
Current liabilities – governing bodies	–	389
<b>Trade payables</b>	<b>33 708</b>	<b>1 673</b>

<sup>1)</sup> The increase in current liabilities - intercompany is caused by the purchase of Kienle + Spiess Hungary kft.

## 9 CURRENT INTEREST-BEARING LIABILITIES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Current interest bearing liabilities – intercompany <sup>1)</sup>	23 659	33 046
Current leasing liabilities	382	276
<b>Total current interest bearing liabilities</b>	<b>24 041</b>	<b>33 322</b>

<sup>1)</sup> Interest bearing liabilities related to zero balance cash pools.

## 10 ACCRUED EXPENSES AND DEFERRED INCOME

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Accruals for salary, bonus, overtime	1 293	1 474
Outstanding accounts payable	728	1 509
Accrued expenses – intercompany	212	105
<b>Total accrued expenses and deferred expense</b>	<b>2 233</b>	<b>3 088</b>

## 11 NON-CURRENT FINANCIAL LIABILITIES

	12/31/2022	12/31/2021
	in CHF 1 000	in CHF 1 000
Non-current interest bearing liabilities – third parties <sup>1)</sup>	–	38 225
Non-current leasing liabilities	1 058	404
<b>Total non-current interest bearing liabilities</b>	<b>1 058</b>	<b>38 629</b>

<sup>1)</sup> Feintool has a syndicated loan agreement with six banks. In December 2022 Feintool signed a new syndicated loan agreement. The new loan agreement of kCHF 100 000 has a duration of 5 years. As of December 31st 2022 no withdrawal was done from this loan. The covenants include a net debt / EBITDA ratio and an equity ratio.



## 12 NON-CURRENT PROVISIONS

Non-current provisions include provisions for insurance payments in the amount of kCHF 407 (previous year kCHF 372) and provisions for anniversary benefits of kCHF 92 (previous year kCHF 79).

## 13 SHARE CAPITAL

### 13.1 Share capital

	12/31/2022	12/31/2021
	Number/CHF	Number/CHF
Number of shares	14 744 526	4 914 842
Nominal value	10	10
Share capital	147 445 260	49 148 420

On May 13, 2022, the Feintool Group concluded a capital increase. The transaction resulted in the creation of 9 829 684 new Feintool shares with a par value of CHF 10 each at the transaction price of CHF 20.51 each.

### 13.2 General legal reserves from capital contributions

The statutory reserves from capital contributions include the premium from capital increases, less the previous dividend distributions. The distribution from reserves from capital contributions is treated in the same way as the repayment of capital for tax purposes. The Swiss Federal Tax Administration (FTA) has confirmed that the reported reserve from capital contributions is recognized as a capital contribution pursuant to Art. 5 (1bis) Swiss Withholding Tax Act.

### 13.3 Conditional capital – employee stock option plan

The disclosure of the conditional capital is represented in section 25.2 of the Notes to the consolidated Financial Statements.

### 13.4 AUTHORIZED SHARE CAPITAL

The disclosure of authorized share capital is reported in section 25.3 of the Notes to the consolidated Financial statements.

## 14 TREASURY SHARES

The disclosure of the treasury shares is represented in section 25.4 of the Notes to the consolidated Financial Statements.

## 15 OPERATING INCOME

	2022	2021
	in CHF 1 000	in CHF 1 000
Operating income – third party	82	56
Income from intercompany services	31 974	28 152
thereof licenses and patents	16 698	16 783
thereof other management services	5 886	3 747
thereof IT services	6 096	5 662
thereof internal services, building maintenance/services and staff restaurant	1 010	1 041
thereof other intercompany services	2 284	919
<b>Total operating income</b>	<b>32 056</b>	<b>28 208</b>

## 16 FINANCIAL INCOME

	2022	2021
	in CHF 1 000	in CHF 1 000
Interest income – third party	27	5
Interest income – intercompany	4 275	2 578
Foreign exchange gains	17 716	18 311
<b>Total financial income</b>	<b>22 018</b>	<b>20 894</b>

## 17 PERSONNEL EXPENSES

	2022	2021
	in CHF 1 000	in CHF 1 000
Salaries and wages	5 851	6 640
Social security contribution	843	919
Other personnel expenses	900	987
<b>Total personnel expenses</b>	<b>7 594</b>	<b>8 546</b>

Feintool International Holding AG employed 38 employees at the end of the year (previous year 37; calculated in Full Time Equivalents and incl. Apprentices and trainees).

**18 OTHER OPERATING EXPENSES**

	2022	2021
	in CHF 1 000	in CHF 1 000
Research and development	1 868	2 791
Patents and licenses	1 543	179
Corporate communication and investor relations	1 285	472
Information technology	5 655	3 563
Consulting	1 358	1 626
Rent	127	193
Other expenses	993	139
<b>Total other operating expenses</b>	<b>12 829</b>	<b>8 963</b>

**19 FINANCIAL EXPENSES**

	2022	2021
	in CHF 1 000	in CHF 1 000
Interest expense – third party	1 049	1 602
Other financial expenses – third party <sup>1)</sup>	1 729	1 336
Foreign exchange losses	32 253	13 993
<b>Total financial expenses</b>	<b>35 031</b>	<b>16 931</b>

<sup>1)</sup> Besides bank charges, other financial expenses include lead syndication commissions (annual amortization of establishing cost for the syndicated loan), valuation expenses from currency hedges and market making costs.

**20 PRIOR-PERIOD EXPENSES**

Prior-period expenses relates to prior-period expenses from intercompany services.

**21 CONTINGENT LIABILITIES IN FAVOR OF THIRD PARTIES**

	31.12.2022	31.12.2021
	in CHF 1 000	in CHF 1 000
Guarantees and warranties for investments	22 393	24 506
Subordination clauses in favor of subsidiaries	18 955	16 955
Joint and several liability as regards cash pooling	p.m.	p.m.
Joint and several liability as regards Swiss VAT group	p.m.	p.m.

On July 15, 2016, a promissory note are still outstanding the amount of kEUR 40 000 and a new promissory note was borrow on July 15, 2021 in the amount of kEUR 35 000. The issuer, with a guarantee from Feintool International Holding AG, is Feintool Holding GmbH based in Germany.

## 22 MAJOR SHAREHOLDERS

The disclosure of the major shareholders is represented in section 32 of the Notes to the consolidated Financial Statements.

## 23 SHAREHOLDINGS OF GROUP MANAGEMENT AND THE BOARD OF DIRECTORS INCLUDING RELATED PARTIES

	12/31/2022	12/31/2021
	Number of registered shares	Number of registered shares
Alexander von Witzleben, Chairman of the Board of Directors <sup>1)</sup>	50 057	45 057
Christian Mäder, Deputy Chairman of the Board of Directors	–	–
Dr. Marcus Bollig, Member of the Board of Directors	–	–
Norbert Indlekofer, Member of the Board of Directors	–	–
Heinz Loosli, Member of the Board of Directors	781	781
<b>Total Board of Directors</b>	<b>50 838</b>	<b>45 838</b>
Knut Zimmer, CEO	14 124	8 126
Dr. Thomas F. Bögli, CFO until April 21	n/a	5 324
Samuel Künzli, CFO starting from May 21	2 611	1 271
<b>Total Group Management</b>	<b>16 735</b>	<b>14 721</b>
<b>Total other employees</b>	<b>1 429</b>	<b>930</b>

<sup>1)</sup> Held directly and indirectly; the 5 000 shares with a value of CHF 103 000 as remuneration for the 2022 financial year were assigned on January 4, 2023.

The shares are valued at a price of CHF 20.60 (previous year: CHF 58.30) as of December 31, 2022. This results in a total value of kCHF 1 435 (previous year: kCHF 3 585).

## 24 LIABILITIES TO EMPLOYEE BENEFIT PLANS

There was no liability to the pension fund as of December 31, 2022 (previous year kCHF 0).

## 25 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

## 26 PROPOSAL BY THE BOARD OF DIRECTORS

The Board of Directors will propose to the Annual General Meeting an ordinary dividend of CHF 0.17 per registered share for the financial year 2022.

	12/31/2022 in CHF
Retained earnings brought forward	125 403 102
Result for the year	-22 955 093
<b>Available earnings</b>	<b>102 448 009</b>
Payment of an ordinary dividend of CHF 0.17	-2 506 569
<b>Gain Carryforward</b>	<b>99 941 440</b>

Since the general legal reserves and retained earnings have reached 50 % of the share capital, no further allocation will be made.

In addition to the ordinary dividend as proposed above, the Board of Directors will request that an additional dividend of CHF 0.17 per registered share be distributed from the capital contribution reserves:

	12/31/2022 in CHF
<b>Capital contribution reserves before distribution</b>	<b>126 938 573</b>
Transfer from capital contribution reserves to voluntary retained earnings and payment of an additional dividende of CHF 0.17	-2 506 569
<b>Capital contribution reserves after distribution</b>	<b>124 432 004</b>

This corresponds to a maximum total dividend distribution of kCHF 5 013 (previous year kCHF 4 915). The amount of the dividend distribution depends on the amount of the dividend-eligible shares at the time of the distribution. No dividends will be distributed on treasury shares.



# Statutory Auditor's Report

To the General Meeting of Feintool International Holding AG, Lyss

## Report on the Audit of the Financial Statements

### Opinion

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

In our opinion, the financial statements (pages 74 to 85) comply with Swiss law and the Company's articles of incorporation.

### Basis for Opinion

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

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the tables 3.1, 3.2.1 and 4.1 on pages 109 to 110 of the Remuneration Report of the Company and our auditor's reports thereon.

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

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

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

### Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of



Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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



## Report on Other Legal and Regulatory Requirements

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in blue ink that reads 'Roman Wenk'.

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in blue ink that reads 'Yannick Peter'.

Yannick Peter  
Licensed Audit Expert

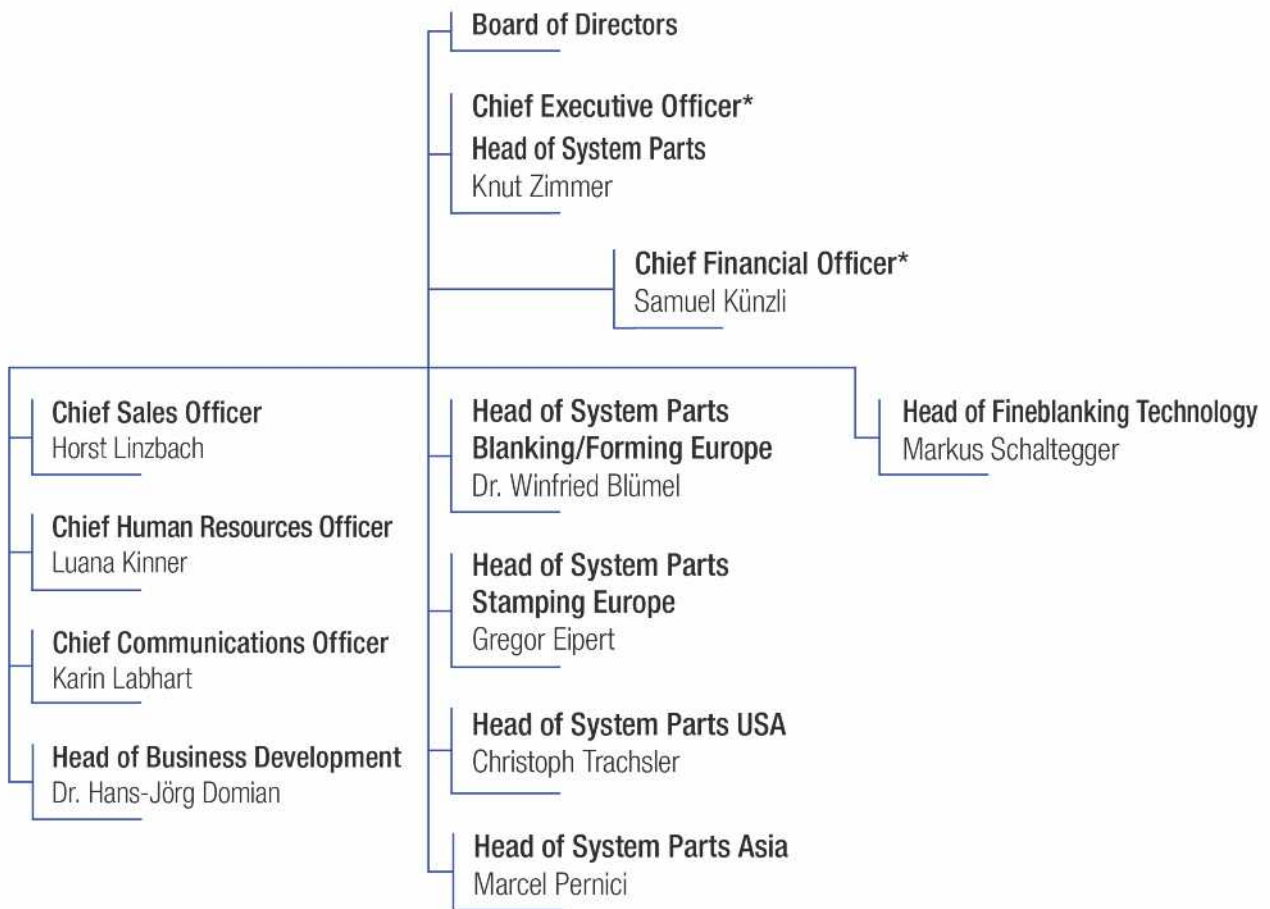
Zurich, 28 February 2023





# CORPORATE GOVERNANCE

Good governance is a core component of our corporate strategy



Operational management structure by 31 December 2022

\* Executive board in accordance with the Ordinance on Excessive Compensation for Listed Companies ('VegüV')

## 1 GROUP STRUCTURE AND SHAREHOLDERS

### 1.1 Group structure

#### 1.1.1 Operational Group structure

Feintool's operational management structure can be found in the diagram on the previous page.

The division of responsibilities between the Board of Directors, CEO and Group Management is explained in section 3.6. Further information, such as the current Articles of Association for the Feintool Group, can be found online at [https://www.feintool.com/fileadmin/user\\_upload/18.\\_Certified\\_copy\\_of\\_Articles\\_of\\_Association\\_\\_Statuten\\_\\_of\\_Feintool\\_reflecting\\_Capital\\_Increase.pdf](https://www.feintool.com/fileadmin/user_upload/18._Certified_copy_of_Articles_of_Association__Statuten__of_Feintool_reflecting_Capital_Increase.pdf).

#### 1.1.2 Listed company

Name and registered office:	Feintool International Holding AG, 3250 Lyss (Switzerland)
Place of listing:	SIX Swiss Exchange
Swiss security no.:	932009
ISIN:	CH0009320091
Telekurs:	FTON
Reuters:	fton.s
Stock market capitalization: <sup>1)</sup>	CHF 296 769 079 (as at December 31, 2022)

<sup>1)</sup> Without 16 532 treasury shares.

Key share prices in 2022 financial year:

Highest	01/05/2022	CHF	39.40
Lowest	10/03/2022	CHF	18.02
Closing price	12/30/2022	CHF	20.15

With 2 461 shareholders (previous year 2 104), the number of shareholders increased over the last twelve months by 357. As of December 31, 2022, the free float amounts to 40.1 % (previous year 41.5 %).

More information on Feintool shares is available on our website at <https://www.feintool.com/en/company/investor-relations/shares>.

No subsidiary companies are listed.

#### 1.1.3 Unlisted companies

The unlisted subsidiaries that are included in the scope of consolidation of Feintool International Holding AG are listed in section 7 of the Notes to the Financial Statements of Feintool International Holding AG.

### 1.2 Major shareholders

		Disclosure according to FinMIA
Artemis Beteiligungen I AG und Michael Pieper	50.1 %	50.1 % on 21.05.2022
Geocent AG	9.8 %	9.7 % on 12.11.2008

Information on significant shareholders are based on the shareholders register or on notifications received by Feintool. A disclosure obligation exists if a person or group(s) is/are subject to the disclosure requirement when reaching, exceeding or falling below the threshold of 3, 5, 10, 15, 20, 25, 33.3, 50 or 66.6 percent of the voting rights of Feintool International Holding AG. Disclosure reports made during the reporting year in accordance with Art. 120 of the Financial Market Infrastructure and Market Conduct in Securities and Derivatives Trading (FinMIA) and the provisions of the Financial Market Infrastructure Ordinance (FinMIO) can be viewed on the reporting and publication platform of SIX Swiss Exchange (<https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html>).

In the reporting period, there were no disclosure obligations regarding holdings pursuant to Article 120 FMIA.

#### 1.3 Cross-shareholdings

Feintool International Holding AG does not have any cross-shareholdings.

## 2 CAPITAL STRUCTURE

### 2.1 Ordinary capital

As at December 31, 2022, the share capital of Feintool International Holding AG amounted to CHF 147 445 260, comprising 144 744 526 fully paid-up registered shares with a par value of CHF 10 each.

### 2.2 Authorized and conditional capital

#### Authorized capital

The General Assembly as of April 20, 2021 resolved the creation of CHF 10 million of authorized capital with an expiration date of April 19, 2023.

### Conditional capital for stock options plans

In accordance with Art. 3b, para. 2 of the Articles of Association ([https://www.feintool.com/fileadmin/user\\_upload/18.\\_Certified\\_copy\\_of\\_Articles\\_of\\_Association\\_\\_Statuten\\_\\_of\\_Feintool\\_reflecting\\_Capital\\_Increase.pdf](https://www.feintool.com/fileadmin/user_upload/18._Certified_copy_of_Articles_of_Association__Statuten__of_Feintool_reflecting_Capital_Increase.pdf)), the share capital is to be increased, to the exclusion of the subscription rights of existing shareholders, by a maximum of CHF 557 500 through the issue of a maximum of 55 750 registered shares to be fully paid up and with a par value of CHF 10 each (stock option plan). However, no stock options were issued. For further details of the capital structure, please see section 25 of the Notes to the financial statement and section 13 of the Notes to the Financial Statements of Feintool International Holding AG.

## 2.3 Changes in capital

### Share capital

Date	Description	Number	Nomina value <sup>1)</sup>	Increase/ decrease <sup>1)</sup>	Capital <sup>1)</sup>	Number of shares
09/20/2018	increase	451 871	10	4 518 710	49 148 420	4 914 842
12/31/2018	held				49 148 420	4 914 842
12/31/2019	held				49 148 420	4 914 842
12/31/2020	held				49 148 420	4 914 842
12/31/2021	held				49 148 420	4 914 842
05/13/2022	increase	9 829 684	10	98 296 840	147 445 260	14 744 526
12/31/2022	held				147 445 260	14 744 526

<sup>1)</sup> in CHF

### Authorized capital

Date	Description	Number	Nominal value <sup>1)</sup>	Increase/ decrease <sup>1)</sup>	Capital <sup>1)</sup>	Number of shares
12/31/2019	held				1 481 290	148 129
04/24/2020	expired <sup>2)</sup>	-148 129	10	-1 481 290	–	–
12/31/2020	held				–	–
04/20/2021	created <sup>3)</sup>	1 000 000	10	10 000 000	10 000 000	1 000 000
12/31/2021	held				10 000 000	1 000 000
12/31/2022	held				10 000 000	1 000 000

<sup>1)</sup> in CHF

<sup>2)</sup> The authorized capital of a maximum of CHF 6 million created in the 2016 financial year expired on April 19, 2018. The Board of Directors was once again granted authorization by means of a resolution of the General Meeting on April 24, 2018, however. This authorization expired in the reporting period on April 24, 2020.

<sup>3)</sup> The General Assembly as of April 20, 2021 resolved the creation of CHF 10 million of authorized capital with an expiration date of April 19, 2023.

### Conditional capital

Date	Description	Number	Par value <sup>1)</sup>	Increase/ decrease <sup>1)</sup>	Capital <sup>1)</sup>	Number of shares
12/31/2018	held				557 500	55 750
12/31/2019	held				557 500	55 750
12/31/2020	held				557 500	55 750
12/31/2021	held				557 500	55 750
12/31/2022	held				557 500	55 750

<sup>1)</sup> in CHF

For details on financial years prior to 2018, please refer to page 109 onwards of the 2018 Annual Report.

## 2.4 Shares

The 14 744 526 registered shares of Feintool International Holding AG have a par value of CHF 10 each and are fully paid up. One registered share corresponds to one vote. There are no voting right restrictions, and there are no voting or preference shares (unitary share structure). All shares have equal dividend rights. Feintool International Holding AG does not have any participation capital.

## 2.5 Dividend right certificates

Feintool International Holding AG does not have any dividend right certificates.

## 2.6 Limitations on transferability and nominee registrations

### 2.6.1 Limitations on transferability for each share category

In accordance with Art. 4 of the Articles of Association, the voting rights attached to shares and other rights that accompany voting rights may only be exercised by those recorded in the share register as voting shareholders. The Board of Directors may refuse registration as a shareholder with voting rights if a person acquiring shares does not expressly declare that they have acquired the shares in their own name and at their own expense.

### 2.6.2 Granting of exceptions

No exceptions to the above limitations on transferability were granted during the financial year.

### 2.6.3 Nominee registrations

As stated in section 2.6.1, there are no privileges or restrictions with regard to transferability with the exception of the nominee registrations clause.

### 2.6.4 Procedures and conditions for canceling privileges and transfer restrictions laid down in the Articles of Association

Any amendment to these provisions (easing or limitation) requires the approval of at least two-thirds of the votes represented and an absolute majority of the share par values represented (Art. 12 of the Articles of Association).

## 2.7 Convertible bonds and options

There were no convertible bonds or options issued as at December 31, 2022.

# MEMBERS OF THE BOARD OF DIRECTORS, FEINTOOL INTERNATIONAL HOLDING AG

As at December 31, 2022



**ALEXANDER VON WITZLEBEN**  
(1963, GER) Chairman of the Board of Directors

- ▶ Member since 1998
- ▶ Member of the Nomination and Compensation Committee and the Audit Committee

**Position:** Member of the Board of Directors (non-executive)

**Committees:**

Member of the Compensation and Nomination Committee and the Audit Committee

**Qualifications:**

Studied economics at the University of Passau

**Professional background:**

- ▶ 1990–1993 KPMG Deutsche Treuhand Gesellschaft, Munich (GER): Lead Auditor
- ▶ 1993–2007 Jenoptik AG, Jena (GER): firstly as Chief Financial Officer, then Chief Executive Officer from 2004
- ▶ 2007–2008 Franz Haniel & Cie. GmbH, Duisburg (GER): Member of the Management Board
- ▶ Since 20 January 2009 Feintool International Holding AG, Lyss

**Other activities and commitments:**

- ▶ Chairman of the Board of Directors and CEO of Arbonia AG, Arbon
- ▶ Chairman of the Supervisory Board of PVA TePla AG, Wetztenberg (GER)
- ▶ Chairman of the Supervisory Board of VERBIO Vereinigte BioEnergie AG, Leipzig (GER)
- ▶ Member of the Board of Directors of Artemis Holding AG, Hergiswil
- ▶ Member of the Supervisory Board of Siegwark Druckfarben AG & Co. KGaA, Siegburg (GER)
- ▶ Member of the Advisory Board of KAEFER Isoliertechnik GmbH & Co. KG, Bremen (GER)



**CHRISTIAN MÄDER**  
(1969, CH) Vice Chairman of the Board of Directors

- ▶ Member since 2020
- ▶ Chair of the Nomination and Compensation Committee and the Audit Committee

**Position:** Member of the Board of Directors (non-executive)

**Qualifications:**

Certified expert in accounting and controlling

**Professional background:**

- ▶ 1993-1999 Colenco Ltd (Motor-Columbus Group) various functions, including Head of Finance and Accounting
- ▶ 1999-2000 management consultant at KPMG
- ▶ 2000-2015 in various finance and management functions at the Swisslog Group, as of 2005 CFO and member of the Swisslog Group Executive Board
- ▶ Since 2015 CFO and member of the Artemis Group Executive Board

**Other activities and commitments:**

- ▶ Chairman of the Board of Directors of Franke Holding AG
- ▶ Chairman of the Board of Directors of Kraftwerk Group AG
- ▶ Member of the Board of Directors of Adval Tech Holding AG
- ▶ Member of the Board of Directors of Ciron S.A.
- ▶ Member of the Board of Directors of Sant' Isidoro S.R.L.
- ▶ Member of the Board of Directors of O. Kleiner AG



**DR. MARCUS BOLLIG**  
(1967, GER) Non-executive Director

Member since 2020

**Position:** Member of the Board of Directors (non-executive)

**Qualifications:**

- ▶ Degree in Mechanical Engineering at the RWTH Aachen (1987-1993)
- ▶ Scientific work at RWTH Aachen, Universidad Politécnica de Madrid and University of California San Diego with subsequent doctorate (1993-1998)

**Professional background:**

- ▶ 1998-2011 Various functions in the development of four-cylinder engines at BMW AG
- ▶ 2011-2013 Vice President Project New Technologies Electrification at BMW AG
- ▶ 2013-2016 Vice President Efficient Dynamics at BMW AG
- ▶ 2016-2019 Vice President Research for Complete Vehicles at BMW AG
- ▶ 2019-2021 Vice President Transmission, Powertrain at BMW AG
- ▶ 2021-2022 Vice President Process Powertrain at BMW AG
- ▶ Since 2022 Managing Director at the German Association of the Automotive Industry



**NORBERT INDLEKOFER**  
(1958, GER) Non-executive Director

Member since 2018

**Position:** Member of the Board of Directors (non-executive)

**Qualifications:**

Degree in mechanical engineering, University of Stuttgart

**Professional background:**

- ▶ 2006–2009 LUK Group.  
Chairman of the Management Board
- ▶ 2006–2009 INA-Schaeffler KG Chairman of the Management Board Transmission and Chassis Systems
- ▶ 2009–2010 Schaeffler Automotive:  
Chief Executive Officer
- ▶ 2011–2014 Schaeffler AG:  
Automotive: Member Management Board Transmission Systems and Member of the Executive Board
- ▶ 2014–2016 Schaeffler AG:  
CEO Automotive

**Additional activities and vested interests:**

- ▶ Member of the Board of Directors of Autoneum Holding AG in Winterthur, Switzerland
- ▶ Member of the Advisory council of ATESTEO GmbH & Co. KG in Alsdorf, Germany



**HEINZ LOOSLI**  
(1954, CH) Non-executive Director

Member since 2017

**Position:** Member of the Board of Directors (non-executive)

**Qualifications:**

B.Sc. Electrical Engineering, Federal Diploma in Marketing and Sales, Stanford Executive Program (SEP)

**Professional background:**

- ▶ 1978–1994 H. A. Schlatter AG:  
Sales Manager (1978–1984),
- ▶ Country Manager – China (1985–1988),  
Head of profit center Automation (1988–1994)
- ▶ 1994–1996 Ascom Autelca AG  
Head of Ticketing division
- ▶ 1996–2009 Feintool Group  
Head of Presses and Systems at Feintool AG Lyss and later of Feintool System Parts
- ▶ 2009–2016 Feintool Group  
CEO

**Other activities and commitments:**

Chairman of the Advisory Board of Felss Holding GmbH, Königsbach-Stein (GER)

## 3 BOARD OF DIRECTORS

### 3.1 Members of the Board of Directors

As of December 31, 2022, the Board of Directors comprised five members. The members of the Board of Directors did not belong to the executive management of Feintool or any of its subsidiaries either in the financial year or in the three preceding financial years. Apart from the business relationships listed for individual members of the Board of Directors, there were no business relationship with Feintool or its subsidiaries in the financial year or in the three preceding financial years.

Heinz Loosli was CEO of the Feintool Group until August 31, 2016.

### 3.2 Other activities and commitments

Other activities and commitments are also listed above in section 3.1.

### 3.3 Number of mandates permitted

According to Article 18b of the Articles of Association, members of the Board of Directors, Group Management and, where applicable, the Advisory Board may not hold or exercise more than (i) 8 additional, paid mandates, of which no more than 4 at companies whose equity securities are listed on a stock exchange, and (ii) 8 unpaid mandates, expense allowances not being deemed to constitute compensation.

### 3.4 Election and terms of office

#### 3.4.1 Principles of the election procedure and restrictions on terms of office for members of the Board of Directors

The General Meeting elects members of the Board of Directors by voting for them individually, and also elects the Chairman from amongst the Board members. The term of office of the members and the Chairman of the Board of Directors ends at the latest at the conclusion of the ordinary General Meeting following that at which they were elected, subject to any prior resignation or dismissal. Members of the Board of Directors are indefinitely eligible for reappointment. No age limits apply for members of the Board of Directors.



### 3.4.2 Principles of the election procedure and restrictions on term of office for members of the Compensation and Nomination Committee

The General Meeting elects a Compensation and Nomination Committee consisting of one or more members. The members of the Compensation and Nomination Committee are elected individually. Only members of the Board of Directors may be elected. The term of office for the members of the Compensation and Nomination Committee ends at the latest at the conclusion of the ordinary General Meeting following that at which they were elected. Members may be re-elected.

### 3.4.3 Principles of the election procedure and restrictions on the term of office for the independent proxy

The General Meeting elects an independent proxy. Natural persons, legal persons or partnerships may be elected. Their independence may not be compromised, either in fact or appearance, and is based on Article 728 paras. 2–6 of the Swiss Code of Obligations.

The term of office of the independent proxy ends at the conclusion of the ordinary General Meeting following that at which they were elected. Members may be re-elected.

### 3.4.4 Initial election and remaining term of office of each member of the Board of Directors

Name	Member since	Term of office until AGM on
Alexander von Witzleben	1998	04/28/2022
Christian Mäder	2020	04/28/2022
Dr. Marcus Bollig	2020	04/28/2022
Norbert Indlekofer	2018	04/28/2022
Heinz Loosli	2017	04/28/2022

## 3.5 Internal organizational structure

The Chairman of the Board of Directors is elected by the General Meeting. In accordance with Article 13 of the Articles of Association, the Chairman of the Board of Directors leads the General Meeting and heads the Board of Directors, which makes decisions as a collective body.

In accordance with Article 14 of the Articles of Association, the Board of Directors will constitute itself, taking account of the General Meeting's election of the Chairman of the Board of Directors and the members of the Compensation and Nomination Committee.

At its first meeting after the ordinary General Meeting, the Board of Directors elects a Deputy Chairman; it also appoints a Secretary, who is not required to be a member of the Board of Directors. The Board of Directors also elects the members of the Audit Committee.

### 3.5.1 Distribution of responsibilities on the Board of Directors

In the financial year, Alexander von Witzleben held the office of Chairman. Christian Mäder served as Deputy Chairman. No Secretary to the Board of Directors is currently appointed. These tasks are being undertaken by the members of the Board of Directors.

### 3.5.2. Composition of all Board committees and their duties and authority

#### Audit Committee

The current members of the Audit Committee are Christian Mäder (Chairman) and Alexander von Witzleben.

The Audit Committee submits draft proposals to the Board of Directors on the following issues:

- ▶ Coordinating the external audit, particularly defining the scope of the audit; instructing internal audit, particularly determining the focal points
- ▶ Monitoring financial reporting and overseeing auditors (quarterly discussion of financial reporting with the CEO and CFO; monthly discussions between the Chairman of the Audit Committee and the CFO; discussion of interim results with the CEO and CFO; discussion of annual financial statements with CEO, CFO and auditors)
- ▶ Analyzing and assessing possible weak points in the financial reporting results and the internal control system (ICS)
- ▶ Assessing the functionality of the internal control system
- ▶ Proposing the commissioning of special audits to the Board of Directors
- ▶ Monitoring the company's credit and cash flow situation and business relationships with banks
- ▶ Monitoring and coordinating all mergers and acquisitions (M&A) activity
- ▶ Selecting and proposing external advisors

### Compensation and Nomination Committee

The current members of the Compensation and Nomination Committee are Christian Mäder (Chairman) and Alexander von Witzleben.

The Compensation and Nomination Committee submits draft proposals to the Board of Directors on the following issues:

- ▶ The composition (fixed, variable, proportion of shares, etc.) and amount of the compensation of members of the Board of Directors, Group Management and, if applicable, the Advisory Board
- ▶ Ensuring the termination provisions contained in the employment contracts of members of Group Management and other senior executives are commensurate with market conditions and provide protection for the company
- ▶ Verifying that compensation paid is in line with market rates and performance standards
- ▶ Verifying and authorizing any internal business between senior executives or persons closely associated with them and companies in the Feintool Group

In the 2022 financial year, the Compensation and Nomination Committee and the Audit Committee assumed their responsibilities in accordance with the respective regulations.

#### 3.5.3 Working methods of the Board of Directors and its committees

In accordance with Art. 3.5 of the Organizational Regulations, the Board of Directors meets at least four times a year, for one day on each occasion. In the reporting period, the Board of Directors held four detailed meetings. The CEO and CFO attended all the meetings. Additional members of operational management also attended if the topic was relevant to them.

The Audit Committee and the Compensation and Nomination Committee meet as required, but at least two detailed meetings must take place for each committee each year. All proposals arising from both committees were discussed at the regular meetings of the Board of Directors. The Audit Committee met three times and the Compensation and Nomination Committee three times in the period under review. These meetings usually last half a day and are in preparation for the next meeting of the Board of Directors.

### 3.6 Division of responsibilities between the Board of Directors and Group Management

In accordance with Art. 15 of the Articles of Association, the Board of Directors is the supreme body of the company with responsibility for supervising Group Management. It represents the company externally and deals with all matters not assigned to any other corporate body by law, the Articles of Association or the Organizational Regulations. In accordance with Art. 6.5a of the Organizational Regulations, the Board of Directors delegates overall management to the CEO, where permitted under the law and provided such responsibilities are not expressly assigned to the Board of Directors. The Board of Directors' responsibilities include decisions statutorily assigned to it regarding financial and information policies as well as decisions relating to investments, cooperation agreements, contracts, real estate and shareholdings, provided such decisions are of special significance to the company and they exceed a specified scale, together with resolutions concerning internal and external auditing.

The CEO's responsibilities include management of the company's operations, as well as drawing up requisite remits, directives and guidelines within the framework of the organizational structure approved by the Board of Directors. The CEO is responsible for managing and organizing Group Management and also represents the company in dealings with the Board of Directors, the general public and the authorities.

In accordance with the resolution by the Board of Directors on April 14, 2014, the CEO and CFO constitute Group Management as defined by the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO").

Group Management determines binding, Group-wide management instruments (planning, accounting, management information systems and controlling) and is responsible for developing the corporate culture. It is also responsible for developing and periodically reviewing the corporate strategy and for its implementation. Group Management prepares information on all matters that fall under the responsibility of the Board of Directors and is also responsible for ensuring that the Board's resolutions are implemented.

### 3.7 Information and control instruments of Group Management

At its meetings, all members of the Board of Directors and members of Group Management have an obligation to provide the required information. If necessary, other senior executives may also be involved. At such meetings, the Chairman informs the other members of the Board of Directors about their activities since the last Board meeting; the CEO reports on current business developments and the CFO comments on financial reporting.

As part of the Feintool Group's Management Information System (MIS), members of the Board of Directors receive a regularly report from Group Management informing them about the financial and business situation of the company and relevant company segments. This report contains information on market and sector developments and risks, the income statement and balance sheet as well as key figures (growth, margins and development, order entry and order backlog, etc.) and detailed quarterly, interim and annual financial statements, which are then commented on by the CEO and the CFO at meetings held specifically for this purpose. This includes a data comparison with the prior years and with the budgeted figures. A detailed risk report is prepared once a year, which is explained and discussed at a meeting (see also the risk report). Between meetings, the CEO also informs the members of the Board of Directors about extraordinary events, either in writing or by telephone.

Between meetings of the Board of Directors, each member may ask the CEO to provide information at any time regarding the performance of the business and, with the approval of the Chairman, regarding individual transactions; members may also request the inspection of business documents. Such requests should be forwarded to the Chairman in writing.

### Internal Audit

Internal Audit concentrates on areas of operational and strategic risk management in addition to the internal control system. It conducts group-wide audits, analyses and interviews. The annual audit schedule is approved by the Audit Committee in cooperation with the external auditors. Internal Audit reports regularly to the Audit Committee on a project-related basis, either in writing or verbally.

# GROUP MANAGEMENT

As at December 31, 2022



**KNUT ZIMMER**  
(1963, GER) Chief Executive Officer

**Position:** CEO of the Feintool Group, Head of System Parts segment

**Qualifications:**

Graduate in Business Administration, Stuttgart  
Industrial Administrator

**Professional background:**

- ▶ 1983–1997 Müller-Weingarten AG  
Head of Controlling
- ▶ 1997–1999 Nord. Maschinenbau GmbH u. Co. KG  
Commercial Executiver
- ▶ 1999 EuroPower Energy GmbH / EON  
Commercial Executiver
- ▶ 2000–2012 Herzing + Schroth GmbH u. Co. KG  
General Manager
- ▶ 2012–2017 Feintool System Parts Obertshausen GmbH  
Head of Business Unit System Parts Forming Europe
- ▶ Since 1 August 2017:  
Head of Unit System Parts Europe
- ▶ Since 1 January 2018:  
CEO of the Feintool Group, Head of System Parts segment  
and Head of Business Unit System Parts Europe

**Other activities and commitments:**

None



**Samuel Künzli**  
(1984, CH) Chief Financial Officer

**Position:** CFO Feintool Group

**Qualifications:**

Master in Accounting and Finance, University of St. Gallen  
Swiss CPA (Certified Public Accountant)

**Professional background:**

- ▶ 2008–2012 KPMG Zurich Auditor
- ▶ 2012–2013 Stadler Rail CFO Stadler Minsk (Belarus)
- ▶ 2014–2018 Stadler Rail CFO Division Central Europe
- ▶ 2019–2020 Stadler Rail CFO Division Switzerland
- ▶ Since April 2021 CFO Feintool Group

**Other activities and commitments:**

None

## 4 GROUP MANAGEMENT

### 4.1 Members of Group Management

In accordance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"), Group Management consisted of two members as of December 31, 2022. The management structure can be found in the organizational chart shown in section 1.1.1 of this report.

### 4.2 Other activities and commitments

Other activities and commitments are also listed above in section 4.1.

### 4.3 Number of mandates permitted

According to Article 18b of the Articles of Association, members of the Board of Directors, Group Management and, where applicable, the Advisory Board may not hold or exercise more than (i) 8 additional, paid mandates, of which no more than 4 at companies whose equity securities are listed on a stock exchange, and (ii) 8 unpaid mandates, expense allowances not being deemed to constitute compensation.

### 4.4 Management contracts

There are no management contracts between the Feintool Group and third parties.

## 5 COMPENSATION, SHAREHOLDINGS AND LOANS

### 5.1 Basic principles of the compensation system

#### 5.1.1 Board of Directors

Based on a proposal by the Compensation and Nomination Committee, the Board of Directors determines once a year at its year-end meeting the level of compensation paid to its members on the basis of their activities and responsibilities, while taking due account of prevailing market and industry levels. The comparative group includes swiss and german listed companies of a similar size in the automotive supplier industry which do business with their own manufacturing plants in the most important production markets. If necessary, the Compensation and Nomination Committee will consult external advisers.

#### 5.1.2 Group Management

The Compensation and Nomination Committee determines all components of the compensation paid to the CEO on the basis of the contractual agreement. For the other members of Group Management, the Compensation and Nomination Committee makes its decision following proposals submitted by the CEO on the basis of the respective contractual agreements. This is reported to the Board of Directors at its regular meeting at the end of each year. Where necessary, external advisers are consulted when determining the compensation and stock option plans for Group Management. The members of executive management were not present at the meetings where their remuneration was discussed.

If required, Feintool commissions an external consulting firm to review Group Management's compensation in comparison with the external labor market. The peer group comprises swiss and german listed industrial companies with a similar size, with a focus on automotive suppliers, which do business with their own manufacturing plants in the most important production markets. The comparison includes basic, overall and direct compensation as well as selected fringe benefits (occupational pension, company car and lump-sum expenses).

### 5.2 Elements of the compensation system

#### 5.2.1 Board of Directors

The compensation paid to members of the Board of Directors consists of a fixed component plus the lump-sum reimbursement of expenses and an attendance fee. Members of the various committees are reimbursed individually with a fixed component and an attendance fee. If meetings of the Board of Directors and the various committees take place immediately after each other, the attendance fee is paid only once.

Compensation paid to the Chairman of the Board of Directors is based on a fixed proportion of their salary (fixed component). Depending on the company's financial performance, the Chairman also receives a free shares in Feintool International Holding AG. These shares are locked in for a specified period. The economic development is measured by the operating earnings (EBIT).

### 5.2.2 Group Management

The compensation paid to Group Management is based on a fixed proportion of each individual's salary (fixed component). In addition, the amount of compensation is determined directly by the attainment of targets and performance of each member of Group Management, as well as the financial performance of the company (variable component). The performance-related bonus is determined on the basis of operating results (EBIT) and the degree to which annually agreed individual objectives have been achieved. The bonus for the CEO is entirely calculated according to the EBIT of the Feintool Group. For the CFO, the ratio of operational to personal objectives is approximately 70:30. The variable compensation component paid to the members of Group Management is between 30 % and 70 % of the fixed salary component.

Members of Group Management receive part of their fixed compensation in the form of shares, which are locked in on a staggered basis for up to four years. Details are set out in the "Regulations for the issue of employee shares and options to members of the Board of Directors and Senior Executives," as issued by the Board of Directors in 2005.

Members of Group Management also receive customary fringe benefits (company car, risk insurance and retirement, management insurance cover and voluntary insurance).

### 5.3 Statutory regulations regarding compensation

Article 18 of the Articles of Association constitutes the statutory basis for remuneration. The Articles of Association are available on [https://www.feintool.com/fileadmin/user\\_upload/18.\\_Certified\\_copy\\_of\\_Articles\\_of\\_Association\\_\\_Statuten\\_\\_of\\_Feintool\\_reflecting\\_Capital\\_Increase.pdf](https://www.feintool.com/fileadmin/user_upload/18._Certified_copy_of_Articles_of_Association__Statuten__of_Feintool_reflecting_Capital_Increase.pdf)

### 5.4 Compensation for acting members of governing bodies

Full details of the effective compensation can be found on the Remuneration Report.

## 6 SHAREHOLDERS' PARTICIPATION RIGHTS

### 6.1 Voting right restrictions and proxies

In accordance with Art. 10 of the Articles of Association, each share carries one vote. Only those shareholders entered in the share register are entitled to vote at the General Meeting. A shareholder may only be represented at the General Meeting by their own legal representative, another shareholder who attends the meeting and is entered in the share register, or the independent proxy. The proxy must be given written authorization. Attending members of the Board of Directors shall decide on the recognition of proxies. Restrictions on voting rights and the associated regulations can be found in section 2.6.1 of this Corporate Governance Report.

In accordance with Art. 10a of the Articles of Association, shareholders will be able to give the independent proxy instructions regarding any motions for business announced in the notice of convocation and any motions for business not announced in the notice of convocation, as well giving them general instructions regarding any new items of business in accordance with Art. 700.3 of the Swiss Code of Obligations.

Shareholders will be able to issue their authorization and instructions to the independent proxy, including in electronic form, up to 4 p.m. on the third working day prior to the date of the General Meeting. This deadline shall be deemed to have been met if the authorization and instructions are received by the independent proxy by that time. The independent proxy is obliged to exercise the voting rights conferred on them by the shareholders as instructed. If they have not received any instructions, they shall abstain from voting.

### 6.2 Quorum requirements

All resolutions at the General Meeting are made by a legally required majority. In the event of a tied vote, the Chairman casts the deciding vote.

### 6.3 Convocation of the General Meeting

In accordance with Art. 9 of the Articles of Association, the General Meeting must be convened at least 20 days in advance by publication of a notice in the Swiss Official Gazette of Commerce. In addition, registered shareholders will receive a written invitation.

#### 6.4 Agenda items

In accordance with Article 9 of the Articles of Association, shareholders who individually or jointly hold at least 10 % of the share capital or hold shares with a par value of at least CHF 1 million may request the inclusion of a particular item for discussion, at the latest 40 calendar days prior to the General Meeting. Such items must be submitted in writing, citing the item for discussion and the proposals.

#### 6.5 Entries in the share register

In accordance with Article 10 of the Articles of Association, all shareholders entered in the share register with voting rights, together with registered nominees, are entitled to attend the General Meeting and to vote. Shareholders who are entered in the share register by 5:00 p.m. on Monday, April 17, 2023 (closing date) are invited to the General Meeting.

### 7 CONTROL AND DEFENSE MEASURES

#### 7.1 Opting up

Opting up at Feintool International Holding AG is governed by the current legal conditions described in Article 32 of the Swiss Federal Stock Exchange Act (SESTA). The Articles of Association do not contain any provisions regarding opting out or opting up.

#### 7.2 Clauses on changes of control

No clauses on changes of control have been agreed for the benefit of the Board of Directors, Group Management or any other senior executives in the company.

### 8 AUDITORS

#### 8.1 Duration of the mandate and term of office of the lead auditor

At the General Meeting held on April 28, 2022, KPMG AG, Zurich, was elected as statutory auditors for one year. Roman Wenk is the lead auditor for the term of the mandate.

##### 8.1.1 Date of assumption of the auditing mandate

KPMG AG, Zurich, was elected for the first time at the General Meeting on January 25, 2011.

##### 8.1.2 Date on which the lead auditor took up office

The lead auditor from KPMG AG is replaced every seven years in accordance with statutory regulations. Roman Wenk has held the position of lead auditor since financial year 2017.

#### 8.2 Auditing fees

The auditing fees agreed with KPMG AG in respect of the financial statements for the 2021 financial year amounted to CHF 802 000.

#### 8.3 Additional fees

In the reporting period, KPMG AG agreed a total fee of CHF 57 000 for transfer pricing topics and audit-related services.

#### 8.4 Information instruments pertaining to external audit

The auditors attended two meetings of the Audit Committee. In addition to the annual audit report, KPMG AG prepares a comprehensive report on the results of its audit for the Board of Directors. At the end of the financial year, the Audit Committee, with the CEO and CFO also in attendance, discusses the comprehensive report to the Board of Directors and the auditors' report with the auditors.

The external auditors are periodically re-evaluated by means of a tendering process. They are elected at the General Meeting by a motion submitted by the Board of Directors. Besides the minimum legal requirements, selection criteria include relevant qualifications, sector experience and cost-effectiveness.

## 9 INFORMATION POLICY

Feintool communicates actively with shareholders, the media and investors. The company provides regular information on its business performance in the form of press releases and holds at least two press conferences per year. Nine press releases were published during the financial year from January 1 to December 31, 2022. Interested parties are welcome to visit our factories. Furthermore we offer the financial community the opportunity to gain direct insights into our business at one of our manufacturing sites. In the reporting period, members of Group Management held around 50 individual meetings with existing or prospective investors. A further 50 or so existing or prospective investors were also welcomed at group meetings.

Four institutes are currently publishing reports on Feintool's business performance:

Bank	Name
Kepler Cheuvreux	Torsten Sauter
Research Partners AG	Robin Seydoux
Stifel	Alexander Koller
Zürcher Kantonalbank	Walter Bamert

Shareholders in Feintool International Holding AG receive interim and annual reports on request, and are kept regularly informed about new corporate developments of interest to them in the form of shareholder letters. During the 2022 financial year, two such letters were sent on the subjects of the 2021 year-end financial results and the 2022 interim results.

The latest corporate information can be found on our website under "Media Releases" (<https://www.feintool.com/en/newsroom/news>). You can also subscribe to this information by filling out the contact form on the website (<https://www.feintool.com/en/newsroom/media-contact>). Annual reports, dates and other useful information can also be found at <https://www.feintool.com>. Information can also be requested from investor.relations@feintool.com.

## 10 TRADING BLACKOUT PERIODS

The Board of Directors defines trading blackout periods during the preparation of the semi-annual and the annual financial statements. A blackout period applies to the Board of Directors, the Group Management and all persons who, in the course of their work, have access to the preparation of the Feintool Group's financial figures. During a reasonable period of time before and after the publication of the annual and semi-annual financial statements of Feintool International Holding AG these persons named may not trade in Feintool shares. Ad hoc blackout periods may be set by the Board of Directors, the Chairman of the Board of Directors or the CEO for other non-public information.

## 11 SIGNIFICANT CHANGES AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.





## RISK ASSESSMENT

Feintool conducts a comprehensive risk assessment within the Group every year. This is based on the following pillars:

- ▶ Quality and crisis management, based on ISO 9001 and IAFT 16949
- ▶ Environmental management, based on ISO 14001
- ▶ Insurance management
- ▶ Internal control system
- ▶ Risk analysis management
- ▶ Business continuity management

The way in which each business unit is structured, the nature of the periodic procedures undertaken, and the manner in which these procedures are audited and reported are defined in writing. Control over each business unit is exercised by one or more bodies. In addition, each business unit also has persons responsible for it.

Insurance management is organized centrally by Feintool. Annual meetings are held with the Group insurance broker. At these meetings, the insurance coverage for risks in relation to third-party liability, the supply of goods and services and transportation is tailored to the Group's insurable risks. The insurance coverage is adjusted in the event of any changes.

Feintool introduced its internal control system (ICS) worldwide in 2007 and 2008 to comply with regulations and avert any damage that might be caused by staff or malicious third parties. The following processes are subject to the ICS:

- ▶ Sales/purchasing
- ▶ Logistics/warehousing/scrap
- ▶ Work in progress and contract assets
- ▶ Property, plant and equipment
- ▶ Salaries and wages
- ▶ Finance and leasing
- ▶ Information technology
- ▶ Annual financial statements

A flow chart for each process shows where the various loss risks can arise. These risks are summarized in a risk control inventory and assigned to one or more manual or automatic checks. Feintool's internal audit unit periodically examines the effectiveness of the ICS within the Group companies.

Feintool sees risk analysis management as the periodic analysis of risks that jeopardize the Group's success or its ability to achieve its targets. Feintool bases this as far as possible on the ISO 31000 process. Every year, each Group company defines – on the basis of a predefined risk matrix – which of these risks could be significant for the company. The individual risks are then assessed in accordance with their probability of occurrence and the extent of loss. Risk mitigation strategies, corresponding actions and the person responsible are determined for each of the top five risks.

Business continuity management involves designing procedural scenarios for the occurrence of loss or damage, the aim being to ensure the continuation of production or deliveries to (key) customers. The following areas are covered:

- ▶ Loss of key employees
- ▶ Occupational and plant security
- ▶ Procedure in the event of loss/damage to goods or buildings
- ▶ Loss of key suppliers, machines, tools and IT applications/hardware
- ▶ Loss of infrastructure incl. IT (or parts thereof)
- ▶ Significant customer complaints and recalls

Corresponding documentation in relation to all these areas exists within the Group companies and is reviewed at least once every year.

Feintool Group's risk manager produces an annual risk report concerning insurance management, the internal control system, risk analysis management and business continuity management for submission to the Group Management and Board of Directors. They make the key decisions on any risk-minimizing measures to be implemented. The ISO-based business units are subject to separate reporting.

For financial risks please also consider section 29 of the Notes to the consolidated Financial Statements.

# REMUNERATION REPORT

## 1 PRINCIPLES OF THE COMPENSATION SYSTEM

### 1.1 Board of Directors

Based on a proposal from the Compensation and Nomination Committee, the Board of Directors determines once a year at its year-end meeting the level of compensation paid to its members on the basis of their activities and responsibilities, while taking due account of prevailing market and industry levels. The comparative group includes companies of a comparable size in the automotive industry which do business with their own manufacturing plants in the most important markets. The Compensation and Nomination Committee consults external advisers if required. The remuneration is based on the contractual agreements.

### 1.2 Group Management

The Compensation and Nomination Committee determines all components of the compensation paid to the CEO on the basis of the contractual agreement. For the CFO, the Compensation and Nomination Committee makes its decision following proposals submitted by the CEO on the basis of the respective contractual agreements. This is reported to the Board of Directors at its regular meeting at the end of each year. If required, external advisers are consulted when determining the compensation and stock option plans for Group Management.

If required, Feintool commissions an external consulting firm to review Group Management's compensation as compared against the external labor market. The peer group comprises internationally active industrial companies of a similar structure and size, with a focus on automotive suppliers as well as plant construction and mechanical engineering. The comparison includes basic, overall and direct compensation as well as selected fringe benefits (occupational pension, company car and lump-sum expenses).

## 2 ELEMENTS OF THE COMPENSATION SYSTEM

### 2.1 Board of Directors

The compensation paid to members of the Board of Directors consists of a fixed component and an attendance fee. Members of the various committees are paid a separate fixed component and attendance fee. Where meetings of the Board of Directors and the various committees are held immediately after one another, the attendance fee is paid once only.

The compensation paid to the Chairman of the Board of Directors is based on a fixed proportion of his salary (fixed component). Depending on the company's financial performance, the Chairman also receives free shares in Feintool International Holding AG. These shares are locked in for five years.

### 2.2 Group Management

The compensation paid to Group Management is based on a fixed proportion of each individual's salary (fixed component). In addition, the amount of compensation is determined directly by the attainment of targets and performance of each member of Group Management, as well as the financial performance of the company (variable component). The performance-related bonus is determined on the basis of operating results (EBIT) and the degree to which annually agreed individual objectives have been achieved. For the CFO, it is based on a ratio of approximately 70:30 operating to personal targets. The bonus for the CEO is calculated entirely according to the EBIT of the Feintool Group. The variable compensation component paid to CEO and CFO is between 30 % and 70 % of the fixed salary component. The current bonus payments in 2022 reflect the business performance in the year under review.

Members of Group Management receive part of their fixed compensation in the form of shares, which are locked in on a staggered basis for up to four years. Details are set out in the “Regulations for the issue of employee shares and options to members of the Board of Directors and Senior Executives”, as issued by the Board of Directors in 2005. Members of Group Management also receive customary fringe benefits (company car, risk insurance and retirement, management insurance cover and voluntary insurance).

### 3 COMPENSATION FOR ACTING MEMBERS OF GOVERNING BODIES

The following compensation was paid during the compensation period. These figures relate to the period from January 1 to December 31. <sup>1)</sup>

3.1 Members of the Board of Directors (including related parties)	in CHF	Fixed salary <sup>2)</sup>	Shares/ options <sup>3)</sup>	Contributions to pension plans <sup>4)</sup>	Total
<b>In the 2022 financial year</b>					
Alexander von Witzleben, Chairman		250 000	103 000	119 657	472 657
Christian Mäder, Deputy Chairman		137 500	–	–	137 500
Dr. Marcus Bollig, Member		45 000	–	3 875	48 875
Norbert Indlekofer, Member <sup>5)</sup>		75 000	–	6 826	81 826
Heinz Loosli, Member		45 000	–	–	45 000
<b>Total Board of Directors</b>		<b>552 500</b>	<b>103 000</b>	<b>130 358</b>	<b>785 858</b>
<b>In the 2021 financial year</b>					
Alexander von Witzleben, Chairman		250 000	291 500	128 200	669 700
Christian Mäder, Deputy Chairman		140 000	–	–	140 000
Dr. Marcus Bollig, Member		47 500	–	–	47 500
Norbert Indlekofer, Member <sup>5)</sup>		77 500	–	10 598	88 098
Heinz Loosli, Member		47 500	–	–	47 500
<b>Total Board of Directors</b>		<b>562 500</b>	<b>291 500</b>	<b>138 798</b>	<b>992 798</b>

<sup>1)</sup> The compensation paid to the Board of Directors is determined for the period between the ordinary General Meeting at which the individual member is elected and the following ordinary General Meeting. In this report, the compensation paid relates to the financial year (January 1 to December 31) and is accrued accordingly.

<sup>2)</sup> Fixed compensation including attendance fee.

<sup>3)</sup> Allocation of a predefined number of shares. The shares are locked in for five years. The valuation corresponds to the price at the time of allocation. The value of the shares for tax purposes is CHF 76 967 (previous year CHF 217 826). This includes a discount for the lock-in period.

<sup>4)</sup> Payments made by the employer to the state pension schemes (AHV/IV) and the occupational pension fund.

<sup>5)</sup> Fixed salary for 2022 and 2021 includes CHF 30 000 for strategy consulting.

The Chairman of the Board of Directors is in each case granted a loan equivalent to the withholding tax on his shares; this is offset against the fixed salary on a straight-line basis in the same year. There were no loans at the end of the year.

With the above exception, no loans or securities were granted to members of the Board of Directors in the reporting years.

The highest compensation was paid to Knut Zimmer, CEO (previous year Knut Zimmer, CEO).

### 3.2 Group Management

According to ERCO (the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares), Group Management consists of the roles of CEO and CFO.

<b>3.2.1 Members of Group Management</b> (including related parties)	in CHF	Fixed salary <sup>1)</sup>	Variable salary <sup>2)</sup>	Shares/options <sup>3)</sup>	Benefits in kind <sup>4)</sup>	Contributions to pension plans <sup>5)</sup>	<b>Total</b>
<b>In the 2022 financial year</b>							
Knut Zimmer, CEO		472 000	138 225	119 996	9 625	272 879	<b>1 012 725</b>
Samuel Künzli, CFO		315 260	55 000	40 012	6 080	77 445	<b>493 797</b>
<b>Total Group Management</b>		<b>787 260</b>	<b>193 225</b>	<b>160 008</b>	<b>15 705</b>	<b>350 324</b>	<b>1 506 522</b>
<b>In the 2021 financial year</b>							
Knut Zimmer, CEO		472 000	300 000	119 954	8 467	288 465	<b>1 188 886</b>
Dr. Thomas F. Bögli, CFO until April		123 000	50 000	11 656	1 947	36 648	<b>223 251</b>
Samuel Künzli, CFO starting from May		211 854	83 333	23 312	3 691	53 101	<b>375 291</b>
<b>Total Group Management</b>		<b>806 854</b>	<b>433 333</b>	<b>154 922</b>	<b>14 105</b>	<b>378 214</b>	<b>1 787 428</b>

<sup>1)</sup> Contractually agreed salary (excluding tax-allowable expenses).

<sup>2)</sup> Bonus in accordance with individual contractual agreements. Payment in each case is made in the new financial year.

<sup>3)</sup> Fixed entitlement in Swiss francs. Remuneration is in the form of shares. The number of shares depends on the average price of the two preceding months before disbursement. They have a staggered lock-in period of 1 to 4 years. Disbursement took place in August/December. The taxable value of the shares, which includes the discount for the lock-in period, is for Knut Zimmer CHF 103 951 (previous year CHF 103 914), Samuel Künzli CHF 34 661 (previous year CHF 20 197) and Thomas F. Bögli in previous year CHF 10 099.

<sup>4)</sup> Provision of company cars, etc.

<sup>5)</sup> Payments made by the employer to the state pension schemes (AHV/IV) and the occupational pension fund.

The highest compensation was paid to Knut Zimmer, CEO (previous year Knut Zimmer, CEO).

No securities or loans were provided to members of Group Management in the reporting years.

## 4 COMPENSATION FOR FORMER MEMBERS OF GOVERNING BODIES

The remuneration below refers to the period after departure of the members of Group Management from January 1 until December 31:

<b>4.1 Former members of Group Management</b> (including related parties)	in CHF	Fixed salary <sup>1)</sup>	Variable salary	Shares/options	Benefits in kind	Contributions to pension plans <sup>2)</sup>	<b>Total</b>
2022 total for former members		–	–	–	–	–	–
2021 total for former members		240 000	100 000	23 312	–	65 177	<b>428 489</b>

<sup>1)</sup> Contractually agreed salary.

<sup>2)</sup> Payments made by the employer to the state pension schemes (AHV/IV) and the occupational pension fund.



# Report of the Statutory Auditor

To the General Meeting of Feintool International Holding AG, Lyss

## Report on the Audit of the Remuneration Report

### Opinion

We have audited the Remuneration Report of Feintool International Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables 3.1, 3.2.1 and 4.1 on pages 109 to 110 of the Remuneration Report.

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

### Basis for Opinion

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

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

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables 3.1, 3.2.1 and 4.1 on pages 109 to 110 of the Remuneration Report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

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

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

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

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

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



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

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

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

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

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

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

KPMG AG

A handwritten signature in blue ink that reads 'Roman Wenk'.

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in blue ink that reads 'Yannick Peter'.

Yannick Peter  
Licensed Audit Expert

Zurich, 28. February 2023





## GLOSSARY

**Artemis Beteiligungen I AG** – A holding company controlled by Franke Artemis Holding (i.e. Michael Pieper) which acquired a majority share of 50.32 % in Feintool on September 30, 2014. It acquired the shares entirely from its sister company Artemis Beteiligungen III AG, which had held a majority share in Feintool since April 7, 2011.

**Automatic transmissions** – These help to make a car more comfortable to drive and also to reduce emissions. The high level of complexity in their construction and the precision requirements mean fineblanked and formed parts from Feintool are particularly suitable. The different types include continuously variable transmission (CVT), dual clutch transmission (DCT), simple automated gearboxes, and torque-converter transmissions, currently with up to ten gears.

**BEV** – Battery electric vehicle (energy is stored in a battery, drive comes from an electric motor).

**Cold forming** – Forming refers to changing the form of a body made of sheet steel with tools by means of processes such as bending. Unlike forging and casting processes, with cold forming the forming takes place without mechanical processing or machining (material removal). Furthermore, no heating takes place as is evident in the name. Cold forming is an efficient process that is particularly suitable for the production of complex precision components, such as those required in the automotive industry.

**Dual clutch transmission** – Automated gearbox which uses two sub-transmissions and two clutches to enable fully automated gear changes with virtually no interruption of traction.

**Electro sheet stamping** – Electro sheet stamping refers to the stamping of individual rotor/stator elements from electro sheet.

**ERCO** – Ordinance against Excessive Remuneration in Listed Companies Limited by Shares. This is an implementing regulation by the Federal Council, which came into force on January 1, 2014.

**Expected releases in the high-volume parts segment** – In the System Parts segment, the order backlog represents the expected releases for the next six months. The customer can move, adjust or cancel these releases at any time. Thus, the order backlog in the high-volume parts segment is merely an important early indicator.

**Fuel cell (FC)** – Serves to generate power for electric drive in fuel-cell or hydrogen-powered vehicles. Fuel-cell vehicles are therefore hybrids with a drive consisting of a hydrogen tank and fuel cells, plus a small battery and an electric motor.

**Fineblanking** – Differs from normal stamping in that it works with three forces (blanking forces), rather than just one. Two of these brace the material for the part from above and below, and only the third force functions as a blanking force. The result is clean, laceration- and tear-free fineblanked surfaces, precise components, and either less or no subsequent processing depending on their use.

**HEV** – Hybrid electric vehicle, a vehicle with hybrid drive.

**Hybrid** – A vehicle with more than just one integrated drive concept; generally refers to a combination of electric drive and an internal combustion engine.

**Laser cutting** – Laser cutting is a highly flexible process for cutting components out of sheet/electro sheet, especially for particularly large components and/or particularly small series (prototypes, small batches) in the production of rotor/stator packages.

**Number of strokes** – Number of pressing motions in one stamping, fineblanking or forming press within one minute.

**Orders received/order backlog in the investment goods business** – In the Fineblanking Technology segment, the orders received and order backlog represent legally binding orders.

**Overall equipment effectiveness (OEE)** – Overall key production figure for the assessment of a plant, linking availability, machine output, and quality level.

**Plug-in hybrid electric vehicle (PHEV)** – A hybrid vehicle with a battery that can be charged via a plug socket.

**Press portfolio** – Feintool's fineblanking presses are designed for economical and efficient production of precision parts. Feintool offers various different product series for differing requirements:

- ▶ **FB one** – Hydraulic fineblanking press. The FB one is the newest series in the press portfolio. Compared to other fineblanking presses, it permits even more economical manufacturing of flexibly produced high-precision components in a way that saves resources and impresses through the adaptability of its modular structure. In future, it will replace hydraulic presses in the X-TRA and HFA series. Thanks to its modular structure and the cutting-edge technology integrated into the control system and hydraulics, the new press series covers all the common applications of existing hydraulic presses.
- ▶ **XFTspeed** – Servomechanical fineblanking presses  
The XFTspeed series combines the advantages of hydraulics with servo technology and mechanics, and thus achieves high stroke rates and minimal run times.  
Main areas of application: Thin and delicate or critical parts requiring a high level of precision, removing and process reliability.
- ▶ **HFA** – Hydraulic fineblanking presses  
Principal use: flat components in high volumes. Thanks to its servo drive, the X-TRA presses are particularly suitable for processing high-tensile and stainless steels.
  - **HFAplus**: This series is ideal for universally flexible production of demanding fineblanked components. Here, the various different add-on options provide for an optimal configuration tailored to requirements.
  - **HFAspeed**: This series boasts a strong drive and optimized hydraulic system, which thus achieves high stroke rates when fitted with appropriately configured tools.
  - **HFAsmart**: This series has the fundamental features of the HFAplus series, but is optimized for smaller investment budgets.
- ▶ **X-TRA** – Thanks to its highly dynamic and controlled ram, the hydraulic X-Tra series is designed for high-strength parts and high stroke rates, as this press concept manages to eliminate the dreaded sudden impact almost entirely. The main areas of use are production using stainless or high-tensile steels.

**Punch-packaging** – Punch-packaging refers to the production process for interlocking sheet packages such as stators and rotors for electric motors made of strip in a progressive stamping tool. It differs from packaging and joining (e.g. by means of welding or gluing) of stamped sheets in that the latter processes take place outside the stamping machine in a special machine or rig. The height of the sheet package can be preselected with punch-packaging in the stamping machine. Packages of any chosen height can be created.

**Rotor/stator packages** – The stator is the non-moving part and the rotor the rotating part of an electric motor. The rotor and stator package comprises the core of the relevant component, consisting of stamped and packaged electro sheet elements.

**Servo drive** – Feintool uses the servo drive both for mechanical and hydraulic fineblanking presses. The advantage: The servo drive makes it possible to program the path of the ram precisely. This makes it possible to reduce the speed of the cutting process – which lasts a fraction of a second – in a controlled manner, thus sparing the workpiece and the tool. The ram then subsequently travels its path to the next cut all the faster. Servo-driven presses significantly increase removing.

**Simulation** – Experimental analysis of fineblanking and forming processes by means of complex software.

**Tools** – It is within these that the components take shape in stamping or fineblanking presses or forming systems. In order to make production more economical and efficient, Feintool combines fineblanking and forming processes in one tool. A three-stage tool, for example, can carry out cutting, bending and deburring at the same time. To produce a multifunctional component ready for fitting, only one press and one tool are required.

## ADDRESSES OF OUR OPERATING COMPANIES

as at December 31, 2022

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**Imprint**

The 2022 Report is available in German and English. The printed German version is authoritative.

**Published by**  
**Concept, design and production**  
**English version**

Feintool International Holding AG  
Feintool Corporate Communications  
Wieners+Wieners GmbH, Ahrensburg,  
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