

23

4	Business Report
34	Sustainability Report
64	Corporate Governance Report
118	Compensation Report
136	Financial Statements
139	Consolidated Financial Statements SKAN 2023
205	Financial Statements SKAN Group AG 2023

Business Report

1

SKAN Fact Sheet¹ (in CHF)

Order intake
-28.3%²
295.1 m

Net sales
+15.5%²
320.0 m

EBITDA
+24.9%²
50.1 m

EBITDA-
Margin
+1.2pp^{2/3}
15.7%

Operating
cash flow
-85.8%²
+8.7 m

Cash
-23.3%²
85.1 m

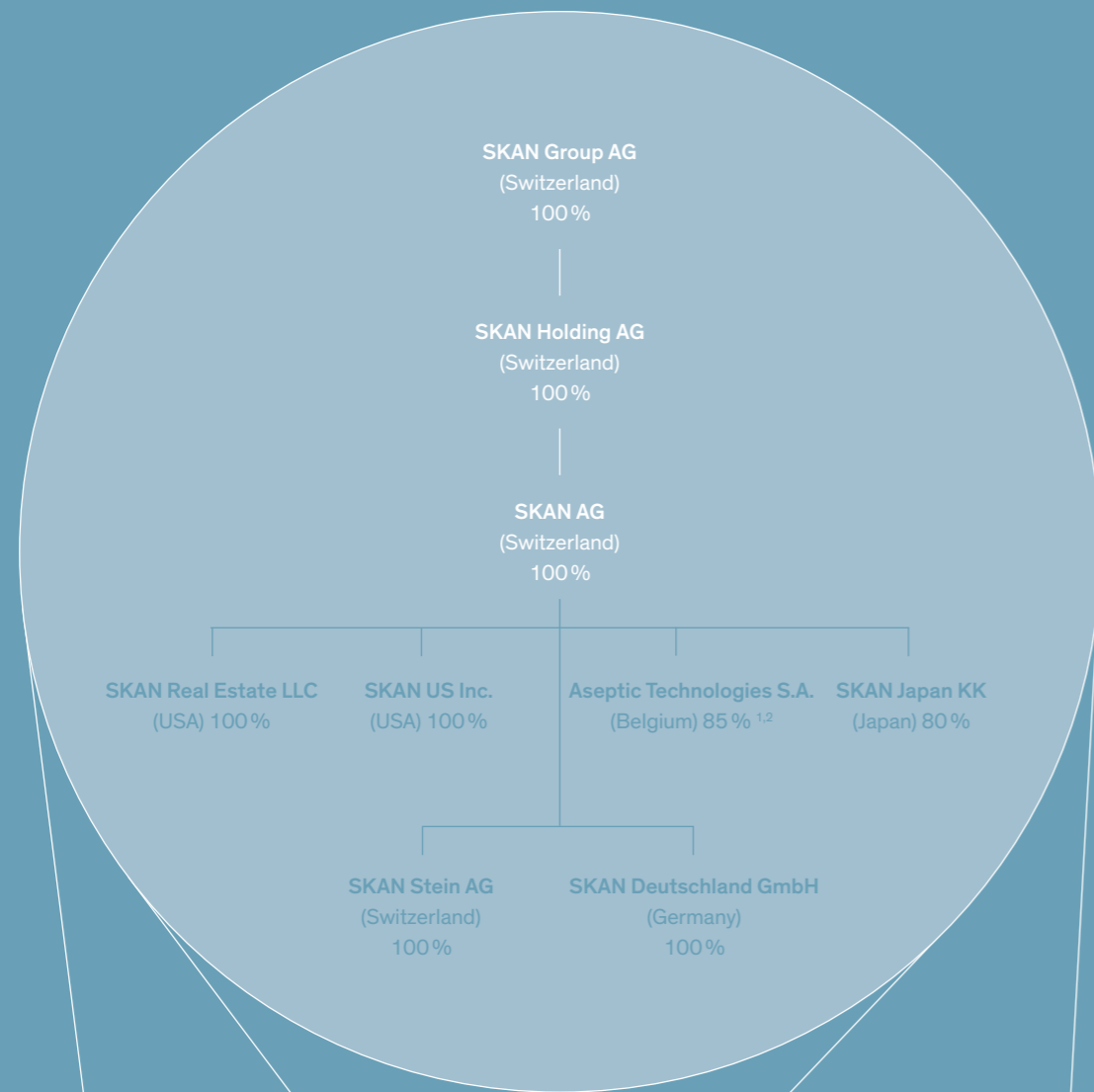
Assets
-3.8%²
373.4 m

Investments
+22.3%²
35.3 m

Employees
+216²
1'388

¹ Figures as reported
² Change compared to previous year
³ Percentage points

Locations



¹ 5% increase in the shareholding in Aseptic Technologies S. A. as of 2 May 2023.
² New investment in associated entity Plast4Life (Belgium) held by Aseptic Technologies S.A.

Key Figures

	2023	in % of net sales	2022	in % of net sales	change in %
in thousand CHF					
Financial key figures					
Order intake	295'125		411'696		-28.3%
Order backlog	312'143		360'086		-13.3%
Net sales from goods and services	320'020		276'955		15.5%
EBITDA	50'144	15.7%	40'154	14.5%	24.9%
EBIT	37'750	11.8%	29'461	10.6%	28.1%
Profit for the period	27'898	8.7%	21'446	7.7%	30.1%
Other key figures					
Net working capital (NWC)	-5'885		-12'808		54.1%
Return on capital employed (ROCE)	19.7%		15.3%		29.0%
Investments (PPE ² and Intangible Assets)	35'298		28'865		22.3%
Equity	176'362		165'595		6.5%
Equity ratio	47.2%		42.6%		10.8%
Cash flow from operating activities	8'700		61'483		-85.8%
Cash flow from investing activities	-17'346		-76'418		-77.3%
Cash flow from financing activities	-15'801		-4'846		nm ¹
Headcount as of 31 December	1'388		1'172		18.4%
Segment key figures					
Equipment & Solutions					
Order intake	213'277		336'582		-36.6%
Order backlog	289'885		332'748		-12.9%
Net sales from goods and services	237'106		207'657		14.2%
EBITDA	26'843	11.3%	22'993	11.1%	16.7%
Service & Consumables					
Order intake	81'848		75'114		9.0%
Order backlog	22'257		27'338		-18.6%
Net sales from goods and services	82'914		69'298		19.6%
EBITDA	23'301	28.1%	17'161	24.8%	35.8%
Stock key figures					
Registered shares	22'483'524		22'483'524		0.0%
Earnings per share (in CHF)	1.17		0.84		38.6%
Dividends per share (in CHF)	0.35		0.25		40.0%

¹ not meaningful
² Property, plant and equipment

Letter to shareholders

The SKAN Group continued its growth trajectory in the 2023 financial year. Net sales and profit reached record levels, and the communicated financial targets were achieved, and even exceeded at the EBITDA margin level. The improvement in margin was due to the significant increase in profitability in the Services & Consumables segment. Implementation of the strategic initiatives is on track. The outlook for the current year re-mains positive.



Thomas Huber, CEO and Cornelia Gehrig, BoD Vice Chairwoman

Dear Shareholder

The SKAN Group's successful business performance in 2023 was driven by the continued strong market development. The trend towards injectable drugs continues unabated. The number of approvals for biotech active ingredients is constantly increasing, including in oncology, an important area of application for our customers. Due to their sensitivity, biotech active ingredients cannot be sterilised by heat but must be filled under aseptic conditions. In addition, there are reinforcing growth drivers such as the current GLP-1 drugs against obesity and the Covid vaccines in previous years. These factors ensure encouragingly robust market growth and high demand for our process solutions for the aseptic filling of biopharmaceutical active ingredients.

According to its own estimates, the SKAN Group grew faster than the market once again. The success rate for offers was around 50%, which is primarily due to the qualitative and technological superiority of our systems and our process expertise. As a result, SKAN was able to maintain its number one position in the high-end segment of the isolator market.

Above-average increase in profitability

Expressed in figures, the SKAN Group increased net sales by 15.5% to CHF 320.0 million; adjusted for currency effects, growth even amounted to 19.2%. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 24.9 percent to CHF 50.1 million, which corresponds to an EBITDA margin of 15.7 percent. The SKAN Group has thus achieved the communicated financial targets for net sales growth and exceeded them for the EBITDA margin. The significant increase at the EBITDA level is primarily due to the profitable growth of the Services & Consumables segment.

After the exceptionally strong previous year, incoming orders stabilised at the healthy level of CHF 295.1 million. The order backlog of CHF 312.1 million ensures that the SKAN Group can continue to plan ahead for more than a year in the Equipment & Solutions segment. At the same time, the normalised order intake has the positive effect of shortening our delivery times and making us more attractive to customers again.

In order to cope with growth, the SKAN Group once again invested heavily in the recruitment of specialised staff in the reporting year. A total of over 200 new employees were hired. In line with the decentralisation strategy the ramp-up - in relative figures - mainly took place in our subsidiaries. Accordingly, personnel expenses also increased slightly more than net sales. In contrast, the cost of materials increased at a slower rate than net sales due to a higher level of inhouse production, while other operating costs increased in line with net sales.

Profit for the 2023 financial year amounted to CHF 27.9 million, compared to CHF 21.4 million in the previous year. The Board of Directors proposes to the Annual General Meeting of SKAN Group AG on May 7, 2024, to distribute a dividend of CHF 0.35 per share.

Equipment & Solutions segment on track with strategic initiatives

The Equipment & Solutions segment reported an order intake of CHF 213.3 million for the 2023 financial year. Net sales increased by 14.2% to CHF 237.1 million. The segment thus contributed 74% to the SKAN Group's total sales. Segment EBITDA rose by 16.7% to CHF 26.8 million, resulting in an EBITDA margin of 11.3%.

In the reporting year, incoming orders were evenly split between high-speed systems with E-beam technology and systems for smaller production volumes. Due to customer delays, the completion of some projects was postponed until 2024. Nevertheless, over 70 projects were completed in the reporting year, bringing the number of SKAN isolators installed to around 1,100. In addition, there are around 450 systems from Aseptic Technologies installed world-wide. The expansion of the installed base increases the potential for our future service and spare parts business.

The Equipment & Solutions segment made progress as planned with its strategic initiatives in the areas of integrated process systems and standardisation. The SKAN Group has once again invested a significant amount, around 7% of net sales, in this area and in general research and development activities - as always, directly charged to the income statement.

Services & Consumables segment significantly increases profitability

The Services & Consumables segment achieved an order intake of CHF 81.8 million and 19.6% higher net sales of CHF 82.9 million in the 2023 financial year. EBITDA of CHF 23.3 million reflects an increase in the EBITDA margin to 28.1%.

Growth in the service business was driven by the steady expansion of our installed base of SKAN systems. These require regular maintenance, periodic requalification as required by regulations, and spare parts. The retrofit business, i.e. the renewal of technical equipment and software for older isolators, also developed positively in the reporting year.

The consumables business proved to be a key driver of sales and margin growth in the Services & Consumables segment in the 2023 financial year. Our automated process solutions for closed vials from our Belgian subsidiary Aseptic

Technologies were in particularly high demand. There are currently seven drugs sold in our AT-Closed Vial® that have been approved by six leading health authorities, including the FDA (Food and Drug Administration), MHRA (Medicines and Healthcare Products Regulatory Agency) and EMA (European Medicines Agency), in a total of 14 countries. As of mid-2023, there were five drugs in nine countries. Based on our sales of AT filling machines and filling kits, the development pipeline of drugs filled in our AT-Closed Vial® is likely to be in the region of 450 active ingredients. Accordingly, the sales volume of the AT-Closed Vial® is likely to increase further in the future.

The SKAN Group is well on track with the project for pre-approved services, which will also contribute to the expansion of the Services & Consumables segment in the future.

Investing in future growth

The expansion of pre-approved services also accounted for the majority of investments, totaling CHF 35.3 million in the 2023 financial year. The remaining funds were used to expand capacity in Switzerland and Belgium. At CHF 8.7 million, operating cash flow was significantly lower than in the previous year, which is attributable to the lower order intake and the associated lower volume of advance payments from customers. Equity at the end of 2023 amounted to CHF 176.4 million, corresponding to an equity ratio of 47.2%.

Beat Lüthi proposed as new Chairman of the Board of Directors of the SKAN Group

Chairman of the Board of Directors Gert Thoenen has decided not to stand for re-election at the upcoming Annual General Meeting of SKAN Group AG on May 7, 2024. Gert Thoenen (*1957) has been a member of the Board of Directors of SKAN Holding AG since 2005 and its Chairman since 2019. Since 2021, he has served as Chairman of the Board of Directors of the holding company SKAN Group AG, which was newly established in the course of the IPO. During his 19 years on the Board of Directors, the SKAN Group has become the global market leader in its field. The successful IPO on the Swiss stock exchange in October 2021 also took place under his leadership. The Board of Directors and the SKAN Group would like to thank Gert Thoenen for his successful work and his long loyalty to the company and wish him all the best for the future.

Beat Lüthi (*1962) will be proposed to the Annual General Meeting as his successor. Beat Lüthi is a Swiss citizen and holds a master in electrical engineering and a PhD in software technology management from ETH Zurich. Since 2008, he has been CEO of the Basellandschaft-based company CTC Analytics, which produces liquid handling robots for laboratory

applications. Beat Lüthi has been Chairman of the Board of Directors of the SIX-listed INFICON Group since 2012 and a member of the SKAN Group Board of Directors since 2022 as head of the Nomination and Compensation Committee. The Board of Directors of SKAN Group AG is convinced that Beat Lüthi is ideally suited to drive forward the growth and strategic development of the company.

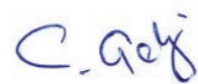
Outlook and guidance

The SKAN Group is focused on a market that benefits from structural growth. The medical application areas that our customers target with their medicines will continue to grow. The trend towards injectable drugs will also continue, as will the increasing importance of biotechnologically produced active ingredients. Accordingly, customer demand for process solutions for aseptic filling and for the associated services and consumables will also remain high. The SKAN Group will continue to consistently implement its strategy in order to participate over-proportionately in market growth.

Against this background, the Board of Directors and management of the SKAN Group are also optimistic about 2024. The start to the current year has been pleasing, and the order backlog and full project pipeline should ensure a good course of business. We are confident that we will once again reach our growth targets. In terms of net sales, we expect an increase in the mid- to upper ten percent range in 2024, with the Services & Consumables segment once again likely to grow more strongly than Equipment & Solutions. The EBITDA margin should range between 13 and 15 percent.

Sincere thanks

The progress achieved by the SKAN Group in the past financial year would not have been possible without the great commitment of our employees, the trust of our customers and the targeted cooperation with our partners. We would like to express our sincere thanks for this. Our thanks also go to you, our shareholders, for your support.



Cornelia Gehrig
Vice Chairwoman of the BoD



Thomas Huber
CEO



SKAN at a glance

SKAN is a pioneer in the field of aseptic and aseptic-toxic manufacturing processes for the (bio-) pharmaceutical industry. The company is the market and technology leader for high-quality, process-critical isolator systems for filling drugs according to vigorous sterility standards. In addition, the company offers its customers process support, services and consumables.

Innovative solutions and an efficient life-cycle support organisation make SKAN an important partner for the pharmaceutical and biotech industry, Contract Manufacturing Organisations (CMO's) and research laboratories worldwide.

Founded in 1968, SKAN employs 1'388 people as of the reporting year. More than half of them work at the Allschwil headquarters in the Life Sciences Hub of the Basel region. The other employees are spread between the subsidiaries in Switzerland, Germany, Belgium, Japan and the USA.

Milestones in 2023

03.

What if there is more



The "What if there is more?" image campaign exemplifies SKAN's pioneering spirit, advancing the company with cutting-edge technology and innovation, poised to shape the future.

04.

Safety work cabinets



SKAN has been honoured as the partner of choice for safety work cabinets at the innovative new research centre located in the heart of Basel, renowned for its distinguished R&D endeavours.

05.

Doubled production capacity



With the official inauguration of the second construction stage at our German site in Görlitz, the expansion is officially completed and the new production capacity available.

06.

55 Years SKAN



In 2023, SKAN commemorates its 55th anniversary. Throughout this journey, SKAN remains committed to foster an open corporate culture that encourages personal responsibility, innovation and entrepreneurship. This steadfast dedication ensures that we remain "Together always one step ahead".

10.

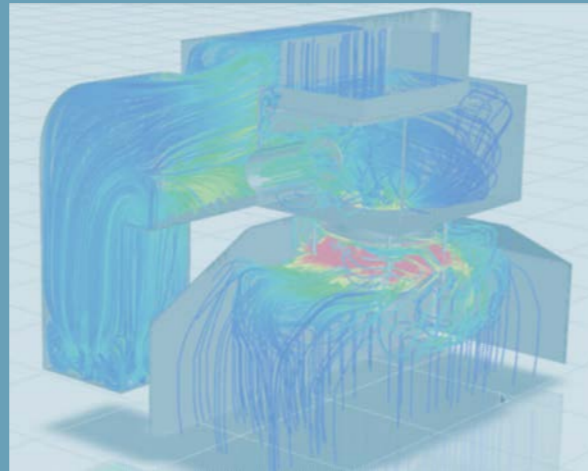
New production capacity at Aseptic Technologies



The construction project aimed at expanding production capacity at our Gembloux site in Belgium was successfully completed in 2023. This expansion is poised to bolster the future growth of the SKAN Group.

11.

Energy consumption



Through computer simulations, we have achieved a substantial enhancement in the cooling efficiency of PSI-XL isolators. This advancement translates to a reduced energy consumption for our customers, offering notable benefits in operational sustainability.

11.

Insights on the EU GMP Annex 1



The Annex 1 campaign centered around an expert interview with two former regulators on the impact of the revised EU GMP Annex 1 for the pharmaceutical industry.

12.

Over 90 Events in 2023



In 2023, SKAN made its presence felt at more than 90 events globally. Of particular significance was our participation in Ilmac, widely recognised as the premier trade fair for the Swiss market. Additionally, our inaugural participation with our own booth at Interpack marked a pivotal milestone for SKAN.

Together always one step ahead

For more than 50 years we have been developing and manufacturing isolator systems for aseptic and aseptic-toxic production processes in (bio-) pharmaceutical production. We operate our business in two reporting segments: "Equipment and Solutions" (E&S) and "Services and Consumables" (S&C). Within Equipment and Solutions, we offer our customers process

solutions (standardised/modular and customised isolators), integrated process solutions (automated process solutions and closed-vial filling systems) as well as laboratory and cleanroom equipment. Within our Services and Consumables business, we provide global life cycle support and offer ready-to-use consumables to our customers.

Innovative products, customer-specific solutions and an efficient life cycle support organisation have led SKAN to become a global market leader and important partner for the (bio-) pharmaceutical industry, CMOs and research laboratories. Our headquarters are located in Allschwil (Switzerland).

1 MES = Manufacturing Execution System




Equipment and Solutions ("E&S")

Services and Consumables ("S&C")

Pure Solutions

Pure Solutions Trading

- Laboratory/cleanroom equipment
- Horizontal/vertical workbenches
- Fume cupboards
- Particle counters



Consumables


- Personal protective equipment

Services

- Consulting
- Commissioning
- Maintenance

Process Solutions

- Customer-specific isolator solutions for aseptic manufacturing and filling
- Process warranty incl. complete GMP compliance



Consumables

- Biological indicator
- Spares (gloves, filters, etc.)

Services

- Life cycle support
- GMP requalification
- Performance studies

Integrated Process Solutions

Aseptic Technologies (AT)

- Proprietary, automated closed-vial filling equipment for small/medium-batch cell & gene therapy integrated within isolator



Consumables

- Closed vials
- Connectors
- Filling kits

Services

- Rent a machine
- Life cycle support
- GMP requalification

Process Automation

- Global process solution providing automated (robotic) process handling fully integrated within the isolator



Consumables

- Refer to process consumables

Services

- Refer to process services
- Digital integration into MES¹ and ERP systems

Management Summary 2023

The growth trajectory continues

The SKAN Group can reflect on a successful financial year 2023, marked once again by remarkable growth and significant achievements. Particularly noteworthy is the increase in net sales, rising from CHF 277.0 million in the previous year to CHF 320.0 million, corresponding to a growth rate of +15.5%. Adjusted for currency effects, the growth reached +19.2%, positioning it at the upper end of our communicated guidance. Both business segments contributed to this growth, with the Services & Consumables segment showing stronger development than the Equipment business.

In comparison to the exceptionally high order intake of CHF 411.7 million in the previous year, this normalised to a healthy level for the reporting year. It is important to note that the previous year saw a significant catch-up effect in the Equipment business, driven by increased investments from customers in other pharmaceutical products that had been deferred due to the Covid-19 pandemic. This catch-up effect resulted in a substantial buildup of order backlog, subsequently leading to longer delivery times for customers. Moreover, the fiscal year 2023 saw various shifting dynamics such as higher interest rates, high inflation rates, a stronger Swiss Franc, destocking programmes and also geopolitical challenges, which

had an impact on our customers' generally cautious investment activity. Despite these headwinds, the SKAN Group secured orders worth CHF 295.1 million, representing a decrease of 28.3% compared to the exceptional volumes of the previous year but still presenting a solid result. Adjusted for currency effects, the decrease of the order intake was 25.9%. Encouragingly, the SKAN Group also secured several orders for GLP-1 production capacities during the reporting period.

Furthermore, the order backlog was reduced from around CHF 360.1 million to CHF 312.1 million, positively impacting delivery times for customers and maintaining a very good visibility for further growth with an overall Book-to-Bill ratio of around 0.9. The Book-to-Bill ratio is impacted by the catch-up effect in the previous year. Additionally, the order pipeline is very promising, providing the SKAN Group with a good planning certainty.

Equipment & Solutions segment posts strong growth in net sales

In the fiscal year 2023, the Equipment & Solutions segment recorded an order intake of CHF 213.3 million. While this represents a decrease of 36.6% compared to the extraordinary previous year, it aligns with the expectations of the SKAN Group

and has stabilised at a healthy level, positively impacting delivery times for our customers. The distribution of orders during the reporting year was balanced, with both high-speed systems featuring E-Beam technology and systems for smaller production volumes contributing. In addition to a stable order intake for isolator solutions, a significant bulk order in the traditional laboratory equipment trade business amounting to approximately CHF 8 million is also noteworthy.

Net sales increased by 14.2% to CHF 237.1 million, with the segment accounting for 74% of the total net sales of the SKAN Group. Due to delays on the part of some clients, the completion of several projects has been postponed to the year 2024. Nevertheless, over 70 projects were completed during the reporting year, resulting in an increase in the number of installed SKAN isolators to approximately 1100. Additionally, around 450 units from Aseptic Technologies are installed worldwide.

Segment EBITDA increased by 16.7% to CHF 26.8 million, resulting in an EBITDA margin of 11.3%. The margin development benefited from the execution of higher standardised isolator solutions and a higher degree of insourcing of assemblies and steelworks.

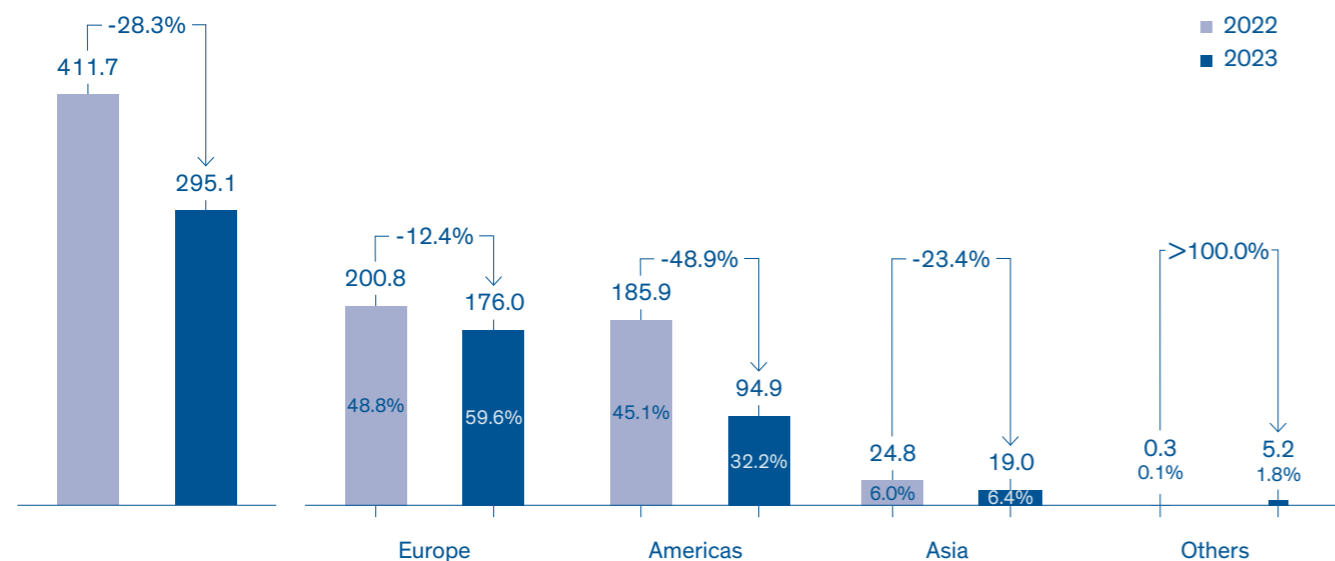
The Equipment & Solutions segment achieved planned progress in strategic initiatives related to integrated process

systems and standardisation. The SKAN Group invested a significant amount of around 7% of group net sales, in these initiatives as well as in general research and development activities. These investments were expensed through the income statement for the reporting period.

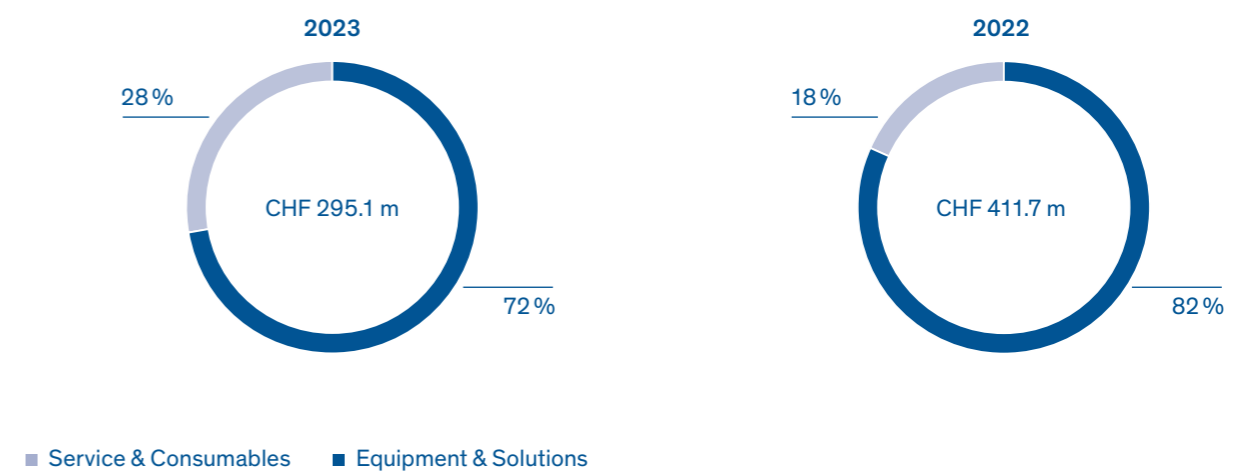
Order intake by region

The normalisation of order volume to a healthy level on a year-over-year basis reflects, as expected, differentiated regional impacts. This is primarily attributed to a cautious investment inclination among customers, emanating from the normalisation effect following the COVID-19 pandemic. In the European market, SKAN registered order intakes valued at CHF 176.0 million during the reporting period, corresponding to a decline of 12.4% compared to the previous year. The American market experienced a more significant reduction, with an order volume of CHF 94.9 million and a decrease of 48.9%. This development resulted in Europe's share of total order intake increasing from 48.8% in the previous year to 59.6%, while the American share dropped from 45.1% to 32.2%. The Asian share of the total order volume exhibits variability due to the relatively low volume and dependence on individual projects.

Order intake by region (in CHF million)



Order intake by segments



Due to the normalisation of order intake in the Equipment & Solutions segment and the increased order intake in the Service & Consumables segment, the ratio has shifted in favour of the higher-margin Service & Consumables segment in the past fiscal year, now accounting for approximately 28% of the total order intake.

Services & Consumables posts significant growth

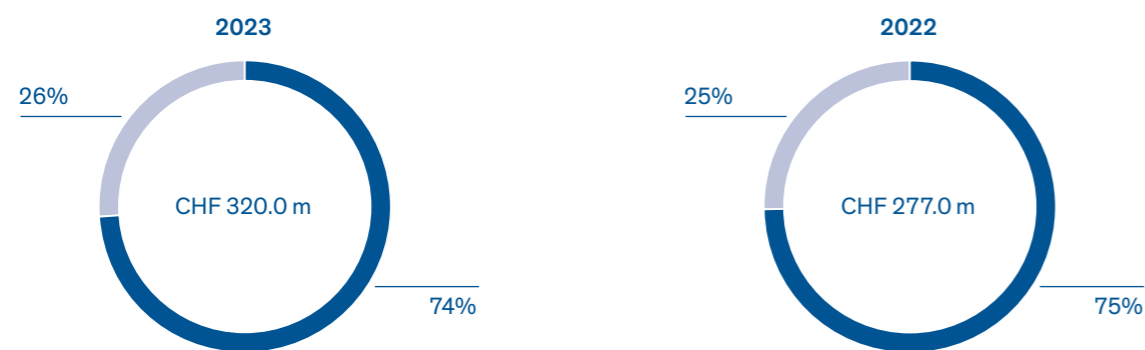
In the fiscal year 2023, the Services & Consumables segment recorded an order intake of CHF 81.8 million, representing a growth of +9.0 % compared to the previous year. Net sales increased by 19.6% from CHF 69.3 million to CHF 82.9 million. This growth in the service business was in general driven by the continuous expansion of our installed base of SKAN systems, which require regular maintenance, regulatory-mandated periodic requalifications, and spare parts. Additionally, the retrofit business, which involves the renewal of technical equipment and software for older isolators, showed promising development in the reporting year.

EBITDA increased from CHF 17.2 million to CHF 23.2 million, a growth of +35.8%, leading to an improvement in the EBITDA margin by 3.3 percentage points to 28.1%. In fiscal year 2023, the consumables and spare parts business proved to be a significant driver for net sales and margin expansion in the Services & Consumables segment.

The automated process solutions for closed vials from the Belgian subsidiary Aseptic Technologies were particularly in demand. The currently seven commercially approved medications in the AT-Closed Vials® received approvals in additional countries and are now available in 14 countries. Based on the sales of AT filling machines and filling kits, the development pipeline for medications to be filled into AT-Closed Vials® is expected to encompass approximately 450 active products. Consequently, sales volume of AT-Closed Vials® is expected to continue to rise.

The SKAN Group is well on track with the Pre-Approved Services project, which will also contribute to the expansion of the Services & Consumables segment in the future. In fiscal year 2023, the interior construction of the operational building was completed, while the technical equipment is currently being set up to install the machines by mid-2024.

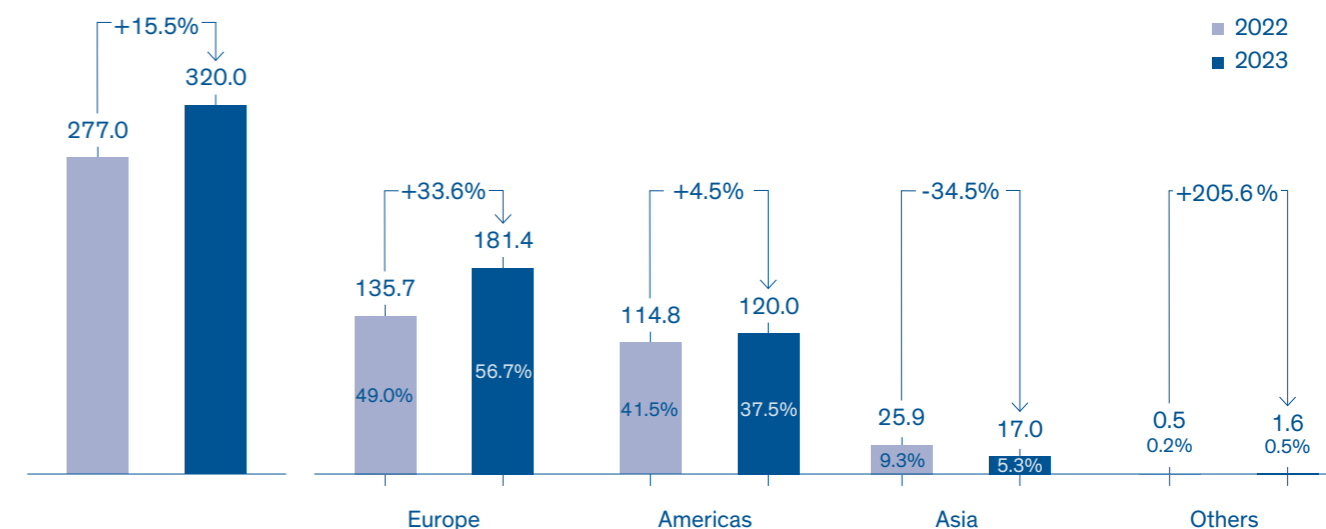
Net sales by segments



- Service & Consumables
- Equipment & Solutions
- Others

The distribution of net sales across segments has slightly shifted compared to the previous year. Specifically, the net sales within the S&C segment increased from 25% to 26%, primarily attributable to the stronger growth rate of 19.6% within the S&C segment. This progress aligns with our strategic goal of advancing the development of the S&C segment. Consequently, the share of the E&S segment decreased from 75% to 74%.

Net sales by region (in CHF million)

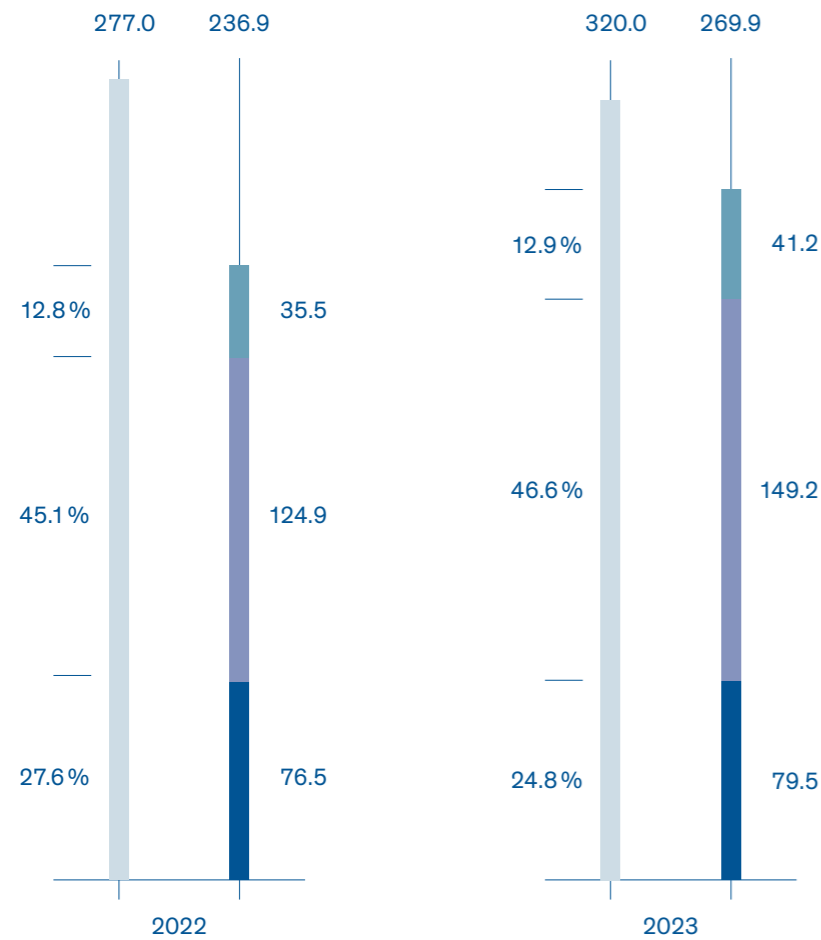


Net sales by region

In a regional perspective, the European market recorded robust growth of 33.6% to CHF 181.4 million compared to the previous year (CHF 135.7 million). In the segment Americas, sales grew with 4.5% from CHF 114.8 million to CHF 120.0 million. Sales in Asia decreased by 34.5% to CHF 17.0 million. The share of the Asian market in total sales decreased compared to the previous year. This is mainly driven by the fluctuation of large projects in Asia. In Europe, the share of the sales increased from 49.0% to 56.7%. In Americas, the share of the net sales slightly decreased from 41.5% to 37.5%.

Net Sales/Expenses

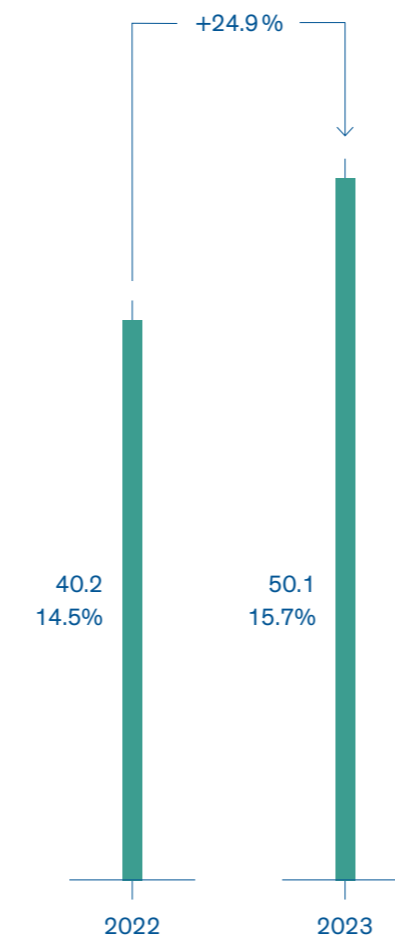
(CHF million and in % of net sales)



- Net sales
- Material and external services
- Personnel expenses
- Other operating expenses
- EBITDA

EBITDA

(CHF million and margin in %)



The SKAN Group recorded a significant increase in its EBITDA from CHF 40.2 million to CHF 50.1 million, representing a 24.9% rise. The EBITDA margin rose to 15.7% from 14.5% in the previous year, surpassing the communicated target. This increase was driven by both business segments.

The key factors influencing the EBITDA margin were: Considerable growth in the Service & Consumables sector, driven by the sale of consumables from Aseptic Technologies, spare parts business, and retrofit business.

The lower material intensity of 24.8% is primarily due to increased insourcing of manufacturing assemblies and steel structures in the project business.

The planned increase in personnel was consistently pursued. In addition to the insourcing effect, personnel costs increased due to the full cost impact of the significant resource buildup from the previous year (+165 employees) and the further addition of +216 employees in the reporting period, rising from CHF 124.9 million to CHF 149.2 million, representing a 19.4% increase. This led to a personnel intensity of 46.6%, which is 1.5 percentage points higher compared to the previous year.

Other operating expenses increased in line with net sales, from CHF 35.5 million to CHF 41.2 million, by CHF 5.7 million, accounting for 12.9% of net sales. This also includes the costs for research and development.



Investments

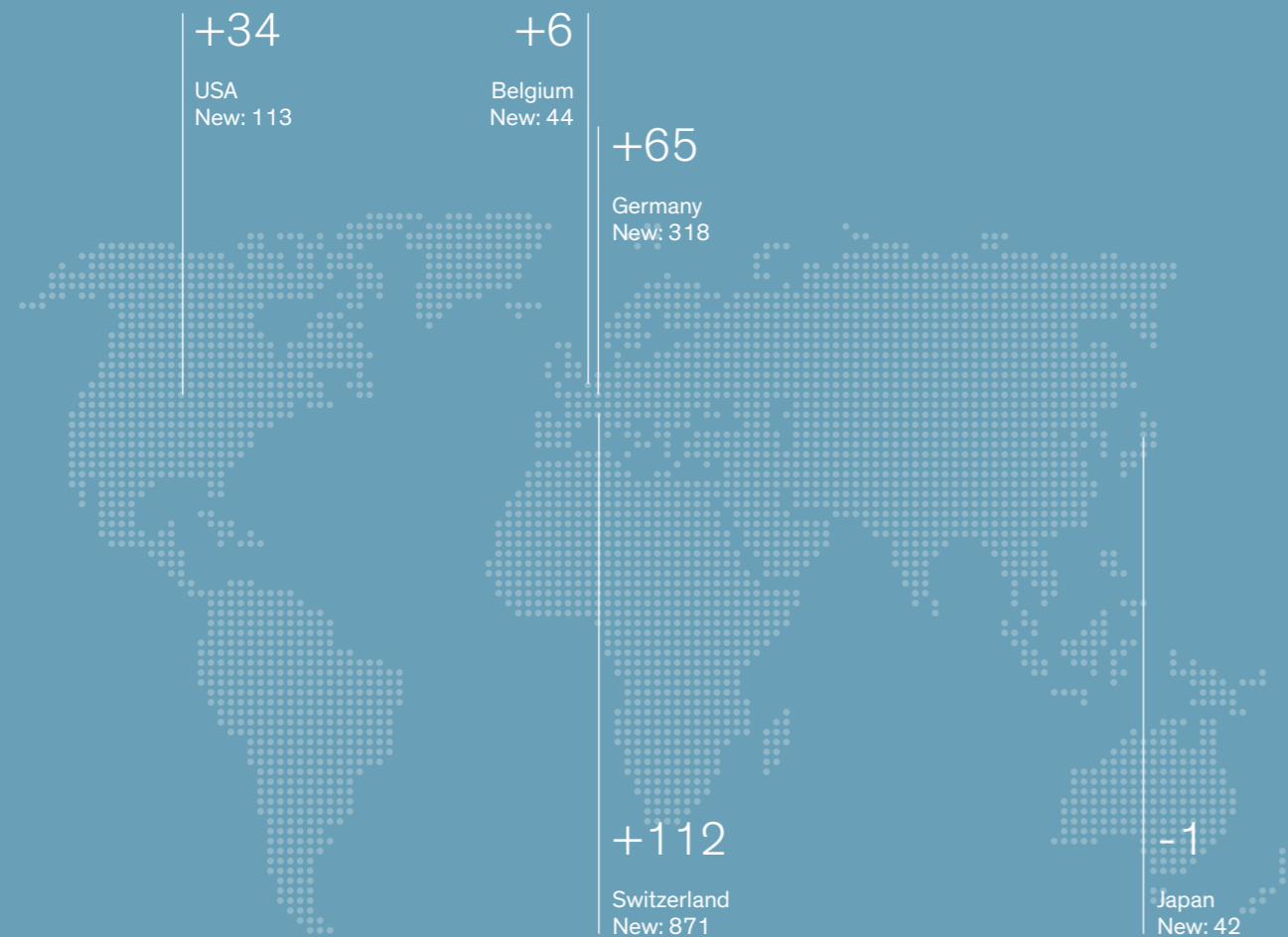
The SKAN Group invested a total of CHF 35.3 Mio. in the financial year 2023. CHF 23 Mio. of this amount were used for site capacity expansions in Switzerland, notably the expansion of the pre-approved services project. The remaining funds were invested in test equipment, production machines and the increase of the shareholding in Aseptic Technologies.

The lower order intake compared to the record year 2022 resulted in a reduction of the operating cash flow from CHF 61.5 Mio. to CHF 8.7 Mio. Shareholders' equity at the end of 2023 amounted to CHF 176.4 million, corresponding to an equity ratio of 47.2%.

In 2023, SKAN grew by +216 employees to 1'388 employees globally. In addition, around 139 temporary employees are engaged at SKAN. Thus, at the end of 2023, approximately 1'527 employees worked for SKAN. The +216 employees were hired at the various locations during the financial year. In line with the decentralisation strategy the ramp-up - in relative

figures - mainly took place in our subsidiaries. While the headcount in Switzerland increased by 14.8%, the cumulative headcount growth in Germany, USA, Belgium and Japan amounts to 25.2%. During the reporting year, personnel costs have increased by CHF 24.4 million from CHF 124.9 million to CHF 149.2 million.

Headcount SKAN Group



The SKAN Group has defined a clear strategy to sustainably continue its growth path and to further increase profitability. It is aimed at consolidating market leadership, expanding the addressable market, expanding the service business and digital transformation. SKAN has set itself medium-term targets of revenue growth in the mid- to upper teens and to gradually increase profitability level to upper teens.

In order to achieve these objectives, the Group has defined a growth strategy based on four pillars:

Strengthen market leadership

To strengthen its market leadership, the SKAN Group will continue to invest in its manufacturing capacities and in innovations (in Görlitz in Germany, in Stein in Switzerland and in Gembloux in Belgium). Continuous innovation is a prerequisite for SKAN to meet future customer requirements and maintain its technological leadership. For example, the company has developed a solution for cell and gene therapy processes. In addition, SKAN actively contributes to new guidelines and regulations by participating in relevant industry standard setting bodies. Finally, SKAN Group strengthens its market leadership not least by expanding the service business by leveraging its large and growing installed base.

Expand the addressable market towards integrated process systems

In order to offer customers comprehensive solutions for their needs, SKAN is driving the expansion of its product and service offering towards integrated process solutions. This involves the expansion of the business with systems for filling in closed containers (Crystal® Closed Vial Technology of the subsidiary "Aseptic Technologies"). In parallel, SKAN is developing integrated process systems together with specialised partner companies to combine conventional and also robot-assisted filling systems with its own isolator technology and to offer customers a "one-stop-shop" solution for the aseptic filling of their pharmaceuticals.

Expand Service and consumables business

New services include standardised solutions that enable customers to benefit from shorter design, engineering, assembly and qualification times. This can shorten the time to market for a new active ingredient by several months. Other services include "pay-per-use" models, where customers can use standardised isolator products flexibly against payment.

The business with consumables such as "ready-to-fill" closed vials, biological indicators or aseptic connection systems has experienced significant growth over the last three years – a momentum that SKAN intends to build on.

Accelerate digital transformation

SKAN drives digital transformation in the industry and offers a wide range of digital services to its customers. In particular, the Group increases the use of augmented and virtual reality services such as remote acceptance testing, remote training and support and virtual reality design support. This will enable SKAN to provide more efficient and flexible support to customers, while lowering its environmental footprint by reducing the need for travel. In addition, SKAN is implementing a number of Industry 4.0 initiatives, such as the use of artificial intelligence for predictive maintenance.

Risk Management

SKAN operates a risk management system that has been approved by the Board of Directors. The risk policy defines the handling of risks and a structured process that prescribes the systematic monitoring of business risks. In it, risks are identified, analysed and evaluated with regard to probability of occurrence, extent of damage and impact on reputation. If necessary, risk mitigation and control measures are determined. The Board of Directors is periodically informed about significant changes in the risk assessment and the risk management activities carried out.

Exchange rate risks

SKAN operates internationally and is exposed to the exchange rate fluctuation risk of various currencies. The risks relate primarily to the EURO, the US dollar and the Japanese Yen; other currencies have less influence. The exchange rate risks arise from sales in foreign currencies and similar transactions, as well as fixed assets, borrowings and investments in foreign currencies. To counteract the possible consequences of all these exchange rate risks, SKAN uses forward exchange contracts when necessary and practicable. Currency risks also arise when transactions of a business unit do not take place in the local functional currency, but in another currency. Currency risks in connection with currency translation differences at subsidiaries are not hedged.

Interest rate risks

SKAN is exposed to interest rate risks on cash and cash equivalents and on financial liabilities. As a rule, the financial liabilities are subject to variable interest rates.

Market and customer risks

The risk of weak demand from the main customers in the pharmaceutical industry is considered to be low due to market monitoring and the constant optimisation of the sales organisation. Furthermore, forward planning on the basis of rolling forecasts makes it possible to counter short-term declines and increases in demand in a cost-neutral manner by planning vacation and time accounts, particularly in the production area, or to take timely action to cut costs.

Purchasing and material cost risks

In procurement, the focus is on optimising purchase prices and ensuring supply reliability and quality through good supplier selection. In the area of steel construction, capacity is primarily distributed within the Group in order to utilise the most optimal and cost-effective options. To avoid supply bottlenecks, inventories of key components are closely monitored and increased if necessary.

Assessment of the overall risk situation

Due to the long-term customer relationships and the strong position in the core areas, SKAN Group operates within a favourable environment with limited risks.





About this report

It is with great pleasure that we present to you our Sustainability Report for the reporting period spanning from 1 January 2023 to 31 December 2023, reflecting our steadfast commitment to Environmental, Social, and Governance (ESG) principles. The most recent report was published on 26 March 2024²⁻³. The sustainability report includes the entities under financial control (fully consolidated). If disclosures relate only to individual parts of the organisation, this is indicated.²⁻² This past year has been a transformative period for our organization as we continue to integrate sustainable practices into our core business strategies.

A significant milestone achieved during 2023 was the establishment of our employee ESG committee, a dedicated team focused on shaping and implementing sustainable practices within our organisation. We are pleased to announce the appointment of our new Global Head of ESG, effective January 1, 2024, as a direct outcome of the insightful discussions and decisions made during these ESG Committee meetings, subsequently approved by the Board of Directors.

Looking ahead into 2024, we are in the process of formulating an ESG strategy that will align with our broader business strategy and set to be approved by the Board of Directors in October 2024. This strategic alignment underpins our commitment to embedding sustainability across all facets of our operations, from product development to corporate governance.

In our pursuit of transparency and responsible business practices, we have initiated various risk assessments in collaboration with KPMG. These assessments form the foundation of our commitment to the Task Force on Climate-related Financial Disclosures (TCFD) reporting for the year 2025. The assessments focus on climate-related changes, risks, and opportunities, aligning with the TCFD standards to ensure comprehensive reporting and disclosure.

Furthermore, we have engaged in collaborations with industry experts to evaluate our product life cycle and calculate scope 3 emissions throughout our value chain. This proactive approach positions us to comprehensively understand and address our environmental impact, with the ultimate goal of having emissions calculations ready and aligned with our TCFD reporting by 2025.

As we move forward, we are committed to fostering a sustainable and resilient future. We appreciate your continued support on this journey, and we look forward to sharing the positive impact of our ESG initiatives in the years to come.

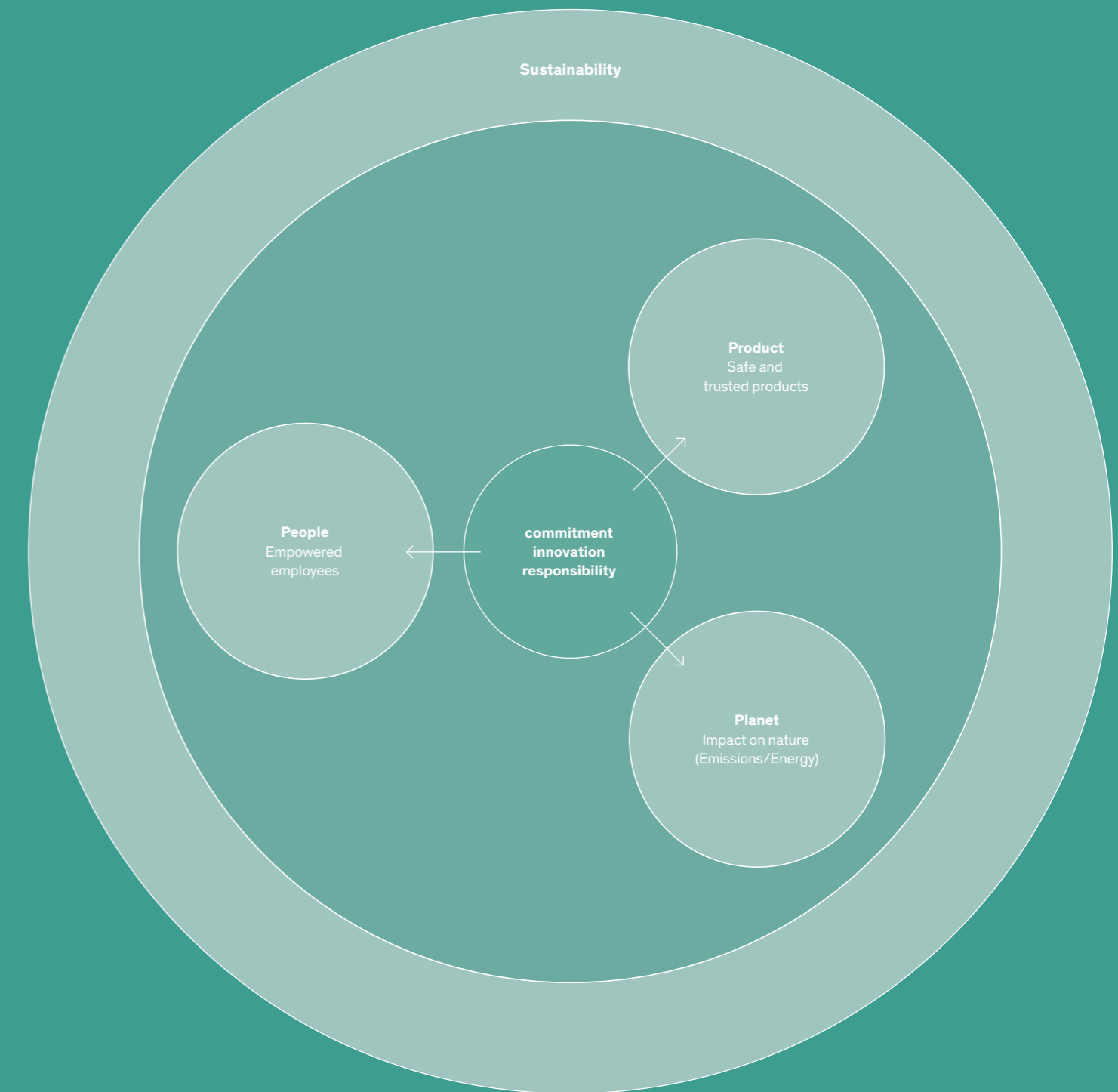
Introduction to Non-Financial Reporting in Compliance with the Swiss Code of Obligations

Pursuant to Article 964a of the Swiss Code of Obligations (SCO), Swiss corporations of public interest are mandated to provide comprehensive reporting on environmental aspects, CO₂ objectives, social considerations, employee-related affairs, adherence to human rights, and efforts against corruption. This report encompasses essential details for a comprehensive understanding of business performance, financial outcomes, the status of the enterprise, and the impact of company operations on these non-financial dimensions. The information about the actions in regards to Article 964a are referenced in section 2.

On 25 March 2024, SKAN Group AG's Board of Directors has endorsed the current sustainability report concerning the non-financial aspects of the SKAN Group for public release. The report is submitted to a consultatively vote of shareholders of SKAN Group AG at the Annual General Meeting scheduled for May 7, 2024.

The sustainability report on non-financial matters is organised into sections, including the Materiality Assessment Matrix, Product Safety, Employee Engagement, Impact on Nature, and the GRI Content Index.

How we achieve sustainability



1 Our company – Who we are

1 Overview

SKAN Group AG operates as a publicly traded stock corporation with its headquarters situated in Allschwil, Switzerland. The locations of the operational entities are represented as on the right. ²⁻¹The company functions globally and is a leading player in designing and producing isolator systems for aseptic and aseptic-toxic production processes within the (bio-) pharmaceutical industry. Our product distribution spans over 35 countries, with Western Europe and North America serving as our primary markets. The Asia region, particularly Japan, also contributes significantly to our sales. Our clientele primarily consists of prominent global (bio-)pharmaceutical companies. ²⁻⁶

The procurement aspect of our business is pivotal, emphasising the engagement of dependable and innovative suppliers committed to quality. We maintain long-standing relationships with specific suppliers, some exceeding 25 years. With the exception of stainless steel sheet constructions and turned milled parts, most components are sourced from third-party suppliers. The selection of key suppliers is based on various criteria such as technical quality, cost-effectiveness, and collaborative conduct. Suppliers are required to adhere to our Supplier Code of Conduct and generally hold ISO 9001 certifications. Key suppliers undergo regular portfolio management, including reviews, inspections, and site audits. ²⁻⁶

Our decision-making processes prioritise safety and trust in our products, employing the precautionary principle. We uphold a commitment to respect for all individuals, opposing discrimination, illegal employment, and the exploitation of workers. We conduct topic-specific training, such as data privacy training for departments handling personal data in 2023. Sustainability considerations are integral to performance goal setting for SKAN employees, influencing variable salary outcomes.

In our Supplier Code of Conduct, we insist that suppliers uphold social and ecological values, including human and labour rights, specifically in alignment with the core labour standards of the International Labour Organisation (ILO). The responsibility for implementing our commitments to responsible business conduct is delegated to operational levels with oversight by senior executives. ^{2-23, 2-24} SKAN takes pride in fostering an open corporate culture, encouraging employees to report incidents to their supervisors, HR, legal & compliance department, or management. In Germany, we are currently piloting a “speak-up” channel, allowing employees to raise concerns anonymously via the whistleblower hotline. Third parties can report any instances of misconduct through compliance@skan.ch. ^{2-25, 2-26}

2-27: Compliance with laws and regulations

	2023	2022
Incidents of Non-Compliance	None	None

Disclosure ²⁻²⁷

“Compliance with laws and regulations”:

The SKAN Code of Conduct defines the basic principles that SKAN needs to distinguish itself as a reputable, reliable and fair business partner and employer. To ensure compliance with the Code of Conduct, SKAN has implemented a robust compliance system that focuses on core areas such as health and safety, sustainability, anti-corruption and bribery, data protection and security, ethical conduct and business integrity, antitrust and conflicts of interest.

In practice, the system encompasses a variety of elements, including policies, training initiatives, orientation programmes for new employees, e-learning, internal compliance audits and the implementation of “SKAN Speak Up” – an employee reporting line which has been introduced in the first SKAN company (in Germany). Training concepts were further refined and training intensified in the year under review, with a particular focus on data protection/information security. We have also introduced a due diligence programme to comply with the requirements of the Supply Chain Act and Swiss legislation in the area of child labour and conflict minerals as well as the expectations of our valued customers and Business partners.

During the same period, KPMG conducted a comprehensive external audit of the SKAN Compliance Management System (CMS) at Group level. This audit focused on the seven commonly recognised dimensions that define the design, content and effectiveness of a CMS: culture, objectives, risk, programme, organisation, communication and monitoring, and continuous improvement.

In the year under review, no penalties were imposed for non-compliance with environmental laws and regulations. Throughout the SKAN Group, there were no court judgments or warnings during the reporting period involving infringements of regulations relating to health and safety of products and services or product and service information. Furthermore, no sanctions were imposed for non-compliance with product liability rules in relation to products and services.



Information on employees at the end of the year (head count) ²⁻⁷

Employee Type	2023			2022		
	Switzerland	Germany	Others	Switzerland	Germany	Others
Permanent	871	318	199	759	252	160
Temporary	45	14	7	19	17	8
Non-guaranteed hours	73	-	-	55	1	-
Full-time	821	311	197	703	242	154
Part-time	168	21	9	130	28	14

Employee Type	2023		2022		2023	2022
	Female	Male	Female	Male		
Permanent	16.6%	83.4%	17.3%	82.7%	1'388	1'171
Temporary	13.6%	86.4%	15.9%	84.1%	66	44
Non-guaranteed hours	6.8%	93.2%	7.1%	92.9%	73	56
Full-time	13.5%	86.5%	13.8%	86.2%	1'329	1'099
Part-time	32.8%	67.2%	36.0%	64.0%	198	172

Workers who are not employees ²⁻⁸

In 2023, the total number of workers who are not employees was estimated at 20 (head count). They are mainly very well-trained experts who we commission for highly specific tasks for which we do not have the expertise in-house.

Annual total compensation ratio ²⁻²¹

Ratio highest-paid individual to median: 9:1

Ratio percentage increase highest-paid individual to median: 1:1

The ratio is calculated excluding temporary employees, apprentices, internals and trainees. For each part-time employee, full-time equivalent pay rates are used. The total compensation includes the fixed compensation, variable bonus, social security contribution and other benefits. The highest-paid individual of the organisation is the Group CEO.

2 Our Strategic Priorities and Achievements

The imperative of addressing population growth and evolving demographics underscores the societal demand for our products and our pivotal role in promoting public health. Projections estimate a global population of 8.55 billion by 2030 and nearly 10 billion by 2050, accompanied by a rise in the average age. This demographic shift is expected to fuel the demand for expanded health coverage and products facilitated by our comprehensive portfolio. Our strategic priorities are rooted in delivering products of utmost safety and trust, fostering

innovation among our personnel, ensuring high quality, and minimising our environmental impact through proximity to our clients. Our commitment to safe and trustworthy products is characterised by our unwavering dedication to the highest quality standards, adherence to the latest regulatory expectations, and continual innovation to support the development and manufacture of novel and life-saving medications. Key performance indicators include tracking instances of non-compliance with laws and regulations, as well as monitoring research and development expenditures. These efforts enable us to actively contribute to the achievement of Sustainable Development Goal 3, "Good Health and Well-being." Our workforce forms the core of our business model, driving innovation and serving as the bedrock for the quality and safety of our products. Success in this realm is gauged by the volume of training hours completed by our employees, employee turnover rates, and the diversity present in our governance bodies and workforce. Our commitment extends to creating equitable and appealing working conditions, aligning with our contribution to the global objectives of promoting decent work and economic growth, as encapsulated in Sustainable Development Goal 8. Acknowledging our responsibility to future generations, we are dedicated to reducing our environmental footprint, particularly in terms of greenhouse gas emissions, which play a critical role in combatting climate change (SDG 13). This commitment is reflected in our decentralisation strategy, encompassing the expansion of

capacities at our global sites and the expansion of our augmented reality service support to curtail long-distance travel activities. The SKAN Group Board of Directors, in collaboration with the Management, is tasked with defining the forthcoming ESG strategy. ²⁻¹²The allocation of responsibilities for managing impacts involves delegating authority to the Group CFO by the Audit Committee and the Group CPCO by the Nomination and Compensation Committee on a topic-specific basis. ²⁻¹³ Both committees meticulously review the reported information before submitting the Sustainability Report to the Board of Directors for approval. ²⁻¹⁴ The Board of Directors, in turn, presents its oversight activities at the Annual General Meeting. ²⁻¹⁸ In an effort to enhance collective understanding of sustainable development, the Board of Directors actively engages in annual training facilitated by external consultants. ²⁻¹⁷ Additionally, effective January 1, 2024, the management of environmental impacts falls under the purview of the Global ESG Manager. This role is positioned to report directly to the Director of Global Quality & Compliance, who, in turn, reports directly to the Group CEO. This strategic realignment reinforces our commitment to comprehensive ESG management and reflects our dedication to achieving sustainability goals.

3 Our interaction with Stakeholders and our Materiality Assessment

At SKAN, our commitment to sustainable business practices involves engaging with key stakeholders—customers, employees, and shareholders. This collaboration is crucial for shaping our success and optimising our impact. Investor Relations diligently conveys concerns to the Chairman, ensuring transparency. In the reporting year, no critical concerns were raised. ²⁻¹⁶ Our experienced Board of Directors, with strong shareholder ties, guides independent and long-term business development.

Regular interactions with shareholders occur through our Investor Relations programme, enhancing our understanding of their expectations. Internally, formal meetings and various engagement initiatives maintain open dialogue with employees at all levels. Customer engagement remains paramount, involving personal contacts, surveys, and joint development initiatives for integrated solutions. Additionally, our commitment extends to dialogue with policy-makers and external stakeholders, contributing to relevant industry regulations. This multifaceted approach reflects SKAN's dedication to responsible corporate citizenship and sustainable growth. We participate in regulatory and industry standard setting bodies to contribute to new guidelines and regulations within the industry.

The stakeholders listed in the table below have been identified by the Executive Management as important stakeholders as they exert a strong influence on the economic, environmental or social performance of the SKAN Group and vice versa. ²⁻²⁹

3.1 Our key stakeholders are: ²⁻²⁹

Key Stakeholders	Engagement Approach	Interests & Concerns (topics)
Employees	Introduction weeks for new employees, half-year and year-end information events, leadership training, annual performance reviews, employee surveys, interactive working environment, social media	Company strategy, education and perspectives, equal opportunities, remuneration, occupational health and safety
Investors/Shareholders	Annual General Meeting, Annual and Half-year Report, annual presentation of the full-year results, conference calls (e.g. at the publication of half-year results), ad hoc announcements and media releases, meetings with shareholders, investors and analysts, roadshows, Investor Relations website	Business outlook, economic value, financial figures, strategy, R&D pipeline
Customers	Personal contact through SKAN sales and service specialists, customer events, trade fairs, technical support, customer surveys, social media	Quality of products and solutions, conformity with regulations, delivery time, price of product
Regulators	Membership in working groups for guidelines and regulations, regular exchange with authorities.	Technical expertise, compliance with regulations and guidelines
NGOs/Public	Regular exchange with NGOs, authorities and municipalities	Consultation on developments of production sites, tax strategy, etc.
Suppliers	Assessments, frame contracts, audits, communication of SKAN supplier code of conduct	Procurement strategy, order volume, price negotiations

Furthermore, SKAN Group is active in topic-specific initiatives and associations. The main memberships include the following organisations. ²⁻²⁸

- International Society for Pharmaceutical Engineering (ISPE)
 - Member of Containment Group publishing Containment Manual
 - Chair of ISPE European Affiliate Council
 - ISPE DACH Special Interest Group on Robotics
 - Chair of ISPE Robotic and Containment
- Parenteral Drug Association (PDA)
 - Member of the PDA ATMP Advisory Board and Chair of the PDA Points to consider document for the manufacturing of ATMPs
- Working groups for standards and guidelines of the European Union
 - Member of Swiss Mirror Group and Working Group for CEN TC 332 (Standards for Laboratory Equipment EN 14175, EN 12469)
 - Support of European standards group EN 12469 (Microbiological Safety Benches and Lab Isolators)
- ISO
 - Member of Standards Working Group ISO TC 142 (Sterilisation of healthcare products and aseptic processing, ISO 13408)
- Swiss Mirror Group and Working Group for ISO TC 209 (Standards for Cleanrooms and Isolators, ISO 14644-1, -3, -7)
 - Member of Schweizerische Normen-Vereinigung (SNV), Swiss Contamination Control Society (SwissCCS), Studiengruppe für Gesundheitsschutz in Industrie, Dienstleistung und Gewerbe (SGIG)

3.2 Our Materiality Assessment & Matrix ³⁻¹

In the fiscal year 2021, a comprehensive materiality assessment was undertaken to discern pivotal topics for our organisation. The evaluation of these topics was conducted through a dual lens, considering both our business activities and their consequential economic, social, and environmental impacts (referred to as SKAN's significant impacts), as well as the perceived importance of these topics to our stakeholders.

Throughout the process of delineating material topics, an exhaustive exploration of various environmental, social, and economic facets was undertaken. These aspects, proven or potentially relevant to our business and stakeholders, were thoroughly examined. Interviews were conducted with several internal stakeholders, including our CEO, CFO, CPCO, and others, pertaining to sustainability matters, in order to assess our organisational impacts. Additionally, diverse engagement approaches were employed to comprehend stakeholder perspectives and expectations regarding sustainability-related issues, as well as to ascertain the relative importance attributed to these topics.

The incorporation of stakeholders' input into our materiality assessment was deemed essential, given their robust engagement with both our internal operations and external stakeholders who have an influence on SKAN's future success or are impacted by our performance. Having identified potential material topics, a subsequent review delved into the strategic significance of each identified topic. This phase of the assessment involved a reflective analysis of SKAN's economic, environmental, and social impact on these material topics.

The outcomes of this review are visually represented in the materiality matrix provided on the subsequent pages. The x-axis delineates SKAN's economic, environmental, and social impact, while the y-axis signifies the perceived importance of these topics to stakeholders. The final selection of material topics is situated prominently among those positioned in the upper-right corner, signifying high importance to both our business and stakeholders. This meticulous process ensures that our strategic focus aligns with the key concerns that are significant for both our organisation and the stakeholders who play a pivotal role in influencing our trajectory. In alignment with our commitment to transparency and effective climate-related financial disclosures, we are currently in the process of developing our Task Force on Climate-related Financial Disclosures (TCFD) report, scheduled for completion in 2025. As part of this comprehensive reporting initiative, we recognise the imperative of reassessing and redefining our Materiality Assessment & Matrix. This re-examination is integral to ensuring that our Materiality Assessment accurately reflects the evolving landscape of climate-related risks and opportunities identified through the TCFD framework. By aligning our Materiality Assessment & Matrix with the insights gained from the TCFD report, we aim to enhance the depth and precision of our disclosure practices, providing stakeholders with a more nuanced understanding of our approach to climate-related issues and their financial implications. This proactive measure underlines our dedication to robust ESG reporting and our commitment to addressing climate-related challenges through a strategic and informed lens.

Materiality Assessment Matrix

<p>Very high</p> <p>↑</p> <p>importance to stakeholders</p> <p>↓</p>				<ul style="list-style-type: none"> → Product Quality & Safety (Safety & Trust) → Legal & Regulatory Compliance → Economic Performance
		<ul style="list-style-type: none"> → Digitally enabled Solutions → Supply Chain Efficiency → Anti Corruption & Bribery → Labour Practices/Human Rights → Data Privacy & Security 	<ul style="list-style-type: none"> → Greenhouse Gas Emissions (direct & indirect) → Innovation Management → Diversity & Equal Opportunity 	<ul style="list-style-type: none"> → Employee Empowerment, Development & Engagement
		<ul style="list-style-type: none"> → Energy Consumption 	<ul style="list-style-type: none"> → Employee Health & Safety 	
	Low	<p>← SKAN'S economic, environmental, and social impact →</p>		Very high

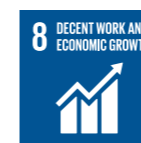
2 How we create value — safe and trusted products

The boundaries for each of the following material topics are as follows:

Material Topics	GRI Indicators - Topic-specific disclosures	Location in Value Chain		
		Upstream	Operations	Downstream
Economic Performance	201-1: Direct Economic Value Generated And Distributed	●	●	●
Product Quality & Safety (Safety & Trust)	416-2: Customer Health And Safety - Incidents of Non-Compliance 2-27: Compliance with Laws And Regulations	●	●	●
Employee Empowerment, Development & Satisfaction	401-1: New Employee Hires und Employee Turnover 404-1/2/3: Training And Education		●	
Diversity & Equal Opportunity	405-1: Diversity of Governance Bodies & Employees		●	
Innovation Management	R&D spend	●	●	●
Greenhouse Gas Management	305-1: Direct (Scope 1) GHG Emissions 305-2: Energy indirect (Scope 2) GHG Emissions	●	●	●

We performed a materiality analysis in 2021 in which we surveyed both internal and external stakeholders on matters relating to sustainability for the first time. There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.³⁻²

- The following material topics were identified:³⁻²
- Economic Performance
 - Product Quality & Safety (Safety & Trust) / Legal & Regulatory Compliance
 - Employee Empowerment, Development & Engagement
 - Diversity & Equal Opportunity
 - Innovation Management
 - Greenhouse Gas Management



We are continuing to witness sustained growth in the Biopharma sector, primarily fueled by the overarching trends of enhanced and diversified healthcare for an aging population in developed nations. This trend is complemented by the rising expectations of populations in emerging countries, aspiring to access the same level of medical security and performance as observed in leading nations. SKAN's vision is to epitomise SAFETY and TRUST for all stakeholders, especially our customers, by delivering reliable and secure products. Our commitment ensures customers both SAFETY and the confidence to TRUST SKAN, as we prioritise stringent adherence to the highest quality standards, compliance with the latest regulations, and timely delivery. This SAFETY, in turn, empowers our customers to succeed and outshine their competitors, forming the foundation for a long-term, mutually beneficial relationship. We base our value creation on three pillars: product quality and safety, the generation and distribution of direct economic value, and innovation management. By doing so, we contribute to the sustainable development goals of "good health and well-being" and "decent work and economic growth." The quality and compliance of our products directly impact end-customer safety. Our overarching objective is to consistently provide customers with safe and trusted products and services, aligning our operations with high ethical standards and stakeholder expectations. The core of our value proposition lies in Safety and Trust, supported by rigorous regulatory measures. To meet compliance requirements, regulatory standards, and customer expectations, we have implemented the ISO 9001:2015 quality management system and established a dedicated management team. This team not only ensures our products meet regulatory standards, but also keeps our manufacturing processes aligned with evolving regulatory developments. To safeguard our customers, we adhere to the SN EN ISO 12100 Safety of machinery standard and register our products for CE marking in the European Union. In 2023, our dedicated management team conducted several site visits and internal audits to ensure compliance requirements are strictly followed at all times. Consequently, no incidents were reported in 2023.

416-2: Customer Health and Safety –Incidents of Non-Compliance

	2023	2022
Incidents of Non-Compliance	None	None

Disclosure 416-2: "Incidents of non-compliance concerning the health and safety impacts of products and services"

During the reporting period, SKAN did not face any court judgments or warnings across the entire organisation related to violations of regulations concerning the health and safety of products and services, or the information associated with products and services. Additionally, there were no sanctions imposed in relation to products and services due to non-compliance with regulations related to product liability.

Report on non-financial transparency (Art. 964a bis 964c OR)
 Note about reporting obligation regarding minerals and metals: As we clearly fall below the annual import and processing quantities of high-risk minerals and metals, we are exempt from preparing a due diligence report in accordance with Art. 964j-964l OR (Swiss Code of Obligations). Nevertheless, we subject our suppliers to a comprehensive due diligence programme in this regard.

Also under the same article falls the due diligence and transparency regarding child labour, In the SKAN Group, as well as within our supply chain, we exert every effort to eradicate child labour. In an initial risk-based analysis, we found no suspicion of child labour in our supply chain. In 2024, we will undertake additional measures and continuously expand our assessment aimed at enhancing awareness of this imperative among our business partners.

GRI: 201-1: Direct Economic Value Generated and Distributed

in CHF thousands	2023	2022
Direct economic value generated		
Revenue	320'877	277'251
Direct economic value distributed		
Operating cost	129'214	118'245
Employee wages and benefits	141'194	119'209
Payments to providers of capital	6'313	5'851
Payments to government	4'100	3'796
Economic value retained	40'056	30'150

Our ongoing commitment to energy-efficient design is a cornerstone of our corporate philosophy. Through the use of intelligent technologies in safety workbenches we are decreasing continuously the energy consumption of labs. Unique partial air recirculating in our fume cupboards (WS) has significantly reduced the consumption of conditioned lab air and energy in the customer labs. This development is supported by our range of air-recirculating and filtrating work benches, which convey no conditioned air at all from the laboratory to the outside. These innovative solutions span various levels to ensure that our safety workbenches not only meet the highest standards in safety but are also sustainable and resource efficient.

A significant success for us was winning a major contract with one of the big pharma companies in Basel. In their laboratory of the future, which prioritises sustainability, over 240 of our most modern microbiological safety cabinets will be integrated. This not only underscores the quality of our products but also our dedication to a sustainable future in laboratory equipment.

The introduction of SKAN connect revolutionises how we interact with our customers. The ability to connect any workbench remotely to facilities enables the monitoring, a remote control through the service front desk and a faster response time to interventions. This feature, also applicable to Pure Isolators and other applications, eliminates the need for frequent travel to control devices in person and ensures through different remote services more efficient assistance to our customers. SKAN contest, our innovative solution to enhance user safety of fume hoods in form of a serial bench containment test, has

now reached the standard. It has been validated against the EU standard and is continually evolving. By extending this test to walk-in booths, which have rarely been tested (globally), we are able to further improve safety standards and the occupational health for the operators.

Our AR solutions contribute to achieve significantly better and faster results with our business partners. The Swiss Tropical Public Health Institute (STPH) uses it for instance in collaboration with its labs in Tanzania. Implementing AR for remote training and consultations increases the efficiency and quality of our services.

The introduction of VR Mockup, a unique combination of the real and virtual worlds, has not only minimised travel, but also enhanced the effectiveness of our communication and product presentations. It allows a previously unattainable high level of operator training.

Our consistent focus on safe design is ensured through continuous User Experience (UX) testing. Safety of users takes precedence, while ensuring the intuitive operability of our products.

Thanks to our digital solutions, we can collect comprehensive data that not only enables the optimisation of maintenance processes but also supports data-driven cross-site decisions. Other benefits are predictable and shorter down times for the customer and precisely prepared spare part packages for service interventions

The launch of Sphere Health and Sphere Connect marks a further milestone in our development. These digital platforms provide not only data for Predictive Maintenance but also support data-optimised process control.

The adaptation of the new EU GMP ANNEX 1 in all areas, particularly with the integration of studies with flow visualisation and the ability to conduct consultations directly with customers, underscores our commitment to safety at work and adherence to the highest standards.

Finally, we are pleased to announce our Social Responsibility Agreement with STPH. This agreement, which focuses on the development of research projects, consulting as well as the push for digital transformation, demonstrates our commitment to giving back to society and supporting projects that have a positive impact on the community.

Innovation Management (no GRI): R&D spend

	2023	2022
Total R&D in CHF thousands	22'522	18'464
In % of net sales	7.0%	6.7%



3 Empowered Employees



As an employer, SKAN prioritises the creation of a workplace that is not only aesthetically appealing but also conducive to inspiration, individual initiative, and innovation. Our central objective is to establish a secure and trustworthy environment, ensuring streamlined decision-making processes. We are committed to highlighting each employee within the group, thereby empowering them to exhibit their utmost professional capabilities.



In reciprocation, we instill trust in our employees, anticipating a demonstration of entrepreneurial and flexible behavior within their designated responsibilities. The adherence to necessary rules is imperative to not only meet but exceed customer expectations. Recognising employees as pivotal contributors to our sustainable success, our organisational focus centres on two key aspects: employee empowerment, development, and engagement, alongside diversity and equal opportunity.

This concerted effort in these domains contributes significantly to the realisation of sustainable development goals, with a particular emphasis on areas such as gender equality and the promotion of decent work and economic growth.

Employee Empowerment is held as a fundamental value within the SKAN Group. We firmly believe that continuous innovation and production excellence are contingent upon our ability to attract, retain, and inspire highly skilled individuals. To this end, substantial resources are allocated to the training and education of our workforce, offering personalised opportunities for their development.

401-1: New Employees Hired and Employee Turnover

Employee Type	New employee hires 2023		Employee turnover 2023	
	Employee hires	Hires in % ¹	Employee exit	Turnover in % ²
Total	354	27.7%	137	10.7% ³
Gender				
Male	289	27.2%	100	9.4%
Female	65	30.0%	37	17.1%
Age Group				
< 30 years	110	41.5%	29	10.9%
30–50 years	209	25.8%	84	10.4%
> 50 years	35	17.1%	24	11.7%
Region				
Switzerland	198	24.3%	86	10.6%
Germany	99	34.7%	33	11.6%
Belgium	10	24.4%	4	9.8%
US	46	47.9%	12	12.5%
Japan	1	2.4%	2	4.7%

¹ Employee hires in percent of the average number of employees per year.

² Employee turnover in percent of the average number of employees per year.

³ Thereof involuntary turnover: 5.9%

The calculation is based on all employees at SKAN Group excluding temporary and external employees.

404-1: Training and Education

	2023	2022
Total amount of training hours	97'615	77'424
Average training hours per employee		
Male	71	70
Female	69	45
Non-Management	77	72
Management	11	11

The calculation is based on all employees at SKAN Group without SKAN Stein and Aseptic Technologies, excluding temporary and external employees as well as Top Management.

404-2 Programmes for upgrading employee skills and transition assistance programmes

The collaboration between the SKAN Academy and HR teams ensures a comprehensive approach to the management of employee development matters throughout the SKAN Group. The active promotion of international exchange is evident in events such as the 2023 HR Circle and the organisation of on-site courses in Germany. Our unwavering commitment encompasses continuous investments in training and education, acknowledging the knowledge-intensive nature of our business that necessitates constant adaptation, improvement, and skill development.

Our well-structured onboarding programme assumes a pivotal role in fostering an environment conducive to intense personal exchange among new hires. The organisational structure at SKAN is characterised by flat hierarchies, fostering an atmosphere that encourages employees to express their opinions and openly communicate their expectations.

The commitment to training extends to leadership development, featuring a 3-level Management Leadership Training and an external Coaching Programme. Employee well-being takes precedence at SKAN, with an emphasis on mental health, regular exercise, and personal counseling.

To further support employees, we have introduced ICAS, an external counseling service addressing work-related and personal challenges. Our commitment to cultivating a diverse and highly qualified workforce transcends the mere inclusion of employees from varied backgrounds. We actively foster a corporate culture characterised by collaborative excellence and innovation, underlined by a zero-tolerance policy towards discrimination.

Our collaboration with mitschaffe.ch GmbH and the implementation of reintegration programmes exemplify our dedication to inclusivity. The creation of an environment where employees feel empowered to voice concerns is of paramount importance. Our HR and SKAN Academy teams, reporting to the Chief People and Culture Officer, are entrusted with managing HR matters, ensuring a workplace characterised by transparency and trust.

The SKAN Academy, positioned at the forefront of managing training and professional development within the SKAN Group, consistently refines programmes to align with evolving demands. A strategic emphasis on fostering a culture of easily sharing positive training experiences and providers is imperative. The SKAN Academy, accessible through our company's intranet, streamlines training sessions by categorising them into mandatory and optional courses, enabling employees to prioritise their professional development based on individual needs and job requirements.

Both internal and external courses are actively organised, collaborating with seasoned trainers from specialised departments to ensure practical expertise. The emphasis on SVEB certification for trainers affirms our commitment to delivering effective training. The SKAN Academy places a strong emphasis on aligning its course structures with industry standards, using EduQua as a key benchmark.

This commitment aims to provide a consistent and top-tier learning experience across all our training initiatives. Our technician's training, crucial for meeting GMP customer requirements, is a key responsibility of the SKAN Academy. Through targeted training programmes, our technicians stay up-to-date with current norms and guidelines, enabling them to perform their tasks not only in line with regulatory expectations but often at an elevated level.

The SKAN Academy plays a pivotal role in numerous developments and standards reflections, ensuring that our technicians are consistently well-trained and meet the highest quality standards. By centralising training management and trainer education under the leadership of SKAN Academy

Allschwil for the USA and Germany, we establish a uniform approach, emphasising industry standards. Standardised training courses, conducted by qualified local trainers in subsidiaries, enhance the efficiency of our operational processes.

This decentralised approach not only highlights our commitment to industry excellence but also demonstrates our dedication to providing products and services that consistently meet or exceed quality standards. The SKAN Academy is dedicated to upholding SVEB and industry standards, regularly reviewing and promptly implementing updates to remain compliant. This proactive approach ensures that our training programmes consistently meet evolving expectations and industry-recognised certification standards.

405-1: Diversity of Governance Bodies & Employees

	Diversity of governance bodies 2023	Diversity of employees 2023			
		All employees	Non-Management	Management	Top Management
Gender					
Male	85.7%	83.4%	83.5%	82.3%	87.5%
Female	14.3%	16.6%	16.5%	17.7%	12.5%
Age Group					
< 30 years	0.0%	20.1%	22.3%	1.5%	0.0%
30–50 years	14.3%	64.1%	62.4%	81.5%	56.3%
> 50 years	85.7%	15.8%	15.3%	16.9%	43.8%

The calculation is based on all employees of SKAN Group excluding temporary and external employees.

2-30: Collective bargaining agreements

In 2023, 3% of the employees at SKAN Group were covered by collective bargaining agreements.

4 Impact on nature (Emissions/Energy)



The SKAN Group actively strives to assume a leadership role in strengthening environmental sustainability across both our product solutions and organisational framework. The unwavering commitment to safety and the optimal performance of our market offerings are paramount. SKAN significantly contributes to the reduction of energy consumption in aseptic manufacturing through the promotion of isolator technology. The adoption of isolators results in a substantial decrease in cleanroom footprint compared to conventional methods, thereby conserving energy for air handling, conditioning, and reducing grey energy in building construction, cleanroom filters, and maintenance.

The reduction in operational energy consumption and emissions is of particular significance, contributing to sustained savings over the equipment's useful lifetime of up to 15 years, with potential subsequent re-use. Our environmental policy is rooted in proactively avoiding environmental pollution at its source, rather than relying on compensatory measures for CO₂ emissions through third parties.

As we advance our sustainability initiative, we are steadfast in our commitment to assessing and mitigating our footprint across the value chain, currently limited to Scope 1 and 2 with Scope 3 calculations coming in 2024. SKAN's environmental impact primarily pertains to energy usage and emissions, with minimal influence on other environmental aspects such as toxic

waste, effluents, or water usage. Emissions management remains a focal point, aligning with our dedication to the sustainable development goal of "climate action."

The SKAN Group recognises the pivotal role of environmental stewardship in averting adverse effects on our planet and society. Failure to meet our targets and investor expectations poses not only a risk to our short-term operational results and reputation but could also impede our ability to achieve long-term strategic goals, thereby impacting the overall value of our business.

In our concerted efforts to reduce emissions, we concentrate on areas where we can make the most significant impact, notably in our travel and energy consumption. To this end, we have initiated specific KPIs aimed at reducing our footprint, a detailed account of which is provided in the subsequent sections.:

- ongoing decentralisation strategy to reduce (air) travel
- KPI for 2024: to stay at same level as previous year or lower (with consideration of growth and decentralisation strategy)
- KPI for 2024: Reduction of 5% of Scope 2 purchased electricity

305-1: Direct (Scope 1) GHG Emissions

305-2: Energy indirect (Scope 2) GHG Emissions

Scope	Activity Type	GHG emissions in CO ₂ e (tonnes)	
		2023	2022
Scope 1	Stationary combustion	636	516
	Mobile combustion	261	294
Scope 1	Total	897	810
Scope 2	Purchased electricity – location based	1'209	958
Scope 2	Location based + heat steam	1'209	958
GHG emissions (Scope 1 + 2) per million net sales		6.6	6.4

Definitions according to GHG Protocol (as recommended by GRI)
 Stationary combustion includes fuel consumption at a facility to produce heat, steam, electricity or power.
 Mobile combustion includes fuel consumption by vehicles that are owned or leased by the company.
 The increase in our overall Group's carbon emissions represents a 19.1% growth. This rise is attributed to the expansion of our affiliates in terms of physical infrastructure, including increased building capacity, as well as a significant growth in the number of FTEs. The corresponding increase in business activities across our affiliates also contributed to the overall rise in carbon emissions during this period.

Additional information:

- CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ were all considered
- Biogenic CO₂ emissions are not applicable
- As per GHG Protocol companies shall choose and report a base year for which verifiable emissions data are available and specify their reasons for choosing that particular year. Companies should choose as a base year the earliest relevant point in time for which they have reliable data. Because of the Covid-pandemic, the currently measured emissions are not deemed to sufficiently represent an ordinary year and hence, SKAN has not yet selected a base year
- Source of the emission factors and the global warming potential (GWP) rates used:
 - Stationary Combustion: EPA, "Emission Factors for Greenhouse Gas Inventories," Table 1 Stationary Combustion Emission Factors, 9 March 2018 <https://www.epa.gov/climateleadership/ghg-emission-factors-hub>.
 - Mobile Combustion: EPA, "Emission Factors for Greenhouse Gas Inventories", 9 March 2018
- <https://www.epa.gov/climateleadership/ghg-emission-factors-hub>; WRI, GHG Protocol – Emission Factors from Cross-Sector Tools, April 2014
- Purchased Electricity: European Residual Mixes 2018 v1.2 (published July 2019) – Table 2, Direct GWP (gCO₂/kWh)
- Purchased Electricity: Green-e Energy Residual Mix Emissions Rates (2018)
- Purchased Electricity: Carbon footprint: 2020 Grid Electricity Emissions Factors - June 2020
- Purchased Electricity: EPA, "Emission Factors for Greenhouse Gas Inventories," Table 7 Steam and Heat, 9 March 2018 <https://www.epa.gov/climateleadership/ghg-emission-factors-hub>.
- Consolidation approach for emissions, standards, methodologies, assumptions, and/or calculation tools used:
 - Controls approach
 - GHG Protocol Corporate Standard
 - Estimate used for certain fuel activity data to extrapolate to relevant period, using heating days

Additional Disclosure:
Flights (miles and CO₂ Emissions)

	2023	2022
Flight miles	8'065'749	5'872'441
CO ₂ emissions (in metric tons)	3'299	2'249
Flight miles per million net sales	25'204	21'204

The 37.4% increase in our business flights in 2023 can be attributed to the recovery from the global pandemic in 2022, where flight activity was significantly reduced. As the business landscape resumed stability, coupled with the substantial company growth, our travel requirements naturally escalated, accounting for the notable uptick in flights. As we continue to strengthen our global presence, we are aware of the environmental impact associated with increased travel. In line with our commitment to sustainability, we have formulated a strategic initiative to further regionalise the SKAN service and support organisations. By enhancing our local presence, our objective

is to curtail the need for extensive international travel. This initiative is driven not only by a desire to minimise our carbon footprint but also by a focus on optimising operational efficiency. Moving forward, our overarching aim is to significantly reduce the flight miles per million net turnover in the coming years. Through a targeted approach to regionalisation, we aim to strike a balance between our organisational growth objectives and a commitment to environmental responsibility. This strategy underscores our dedication to achieving sustainable business practices while ensuring effective support and service delivery to our diverse clientele across the globe.



GRI Content Index

SKAN Group AG has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.

GRI 1: Foundation 2021

Applicable GRI Sector Standards: None.

GRI Standard	Disclosure	Location	Reason for omission/comment
General Disclosures			
GRI 2: General Disclosures 2021			
2-1	Organisational details	Sustainability Report p. 38	
2-2	Entities included in the organisation's sustainability reporting	Sustainability Report p. 36 The entities are listed in the Financial Report p. 194	
2-3	Reporting period, frequency and contact point	Sustainability report p. 36 Contact point: Corporate Governance Report p. 103	
2-4	Restatement of information	No restatements were made.	
2-5	External assurance	The Sustainability Report has not been externally assured.	
2-6	Activities, value chain and other business relationships	Sustainability Report p. 38 Business Report p. 22–23	
2-7	Employees	Sustainability Report p. 40	
2-8	Workers who are not employees	Sustainability Report p. 40	
2-9	Governance structure and composition	Corporate Governance Report p. 72–84	
2-10	Nomination and selection of the highest governance body	Corporate Governance Report p. 80	
2-11	Chair of the highest governance body	Corporate Governance Report p. 73	

GRI Standard	Disclosure	Location	Reason for omission/comment
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report p. 41	
2-13	Delegation of responsibility for managing impacts	Sustainability Report p. 41	
2-14	Role of the highest governance body in sustainability reporting	Sustainability Report p. 41	
2-15	Conflicts of interest	Corporate Governance Report p. 72–80	
2-16	Communication of critical concerns	Sustainability Report p. 41	
2-17	Collective knowledge of the highest governance body	Sustainability Report p. 41	
2-18	Evaluation of the performance of the highest governance body	Sustainability Report p. 41	
2-19	Remuneration policies	Compensation Report p. 120–125	
2-20	Process to determine remuneration	Compensation Report p. 121–129	

GRI Standard	Disclosure	Location	Reason for omission/comment
2-21	Annual total compensation ratio	Sustainability Report p. 40	
2-22	Statement on sustainable development strategy	Business Report p. 11–12	
2-23	Policy commitments	Sustainability Report p. 38	
2-24	Embedding policy commitments	Sustainability Report p. 38 Corporate Governance Report p. 87	
2-25	Processes to remediate negative impacts	Sustainability Report p. 38 Corporate Governance Report p. 87	
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report p.38	
2-27	Compliance with laws and regulations	Sustainability Report p. 38	
2-28	Membership association	Sustainability Report p. 43	
2-29	Approach to stakeholder engagement	Sustainability Report p. 41–42	
2-30	Collective bargaining agreements	Sustainability Report p. 55	
Material topics			
3-1	Process to determine material topics	Sustainability Report p. 43	
3-2	Management Approach	Sustainability Report p. 46	
GRI 201:2016	Economic performance		
3-3	Management of material topics	Sustainability Report p. 48	
201-1	Direct economic value generated and distributed	Sustainability Report p. 48	
GRI 416: 2016	Customer Health and Safety		
3-3	Management of material topics	Sustainability Report p. 47	

GRI Standard	Disclosure	Location	Reason for omission/comment
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report p. 47	
R&D spend			
3-3	Management of material topics	Sustainability Report p. 49	
GRI 401: 2016	Employment		
3-3	Management of material topics	Sustainability Report p. 52	
401-1	New employee hires and employee turnover	Sustainability Report p. 53	
GRI 405: 2016	Diversity and Equal Opportunity		
3-3	Management of material topics	Sustainability Report p. 55	
405-1	Diversity of governance bodies and employees	Sustainability Report p. 55	
GRI 404: 2016	Training and Education		
3-3	Management of material topics	Sustainability Report p. 54	
404-1	Average hours of training per year per employee	Sustainability Report p. 54	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report p. 54	
GRI 305: 2016	Emissions		
3-3	Management of material topics	Sustainability Report p. 56	
305-1	Direct (Scope 1) GHG emissions	Sustainability Report p. 57	
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report p. 57	
	Flight miles and CO ₂ emissions	Sustainability Report p. 58	

Corporate Governance Report

The principles and rules of corporate governance at SKAN are laid down in numerous documents, in particular in the Articles of Association (https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf) and the Organizational Rules. SKAN Group AG is listed on SIX Swiss Exchange. This report complies with the Directive on Information relating to Corporate Governance (Directive Corporate Governance, DCG) of SIX Exchange Regulation AG dated 29 June 2022, which came into force on 1 January 2023.



1 Group structure and shareholders

1 Group structure

SKAN Group AG, with its registered office in Allschwil, in the canton of Basel-Landschaft, has been listed on SIX Swiss Exchange since 28 October 2021 in accordance with the Swiss Reporting Standard (security number: 1339601, ISIN: CH0013396012, security symbol: SKAN). Prior to the listing on SIX Swiss Exchange, the shares of the Company (as an investment company under its previous name "BV Holding AG") were listed on BX Swiss Ltd. SKAN Group AG is the parent company and holds no investments in listed companies within its scope of consolidation. The market capitalisation of SKAN Group AG as of 31 December 2023 is CHF 1'816'668'739.20. SKAN Group AG is a stock corporation (Aktiengesellschaft) organised under the laws of Switzerland in accordance with articles 620 et seq. Code of Obligations (CO) with unlimited duration. The Company was originally incorporated on 8 April 1997 as "Bern Venture Limited" under the laws of the British Virgin Islands and subsequently transferred its registered office to Bern, Switzerland (and at the same time changed its corporate name to "BV Holding AG"). The transfer of registered office was registered in the commercial register of the Canton of Bern on 30 November 2001. On 22 July 2021, the Company moved its registered office to Burgdorf, Canton of Bern, Switzerland.

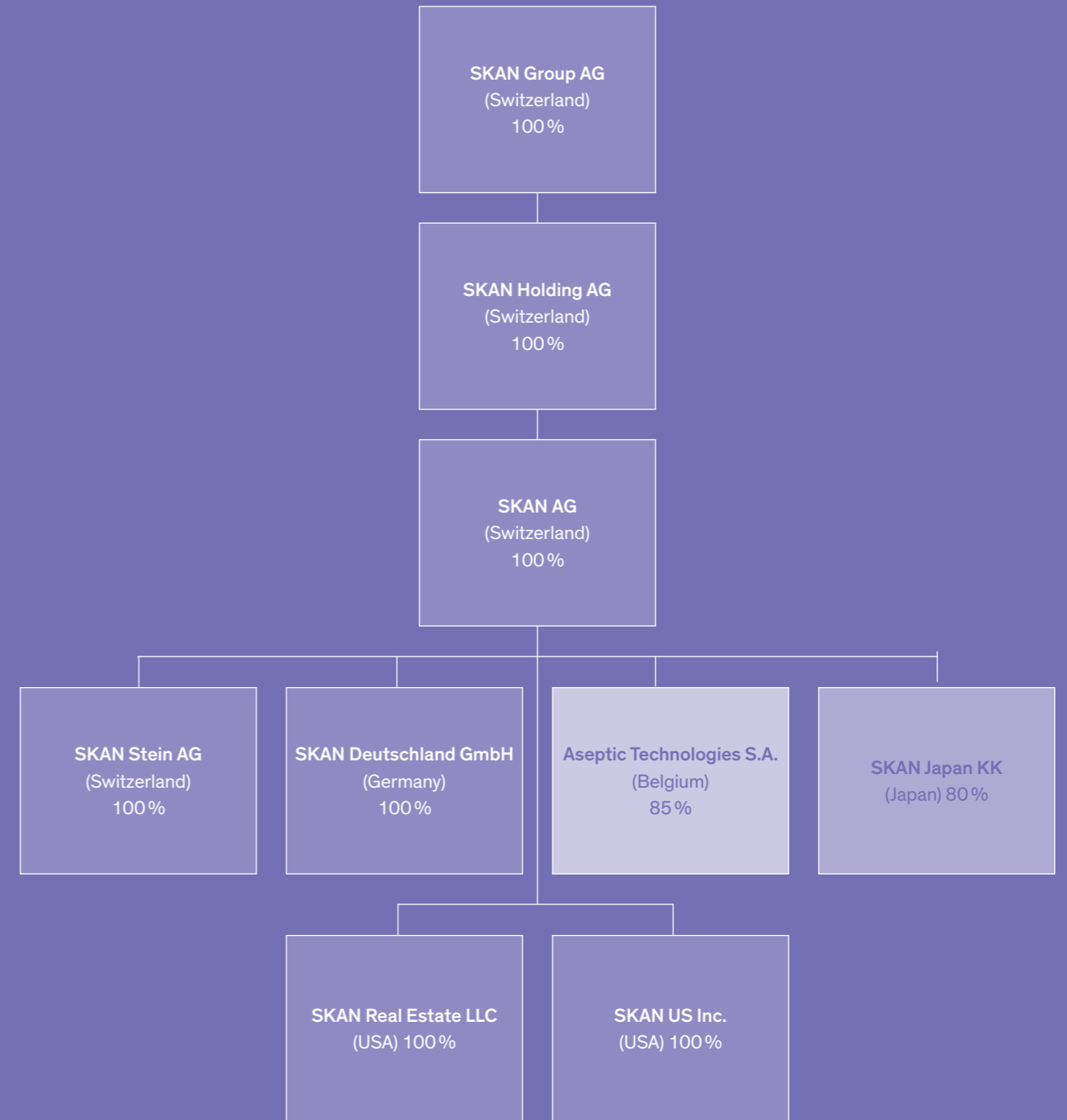
On the occasion of the extraordinary shareholders' meeting of the Company held on 4 October 2021, the Company changed its corporate name from BV Holding AG to SKAN Group AG and moved its registered office from Burgdorf, Canton of Bern to Allschwil, Canton of Basel-Landschaft, Switzerland. As a result, since 4 October 2021, the Company is registered with the commercial register of the Canton Basel-Landschaft under the company registration number CHE-109.404.396.

The Company's registered address and head office is at Kreuzstrasse 5, 4123 Allschwil, Switzerland. The Company's Legal Entity Identifier (LEI) is 506700N25H370ZSEFR11.

As of 31 December 2023, the SKAN Group comprises 9 companies worldwide (fully consolidated). An overview of the group companies including company name, registered office and share capital as well as the shareholdings held by the SKAN Group are shown in note 4.2 to the consolidated financial statements of SKAN Group AG.

Information on segment reporting by region and business units can be found in the notes to the consolidated financial statements in the financial report starting on page 156.

Overview of our group structure



2 Capital structure

Significant shareholders

According to the share register of SKAN Group AG and the disclosure notifications to SIX Exchange Regulation, the following shareholders or groups of shareholders hold 3% or more of the voting rights as at 31 December 2023.

All disclosure notifications in relation with shareholdings and SKAN Group AG are published on SIX Exchange Regulation's website and can be viewed here (incl. Lock-up group information). <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>

Shareholder/ Group of shareholders	Shares (percentage)	Shares (quantity)
Dr. Willy Michel	14.69%	3'302'527
Gregor Plattner	10.61%	2'385'737
Vera Plattner	10.61%	2'385'737
PEMOL-Baumann-Stiftung ¹	7.82%	1'757'823
J. Safra Sarasin Investmenfonds AG	3.49%	785'000
Total registered shares	100%	22'483'524

¹ Peter Baumann held also 439'455 Shares (1.95%) in his private portfolio as at 31 December 2023.

Cross-shareholdings

There are no cross-shareholdings.

1 Capital

The share capital of SKAN Group AG amounts to CHF 224'835.24 as at 31 December 2023 and is divided into 22'483'524 registered shares with a nominal value of CHF 0.01 each. The entire share capital is fully paid in.

2 Authorised and conditional capital

For the last three years the Company has had no changes in the authorised and conditional capital.

3 Changes in capital

On 7 July 2021, the share capital was reduced from CHF 3'665'035.50 to CHF 104'715.30 by reducing the nominal value from CHF 0.35 to of 0.01 while the number of shares remained unchanged at 10'471'530. The capital reduction amount of CHF 3'560'320.20 was paid out to the shareholders in cash with value date as of 24 September 2021.

In October 2021, the share capital was increased by CHF 120'119.94 from CHF 104'715.30 to CHF 224'835.24 through the issuance of 12'011'994 new fully paid-in registered shares with a nominal value of CHF 0.01 each. The capital increase was carried out in connection with the IPO and to take over 783'348 registered shares from previous shareholders of SKAN Holding AG in accordance with the contribution in kind agreement/contracts of 26 October 2021, for which the contributors were issued a total of 10'280'500 new registered shares with a nominal value of CHF 0.01 each in SKAN Group AG.

The share capital of SKAN Group AG has not changed since the IPO on 28 October 2021.

4 Shares and participation certificates

Each share gives the right to one vote. There are no shares with preferential rights or voting shares. All registered shares are eligible for dividends, with the exception of the treasury shares held by SKAN Group AG.

SKAN Group AG has not issued any participation certificates.

5 Profit-sharing certificates

SKAN Group AG has not issued any profit-sharing certificates.

6 Limitation of transferability and nominee registrations

6.1 Limitations of transferability

SKAN Group AG maintains a share register in which the owners, beneficiaries and nominees of the registered shares are entered with name, address and nationality (in the case of legal entities, the registered office).

In relation to SKAN Group AG, only those registered in the share register are recognised as shareholder, beneficiary or nominee. SKAN Group AG recognises only one representative per registered share.

Subject to the registration limitation below, purchasers of shares are, upon request, entered in the share register as shareholders with voting rights upon proof of purchase or of the establishment of a usufruct, provided that they expressly declare that they hold the shares in their own name and for their own account.

The Board of Directors may refuse to recognise a shareholder or beneficial owner with voting rights if the shareholder, together with his or her shares already registered as having voting rights, would exceed the threshold of 20% of all registered shares entered in the commercial register. With the remaining shares, the acquirer is entered in the share register as a shareholder or beneficiary without voting rights.

Legal persons and legal communities linked by capital, voting power, management or otherwise, and all natural or legal persons or communities of persons acting in a coordinated manner by agreement, syndication or otherwise with a view to circumventing the percentage limit, shall be deemed to be one person.

The registration limitation applies subject to Art. 652b para. 3 and Art. 653c para. 3 CO also in the case of the acquisition of registered shares upon the exercise of subscription rights, options and conversion rights. The limitation does not apply to the acquisition of shares by inheritance, division of inheritance or matrimonial property law.

The Board of Directors may cancel entries in the share register with retroactive effect to the date of entry if they have been made as a result of false information. It may hear the shareholder or nominee concerned in advance. The affected shareholder or nominee shall be informed immediately of the cancellation.

6.2 Reasons for granting exceptions during the year under review

No exceptions were granted during the year under review.

6.3 Admissibility of nominee registrations

Persons who do not expressly declare in their application for registration that they hold the shares for their own account (nominees) are entered in the share register as shareholders with voting rights up to a maximum of 3% of the outstanding share capital. Beyond this registration limit, nominees are entered in the share register as shareholders with voting rights if the nominee concerned discloses the names, addresses, nationalities and shares of those beneficial owners on whose behalf he holds 0.5% or more of the outstanding share capital and if the notification requirements under the Federal Act on Financial Market Infrastructures and the Market Conduct in Securities and Derivatives Trading (FMIA) (as amended) are met. The Board of Directors is authorised to enter into agreements with nominees regarding their reporting obligations and to grant exceptions to this rule in individual cases.

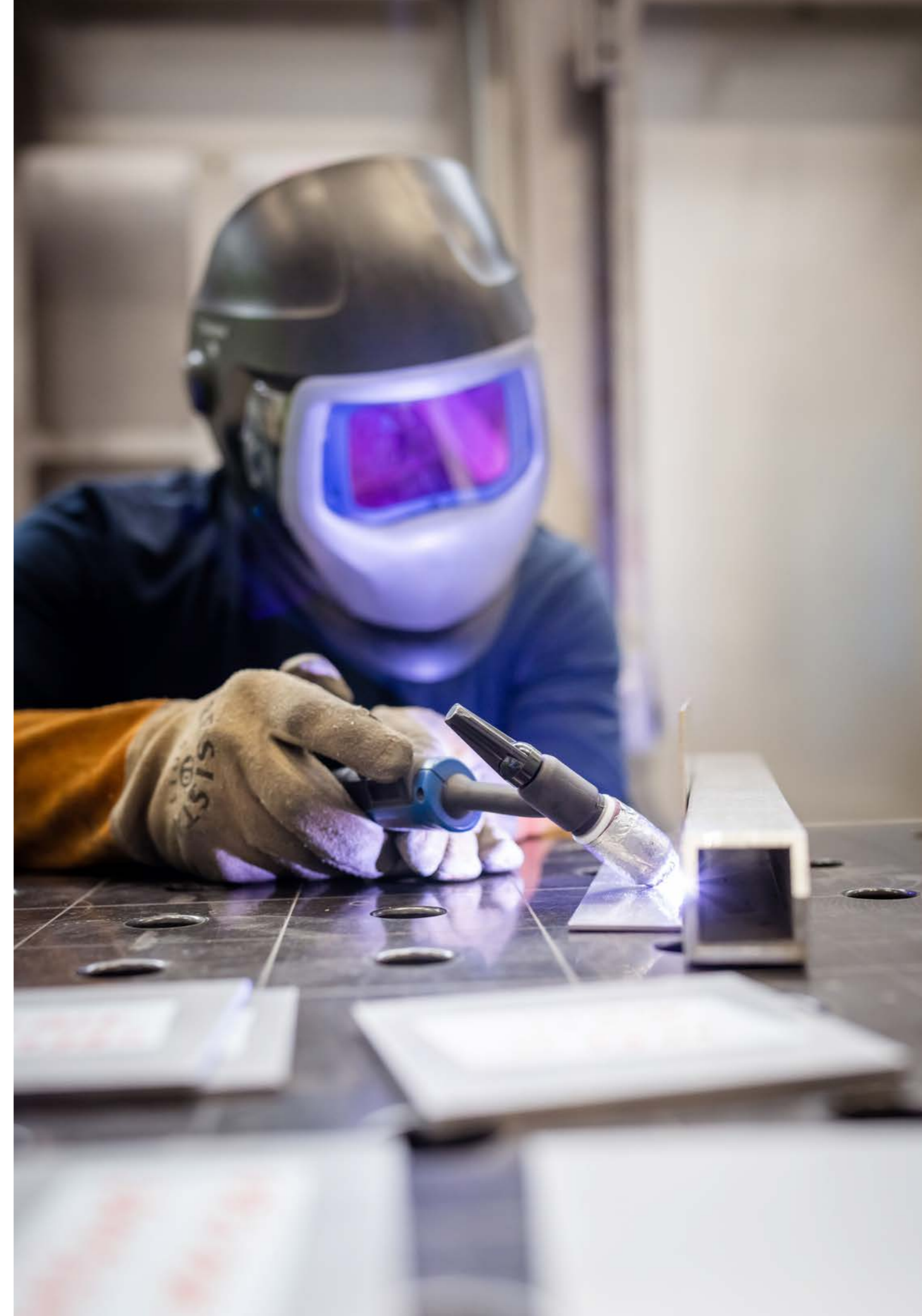
In the year under review, the Board of Directors has not registered any nominees with voting rights exceeding 3%.

6.4 Procedure and conditions for the removal of privileges and limitations of transferability laid down in the Articles of Association

Amending or removing restrictions of transferability of registered shares requires a resolution of the general meeting passed by at least 2/3 of the votes represented and the majority of the nominal value of the shares represented at that general meeting.

7 Convertible bonds and options

SKAN Group AG has not issued any convertible bonds or options.



3 Board of Directors

1 Members of the Board of Directors

According to Art. 15 of the Articles of Association https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf the Board of Directors is composed of at least three members, who do not need to be shareholders.

With the exception of Thomas Huber, none of the Board members carries out operative management tasks for SKAN Group AG or one of the group companies. Thomas Huber is the Group's CEO.

1.1 Changes in the Board of Directors

During the reporting year the following changes in the board of directors took place:

→ Dr. Gert Thoenen is abstaining as Chairman of the Board of Directors of SKAN Group AG as per end of May 2023. The Vice Chairwoman Cornelia Gehrig took over the management of the business of the Board of Directors for the time being.

As at 31 December 2023, the Board of Directors is composed as follows*:

Name	Nationality	Function	In office since	Executive management function the last 3 years	Independence according to Swiss Code of BP for CG
Dr. Gert Thoenen	Swiss	Chairman of the BoD	04.10.2021	No	Yes
Cornelia Gehrig	Swiss	Vice Chairwoman of the BoD	04.10.2021	No	Yes
Oliver Baumann	Swiss	BoD member	04.10.2021	No	Yes
Thomas Huber	Swiss	BoD member	04.10.2021	Yes (CEO of SKAN Group)	No
Dr. Beat Lüthi	Swiss	BoD member	04.10.2021	No	Yes
Gregor Plattner	Swiss	BoD member	04.10.2021	No	Yes
Patrick Schär	Swiss	BoD member	04.10.2021	No (only CEO of BV Holding AG – which was the former investment company)	Yes

* All non-executive members of the Board of Directors except Thomas Huber are independent in the sense of the Swiss Code of Best Practice for Corporate Governance and have not served on either the Executive Management of SKAN Group AG or the management board of any subsidiary during the past three years. They do not have significant business relationships with SKAN.



Gert Thoenen, 1957
Dr. iur., Attorney at Law, LL.M.
Swiss citizenship

Position
Chairman of the BoD, NCC member

Education, professional career
Studied law at the University of Basel, graduated in 1983, Dr. iur. 1988 (University of Basel), admitted to the bar in 1986. Currently partner at Lenz Caemmerer (Basel and Karlsruhe).

- Significant mandates in non-listed companies**
- AIL Holding AG, MuttENZ (BoD member)
 - Auto-Interleasing AG, MuttENZ (BoD member)
 - B.I. Collection BE AG, Feutersoey (BoD member)
 - Airport Casino Basel AG, Basel (BoD member)
 - Airport Hotel Basel AG, Basel (BoD member)
 - Projet Casinio Prilly SA, Prilly (BoD member)
 - Designo AG, Basel (Chairman)
 - Herrli Holding AG, Arlesheim (BoD member)
 - APACO AG, Grellingen (BoD member)
 - Inra Group AG, Pratteln (BoD member)
 - Burckhardt Architektur Group, Basel (BoD member)
 - Burckhardt Architektur AG, Basel (BoD member)
 - Burckhardt Areale AG, Basel (BoD member)
 - Burckhardt Immobilien AG, Basel (BoD member)
 - Burckhardt Entwicklungen AG, Basel (BoD member)
 - Neoperl Holding AG, Reinach (BoD member)
 - Neoperl AG, Reinach (BoD member)
 - Diaqua AG, Reinach (BoD member)
 - 24 Stunden Apotheke Basel AG, Basel (Chairman)
 - Praxisklinik Rennbahn AG, MuttENZ (Chairman)



Cornelia Gehrig, 1966
lic.rer.pol, Certified Public Accountant
Swiss citizenship

Position
Vice Chairwoman of the BoD, AC Chairwoman

Education, professional career
Lic.rer.pol. (University of Bern, business administration and economics). Certified Public Accountant (EXPERTsuisse). Corporate leadership programme at IMD Lausanne/Singapore. ESG Designation Programme for Board Members (Competent Board, CAN). Track record as Group CFO in internationally active companies (Bystronic Group, Precious Woods Group, Ionbond Group) with overall responsibility for Global Finance & IT. Independent director since 2021.

- Significant mandates in non-listed companies**
- Bank Cler AG, Basel (BoD member)
 - Ernst Schweizer AG, Basel (BoD member)
 - Infors Group, Bottmingen (BoD member)
 - LUKS Group, Luzern (BoD member until May 2024)
 - LUKS Spitalbetriebe AG, Luzern (BoD member until May 2024)
 - LUKS Immobilien AG, Luzern (BoD member until May 2024)
 - Spital Nidwalden AG, Stans (BoD member until May 2024)



Oliver Baumann, 1971
Federal diploma Hôtelier / Restaurateur HF
Swiss citizenship

Position
BoD member, NCC member

Education, professional career
Studied business management at SHL and holds a federal diploma. Experience in corporate management in hospitality management and healthcare business. Currently Head of Hospitality and Facility management.

- Other mandates/activities**
- PEMOL-Baumann Stiftung, Hergiswil NW (Member of trustees)



Thomas Huber, 1966
MSc ETH
Swiss citizenship

Position
BoD member, Group CEO, Member of executive management at SKAN since 2005

Education, professional career
MSc ETH Zürich
Advanced management programme (SKU/HSG 2007 & INSEAD 2017)

- Since 2017 CEO SKAN Group
- 2009 Chief Management Officer, Deputy CEO & member of Management
- 2005 Director of Sales & member of management
- 1998 Sales Manager
- 1996 joined SKAN AG as Sales Engineer



Beat Lüthi, 1962
Dr. sc. techn. ETH
Swiss citizenship

Position
BoD member, NCC Chairman

Education, professional career
Studied electrical engineering at ETH Zurich and Business Administration (PhD). Completed International Executive Programme at INSEAD Business School. CEO of CTC Analytics AG since 2008.

- **Mandates in listed companies**
Inficon Holding AG, Bad Ragaz (BoD Chairman)
- **Significant mandates in non-listed companies**
APACO AG, Duggingen (BoD member)



Gregor Plattner, 1970
lic. iur.
Swiss citizenship

Position
BoD member, AC member

Education, professional career
Studied law at the University of Basel, graduated in 1998. Various international cultural management roles between 1999 and 2005. Has held various management roles in IT, Sourcing, Risk Management and HR at UBS between 2005 and 2023. Since 2023 founder and owner of plattnerhess.

- **Significant mandates in non-listed companies**
Bonacasa Holding AG, Oensingen (BoD member)
Bonacasa AG, Oensingen (BoD member)
Pagameno Invest AG, Bern (BoD member)



Patrick Schär, 1977
lic.rer.pol.
Swiss citizenship

Position
BoD member, AC member

Education, professional career
Studied business administration and economics at the University of Bern (lic.rer.pol.) and trained as a banker. CEO of BV Holding AG (BV Group) from 2010 to 2021 and CEO of TecMed AG and of TecMed GmbH Deutschland since 2021.

- **Significant mandates in non-listed companies**
Gurtenfestival AG, Bern (BoD member)
LEM Surgical AG, Bern (BoD member)
- **Other mandates/activities**
Ypsomed Innovationsfonds, Burgdorf (Board of Foundation member, Member of executive management)



From left to right:
Front row: Gregor Plattner, Cornelia Gehrig, Dr. Beat Lüthi
Back row: Thomas Huber, Oliver Baumann, Patrick Schär

3 Rules in the Articles of Association on the number of permitted activities

According to Art. 15 of the Articles of Association https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf, the number of mandates within the supreme management and governance bodies of legal entities outside the Company that must be entered in the Swiss commercial register or a comparable foreign register is limited for Board members to four mandates in listed companies and to seven mandates in large non-listed companies that meet the requirements of Art. 727 para. 2 no. 2 OR (ordinary audit), and to fifteen mandates in other legal entities such as small companies, foundations and associations. If mandates are exercised within several legal entities of the same group or on behalf of a group, these are counted as one mandate. Short-term exceedances are permitted.

4 Election and term of office

According to Art. 15 and 16 of the Articles of Association https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf, the general meeting elects the members and the chairperson of the Board of Directors, each for a one-year term of office. The term of office ends after the conclusion of the next annual general meeting. Prior resignation and removal remain reserved. The members of the Board of Directors may be re-elected at any time.

With the exception of the election of the chairperson and the election of the members of the Nomination and Compensation Committee by the general meeting, the Board of

Directors constitutes itself. As required, it elects one or several vice-chairpersons, delegates and the secretary, who does not need to be a member of the Board of Directors. If the office of the chairperson of the Board of Directors becomes vacant, the Board of Directors designates a new chairperson from amongst its members for the remaining term.

The general meeting elects an independent proxy each year. The term of office ends after the next ordinary general meeting. Re-election is possible. If the Company does not have an independent proxy elected by the general meeting, the Board of Directors appoints one for the next general meeting.

5 Internal organisation

5.1 Allocation of tasks within the Board of Directors

The Board of Directors is composed of the chairman, Dr. Gert Thoenen, who has abstained since May 2023 and six other members. In the year under review, the Vice-Chairwoman Cornelia Gehrig has taken over the management of the business of the Board of Directors. The day-to-day management was assigned to the Group's CEO Thomas Huber.

The Board of Directors may assign the preparation and execution of its resolutions or the supervision of certain topics to committees or individual members. It must ensure appropriate reporting to its members.

The members of the Board of Directors cover a broad spectrum of competencies. Each member has an in-depth knowledge of his or her relevant areas of expertise. Together, they ensure that the Board of Directors can adequately execute its strategic oversight and control over the SKAN Group.

Board of Directors combines diverse skills and backgrounds

	Healthcare	Finance/ Accounting	Legal & Regulatory	M&A	Strategy	Marketing	Leadership	International markets
Dr. Gert Thoenen	●		●	●			●	
Cornelia Gehrig	●	●		●	●			●
Oliver Baumann	●					●		
Thomas Huber	●				●	●	●	●
Gregor Plattner			●	●	●		●	
Dr. Beat Lüthi	●	●		●	●		●	●
Patrick Schär	●	●		●	●			



5.2 Composition, duties and delimitation of competencies of all BoD committees

The Board of Directors has set up the following committees:

- the [Nomination and Compensation Committee \(NCC\)](#)
- the [Audit Committee \(AC\)](#)

The following table shows the existing committees during the year under review as well as their members.

Name	Nomination and Compensation Committee	Audit Committee
Cornelia Gehrig		● (chairwoman)
Gregor Plattner		●
Patrick Schär		●
Dr. Beat Lüthi	● (chairman)	
Oliver Baumann	●	
Dr. Gert Thoenen	●	

5.3 Working method of the Board of Directors and its committees

Board of Directors

According to section 3.4 of the Organisational Regulations https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Organisationsreglement_Investor_Relations%20_EN_2024.pdf, the Board of Directors meets as often as the Group's business requires or when this is requested by a Board member, but at least six times a year.

The deliberations and passing of resolutions within the Board of Directors generally take place at physical meetings. Instead of meetings, telephone and video conferences or meetings using other means of electronic data transmission may also be organised.

Board meetings are convened by the chairperson or the latter's deputy. Each Board member is entitled to request a Board meeting by stating the agenda items.

The meeting is convened at least ten days in advance, unless otherwise required by urgent matters, in writing or using means of electronic data transmission (e.g. email, DocuSign, etc.) and by stating the time, place and agenda items. The documents that are necessary to ensure the proper preparation of the Board meeting must be submitted to the Board members at the same time as the written notice convening the meeting. It is possible to forego complying with this deadline with the consent of all Board members, which must take place in writing or using means of electronic data transmission (e.g. email, DocuSign, etc.). If all Board members are present and if no objection is raised, the meeting may be held without complying with the above-mentioned requirements.

The chairperson or the latter's deputy shall set the agenda items for the meeting. Each Board member has the right to have a specific item set on the agenda provided they submit to the chairperson a written request (also using means of electronic data transmission (e.g. email, DocuSign, etc.)) at least five days before the meeting. All Board members must be informed immediately about such changes by the chairperson or his deputy.

The chairperson or, in case the latter is incapacitated, the latter's deputy presides over the meeting. In case the chairperson and the latter's deputy are incapacitated, the Board members present designate a member as chairperson of the meeting.

The CEO usually takes part in the Board meetings; any other member of Management or other individuals who are not Board members may be invited to Board meetings.

The persons taking part in the meeting who are not Board members take part in an advisory capacity but have no voting right; furthermore, they must leave the meeting as soon as the chairperson or a majority of Board members so require. The NCC and AC were established after the IPO in October 2021.

Overview Board meetings 2023

	Meetings
Number of meetings	8
Average duration	6.5 hours

Participants	Number of participations
Dr. Gert Thoenen	2
Cornelia Gehrig	8
Oliver Baumann	8
Thomas Huber	8
Dr. Beat Lüthi	8
Gregor Plattner	8
Patrick Schär	8

In addition to the 8 board meetings, a one day workshop was held in October 2023.

At least 6 Board meetings with an average duration of 6.5 hours are planned for the coming year.

Nomination and Compensation Committee

According to Art. 22 of the Articles of Association https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf and section 3.2 of the Organisational Regulations https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Organisationsreglement_Investor_Relations%20_EN_2024.pdf, the Nomination and Compensation Committee is composed of at least three members of the Board of Directors who are elected by the general meeting on a yearly basis. The term of office ends after the conclusion of the next annual general meeting. The Board of Directors designates the chairperson of the Nomination and Compensation Committee. In the event of an early resignation of one or several Board members, the Board of Directors may designate substitute members from among its members until the conclusion of the next annual general meeting. The Nomination and Compensation Committee meets as often as business activities require, but at least twice a year.

The Nomination and Compensation Committee defines the Group's compensation policy as well as the Group's performance objectives and criteria. It monitors its implementation periodically and submits further suggestions and recommendations to the Board of Directors. The Nomination and Compensation Committee prepares the relevant Board resolutions related to the nomination and compensation of the Board members, the CEO and the other members of Management and submits corresponding proposals to the Board of Directors. The Nomination and Compensation Committee reports periodically to the Board of Directors on its activities.

The Board of Directors may transfer to the Nomination and Compensation Committee other powers and duties regarding nomination and compensation as well as related matters. The overall responsibility for the duties and powers transferred to the Nomination and Compensation Committee remains with the Board of Directors.

Overview Nomination and Compensation Committee meetings 2023

	Meetings
Number of meetings	4
Average duration	2.5 hours

Participants	Number of participations
Dr. Beat Lüthi	4
Cornelia Gehrig	2
Oliver Baumann	4
Dr. Gert Thoenen	2

At least 4 NCC meetings with an average duration of 2.5 hours are planned for the coming year.

Audit Committee

According to section 3.3 of the Organisational Regulations https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Organisationsreglement_Investor_Relations%20_EN_2024.pdf, the Board of Directors sets up an Audit Committee composed of at least three Board members. The term of office ends after the conclusion of the next annual general meeting. The Board of Directors designates a chairperson who cannot be the chairperson of the Board of Directors. The Audit Committee meets as often as business activities require, but at least four times a year.

The Board of Directors seeks to designate independent and non-executive members within the meaning of the provisions of the Swiss Code of Best Practice for Corporate Governance as members of the Audit Committee. The majority of members, including the chairperson, must be experienced in financial and accounting matters.

The Audit Committee supports the Board of Directors in fulfilling its duties prescribed by law, in particular in the areas of financial controlling (ultimate supervision of the internal audit function and of the statutory auditor, monitoring of financial reporting) and ultimate supervision of the persons entrusted with management (internal control system). The Audit Committee's powers and duties are detailed in the Audit Committee Regulations, which can be found in Annex 3 to the Organisational Regulations https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Organisationsreglement_Investor_Relations%20_EN_2024.pdf.

The overall responsibility for the duties and powers transferred to the Audit Committee remains with the Board of Directors. The Audit Committee reports periodically to the Board of Directors on its activities.

Overview Audit Committee meetings 2023

	Meetings
Number of meetings	4
Average duration	6.0 hours

Participants	Number of participations
Cornelia Gehrig	4
Gregor Plattner	4
Patrick Schär	4

At least 4 AC meetings with an average duration of 6 hours are planned for the coming year.

6 Definition of areas of responsibility

According to Art. 19 of the Articles of Association https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf, the Board of Directors has the following non-transferable and inalienable duties:

- 1 the ultimate management of the Company and the issuance of the necessary directives;
- 2 the determination of the organisation;
- 3 the determination of the accounting system, financial controlling and financial planning;
- 4 the designation and removal of those entrusted with management and representation as well as the determination of their signatory powers;
- 5 the ultimate supervision of those entrusted with management, particularly with regard to compliance with the laws, statutes, regulations and directives;
- 6 the preparation of the management report consisting of the annual report and the consolidated financial statements and the compensation report as well as the preparation of the general meeting and the execution of its resolutions;
- 7 the passing of resolutions on the subsequent payment of capital on non-fully paid-in shares;
- 8 the passing of resolutions on the determination of capital increases and subsequent changes to the Articles of Association;
- 9 the submission of a request for a debt restructuring moratorium and the notification of the court in case of over-indebtedness;
- 10 other non-transferable and inalienable duties and powers of the Board of Directors in accordance with the Merger Act and other applicable laws;
- 11 the passing of resolutions on other matters that are reserved to the Board of Directors by law or the Articles of Association.

In addition to the non-transferable duties, the Board of Directors also decides upon the following in accordance with the “Chart of Authorities SKAN Group”:

- group strategy, medium-term planning and group budget
- salaries and bonus system
- non-budgeted loans
- acquisition and use of shares, share certificates and options
- investments ≥ 1 million
- strategic partnerships, joint ventures and indirect capital investments
- acquisition and investments in other business areas
- divestiture of divisions or fixed assets (without investments) ≥ 0.3 million
- acquisition, disposal or lease of buildings ≥ 0.3 million
- conclusion of settlements or disputes ≥ 0.3 million

According to section 5.1 of the Organisational Regulations https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Organisationsreglement_Investor_Relations%20_EN_2024.pdf, the Board of Directors has delegated the operational management to the management serving in a group company (SKAN AG); the latter’s rights and duties are summarised in the following paragraphs.

The CEO and members of Management are designated and dismissed by the Board of Directors.

Management runs the Group’s business under the direction of the CEO. Management decides upon all matters that are not reserved to the Board of Directors, the CEO or another body in accordance with the law and the Articles of Association https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf, or the Organisational Regulations https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Organisationsreglement_Investor_Relations%20_EN_2024.pdf.

Management must comply with the orders and instructions issued by the Board of Directors. Management reports periodically to the Board of Directors and informs the latter about the current state of affairs and important business transactions.

Significant processes and events that may have a lasting effect on the Group’s operations must be communicated immediately to the Board members by way of circular.



7 Information and controlling instruments vis-à-vis Management

The Board of Directors receives exactly the same information as Management. The report covers orders and revenues recorded within each business unit against the previous year and the budget. It also contains an actual and forecast cashflow

statement until the end of the year, detailed information on overhead costs against the previous year and the budget as well as financial and personnel-related indicators. The financial report gives the Board of Directors an overview of the current business activities.

Information and controlling instruments	monthly	quarterly	once a year	every 5 years
Financial report (balance sheet, income statement, cashflow and indicators)	●			
Budget			●	
Forecast		●		
Strategy/Vision (5-year plan)				●
Risk assessment			●	
Internal control system			●	

The budget is prepared once a year during the autumn for the following year. The strategy provides guidance in this respect. To this end, all cost centre managers, Management and the Controlling function come together in order to prepare the budget during a two-day external workshop. Each quarter, the budget is slightly revised based on a forecast and adjusted to the current situation. The budget and the forecast are approved by the Board of Directors.

The strategy, or vision, is defined every five years for the next five years. Once a year this vision/strategy is reviewed in line with market developments and confirmed by the Board of Directors. The current vision is effective until 2025. In this respect, the Board of Directors sets the strategic direction, which is defined by Management in conjunction with the Controlling function. Finally, the strategy is critically analysed and adopted by the Board of Directors. SKAN promotes entrepreneurial behavior and a consistent focus on innovation and sustainable customer benefits while carefully managing risks, fully complying with the standards of conduct laid down in the binding Code of Conduct and taking appropriate account of the interests of all stakeholders. As in every year, the Board of Directors carried out a Group-wide integral risk assessment in 2023, based on the management reporting and the separate Group risk report, which includes the risk assessment process and the greatest risks and is prepared together with an external company. The risk process is implemented throughout the Group and comprises the identification, evaluation and qualitative assessment of operational, financial and strategic risks. It is linked to risk monitoring, action plans and standardised reporting. In the reporting year, the focus was on the following risks:

- Development and portfolio management: SKAN's product portfolio developments miss the market impact. This leads to delays and loss of market leadership.
- Standardisation: The planned growth is not achieved on the level assumed. This leads to quality deficiencies, delays additional personnel costs, and loss of market leadership.
- Market Leadership: Competition in the market is increasing. This leads to a decline in turnover and loss of margins.

- Quality: Due to the high workload, rapid growth and lack of experience of new employees, errors occur, or quality standards are not met. This leads to additional personnel costs, delays, a decline in turnover, loss of margins and legal proceedings.

In addition, other topics are systematically considered at Group and national company level, in particular environmental, social and governance (ESG) issues.

The internal control system (ICS) is audited by the statutory auditor in accordance with the Swiss Code of Obligations (Art. 728 a para. 1 no. 3 and 728 b para. 1 OR) and the results are communicated to the Board of Directors in a report. Each year, the statutory auditor concentrates on various focus areas.

Internal Auditing is performed by the auditing firm KPMG. It performs the internal operational auditing function within the Group. It reports to the Audit Committee. The coordination of the implementation of auditing tasks is delegated to the CFO. Internal Audit performs audits in the Group in accordance with the audit concept proposed by the Audit Committee and defined by the Board of Directors. The audits cover the following areas on a rolling basis:

- Effectiveness of selected operational processes at Group level, in the regions and at selected Group companies
- Effectiveness of governance and risk management policies & processes
- Effectiveness of internal control processes
- Reliability and completeness of financial and operational information

Internal Audit prepares reports with recommendations for the attention of local management and the Audit Committee. Local management comments on the recommendations and takes immediate corrective action if the recommendations are accepted. If local management rejects a recommendation and Internal Audit and the CFO uphold it, it is implemented by order of the Audit Committee. In the reporting year 2023 3 internal audits were conducted.



4 Management

1 Members of Management

The Board of Directors has delegated the management to the CEO, Thomas Huber, who has been CEO of the SKAN Group since 2017. Management is composed of the CEO as well as eight other members who are responsible for the various departments.

During the reporting year the following changes in the executive management took place:

- As of 1 February 2023 Maria Cuevas Otero joined SKAN as Group CSO.
- Cornelia Henny-Weiss resigned as Group Chief Operations Officer (COO) as per 31 March 2023. The CEO Thomas Huber took over the topics for the time being.

Further information on the members of the Group Executive Management is provided on pages 90 to 94. Information on the members who left the company in the reporting year can be found in the previous year's Corporate Governance Report at https://ir.skana.com/download/companies/skana/Annual%20Reports/SKAN_Annual_Report_2022.pdf.

2 **Members of Management**

The mandates of Management are disclosed according to their importance.



Thomas Huber, 1966
Group CEO
Chief Executive Officer
Swiss citizenship

Position
BoD member since 2012, Member of executive management at SKAN since 2005

Education, professional career
MSc ETH Zürich
Advanced management programme
SKU/HSG 2007 & INSEAD 2017

Since 2017 CEO SKAN Group
2009 Chief Management Officer, Deputy CEO & member of Management
2005 Director of Sales & member of management
1998 Sales Manager
1996 joined SKAN AG as Sales Engineer



Maria Cuevas Otero, 1976
Group CSO
Chief Service Officer
Spanish citizenship

Position
Member of executive management at SKAN since 2023

Education, professional career
Executive MBA HSG
MBA, UNED Spain
Degree Engineer in Computer Sciences,
University of Sevilla Spain

2023 joined SKAN Group as CSO
2020 Chief Digital Transformation Officer, SVA AG
2015-2019 Hexagon Geosystems
2018 Vice President Technology
2015 Director R&D
2007-2015 Bombardier Transportation
2013 Head of TCMS Projects and Services
2012 Manager Wayside and Communications
2007 Team Lead Converter Control Applications
2001 Development Engineer, DaimlerChrysler AG (today Mercedes-Benz Group), Germany

→ **Significant mandates in non-listed companies**
BLT AG, Oberwil BL (BoD member)



Marina Häni, 1992
Group CPCO
Chief People and Culture Officer
Swiss citizenship

Position
Member of executive management at SKAN since 2022

Education, professional career
Currently MAS Human Resource Management
Federal Diploma of Higher Education in Human Resource Management, HRSE
Advanced Federal Diploma of Higher Education in Hospitality Management

Since 2022 CPCO SKAN Group
2021 HR Business Partner
2020 HR Specialist
2019 joined SKAN AG as HR Assistant
2014 Assistant to the Manager & Head of HR, Hotel Bad Bubendorf



Philippe Jérôme, 1976
Group CMO
Chief Marketing & Sales Officer
French citizenship

Position
Member of executive management at SKAN since 2017

Education, professional career
INSEAD Paris, Advanced Management Program
SKU University of St. Gallen, Advanced management Diploma
ENSAM High School of Engineering Arts Et Métiers

Since 2017 CMO SKAN Group
2015 Head of Sales Europe
2007 joined SKAN AG as Sales Manager
2001-2007 Busch Vacuum Solutions
2004 Key Account Manager
2001 Sales Engineer

2 **Members of Management**

The mandates of Management are disclosed according to their importance.



Ralf Krämer, 1966
Group CTO
Chief Technology Officer
German citizenship

Position
Member of executive management at SKAN since 2022

Education, professional career
State-certified engineer in metal construction, Städt. gewerbliches Berufsbildungszentrum, Würzburg

Since 2022 CTO SKAN Group
2020 joined SKAN AG as Director Customised Solutions
2018 Head of Operations Engineering, TETRA PAK
2017 Head of Design Engineering, SKAN AG
2012-2016 TETRA PAK
2014 Director Future Packaging Material Technologies
2012 Head Advanced Film & Barrier Solutions



Burim Maraj, 1982
Group CFO
Chief Financial Officer
Swiss citizenship

Position
Member of executive management at SKAN since 2012

Education, professional career
Executive MBA HSG
BSc in Business Administration, University of Applied Sciences and Arts of Northwest Switzerland

Since 2018 CFO SKAN Group
2012 Chief Officer IT & Controlling, SKAN AG, became member of Management
2011 Controller SKAN AG
2008 joined SKAN AG as finance & accounting and administration clerk



Sascha Pawel, 1975
Group CIO
Chief Innovation Officer
German citizenship

Position
Member of executive management at SKAN since 2016

Education, professional career
Executive MBA HSG
Degree in Electrical Engineering/Microelectronics and Sensors University of Ilmenau

Since 2018 CIO SKAN Group
2016 COO (Chief Operations Officer) SKAN Group
2015 joined SKAN Group as Global Process Manager
2012 Director Operations High Power, Power Integrations Switzerland/Power Integrations Group
2005-2012 CT-Concept Technologie AG
2010 Head of Technology Development and Head of Production and Quality
2007 Senior Engineer R&
2005 Project Leader ASIC Design
1999 Research Staff Member, Ilmenau Technical University, Germany



Martin Steegmüller, 1973
Group CPO and CDO
Chief Pure Solutions Officer & Chief Digital Solutions Officer
Swiss/German citizenship

Position
Member of executive management at SKAN since 2017

Education, professional career
Executive MBA HSG,
Executive MBA Toronto, Canada
BSc in Business Administration and International Marketing, Berufsakademie Villingen-Schwenningen, Germany

Since 2020 in addition CDO SKAN Group
2017 joined SKAN Group as CPO
2014 Managing Director Kuschall AG, Invacare AG, active wheelchairs
2008 Area Manager Europe II, Cochlear AG, hearing implants
2001–2008 GE Healthcare, General Electric (GE) Medical System IT GmbH:
2005 Marketing Director Diagnostic Cardiology EMEA
2004 Marketing Manager EMEA “Resting ECG” & strategic alliances/OEM
2002 Product Manager EMEA Cardiology; CVIS (Cardio Vascular Information Systems)
2001 E-Business/E-Commerce Manager EMEA
1997 Area Manager Export Aluminium Composites (Display), Alusuisse Singen GmbH

→ **Significant mandates in non-listed companies**
→ Steegmüller GmbH, Magstadt DE (BoD member)

2 Members of Management

The mandates of Management are disclosed according to their importance.



Thomas Zinn, 1970

Group CCO
Chief Contracting Officer
German citizenship

Position

Member of executive management at SKAN since 2020

Education, professional career

Degree in Engineering, University of Applied Sciences
Albstadt-Sigmaringen,
25+ years of experience in the development &
manufacturing of pharmaceutical drug

2020 joined SKAN Group as CCO
2003-2020 Novartis AG/Sandoz AG Technical Operations
2019 Head Process Unit Galenic in Aseptic Manufacturing
2018 Head Strategic Planning and PMO
2016 Head Drug Product Supply of Sterile Network
2013 Plant Head (greenfield) in Aseptic Manufacturing
2011 Head Quality System in Chemical Operations
2003 Managerial roles in Sterile Production
1998-2003 F. Hoffmann-La Roche AG
1998 Methods Engineer, Development Solid Dosage Forms

3 Mandates

According to Art. 15 of the Articles of Association https://ir.skand.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf, the maximum number of mandates is limited to one mandate in listed companies, five mandates in large non-listed companies and fifteen mandates in other legal entities. If mandates are exercised in several legal entities of a single group or on behalf of a group, these are counted as one mandate. Short-term exceedances are permitted.

4 Management contracts

SKAN Group has not concluded any management contracts with third parties.



From left to right:
Burim Maraj, Sascha Pawel, Marina Häni, Thomas Huber, Martin Steegmüller, Ralf Krämer,
Philippe Jérôme, Thomas Zinn, Maria Cuevas Otero

5 Compensation, investments and loans

1 Content and method for determining compensation and participation programmes

Details regarding the principles and elements of compensation and participation programmes for current and former members of the Board of Directors and Management of the SKAN Group as well as the responsibility and method for their determination are provided in section 2 and 3 of the separate compensation report.

2 Rules in the Articles of Association

2.1 Rules in the Articles of Association concerning the principles governing performance-based compensation and the allocation of equity securities, conversion rights and option rights as well as the supplementary amount for the compensation of members of Management who are appointed after the vote of the general meeting on compensation

Details regarding performance-based compensation, e.g. the granting of participation instruments, conversion and option rights as well as the supplementary amount for the compensation of members of Management are provided in section 2 and 3 of the separate compensation report.

2.2 Rules in the Articles of Association concerning loans, credits and pension benefits to members of the Board of Directors and Management

Loans, credits and pension benefits to members of the Board of Directors and Management are shown in sections 3.2 and 3.4 of the separate compensation report.

2.3 Rules in the Articles of Association concerning the vote of the general meeting on compensation

Details regarding the rules on the vote of the general meeting on compensation are provided in Art. 21 of the Articles of Association https://ir.skan.com/download/companies/skan-ag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf and in section 2 of the separate compensation report.

6 Shareholders' participation rights

1 Voting rights restrictions and representation

Each shareholder who is registered in the share register on the day of the general meeting is entitled to participate and vote at the general shareholder meeting. Nominees have the same rights as the other shareholders provided that the conditions set out in section 2.6.3 of this report are met.

The Board of Directors may refuse to recognise a shareholder or beneficial owner with voting rights if the shareholder, together with his or her shares already registered as having voting rights, would exceed the threshold of 20% of all registered shares entered in the commercial register. With the remaining shares, the acquirer is entered in the share register as a shareholder or beneficiary without voting rights.

Joint acting shareholders linked by capital, voting power, management or otherwise, and all natural or legal persons or communities of persons acting in a coordinated manner by agreement, syndication or otherwise with a view to circumventing the percentage limit, shall be deemed to be one person.

The registration limitation applies subject to Art. 652b para. 3 and Art. 653c para. 3 CO also in the case of the acquisition of registered shares upon the exercise of subscription rights, options and conversion rights. The limitation does not apply to the acquisition of shares by inheritance, division of inheritance or matrimonial property law.

No exceptions were granted during the year under review.

Amending or removing voting right restrictions requires a resolution of the general meeting passed by at least 2/3 of the votes represented.

Shareholders may be represented at the general meeting by a third party who does not need to be a shareholder or by the independent proxy. A written power of attorney is required for representation. The Board of Directors determines the requirements for powers of attorney and instructions in detail, whereby it may also provide for electronic powers of attorney without a qualified electronic signature. The Board of Directors announces, at the latest in the invitation to the general

meeting, the details and cut-off date for the granting of written and electronic powers of attorney and instructions to the independent proxy. Elections and votes may be conducted electronically by resolution of the General Meeting or by order of the chairperson. The chairperson may at any time have an open ballot or election repeated by written and/or electronic ballot if, in his/her opinion, there is any doubt as to the result of the vote.

7 Change of control and defensive measures

2 Quorums required by the articles of association

The general meeting passes its resolutions and carries out its elections by an absolute majority of the votes cast (excluding abstentions and invalid votes), unless otherwise required by law.

In the event of an election undecided in the first ballot and more than one candidate standing for election, a second ballot will be held in which the relative majority decides.

A majority of at least 2/3 of the votes represented and of the absolute majority of the nominal value of shares represented is necessary to pass a resolution on the following agenda items:

- > the modification of the Company's purpose;
- > the introduction or cancellation of shares with preferential voting rights;
- > the limitation of the transferability of registered shares and any change and the cancellation of such a limitation;
- > the limitation of the exercising of the voting right, any change and the cancellation of such a limitation;
- > an authorised or conditional capital increase;
- > the capital increase from shareholders' equity, against a contribution in kind or for the purpose of acquiring assets and the granting of special privileges;
- > the limitation or cancellation of the subscription right;
- > the change of the Company's registered office;
- > the dissolution of the Company;
- > the delisting of equity securities; and
- > the introduction of an arbitration clause in the Articles of Association.

The passing of resolutions on mergers, demergers and conversions is governed by the provisions of the Merger Act.

3 Convening the general meeting

The general meeting is convened by the Board of Directors at the latest 20 days before the day of the meeting through an announcement in the Swiss Official Gazette of Commerce. Meetings may also be convened through a letter or a means of electronic data transmission (including email) to all shareholders registered in the share register. The notice convening the meeting shall indicate, besides the date, time and place of the meeting, the agenda items as well as the proposals issued by the Board of Directors and shareholders who have requested the holding of a general meeting or the placing of an item on the agenda. No resolutions may be passed on items that have not been announced correspondingly; with the exception of requests to convene an extraordinary general meeting or to conduct a special audit.

4 Inclusion of items on the agenda

Shareholders who represent together at least 0.5% of the share capital or the votes may request the placing of an item on the agenda. This must take place in writing at least 45 days before the meeting by stating the agenda items and the proposals.

5 Entries in the share register

The Board of Directors announces, at the latest in the invitation to the general meeting, the cut-off date of the entry in the share register relevant for the right to attend and vote.

1 Duty to make an offer

The obligation to make a public bid pursuant to Art. 135 FMIA (as amended) only exists if the threshold of 49% of the voting rights is exceeded (opting-up).

2 Clauses on change of control

There are no clauses on change of control in favour of the members of the Board of Directors, Management or other executives of the SKAN Group.

The Board of Directors may refuse to recognise a shareholder or beneficial owner with voting rights if the shareholder, together with his or her shares already registered as having voting rights, would exceed the threshold of 20% of all registered shares entered in the commercial register. With the remaining shares, the acquirer is entered in the share register as a shareholder or beneficiary without voting rights.

8 Statutory auditor

1 Duration of mandate and term of office of the auditor-in-charge

BDO AG has been the statutory auditor of SKAN Group AG and thus of SKAN Group since 2014. Joseph Hammel is a licensed audit expert and has been auditor-in-charge since 2022. As defined in Art. 730a of the Swiss Code of Obligations (CO), the auditor-in-charge shall remain in office for a maximum of seven years and the statutory auditor shall be re-appointed each year for another year. Re-appointment is permitted.

2 Audit fees

The total audit fees charged by the statutory auditors in the year under review amounted to CHF 222'000 (PY: CHF 226'000). This includes the audit of the consolidated financial statements as well as the audit of all of the Group's material subsidiaries.

3 Additional fees

In the year under review there were additional fees of CHF 29'000 for advisory and tax services (PY: CHF 42'000).

4 Information instruments of the statutory auditor

The statutory auditor reports in writing to the Board of Directors upon completion of the interim audit as well as upon completion of the final audit. If need be, the Board of Directors may approach the statutory auditor at any time and request information.

The Audit Committee supports the Board of Directors in its ultimate supervision of the statutory auditors. The powers and duties of the Audit Committee are set out in the Audit Committee Regulations, which can be found in Annex 3 to the Organisational Regulations https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Organisations-reglement_Investor_Relations%20EN_2024.pdf.

In the year under review, the statutory auditor attended four meetings of the Audit Committee.

Information policy

The SKAN Group communicates with and informs the shareholders, investors and the public in a transparent, prompt and open manner. In this respect, various information channels are available.

Notices of SKAN Group AG to the shareholders are made in the organ of publication, the Swiss Official Gazette of Commerce. In addition, notices may be given by letter or electronic data transmission (including email) to the addresses recorded in the share register, provided that their names and addresses are known.

The following information events are scheduled:

- Presentation of the year-end results (26 March 2024): the Annual Report is published, an ad hoc announcement is published, a press and analyst conference is held
- General shareholder meeting of the SKAN Group (7 May 2024)
- Presentation of the mid-year results (20 August 2024): the Half-Year Report is published, an ad hoc announcement is published, a press and analyst call is held

The financial calendar is available online under the following link: <https://ir.skan.com/websites/skan/English/8000/investor-calendar.html>

Apart from the above-mentioned information events, the SKAN Group provides information during the year on significant events through press releases and shareholder letters. According to SIX Swiss Exchange AG, all SIX-listed companies are subject to the ad-hoc publication rules of the SIX Exchange Regulation.

Other sources of information:

- Website <http://www.skan.com/>. Information publicly available at all times on the key facts and figures of the SKAN Group.
- Events <https://ir.skan.com/websites/skan/English/8000/investor-calendar.html>. All relevant events are published here (general shareholder meeting, press conferences, etc.)
- Email Update Service <https://ir.skan.com/websites/skan/English/9000/skan-investor-relations.html>. Interested parties may register free-of-charge for the Email Update Service.
- Press releases <https://ir.skan.com/websites/skan/English/5000/press-releases.html>. All published press releases are also made available simultaneously on SKAN's website.

Contact details: SKAN Group AG

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Blackout Periods

SKAN Group AG has defined general blackout periods for trading in SKAN Group AG's shares; any other securities issued by the Company, including standardised certificated or uncertificated securities, derivatives and book entry securities, which are suitable for mass trading and which are admitted for trading on SIX or another trading venue in Switzerland (for example SIX-listed bonds); and any derivatives and other financial instruments derived from any of these securities, including any option or conversion rights or any other financial instruments whose price is materially dependent on the shares of the Company. The general blackout periods apply to employees of the SKAN Group as well as their auxiliary persons (e.g. consultants, auditors) and the Board of Directors and last from 1 June for the half-year financial statements and from 1 December for the full-year financials until the trading day after the publication of the relevant financial statements.

Material changes since the balance sheet date

No significant events occurred after the balance sheet date of 31.12.2023.





Rooted in our Swiss homeland, SKAN strives to reflect the essence of Swissness in all our business areas. From the majestic Alps to the precise Swiss clockworks, Swissness embodies the highest quality, precision and innovation – values that also form the foundation of our corporate philosophy. As a leading provider of solutions for pharmaceutical companies and research laboratories, we are committed to embodying these Swiss values in our products and services to deliver top quality and reliability to our customers worldwide.













Compensation Report

The compensation report of SKAN Group AG provides an overview of the compensation policy, the compensation governance as well as the compensation principles and elements of SKAN Group AG. Furthermore, the report discloses the compensation of the members of the company's board of directors (Board of Directors) and the executive management (Executive Management) for the 2023 financial year and shows the shareholdings of these persons in SKAN Group AG as per 31 December 2023. The report is compliant with the provisions which have been transferred to the Swiss Code of Obligations (CO) Art. 734-734f, the SIX Swiss Exchange (SIX) Directive on Information Relating to Corporate Governance (DCG), as well as the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse (SCBP).



SKAN Group AG's compensation policy aims to align the interests of the members of the Board of Directors and Executive Management with those of the company and its shareholders. Accordingly, the compensation is designed to attract, promote and retain highly qualified executives and specialists in order to ensure competitiveness and long-term success of the company. To reach such goals the Board of Directors has opted for a compensation system that is characterised by fairness, transparency and simplicity. Consistent with these basic principles, SKAN Group AG rewards outstanding performance appropriately and in line with market practice, while at the same time focusing on sustainable and long-term value creation.

1 Rules regarding compensation in the articles of association

The articles of association of SKAN Group AG (Articles of Association) https://ir.skan.com/download/companies/skanag/CorporateGovernance/SKAN_Statuten_2023_EN.pdf contain, among others, the following provisions regarding compensation required by the OaEC:

- The approval of the maximum total amounts of compensation to the Board of Directors and the Executive Management by the company's general meeting (General Meeting) (Art. 21 para. 1),
- the details of the further procedure in the event of a rejection of the maximum total amounts of compensation by the General Meeting (Art. 21 para. 7),
- the principles applicable to performance-related compensation and to the allocation of equity securities, convertible rights and options (Article 21 para. 2, 3 and 10),
- the additional amount for payments to members of the Executive Management appointed after the approval of the maximum total amount of compensation of the Executive Management (Article 21 para. 4 and 5),
- the maximum duration or notice period of the agreements underlying the compensation for the members of the of the Board of Directors and the Executive Management (Art. 21 para. 9),
- the composition and tasks of the Nomination and Compensation Committee (NCC) (Article 22).

2 Involvement of shareholders

The Board of Directors submits three compensation-related proposals to the general meeting for approval, namely:

- on a consultative vote for the compensation report of the preceding financial year;
- on the maximum aggregate amount of compensation of the Board of Directors for the period until the next general meeting;
- on the maximum aggregate amount of compensation of the Executive Management for the following financial year.

3 Nomination and Compensation Committee (NCC)

The NCC deals with the compensation strategy and the performance goals and criteria of the company. In particular, it supports the Board of Directors in determining and evaluating the compensation system and the compensation principles and in preparing the proposals to the General Meeting for approval of the compensation in accordance with Article 21 of the Articles of Association. The committee prepares the relevant resolutions and submits proposals to the Board of Directors. The ultimate responsibility for the powers and tasks assigned to the NCC thus remains with the Board of Directors. The individual powers and tasks of the NCC in the area of compensation are set out in Section 1 of the annex 2 of the company's organisational regulations (Organisational Regulations).

Further details on the NCC can be found in Section 3.5.3, p. 82 of the Corporate Governance Report.

4 Compensation determination process

The Board of Directors determines annually the compensation of its members upon proposal of the NCC and within the limits of the maximum total amount approved by the General Meeting.

The compensation of the members of the Executive Management is determined each year – within the limits of the maximum total amount approved by the General Meeting – by the Board of Directors based on a proposal of the NCC, whose proposal in turn is based on a motion of the CEO concerning the other members of the Executive Management, the NCC submits a proposal directly to the Board of Directors regarding the compensation of the CEO.

Specifically, the NCC recommends to the Board of Directors the performance metrics applicable to the CEO, assesses the CEO's performance during the relevant period based on these metrics and proposes to the Board of Directors the compensation for the CEO based on this assessment. The performance metrics applicable to the other members of the Executive Management are determined by the CEO. The NCC, taking into account the recommendations of the CEO, reviews and recommends to the Board of Directors the individual compensation of the other members of the Executive Management based on the assessment made by the CEO.

The impact, attractiveness and competitiveness of the compensation programmes for the members of the Executive Management are reviewed at least biennially. An overview of the decision-making powers regarding the compensation of the members of the Board of Directors and the Executive Committee is set out in the table on the right:

Topic	CEO	NCC	Board of Directors	General meeting
Compensation strategy		prepares/proposes	decides	
Compensation guidelines and programmes		prepares/proposes	decides	
Performance goals and criteria of the group		prepares/proposes	decides	
Maximum aggregate compensation amounts of Board of Directors and Executive Management		prepares	prepares/proposes	decides
Individual compensation of members of Board of Directors		prepares/proposes	decides	
Performance metrics and goals applicable to CEO		prepares/proposes	decides	
Performance assessment of CEO		decides		
Individual compensation of CEO		prepares/proposes	decides	
Definition of performance metrics and goals applicable to members of Executive Management except CEO	decides			
Performance assessment of members of Executive Management except CEO	decides			
Individual compensation of members of Executive Management except CEO	proposes	prepares/proposes	decides	
Compensation report	proposes	prepares/proposes	decides	

The Chairman of the NCC reports to the Board of Directors at board meetings on its activities and matters within its area of responsibility. Moreover, the minutes of the meetings of the NCC are sent to all members of the Board of Directors.

As a rule, the members of the NCC and the Board of Directors attend and vote at the meetings at which their own compensation is discussed and decided.

2 Compensation principles and elements

1 Board of Directors

The members of the Board of Directors receive a fixed lump-sum compensation. The Board of Directors determines the amount upon proposal of the NCC at its own discretion. For its proposal the NCC takes into account the responsibilities and functions of the members. The chairmanship of the Board of Directors as well as the membership and the chairmanship in committees are additionally compensated.

The following table shows an overview of the compensation for the individual functions within the Board of Directors, valid as from the AGM 2022 to AGM 2023 and from AGM 2023 to AGM 2024:

Function	Compensation per year of office	
	AGM 2022 to AGM 2023	AGM 2023 to AGM 2024
Board membership (basic fee)	CHF 35'000	CHF 40'000
Board chairmanship	CHF 25'000	CHF 95'000
Committee membership	CHF 7'500	CHF 20'000
Committee chairmanship	CHF 15'000	CHF 30'000

The board and committee fees also cover all expenses of the members of the Board of Directors. There is no additional reimbursement of expenses. The compensation of the members of the Board of Directors is paid 100% in cash. Payment is made annually in arrears.

1.1 Changes in the Board of Directors in 2023

→ Dr. Gert Thoelen is abstaining as Chairman of the Board of Directors of SKAN Group AG as per end of May 2023. The Vice Chairwoman Cornelia Gehrig took over the management of the business of the Board of Directors for the time being.

2 Executive Management

The compensation of the members of the executive management of the company consists of the basic compensation (salary) and a variable salary, both in cash.

The variable salary is limited to 5 times the monthly salary which is paid out 13 times a year. The amount of the individual basic compensation (salary) is determined by the Board of Directors at its discretion (based on proposals of the NCC, whose proposal in turn is based on a corresponding motion of the CEO concerning the other members of the Executive Management). For their proposals to the Board of Directors, the NCC and the CEO, respectively, take into account market practice, the responsibility and performance of each member. The basic compensation (salary) is paid out in thirteen instalments, whereof twelve instalments at the end of each month and one additional instalment in November.

For the determination of the variable salary the financial performance of the company and the average personal performance of all employees eligible for a variable salary during the performance period (i.e. the previous financial year) are assessed against the relevant performance goals. The performance goals relevant for the following financial year and their weighting are proposed each year in the 4th quarter by the NCC to the Board of Directors for approval (with regard to the CEO) and determined by the CEO respectively (with regard to the other members of the Executive management). The financial goal based on the EBIT is weighted at 70% and the personal goal at 30%. For the personal goal, the average goal achievement for all variable salary eligible employees determines the relevant goal achievement level for each individual Executive Management member (incl. CEO). The bonus limit is with 140%/ five times the monthly salary. In 2023 the total goal achievement was 102%.

The variable salary is paid out upon approval of the annual financial statements by the annual General Meeting. The following chart gives an overview of the mechanics of the variable salary.

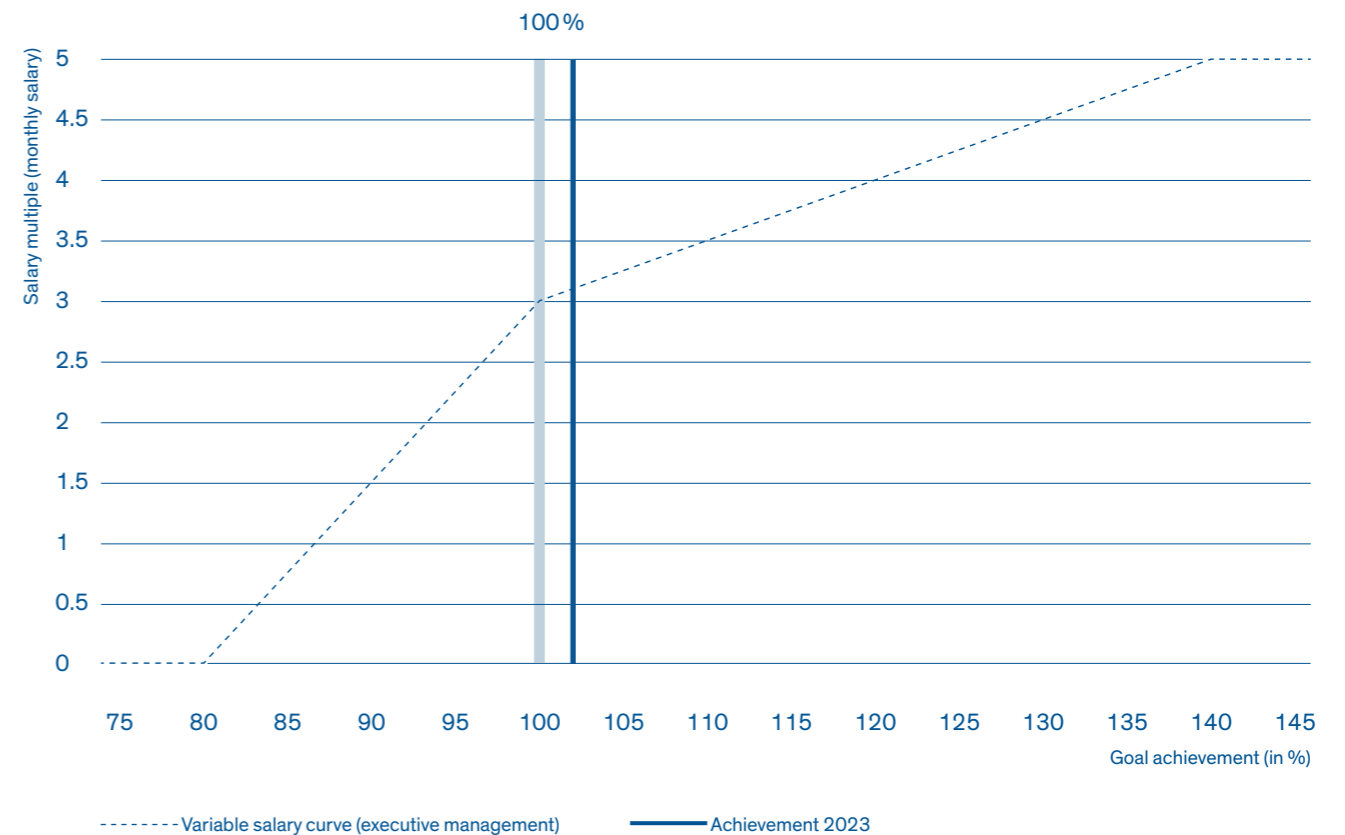
For the compensation of members of the Executive Management (incl. the CEO) the company pays the compulsory social insurance contributions. The members (incl. the CEO) are covered by the company's pension plan for the Executive Management.

2.1 Changes in the Executive Management in 2023

→ As of 1 February 2023 Maria Cuevas Otero joined SKAN as Group CSO.

→ Cornelia Henny-Weiss resigned as Group Chief Operations Officer (COO) as per 31 March 2023. The CEO Thomas Huber took over the topics for the time being.

Mechanics of variable salary



skan

spectra



3 Compensation 2023

1 Compensation to the Board of Directors

The following table shows the compensation awarded to the members of the Board of Directors for the financial year 2023 and the previous financial year as applicable.

2023 In CHF	Fixed compensation	Social security contribution ³	Total compensation
Dr. Gert Thoenen, Chairman and member of NCC ¹	31'253	1'782	33'035
Oliver Baumann, member and member of NCC	50'422	6'895	57'318
Cornelia Gehrig, member and chairwoman of AC ²	129'288	0	129'288
Thomas Huber, member ⁴	See table under Section 3	See table under Section 3	See table under Section 3
Dr. Beat Lüthi, member and chairman of NCC	71'367	9'760	81'126
Gregor Plattner, member and member of AC	50'422	6'895	57'318
Patrick Schär, member and member of AC	50'422	6'895	57'318
Total	383'174	32'227	415'401

¹ The compensation of Gert Thoenen covers the period from 1 January 2023 to 26 May 2023.

² Board compensation is invoiced through the Cornelia Gehrig GmbH. No social security deduction is made.

³ The social security contribution includes the employee and employer portion.

⁴ The compensation of Thomas Huber is shown in the compensation to the Executive Management section 3.

In scope of audit opinion

2022 In CHF	Fixed compensation	Social security contribution ²	Total compensation
Dr. Gert Thoenen, Chairman and member of NCC	64'813	5'374	70'187
Oliver Baumann, member and member of NCC	39'780	5'440	45'220
Cornelia Gehrig, member and chairwoman of AC ¹	50'000	0	50'000
Thomas Huber, member	32'970	4'060	37'030
Dr. Beat Lüthi, member and chairman of NCC	46'800	6'400	53'200
Gregor Plattner, member and member of AC	39'780	5'440	45'220
Patrick Schär, member and member of AC	39'780	5'440	45'220
Total	313'923	32'154	346'077

¹ Board compensation is invoiced through the Cornelia Gehrig GmbH. No social security deduction is made.

² The social security contribution includes the employee and employer portion.

The Annual General Meeting of 3 May 2023 approved the maximum aggregate amount of compensation of CHF 575'000 for the Board of Directors for the time period between the Annual General Meeting 2023 and the Annual General Meeting 2024. The compensation awarded until the Annual General Meeting 2024 to the members of the Board of Directors of CHF 467'047 is within this limit.

2 Additional Information on Compensation to the Board of Directors

The Company does not grant loans or credits to current or former members of the Board of Directors or persons closely related to them. Accordingly, no such loans or credits were outstanding on 31 December 2023.

In the 2023 financial year, no other compensation was made to the Board of Directors or persons closely related to them.

Moreover in the reporting year no compensation was awarded to former members of the Board of Directors or persons closely related to them.

2.1 Functions in other companies

Further information on activities of the members of the Board of Directors at other companies can be found in Section 3.2, p. 74 of the Corporate Governance Report.

In scope of audit opinion

In scope of audit opinion

3 Compensation to the Executive Management

The following table shows the compensation awarded to the highest paid member and the remaining members of the Executive Management for 2023 and the previous year as applicable:

2023 In CHF	Fixed basic compensation (salary)	Variable bonus	Other benefits ³	Social security contribution ⁴	Total compensation
Thomas Huber, CEO ¹	562'504	140'203	17'527	293'375	1'013'609
Other members of the Executive Management ⁵	2'137'224	483'254	220'002	1'140'136	3'980'616
Total	2'699'728	623'457	237'529	1'433'511	4'994'225

2022 In CHF	Fixed basic compensation (salary)	Variable bonus	Other benefits ³	Social security contribution ⁴	Total compensation
Thomas Huber, CEO ²	485'458	137'046	19'502	273'104	915'110
Other members of the Executive Management	2'157'024	509'430	234'064	1'146'281	4'046'798
Total	2'642'482	646'476	253'566	1'419'385	4'961'909

¹ Includes compensation for the activities as member of the Board of Directors.

² Does not include any compensation for the activities as member of the Board of Directors.

³ Other benefits comprise a car allowance and if eligible a seniority gift.

⁴ The social security contribution includes the employee and employer portion.

⁵ Includes compensation for Cornelia Henny-Weiss (COO) who resigned as per 31 March 2023 and Michel Gasser former Group Chief Service Officer (CSO) who resigned as per 2 September 2022.

In scope of audit opinion

Compensation has increased by CHF 32'316 compared to the previous year due to the disclosure of Thomas Huber's compensation as Board of Directors in the compensation of Executive Management section.

The variable bonus of the CEO (Thomas Huber) and the other members of the Executive Management in the 2023 financial year amounted to 21.2% of the fixed compensation.

The General Meeting of 3 May 2023 approved the maximum aggregate amount of compensation of CHF 7'550'000 (including a reserve of CHF1'632'331) for the Executive Management for the 2023 financial year. The compensation awarded until 31 December 2023 to the members of the Executive Management is within this limit.

4 Additional Information on Compensation to the Executive Management

The company does not grant loans or credits to current or former members of the Executive Management or persons closely related to them. Accordingly, no such loans or credits were outstanding on 31 December 2023.

In the 2023 financial year, no other compensation was made to the Executive Management or persons closely related to them.

Moreover in the reporting year no compensation was awarded to former members of the Executive Management or persons closely related to them.

The members of the Executive Management have employment agreements with a six months' notice period. They are not entitled to severance payments.

4.1 Functions in other companies

Further information on activities of the members of the Executive Management at other companies can be found in Section 4.2, p. 90 of the Corporate Governance Report.

In scope of audit opinion

4 Share ownership

1 Board of Directors

The following table shows the number of shares in SKAN Group AG held by the individual members of the Board of Directors and persons closely related to them as per 31 December 2023 with the previous year figures.

	Function	Number as per 31.12.2023	In % of share capital	Number as per 31.12.2022	In % of share capital
Dr. Gert Thoenen	Chairman	235'367	1.0%	318'174	1.4%
Oliver Baumann	Member	0	0%	0	0%
Cornelia Gehrig	Member	85	0%	85	0%
Thomas Huber	Member	See table under Section 4.2	See table under Section 4.2	See table under Section 4.2	See table under Section 4.2
Dr. Beat Lüthi	Member	0	0%	0	0%
Gregor Plattner	Member	2'385'737	10.6%	2'385'737	10.6%
Patrick Schär	Member	1'000	0%	1'000	0%

In scope of audit opinion

2 Executive Management

The following table shows the number of shares in SKAN Group AG held by the individual members of the Executive Management and persons closely related to them as per 31 December 2023 with the previous year figures.

	Function	Number as per 31.12.2023	In % of share capital	Number as per 31.12.2022	In % of share capital
Thomas Huber	CEO	383'905	1.7%	683'905	3.0%
Maria Cuevas Otero ²	CSO	0	0%	n/a	n/a
Marina Häni	CPCO	0	0%	0	0%
Cornelia Henry-Weiss ¹	COO	n/a	n/a	0	0%
Philippe Jérôme	CMO	47'325	0.2%	47'325	0.2%
Ralf Krämer	CTO	0	0%	0	0%
Burim Maraj	CFO	20'489	0.1%	20'489	0.1%
Sascha Pawel	CIO	100'686	0.4%	140'686	0.6%
Martin Steegmüller	CPO & CDO	5'218	0%	5'218	0%
Thomas Zinn	CCO	0	0%	0	0%

In scope of audit opinion

¹ Resigned in 2023; is not a member of Executive Management as of 31 December 2023. Therefore no disclosure.

² Member of Executive Management in 2023. Therefore no disclosure in 2022.



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STATUTORY AUDITOR'S REPORT

To the general meeting of SKAN Group AG, Allschwil

Report on the Audit of the Compensation Report according to Art. 734a-734f CO

Opinion

We have audited the compensation report of SKAN Group AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "in scope of audit opinion" on pages 128 to 133 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies 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 Responsibility for the Audit of the Compensation 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 marked "in scope of audit opinion" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation 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 compensation 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 compensation 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 are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Compensation Report

The board of directors is responsible for the preparation of a compensation 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 compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO 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

BDO Ltd, a limited company under Swiss law, incorporated in Zurich, forms part of the international BDO Network of independent member firms.



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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 compensation report.

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

- Identify and assess the risks of material misstatement in the compensation 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 and 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 and 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.

Bern, 25 March 2024

BDO Ltd

Joseph Hammel
Auditor in charge
Licensed Audit Expert

Dennis Kanwar
Licensed Audit Expert

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Consolidated Financial Statements SKAN 2023

140	Consolidated Income Statement
142	Consolidated Balance Sheet
144	Consolidated Cash Flow Statement
146	Consolidated Statement of Changes in Equity
152	Notes to the Consolidated Financial Statements
156	1 Performance for the Year
166	2 Working Capital
180	3 Financing and Risk Management
192	4 Group Structure
196	5 Other Information
200	Auditor's Report

Consolidated Income Statement

in CHF thousands	Note	2023		2022	
Net sales from goods and services	1.1/1.2	320'020	100%	276'955	100%
Change in inventory of finished, unfinished goods and work in progress		7'716		4'311	
Material and external services	1.3	-87'172		-80'771	
Gross Profit		240'564	75%	200'495	72%
Personnel expenses	1.3	-149'217		-124'860	
Other operating expenses	1.3	-41'203		-35'482	
EBITDA		50'144	16%	40'154	14%
Depreciation	2.4	-10'218		-8'776	
Amortisation	2.6	-2'176		-1'917	
Operating Result (EBIT)		37'750	12%	29'461	11%
Financial expenses	3.7	-9'788		-5'760	
Financial income	3.7	5'026		1'540	
Result from associates	4.1	-198		0	
Ordinary Result/Profit Before Income Taxes (EBT)		32'789	10%	25'241	9%
Income taxes	1.4	-4'891		-3'796	
Profit For The Period		27'898	9%	21'446	8%
Profit attributable to minority interests		1'586		2'460	
Profit attributable to shareholders of SKAN Group AG		26'312		18'986	
Basic and diluted earnings per share in CHF	1.5	1.17		0.84	



Consolidated Balance Sheet

in CHF thousands	Note	31.12.2023		31.12.2022	
Cash and cash equivalents	3.1	85'122		110'982	
Fixed term deposit	3.1	0		25'000	
Trade receivables	2.1	26'474		26'039	
Other current receivables	2.1	11'917		8'630	
Inventories	2.2	44'006		37'309	
Work in progress	2.3	73'983		70'889	
Prepayments and accrued income	2.1	17'828		14'991	
Total Current Assets		259'329	69%	293'840	76%
Property, plant and equipment	2.4	106'905		88'045	
Financial assets	2.5	3'180		2'251	
Intangible assets	2.6	3'016		3'358	
Deferred tax assets	1.4	1'019		857	
Total Non-Current Assets		114'120	31%	94'510	24%
Total Assets		373'449	100%	388'351	100%

in CHF thousands	Note	31.12.2023		31.12.2022	
Trade payables	2.1	28'043		31'925	
Advance payments from customers	2.3	106'303		124'590	
Current financial liabilities	3.3	870		1'609	
Other current liabilities	3.4	6'933		10'099	
Current provisions	2.7	32'725		23'596	
Accrued liabilities and deferred income	3.6	6'089		5'455	
Current Liabilities		180'963	48%	197'275	51%
Non-current financial liabilities	3.3	5'619		15'274	
Other non-current liabilities	3.5	5'911		6'727	
Deferred tax liabilities	1.4	3'909		2'891	
Non-current provisions	2.7	686		589	
Non-Current Liabilities		16'124	4%	25'481	7%
Total Liabilities		197'087	53%	222'756	57%
Share capital	3.2	225		225	
Capital reserves	3.2	117'282		120'093	
Retained earnings		51'725		36'980	
Equity Attributable to Shareholders of SKAN Group AG		169'232	45%	157'298	41%
Minority interests		7'129		8'297	
Total Equity		176'362	47%	165'595	43%
Total Liabilities and Equity		373'449	100%	388'351	100%

Consolidated Cash Flow Statement

in CHF thousands	Note	31.12.2023	31.12.2022
Profit for the period		27'898	21'446
Depreciation and amortisation	2.4/2.6	12'394	10'692
Change of provisions (including deferred taxes)		10'626	-528
Other non-cash items		-2'517	22
Loss from associates	4.1	198	0
Loss on disposal of fixed assets		479	127
Change of trade receivables		-1'454	-3'157
Change of inventories and work in progress		-14'184	-35'761
Change of other receivables, prepayments and accrued income		-6'667	786
Change of trade payables		-3'109	17'586
Change of other current liabilities, accrued liabilities and deferred income		-14'528	47'115
Change of other non-current liabilities		-437	3'158
Cash Flow from Operating Activities		8'700	61'483
Outflows for purchase of fixed term deposit	3.1	0	-25'000
Inflows from disposal of fixed term deposit	3.1	25'000	0
Outflows for property, plant and equipment	2.4	-33'630	-26'129
Inflows from disposal of property, plant and equipment		409	405
Outflows for purchase of financial assets		-1'413	-1'428
Inflows from disposal of financial assets		7	0
Outflows for purchase of intangible assets	2.6	-1'668	-2'736
Outflows for purchase of Aseptic Technologies S.A.	4.1	-6'051	-21'530
Cash Flow from Investing Activities		-17'346	-76'418

in CHF thousands	Note	31.12.2023	31.12.2022
Inflows/Outflows from capital increase (net)		0	-880
Distribution of profits to shareholders of SKAN Group AG		-5'621	-5'396
Distribution of profits to minority interests		-330	-807
Issuance/Repayment of current financial liabilities		-1'545	576
Issuance/Repayment of non-current financial liabilities	3.3	-8'306	1'661
Cash Flow from Financing Activities		-15'801	-4'846
Net impact of foreign exchange rate differences on cash and cash equivalents		-1'413	-774
Change in Cash and Cash Equivalents		-25'860	-20'556
Cash and cash equivalents as at 1 January	3.1	110'982	131'539
Cash and cash equivalents as at 31 December	3.1	85'122	110'982
Change in Cash and Cash Equivalents		-25'860	-20'556

Cash and cash equivalents comprise current bank accounts, petty cash and short-term financial investments with an initial maturity of up to three months.

Consolidated Statement of Changes in Equity

in CHF thousands	Share capital	Capital reserves	Treasury Shares	Goodwill offset	Other retained earnings	Retained earnings	Equity attributable to shareholders of SKAN Group AG	Minority interests	Total Equity
Balance as at 1 January 2022	225	123'671	0	-30'014	65'863	35'849	159'745	14'261	174'005
Net profit for the period	0	0	0	0	18'986	18'986	18'986	2'460	21'446
Dividends paid to minority interests	0	0	0	0	0	0	0	-807	-807
Dividends paid to shareholders of SKAN Group AG	0	-2'698	0	0	-2'698	-2'698	-5'396	0	-5'396
IPO-related costs charged to equity	0	-880	0	0	0	0	-880	0	-880
Acquisition of minority interests	0	0	0	0	-14'664	-14'664	-14'664	-6'866	-21'530
Currency translation differences	0	0	0	0	-492	-492	-492	-751	-1'243
Balance as at 31 December 2022	225	120'093	0	-30'014	66'994	36'980	157'299	8'297	165'595

Consolidated Statement of Changes in Equity

in CHF thousands	Share capital	Capital reserves	Treasury Shares	Goodwill offset	Other retained earnings	Retained earnings	Equity attributable to shareholders of SKAN Group AG	Minority interests	Total Equity
Balance as at 1 January 2023	225	120'093	0	-30'014	66'994	36'980	157'299	8'297	165'595
Net profit for the period	0	0	0	0	26'312	26'312	26'312	1'586	27'898
Dividends paid to minority interests	0	0	0	0	0	0	0	-330	-330
Dividends paid to shareholders of SKAN Group AG	0	-2'810	0	0	-2'810	-2'810	-5'620	0	-5'620
Reclass fully amortised goodwill	0	0	0	12'846	-12'846	0	0	0	0
Acquisition of minority interests	0	0	0	0	-4'055	-4'055	-4'055	-1'996	-6'051
Currency translation differences*	0	0	0	0	-4'701	-4'701	-4'701	-429	-5'130
Balance as at 31 December 2023	225	117'282	0	-17'169	68'893	51'725	169'232	7'129	176'362

* An intragroup loan was considered to be an equity-like loan in 2023. The repayment of the loan is not expected in the near future. Hence it is considered to have equity character. Due to this change in assumption the foreign currency impact on this loan is recognised through equity.



Notes to the Consolidated Financial Statements

Information About The Report

This section provides a general understanding of the preparation and consolidation principles as well as an overview of the use of accounting applied by the management of SKAN Group AG (hereafter Management).

General Information

SKAN Group AG (hereafter the Company) is a public limited company incorporated under Swiss law and is headquartered in Allschwil. Since 28 October 2021 the SKAN Group AG has been listed on the SIX Swiss Exchange with the security symbol "SKAN". Prior to the listing the Company and its shares were listed on BX Swiss as an investment company. With the first day of trading at SIX Swiss Exchange the Company was delisted from BX Swiss.

The SKAN Group (hereafter SKAN) is composed of SKAN Group AG and the subsidiaries presented in Note 4.2. SKAN is a leading systems provider in the field of cleanroom equipment and produces isolators for the pharmaceutical and chemical industry. SKAN isolator systems aim to protect the product, the employees and the environment during sterile and toxic applications in production, quality control as well as powder and substance processing.

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with Swiss GAAP FER and Swiss law and provide a true and fair view of the Group's assets, financial situation and earnings. The consolidated financial statements are presented in Swiss francs (CHF), unless stated otherwise.

The financial statements have been prepared under the historical cost convention, except where disclosed otherwise in the accounting policies and were prepared under the going concern assumption. The figures and especially the totals may contain rounding differences.

Basis Of Consolidation

The consolidated financial statements are based on the individual financial statements as at 31 December, prepared in accordance with uniform principles, of all group entities of which SKAN Group AG directly or indirectly holds more than 50% of the voting rights or over which control is exercised in another way. The entities included in the scope of consolidation are presented in Note 4.2.

Capital consolidation is based on the purchase method, whereby the acquisition cost is eliminated at the time of acquisition against the fair value of net assets acquired with the remainder recorded as goodwill that is subsequently offset within the equity of the group.

Based on the full consolidation method, the assets and liabilities as well as income and expenses of the consolidated entities are fully recognised. The share attributable to minority shareholders in equity and in the income statement is presented separately in the consolidated balance sheet, the consolidated income statement and consolidated statement of changes in equity. All intercompany transactions, balances, and unrealised gains and losses resulting from intercompany transactions are eliminated.

An increase in the share of an already fully consolidated entity is regarded as a virtual repurchase from the minorities. Consequently, the difference between the purchase price and the attributable share in equity is recorded through the group's capital reserves.

Investments in which SKAN has a minority interest of at least 20% but less than 50%, or over which it otherwise has significant influence, are generally accounted for using the equity method. Such investments in associates are presented under financial assets on the balance sheet. The share in the profit of these investments is presented separately on the income statement and cash flow from operating activities.

Foreign Currency Translation

SKAN's consolidated financial statements are presented in Swiss francs (CHF). Each group entity determines its own functional currency. The positions included in the financial statements of the respective entity are valued using its functional currency.

Foreign Currency Transactions

Foreign currency transactions are initially converted at the exchange rate defined by SKAN on a monthly basis. At the balance sheet date, monetary assets and liabilities in foreign currencies are converted at current rates and resulting foreign exchange gains/losses are presented in the income statement. Non-monetary positions, that are valued at historical acquisition or production cost in a foreign currency, are converted at the exchange rate prevailing at the time of transaction. All foreign currency differences are part of the financial result.

Conversion Of Consolidated Individual Financial Statements

The financial statements in foreign currencies of the foreign group entities are converted into Swiss francs for consolidation purposes in accordance with the current rate method, as follows:

- Assets and liabilities at the exchange rate at the balance sheet date.
- Equity at historical rates.
- The income statement and cash flow statement at the average rate for the year.

The amount resulting from the conversion of the financial statements and from the translation of corporate loans with equity character denominated in foreign currencies are recognised in equity and offset against retained earnings without affecting the income statement. Upon the divestment of a foreign group entity, the related cumulative exchange differences are recycled to the income statement.

The exchange rates used for the conversion of group entities are as follows:

Currency	Unit	31.12.2023	Average 2023	31.12.2022	Average 2022
EUR	1	0.9260	0.9717	0.9847	1.0051
JPY	100	0.5920	0.6410	0.7000	0.7300
USD	1	0.8380	0.8987	0.9232	0.9548

Significant Management Estimates

The preparation of the consolidated financial statements in accordance with Swiss GAAP FER requires Management to make estimates and assumptions that materially affect the financial positions of SKAN. Estimates and corresponding assumptions are based on past experience and various other relevant factors. The actual results can differ from these estimates. The estimates and its underlying assumptions are reviewed periodically and changes are recognised prospectively. The Management of SKAN has identified the following assumptions and estimates to be of special relevance to the presentation of the consolidated financial statements:

- Recognition of revenues from long-term contracts – Note 1.2
- Income taxes – Note 1.4
- Inventories – Note 2.2
- Provisions – Note 2.7



1 Performance for the Year

SKAN's operational performance is presented in this section.

The segment reporting shows the segment results used at top management level to steer the business. This section also provides details on selected expense items as well as the earnings per share information.

1 Segments

In accordance with the management structure and the reporting to the Management and the Board of Directors of SKAN Group AG (hereafter Board of Directors), the reportable segments are the following:

Equipment & Solutions	Within Equipment & Solutions, we provide mission-critical solutions for pharmaceuticals production, including isolators, integrated automated systems, aseptic filling systems and solutions as well as laboratory and cleanroom equipment. Our products are characterised by their high reliability, innovative features	and functions, and quality. We offer system and customised solutions as well as end-to-end support to our customers for efficient approval processes with the relevant regulatory authorities (e.g. FDA, EMA, Swissmedic).
Services & Consumables	With our Services & Consumables business we provide global customer support and offer our customers ready-to-	use consumables as well as digital solutions.
Others	Our "Others" segment includes all income and expenses of SKAN Group AG	that cannot be directly allocated to one of the other two segments.

2023 in CHF thousands	Equipment & Solutions	Services & Consumables	Total segments/ Group
Order backlog	289'885	22'257	312'143
Order intake	213'277	81'848	295'125
Net sales from goods and services	237'106	82'914	320'020
EBITDA	26'843	23'301	50'144
EBITDA margin	11.3%	28.1%	15.7%
Depreciation			-10'218
Amortisation			-2'176
Operating Result (EBIT)			37'750
Financial result			-4'961
Ordinary Result			32'789

2022 in CHF thousands	Equipment & Solutions	Services & Consumables	Total segments/ Group
Order backlog	332'748	27'338	360'086
Order intake	336'582	75'114	411'696
Net sales from goods and services	207'657	69'298	276'955
EBITDA	22'993	17'161	40'154
EBITDA margin	11.1%	24.8%	14.5%
Depreciation			-8'776
Amortisation			-1'917
Operating Result (EBIT)			29'461
Financial result			-4'220
Ordinary Result			25'241

2 Net Sales from Goods and Services

Net Sales from Goods and Services per Geographical Market

in CHF thousands	2023	2022
Asia	16'954	25'870
Europe	181'384	135'735
Americas	120'019	114'806
Other regions	1'663	544
Total Net Sales by Region	320'020	276'955

Net sales include kCHF 210'692 (2022: kCHF 160'000) from long-term contracts.

Accounting principles

Net sales from goods and services

Net sales include all sales of goods and related services, after deduction of any sales reductions including rebates, discounts, value-added taxes, and commissions.

Production and trading

Sales are recognised when the products have been delivered and the benefits and risks as well as the authority to dispose of the products have been transferred to the customer. This occurs generally upon the delivery of the goods and products. In contrast, revenues from long-term contracts are recognised in accordance with the percentage-of-completion (POC) method, if the criteria required by FER 22 are met. In this respect, the degree of completion is determined based on the work progress. Profits are recognised proportionally and any losses are immediately recognised fully in the income statement.

Services

Sales related to services are recognised when the services have been performed. Revenues from services include mainly income from the service and maintenance of installations for customers. For services rendered over an extended period the percentage-of-completion (POC) method is applied. The degree of completion is determined based on the actual costs (working hours, material, expenses, logistics) as at the balance sheet date compared to the planned costs. If the result of a contract cannot be estimated in a reliable manner, revenues are recognised only in the amount of the recoverable expenses incurred.

Significant Management Estimate

In order to determine the degree of completion used as a basis for revenue recognition, estimates have to be made by Management. The evolution of costs is used as a basis to measure the progress of work. In this respect, the directly attributable actual costs (consisting of material, expenses, logistics and hours) are compared with the planned costs. The planned costs are based on a detailed project calculation which is approved internally before the project begins. It is only after the approval of this calculation that the order confirmation is sent to the client. The costs calculated at the beginning of the project are reviewed/scrutinised on a monthly basis and any change in estimates is included in the project calculation through an adjustment of the planned costs. These cost adjustments must be approved by SKAN's Management.

3 Operating Expenses

Material and External Services

Material and external services include all the costs for raw materials and supplies, trade goods and costs for external production. The change in inventories is presented as part of "change in inventory of finished, unfinished goods and work in progress"

in the consolidated income statement. In 2023, SKAN was able to increase the in-house production with the expansions in Görlitz (Germany) and Stein (Switzerland). This led to an improvement in the gross margin to 75% (2022: 72%) and resulted in a stronger increase in personnel costs.

Personnel Expenses

in CHF thousands	2023	2022
Wages and salaries	-123'073	-104'724
Social security expenses	-18'121	-14'486
Other personnel expenses	-5'028	-3'454
Temporary staff	-2'996	-2'197
Total Personnel Expenses	-149'217	-124'860

In 2023, SKAN created a total of 216 (2022: 165) new jobs (net) and thus had 1'388 (2022: 1'172) employees (headcount) worldwide at the end of 2023.

Other Operating Expenses

in CHF thousands	2023	2022
Travel expenses	-10'644	-8'538
Rental and leasing expenses	-7'837	-8'081
Repair and maintenance	-6'485	-5'791
Vehicle and transportation expenses	-1'133	-959
Insurance, levies, fees and permits	-1'461	-1'019
Administrative expenses	-10'731	-9'248
Marketing and communication expenses	-1'790	-1'835
Other expenses	-1'123	-12
Total Other Operating Expenses	-41'203	-35'482

The increase in travel expenses in 2023 was mainly due to the growing operating business in 2023 leading to more frequent services and supports at customers' sites around the world. Generally, the rise in total other operating expenses from 35.5 million to 41.2 million is consistent with an expanding business and correlates with the increase in sales.

4 Income Tax

in CHF thousands	2023	2022
Current year income tax	4'100	3'043
Deferred income tax ¹	792	753
Total Income Tax Expenses	4'891	3'796

¹ The difference between net changes of deferred tax assets and liabilities and the deferred tax expenses arises from the application of different foreign currency rates of our subsidiaries.

Effective Income Taxes

in CHF thousands	2023	2022
Profit before income taxes	32'789	25'241
Income tax rate	21.3%	21.6%
Expected income taxes	6'986	5'448
Use of non-capitalised tax loss carryforwards	-1'302	-1'972
Effect of non-capitalisation of tax loss carryforwards	0	0
Adjustments to tax burdens/reliefs	0	0
Other effects	-792	320
Effective income taxes	4'891	3'796
Effective income tax rate	14.9%	15.0%

The expected tax rate of 21.3% (2022: 21.6%) corresponds to the average tax rate of SKAN Group.

Deferred Income Taxes

in CHF thousands	31.12.2023	31.12.2022
Trade receivables	794	214
Inventory and work in progress	520	358
Property, plant and equipment	1'893	1'413
Provisions	538	741
Others	164	166
Total deferred income tax liabilities	3'909	2'891

in CHF thousands	31.12.2023	31.12.2022
Trade receivables	1	35
Inventory and work in progress	576	530
Property, plant and equipment	10	0
Provisions	433	291
Others	0	1
Total deferred income tax assets	1'019	857

As of 31 December 2023, uncapitalised tax loss carryforwards of kCHF 67'530 (2022: kCHF 72'489) resulted in a non-recognised deferred tax benefit of kCHF 16'977 (2022: kCHF 18'240). The tax loss carryforwards do not have an expiry date.

Accounting principles

Income taxes
The tax receivables and tax liabilities for the current period and previous periods are measured with the amount in which a refund from the tax authorities or a payment to the tax authorities is expected. The amount is calculated based on the tax rates that were enacted or substantially enacted at the balance sheet date.

Deferred income taxes
Deferred income taxes are calculated by applying the balance sheet method for all temporary differences between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. Tax loss carryforwards are not capitalised. The calculation of deferred taxes is based on the country-specific tax rates. Tax assets and liabilities are offset if they concern the same taxable entity and tax authority and if there is an offset entitlement for deferred taxes. No deferred taxes are recognised for temporary differences on investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by SKAN and where it is probable that the temporary difference will not be reversed in the foreseeable future.

Significant Management Estimate

In order to determine the assets and liabilities from current and deferred income taxes, estimates have to be made based on existing tax laws and ordinances. Many internal and external factors may have positive or negative effects on the assets and liabilities from income taxes. These factors include changes in tax laws and ordinances and their interpretation, as well as changes in tax rates and in the total amount of taxable income per location. Such changes may impact the assets and liabilities from current and deferred income taxes recognised in future reporting periods.

5 Earnings Per Share

Earnings per share	2023	2022
Profit attributable to shareholders of SKAN Group AG	26'312'244	18'986'084
Weighted average number of shares outstanding	22'483'524	22'483'524
Basic and diluted earnings per share (in CHF)	1.17	0.84

Reconciliation of non-diluted to diluted earnings per share
In 2022 and 2023, there was no dilution of the earnings per share.

Accounting principles

Earnings per share
Earnings per share is calculated by dividing the portion of profit attributable to the shareholders of SKAN Group AG by the weighted average number of shares outstanding in the reporting period. Diluted earnings per share takes into account any potential additional shares that may result, for instance, from exercised options or conversion rights.

SKAN



2 Working Capital

This section provides additional information on net current assets that contribute to SKAN's operational liquidity. It also provides an overview of the non-current assets that SKAN needs for the production of goods and services for its customers.

1 Operating Assets and Liabilities

Trade Receivables

in CHF thousands	31.12.2023	31.12.2022
Domestic receivables	5'489	7'952
Foreign receivables	22'568	18'693
Impairment domestic receivables	-305	-78
Impairment foreign receivables	-1'278	-527
Total Trade receivables	26'474	26'039

Other Current Receivables

Other current receivables include mainly receivables towards tax authorities (prepaid direct and indirect taxes). Tax prepayments and tax provisions are offset. Other current receivables also include goods/invoices received.

in CHF thousands	31.12.2023	31.12.2022
VAT receivable	7'630	6'047
Tax reimbursement Germany	584	584
Receivables towards employees	57	81
Other current receivables	3'646	1'917
Total Other current receivables	11'917	8'630

Prepayments and accrued income

Prepayments and accrued income mainly include downpayments to third party suppliers of SKAN AG. The prepaid expenses mainly consist of invoices relating to licenses and IT costs.

in CHF thousands	31.12.2023	31.12.2022
Downpayments paid to vendors	16'096	12'884
Prepaid expenses	1'732	2'107
Total Prepayments and accrued income	17'828	14'991

Trade Payables

in CHF thousands	31.12.2023	31.12.2022
Domestic payables	9'321	10'875
Foreign payables	8'431	7'591
Accrued payables from goods and services	10'291	13'459
Total Trade payables	28'043	31'925

Accounting principles

Trade receivables	Trade receivables include short-term receivables from ordinary operations with a maturity of up to twelve months. They are stated at nominal value less any impairment. Value adjustments for doubtful accounts are established based on maturity and identifiable solvency risks. Besides individual value adjustments with respect to specific known risks, other value adjustments are recognised if their maturity was exceeded by more than 60/365 days.
Other current receivables	Other current receivables are stated at nominal value. Receivables at risk of default are individually impaired. No lump-sum allowance is calculated on the remaining receivables.
Prepayments and accrued income	Prepayments and accrued income are stated at nominal value. As soon as the final invoice is received the prepayments are offset.
Trade payables	Trade payables are stated at nominal value. Payables with maturities up to twelve months after the balance sheet date are presented as current liabilities, those with longer maturities are presented as non-current liabilities.

2 Inventories

In 2023, inventories for unfinished and finished goods as well as other raw materials decreased, while trade goods slightly increased. Within the reporting year, an allowance in connection with two projects (kCHF 16'148) previously reported under "Allowance for obsolete and slow-moving items" has been fully released. The release of this allowance did not have any impact on the overall inventory balance.

in CHF thousands	31.12.2023	31.12.2022
Trade goods	19'944	19'115
Unfinished goods	9'192	17'198
Finished goods	9'092	10'933
Other raw materials	8'494	8'652
Allowance for obsolete and slow-moving items	-2'716	-18'589
Total Inventories	44'006	37'309

Accounting principles

Inventories	Goods held for trading are generally stated at average cost and internally manufactured products at standard cost, comprising all direct and indirect expenses required for bringing the inventories to their present location and condition (full cost). Discounts are treated as a reduction in the cost of purchase. If the net realisable value is lower than the above, a corresponding allowance adjustment is made. Inventories with an insufficient turnover rate are partially or fully impaired.
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Significant Management Estimate

Inventories are valued on an ongoing basis. In this regard, estimates are made based on the expected consumption, the price evolution (lower of acquisition or production cost and fair value less cost to sell) as well as the loss-free valuation. The allowance rates used to determine the allowance on inventories are reviewed on an annual basis and adjusted if needed.

3 Work in Progress/Advance Payments from Customers

in CHF thousands	31.12.2023	31.12.2022
Work in Progress (projects with WIP overhang)	239'351	177'193
Advance payments from customers	-165'368	-106'304
Total Work in Progress (as disclosed in the balance sheet)	73'983	70'889
Work in Progress (projects with advance payment overhang)	182'682	151'716
Advance payments from customers	-288'985	-276'307
Total Advance payments from customers (as disclosed in the balance sheet)	-106'303	-124'590
Net Work in Progress/-Advance payments from customers	-32'320	-53'701

Accounting principles

Work in progress/
Advance payments from customers

Customer-specific construction contracts are recognised according to their percentage of completion ("percentage of completion method"). Under this method, pro rata revenues and expenses are presented according to the percentage of completion at the balance sheet date. The stage of completion is calculated individually for each project and is calculated based on the proportionate project expenses incurred until the balance sheet date, measured against total expected project expenses ("cost to cost method"). If the result of a customer-specific construction contract is not yet sufficiently certain, the revenue is recognised only to the extent of the recoverable project expenses. In the balance sheet, contract elements whose revenues are recognised using the "percentage of completion method" are presented under "Work in progress". An allowance is considered covering the full amount of anticipated losses. If the impairment is higher than the value of the asset, a provision is created in the amount of the difference.

Work in progress includes projects for which the cumulative performance exceeds the advance payments already received. If the advance payments received are higher than the cumulative performance, they are reported under advance payments from customers (liability). This assessment is made on an individual project basis.

Advance payments received are recognised with no impact on the income statement. They are offset against the corresponding contracts or compensation entitlements for which the advance payments were made, if no right of clawback exists.

4 Property, Plant and Equipment

Acquisition cost

in CHF thousands	Land and buildings	Assets under construction/ Capitalised expenses	Prepayments made for assets under construction	Machines and equipment	Other tangible fixed assets	Total property, plant and equipment
Balance as at 1 January 2022	26'557	18'648	0	22'649	31'597	99'451
Additions	9'692	9'539	0	2'817	4'081	26'129
Disposals	-411	0	0	-24	-282	-717
Reclassification	14'649	-16'014	0	124	1'241	0
Currency translation adjustments	-1'397	-481	0	-550	-334	-2'761
Balance as at 31 December 2022	49'091	11'691	0	25'016	36'303	122'102
Balance as at 1 January 2023	49'091	11'691	0	25'016	36'303	122'102
Additions	7'416	15'869	2'541	5'032	2'772	33'630
Disposals	-479	-17	0	-2'012	-409	-2'918
Reclassification	4'372	-4'773	0	9	391	0
Currency translation adjustments	-2'701	-752	0	-772	-558	-4'784
Balance as at 31 December 2023	57'700	22'018	2'541	27'273	38'499	148'031

Accumulated depreciation

in CHF thousands	Land and buildings	Assets under construction/ Capitalised expenses	Prepayments made for assets under construction	Machines and equipment	Other tangible fixed assets	Total property, plant and equipment
Balance as at 1 January 2022	-3'539	-583	0	-12'407	-9'598	-26'126
Additions	-1'115	-60	0	-3'358	-4'244	-8'776
Impairments	0	0	0	0	0	0
Disposals	52	0	0	25	109	185
Reclassification	1	0	0	0	-1	0
Currency translation adjustments	162	0	0	310	186	659
Balance as at 31 December 2022	-4'437	-642	0	-15'430	-13'548	-34'057

Balance as at 1 January 2023	-4'437	-642	0	-15'430	-13'548	-34'057
Additions	-1'655	-11	0	-3'742	-4'810	-10'218
Impairments	0	0	0	0	0	0
Disposals	0	0	0	1'620	409	2'029
Reclassification	0	0	0	-1	1	0
Currency translation adjustments	321	0	0	498	301	1'120
Balance as at 31 December 2023	-5'770	-653	0	-17'055	-17'648	-41'125

Net carrying amounts

Balance as at 31 December 2022	44'654	11'049	0	9'587	22'755	88'045
Balance as at 31 December 2023	51'930	21'365	2'541	10'218	20'851	106'905

5 Financial Assets

in CHF thousands	31.12.2023	31.12.2022
Securities	21	101
Deposits	93	108
Investment in associates	395	0
Financial investment	2'024	1'997
Other financial assets	648	46
Total Financial assets	3'180	2'251

6 Intangible fixed assets

Acquisition cost	Software	Development cost	Patents	Other intangible assets	Total intangible fixed assets
in CHF thousands					
Balance as at 1 January 2022	5'912	7'597	744	338	14'591
Additions	1'663	1'028	44	0	2'736
Disposals	0	0	0	0	0
Reclassification	0	0	0	0	0
Currency translation adjustments	-46	-377	-36	-16	-474
Balance as at 31 December 2022	7'529	8'248	753	322	16'852

Balance as at 1 January 2023	7'529	8'248	753	322	16'852
Additions	835	787	46	0	1'668
Disposals	-31	0	0	0	-31
Reclassification	0	0	0	0	0
Currency translation adjustments	204	-529	-47	-19	-391
Balance as at 31 December 2023	8'537	8'507	751	303	18'099

Accumulated amortisation

	Software	Development cost	Patents	Other intangible assets	Total intangible fixed assets
in CHF thousands					
Balance as at 1 January 2022	-4'282	-6'615	-742	-338	-11'977
Amortisation	-1'319	-591	-6	0	-1'917
Impairments	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassification	0	0	0	0	0
Currency translation adjustments	27	322	35	16	400
Balance as at 31 December 2022	-5'574	-6'884	-714	-322	-13'494

Balance as at 1 January 2023	-5'574	-6'884	-714	-322	-13'494
Amortisation	-1'354	-811	-11	0	-2'176
Impairments	0	0	0	0	0
Disposals	31	0	0	0	31
Reclassification	0	0	0	0	0
Currency translation adjustments	45	449	43	19	555
Balance as at 31 December 2023	-6'853	-7'246	-681	-303	-15'083

Net carrying amounts

Balance as at 31 December 2022	1'955	1'364	39	0	3'359
Balance as at 31 December 2023	1'685	1'261	70	0	3'016

Accounting principles

Property, plant and equipment

Property, plant and equipment is recognised at acquisition or production cost, less cumulated planned depreciation and/or cumulated impairment losses. Assets are depreciated on a straight-line basis over their estimated useful lives or lease terms:

Categories	Estimated useful life
Land	n/a
Buildings	40 years
Tangible fixed assets under construction	n/a
Machines and equipment	3–10 years
Other tangible fixed assets	5–10 years

Due to its unlimited useful life, land is not depreciated. Maintenance and repair expenses are not capitalised.

Assets are reviewed at each balance sheet date or earlier if a significant event has occurred to determine whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of net selling price and the asset's value in use.

Intangible assets

Intangible assets are recognised at acquisition or production cost, less cumulated planned amortisation and/or cumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives which are generally five years.

Intangible assets are reviewed at each balance sheet date or earlier if a significant event has occurred to determine whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of net selling price and the asset's value in use.

7 Provisions and Contingent Liabilities

Provisions

in CHF thousands	Employee benefits	Goods and services	Warranty	Taxes	Other	Total provisions
Balance as at 1 January 2022	12'160	5'612	4'833	3'704	1'388	27'698
Increase of provisions	21'976	699	162	730	199	23'766
Release of provisions	-802	-929	-561	-457	-792	-3'541
Utilisation of provisions	-16'364	-2'351	-2'232	-419	-156	-21'522
Deferred Tax liabilities (note 1.4)	0	0	0	-1'898	0	-1'898
Currency translation adjustments	-136	-62	-32	-37	-50	-317
Balance as at 31 December 2022	16'835	2'969	2'170	1'623	589	24'186
Thereof non-current provisions	0	0	0	0	589	589
Balance as at 1 January 2023	16'835	2'969	2'170	1'623	589	24'186
Increase of provisions	25'423	1'873	4'562	5'390	331	37'579
Release of provisions	-135	-643	-247	-490	-10	-1'526
Utilisation of provisions	-19'727	-2'320	-1'392	-2'606	-182	-26'227
Currency translation adjustments	-356	-76	-31	-96	-42	-601
Balance as at 31 December 2023	22'040	1'802	5'061	3'822	686	33'411
Thereof non-current provisions	0	0	0	0	686	686

Accounting principles

General	A provision represents a probable obligation that is based on a past event and its amount and/or its due date is uncertain but can be estimated. The obligation can be based on legal or factual reasons. The amount of the provision is determined based on the estimated cash outflow that is necessary to settle the obligation. Current provisions have a maturity up to 12 months. Non-current provisions have a maturity over 12 months. Non-current provisions are not discounted.
Employee benefits	Provisions for employee benefits include mainly provisions for vacation, overtime and bonuses.
Goods and services	Provisions for goods and services are provisions for expected losses in relation with projects. The valuation is performed individually for each project. As soon as project-related losses can be foreseen, a corresponding provision is recognised. Any necessary provisions for cancelled projects are also recognised in the provisions for goods and services.
Warranties	A provision is recognised for warranty liabilities from products sold in previous years. The valuation is based on empirical values for repairs and claims. It is to be expected that the majority of these costs will be incurred in the forthcoming business years and that the total liability recognised will be incurred within two years following the balance sheet date. Warranty provisions are calculated based on the current level of sales and the information currently available regarding claims in relation with the products sold within the warranty period.
Off-balance sheet transactions	Contingent liabilities and other non-recognisable commitments are valued and disclosed at the balance sheet date. If contingent liabilities and other non-recognisable commitments lead to an outflow of funds without a simultaneous usable inflow of funds and the outflow of funds is probable and estimable, a provision is made. The valuation is performed according to the amount of the future unilateral contributions and cost. Any guaranteed considerations from other parties (e.g. insurance coverage) must be taken into account.

Significant Management Estimate

The provision amount is determined largely by estimating the future costs and the probability of occurrence. The provisions for goods and services are valued and calculated individually for each project. Each month, it is decided for each project whether the planned costs must be adjusted and whether a provision for expected losses is necessary. Any provisions for risks in relation with cancelled projects are valued individually and recognised when necessary. The calculation for warranty cases is based on the product evolution, contractual agreements and past historical data. Besides the lump-sum calculations, individual provisions are taken into account for damages occurred or reported based on Management's estimate.



3 Financing and Risk Management

The total capital is defined as equity and net debt. SKAN manages its capital structure in order to ensure business continuity and optimise the shareholders' long-term returns. This section describes SKAN's financial structure and liquidity situation. SKAN is exposed to a number of financial risks, and this section further outlines the key financial risks and how they are managed.

1 Cash and Cash Equivalents/Fixed term deposit

Accounting principles

Cash and cash equivalents

Cash and cash equivalents comprise current bank accounts, petty cash and short-term financial investments with an initial maturity of up to three months. They form together the basis for the cash and cash equivalents presented in the consolidated cash flow statement.

Fixed term deposit

In the prior year, a fixed term deposit with a Swiss bank was held and terminated in the current reporting period.

2 Equity

Share Capital

The share capital of SKAN Group AG is composed of 22'483'524 registered shares (2022: 22'483'524) with a nominal value of CHF 0.01 each.

The total share capital as at 31 December 2023 amounts to CHF 224'835 (2022: CHF 224'835).

Reserves

kCHF 8'414 (2022: kCHF 8'507) of the retained earnings are not available for distribution due to legal restrictions.

Dividends

The Board of Directors proposes to the General Shareholder Meeting on 7 May 2024 the distribution of a dividend of CHF 0.35 per share, amounting to kCHF 7'869 for 2023.

Acquisition of Aseptic Technologies S.A.

Following the agreement with the co-owner of Aseptic Technologies, Société Régionale d'Investissement de Wallonie, SKAN acquired a further tranche of 5% in shareholding as of 2 May 2023, increasing its stake to 85% as of balance sheet date. According to the agreement, SKAN committed itself to acquire a final tranche of 5% in Aseptic Technologies. The contractual purchase date for this tranche has not yet been definitely determined. According to the contract, the tranche must be executed between the financial years of 2024 to 2026.

Goodwill – shadow accounting

Goodwill is offset at the time of the acquisition of a subsidiary with the equity (retained earnings). Considering a useful life of five years and straight-line amortisation, the theoretical capitalisation of goodwill would have the following impact on SKAN's equity and income statement:

Balance Sheet/in CHF thousands	31.12.2023	31.12.2022
Equity incl. minority interests	176'362	165'595
Equity ratio in %	47%	43%
Goodwill at acquisition		
Balance as at 1 January	30'013	30'013
thereof fully amortised goodwill	-12'846	0
Additions	0	0
Disposals	0	0
Balance as at 31 December	17'167	30'013
Accumulated amortisation		
Balance as at 1 January	27'266	23'833
thereof fully amortised goodwill	-12'846	0
Amortisation for the period	2'006	3'433
Disposals	0	0
Balance as at 31 December	16'426	27'266
Theoretical net book value of goodwill	741	2'747
Theoretical equity incl. minority interests and net book value of goodwill	177'102	168'342
Theoretical equity ratio in %	47%	43%
Income Statement/in CHF thousands	2023	2022
Profit for the period as reported	27'898	21'446
Theoretical goodwill amortisation	-2'006	-3'433
Profit for the period incl. theoretical goodwill amortisation	25'891	18'012

Accounting principles

Goodwill

Entities acquired during the year are revalued and consolidated at the acquisition date in accordance with group-wide principles. The difference between the acquisition cost (incl. significant transaction costs) and the proportionate revalued net assets is designated as goodwill. In the context of acquisitions, potentially existing intangible assets such as trademarks, technology, rights of use or client lists that were not capitalised in the past are not recognised separately but remain included in goodwill. The goodwill resulting from acquisitions is directly offset with SKAN's equity (retained earnings). If the purchase price includes elements that are dependent on future results, these are valued and capitalised at best estimate at the acquisition date. If deviations arise during the subsequent definitive purchase price settlement, the goodwill offset with equity is adjusted accordingly. In case of disposal, the acquired goodwill that was previously offset with equity must be taken into account at the initial cost in order to determine the profit or loss recognised in the income statement.

3 Non-Current Financial Liabilities

in CHF thousands	31.12.2023	31.12.2022
Loans and borrowings from banks ¹	5'475	15'077
Lease liabilities (Aseptic Technologies)	144	197
Total non-current financial liabilities	5'619	15'274

¹ Repayment to banks (CHF 9.6 million) from SKAN Deutschland GmbH

Maturity Profile and Conditions of Financial Liabilities

Maturity Profile 2023/in CHF thousands	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total 31.12.2023	Interest rate
Loans with banks in EUR	902	2'852	3'054	6'808	
Loans from Swiss Banks	0	0	0	0	-
Loans from European Banks	830	2'641	2'834	6'304	1.25%-4.25%
Lease liabilities (Financing Lease)	41	144	-	185	
Total	870	2'785	2'834	6'489	

Maturity Profile 2022/in CHF thousands

Loans with banks in EUR	1'590	7'417	7'894	16'901	
Loans from Swiss Banks	0	0	0	0	-
Loans from European Banks	1'565	7'303	7'774	16'642	1.25-1.45%
Lease liabilities (Financing Lease)	43	174	23	240	
Total	1'609	7'477	7'797	16'882	

Accounting principles**Interest-bearing financial liabilities**

Financial liabilities are composed of loans with banks and lease liabilities. They are recognised at their amortised cost. Borrowing costs are recognised in the income statement using the effective interest method.

4 Other Current Liabilities

in CHF thousands	31.12.2023	31.12.2022
VAT	1'093	978
Social contribution and pension	2'859	680
Customer overpayments	2'968	8'430
Other current liabilities	13	12
Total Other current liabilities	6'933	10'099

5 Other Non-Current Liabilities

in CHF thousands	31.12.2023	31.12.2022
Grants and allowances (Sächsische Aufbaubank)	5'855	6'664
Investment-related grant (subsidies Görlitz)	56	63
Total Other non-current liabilities	5'911	6'727

Accounting principles**Other non-current liabilities**

Other non-current liabilities are composed of grants and allowances from Sächsische Aufbaubank and the government of the district of Görlitz (Germany). These were granted in the context of a location promotion programme. They are released in the income statement over the useful life of the corresponding asset (production facility).

6 Accrued Liabilities and Deferred Income

in CHF thousands	31.12.2023	31.12.2022
Rent building in Allschwil	3'693	3'995
Unpaid expenses	2'318	1'085
Accrued liabilities from long-term contracts	78	375
Total Accrued liabilities and deferred income	6'089	5'455

7 Financial Result

in CHF thousands	2023	2022
Interest expenses	-362	-464
Foreign exchange losses	-8'785	-4'615
Bank charges	-531	-653
Other financial expenses	-110	-27
Total Financial expenses	-9'788	-5'760

Foreign exchange gains	4'169	1'244
Other financial income	857	296
Total Financial income	5'026	1'540

Foreign exchange losses and gains mainly result due to the currency valuation of positions on the balance sheet.

In 2023, foreign exchange losses primarily increased due to the valuation of assets held in EUR and USD with a depreciation in value of the EUR and USD currency towards the CHF as SKAN's presentation currency.

8 Leases**Financing Leases**

SKAN has one lease (2022: one lease) which qualifies as a financing lease. The net carrying amount of the right-of-use asset amounts to kCHF 1'647 (2022: kCHF 1'836) and is presented under property, plant and equipment. The corresponding liabilities amount to kCHF 185 (2022: kCHF 240).

Operating Leases

in CHF thousands	31.12.2023	31.12.2022
Due within 1 year	7'284	5'285
Due within 1 to 5 years	27'838	20'494
Due after more than 5 years	42'858	38'863
Total undiscounted lease payments	77'980	64'642

Accounting principles**Leases**

The present value of financing leases is recognised in "non-current assets" and in current/non-current financial liabilities on the balance sheet when most of the contractual risks and rewards have been transferred to SKAN. Lease installments are divided into an interest and a repayment component based on the annuity method. Assets held under such financing leases are depreciated over the shorter of their estimated useful life or lease term.

Operating lease installments are recognised in the income statement on a straight-line basis over the lease term and disclosed in the notes to the consolidated financial statements.



9 Financial Risk Management

Due to its international reach, SKAN is exposed to financial risks such as currency, credit, liquidity and interest rate risks. SKAN applies a risk management policy that was approved by the Board of Directors. The overall risk management focuses on the unpredictability of developments on financial markets

and aims to reduce negative effects on SKAN's financial situation. The risk policy defines the handling of risks as well as a structured process which prescribes the systematic monitoring of business risks. The Board of Directors is informed periodically about significant changes in the risk assessment and about the risk management activities performed.

Risk

Currency risk

Extent of risk

SKAN operates at international level and is exposed to the risk of foreign exchange fluctuation of various currencies. The risks relate mainly to EUR, USD and JPY. Other currencies have a minor impact.

Currency risks result from sales and expenses in foreign currencies, from the financing of subsidiaries as well as from non-current assets, liabilities and investments in foreign currencies.

Risk management

Where possible, cash flows of individual group entities are hedged naturally (natural hedging, revenues and expenses are to a certain extent denominated in the same currency, which provides a natural hedge). A further course of action SKAN takes to reduce the currency risk is to keep the cash balances in foreign currencies at a minimum level.

Further reduction of currency risk is achieved through the use of derivative financial instruments.

Credit risk

The maximum credit risk on financial instruments corresponds to its carrying amounts.

Apart from advance payment guarantees (for effected customer advance payments) there are no significant warranties and similar commitments that could lead to a risk above the carrying amounts of recognised assets. These advance payment guarantees are issued at the customer's request for effected advance payments. However, the maturities of these guarantees are limited to the duration of the respective milestone. SKAN invests its cash and cash equivalents mainly in well-known Swiss banks (or their subsidiaries) with at least an A rating (Standard & Poor's). Additionally, banks in the USA, Japan, Belgium and Germany are used for local payment transactions.

According to the investment policy, these transactions occur only with creditworthy institutions.

In order to limit counterparty risks, cash and cash equivalents are distributed in a targeted manner between several banks.

Short-term financial investments have a maturity of less than 12 months.

The danger of concentration of risks for trade receivables is limited due to the large number and the wide geographical spread of customers. The extent of the credit risk is mainly determined based on each client's individual characteristics. The periodic risk assessment comprises a verification of the creditworthiness based on the customer's financial situation as well as on past experience. Furthermore, large projects are generally launched only after receipt of payment. Consequently, large customer projects are usually pre-financed.

Risk	Extent of risk	Risk management
Liquidity risk	Liquidity risk is the risk that SKAN will not be able to meet its financial obligations as they fall due.	<p>SKAN uses short-term forecasts for monitoring cash flow requirements and optimising its cash return on investments. Typically, SKAN ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, and to cover usual fluctuations in funding requirements. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.</p> <p>In addition, SKAN maintains lines of credit to cover larger fluctuations and unforeseen impacts. Total unused lines of credit as at 31 December 2023 amounted to CHF 33 million (2022: CHF 42.2 million).</p>

Interest rate risk	The interest rate risk may involve either changes in future interest payments owing to fluctuations in market interest rates or the risk of a change in market value, i.e. the risk that the market value of a financial instrument will change owing to fluctuations in market interest rates. SKAN does not value fixed-rate liabilities at market values. Consequently,	changes in interest rates do not have a significant impact on the income statement. SKAN is exposed to a minor interest rate risks on cash and cash equivalents. The existing financial liabilities have a fixed interest rate.
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Derivative financial instruments for hedging purposes

	Positive fair value		Negative fair value		Purpose
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	
Foreign exchange					
EUR forward	576	13	-10	-397	
USD forward	825	337	0	-388	
JPY forward	262	35	0	0	
Total derivative financial instruments	1'663	385	-10	-785	Hedging
Thereof derivatives held for hedging of future cash flows	-1'663	-385	10	785	
Total recognised in balance sheet	0	0	0	0	

Accounting principles

Derivative financial instruments	SKAN uses hedging instruments such as forward exchange contracts in order to hedge the currency risk resulting from expected sales of goods (cash flow hedges). Derivates used to hedge future cash flows are disclosed in the notes to the consolidated financial statements without being recognised in the financial statements.
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10 Other Non-Recognised Commitments

As at 31 December 2023, SKAN Deutschland GmbH has pledged assets amounting to kEUR 13'800 (2022: kEUR 13'800).

There are no other contingent liabilities from other obligations for the period reported and the previous year.

This section provides information on changes in SKAN's group structure due to acquisitions and disposals. Additionally, all material directly and indirectly held investments are presented in the list of investments.

1 Changes in the Consolidation Scope

Acquisition of Aseptic Technologies S.A.

Following the agreement with the co-owner of Aseptic Technologies, Société Régionale d'Investissement de Wallonie, SKAN acquired a further tranche of 5% in shareholding as of 2 May 2023, increasing its stake to 85% as of balance sheet date. According to the agreement, SKAN committed itself to acquire a final tranche of 5% in Aseptic Technologies. The contractual purchase date for this tranche has not yet been definitely determined. According to the contract, the tranche must be executed between the financial years of 2024 to 2026.

Investment in associate Plast4Life

In 2023, the indirect investment held in Plast4Life became a reportable investment in associate using the equity method. SKAN's share in profit of Plast4Life is reported separately in the consolidated income statement and cashflow. The value of the investment is reported under financial assets, see note 2.5.

2 Group Companies

Name of the company, domicile	Country	Currency	Share capital	Votes and capital share 31.12.2023	Votes and capital share 31.12.2022	
SKAN Holding AG, Allschwil	Switzerland	CHF	189'750	100%	100%	directly held
SKAN AG, Allschwil	Switzerland	CHF	50'000	100%	100%	indirectly held
SKAN US, Inc. Raleigh, NC	USA	USD	0	100%	100%	indirectly held
SKAN JP, Okinawa	Japan	JPY	30'000'000	80%	80%	indirectly held
SKAN Real Estate LLC, Raleigh, NC	USA	USD	0	100%	100%	indirectly held
SKAN Deutschland GmbH, Görlitz	Germany	EUR	25'000	100%	100%	indirectly held
SKAN Stein AG, Stein	Switzerland	CHF	100'000	100%	100%	indirectly held
Aseptic Technologies S.A., Gembloux ¹	Belgium	EUR	17'356'640	85%	80%	indirectly held
Plast4Life, Ans ²	Belgium	EUR	1'607'541	20.8%	19.5%	indirectly held

¹ A 5% increase in the shareholding was made as of 2 May 2023

² Investment in associate



5 Other Information

This section provides information and explanations that do not appear in other sections, such as, for example, employee benefit liabilities.

It also provides an overview of transactions with related parties and subsequent events after the balance sheet date.

1 Employer Contribution Reserve ("Arbeitgeberbeitragsreserve")

	Nominal Value	Waiver of use	Balance Sheet	Additions	Balance Sheet	Result from Employer Contribution Reserve	
in CHF thousands	31.12.2023	31.12.2023	31.12.2023	2023	31.12.2022	2023	2022
Pension plan	1'171	0	1'171	-	1'171	-	1'171
Total	1'171	0	1'171	-	1'171	-	1'171

2 Employee Benefit Liabilities

	Deficit/ Surplus	Economic share of the Group	Change for the period recognised in the income statement	Contributions accrued for the period (benefit)/ liability	Pension expenses in Personnel expenses
in CHF thousands	31.12.2023	31.12.2023	31.12.2023	2023	2023
Pension plans without surplus/deficit	0	0	0	920	5'587
Pension plans with surplus	0	0	0	0	0
Pension plans with deficit	0	0	0	0	0
Pension institutions without own assets	0	0	0	0	0
Total	0	0	0	920	5'587

in CHF thousands	31.12.2022	31.12.2022	31.12.2022	2022	2022
Pension plans without surplus/deficit	0	0	0	6	4'350
Pension plans with surplus	0	0	0	0	0
Pension plans with deficit	0	0	0	0	0
Pension institutions without own assets	0	0	0	0	0
Total	0	0	0	6	4'350

The disclosed pension expenses only include contributions to the pension institutions borne by the entity. SKAN AG is affiliated to a collective pension plan. The coverage rate of pension institutions with a full insurance is always 100% - any deficit or surplus is excluded due to the guarantees resulting from the insurance contract.

Accounting principles

Pension benefits

SKAN has several pension plans that are all managed by legally independent institutions and comply with the legal requirements in the respective countries. The effective economic impact of pension plans on the consolidated financial statements of SKAN are assessed at each balance sheet date. An economic benefit is capitalised if permitted and it is intended to use the surplus to reduce future employer contributions. An economic obligation is recognised as a liability if the conditions for a provision are met. Existing employer contribution reserves are recognised as assets. Any economic impact resulting from the surplus or the deficit and the change in employer contribution reserves are recognised in "personnel expenses" in the income statement.

The employees of the SKAN entities in Switzerland are insured in legally independent pension funds. The pension institution is financed through periodic employer and employee contributions. The foreign pension plans are of limited significance.

3 Restriction On The Transfer Of Shares

The Board of Directors can reject the transfer of shares if the acquirer is a competitor of the company or a person who works in or for a competing company of the SKAN Group or is directly or indirectly invested in a competing company. In addition, the Board of Directors can refuse the entry in the share register if the purchaser does not expressly declare that he/she has acquired the shares in his/her own name and for his/her own account.

4 Related Parties

Related parties (refers to persons and entities) of SKAN are the members of the Board of Directors, the members of SKAN's Group Management and shareholders of SKAN that exercise, directly or indirectly, on their own or with others, a significant influence over the entity (voting right > 20%).

In the year under review there were no transactions with related parties.

5 Equal Pay Analysis ("Lohnvergleichsanalyse")

In 2021, SKAN carried out an equal pay analysis for all its eligible Swiss entities as required by the regulations set out in the Swiss Gender Equality Act. The results of the pay analysis between male and female employees were compliant with the legal requirements. SKAN's wage system is set out to ensure equal pay for similar tasks and responsibilities.

6 Subsequent Events After The Balance Sheet Date

Between the balance sheet date of the consolidated financial statements for the year ended 31 December 2023 and the date of the approval of these financial statements by the Board of Directors, no events occurred that would require a change of the consolidated financial statements or a disclosure in this section.

7 Approval Of The Consolidated Financial Statements

The consolidated 2023 financial statements were approved by the Board of Directors on 25 March 2024.



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STATUTORY AUDITOR'S REPORT

To the general meeting of SKAN Group AG, Allschwil

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SKAN Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2023 and the consolidated income statement, the consolidated statement of changes in equity and the 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 140 to 199) give a true and fair view of the consolidated financial position of the Group as of 31 December 2023 and its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

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

Key Audit Matters

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.

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Key Audit Matter	How the Key Audit Matter was addressed in the audit
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Accounting for customer projects

In 2023, the SKAN Group recognized net assets from customer projects (Work in progress) of CHF 74 million (19.8% of total assets) and net liabilities from customer projects (Advance payments from customers) of CHF 106.3 million (28.5% of total liabilities) in the balance sheet.

The recognition of profits on such contracts in accordance with Swiss GAAP FER 22 "Long-term contracts" is based on the stage of completion of each project. This is measured by reference to the proportion of contract costs actually incurred at balance sheet date relative to the estimated total costs of the contract at completion. Potential losses must be recognized immediately. In our view, the measurement of customer projects is a key audit matter because of the significance of the project business for the Group and accordingly, also in the balance sheet and due to the high level of judgement in estimating the forecasted costs as well as net sales for these long-term contracts.

An inappropriate application of the percentage-of-completion method could result in a material variance in the amount of profit or loss recognized at the balance sheet date and thus also in the current period.

Refer to note 2.3 of the consolidated financial statements 2023.

We obtained an understanding of the relevant processes and control activities (including monitoring of projects and month-end procedures). We also inquired those responsible for project controlling in order to gain a more in depth understanding of the project portfolio and the related risks and to challenge management's assumptions and estimates in the valuation of projects.

We performed test of controls and, on a sample basis, other substantive procedures of customer projects and their treatment in the consolidated financial statement as follows:

- We examined monthly project reporting and the work performed by the project managers, finance team and management.
- We reconciled estimated total net sales to purchase orders.
- We compared projects completed in 2023 with previous estimates to analyse the accuracy of estimates.
- We obtained detailed lists of accrued costs and reconciled them to the overall statement.
- We tested prepayments and payments received from customers and the allocation to the corresponding projects.
- We tested the project valuation calculations and reconciled the relevant information to the general ledger.
- We reconciled the threatened losses calculated in the project valuations to the provision recognized in the general ledger.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the financial statements, the compensation 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.

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Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 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.

Bern, 25 March 2024

BDO Ltd

Joseph Hammel
Auditor in charge
Licensed Audit Expert

Dennis Kanwar
Licensed Audit Expert

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Financial Statements SKAN Group AG 2023

206	Income Statement
208	Balance Sheet
210	Notes to the Financial Statements
216	Appropriation of Retained Earnings
217	Proposal for the Appropriation of Retained Earnings
218	Auditor's Report

Income Statement

Income/in CHF thousands	Note	2023	2022
Investment income	1.7	0	205
Dividend income	1.7 & 2.1	10'000	5'000
Interest income			
Third party	1.8	796	181
Group companies	1.9	261	96
Total Income		11'057	5'483
Expenses/in CHF thousands			
Personnel expenses		0	14
Administration expenses	2.5	267	378
Interest expenses		0	224
Total Expenses		267	616
Profit before Income Taxes		10'790	4'867
Income taxes		509	200
Profit for the Year		10'281	4'666



Balance Sheet

Assets

Current Assets/in CHF thousands	Note	31.12.2023	31.12.2022
Cash and cash equivalents	1.1	55'270	45'324
Fixed term deposit	1.2	0	25'000
Other current receivables	1.3		
Third party		13	13
Group companies	1.4	37'000	17'000
Prepayments and accrued income		17	17
Total Current Assets		92'300	87'354
Non-Current Assets/in CHF thousands			
Investments in subsidiaries	1.5 & 2.1	593'680	593'680
Total Non-Current Assets		593'680	593'680
Total Assets		685'980	681'033

Liabilities and Equity

Current Liabilities/in CHF thousands	Note	31.12.2023	31.12.2022
Other current liabilities to third parties	1.6	6	8
Accrued liabilities and deferred income	2.2	755	468
Total Current Liabilities		761	475
Equity/in CHF thousands			
Share capital		225	225
Capital reserves			
Reserves from capital contributions	2.3	639'316	642'127
Statutory reserves		25'376	25'376
Retained earnings (incl. carry forward)			
Profit carried forward		10'019	8'163
Profit for the year		10'281	4'666
Total Equity		685'218	680'558
Total Liabilities and Equity		685'980	681'033

Notes to the Financial Statements

1 Information about the Report

SKAN Group AG (the "Company") is the ultimate holding company of the SKAN Group and is headquartered in Allschwil, Switzerland. The Company did not have any employees in 2023.

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles (GAAP), as set out in the Swiss Code of Obligations ("SCO") Art. 957 to 963b. All amounts are presented in Swiss francs ("CHF"), unless indicated otherwise. Group companies include all legal entities which are directly or indirectly owned and controlled by the Company.

The financial statements have been prepared under the historical cost convention, except where disclosed otherwise in the accounting policies and were prepared under the going concern assumption. The figures and especially the totals may contain rounding differences.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the remeasurement of current assets and current liabilities denominated in foreign currencies are recognised in financial income and financial expenses.

The Company has prepared its consolidated financial statements according to Swiss GAAP FER. Consequently, these financial statements and notes do not include additional disclosures, a cash flow statement and a management report.

1.1 Cash and cash equivalents

Cash and cash equivalents comprise current bank accounts, petty cash and short-term financial investments with an initial maturity of up to three months.

1.2 Fixed term deposit

In the prior year, a fixed term deposit with a Swiss bank was held and terminated in the current reporting period.

1.3 Other current receivables

All receivables are stated at nominal value less provision for bad debt, which is calculated on the basis of an individual assessment of the receivables. Each receivable is valued individually.

1.4 Other current receivables - group companies

Other current receivables toward group companies consist of the balances on current accounts held by the subsidiaries as of the balance sheet date.

1.5 Investments

Investments in subsidiaries are recognised at cost less impairment charges and are valued according to the principle of individual valuation. The Company reviews the carrying amount of its investments on a yearly basis and if indicators suggest that the carrying amount may not be recoverable, a valuation adjustment is recognised in the income statement. Impairment charges are calculated on an individual basis.

1.6 Other current liabilities

Liabilities are recognised at their nominal value.

1.7 Investment income and Dividend income

Dividend income from investments is recognised at the time of legal claim. The prior year investment income resulted from two single payments following the closure of legal procedures.

1.8 Interest income - third party

Interest income from third party derives from the interest received on a fixed-rate note held with a Swiss bank.

1.9 Interest income - group companies

Interest income from group companies derives from the interest due on current accounts held by the subsidiaries.

2 Disclosures on Balance Sheet and Income Statements Items

2.1 Group Companies

Name of the company, domicile	Country	Currency	Share capital	Votes and capital share 31.12.2023	Votes and capital share 31.12.2022	
SKAN Holding AG, Allschwil	Switzerland	CHF	189'750	100%	100%	directly held
SKAN AG, Allschwil	Switzerland	CHF	50'000	100%	100%	indirectly held
SKAN US, Inc. Raleigh, NC	USA	USD	0	100%	100%	indirectly held
SKAN JP, Okinawa	Japan	JPY	30'000'000	80%	80%	indirectly held
SKAN Real Estate LLC, Raleigh, NC	USA	USD	0	100%	100%	indirectly held
SKAN Deutschland GmbH, Görlitz	Germany	EUR	25'000	100%	100%	indirectly held
SKAN Stein AG, Stein	Switzerland	CHF	100'000	100%	100%	indirectly held
Aseptic Technologies S.A., Gembloux ¹	Belgium	EUR	17'356'640	85%	80%	indirectly held
Plast4Life, Ans ²	Belgium	EUR	1'607'541	20.8%	19.5%	indirectly held

¹ A 5% increase in the shareholding was made as of 2 May 2023

² Investment in associate

SKAN has irrevocably committed itself to increase the current shareholding in Aseptic Technologies S.A. by an additional tranche of 5%. As of the balance sheet date, the contractual purchase date has not yet been definitely determined. According to the contract, the tranche must be executed between the financial years of 2024 and 2026.

2.2 Accrued liabilities and deferred income

in CHF thousands	31.12.2023	31.12.2022
Income and capital taxes	650	400
Audit fee	70	68
Other	35	0
Total accrued liabilities and deferred income	755	468

2.3 Reserves from capital contributions ("Kapitaleinlagereserve")

in CHF thousands	Total reserves from capital contributions
Opening balance per 01.01.2022	645'705
Federal levy on IPO "Emissionsabgabe"	-880
Dividend payments from capital contributions	-2'698
Closing balance per 31.12.2022	642'127
Opening balance per 01.01.2023	642'127
Dividend payments from capital contributions	-2'810
Closing balance per 31.12.2023	639'316

2.4 Shareholder base

Significant Shareholders

According to the share register, the following shareholders own more than 3% of the shares in SKAN Group AG as of the balance sheet date:

Name	Number of shares per 31.12.2023	In % of share capital	Number of shares per 31.12.2022	In % of share capital
Dr. h. c. Willy Michel, Gümligen	3'302'527	14.7%	3'475'262	15.5%
Plattner Buser Vera, MuttENZ	2'385'737	10.6%	2'385'737	10.6%
Plattner Gregor, Zürich	2'385'737	10.6%	2'385'737	10.6%
PEMOL-Baumann-Stiftung	1'757'823	7.8%	1'757'823	7.8%
J. Safra Sarasin Investmentfonds AG	785'000	3.5%	n/a	n/a
Catum GmbH, Engelberg (Beneficiary: Martin Reber)	n/a	n/a	1'006'479	4.5%
Huber Thomas Martin, Münchenstein	n/a	n/a	683'905	3.0%

Shares owned by board members

The board members own the following number of shares as of the balance sheet date:

Name	Function	Number as per 31.12.2023	In % of share capital	Number as per 31.12.2022	In % of share capital
Dr. Gert Thoenen	Chairman	235'367	1.0%	318'174	1.4%
Oliver Baumann	Member	0	0%	0	0%
Cornelia Gehrig	Member	85	0%	85	0%
Thomas Huber	Member	383'905	1.7%	683'905	3.0%
Dr. Beat Lüthi	Member	0	0%	0	0%
Gregor Plattner	Member	2'385'737	10.6%	2'385'737	10.6%
Patrick Schär	Member	1'000	0%	1'000	0%

Shares owned by management

The Executive Management owns the following number of shares as of the balance sheet date:

Name	Function	Number as per 31.12.2023	In % of share capital	Number as per 31.12.2022	In % of share capital
Thomas Huber	CEO	383'905	1.7%	683'905	3.0%
Maria Cuevas Otero ¹	CSO	0	0%	n/a	n/a
Marina Häni	CPCO	0	0%	0	0%
Cornelia Henny-Weiss ²	COO	n/a	n/a	0	0%
Philippe Jérôme	CMO	47'325	0.2%	47'325	0.2%
Ralf Krämer	CTO	0	0%	0	0%
Burim Maraj	CFO	20'489	0.1%	20'489	0.1%
Sascha Pawel	CIO	100'686	0.4%	140'686	0.6%
Martin Steegmüller	CPO & CDO	5'218	0%	5'218	0%
Thomas Zinn	CCO	0	0%	0	0%

¹ Member of Executive Management in 2023. Therefore no disclosure in 2022.

² Resigned in 2023; is not a member of Executive Management as of 31 December 2023. Therefore no disclosure.

2.5 Administrative expenses

in CHF thousands	31.12.2023	31.12.2022
Legal and consultancy fees	186	185
Marketing and representation	5	126
Bank charges	21	32
Other expenses	55	35
Total administrative expenses	267	378

3 Other Information

3.1 Contingent liabilities

SKAN Group AG, together with SKAN AG and SKAN Holding AG, have a joint contingent liability resulting from a bank loan between SKAN Deutschland GmbH and the DZ-Bank and Volksbank in Germany in the amount of 6'299 kCHF.

3.2 Full-time equivalents

The annual average number of full-time equivalents for the reporting period did not exceed 10 (2022: Did not exceed 10).

3.3 Audit fee

The audit fee consists of the following:

in CHF thousands	31.12.2023	31.12.2022
Audit fee	70	83
Other services (including IPO)	0	1

3.4 Subsequent events after the balance sheet date

No significant events occurred after the balance sheet date of 31.12.2023. Events after the balance sheet date were considered until 25 March 2024. On this date, the financial statements were approved by the Board of Directors of SKAN Group AG.

Appropriation of Retained Earnings

in CHF thousands	2023	2022
Profit carried forward per 1 January	12'830	10'861
Dividend distributed	-2'810	-2'698
Profit for the year	10'281	4'666
Distributable retained earnings to shareholders	20'301	12'830

Proposal for the Appropriation of Retained Earnings by the Board of Directors

in CHF thousands	2023	2022
Distributable retained earnings to shareholders	20'301	12'830
Allocation to free reserves	0	0
Dividend ¹	-7'869	-5'621
Thereof from capital contribution reserves ("KER")	3'935	2'810
Balance to be carried forward	16'366	10'019
Total dividend distribution	7'869	5'621
Thereof from capital contribution reserves ("KER")	-3'935	-2'810
Thereof from retained earnings	3'935	2'810

¹ The dividend is based on the total shares outstanding as of 31.12.2023.

Since the statutory capital reserves have reached 20% of the share capital, no further allocation is deemed necessary.



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STATUTORY AUDITOR'S REPORT

To the general meeting of SKAN Group AG, Allschwil

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SKAN Group AG (the Company) - which comprise the balance sheet as of 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 206 to 215) 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 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.

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Key Audit Matter was addressed in the audit
<p>Valuation of investments</p> <p>As of 31 December 2023, the financial statements show investments in subsidiaries totaling CHF 594 million. This corresponds to 87% of total assets. Investments in subsidiaries are recognized at historical cost less any adjustments for impairments. To assess whether impairment indicators exist, management analyzed revenue and profitability key figures as well as budgets. As of 31 December 2023, no impairment was recognized. In our view this item, which is very large in amount, was a key audit matter because of the higher degree of management judgement in evaluating the need for any impairment charges. The company's disclosures on investments in subsidiaries are included in notes 1.5 and 2.1 to the financial statements.</p>	<p>In addition to inquiries of management, we performed the following audit procedures:</p> <ul style="list-style-type: none"> - Evaluation of whether the method used is appropriate. - Agreed the parameters used to supporting evidence. - We have assessed the quality of the prior year's budgeting in relation to revenue and profitability key figures.

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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 financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTSuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 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.

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Abbreviations and Definitions

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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.

Bern, 25 March 2024

BDO Ltd


Joseph Hammel
Auditor in charge
Licensed Audit Expert


Dennis Kanwar
Licensed Audit Expert

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Alternative Financial Performance Measures (APM)

- **EBITDA:** Operating result (EBIT) plus depreciation, amortisation.
- **EBITDA margin:** EBITDA as a percentage of net sales from goods and services.
- **EBT:** Profit before income taxes.
- **Equity ratio:** Equity at the end of the period divided by total assets at the end of the period.
- **Headcount:** Number of people employed by SKAN Group at the time indicated (i.e. excluding contractors).
- **Personnel intensity:** Total personnel expenses divided by total net sales from goods and services.
- **Material intensity:** Sum of material and external services plus change in inventory divided by total net sales from goods and services
- **Net cash:** Cash and cash equivalents less current and non-current financial liabilities.
- **Book-to-Bill ratio:** Total order intake divided by total net sales from goods and services
- **Net working capital (NWC):** Total current assets (excluding cash and cash equivalents) minus trade payables, advance payments from customers, other current liabilities, current provisions, and accrued liabilities and deferred income.
- **Operating result (EBIT):** Earnings before total financial result and income taxes.
- **Return on capital employed (ROCE):** Operating result (EBIT) divided by the sum of the average total assets minus the average current liabilities, expressed as a percentage.

Abbreviations and Definitions

- **n/a:** Not applicable

Financial Calendar

Annual report 2023, press conference and presentation for financial analysts	26.03.2024
Annual general meeting 2024	07.05.2024
Publication Half-Year Results 2024	20.08.2024

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