

ANNUAL REPORT 2023

KEY FIGURES AT GLANCE

Key Figures

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Total operating income	10,752	20,593
Income from management services	3,268	5,169
Income from investment property	3,661	4,771
Share of results of associated companies	3,556	10,273
Other income	267	380
Administrative expense	-8,083	-9,738
Personnel expense	-4,643	-6,176
General expense	-3,440	-3,562
Earnings before depreciation, valuation adjustments, provisions, interest and taxes	2,669	10,855
Depreciation, valuation adjustments and provisions	-634	-3,443
Earnings before interest and taxes (EBIT)	2,035	7,412
Finance result, net (financial income, financial expense, market value adjustment)	-8,528	-896
Net result from continued operations before taxes	-6,493	6,516
Income taxes	2	298
Net result from continued operations	-6,491	6,814
Net result from discontinued operations	-	435
Net result	-6,491	7,249
attributable to shareholders of Valartis Group AG	-3,568	7,185
attributable to non-controlling interests	-2,923	64
in CHF 1,000	31.12.2023	31.12.2022
Total assets	137,812	205,358
Current assets	40,194	45,212
Non-current assets	97,618	160,146
Non-current assets classified as held for sale	-	-
Total liabilities	45,539	78,254
Current liabilities	20,305	20,633
Non-current liabilities	25,234	57,621
Total shareholders' equity (including non-controlling interests)	92,273	127,104
Equity capital quota, in per cent	67.0	61.9
Staff (full-time equivalents, FTE)	38.8	67.0
Closing price of VLRT share, in CHF	12.70	18.00
Equity of Shareholders per share, in CHF	29.50	27.87
Dividend per share, in CHF	0.50	-
Dividend yield in percent	3.9	-

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TO OUR SHAREHOLDERS

Dear Shareholders



Gustav Stenbolt,
Chairman and Delegate of the Board of Directors

The Financial year 2023 was characterised by a challenging investment environment with high interest rates and volatility in the foreign exchange markets. According to International Financial Reporting Standards (“IFRS”), Valartis Group reports a net loss of CHF 6.5 million (previous year: net profit of CHF 7.2 million) primarily attributable to the strengthening of the Swiss franc against all investments in foreign currencies, which adversely affected the net finance result by CHF 10.4 million. Operating income decreased overall by 48 per cent compared to the previous year due mainly to lower contribution of associated companies as well as the restructuration of Group’s third-party advisory business that has been transferred with the disposal of EPH European Property Holdings’ Russian portfolio. Administrative expenses shrank by 17 per cent following this transformation. The income from investment property increased 4 per cent in base currency but has been impacted by the unfavourable foreign exchange movement. As a result, the earnings before interest and taxes (“EBIT”) were a gain of CHF 2.0 million (previous year: gain of CHF 7.4 million).

FUTURE DEVELOPMENTS

The Valartis Group will focus on successfully developing existing and new profitable, cash-producing activities. The focus of activities in 2024 will be the collaboration with EPH European Property Holdings PLC (“EPH”) by strengthening its local asset management teams following the latest acquisitions and developments including deployment and implementation of the ESG measures across its real estate portfolio. The business activities of ENR Russia Invest SA (“ENR”) and management of the Group’s participations will remain a challenge in the context of the latest developments in both the global and Russian economies as well as the sanctions environment implying activity restrictions and capital controls. The construction of our first container vessel will support the growth of our shipping business. On the banking

side, we expect Norinvest/Banque Cramer & Cie to continue its growth and good performance also in 2024.

ACTIVITIES IN 2023

Valartis Group is holding a 29.2 per cent stake in Norinvest, having a 100 per cent stake in Banque Cramer & Cie, Geneva. The bank has benefitted from the rising interest rate environment and good growth in Assets under Management during 2023. Furthermore, the bank has been able to again increase its profitability compared to previous period. The bank is aiming to sustainably increase its assets under management and has confirmed its solid position as a profitable Swiss private bank with operations in Geneva, Zurich, Lugano and Dubai.

Our shipping joint-venture company has taken delivery of a new mid-size feeder container cargo vessel in the 3rd quarter of 2023, which started operations immediately. Our two other joint-venture investments in multi-purpose vessels witnessed a reduction of the daily time charter rates compared to the peaks reached in 2022. Nevertheless, they maintained a high level of profitability and distributions. Together, the return of these investments amounts to CHF 1.2 million for the year 2023.

In 2023, EPH European Property Holdings PLC (“EPH”), successfully disposed of its entire Russian real estate portfolio. This transaction supported by Valartis Group closed in April 2023 and contributed to the strategic realignment of the company. Valartis Group has subsequently continued providing real estate advisory and management services exclusively to the remaining European portfolio of EPH. Consequently, Valartis Group has restructured its local subsidiaries and reduced its operations in Russia. All third-party advisory business outside the mandate from ENR have ceased with most employees in Moscow having been reassigned.

With its dedicated asset management team, Valartis Group supported EPH in the development of an ESG strategy based on a detailed portfolio analysis by examining sustainability across the entire EPH Group. As a result, EPH has developed a comprehensive sustainability strategy that integrates sustainability values into its core business of acquiring and owning high-quality real estate. Various improvements of internal process projects have been undertaken with the support of Valartis Group. In 2023, EPH continued its growth strategy by acquiring a five-star hotel sitting in a historic building in Vevey. Valartis Group has supported EPH with the acquisition of this prestigious property and will accompany the renovation project over the next five years. Overall, EPH continues to carefully examine market opportunities in Europe’s business hubs to position the real estate portfolio for long-term stability in income and value growth. Valartis Group as external asset manager of EPH European Property Holdings PLC is supporting the EPH transactions, the refinancing of its real estate assets, the development of EPH capital structures, administration of its properties and its investor relations. Valartis Group has managed EPH’s assets since its incorporation.

The Group continues to hold a 63.2 per cent participation in ENR. At the Petrovsky Fort business centre, the business performed well in 2023 and had lower office and retail vacancies compared to 2022. Office tenants and visitors benefit from convenience grocery shopping at the supermarket in the building, and a range of other serviced focussed tenants. The thousand square metres area designated for the new upmarket co-working business will open in April 2024, adding another value-added rental offering at Petrovsky Fort. Regular ongoing improvements and capex programs continue. Discussions are currently ongoing with the financing institution to buyout the bank loan.

At Kaluga Flower Holding LLC, the flower production supplies a large retail, wholesale and smaller customer base on a regular basis. Greenhouses are operating at full capacity where 25.1 hectares is in productive use, with 15 hectares planted with, among others, more than 40 rose varieties.

As initiator, investor as well as investment advisor, Valartis Group advises and develops the Luxembourg based Valartis German Residential Health Care fund. This fund, which is investing into senior living facilities in Germany, continued to manage its recent years acquisitions. Considering the demographic development, the increase of the portion of the elderly population, and the aging baby boomer generation requesting care services soon, the demand for both, nursing homes with in-patient care services and senior living apartments with out-patient care service offerings, continues to grow.

During the first semester 2023, Valartis Group acquired 1,173,000 Valartis Group AG shares or 27.3 per cent of its own shares held by one of its large shareholders. As a consideration for the Valartis shares, the Group has delivered a significant portion of its holdings in Athris AG. During the second semester 2023, Valartis Group further disposed of an additional stake of its holdings in Athris AG. Together, by partially disposing of its stake in Athris AG, Valartis Group realised a gain that in accordance with IFRS, the gain on the sale has been recognised over the entire period of ownership exclusively in the balance sheet rather than being recorded in the Consolidated Income Statement as a one-time gain at the date of disposal. This fact is reflected within the Consolidated statement of changes in equity where the realised gain is transferred to retained earnings. The share buyback transaction was approved by the Annual General Meeting of 16 May 2023. The Annual General Meeting also approved the cancellation of the 1,173,000 Valartis shares that took place on 14 June 2023.

VALARTIS GROUP TODAY

The business model continues to be based on our core competencies i.e. financial services, real estate management and investments. We continue to look for new or add on investments, especially if they will increase our cash flows. Our main focus industries remain financial services and real estate projects, but we will also consider opportunities in other industries. At the end of 2023, Valartis Group employed 39 people (38.8 Full-Time

Equivalents ("FTE") across the Group in the real estate management, in marketing, leasing and maintenance businesses – previous year: 67 employees (67 FTE).

The 2023 Annual General Meeting of 16 May 2023 authorised the repurchase of up to a maximum of 120,000 shares of Valartis Group's own shares prior to the 2026 Annual General Meeting by way of a public share buyback programme for cancellation purposes. By 31 December 2023, a total volume of 103,000 shares had been purchased in a share buyback at a fixed price for CHF 1.4 million at a purchase price of CHF 13.75 per share. The amendment of the Articles of Association (reduction of share capital) in respect of the actual number of shares repurchased will be submitted to the Annual General Meeting 2024 for approval.

TODAY AND TOMORROW'S PRIORITIES

The 2024 financial year will continue to present us with challenges and opportunities. A key success factor in our businesses continues to be the rapid and successful development of new profitable and cash generative activities and the further development of existing projects and the launch of innovative investment products and services.

DIVIDEND

The Board of Directors will propose a dividend of CHF 0.50 per share entitled to dividend to the 36th Annual General Meeting on 14 May 2024. Based on year-end shareholdings, this corresponds to a total distribution of CHF 1.4 million. The Board of Directors thus expresses its appreciation to the shareholders and thanks them for the trust they have placed in Valartis Group.

THANK YOU

We would like to take this opportunity to express our special appreciation and gratitude to our employees for their continued loyalty. We thank the shareholders of Valartis Group AG for their loyalty and understanding. We are confident that Valartis Group is well prepared for future challenges and sustained corporate success.

Fribourg, Switzerland, 28 March 2024.



Gustav Stenbolt,
Chairman and Delegate of
the Board of Directors



MANAGEMENT REPORT

BUSINESS PERFORMANCE

During the financial year 2023, Valartis Group reported a net loss of CHF 6.5 million (previous year: net profit of CHF 7.2 million) primarily attributable to the strengthening of the Swiss franc against all investment in foreign currencies, which adversely affected the net finance result by CHF 10.4 million. The operating business has performed satisfactorily considering the environment and the earnings before interest and taxes ("EBIT") were a gain of CHF 2.0 million (previous year: gain of CHF 7.4 million). Furthermore, the operating income has decreased by CHF 9.8 million but this effect has been mitigated by administrative expenses lowered by CHF 1.7 million and valuation adjustments improved by CHF 2.6 million compared to the previous year.

During the second quarter 2023, following the disposal of EPH European Property Holdings PLC ("EPH") Russian real estate portfolio, Valartis Group continued to provide real estate advisory and management services exclusively to the European portfolio of EPH. Consequently Valartis Group has reorganised its local subsidiaries and reduced its operations in Russia. All third party advisory business outside the mandate from ENR have ceased with most employees in Moscow having been reassigned.

Norinvest Holding (Banque Cramer & Cie SA) benefitted from a pleasing business development during 2023, has been able to optimise its resource allocation successfully, increased its profitability compared to previous period and has confirmed its solid position as a profitable Swiss private bank. The Bank has benefitted from the rising interest rate environment and been able to again increase its profitability compared to previous period. Banque Cramer is aiming to sustainably increase its assets under management.

On the shipping side, our joint-venture company has taken delivery of the new mid-size feeder container cargo vessel, which is now operating. Our two other joint-venture investments in multi-purpose vessels witnessed a reduction of the daily time charter rates compared to the peaks reached in former periods. Nevertheless, they maintained a high level of profitability and distributions. Together, the return of these investments amounts to CHF 1.2 million for the year 2023.

The Investment property business centre had lower office and retail vacancies in 2023 compared to 2022. Office tenants and visitors benefit from convenience grocery shopping at the supermarket in the building, and a range of other serviced focussed tenants (including a flower shop of the flower production business). The thousand square metres area designated for the new upmarket co-working business will open in April 2024, adding another value added rental offering at Petrovsky Fort. Regular ongoing improvements and capex programs continue.

The flower production facility produces high-quality locally grown flowers. The business supplies a large retail, wholesale and smaller customer base on a regular basis. Greenhouses are operating at full capacity where 25.1 hectares is in productive use, with 15 hectares planted with more than 40 rose varieties; 2 hectares planted with more than 20 germini and gerbera varieties; 5 hec-

tares used for a large annual tulip programme, supplemented by a range of seasonal flower programs; 3 hectares used for chrysanthemums and 0.1 hectares for flower plant propagation. Flower growing, cutting and sales continue to increase each year.

Overview of the 2023 financial year

On the asset management side, Valartis Group supported EPH to successfully dispose its entire Russian portfolio, which contributed to the strategic realignment of the company. Further, with its dedicated asset management team, Valartis Group supported EPH in the development of an ESG strategy based on a detailed portfolio analysis by examining sustainability across the entire EPH Group. As a result, EPH has developed a comprehensive sustainability strategy that integrates sustainability values into its core business of acquiring and owning high-quality real estate. Various improvement of internal process projects have been undertaken with the support of Valartis Group. In 2023, EPH continued its growth strategy by acquiring a five-star hotel sitting in an historic building in Vevey. Valartis Group has supported EPH with the acquisition of this prestigious property and will accompany the renovation project over the next years. Overall, EPH continues to carefully examine market opportunities in Europe's business hubs to position the real estate portfolio for long-term stability in income and value growth. Valartis Group as external asset manager of EPH European Property Holdings PLC is supporting the EPH transactions, the refinancing of its real estate assets, the development of EPH capital structures, administration of its properties and its investor relations. Valartis Group has managed EPH's assets since its incorporation.

Valartis German Residential Health Care SICAV FIS, which invests in senior living properties in Germany, was influenced by the general economic development. Increasing interest rates and inflation environment allowed some increase on the rental income. At the same time and for the same underlying reason, the valuation had to be impaired by approximately 5 per cent in 2023.

The demand for senior-living and care services continues to grow driven by the general demographic development. Within the next 10 years, the aging baby boomer generation will demand care services and additional senior appropriate living facilities. Thus, new senior living offerings and care services are required to meet the demand. In 2023 the German senior living and health care market faced a challenging year. Operators of senior living facilities were impacted by increasing personnel, rental, financing, and energy costs. In addition, the shortage of trained nursing staff in the care sector makes it more difficult to find sufficient staff to maintain the operation of inpatient care facilities. In close cooperation with the operators of the facilities of Valartis German Residential Health Care has been able to mitigate these risks.

ESG (Environmental Social Governance) relevant topics and European Union taxonomy regulations gain more importance. In 2023, the Fund incorporated the Sustainable Finance Disclosure Requirement ("SFDR") as required by European Union. By committing to social and environmental characteristics, the Fund will not only contribute to climate protection and social aspects but also attract a broader investors' universe. The fund is open

for new investors' subscriptions to further acquire sustainable and attractive German senior living facilities and to offer its investors to benefit from the megatrend demography and the stable and steadily growing senior living market.

During the first semester 2023, Valartis Group acquired 27.3 per cent of its own shares held by one of its large shareholders. As a consideration for the Valartis shares, the Group has delivered a significant portion of its holdings in Athris AG. The share buyback transaction was approved by the Annual General Meeting of 16 May 2023. The acquired shares were subsequently cancelled.

During the second semester 2023, Valartis Group further disposed of an additional stake of its holdings in Athris AG. Together, by partially disposing its stake in Athris AG, Valartis Group realised a gain of CHF 9.6 million. In accordance with IFRS, the gain on the sales have been recognised over the entire period of ownership rather than being recorded as a one-time gain at the dates of disposal. This fact is reflected within the Consolidated statement of change in equity where the realised gains are transferred to retained earnings.

The 2023 Annual General Meeting of 16 May 2023 authorised the repurchase of up to a maximum of 120,000 shares of Valartis Group's own shares prior to the 2026 Annual General Meeting by way of a public share buyback programme for cancellation purposes. By 31 December 2023, a total volume of 103,000 shares had been purchased in a share buyback at a fixed price for CHF 1.4 million at a purchase price of CHF 13.75 per share. The amendment of the Articles of Association (reduction of share capital) in respect of the actual number of shares repurchased will be submitted to the Annual General Meeting 2024 for approval.

THE FINANCIAL SITUATION OF VALARTIS GROUP

The consolidated equity amounted to CHF 92.3 million at end 2023 (31 December 2022: CHF 127.1 million). The change is mainly due to the acquisition of own shares for purpose of share capital reduction. The number of outstanding shares of Valartis Group was reduced to 3,126,295 from 4,299,295 in June 2023. In addition, the annual result i.e. a loss (CHF 6.5 million), the foreign exchange translation differences (CHF 4.7 million) besides smaller decreases also impacted the Group equity. For an overview, please refer to the consolidated statement of changes in equity on page 42. Overall, this corresponds to an equity ratio (i.e. total equity in per cent of balance sheet total) of 67.0 per cent (previous year: 61.9 per cent).

EMPLOYEES OF VALARTIS GROUP

Over the years, Valartis Group employees have made a decisive contribution to the success of Valartis Group through their loyalty and alignment with the Group's strategies and their commitment to execute these strategies in practice. They are of great importance for the success of Valartis Group and its future competitiveness. See also chapter Corporate Sustainability, page 12. The financial recognition of individual performance through up

to date remuneration models is an important factor, and it is a specific focus of the Board of Directors to recognise the performance of the employees accordingly. For further information, see the section entitled Compensation Report, page 26.

The Board of Directors and the Executive Management of Valartis Group would like to take this opportunity to thank the employees for their commitment over the past year and the continued high level of loyalty and trust they have shown to Valartis Group.

As of 31 December 2023, Valartis Group employed a total of 38.8 full-time adjusted employees in its businesses (previous year for the Group: 67 full-time adjusted employees).

The organisational structure of Valartis Group, see organisational chart, page 10, consists of a Board of Directors at Group level and a Delegate of the Board of Directors.

CARRYING OUT A RISK ASSESSMENT

The Board of Directors monitors the risk management system and deals with all risks on a quarterly basis with corresponding reports. Current risk topics are discussed and evaluated. See also Risk Management in the separate chapter and in Valartis Group's consolidated financial statements, pages 15 and 61.

Each year, the Board of Directors conducts a structured analysis of the main risks to which the Group is exposed related to its business model. These include credit, market, liquidity, operational, strategic, business and reputational risks. The Board of Directors considers risk-minimising measures, internal controls and changes in political, economic, sociocultural and/or information technological environment. The Board of Directors then sets overall targets and risk limits, compliance with which is continuously monitored.

Strategic and organisational decisions are made on this basis with the aim of optimising Valartis Group's risk positions. A key component of this is the design and further development of the internal control system which is intended to address identified risks through appropriate, stringent control measures and minimise their probability of occurrence. The appropriate establishment of risk management and controlling processes which ensure the identification, assessment, management, monitoring and reporting of material risks and the associated risk concentrations, ensures that all risks are taken into account. A key objective here is to create transparency about risks at an early stage and to limit potential losses. The Board of Directors considers the structures and measures which are in place for controlling and monitoring material risks to be appropriate.

Description of the accounting-related internal control system

Valartis Group's internal control system comprises all principles, procedures and measures designed to ensure the effectiveness, efficiency and regularity of accounting and compliance with the relevant legal provisions. It is based on the international Committee of Sponsoring Organisations of the Treadway Commission ("COSO") model and comprises the components control environ-

ment, risk assessment process, accounting-related information systems, control activities and monitoring of the internal control system (ICS). COSO is a voluntary private sector organisation in the United States that aims to help improve the quality of financial reporting through ethical conduct, effective internal controls and good corporate governance. There have been no significant changes since the balance sheet date that would require an adjustment of the internal control system.

BUSINESS DEVELOPMENT

Income statement

The Group posted a net loss of CHF 6.5 million for the 2023 financial year (2022: net gain of CHF 7.2 million) primarily attributable to the strengthening of the Swiss franc against all investment in foreign currencies, which adversely affected the net finance result by CHF 10.4 million. Operating income decreased overall by 48 per cent compared to the previous year due mainly to lower contribution of associated companies as well as the restructuring of Group's third party advisory business. Administrative expenses shrank by 17 per cent following this transformation. As a result, the earnings before interest and taxes ("EBIT") were a gain of CHF 2.0 million (previous year: gain of CHF 7.4 million).

Management services fees amounted to CHF 3.3 million compared to CHF 5.2 million in the previous year, i.e. decreasing by CHF 1.9 million following the restructuring of local subsidiaries of Valartis providing advisory to the former Russian real estate portfolio of EPH.

Income from investment property in 2023 increased by 4 per cent in base currency compared to 2022 however it has been impacted by the unfavourable foreign exchange movement. As a result, it decreased to CHF 3.7 million compared to CHF 4.8 million during the previous year.

The result of associated companies contributed a gain of CHF 3.6 million (previous year: CHF 10.3 million).

Operating expenses decreased by 17 per cent to CHF 8.1 million (2022: CHF 9.7 million) where on one hand, general expenses reduced by 3 per cent compared to previous year and on the other hand, personnel expense reduced by 25 per cent in relation with restructuring of Russian local subsidiaries of Valartis having ceased all third party advisory business outside the mandate from ENR with most employees having been reassigned.

Valuation adjustments, provisions and losses for 2023 amount to CHF 0.2 million compared to CHF 2.8 million in previous year and caused by the change in valuation of real estate holdings of ENR Group (CHF -0.5 million on Petrovsky Fort and CHF +0.3 million on a Moscow based parking garage).

The net finance result, i.e. a loss of CHF 8.5 million compared to a loss of CHF 0.9 million in previous year, was impacted the net foreign exchange loss (CHF -10.4 million), the positive fair value adjustment of marketable securities held by the Group (CHF 1.8

million), the interest margin and dividend income (CHF 0.3 million) and the net loss from financial instruments measured at fair value through profit or loss (CHF -0.2 million).

BALANCE SHEET

In 2023, total assets shrank to CHF 137.8 million (31 December 2022: CHF 205.4 million). This decrease compared to the previous year is mainly due to the reimbursement of CHF 29.5 million promissory notes from EPH European Property Holdings, the partial disposal of the holdings in Athris AG by CHF 21.7 million, the change in valuation on the Investment property by CHF 9.1 million essentially due to a stronger Swiss Franc against Ruble the at year-end. These effects have been partially compensated by the decrease of cash and cash equivalents by CHF 5.7 million and the increase of Trading portfolio assets by CHF 3.2 million as the result of investments and fair value adjustment beside other smaller effects.

Current financial liabilities remained stable to CHF 20.4 million. Non-current financial liabilities have decreased by CHF 32.4 million mainly as a consequence of the reimbursement of an investment facility of CHF 30.2 million as well as a foreign exchange effect.

Total equity was CHF 92.3 million at end 2023 (31 December 2022: CHF 127.1 million) and equity attributable to shareholders of Valartis Group at CHF 81.6 million (31 December 2022: CHF 111.8 million).

SIGNIFICANT EVENTS

Significant events after the balance sheet date

There were no significant events after the balance sheet date. Events after the balance sheet date are also reported in Valartis Group's consolidated financial statements, Note 44.

Segment reporting

Valartis Group has only one single segment and, in accordance with IFRS 8, reporting is only for one business component of the Group. See also the notes to the consolidated financial statements in Note 36.

OUTLOOK

Expected development of Valartis Group

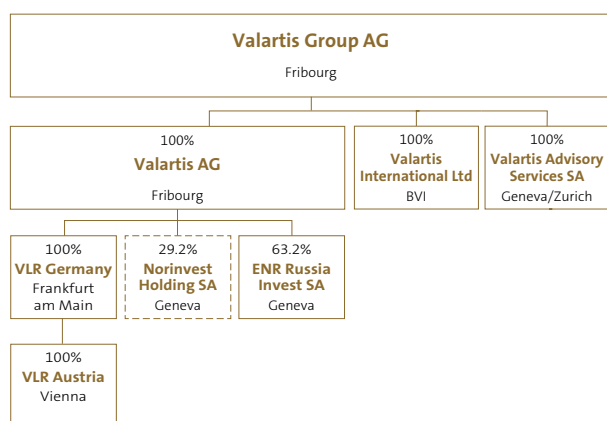
In the view of the challenging operating environment in Russia, the Group will focus on protecting the value of its investments. In addition, the focus will be on Private Equity, Real Estate Project Management and Financial Services for 2024 where we will continue the development of existing and new profitable and cash generative activities and to advance the further development of projects underway. Valartis Group continues to focus its market development and adapts its range of services and product taking account of market demand and other relevant dynamics. Where required, the Group structure will be adapted to react to, inter alia, key external market developments and project

requirements or implementations, or expanded services which may require further adjustments to the Group's organisation and infrastructure. From a strategic and tactical point of view, the activities will continue to focus on development and managing of new participations and new projects in line with Valartis Group's strategic guidelines. An important aspect of these new projects is their ability to increase the Group's operating cash flow. For further information see also chapter Strategy and Objectives, page 9.

STRATEGY AND OBJECTIVES

Valartis Group is an internationally active financial group with offices in Switzerland (Fribourg, Geneva and Zurich), Luxembourg, Russia (Moscow and St. Petersburg), Germany (Frankfurt am Main and Stuttgart) and Austria (Vienna). Valartis Group AG, headquartered in Fribourg, canton of Fribourg, Switzerland, is the holding company of the Group. The registered shares of Valartis Group AG are listed on the SIX Swiss Exchange (ISIN CH0367427686). Valartis Group AG holds direct or indirect participations in fully consolidated companies and in associated companies (see Note 37 of the Consolidated Financial Statements).

Valartis Group – Operational Structure



THE STRATEGIC DIRECTION

Today, Valartis Group's business activities comprise financial services, real estate projects and participations. Therefore, considering the basic principle of risk-bearing capacity, the return-oriented assumption of risks is the focus of operational management.

Financial services

Valartis Group concentrates on focused management of niche funds (investment satellites). The focus of investment activity is in the countries of Russia, Germany and Austria. Valartis Group also provides certain advisory services through its corporate finance team (see below). Furthermore, Valartis Group holds a 29.2 per cent stake in Banque Cramer & Cie SA through an investment in Norinvest Holding SA.

Valartis German Residential Health Care Fund

For Valartis German Residential Health Care Fund, the Group acts as investment advisor to the fund which was launched for qualified investors. The fund focuses on investing in nursing homes in Germany. Valartis Group performs various advisory and administrative tasks for the fund. For these services, it is compensated on the basis of usual market fees.

Corporate Finance

Valartis Corporate Finance services focus primarily on advisory activities for listed and non-listed medium-sized companies in Germany, Austria and Switzerland, as well as in Central and Eastern Europe.

Real estate projects

On the real estate side, Valartis Group combines the management of profitable commercial and residential properties with investments in promising development projects. With their know-how and broad network of contacts, the real estate investment specialists of Valartis Group also support the search for specific investment opportunities in the real estate sector.

ENR Russia Invest SA

ENR is an investment company listed on the SIX Swiss Exchange and a member of the Swiss Association of Investment Companies. Since 1996. It has been investing in private equity, listed shares, real estate and non-current income instruments of Russian companies and companies from other states of the Commonwealth of Independent States and the Baltic States. ENR has an investment property in St. Petersburg, Russia, being the business centre Petrovsky Fort. This is a class B+ office and retail property, completed in 2003, located in the centre of St. Petersburg near the Neva River. It has nine office and two retail levels with a large central atrium as well as two floors for technical equipment, an underground parking facility and an above-ground car park. Of the total net rental area, approximately 15,000 square metres are earmarked for office purposes and approximately 6,000 square metres for retail space. ENR also owns 50 per cent of a parking garage located very centrally on Moscow's Turgenevskaya Square. The underground car park offers spaces for approximately 290 cars on 6 underground floors. Via a wholly owned subsidiary, ENR acquired in 2019 a 50 per cent interest in a 27.4-hectare greenhouse and engineering facility for flower growing in the Kaluga Oblast in Russia.

EPH European Property Holdings PLC

EPH European Property Holdings PLC is a stock corporation listed on the SIX Swiss Exchange. As a real estate investment company, EPH concentrates primarily on the European prime commercial and residential property markets. Valartis Group holds a 4.9 per cent stake in EPH. Valartis International Ltd, a company of Valartis Group, continues to be responsible for certain investment advisory, property management and administrative functions at EPH under a management contract.

Participations

The focus is on equity participations as an active shareholder. Valartis Group pursues a bottom-up approach and is constantly looking for investments for its own and its clients investment and property portfolios.

Elements of the traditional portfolio management process such as portfolio realisation and portfolio control are used to select investment opportunities. The disciplined implementation of these steps contributes to achieving the objective of a stringent profitability orientation with an appropriate risk/return ratio. One of the central challenges in putting together an investment portfolio is to resolve the conflict between optimising the expected return (value growth including interest and dividends less costs) within a certain period on the one hand and limiting the risk of loss on the other hand. Typically, the structure of an investment portfolio will show a certain consistency over time which implies an anti-cyclical behaviour which involves both opportunities and risks.

Norinvest Holding SA

Norinvest Holding SA, headquartered in Geneva, Switzerland, is a Swiss investment company founded in 1984. It is listed on the OTC platform of the Cantonal Bank of Bern and is the 100 per cent owner of Banque Cramer & Cie SA which specialises in private banking and asset management. Following the completed sale of its two Swiss subsidiaries Valartis Bank AG and Valartis Wealth Management SA to Banque Cramer & Cie SA in 2014, Valartis Group AG acquired a 25 per cent stake in Norinvest Holding SA through the merger of Valartis Bank AG and Banque Cramer & Cie SA. This stake has been raised to 29.2 per cent in 2022 following Norinvest capital reduction.

Whitebox Services AG

Whitebox Services AG, through its wholly owned subsidiary Whitebox GmbH, founded in July 2014, has been one of the first online asset management companies on the German market, as of January 2016. Whitebox aims at a return on investment that is significantly better than that of conventional offers at the same risk level. Whitebox GmbH, Weil am Rhein, is a wholly owned subsidiary of Whitebox Services AG which is based in Switzerland. The owners of Whitebox Services AG are the founders, former management members of leading banks and industry experts. Valartis has acquired a small stake in Whitebox Services AG.

Briese Schifffahrts GmbH & Co. KG MS

In 2019, Valartis Group invested in two limited partnerships called Briese Schifffahrts GmbH & Co KG MS "Folmhusen" and Briese Schifffahrts GmbH & Co KG MS "Nesseborg", who each owned a mid-size multipurpose vessel. Between 2021 and 2023, the Group has further invested in a new joint venture called Briese Schifffahrts GmbH & Co KG MS "Marz", which built a new mid-size container cargo vessel and started its operations in 2023.

Athris Holding AG

Athris AG (until August 2008 Jelmoli Beteiligungen AG), headquartered in St. Moritz, canton of Graubunden, Switzerland, is a Swiss investment company whose shares are traded on BX Swiss which is a Swiss regulated stock exchange under the supervision of FINMA. Valartis Group holds this investment in the category Financial assets at fair value through OCI.

The organisational structure

Board of Directors and Executive Management

With confirmation of the Annual General Meeting of 16 May 2023, the Board of Directors of Valartis Group is composed as follows: Gustav Stenbolt, Chairman of the Board of Directors, Philipp LeibundGut, Vice Chairman, and Olivier Brunisholz, Member. See also press release of 16 May 2023: Results of the Annual General Meeting of Valartis Group AG; at <http://www.valartisgroup.ch/en/#medienmitteilungen>.

Organisational chart



Valartis Group employs a total of 38.8 people (full-time equivalent).

The employees provide services in the areas of real estate projects, investment projects, corporate finance and, as part of the Group's service organisation, in the areas of Group accounting and controlling, IT & logistics and corporate communications. Other services required by the Group (personnel administration and tax and legal advice) are obtained from external providers.

Measures to increase earnings and control costs

All business units of the Group have already initiated or newly launched programmes with the aim of increasing earnings or reducing costs in order to achieve the targeted increase in efficiency and profitability in a timely manner. In particular, management is working to increase short-term flexibility despite increasing challenges and complexity in setting up additional investments in order to make the business model more scalable and to keep costs under control. Stringent risk management and compliance with the criteria for risk-bearing capacity remain key principles of the Group. The internal control system of Valartis Group (ICS) is continuously adapted and helps to manage operational risks efficiently. Details can be found in the chapter Risk Management of Valartis Group, page 15, and in the chapter Notes on risk management, pages 61.

Commission income

In addition to building up and managing investments, Valartis Group also aims to increase income from services. The aim is to increase in commission income and generate positive contributions to earnings in the medium term beyond the sustainable coverage of operating costs. Cooperation opens up a way not only to counter rising costs, but also to jointly develop and implement investment projects. Valartis Group is therefore in constant exchange with partners in order to jointly use existing resources and optimise their use.

OUTLOOK

The 2024 financial year will continue to present us with challenges and opportunities. A key success factor in our businesses continues to be the rapid and successful development of new profitable and cash generative activities and the further development of existing projects and the launch of innovative investment products and services. The operating environment in Russia continues to represent a source of a challenges as there has not been a solution for the conflict with Ukraine. The Group monitors permanently the geopolitical developments and the economic environment to evaluate how the situation is evolving, and will assess what actions to take.

CORPORATE SUSTAINABILITY

SUSTAINABLE CORPORATE GOVERNANCE

We are an interactive, internationally focused company and are aware of the diversity and the great importance of our international and local stakeholders and dialog groups. In a phase of realignment of the business model, it is essential to know the interests and needs of our stakeholders and to take them into account appropriately for the further development of the Group in order to ensure the sustained success of the Group's development.

We not only integrate economic criteria into our thinking and actions, but also include social and ecological aspects and thus strive for a holistic perception of our corporate responsibility. Our ethical and professional core values such as integrity, respect, trust, customer and dialogue orientation, partnership and transparent communication as well as a sustainable sense of responsibility are laid down in the Code of Conduct. The Code of Conduct is published under Investor Relations at <http://www.valartisgroup.ch/en/#codeofconduct>.

Sustainable business practices and thus sustainable profitability are central to our long-term success. We integrate environmental and social aspects into our business decisions and into the management of our resources and infrastructure. We want to achieve continuous sustainability for our internal and external stakeholders¹⁾.

1) Code of Conduct of Valartis Group, section Sustainability

An essential function of the Code of Conduct is to make all people in the company aware of applicable laws and company guidelines and to make them aware of legal risks in everyday working life. The Code of Conduct summarises laws and other rules that are of relevance to Valartis Group and provides guidance. As a binding guideline for legally compliant and ethically responsible conduct in our company, the Code of Conduct also defines the standards for responsible conduct towards business partners and the public, but also in dealing with one another within the company. All employees and the Board of Directors of Valartis Group are obliged to comply with the principles laid down in the Code of Conduct (see chart in the right column). Valartis Group maintains an open, transparent dialogue and strives for a relationship based on trust and responsibility with clients, partners, investors and employees. Effective Corporate Governance is essential for sustainable business success which is why Valartis Group consistently complies with corporate governance rules and follows the principles and recommendations of economie-suisse's Swiss Code of Best Practice for Corporate Governance.

Corporate responsibility



VALUES AND PARTNERSHIP

We adhere to our traditional core values such as trust, partnership, a sense of risk and responsibility, dialogue orientation and innovative strength, combined with competence, know-how and many years of experience. Our core competencies – Real Estate Project Management, Financial Services and our own participations – form the basis for our current corporate alignment.

Risk Management and Compliance

We attach great importance to both risk management and compliance – in the sense of compliance with rules, i.e. compliance with laws and guidelines, but also with voluntary codes. Compliance governs the exercise of legal responsibility and compliance with all relevant internal and external regulations as well as the timely implementation of new requirements. Our business activities are based on disciplined, prudent risk management. We only take those risks that we can assess and evaluate and want to bear within our risk appetite. In the interest and for the protection of our stakeholders, we as a Group attach great importance to internally independent control procedures and activities, descriptions and information on Risk management (see pages 15 and 61).

For an overview and assessment of the main risks associated with the current business model, please refer to Risk Management on pages 15 and 61.

FOR OUR SHAREHOLDERS – TRANSPARENCY AND SUSTAINABLE CORPORATE DEVELOPMENT

As a listed company, important stakeholder groups of Valartis Group AG are our shareholders with a free float of 16.7 per cent of the shares (excluding the treasury shares) and the majority shareholder is, as of 31 December 2023, MCG Holding SA, Baar ZG, controlled by Gustav Stenbolt (80.23 per cent) and Philipp LeibundGut (19.77 per cent), and which holds 68.8 per cent of the nominal capital and voting rights of the Company. Gustav Stenbolt and Philipp LeibundGut also directly own respectively 2.3 and 0.8 per cent of nominal capital and voting rights of the Company (see Note 28 of the Consolidated Financial Statements). The remaining shares are held by the company itself.

We remain committed to generate sustained profits vis-à-vis our majority and minority shareholders. These profits form the basis for a development that not only allows targeted reinvestment in business activities, but also enables the funding of reserves for economically difficult times. The Group also aims to return the capital provided by the owners at an appropriate rate of interest in the form of dividends.

Sustainable corporate development – value-oriented management

The basis of overall corporate management is a systematic, multilevel financial planning and management process based on a dual management concept with a separation between decentralised control of front activities and centralisation of the service organisation, including the Group's own financial assets and investment strategies. The corporate management in place relies on the Board of Directors and the Executive Management.

Board of Directors and Executive Management

The Board of Directors is responsible for determining the medium- and long-term strategic orientation of Valartis Group. Its members have many years of experience and expertise in the areas of finance & banking, international investments and investment projects, international taxation, finance and accounting, risk management and in dealing with internal control systems (see also Corporate Governance, page 16). The strategic guidelines of the Board of Directors are implemented by the Executive Management. It is also responsible for the operational management of Valartis Group, operational liquidity planning and overall results, defines as a decision-making body the operational medium-term planning (roll-over) and the profit targets at gross profit level valid for the next three years, and defines the central tactical measures at Group level.

The people responsible for private equity, real estate project management and funds report to the Executive Management. Based on a detailed annual plan, they determine their income, risk and activity budget for the coming year and, within this framework, decide on the use of necessary funds. Non-operative taxable income and expenses such as trading or valuation gains, however, do not form part of medium-term planning. Timely monitoring and discussion of the monthly results allows countermeasures to be implemented quickly during ongoing operations, especially in the event of significant budget deviations. At

the same time, appropriately designed information and risk management systems always make it possible to keep operational risk under control (see also Risk Management on pages 15 and 61). The three-year capital planning process concludes the financial management process.

SUSTAINABLE EMPLOYEE DEVELOPMENT

We are proud to have employees who take on challenges, overcome obstacles and are committed to the Group, even under difficult conditions.

The challenging conditions in the internationally competitive environment will make prudent, sustainable promotion and constant further training of Valartis Group employees even more important in the future. Our continued international activities demand a high degree of professionalism, expertise, knowledge of people and culture from our employees, as well as the values we desire. Furthermore, Valartis Group can only operate sustainably and master future challenges due to the specific expertise, the highly solution-oriented service approach and the high personal commitment of each individual employee.

Wherever possible, we offer our employees a high degree of flexibility so that they can balance their workload with their private lives. Our value-oriented management approach is characterised by a leadership style based on partnership and a climate of cooperation supported by comradery and provides for attractive salaries in line with the market, a performance-oriented remuneration system and progressive social benefits that create incentives for personal development.

The compatibility of career and family together with work-life balance is an important prerequisite for the long-term performance of employees. Accordingly, within the Group we offer market-conform, regionally adapted holiday and vacation regulations as well as the possibility of flexible working hours and are open to the home office concepts in accordance with operational requirements.

Equal treatment also applies to the individual determination of remuneration. In this way, female specialists at the same location receive the same salaries as their male colleagues with the same qualifications and experience. Dealing with issues of gender equality is regulated by the personnel regulations. At the same time, a culture of freedom of expression encourages a high degree of employee participation and co-determination.

Value-based remuneration system – target orientation and appreciation

We are committed to fair, balanced and performance-oriented remuneration and offer our employees in all Group companies not only attractive salaries in line with market conditions and progressive social benefits, but also a bonus system that appropriately rewards above-average performance. Our value-based remuneration system is geared to the medium-term economic success and sustainable competitiveness of the Group (for details see also Compensation Report of Valartis Group, page 26).

OUR PROMISE TO OUR EMPLOYEES

Accept social responsibility	Sustainable employee development – future-driven	Value-driven compensation system – target-oriented, appreciation	Values – trust, responsibility, cooperation, respect
<p>We wish all employees an adequate work-life balance, i.e. a good work-life balance and an adequate balance between work and appropriate leisure, exercise and nutrition. Accordingly, the Valartis companies offer market-conform, regionally adapted holiday and holiday regulations as well as the possibility of flexible working hours.</p>	<p>We promote and facilitate personal and professional development within the Group.</p> <p>We have institutionalised internal and external training and further education.</p>	<p>We offer market-based remuneration at all locations. The remuneration system provides incentives that promote performance-, team- and risk-conscious culture as well as entrepreneurial thinking and acting and strengthening Valartis Group as a whole.</p>	<p>We follow the principle of equal treatment, especially in determining salaries. Female specialists receive the same salaries within the same location with the same qualifications and experience as their male colleagues.</p> <p>We have institutionalised internal and external training and further education.</p> <p>We offer and expect from our employees a cosmopolitan attitude and respect towards other nations, cultures, mentalities, age groups and needs.</p>

In 2023, the Group continued its Long Term Incentive Programme (“LTI”) covering members of the Board of Directors, Executive Management and certain employees. As a Group, we motivate employees to live a performance-, team- and risk-conscious culture and promote independent entrepreneurial thinking and acting in the interests of the Group. In addition to targeted employee development and advancement, a salary in line with market conditions and progressive social benefits, Valartis Group offers its employees a range of fringe benefits.

SOCIAL COMMITMENT

As a company aware of its social responsibility, Valartis Group can only modestly support several international charitable organisations due to its small size.

FOR THE ENVIRONMENT – FUTURE-ORIENTED, LONG-TERM BALANCE

In our corporate management, we are guided by the basic principle of an adequate, long-term balance between our economic, social and ecological responsibility as a group.

In matters of sustainability, we will continue to focus on resource efficiency because we are convinced that this is an important factor for the long-term success of the Group and our investment portfolio. In the future, stakeholders will increasingly demand concrete steps from companies with regard to

sustainable use of non-renewable resources, a further increase in resource efficiency and a shift towards renewable energies.

Due to its very limited capacities and infrastructures, Valartis Group refrains from systematically collecting and evaluating ecologically relevant information.

We reduce our ecological footprint by, for example:

- using public transport for business travel;
- critically questioning the necessity of air travel;
- using new technologies for meetings (online or video conferencing);
- striving for efficiency in the consumption of electricity for computer systems and other electrical equipment;
- reducing paper consumption;
- developing and offering user-friendly online communication tools and platforms, such as microsites and apps for annual reports and publications;
- using chilled ceilings in the offices which contribute to a pleasant room climate in summer and winter;
- collecting waste paper and recycle it.

OUR EMPLOYEES IN 2023

	31.12.2023	31.12.2022
Valartis Group (full-time equivalents)	38.8	67.0
Nationalities	10	11
Locations	7	9

RISK MANAGEMENT OF VALARTIS GROUP

RISK SITUATION OF VALARTIS GROUP

Overview

The balance sheet total assets amount to CHF 137.8 million as of 31 December 2023 and shrank by 33 per cent compared to previous year (31 December 2022: CHF 205.4 million) mainly due to the reimbursement of CHF 29.5 million promissory notes from EPH European Property Holdings, the partial disposal of the holdings in Athris AG by CHF 21.7 million, the change in valuation on the Investment property by CHF 9.1 million. These effects have been partially compensated by the decrease of cash and cash equivalent by CHF 5.7 million and the increase of Trading portfolio assets by CHF 3.2 million as the result of investments and fair value adjustment beside other smaller effects.

Current financial liabilities remained stable to CHF 20.4 million. Non-current financial liabilities have decreased by CHF 32.4 million mainly as a consequence of the reimbursement of an investment facility of CHF 30.2 million as well as a foreign exchange effect.

Total equity was CHF 92.3 million at end 2023 (31 December 2022: CHF 127.1 million) and equity attributable to shareholders of Valartis Group at CHF 81.6 million (31 December 2022: CHF 111.8 million). The total equity decreased compared to the previous year due to the purchase of treasury shares for purpose of share capital reduction (CHF 22.1 million), the annual result i.e. a loss (CHF 6.5 million), the foreign exchange translation differences (CHF 4.7 million) besides smaller decreases. For an overview, please refer to the consolidated statement of changes in equity on page 42.

The assets side of the balance sheet at year-end was as follows:

in CHF million	31.12.2023	31.12.2022
Current assets	40.2	45.2
Non-current assets	97.6	160.1

Risk management for the remaining risks on the asset side is based on the professional principles of value-oriented corporate management which include the targeted assumption of risks and their professional management. Considering the basic principle of risk-bearing capacity, return-oriented risk assumption is the focus of risk management.

Valartis Group takes a bottom-up approach to its own investments and is constantly looking for new long-term investments for its participation portfolio. Elements of the traditional portfolio management process such as portfolio realisation (asset allocation, monitoring, review) and portfolio control (performance measurement, attribution) are used to select own investment opportunities. The disciplined implementation of these steps contributes to achieving the objective of a stringent profitability orientation with an appropriate risk/return ratio. One of the central challenges in putting together your own investment portfolio is to resolve the conflict between optimising the expected return (value growth including interest and dividend less costs) within a certain period of time on the one hand and

limiting the risk of loss on the other hand. Typically, the structure of an investment portfolio will have a certain consistency over time which implies an anti-cyclical behaviour and involves both opportunities and risks.

Organisation of risk management

Valartis Group has a central risk management organisation.

In its capacity as the highest operative supervisory body, the Board of Directors bears responsibility for all risks of the Group and defines the corresponding risk policy. It is responsible for determining the annual risk budget, the structure of limits and the maximum risk tolerance (quantitative and qualitative) in relation to the risk-bearing capacity of the Group. Operational management is responsible for the implementation of risk management and control principles and ensures permanent compliance with the specified limits. Risk monitoring and risk assessment see chapter Management Report, page 5.

At present, the business activities of Valartis Group essentially comprise the following risks:

- Market risk (price risk of equity instruments, interest rate risk and foreign currency risk)
- Credit risk (bonds default risk)
- Operational risk (real estate project risk)
- Liquidity risk

The currency risk is currently the main risk to be assessed. See also further explanations in the consolidated financial statements of Valartis Group, page 61.

The currency balance sheet at the end of the year was as follows:

in CHF million	31.12.2023	31.12.2022
Current assets	40.2	45.2
in CHF	6.8	8.8
in EUR	21.1	26.5
in USD	9.9	8.4
in RUB	2.4	1.5
Non-current assets	97.6	160.1
in CHF	39.8	58.3
in EUR	3.2	32.4
in USD	13.5	14.6
in RUB	41.1	54.8
Net position per foreign currency (total assets per currency less total liabilities per currency)		
in EUR	-3.9	-3.7
in USD	18.1	19.6
in RUB	40.9	53.0

CORPORATE GOVERNANCE

Valartis Group attaches great importance to a strong Corporate Governance and sees this as a central factor for corporate success. The protection of shareholder interests, a transparent and comprehensive information policy and an appropriate remuneration policy are key elements of Valartis Group's Corporate Governance. Corporate Governance also regulates the relationship between management and control of the Group.

LEGAL GUIDELINES AND PRINCIPLES

Valartis Group follows the principles and recommendations of *économiesuisse's* Swiss Code of Best Practice for Corporate Governance and its appendix with recommendations on the remuneration of the Board of Directors and the Executive Management (see Compensation Report, page 26). As a company listed on the SIX Swiss Exchange ("SIX"), Valartis Group is also subject to the guidelines of SIX Exchange Regulation. The following information as of 31 December 2023, unless otherwise stated, meets the requirements of the SIX Directive on Information relating to Corporate Governance ("DCG") of 29 June 2022 with entry into force as of 1 January 2023.

CORPORATE GOVERNANCE FRAMEWORK OF VALARTIS GROUP

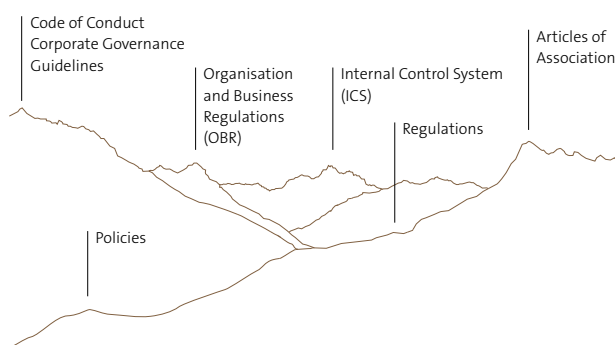
Valartis Group's corporate governance guidelines define and allocate the roles, competencies and areas of responsibility of the management and supervisory bodies in a clear and balanced manner and provide for appropriate controls. All principles and guidelines relating to Corporate Governance are binding for the organisation and management of Valartis Group. These documents form the corporate governance framework of Valartis Group and comprise the following elements:

- The Articles of Association explain the corporate purpose and the comprehensive organisational framework of Valartis Group. The Articles of Association are posted under Investor Relations at <http://www.valartisgroup.ch/en/#statuten>.
- Valartis Group's Code of Conduct defines basic ethical and professional values such as integrity, respect, client and dialogue orientation, fairness, transparent communication and a sustainable sense of responsibility. The Code of Conduct is published under Investor Relations at <http://www.valartisgroup.ch/en/#codeofconduct>.
- The internal Organisation and Business Regulations (OBR) define the responsibilities and competencies within Valartis Group. The essential elements of these regulations are set out in this Corporate Governance Report in the section Board of Directors (see page 18), Compensation Committee (see page 21) and Executive Management (see page 22).
- The rules of the Compensation Committee set out the duties and responsibilities of this body and its members. The essential elements of these regulations are set out in Compensation Report 2023 (see page 26).

- The remuneration policy: The Compensation Report – see also <http://www.valartisgroup.ch/en/#investorrelations> under Annual Report or <http://www.valartisgroup.ch/en/#geschaeftsberichte> – defines the essential elements and principles of an appropriate compensation system for the members of the Board of Directors, the Executive Management and the employees (see Compensation Report 2023, pages 28 and 31).
- The responsibilities and competencies defined in the internal Organisation and Business Regulations ("OBR") are, where appropriate, additionally described and defined in various regulations.

Corporate Governance

Organisation and Business Regulations (OBR)



GROUP STRUCTURE AND SHAREHOLDERS

Group's structure

Valartis Group AG is a stock corporation under Swiss law with its registered office in Fribourg, canton of Fribourg, Switzerland. The registered shares of Valartis Group AG (ISIN CH0367427686) are listed on the SIX Swiss Exchange. As of 31 December 2023, the market capitalisation of Valartis Group AG amounts to CHF 39.7 million for 3,126,295 shares issued. Valartis Group holds 11.49 per cent or 359,078 treasury shares as of 31 December 2023. The organisational chart in the chapter Strategy and Objectives on page 9 illustrates the operational structure and organisation of Valartis Group. Information on segment reporting and further explanations can be found in the Management Report on page 5 ff. and the notes to the consolidated financial statements, Note 36. For an overview of treasury shares, please refer to Note 26 to the Consolidated financial statements.

Consolidation

The Group companies of Valartis Group AG (scope of consolidation) are listed in the notes to the Group financial statements in Note 37, together with information on the company, registered office, purpose, share capital, shareholding and capital and voting rights. The associated companies are also listed and described in Notes 19 and 37 to the consolidated financial statements.

The following material participation in the scope of consolidation is listed on the SIX Swiss Exchange: ENR Russia Invest SA, Geneva (Switzerland), ISIN CH0034476959 which had a market capitalisation of CHF 11.9 million as of 31 December 2023.

Significant shareholders

MCG Holding SA, Baar ZG, Switzerland, directly holds 68.8 per cent of the nominal capital and voting rights of the Company. The beneficial owners of MCG Holding SA are Gustav Stenbolt (80.23 per cent) and Philipp LeibundGut (19.77 per cent) who also directly own respectively 2.3 and 0.8 per cent of nominal capital and voting rights of the Company. No other shareholders are known to hold more than 3.0 per cent of the voting registered shares. Detailed information on the shareholder structure can be found in the notes to the consolidated financial statements, Note 28, and in the notes to the financial statements of Valartis Group AG, on page 119. There are no shareholders' agreements.

For an overview of the disclosures made in the year under review, please refer to the website of SIX Exchange Regulation (<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>).

Cross-shareholdings

There are no cross-shareholdings in terms of capital or voting rights between Valartis Group AG and its subsidiaries and other companies.

CAPITAL STRUCTURE

Share capital

The share capital of Valartis Group AG amounts to CHF 3,126,295, divided into 3,126,295 registered shares with a par value of CHF 1.00 each. All registered shares of Valartis Group AG are fully paid up and listed on the SIX Swiss Exchange. With the exception of the registered shares held as treasury shares (an overview of treasury shares can be found in the notes to the consolidated financial statements, Note 26), all registered shares of Valartis Group AG are entitled to dividend and there are no preferential rights. As of the balance sheet date of the financial year 2023, there are no financial instruments outstanding that could lead to a dilution of the Company's equity.

The registered shares of Valartis Group AG are issued as uncertificated securities and carried as intermediated securities. The Company may withdraw shares held as intermediated securities from the custody system. Dispositions of intermediated securities, including the provision of collateral, are subject to the Intermediated Securities Act.

Shareholders may at any time request the Company to issue a certificate for their registered shares. However, shareholders are not entitled to the printing and delivery of certificates or the conversion of registered shares issued in a particular form into another form. In contrast, the Company may issue certificates (individual certificates or share certificates) or convert uncertificated securities and certificates into another form at any time and cancel issued certificates that are delivered to it.

Entry in the share register

Valartis Group AG keeps a share register for the registered shares in which the owners and usufructuaries, insofar as they are entitled to voting rights, are entered with their name, address and nationality (in the case of legal entities the registered office). The entry in the share register requires proof of the formal and statutory acquisition of the shares. In relation to the Company, a shareholder is only deemed to be a shareholder if registered in the share register as a shareholder.

After hearing the person concerned, the Board of Directors of Valartis Group AG may delete entries in the share register with retroactive effect to the date of entry if these were made on the basis of incorrect information provided by the acquirer. The affected shareholder must be informed immediately of the deletion.

The Board of Directors shall make the necessary arrangements for maintaining the share register and may issue corresponding regulations or guidelines. They may delegate their duties. In 2017, the Board of Directors appointed Computershare Switzerland AG in Olten, Switzerland, to manage the share register.

In the invitation to the General Meeting, the Board of Directors announces the date of entry in the share register which is decisive for participation and voting rights. For the corporate calendar of Valartis Group AG please refer to Agenda 2024, page 24.

Conditional capital

Valartis Group AG has no conditional capital.

Capital band

Valartis Group AG has no capital band.

Authorised capital

Valartis Group AG has no authorised capital.

Changes in capital

During the business year 2023, the share capital was reduced from 4,299,295 to 3,126,295 registered shares after the AGM 2023. The changes in equity for the year 2023 are listed in Consolidated statement of changes in equity on page 42 and 43 (<http://www.valartisgroup.ch/en/#geschaeftsberichte>).

Profit participation certificates

Valartis Group AG has no profit participation capital.

Limitations on transferability

The registered shares of Valartis Group AG can be transferred without restriction. The only condition for entry in the share register is a declaration by the purchaser that the shares were acquired in his own name and for his own account. There are no other restrictions on registration (see also Art. 5 of the current Articles of Association at <http://www.valartisgroup.ch/en/#statuten>).

Convertible Bonds and Options

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

Annual General Meeting 2023

Board of Directors after the ordinary Annual General Meeting of 16 May 2023

At the Annual General Meeting of 16 May 2023, Gustav Stenbolt was re-elected as Chairman of the Board of Directors, and Philipp LeibundGut as a member of the Board of Directors and its Vice Chairman; Olivier Brunisholz was re-elected as a member of the Board of Directors and Diana Stenbolt was newly elected as a member of the Board of Directors. All were elected for a term of office ending at the close of the Annual General Meeting 2024. See also press release, 16 May 2023: Outcome of Valartis Group AG General Meeting 2023; https://valartisgroup.ch/wp-content/uploads/2023/05/MR_AGM-230516_e.pdf.

In accordance with the law and the Articles of Association of Valartis Group AG (available at <http://www.valartisgroup.ch/en/#statuten>), apart from non-transferable and irrevocable responsibilities, some responsibilities of the Board of Directors may be transferred to individual members (delegates), to a group of members (committees) or to third parties. Details on this are laid down in the Organisational Business Regulations (OBR). The Board of Directors as a body does not perform any management tasks within the Group. However, since 1 March 2017, the Chairman of the Board of Directors additionally assumed the function of Delegate of the Board of Directors following the then finalised restructuring and resizing of the Group. In addition, since 1 April 2020, Philipp LeibundGut also holds an executive position within Valartis Group AG.

The Board of Directors is considered adequately independent in accordance with the Corporate Governance Guidelines and the criteria laid down in the OBR and the Committee Regulations, and taking into account applicable law and listing requirements.

When filling an open position on the Board of Directors of Valartis Group as a small company – regardless of gender – the focus is

primarily placed on the professional skills and international experience of the persons to be elected.

BOARD OF DIRECTORS

Members of the Board of Directors

Name	Function	Nationality	Elected until	First election
Gustav Stenbolt ¹⁾	Chairman & Delegate of the Board of Directors	Norwegian	2024	2015
Philipp LeibundGut ²⁾	Vice-Chairman/ executive member of the Board of Directors	Swiss	2024	2016
Olivier Brunisholz ³⁾	Member/non-executive member of the Board of Directors	Swiss	2024	2018
Diana Stenbolt ⁴⁾	Member/non-executive member of the Board of Directors	Swiss	2024	2023

1) Gustav Stenbolt had served as Group CEO since 2007 until he was elected Chairman of the Board of Directors by the Annual General Meeting on 2 June 2015. He has been a member of the Compensation Committee since 2016. Gustav Stenbolt has also been Chairman of the Board of Directors of Valartis Advisory Services SA since 2014 and Chairman of the Board of Directors of ENR Russia Invest SA since 2015. Since March 2017, he is also the Delegate of the Board of Directors of Valartis Group.

2) From 2011 to 2014, Philipp LeibundGut was a member of the Executive Committee of Valartis Bank AG, Switzerland. In 2016, he became a member of the Board of Directors and the remuneration committee of Valartis Group upon his return to Valartis Group. Since 2018, he is the Chairman of the Compensation Committee. As of 1 April 2020, Philipp LeibundGut holds an executive position within Valartis Group.

3) In 2018, Olivier Brunisholz became a member of the Board of Directors and the remuneration committee of Valartis Group.

4) In 2023, Diana Stenbolt became a member of the Board of Directors and the remuneration committee of Valartis Group.



Gustav Stenbolt, born 1957

Lic. rer. pol. from the University of Fribourg, Switzerland. Delegate of the Board of Directors as of 1 March 2017 and Chairman of the Board of Directors since 2015. From 2007 to 2015, he was Group CEO of Valartis Group. Gustav Stenbolt is also Chairman of the Board of Trustees of the Pension Fund Foundation of Valartis Group and since 2014 Chairman of the Board of Directors of Valartis Advisory Services SA and other Group companies of Valartis Group. From 2004 to 2007, he was Chief Executive Officer of Jelmoli Holding AG. Gustav Stenbolt founded the MCT Group in Geneva in 1996 and was its CEO until 2004. In 2005, the MCT Group merged with OZ Holding AG and has been operating under the Valartis Group brand since 2007. From 1983 to 1996, he was Chief Investment Officer of Unifund for Asia, Latin America, Eastern Europe and the CIS. Gustav Stenbolt is a member of the Board of Directors of ENR Russia Invest SA (as Chairman), EPH European Property Holdings PLC and Norinvest Holding SA.



Philipp LeibundGut, born 1973

Graduate of the Basel University of Applied Sciences (FHBB), member of the Board of Directors of Valartis Group AG since 2016. From 2011 to 2016 Philipp LeibundGut was responsible for the Institutional Clients segment of Valartis Group and until its sale in 2014, a member of the Executive Committee of Valartis Bank AG, Switzerland, where he was responsible for the Bank's Corporate Finance, Structured Finance and Portfolio and Fund Management activities. From 2002 to 2006, he was a member of the Executive Committee of Valartis Asset Management SA and from 2005 to 2011 a member of the Board of Directors of Valartis Group AG, Valartis Bank (Liechtenstein) AG, Valartis Bonus Card AG and EPH European Property Holdings Ltd, Tortola (BVI), as well as a member of the Supervisory Board of Valartis Bank (Austria) AG. Prior to that, Philipp LeibundGut worked from 1998 to 2001 as an investment advisor at Hansa AG, Baar, canton of Zug, Switzerland, where he was responsible for the development of an investment portfolio in Russia.



Olivier Brunisholz, born 1955

Lic. iur. of the University of Fribourg, Switzerland. Since 15 May 2018, member of the Board of Directors. He is a founding partner of the law firm Briner & Brunisholz Lawyers in Geneva, Switzerland. Olivier Brunisholz specialises in Swiss and international taxation. As a board member in many Swiss and foreign companies and foundations, he has an international client basis. Furthermore, he is active in the field of immigration law, advises and assists clients on their establishment in Switzerland, as well as the formation or the transfer of their corporations to Swiss territory. He was admitted to the bar in 1983 in Geneva and in 1991 in Fribourg. Before founding his own law practice in 1991, he was with ABN Trust Company, Geneva (1983–1986) and with KPMG Peat Marwick, Geneva (1986–1991).



Diana Stenbolt, born 1991

MSc in Management from the London School of Economics and a BA (Hons) in Economics from the University of Kent. Diana Stenbolt is the Co-Founder and CEO of Skindays, a longevity platform launched in June 2022. She successfully secured pre-seed funding from angel investors and was selected to join the Techstars 2021 accelerator program. Diana leverages data and analytics to optimise performance and drive user engagement, increase revenue, and maintain high standards of privacy, security, and transparency. Prior to Skindays, Diana served as a Senior Product Strategy & Investment Manager at Farfetch where she led high-impact strategic initiatives to improve operational efficiency and identify growth opportunities. Diana has also held positions at Amazon, LVMH, and Ernst & Young.

Articles of Association

The last amendment to the Articles of Association was approved by the Annual General Meeting on 16 May 2023 (see also press release, 16 May 2023: Outcome of Valartis Group AG General Meeting 2023; https://valartisgroup.ch/wp-content/uploads/2023/05/MR_AGM-230516_e.pdf).

Each member of the Board of Directors is elected individually. Re-election is permissible. If a member resigns before the end of his term of office, the next General Meeting shall elect a substitute. If the number of members of the Board of Directors falls below three, an Extraordinary General Meeting shall be held within a reasonable period for supplementary elections. The substitute elected member enters the term of office of his predecessor. The first election is regulated in the section Members of the Board of Directors of the Articles of Association; see also <http://www.valartisgroup.ch/en/#statuten>. The Board of Directors constitutes itself, appoints from among its members a Vice Chairman and may appoint a Secretary who needs not be a member of the Board of Directors.

Internal Organisation

The Board of Directors is the highest operative oversight body of Valartis Group AG. It is responsible to the shareholders for the ultimate direction of the company and decides on all matters that are not delegated to the General Meeting by law or the Articles of Association (available at <http://www.valartisgroup.ch/en/#statuten>).

Other activities and vested interests

The other activities and interests of the individual members of the Board of Directors are listed in short biographies in page 19. Article 23 of the current Articles of Association (available at <http://www.valartisgroup.ch/en/#statuten>) regulates the number of additional mandates that a Board of Directors member may exercise (15 additional mandates, of which no more than 5 in listed companies).

Main tasks of the Board of Directors

The Board of Directors is responsible for controlling and supervising the management of the Group. It performs the tasks assigned to it by law, the Articles of Association or internal regulations, insofar as these are not assigned to other bodies. In addition to the duties listed in the Articles of Association, the Board of Directors performs the following irrevocable and non-transferable duties and duties in particular:

- the definition and periodic review of medium- and long-term corporate objectives (strategy) and the determination of the resources required to achieve the corporate objectives (medium-term planning);
- the harmonisation of strategy, risks and finance;
- the definition of the organisation;
- the determination of the compensation principles of personnel and remuneration policy (see also Compensation Report, page 26);
- the design of the accounting system, financial control, financial planning and approval of annual planning;
- the appointment of the members of the committees of the Board of Directors from among its members;

- the appointment and dismissal of the persons entrusted with the management of the company;
- the supervision of the persons entrusted with the management, in particular with regard to compliance with the law, the Articles of Association, regulations and directives;
- the responsibility for the content of the Annual Report, the preparation of the Annual General Meeting and the execution of its resolutions;
- the adoption of resolutions on the proposals to be submitted to the Annual General Meeting regarding the remuneration of the Board of Directors and the Executive Committee and the preparation of the Compensation Report;
- the handling and acceptance of the reports of the external auditors.

Other exclusive duties of the Board of Directors

- the regular exchange of information on the course of business and special events, in particular on the earnings situation, balance sheet development, liquidity, equity and risk situation;
- the definition of risk policy and risk control systems as well as the monitoring of consolidated risk management (see also risk management chapters on pages 15 and 61 and the Management Report on page 5).
- the issuance of guidelines or regulations for risk management as well as the regulation of responsibilities and the procedure for the approval of risk transactions;
- the decision on the acquisition or sale of participations in other companies and on the formation or liquidation of subsidiaries;
- the decision regarding the establishment and liquidation of companies, branches and representative offices;
- setting group and overall position limits;
- the decision on the admissibility of non-Group related part-time activities by employees.

Subject to irrevocable and non-transferable duties, parts of the agendas of the Board of Directors may be transferred to individual members (delegates), to a circle of members (committees) or to third parties. The Compensation Committee was established in 2014 and the Business Development Committee in 2017.

The meeting of the Board of Directors is convened by the Chairman or, in his absence, by the Vice Chairman as often as business requires, at the request of one of its members or the external auditors. The Board of Directors passes its resolutions by an absolute majority of the votes of the members present. In the event of a tie, the Chairman has the casting vote. Minutes of the meetings of the Board of Directors are kept and signed by the Chairman and the acting Secretary.

Information and control instruments

The Board of Directors and its committees have various information and control instruments at their disposal to exercise their management and supervisory duties vis-à-vis the Executive Committee. These instruments include the strategy process, medium-term planning, the annual planning process and internal and external reporting.

The members of the Board of Directors regularly receive the corresponding reports, in particular the monthly Management

Controlling Report (MIS), including a risk overview, the liquidity report as well as the reports on the quarterly, half-yearly and annual financial statements (consolidated financial statements and individual financial statements). These reports include quantitative and qualitative information such as budget deviations, benchmark comparisons, period and multi-year comparisons, key management figures and risk analyses. The reports are prepared both for the operating Group companies and for the entire Group.

These reports allow the Board of Directors to keep abreast of key developments and the risk situation. Those reports that fall within the remit of the committees are discussed in the relevant committee and, if necessary, forwarded to the Board of Directors with appropriate proposals for decision. The current reports are discussed in detail at the meetings of the Board of Directors. The meetings of the Board of Directors are also attended by the CFO/CRO of the Group and, if necessary, other persons. The description of the performance of a risk assessment by the Board of Directors and the description of the Group's accounting-related internal control system can be found in the Management Report of the Executive Management on page 5. For current risks, see also the chapters on risk management on pages 15 and 61.

In 2023, six ordinary and three extraordinary Board of Directors meetings were held. The usual frequency of meetings for the full Board of Directors is generally quarterly, whereby the meetings usually last from 10.00 a.m. to 5.00 p.m. Committee meetings are held following a Board of Directors meeting, usually three in a financial year, each lasting one hour.

COMPENSATION COMMITTEE

The Compensation Committee was created in 2014 and consists of at least three members of the Board of Directors, each of whom is elected individually by the General Meeting for a term of one year, i.e. up to and including the first Annual General Meeting after their election. Re-election is permissible. If one or more members resign or if the Compensation Committee is not fully composed, the Board of Directors elects the missing members from among its members until the end of the next General Meeting. Philipp LeibundGut, Gustav Stenbolt and Olivier Brunisholz were confirmed as members of the Compensation Committee whereas Diana Stenbolt has been elected as member of the Compensation Committee at the Annual General Meeting on 16 May 2023.

The Compensation Committee constitutes itself and appoints one of its members as Chairman. The Compensation Committee meets as often as business requires. In 2023, it met three times.

Duties

The Compensation Committee performs its duties and competencies as an overall and collective body. The members have no personal powers and therefore cannot issue any orders. In all compensation-related matters, the Compensation Committee can in principle only submit proposals to the Board of Directors; due to the current constellation, both bodies – Board of Direc-

tors and Compensation Committee – consist of the same members which means that the decisions of the Compensation Committee are binding for Valartis Group.

The Compensation Committee supports the Board of Directors in its tasks and responsibilities in the area of human resources policy. These include, among other things:

- the preparation, development and periodic review of the remuneration policy and performance targets of the Executive Committee;
- the periodic review of the implementation of remuneration policy;
- the annual review of the remuneration of the individual members of the Executive Management;
- the annual assessment of the members of the Executive Management;
- succession planning and nomination for executive management positions;
- the selection of candidates for election or re-election to the Board of Directors.

Compensation of the Board of Directors and the Executive Management

The members of the Board of Directors are entitled to (a) a fixed remuneration which (i) is determined in accordance with the duties and functional responsibilities of the members of the Board of Directors and (ii) is independent of the business result and, for executive members of the Board of Directors, a (b) variable compensation (bonus). See also Article 27 of the Articles of Association at <http://www.valartisgroup.ch/en/#statuten>; for details see Compensation Report, page 28 ff. Furthermore, due to the small size of Valartis, members of the Board of Directors may take on activities and projects with a sustainable benefit to Valartis Group and may thus merit a performance-related compensation.

The members of the Executive Management are entitled to (a) a fixed compensation which is (i) calculated in accordance with the duties and functional responsibilities of the person concerned and (ii) independent of the business performance, and (b) a variable compensation (bonus). The variable remuneration component is determined taking due account of the individual performance of the employee of the business operation concerned and the success of the company. The variable remuneration can be paid in cash or in the form of the company shares. The performance targets and the type of compensation (i.e. cash and/or company shares) are determined by the Board of Directors at the request of the Compensation Committee. Regarding the remuneration in the form of company shares, the Board of Directors determines the conditions for allocation, which are to take place at market price and in particular provide for holding or vesting periods (see also Article 28 of the Articles of Association; for details, see Compensation Report, page 32).

The Compensation Committee decides on the total remuneration of the Board of Directors and the Executive Management which the Board of Directors is required to submit annually to the Annual General Meeting for approval.

Compensation Report

The Compensation Committee prepares the Compensation Report and submits it to the Board of Directors for approval; see Compensation Report, page 26.

Insurance and employee benefits

The Compensation Committee periodically evaluates appropriate insurance policies for the members of the Board of Directors and the Executive Management with the involvement of experts and, if necessary, proposes adjustments to the Board of Directors. The Compensation Committee is informed by the Executive Management at least every three years about the pension plans of all employees.

The tasks of the Compensation Committee are explained in detail in a separate set of regulations.

EXECUTIVE MANAGEMENT

Executive Management 2023

Besides being Chairman of the Board of Directors, Gustav Stenbolt assumes the additional function as Delegate of the Board of Directors since 1 March 2017 and is the sole member of the Executive committee since the 1 April 2020.

Organisation of operational management

The Executive Management conducts the business of the Company to the extent that the law, the Articles of Association (available at <http://www.valartisgroup.ch/en/#statuten>) or the Organisational Regulations do not reserve such business for the Board of Directors. The Delegate of the Board of Directors heads the Group and the Executive Management which decides on business development. The Executive Management is responsible in particular for the implementation of the Group strategy defined by the Board of Directors and for its results. The Delegate of the Board of Directors is thus responsible for overall management and overall group coordination as well as for corporate development.

Other activities and vested interests

The other activities and interests of the individual members of the Executive Management are listed in the above short biographies. According to the current Articles of Association, Article 25, no member of the Executive Management may hold more than 5 additional offices, of which no more than 1 is held in listed companies; see also the Articles of Association at <http://www.valartisgroup.ch/en/#statuten>.

Management contracts

Valartis Group AG has not delegated any management tasks to third parties. A consulting agreement was concluded in 2017 between a Group company of Valartis Group and a Swiss stock corporation privately held by the Board of Directors' Chairman at arm's length terms. This agreement provides for the provision of advisory and consulting services in the areas of the Group's short-term investment policy and strategy, in particular in the

areas of short-term cash management, business development and project development. The remuneration for this agreement is disclosed in the Compensation Report on page 30 and under Note 34 Related parties and companies, page 96.

REMUNERATION, SHAREHOLDINGS AND LOANS

Information on the remuneration system of Valartis Group and on the remuneration of the members of the Board of Directors, including the Delegate of the Board of Directors, and the Executive Management in the 2023 business year can be found in the separate Compensation Report (see page 26). Loans to members of the Board of Directors and the Executive Management may only be granted if their amount corresponds to market practice and the applicable internal guidelines of the company. The total amount of outstanding loans per member of the Board of Directors or Executive Management may not exceed CHF 5 million (according to the current Articles of Association, Article 30; see Articles of Association at <http://www.valartisgroup.ch/en/#statuten>). Details of the shareholdings and loans of the members of the Board of Directors and the Executive Management are disclosed in the Compensation Report on page 32 ff. and in the notes to the consolidated financial statements, Note 35.

SHAREHOLDERS PARTICIPATION RIGHTS

Restriction and representation of voting rights

Shareholders participation rights comply with the legal provisions of the Swiss Code of Obligations. There are no voting restrictions. Each share entitles the holder to one vote at the Annual General Meeting of Valartis Group. Shareholders may exercise their voting rights at the General Meeting themselves or be represented by a proxy, another shareholder with voting rights or the independent proxy. Powers of attorney are only valid for one General Meeting at a time.

Statutory quorums

There are no regulations deviating from Article 704 of the Swiss Code of Obligations. Accordingly, no special statutory quorums were determined.

Convocation of the General Meeting of Shareholders

There are no provisions in the Articles of Association that deviate from the law regarding the convening of the Annual General Meeting. The General Meeting is convened by the Board of Directors at least 20 days before the date of the meeting, stating the agenda and proposals. In the invitation to the Annual General Meeting, the Board of Directors announces the date of entry in the share register which is decisive for participation and voting rights. The invitation is issued by means of a single announcement in the Company's official publication channel. This is currently the Swiss Official Gazette of Commerce (SOGC). An Extraordinary General Meeting may also be convened in writing by one or more shareholders who together represent at least 10 per cent of the share capital, stating the agenda items and proposals.



Gustav Stenbolt, born 1957

Lic. rer. pol. from the University of Fribourg. Delegate of the Board of Directors as of 1 March 2017 and Chairman of the Board of Directors since 2015. From 2007 to 2015, he was Group CEO of Valartis Group. Gustav Stenbolt is also Chairman of the Board of Trustees of the Pension Fund Foundation of Valartis Group and since 2014 Chairman of the Board of Directors of Valartis Advisory Services SA and other Group companies of Valartis Group. From 2004 to 2007, he was Chief Executive Officer of Jelmoli Holding Ltd. Gustav Stenbolt founded the MCT Group in Geneva in 1996 and was its CEO until 2004. In 2005, MCT Group merged with OZ Holding AG and has been operating under the Valartis Group brand since 2007. From 1983 to 1996, he was Chief Investment Officer of Unifund for Asia, Latin America, Eastern Europe and the CIS. Gustav Stenbolt is a member of the Board of Directors of ENR Russia Invest SA (as Chairman), EPH European Property Holdings PLC and Norinvest Holding SA.

Addition to the agenda

The Articles of Association provide that shareholders who together represent at least 3 per cent of the share capital may request in writing that an item be included on the agenda for the General Meeting, stating the item and the proposal to be included on the agenda, whereby this proposal must be received by the Company at least 45 days before the General Meeting.

CHANGE OF CONTROL AND DEFENSIVE MEASURES

Duty to make an offer (opting-out)

An acquirer of shares in the Company is not obliged to make a public purchase offer pursuant to Articles 135 and 163 of the Swiss Federal Act on Financial Market Infrastructures and Market Behaviour in Securities and Derivatives Trading.

Clauses on changes of control

The rules explicitly exclude severance payments for members of the Board of Directors and employees. There are also no other clauses on changes of control.

AUDITORS

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

BDO AG was first elected in 2017, with Nigel Le Masurier as auditor in charge, who has held this function since the election in 2017. The rotation frequency for this office is seven years (maximum duration) in accordance with the applicable legal requirements.

Audit fee

BDO AG charges Valartis Group CHF 0.19 million in the business year 2023 for services in connection with the audit of the annual financial statements and the audit of the consolidated financial statements of Valartis Group and its Group companies. In the business year 2022, BDO AG charged Valartis Group CHF 0.18 million for the same scope of services.

Additional fees

Furthermore, Valartis Group did not use any other services from BDO such as services in the areas of legal advice, taxes, projects and IT. New audit items and any special audits must be approved by the Board of Directors. There is no set catalogue of criteria to be used in the approval of such additional mandates. The Board of Directors decides in each individual case whether the granting of the additional mandate calls the independence of the audit firm into question.

Supervisory and control instruments vis-à-vis the auditors

The external auditors and the group auditor are supervised by the Board of Directors. It is responsible for dealing with the reports of the external auditors.

As a rule, the external auditors report in person and in writing at the December meeting of the Board of Directors on the planning, dates and budget of the audit activities of the following year and present the head of the mandate and his deputy with brief biographies. At the following March meeting of the Board of Directors, at which the Board of Directors approves the Annual Report for the past business year, the external auditors present the comprehensive report of the statutory auditors to the Board of Directors, both in person and in writing, for the respective annual financial statements as of 31 December, of the previous year for Valartis Group (the Group) and for the individual company Valartis Group AG and report on the audit activities performed. Further meetings of the external auditors at board of directors' meetings are instructed by the Chairman of the Board.

When selecting the audit firm and assessing the performance of the audit firm, the legal requirements must be met. Further decisive selection and assessment criteria for the Board of Directors are the proven expertise in complex financial and valuation issues in accordance with IFRS accounting standards as well as in Valartis-specific special topics. Great attention is also paid to continuity. At medium-term intervals – usually every three to five years – an in-depth assessment takes place. The results are discussed with the auditing company in each case.

INFORMATION POLICY

The legally prescribed announcements of Valartis Group are legally effective in the official publication channel (Swiss Official Gazette of Commerce, SOGC). Valartis Group AG informs shareholders and capital market participants in a timely, open and comprehensive manner. Its information policy is based on the principle of equal treatment. As a company listed on the SIX Swiss Exchange, Valartis Group AG is subject to the obligation to disclose price-sensitive events without delay (Directive Ad hoc Publicity, DAH). In 2023, the company published 9 adhoc announcements (see also <https://valartisgroup.ch/en/#adhoc>).

Market participants who wish to be directly informed about Valartis Group regarding potentially price-sensitive facts can register with the pertinent e-mail service: <http://www.valartisgroup.ch/en/#kontakt>.

In addition to adhoc announcements and the publication of annual and half-yearly reports prepared in accordance with International Financial Reporting Standards (IFRS), reporting also includes media information on current developments, and the Annual General Meeting in May. In addition to the electronic distribution of media information, the Annual Reports are available online to all interested parties. The Annual Report is available online as a document in pdf format, see Investor Relations at <https://valartisgroup.ch/en/#geschaeftsberichte>.

The corporate governance rules (see page 16) are briefly described and the Articles of Association and Code of Conduct are published on the Valartis website under the title Investor Relations: <http://www.valartisgroup.ch/en/#investorrelations>.

Agenda 2024

Annual Report 2023	2 April 2024
Closing date for the share register	25 April 2024
Annual General Meeting 2024	14 May 2024
Half-year results 2024	23 August 2024

Investor Relations

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Valartis Market Information

Listing:	SIX Swiss Exchange
Security symbol:	VLRT
Reuters:	VLRT.S
Bloomberg:	VLRT SW
ISIN:	CH0367427686
www.valartisgroup.ch	

QUIET PERIODS

There are no defined blackout periods. The Board of Directors and Executive Management members are responsible to abstain from using price sensitive information in case they trade any share of the Group.



COMPENSATION REPORT

DEAR SHAREHOLDERS



Philipp LeibundGut,
Chairman of the Compensation Committee

Placing the long-term interest of Valartis Group and its stakeholders at the centre of all our actions is the key factor of our compensation system. We believe that a consistent and predictable compensation system over time supports employees who take responsibility and demonstrate entrepreneurship. Thus, it is very valuable and in the interest of all. This report informs you on the one hand about Valartis Group's compensation policy and compensation system and on the other hand, it shows how performance components are linked to overall compensation. The report comprises the following chapters:

- Compensation Committee: organisation, tasks and responsibilities
- Compensation principles for the Board of Directors, the Executive Management and employees
- Determination of compensation
- Compensation of the Board of Directors
- Compensation of the Executive Management
- Compensation of Employees
- Long Term Incentive Programme description
- Overview of the loans and shareholdings of the members of the Board of Directors and the Executive Management as of year-end 2023

The Compensation Report 2023 complies with current corporate governance requirements and is based on the requirements of economiesuisse's Swiss Code of Best Practice for Corporate Governance and the SIX Directive on Information relating to Corporate Governance ("DCG").

In accordance with the provisions of the Swiss Code of Best Practice for Corporate Governance and the Swiss law, the Board of Directors proposed to the 2023 Annual General Meeting of 16 May 2023 the overall framework for the compensation of the Board of Directors and the Executive Management. The shareholders approved the proposed total amounts with a large majority.

Value-based compensation system

Valartis Group's remuneration system serves as an instrument for harmonising the interests of shareholders and employees. As a Group, we thus create incentives for our employees to achieve our corporate objectives and offer competitive remuneration in line with the market while safeguarding the interests of our shareholders. We are committed to a fair, balanced and performance-oriented remuneration. In addition to progressive social benefits, the employees of the Group companies also receive attractive base salaries in line with market conditions and have the opportunity to participate in a bonus system of Valartis Group that is dependent on individual performance and the success of the Group.

Valartis Group's performance-related remuneration system is geared to the Group's medium-term economic success and sustainable competitiveness. It coordinates the interests of shareholders and employees in a way that promotes a performance-, team- and risk-conscious culture as well as entrepreneurial thinking and acting and thus strengthens the Group as a whole.

On behalf of the Board of Directors

A handwritten signature in dark ink, appearing to read 'P. LeibundGut', written in a cursive style.

Philipp LeibundGut

COMPENSATION COMMITTEE: ORGANISATION, TASKS AND RESPONSIBILITIES

The organisation, tasks and responsibilities of the Compensation Committee are defined as follows for the Board of Directors of Valartis Group AG in accordance with Art. 24 of the Articles of Association of 16 May 2023 (see Articles of Association at <http://www.valartisgroup.ch/en/#statuten>) and Art. 3.10 (a) of the Organisational Regulations of 3 April 2017:

Organisation

The Compensation Committee consists of at least three members of the Board of Directors who are elected individually by the General Meeting for a term of one year, i.e. up to and including the first Annual General Meeting after their election. Re-election is permissible. If one or more members resign or if the Compensation Committee is not fully composed, the Board of Directors shall appoint the missing members from among its members by the end of the next General Meeting.

On 16 May 2023, the General Meeting elected Philipp LeibundGut, Gustav Stenbolt, Olivier Brunisholz and Diana Stenbolt as members of the Compensation Committee for a term of office until the conclusion of the next Annual General Meeting (2024) on 14 May 2024. Therefore, the Compensation Committee is currently made up of the same four members as the Board of Directors of Valartis Group currently consists of.

The Compensation Committee is self-constituting and appoints one of its members as Chairman, whereby the Chairman of the Board of Directors may not chair the Compensation Committee. Philipp LeibundGut is the Chairman of the Compensation Committee. The Compensation Committee meets as often as business requires, generally three times a year. The Compensation Committee performs its duties and competencies as a collective body. The Compensation Committee is generally quorate if a majority of its members are present. Resolutions are passed by a majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Minutes of the meetings are made available to the Board of Directors.

Tasks and responsibilities

In all compensation-related matters, the Compensation Committee can in principle only submit proposals to the Board of Directors; due to the current constellation, both bodies – Board of Directors and Compensation Committee – consist of the same members which means that the decisions of the Compensation Committee are binding for Valartis Group. The associated tasks with the Compensation Committee include, among others:

- the establishment of principles for the compensation of the Board of Directors, the Executive Management and employees;
- the preparation, development and periodic review of the remuneration policy and performance targets of the Executive Management;
- the periodic review of the implementation of remuneration policy;

- the annual performance assessment of the members of the Executive Management;
- succession planning and nomination for executive management positions;
- the annual review of the remuneration of each member of the Executive Management;
- the selection of candidates for election or re-election to the Board of Directors and the preparation of corresponding proposals for the attention of the Board of Directors;
- the preparation and presentation of the Compensation Report for approval by the Board of Directors;
- the periodic evaluation of appropriate insurance policies for the members of the Board of Directors and the Executive Management with the involvement of external experts and the preparation of appropriate recommendations for the Board of Directors.

COMPENSATION PRINCIPLES FOR THE BOARD OF DIRECTORS, THE EXECUTIVE MANAGEMENT AND EMPLOYEES

Valartis Group's performance-related remuneration system aims to attract, promote and retain suitable employees in order to ensure the Group's long-term economic success and sustainable competitiveness. It is based on the following principles:

- The remuneration system provides incentives that promote a performance-, team- and risk-conscious culture as well as entrepreneurial thinking and acting and thus strengthens Valartis Group as a whole.
- The total compensation generally includes a fixed and a variable component.
- The variable remuneration component depends to an appropriate extent on individual performance, the result of the business unit and the success of the Group as a whole.
- Both directly measurable and non-measurable criteria serve as the basis of assessment for the variable remuneration component.
- The variable component may to a large extent be remunerated in Valartis Group AG shares.
- The payment of a significant portion of the variable remuneration is dependent on the future success of Valartis Group. In doing so, the risks entered into must be adequately taken into account.
- Severance payments for members of the Board of Directors and the Executive Management are excluded.

Valartis Group employs a total of 38.8 people full-time equivalent at various locations (e.g. Geneva, Zurich, Frankfurt am Main, Stuttgart, Vienna, Luxembourg, St. Petersburg and Moscow) in the areas of financial services, real estate projects and participations. Due to the small size of the individual business activities, the Board of Directors and the Executive Management consider it unproductive and disproportionate to make benchmark comparisons when determining the remuneration of both the Executive Management and employees. Rather, the relevant bodies base their decisions on their own experience and discretion.

Compensation of the Board of Directors

The compensation of the members of the Board of Directors consists of a fixed compensation and, if applicable, a performance-related compensation (for details see here below). Due to the small size of Valartis, members of the Board of Directors may take on activities and projects with a sustainable benefit to Valartis Group and may thus merit a performance-related compensation.

Compensation of the Executive Management

The compensation of the members of the Executive Management consists of a fixed compensation and, if applicable, a performance-related compensation (for details see page 31):

- The fixed compensation is determined by the task and functional responsibility of the member of the Executive Management.
- The performance-related compensation is determined, if the Board of Directors decides to grant it, by the Group's operating profit, the operating profit of the business unit and the individual contribution.
- The agreement of performance-related remuneration components forms an element of the annual target agreement process, within the framework of which both individual and financial performance targets are defined. At the end of the period, the degree of target achievement is measured.
- The interests of shareholders (return on equity, contribution to earnings from market movements, etc.) must be adequately considered when determining the quantitative objectives of the members of the Executive Management.
- In addition to measurable parameters such as earnings improvement, project completion, etc., individual contributions also include non-financial target parameters (compliance, compliance with risk policy requirements, employee management, and commitment to the Group as a whole).

Long Term Incentive Programme

Valartis Group's Long Term Incentive Programme ("LTI") is an integral component of the remuneration system which considers the Group's success and individual performance as well as the objective of long-term employee loyalty and safeguarding shareholder interests (see details on page 31 ff.).

DETERMINATION OF COMPENSATION

The Compensation Committee decides on the total remuneration of the Board of Directors and the Executive Management which the Board of Directors must submit annually to the Annual General Meeting for approval. This task comprises the following two steps:

- The Compensation Committee decides on the compensation of the members of the Board of Directors within the maximum total amount approved or to be approved by the General Meeting and submits corresponding proposals to the Board of Directors (see also table Competences and responsibilities, see page 29).

- The Compensation Committee decides on the compensation of the Delegate of the Board of Directors and, after consulting the Delegate of the Board of Directors, the other members of the Executive Management within the maximum overall amount approved or to be approved by the General Meeting and submits corresponding proposals to the Board of Directors.
- Since the Board of Directors has only three members and the Chairman simultaneously performs the duties of the Delegate of the Board of Directors, he is also a member of the Compensation Committee. Decisions on the proposals and recommendations of the Compensation Committee are taken jointly by the Board of Directors. The members of the Board of Directors or the Delegate of the Board of Directors concerned in each individual case shall abstain from voting on their case.

Board of Directors and Executive Management

Subject to approval by the General Meeting and in accordance with the company's organisational regulations, the Board of Directors of Valartis Group determines the remuneration of the members of the Board of Directors and, after consultation with the Delegate of the Board of Directors, of the members of the Executive Management on the proposal of the Compensation Committee.

Employees

The Delegate of the Board of Directors proposes the amount of bonus per operating business unit, based on the total bonus amount decided by the Board of Directors, to the Compensation Committee which reviews the corresponding proposal. In consultation with the Delegate of the Board of Directors, the manager responsible for the business unit determines the bonus payments to the employees of such a unit.

Approval of the remuneration of the members of the Board of Directors and the Executive Management

In accordance with the provisions of the Swiss Code of Best Practice for Corporate Governance and the Swiss law, the Board of Directors proposed to the 2023 Annual General Meeting of 16 May 2023 the overall framework for the compensation of the Board of Directors and the Executive Management. The shareholders approved the proposed total amounts with a large majority. Valartis Group seeks dialogue with shareholders and shareholder representatives in order to receive valuable feedback on its remuneration policy. This is regularly evaluated and appropriately taken into account.

COMPENSATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed remuneration for their work, the amount of which depends on their function within the Group. In 2023, a variable remuneration component for members of the Board of Directors took place through the LTI Programme. The Compensation Committee decides on the remuneration of the members and the Chairman of the Board of Directors within the maximum total amount approved or to be

approved by the General Meeting and submits the corresponding proposals to the Board of Directors (see also table Competencies and responsibilities hereafter). The fees of the members of the Board of Directors are fixed for the period between two Annual General Meetings.

The fixed remuneration is to be paid out in cash whereas the variable remuneration is paid either in cash or in Group shares (LTI Programme). Information on loans, shares and options held is disclosed on pages 32-33 of this Compensation Report.

The Chairman of the Board of Directors receives a board of directors' fee plus, in his function as Delegate of the Board of Directors, an additional fee in the form of a salary. This salary is based on the performance of the operational management of the Group. The total remuneration corresponds to the status of the Chairman of the Board of Directors and his active role as a delegate in implementing the strategy, managing and monitoring Group activities and exchanging information with shareholders. As Chairman of the Board of Directors, he coordinates the activities of the Board of Directors, works with the committees to coordinate the tasks of the committees and ensures a sufficient flow of information between the individual members of the Board of Directors so that they can properly discharge their responsibilities. As Delegate, he is in charge of the implementation of the strategy, the implementation of the structural and organisational guidelines set by the Board of Directors and bears a significant responsibility for the fulfilment of the Group's objectives. In addition, the Chairman of the Board of Directors exerts influence on compensation issues, including performance evaluation. He chairs the Board of Directors, the General Meetings and plays an active role in representing the Group to key shareholders, investors, regulators, industry associations and other stakeholders.

The other members of the Board of Directors assume the areas of responsibility assigned to them in accordance with the organisational responsibility of the Board of Directors and serve on the committees of the Board of Directors in accordance with the organisational regulations.

Remuneration of the Chairman of the Board of Directors and Delegate of the Board of Directors

The Executive Management which had consisted of two members since 2017 after the successful reorganisation of the previous years was further reduced as of the 1 April 2020. Besides being Chairman of the Board of Directors, Gustav Stenbolt assumes the additional function as Delegate of the Board of Directors since 1 March 2017 and is the sole member of the Executive Management since the 1 April 2020.

After the additional time burden for a Board of Directors Chairman and Delegate of the Board of Directors increased significantly due to the very large reduction in the number of employees in the group service organisation and included tasks which traditionally are not performed directly by these two functions, a consulting agreement was concluded between a Group company of Valartis Group and a Swiss stock corporation privately held by the Board of Directors' Chairman at arm's length terms. This agreement provides for the provision of national and international advisory and consulting services in the areas of the Group's investment policy and strategy and asset management, in particular in the areas of short-term cash management, business development and project development. This agreement is also disclosed under Note 34 of the consolidated financial statements "Related parties and companies". The contract was concluded with Valartis International Ltd. because this company uses most of these advisory and consulting services.

Competencies and responsibilities

Decision	Delegate of the BoD ¹⁾	Compensation Committee	Board of Directors	AGM
Compensation of the members of the BoD ¹⁾ , the Chairman and the Delegate of the BoD ¹⁾		proposal	approval	
Fixed compensation of members of the Executive Committee	proposal	review proposal	approval	
Long Term Incentive Programme for the Delegate of the Board of Directors		proposal	approval	
Long Term Incentive Programme for Executive Committee members (excluding Delegate of the BoD ¹⁾)	proposal	review proposal	approval	
Long Term Incentive Programme for the employees	proposal	review proposal	approval	
Total remuneration of the Board of Directors and the Executive Committee			proposal	approval

1) Board of Directors

Compensation of the Board of Directors 2023 and 2022 (audited)

2023 in CHF	Gustav Stenbolt, Chairman & Delegate of the BoD ²⁾	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Diana Stenbolt, Member ³⁾	Total
Compensation of the Board of Directors					
Fees from Group companies (fixed)	130,000	80,000	60,000	37,500	307,500
Long Term Incentive Programme	61,649	30,825	-	-	92,474
Compensation of the Delegate of the Board of Directors	248,335	-	-	-	248,335
Compensation of executive Board member	-	100,000	-	-	100,000
Cash bonus	-	-	-	-	-
Pension contributions ¹⁾	65,733	38,735	4,847	-	109,315
Other employer's social security contributions ¹⁾	16,212	7,869	1,505	906	26,492
Fees for additional services (to related parties) ²⁾	161,550	-	-	-	161,550
Other benefits	34,665	-	-	-	34,665
Total	718,144	257,429	66,352	38,406	1,080,331

1) In addition to employer contributions, Valartis Group also pays the employee contributions on the fees of the Board of Directors. Pension contributions only include AHV contributions. For the remuneration of the Delegate of the Board of Directors, only the employer's contributions are included (the employee's contributions are deducted from the employee's gross salary); the pension contributions include not only the AHV contributions but also the BVG contributions.

2) The remuneration of the Chairman and Delegate of the Board of Directors for the financial year 2023 is composed as follows: CHF 130,000 as fee as

Chairman of the Board of Directors (net) + CHF 248,335 as salary as Delegate of the Board of Directors (gross)+ lump-sum expenses CHF 34,665 + CHF 61,649 as variable remuneration (LTI) + CHF 150,000 as compensation for a consulting agreement (net) with a Swiss public limited company privately held by the Chairman of the Board of Directors = Total CHF 624,649 as total remuneration, plus social security contributions and VAT.

3) Diana Stenbolt was elected by the General Shareholder's Meeting on 16 May 2023 as member of the Board of Directors.

2022 in CHF	Gustav Stenbolt, Chairman & Delegate of the BoD ²⁾	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Total
Compensation of the Board of Directors				
Fees from Group companies (fixed)	130,000	80,000	60,000	270,000
Long Term Incentive Programme	164,145	82,072	-	246,217
Compensation of the Delegate of the Board of Directors	185,335	-	-	185,335
Compensation of executive Board member	-	100,000	-	100,000
Cash bonus	25,125	15,419	-	40,544
Pension contributions ¹⁾	64,520	42,428	4,847	111,795
Other employer's social security contributions ¹⁾	24,687	11,092	1,521	37,300
Fees for additional services (to related parties) ²⁾	242,325	-	-	242,325
Other benefits	40,205	-	-	40,205
Total	876,342	331,011	66,368	1,273,721

1) In addition to employer contributions, Valartis Group also pays the employee contributions on the fees of the Board of Directors. Pension contributions only include AHV contributions. For the remuneration of the Delegate of the Board of Directors, only the employer's contributions are included (the employee's contributions are deducted from the employee's gross salary); the pension contributions include not only the AHV contributions but also the BVG contributions.

2) The remuneration of the Chairman and Delegate of the Board of Directors for the financial year 2022 is composed as follows: CHF 130,000 as fee as Chairman of the Board of Directors (net) + CHF 185,335 as salary as Delegate of the Board of Directors (gross)+ lump-sum expenses CHF 40,205 + CHF 189,270 as variable remuneration (Cash and LTI) + CHF 225,000 as compensation for a consulting agreement (net) with a Swiss public limited company privately held by the Chairman of the Board of Directors = Total CHF 769,810 as total remuneration, plus social security contributions and VAT.

COMPENSATION OF THE EXECUTIVE MANAGEMENT

The remuneration policy for the Executive Management is issued by the Board of Directors based on Art. 3.9 (b) of the Organisational Regulations of Valartis Group AG dated 3 April 2017. The requirements contained therein follow the guidelines of the SIX Swiss Exchange regarding information on Corporate Governance (DCG). The Board of Directors of Valartis Group AG approves the remuneration of the Delegate of the Board of Directors and, after consulting the Delegate of the Board of Directors, the remuneration of the other members of the Executive Management within the framework of the maximum total amount approved or to be approved by the General Meeting.

Structure of the remuneration system for the Executive Management

The structure of the remuneration system for the Executive Management is based on the combining business success with individual performance components which are also listed in the chapter Determination of compensation on page 28.

The remuneration is determined according to the following criteria:

- The compensation of the members of the Executive Management consists of a fixed compensation and, if applicable, a performance-related compensation.
- The fixed compensation is determined by the task and functional responsibility of the individual member.
- The performance-related compensation is determined on the basis of the following quantitative and qualitative components:
 - operating net income;
 - operating profit of the business unit;
 - individual contribution.

Weighting

When determining the individual components, the interests of the shareholders (return on equity, contribution to earnings from market movements, etc.) are taken into account in an appropriate manner. In addition to measurable parameters such as changes in earnings or the degree to which project objectives are achieved, individual contributions also include qualitative factors such as compliance, compliance with risk policy requirements, employee management and commitment to the Group as a whole (non-exhaustive list).

Due to the dependency on the course of business and the individual performance contributions, the total remuneration of a member of the Executive Management may vary from year to year. The ratio between the fixed and variable compensation components changes accordingly.

Information on loans, shares and option holdings can be found in the Note 35 of the Consolidated financial statements and on page 32-33 of this Compensation Report.

COMPENSATION OF EMPLOYEES

The remuneration model described for the Executive Management also applies to all employees in Switzerland. Based on the total bonus amount decided by the Board of Directors, the Delegate of the Board of Directors determines the total bonus payment for each operating business unit and submits a corresponding proposal to the Compensation Committee (see also page 28). In consultation with the Delegate of the Board of Directors, the manager responsible for the respective unit determines the bonus payments to the employees working in such a unit.

Further information on salaries, bonuses, social benefits, employee benefits and equity compensation can be found in the Notes 5, 24 and 33 to the Consolidated financial statements.

LONG TERM INCENTIVE PROGRAMME DESCRIPTION

In 2023, the Group continued to deploy its Long Term Incentive Program (“LTI”) that initially started in 2010 and covers members of the Board of Directors, Executive Management and certain employees based on criteria presented on page 28 ff.

For each participant, the LTI package consists of grant shares (“Award Shares”) in combination with a sale of shares at preferential conditions (“Purchase Shares”) financed by way of a loan granted by the Valartis Group. In some instances, participants have the possibility to only acquire shares at preferential conditions. In that case, Valartis Group financing is provided only for half of the Purchase Shares. Preferential conditions mean a discount of 16 per cent compared to the relevant market closing price on the previous day of shares allocation. The shares are restricted for a period of 3 years.

In addition, LTI participants are remitted with put options in order to cover the loan value in case they would need to sell their shares to reimburse the financing provided by the Group. The strike price has been set at 42 per cent of the relevant market closing price on the previous day of shares allocation.

Ownership of shares will only vest to the eligible participant if their employment or mandate contract with Valartis Group, or a subsidiary controlled by Valartis Group has not been terminated. In case they have left the Group:

- as a good leaver, both Award and Purchase Shares remain vested to the eligible participant
- as a medium leaver, Award Shares remain vested to the eligible participant. The Group has the right, but not the obligation to acquire any Purchase Shares at the lower of original purchase price and the fair market value.
- as a bad leaver, the Group has the right, but not the obligation to acquire any Award and Purchase Shares at the lower of original purchase price and the fair market value.

The Long Term Incentive Agreement governs conditions and the definition of good, medium and bad leaver.

In case, the Group would repurchase any restricted shares, it will reallocate them as well as the loan portion to one or more partic-

ipants or buy them for its account to be reissued in a future programme.

OVERVIEW: LOANS, SHARES AND OPTIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT (AUDITED)

The table below shows the total loans held by the Board of Directors and the Executive Management, as well as all shares and op-

tions listed as of 31 December 2023 with comparative figures for the previous year:

Loans, shares and options held by the members of the Board of Directors 2023 and 2022

2023 in CHF	Gustav Stenbolt, Chairman & Delegate of the BoD	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Diana Stenbolt, Member ⁷⁾	Total
Shareholdings held by and Loans/Credits to Directors					
Number of shares held ¹⁾	1,901,395	344,472	15,115	2,750	2,263,732
Number of shares (entitlements) ²⁾	11,000	5,500	700	700	17,900
Value of shares (entitlements) in CHF ²⁾	123,298	61,649	7,846	7,846	200,639
Loans and credits in CHF ³⁾	384,033	150,056	32,118	21,251	587,458
Loans and credits to related parties in CHF ⁴⁾	3,625,963	-	-	-	3,625,963
Number of put options (entitlements) ^{5) 6)}	11,000	5,500	700	700	17,900
Value of put options (entitlements) in CHF	7,260	3,630	462	462	11,814
Number of put options (balance)	71,000	24,000	6,300	2,750	104,050

1) Includes entitled Valartis Group shares during 2023

2) Entitled shares refer to all shares of Valartis Group all shares granted to participants of the Long Term Incentive Programme in 2023.

3) Refer to loan granted to finance ("Purchase Shares") within the Long Term Incentive Programme in from 2020 to 2023

4) Tidesea Ltd, a Swiss stock corporation privately held by the Chairman of the Board of Directors, owns shares in MCG Holding AG (majority shareholder of Valartis Group AG) partially financed by a loan from Valartis Group. This loan was granted in line with market conditions.

5) Put options have been granted to each LTI participant for all Award and Purchase Shares in order to cover the loan value at maturity in case the market value of the shares would not be sufficient to reimburse the financing loan.

6) 1:1 ratio with Group's shares

7) Diana Stenbolt was elected by the General Shareholder's Meeting on 16 May 2023 as member of the Board of Directors.

2022 in CHF	Gustav Stenbolt, Chairman & Delegate of the BoD	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Total
Shareholdings held by and Loans/Credits to Directors				
Number of shares held ¹⁾	1,899,760	352,112	14,415	2,266,287
Number of shares (entitlements) ²⁾	23,000	11,500	1,500	36,000
Value of shares (entitlements) in CHF ²⁾	328,292	164,146	21,410	513,848
Loans and credits in CHF ³⁾	317,569	158,785	27,776	504,130
Loans and credits to related parties in CHF ⁴⁾	2,065,680	-	-	2,065,680
Number of put options (entitlements) ^{5) 6)}	23,000	11,500	1,500	36,000
Value of put options (entitlements) in CHF	8,970	4,485	585	14,040
Number of put options (balance)	60,000	30,000	5,600	95,600

1) Includes entitled Valartis Group shares during 2022

2) Entitled shares refer to all shares of Valartis Group all shares granted to participants of the Long Term Incentive Programme in 2022.

3) Refer to loan granted to finance ("Purchase Shares") within the Long Term Incentive Programme in 2020, 2021 and 2022.

4) Tidesea Ltd, a Swiss stock corporation privately held by the Chairman of the Board of Directors, owns shares in MCG Holding AG (majority shareholder of Valartis Group AG) partially financed by a loan from Valartis Group. This loan was granted in line with market conditions.

5) Put options have been granted to each LTI participant for all Award and Purchase Shares in order to cover the loan value at maturity in case the market value of the shares would not be sufficient to reimburse the financing loan.

6) 1:1 ratio with Group's shares

Loans, shares and options held by the members of the Executive Management 2023 and 2022

Loans, shares and options held by Gustav Stenbolt as Delegate of the Board of Directors are shown above under Loans, shares and options held by the members of the Board of Directors 2023 and 2022.

AUDITOR'S REPORT ON THE COMPENSATION REPORT



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STATUTORY AUDITOR'S REPORT

To the general meeting of Valartis Group AG, Fribourg

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

Opinion

We have audited the compensation report of Valartis 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 "audited" on page 30 and pages 32-33 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying 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 "audited" 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 remuneration system and defining individual remuneration packages.



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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 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.

Geneva, 28 March 2024

BDO Ltd

Nigel Le Masurier
Auditor in Charge
Licensed audit expert

Olivier Griot
Licensed audit expert



VALARTIS GROUP CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

in CHF 1,000	Note	1.1.–31.12.2023	1.1.–31.12.2022
Income from management services	1	3,268	5,169
Income from investment property	2	3,661	4,771
Share of results of associated companies	3	3,556	10,273
Other income	4	267	380
Total operating income		10,752	20,593
Personnel expenses	5	-4,643	-6,176
General expenses	6	-3,440	-3,562
Administrative expenses		-8,083	-9,738
Earnings before depreciation, valuation adjustments, provisions, interest and taxes		2,669	10,855
Depreciation/amortisation of property, plant and equipment and intangible assets	7	-436	-641
Valuation adjustments, provisions and losses	8	-198	-2,802
Earnings before interest and taxes (EBIT)		2,035	7,412
Financial income	9	3,471	4,150
Financial expenses	9	-11,999	-5,046
Net result from continued operations before taxes		-6,493	6,516
Income taxes	10	2	298
Net result from continued operations		-6,491	6,814
Net result from discontinued operations, after taxes	40	-	435
Net result		-6,491	7,249
Net (loss)/gain attributable to shareholders of Valartis Group AG		-3,568	7,185
Net (loss)/gain attributable to non-controlling interests		-2,923	64
in CHF			
Earnings per share			
Undiluted earnings attributable to shareholders of Valartis Group AG		-1.08	1.82
Diluted earnings attributable to shareholders of Valartis Group AG		-1.08	1.82
Earnings per share – continued operations			
Undiluted earnings attributable to shareholders of Valartis Group AG		-1.08	1.71
Diluted earnings attributable to shareholders of Valartis Group AG		-1.08	1.71
Earnings per share – discontinued operations			
Undiluted earnings attributable to shareholders of Valartis Group AG		0.00	0.11
Diluted earnings attributable to shareholders of Valartis Group AG		0.00	0.11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022 Restated
Net result in the income statement	-6,491	7,249
Other comprehensive income which will be reclassified to the income statement		
Foreign exchange translation differences	-4,706	-154
Cost of hedging ¹⁾	-446	452
Other comprehensive income which will be reclassified to the income statement	-5,152	298
Other comprehensive income which will not be reclassified to the income statement		
Change in fair value of financial assets at fair value through OCI ²⁾	-1,005	-335
Remeasurement of defined benefit pension plans ³⁾	-513	860
Associated companies – attributable comprehensive income	-	-
Other comprehensive income which will not be reclassified to the income statement	-1,518	525
Total other comprehensive income, after tax	-6,670	823
Total comprehensive income	-13,161	8,072
Allocation of total comprehensive income		
attributable to shareholders of Valartis Group AG	-8,476	7,747
attributable to non-controlling interests	-4,685	325

1) The tax effect on the cost of hedging is CHF 0 (previous year: tax effect CHF 0).

2) The tax effect on change in fair value of financial assets at fair value through OCI is CHF 0 (previous year: tax effect CHF 0).

3) The tax effect on the remeasurement for defined benefit pension plans is CHF 0 (previous year: tax effect CHF 0).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

in CHF 1,000	Note	31.12.2023	31.12.2022 Restated	01.01.2022 Restated
Cash and cash equivalents		2,600	8,275	7,493
Trading portfolio assets	11	11,787	8,614	14,267
Derivative financial instruments	12	5,278	4,243	6,217
Other financial assets at fair value	13	18,499	22,417	19,903
Due from third parties	14	1,396	1,039	2,518
Accrued and deferred assets		634	624	652
Total current assets		40,194	45,212	51,050
Financial assets at fair value through OCI	15	7,090	29,766	30,102
Property, plant, equipment and leases	16	1,274	1,262	1,301
Investment property	17	27,629	36,719	36,195
Goodwill	18	1,281	1,731	1,667
Associated companies	19	39,785	38,379	33,186
Non-current receivables	20	20,559	52,289	20,498
Total non-current assets		97,618	160,146	122,949
Total current and non-current assets		137,812	205,358	173,999
Non-current assets classified as held for sale	40	-	-	-
Total assets		137,812	205,358	173,999

Liabilities and Shareholders' equity

in CHF 1,000	Note	31.12.2023	31.12.2022 Restated	01.01.2022 Restated
Liabilities				
Accounts payable		913	482	619
Current financial liabilities	21	15,606	15,956	10,489
Derivative financial instruments	12	106	27	13
Current tax liabilities		155	147	622
Other current liabilities	22	3,525	4,021	4,277
Current provisions	25	-	-	51
Total current liabilities		20,305	20,633	16,071
Non-current financial liabilities	23	24,469	57,118	38,220
Liabilities from defined benefit pension plans	24	530	144	1,108
Deferred tax liabilities	10	235	356	658
Non-current provisions	25	-	3	31
Total non-current liabilities		25,234	57,621	40,017
Total liabilities		45,539	78,254	56,088
Shareholders' equity				
Share capital	26	3,126	4,299	4,299
Treasury shares	26	-5,455	-4,542	-5,584
Reserves		89,425	103,448	95,732
Cumulated income from financial assets at fair value through OCI		2,272	12,852	13,187
Foreign exchange translation differences		-9,127	-6,183	-5,768
Remeasurement of defined benefit pension plans	24	1,397	1,910	1,050
Shareholders' equity of the shareholders of Valartis Group AG		81,638	111,784	102,916
Non-controlling interests		10,635	15,320	14,995
Total shareholders' equity (including non-controlling interests)		92,273	127,104	117,911
Total liabilities and shareholders' equity		137,812	205,358	173,999

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022 in CHF 1,000	Share capital	Treasury shares	Capital reserves	Retained earnings
Opening balance at 1 January 2022 as previously reported	4,299	-5,584	-5,804	100,905
Restatement opening balance				631
Restated opening balance at 1 January 2022	4,299	-5,584	-5,804	101,536
Gains/(losses) from financial assets at fair value through OCI	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Remeasurement of defined benefit pension plans	-	-	-	-
Cost of hedging	-	-	-	452
Other comprehensive income	-	-	-	452
Net result	-	-	-	7,185
Comprehensive income	-	-	-	7,637
Purchase of treasury shares	-	-	-	-
Disposal of treasury shares ¹⁾	-	1,042	207	-128
Share capital reduction	-	-	-	-
Other movements	-	-	-	-
Ownership-related changes	-	1,042	207	-128
Total shareholders' equity at 31 December 2022	4,299	-4,542	-5,597	109,045
2023 in CHF 1,000				
Opening balance at 1 January 2023	4,299	-4,542	-5,597	109,045
Gains/(losses) from financial assets at fair value through OCI	-	-	-	9,567
Foreign exchange translation differences	-	-	-	-
Remeasurement of defined benefit pension plans	-	-	-	-
Cost of hedging	-	-	-	-446
Other comprehensive income	-	-	-	9,121
Net result	-	-	-	-3,568
Comprehensive income	-	-	-	5,553
Purchase of treasury shares	-	-22,096	-	-
Disposal of treasury shares ¹⁾	-	503	-	-77
Share capital reduction	-1,173	20,680	-	-19,507
Other movements	-	-	-	8
Ownership-related changes	-1,173	-913	-	-19,576
Total shareholders' equity at 31 December 2023	3,126	-5,455	-5,597	95,022

1) Relates to the Long Term Incentive Programme, see details in Note 33.

Net unrealised gains/losses on financial assets at fair value through OCI	Foreign exchange translation difference	Remeasurement defined benefit pension plans	Total equity shareholders of Valartis Group AG	Non-controlling interests	Foreign exchange effect on non-controlling interests	Total non-controlling interests	Total shareholders' equity
13,187	-5,768	1,050	102,285	18,279	-3,284	14,995	117,280
			631			-	631
13,187	-5,768	1,050	102,916	18,279	-3,284	14,995	117,911
-335	-	-	-335	-	-	-	-335
-	-415	-	-415	-	261	261	-154
-	-	860	860	-	-	-	860
-	-	-	452	-	-	-	452
-335	-415	860	562	-	261	261	823
-	-	-	7,185	64	-	64	7,249
-335	-415	860	7,747	64	261	325	8,072
-	-	-	-	-	-	-	-
-	-	-	1,121	-	-	-	1,121
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,121	-	-	-	1,121
12,852	-6,183	1,910	111,784	18,343	-3,023	15,320	127,104
12,852	-6,183	1,910	111,784	18,343	-3,023	15,320	127,104
-10,572	-	-	-1,005	-	-	-	-1,005
-	-2,944	-	-2,944	-	-1,762	-1,762	-4,706
-	-	-513	-513	-	-	-	-513
-	-	-	-446	-	-	-	-446
-10,572	-2,944	-513	-4,908	-	-1,762	-1,762	-6,670
-	-	-	-3,568	-2,923	-	-2,923	-6,491
-10,572	-2,944	-513	-8,476	-2,923	-1,762	-4,685	-13,161
-	-	-	-22,096	-	-	-	-22,096
-	-	-	426	-	-	-	426
-	-	-	-	-	-	-	-
-8	-	-	-	-	-	-	-
-8	-	-	-21,670	-	-	-	-21,670
2,272	-9,127	1,397	81,638	15,420	-4,785	10,635	92,273

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1,000	31.12.2023	31.12.2022 Restated
Net result after taxes from continued operations	-6,491	6,814
Net result after taxes from discontinued operations	-	435
Net result	-6,491	7,249
Depreciation of property, plant and equipment	436	641
Value adjustment on investment property	507	1,882
Share of results of associated companies	-3,556	-10,273
Change in valuation adjustments and provisions	-309	920
Finance result, net	8,528	896
Change in taxes	-4	-296
Other non-cash income and expenses	2,337	-885
Operating cash flow before changes in the working capital and taxes	1,448	134
Due from third parties	521	1,812
Accrued and deferred assets	-23	27
Accounts payables	9	-122
Other current liabilities	-174	-3,883
Taxes paid	-17	-67
Cash flow from/(used in) operating activities from continued operations	1,764	-2,099
Cash flow from/(used in) operating activities from discontinued operations	-	-
Cash flow from/(used in) operating activities	1,764	-2,099
Change in trading portfolio assets	153	354
(Increase)/decrease other financial assets at fair value	226	168
Realised and unrealised result on forward contracts	-2,438	2,188
Other financial assets at fair value through OCI	989	-
Non-current receivables	27,942	-32,307
Interest and dividends received	679	1,229
Purchase of property, plant and equipment, investment property and intangible assets	-1,315	-922
Sale of property, plant and equipment, investment property and intangible assets	285	-
Acquisition of associated companies	-2,138	-1,430
Dividend income from associated companies	3,494	6,192
Cash flow from/(used in) investment activities	27,877	-24,528

in CHF 1,000	31.12.2023	31.12.2022 Restated
Proceeds from/(repayments of) current financial liabilities	652	-2,682
Proceeds from/(repayments of) non-current financial liabilities	-31,143	30,964
Interest paid	-1,004	-1,780
Dividends paid to shareholders of the Company	-	-
Change in treasury shares	-1,194	574
Change in non-controlling interests	-2,428	333
Cash flow used in financing activities	-35,117	27,409
Effect of foreign exchange translation differences on cash and cash equivalents (including non-controlling interests)	-199	-
Increase/(decrease) in cash and cash equivalents	-5,675	782
Position at 1 January	8,275	7,493
Position at 31 December	2,600	8,275
Cash	-	-
Due from banks on demand	2,600	8,275
Total cash and cash equivalents	2,600	8,275



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DESCRIPTION OF BUSINESS

Valartis Group's activities include financial services, real estate project management and equity investments. In financial services, Valartis Group concentrates on the comprehensive management of niche funds (investment satellites). In addition, Valartis Group provides corporate finance advisory services for listed and unlisted medium-sized companies. On the real estate side, Valartis Group combines the management of profitable commercial and residential properties with investments in promising development projects. In the case of participations, the focus is on equity participations as a shareholder. Valartis Group currently has offices in Switzerland (Fribourg, Geneva and Zurich), Luxembourg, Frankfurt am Main, Stuttgart, Vienna, St. Petersburg and Moscow with 38.8 employees (full-time equivalents as of 31 December 2023). Valartis Group AG, headquartered in Fribourg, Canton Fribourg, Switzerland, is the parent company of the Group and its registered shares are listed on the SIX Swiss Exchange. Geographically, the Group operates in Switzerland, Europe and Russia.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Valartis Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the listing regulations of the Swiss Stock Exchange SIX Swiss Exchange.

Consolidation is based on the individual financial statements of the Group companies prepared in accordance with uniform accounting principles. The consolidated financial statements are presented in Swiss francs (CHF).

CHANGES TO ACCOUNTING POLICIES

Implemented International Financial Reporting Standards and interpretations

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The adoption of the amendments to IAS 1 and IFRS Practice Statement 2 have resulted in a streamlining of the narrative disclosures in the consolidated financial statements of Valartis Group.

Other new standards and interpretations

The following new and revised standards and interpretations had no material impact on the financial statements of Valartis Group at the time of their first application or were of no significance to it:

- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
- IFRS 17 Insurance Contracts and Amendments to IFRS 17

Standards and interpretations not yet implemented

Various new and revised IFRS and interpretations should be applied for financial years beginning after 1 January 2024. Valartis Group has not availed itself of the possibility of early application of these revised standards and interpretations (see following) and based on analyses to date, it does not expect any material overall effects of these provisions.

Lack of Exchangeability

Lack of Exchangeability amends IAS 21 The Effects of Changes in Foreign Exchange Rates to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

Other not yet implemented standards and interpretations

- Classification of Liabilities as Current or Non-current – Amendment to IAS 1
- Lease Liability in a Sale and Leaseback Amendment to IFRS 16
- Non-current Liabilities with Covenants Amendments to IAS 1

Restatements – Correction of errors

A subsequent review of the Annual Financial Statements 2022 has highlighted two areas of material deviation compared to the previously published financial statements for year ended 31 December 2022. Consequently, Valartis Group is required to restate the comparative figures presented in these financial statements.

The identified areas of material deviation relate to hedge accounting and presentation of the consolidated cash flow statement. The correction of errors was performed in accordance with IAS 8 and had no impact on the Earnings per share.

Hedge accounting

For hedging purposes, since December 2020, Valartis Group has entered into a derivative contract, which is a combination of two American type options agreements linked together. In the published financial statement 2022, the Group assumed a zero volatility in respect to this contract and valued the fair derivative as being its sole intrinsic value.

The reassessment of this contract established that it should be treated as a synthetic forward with recognition on balance sheet of both Spot element and Forward element. The latter do not qualify as hedging instruments and related changes in fair value, which had been recognised in other comprehensive income will be subsequently reclassified to the income statement when the hedge relation expires. In the Fair value hierarchy, the Derivative Contract qualifies as level 2 instrument due to the fact that most significant inputs are market observable and 2022 figures have been restated accordingly in the Note 31 – Fair Value of Financial Instruments. In addition, comparative figures of all notes provid-

ing a breakdown of Derivative financial instruments have been restated accordingly.

The amount related to the Forward element of the synthetic forward back to periods before 1 January 2022 has been corrected in the opening balance sheet of the 2022 Annual financial statements.

Consolidated Cash flow Statement

The cash flow from financing activities section in the Consolidated Cash Flow Statement of the previously published financial statements for year ended 31 December 2022 included a movements of CHF 11.47 million from the caption “proceeds from/ (repayment of) non-current financial liabilities” to the caption “proceeds from/(repayment of) current financial liabilities” in relation to the classification of non-current financial liability to a current financial liability without use of cash.

As a correction, this transaction has been reversed in the Consolidated Cash Flow Statement of the prior period comparative figures, i.e. for Financial year 2022, without impact on the total cash flow used in financing activities.

The following table shows the Impact of the corrections on the main components of the financial statements. In addition, the comparative figures have also been restated in the corresponding notes.

in CHF 1,000	Amounts reported before correction	correction	Amounts reported after correction
Opening balance sheet 01.01.2022			
Derivative financial instruments	5,586	631	6,217
Total current assets	50,419	631	51,050
Total assets	173,368	631	173,999
Reserves	95,101	631	95,732
Shareholders' equity of the shareholders of Valartis Group AG	102,285	631	102,916
Total shareholders' equity (including non-controlling interests)	117,280	631	117,911
Total liabilities and shareholders' equity	173,368	631	173,999
Closing balance sheet 31.12.2022			
Derivative financial instruments	3,180	1,063	4,243
Total current assets	44,149	1,063	45,212
Total assets	204,295	1,063	205,358
Reserves	102,365	1,083	103,448
Foreign exchange translation differences	-6,163	-20	-6,183
Shareholders' equity of the shareholders of Valartis Group AG	110,721	1,063	111,784
Total shareholders' equity (including non-controlling interests)	126,041	1,063	127,104
Total liabilities and shareholders' equity	204,295	1,063	205,358
Other comprehensive income 1.1–31.12.2022			
Foreign exchange translation differences	-134	-20	-154
Cost of hedging	-	452	452
Other comprehensive income which will be reclassified to the income statement	-134	432	298
Total other comprehensive income, after tax	391	432	823
Total comprehensive income	7,640	432	8,072
of which, attributable to shareholders of Valartis Group AG	7,315	432	7,747
Cash flow 1.1–31.12.2022			
Proceeds from/(repayments of) current financial liabilities	8,783	-11,465	-2,682
Proceeds from/(repayments of) non-current financial liabilities	19,499	11,465	30,964
Cash flow used in financing activities	27,409	-	27,409

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The 2023 consolidated financial statements were approved by the Board of Directors on 28 March 2024. The consolidated financial statements are subject to the approval of the Shareholders Meeting on 14 May 2024.

MAJOR ACCOUNTING PRINCIPLES

Consolidation principles

Subsidiaries

The consolidated financial statements comprise the accounts of Valartis Group AG, Fribourg, canton of Fribourg, Switzerland, and its subsidiaries as of 31 December 2023. A controlling relationship is deemed to exist if the following conditions are met cumulatively: Valartis Group has power over the other company; it is exposed to variable returns from its involvement with the other company; and it has the ability to affect the amount of those returns through its control over the other company.

If the Group does not hold a majority of the voting rights of an investee, it takes into account all the relevant facts and circumstances in determining whether control exists. These include, among others, contractual arrangements with other parties holding voting rights or rights arising from other contractual arrangements. If the facts and circumstances indicate a change in one or more of the three control elements, the Group will reassess whether it has control over an investee.

Consolidation of a subsidiary begins at the date the Group obtains control over that subsidiary and ceases when the Group loses control over a subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the reporting period are included on the balance sheet and in the statement of comprehensive income from the date the Group obtains control of the subsidiary until the date the Group ceases to control the subsidiary. If Valartis Group loses control over a company, any retained interest is recognised as an investment in an associate or as a financial instrument under IFRS 9.

Investments in associates and joint ventures

Group companies over which Valartis Group can exercise a significant influence are accounted for using the equity method and are recorded under Associated companies. As a rule, influence is considered significant if the Group holds between 20 per cent and 50 per cent of the voting rights.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in

joint ventures are accounted for under Associated companies in accordance with the equity method.

The considerations made in determining significant influence or joint control are comparable with those necessary to determine control over subsidiaries.

The acquisition of an investment in an associated company or a joint venture must be recognised and measured analogously to majority ownership in accordance with IFRS 3. Accordingly, the purchase price must be compared with the value of the investor's share (after revaluation) of the associated company or joint venture in order to identify any necessary adjustments and any positive or negative goodwill (bargain purchase). In contrast to IFRS 3, however, under the equity method all adjustments and goodwill positions are reported as a separate balance sheet item under Associated companies or under Joint ventures. Any negative goodwill positions are recognised as income under Income from business combinations (negative goodwill). Subsequently, the carrying amount of the associated company is increased or decreased depending on the Group's share in the profit or loss for the period of the associated company or joint venture, minus dividends received and foreign exchange translation differences.

Structured entities

The collective investment instruments of Valartis Group are structured entities as defined under IFRS 12. If Valartis Group operates such an investment instrument acting as an agent primarily in the interests of investors, this structured entity is not consolidated. Investments in such investment instruments held by Valartis Group are recognised as financial instruments. If Valartis Group acts as a principal primarily in its own interests, the investment instrument is consolidated.

Method of consolidation

All intercompany receivables and liabilities, earnings and expenses, as well as off balance sheet transactions, are completely eliminated in the Group financial statements. The equity of consolidated companies is recorded at the carrying amount of the participations at the parent company at the time of purchase or the time of establishment.

After the initial consolidation, changes resulting from business operations that are included in the result for the reporting period are allocated to retained earnings. Non-controlling interests in equity and net profit are stated separately in the consolidated statement of financial position and income statement.

Changes in the scope of consolidation

Since the 27th June 2023, the inactive Group entity Valartis M LLC has been liquidated and removed from the scope of Group consolidation accordingly.

Changes in the scope of consolidation in the previous year:

Since the 10th February 2022, the Group entity Vaba1 Holding

GmbH in liquidation has been dissolved and removed from the scope of Group consolidation accordingly.

Consolidation period

The consolidation period for all Group companies is the calendar year. The closing date for the consolidated financial statements is 31 December 2023.

General principles

Revenue recognition

The Group applies IFRS 15. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue for each contract with a client if the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due. In the eventuality of a price concession, the amount of consideration to which the Group will be entitled is considered to be less than the price stated in the contract.

Currency translation

The Group's functional currency is the Swiss franc (CHF), the currency of the country in which Valartis Group AG is domiciled. The assets and liabilities denominated in foreign currencies of foreign Group companies are translated into Swiss francs at the respective exchange rates on the balance sheet date. For the income statement and the cash flow statement, annual average exchange rates are used. Any exchange rate differences resulting from consolidation are reported as translation differences in equity. In the individual financial statements of the Group companies, transactions in foreign currencies are recognised at the corresponding daily exchange rates. Monetary assets are translated and booked at the exchange rates valid on the balance sheet date with the exception of exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation; these are recognised, in the consolidated financial statements that include the foreign operation in other comprehensive income; they will be recognised in profit or loss on disposal of the net investment.

Valartis Group assesses regularly its internal group loans and identifies any loans to be qualified as net investment in a foreign operation. The following tables provide an overview of the effects on the balance sheet and income statement for the reporting and comparative period:

Balance sheet:

in CHF 1,000	Reporting period	31.12 before re-assessment according to IAS 21	Impact of re-assessment according to IAS 21	31.12 after re-assessment according to IAS 21
Currency translation adjustments in equity				
	2023	4,766	-9,472	-4,706
Currency translation adjustments in equity				
	2022	-1,539	1,385	-154

Income statement:

in CHF 1,000	Reporting period	31.12 before re-assessment according to IAS 21	Impact of re-assessment according to IAS 21	31.12 after re-assessment according to IAS 21
Financial result, net				
	2023	-18,000	9,472	-8,528
Result for the year				
	2023	-15,963	9,472	-6,491
Financial result, net				
	2022	489	-1,385	-896
Result for the year				
	2022	8,634	-1,385	7,249

Non-monetary items recorded at historical cost in a foreign currency are translated at the historical exchange rate.

The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Unrealised foreign exchange differences of an equity investment at fair value through other comprehensive income are part of the change of its entire fair value and are recognised in other comprehensive income.

The following exchange rates are used for the major currencies:

	2023 Balance sheet date rate	2023 Annual average rate	2022 Balance sheet date rate	2022 Annual average rate
EUR/CHF	0.9281	0.9715	0.9839	1.0022
USD/CHF	0.8401	0.8973	0.9233	0.9537
CHF/RUB	106.84	94.42	79.05	69.89

Segments

Determination of the operating segments is based on the management approach. The management approach reflects the way in which management organises the entity for making operating decisions and for assessing performance, based on specific financial information. Therefore, the adoption of the management approach results in the disclosure of information for segments in substantially the same manner as they are reported internally and used by the entity's chief operating decision maker for purposes of evaluating performance and making resource allocation decisions.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of liquid assets (petty cash, postal cheque balances) and at sight/immediately callable amounts due from banks.

Domestic and non-domestic positions

Domestic includes positions in Liechtenstein.

Determination of fair value

Valartis Group measures some of its financial instruments and financial liabilities as well as individual non-financial assets at fair value on each balance sheet date. Fair value is defined as the value that would be generated in an orderly transaction between market participants at the time of valuation upon sale of an asset or upon transfer of an obligation. Fair values are determined either to determine the balance sheet value or for disclosure purposes in the notes.

All assets and liabilities carried at fair value or for which disclosure of fair value is made in the notes are classified in the following fair value hierarchy:

Level 1 instruments

Level 1 instruments are those financial instruments whose fair value is based on quoted prices in active markets. This category comprises almost all equity and debt instruments held by the Group. Investment funds for which a binding net asset value is published at least daily, exchange-traded derivatives and precious metals are also categorised as level 1 instruments. Closing prices are used for the valuation of debt instruments in the trading book. In the case of equity instruments, listed investment funds and exchange-traded derivatives, the closing or settlement prices of the relevant exchanges are used. In the case of

unlisted investment funds, the published net asset values are used. In the case of currencies and precious metals, generally accepted prices are applied. No valuation adjustments were made in the case of level 1 instruments.

Level 2 instruments

Level 2 instruments are financial instruments whose fair value is based on quoted prices in markets that are not active. The same categorisation is used where the fair value is determined using a valuation method where significant inputs are observable, either directly or indirectly. This category essentially comprises forex and interest-rate derivatives, illiquid equity and debt instruments as well as investment funds for which a binding net asset value is not published on a daily basis. If OTC transactions can be observed, the inputs derived from the latest transactions are used as a basis for the value assessment. In case, no active market exists, the fair value is determined based on generally accepted valuation methods. If all the significant inputs are directly observable in the market, the instrument is deemed to be a level 2 instrument.

The valuation models consider the relevant input such as the contract specifications, market price of the underlying asset, the foreign exchange rate, the corresponding yield curve, default risks, and volatility. The valuation of interest rate instruments for which no quoted prices exist is carried out using generally recognised methods. For the valuation of OTC derivatives, generally recognised option pricing models and quoted prices in markets that are not active are used. In the case of investment funds, the published net asset values are used. The credit risk is only considered when market participants would take it into account when determining prices.

Level 3 instruments

If at least one significant input cannot be observed directly or indirectly in the market, the instrument is classified as a level 3 instrument. These essentially comprise equity instruments and/or investment funds for which a binding net asset value is not published at least quarterly. The fair value of these positions is based on the estimates of external experts or on audited financial statements. Where possible, the underlying assumptions are supported by observed market quotes.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

The categorisation of the financial instruments and financial liabilities in the described fair value hierarchy is shown in Note 31. In the case of non-financial assets that are recorded at fair value or for which a fair value must be disclosed, the information on the determination of the fair value and the categorisation level can be found in the corresponding notes.

Financial instruments

Basic principle

The Group recognises a financial asset or a financial liability in its statement of financial position according to IFRS 9 when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets is recognised using the settlement date that is the date that an asset is delivered to or by the Group.

Classification of financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI-debt investment, FVOCI-equity investment (FVOCI – fair value through other comprehensive income) or FVTPL (fair value through profit & loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as of FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as of FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Initial measurement

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as of FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the consolidated income statement.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified into the consolidated income statement.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified into the consolidated income statement.

Derivative financial instruments

The Group's derivatives are subsequently remeasured at fair value with all their gains and losses, realised and unrealised, recognised in the consolidated income statement unless they qualify as a hedging relationship.

Subsequent measurement of financial liabilities

After initial recognition, the Group measures a financial liability at amortised cost except for financial liabilities at fair value through profit or loss including derivatives that are liabilities and are measured at fair value.

Impairment of financial assets (impairment model)

IFRS 9 uses an expected credit loss (ECL) model. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs for all categories. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset. Impairment losses related to due from third parties and other receivables and on other financial assets are presented under finance costs and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Derecognition of financial assets

The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset.

Derecognition of financial liabilities

The Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Hedge accounting

The Group designates and documents the use of some derivative financial instruments (forwards) as hedging instruments against changes in fair values of some financial assets (fair value hedges). The effectiveness of such hedges is assessed at inception and verified on a regular basis to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group excludes from the designation of the hedging relationship the hedging cost element. Subsequently, this cost element impacts the income statement at the same time as the underlying hedged item.

Fair value hedges

The Group uses fair value hedges to mitigate the market risk of its some of its financial assets at fair value. Changes in fair values of hedging instruments designated as fair value hedges and the adjustments for the risks being hedged in the carrying amounts of the underlying financial assets are recognised in the income statement. When using forwards, only the spot element of the forward qualifies as a hedge and is accounted accordingly. The forward element do not qualify as hedging instrument and related changes in fair value are recognised in other comprehensive income. They will be subsequently reclassified to the income statement when the hedge relation expires.

Property, plant and equipment

Property, plant and equipment include properties, undeveloped land and fixtures in third-party properties, IT and telecommunications equipment, software (including software in development), and other fixed assets. Acquisition and production costs are carried as an asset if future economic income is likely to flow from them to the Group and the costs can be identified and reliably determined. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life as follows:

Property	max. 100 years
Fixtures in third-party properties	max. 10 years
IT and telecommunication equipment	max. 5 years
Software	max. 5 years
Other fixed assets	max. 5 years

Impairment tests are performed on property, plant, and equipment if events or circumstances suggest that the carrying amount may have been impaired. If the carrying amount exceeds the achievable income, the carrying amount is written down.

Leases

As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. As a lessor, the Group classifies its leases as operating leases or finance leases and accounts for those two types of leases in different ways.

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- and the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The Group recognises right-of-use assets and lease liabilities for most leases, i.e. these leases are on the consolidated statement of financial position.

When measuring lease liabilities, the Group discounts lease payments using the lease incremental borrowing rate or if this rate could not be readily determined, its incremental borrowing rate at the time of the new lease agreement is concluded.

As a lessor

The Group accounts for its leases from the date of entering into a new agreement. The corresponding income is recognised in the income statement position “Income from investment property”. The Group applies IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Investment properties

Investment properties are real estate (land, premises or both) which is held by the Group in order to generate rental income, and/or income from added value. For initial reporting, invest-

ment properties are recorded at purchase or building cost. For later evaluation, investment properties are recorded at fair value and changes to fair value affect net income. Fair value is evaluated based on an annual independent assessment which is based on the highest level and best possible usage of the property. This takes into consideration the use of the asset which is physically possible, legally permissible, and financially meaningful. In case of investment properties being constructed, the investment properties also include part of the direct attributable costs necessary to obtain the authorisation of construction.

Goodwill

Goodwill is measured as the difference between the sum of the fair value of consideration transferred plus the recognised amount of any non-controlling interests in the acquiree and the recognised amount of the identifiable assets acquired and liabilities assumed.

In accordance with IFRS 3, goodwill is carried as an asset and allocated to the corresponding cash-generating unit (CGU). It is subject to an impairment test at least annually or more often if there are indications of a potential decrease in value.

For this purpose, the carrying amount of the CGU to which goodwill was allocated is compared with its recoverable amount. The recoverable amount is the higher of the fair value of the CGU less costs to sell and its value in use.

Fair value less costs to sell is the amount that could be realised by the sale of a CGU in a transaction at market conditions between knowledgeable, willing parties after deduction of the sales costs.

The value in use is the present value of future cash flows a CGU is expected to generate. Should the carrying amount of the CGU exceed the recoverable amount, a goodwill adjustment charge is recognised in the income statement.

Provisions

A provision is recognised if as a result of past events the Group has a current liability on the balance sheet date that is likely to result in the outflow of resources, and the amount of which can be reliably estimated. If the liability cannot be sufficiently reliably estimated, it is shown as a contingent liability.

Taxes and deferred taxes

Income taxes are based on the tax laws of each tax authority where a Group company has its domicile and are expensed in the period in which the related profits are made. Capital taxes are included in office and business expense. The effective tax rate is applied to net profit.

Deferred income/expense taxes arising from temporary differences between the stated values of assets and liabilities in the consolidated balance sheet and their corresponding tax values are recognised as deferred tax assets or deferred tax liabilities.

Deferred tax assets are capitalised if there is likely to be enough taxable profit to offset these differences. In order to calculate deferred income taxes, the Group applies the tax rates expected to be applicable in the period in which the assets will be realised or the liabilities settled. Deferred taxes are recognised only to the extent it is likely they will arise in the future. Tax claims and tax liabilities are offset against each other if they apply to the same tax subject and the same tax authority, and if there is an enforceable right to their offsetting. Changes in deferred taxes are reported in the income statement under taxes. Deferred taxes related to changes that are recognised directly in shareholders' equity are directly charged or credited to shareholders' equity.

Treasury shares

Shares in Valartis Group AG held by the Group (treasury shares) are deducted from equity at weighted average acquisition cost. Changes in fair value are not recorded. The difference between the sales proceeds from treasury shares and the corresponding acquisition cost is recognised under Reserves.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured and recorded on an undiscounted basis as soon as the employees render the related service and the obligation can be reliably estimated.

Pension plans

Valartis Group makes contributions for its employees to a pension plan that provides benefits in the event of death, disability, retirement, or termination of employment. There is only one plan for Swiss employees. In the case of defined benefit plans, the period costs are determined by an independent recognised actuary. The benefits provided by these plans are generally based on the years of insurance, age, and pensionable salary. The net liability or net asset for each defined benefit plan is measured on the basis of the present value of the pension obligations determined using the projected unit credit method and the present value of the plan asset and reported in the balance sheet. These calculations are carried out annually by the actuary based on the estimated future benefits based on the years of service. If the calculation shows an over-funding, the net asset to be recorded is limited to the present value of the economic benefit.

Remeasurement resulting from actuarial gains and losses, the effect of the asset ceiling, or the return on plan assets (excluding net interest), are recorded in other comprehensive income with a corresponding debit or credit to retained earnings. All expenses related to defined benefit plans are recorded through the consolidated income statement as employee benefits.

Valartis Group does not exercise the option to recognise contributions from employees or third parties as a reduction in the service cost in the period in which the related service is rendered.

Long Term Incentive Programme (LTI)

The LTI package consists of grant shares ("Award Shares") in combination of a sale of shares at preferential conditions ("Purchase Shares") financed by way of a loan granted by the Valartis Group. In addition, put options are granted to each LTI participant in order to cover the loan value.

On the balance sheet date, the fair value of LTI shares for Award Shares estimated for the entire vesting period, the difference between the fair value and the preferential price for Purchase Shares as well as the fair value of the put options are charged to personnel expenses on a pro rata temporis basis. The loan granted to LTI participants is recognised under Non-current receivables and the put option under Derivative Financial Instruments (liabilities).

The Group measures the service rendered by the LTI participants at the fair value of the shares granted i.e. relevant market price on the day of share allocation.

ESTIMATES, ASSUMPTIONS, AND EXERCISE OF DISCRETION BY MANAGEMENT

Basic principle

In applying the accounting principles, management is required to make numerous estimates and assumptions which can influence the disclosures made in the consolidated income statement, consolidated balance sheet and notes to the consolidated financial statements. The actual results can deviate from these estimates.

Valartis Group is confident that the consolidated financial statements present a true and fair view of the assets, financial position, and income situation. Management reviews the estimates and assumptions on a continuous basis and adapts them to new knowledge and circumstances. This can influence aspects of the consolidated financial statements including the following:

Fair value of financial instruments

If the determination of the fair value of financial assets and liabilities is not based on quoted market prices or price quotes by brokers, the fair value is calculated by means of valuation methods, e.g. discounted cash flow models. As far as possible, input parameters for modelling are based on observable market data. If there are no observable market data available, discretionary decisions and estimates are used considering parameters such as liquidity risk, default risk, and volatility risk. Changes in these estimates may influence the fair value of such financial instruments.

In case of combination of a purchased and a written American type options, similar to a synthetic forward, a discretionary assumption is made regarding the timing of expected exercise date.

Fair value of options

The Group determines the fair value of options, using the Black-Sholes model with the assumption of past underlying's volatility for the time to maturity.

Measurement of ECL (Expected Credit Losses) impairment allowance

Allowance for financial assets measured at amortised costs are based on key assumptions in determining the weighted-average loss rate.

Value adjustments on credit positions

Various factors can influence the value adjustment estimates for credit positions. These factors include changes in borrowers' credit ratings, loan collateral valuations and the expected scale of loss. Management determines how high the value adjustment needs to be based on the present value of the expected future cash flows. In order to estimate the expected cash flows, management must make assumptions regarding the financial situation of the counterparty and the estimated recoverable amount of collateral.

Investment properties

The fair value of investment properties was calculated by an independent, accredited surveyor. Evaluation was carried out in accordance with the standards of the Royal Institution of Chartered Surveyors (RICS). The discounted cash flow model used in the evaluation takes into consideration the present value of net cash flows from a property, i.e. anticipated trends in rental income, vacancy rate, rent-free periods, other costs not borne by tenants, maintenance costs and investment plans. The anticipated net cash flows are discounted using risk-adjusted discount rates. Location and property-specific criteria are factored into the discount rate.

Evaluation of the investment property held by Valartis Group in St. Petersburg in Russia is influenced by the economic and political risks inherent in the Russian national economy. For Valartis Group management, investments in property presuppose a long investment horizon. By means of this approach, risks from short-term value fluctuations can be minimised.

For the purpose of obtaining all necessary authorisations to construct a new asset, some related service costs have been capitalised. In doing so, Management assesses the feasibility of the project and is of the opinion that it will be realised.

Goodwill

Among other factors, the value of goodwill is largely determined by the cash flow forecasts and the discount factor (weighted average cost of capital, WACC). All material assumptions are disclosed in the notes to the financial statements. The principal assumptions are listed in the notes to the consolidated financial statements. A change in assumptions can lead to disclosure of impairment in the subsequent year.

Provisions

Valartis Group recognises provisions for imminent threats if in the opinion of the responsible experts the probability that losses will occur is greater than the probability that they will not occur and if their amount can be reliably estimated. In judging whether the creation of a provision and its amount are reasonable, the best possible estimates and assumptions as of the balance sheet date are applied. If necessary, these will be adjusted to reflect new knowledge and circumstances later. New knowledge may have a significant effect on the income statement.

Actuarial assumptions

For the defined benefit plans, statistical assumptions have been made to estimate future trends. These include assumptions and estimates regarding discount rates and expected rates of salary increases. The actuaries also use statistical information such as mortality tables and turnover probabilities in their actuarial calculations to determine the pension liabilities.

If these parameters change due to demographic developments, changes in the economic situation, or new market conditions, future results may deviate significantly from the actuarial reports and calculations. In the medium term, such deviations can have an influence on the expenses and revenue arising from the employee pension plans.

Associated companies

Associated companies are accounted for using the equity method. Norinvest Holding SA publishes its financial figures after Valartis Group. Valartis Group estimates the share in the result of Norinvest Holding SA for the accounting of the associated participation considering publicly available information. Differences between the actual results and these estimates are corrected if necessary in the Valartis Group's consolidated financial statements for the following year. For the valuation of the associated companies in the 2023 financial year, see the additional explanations in Note 19 Associated companies.

Joint-ventures

Briese Schifffahrts GmbH & Co. KG MS "Langeoog", "Folmhusen", "Nesseborg", "Marz", Florentika Management Company LLC and Kaluga Flower Holding LLC are joint ventures and accounted for using the equity method based on the financial reporting provided by those companies as of 31 December 2023.

Briese Schifffahrts GmbH & Co. KG MS "Folmhusen", "Nesseborg", and "Marz" each hold a vessel carried according the cost model, i.e. after recognition as an asset, the vessel is carried at its cost less any accumulated depreciation and any accumulated impairment losses based on a Management value assumption on expected vessel's future income.

Vestive Ltd

The Group owns 50 per cent stake in Vestive Limited, which in turn owns and operates a parking in Moscow through a Russian

company. 50 per cent of Vestive is held by two other investors. According to the provision of the shareholder's agreement, at least one of the two shareholders must vote together with the Group for decision to be endorsed. Due to this setting, Valartis Group does not have control over Vestive, which is therefore classified as associated company, whose liabilities consist almost exclusively of loans from shareholders and clearly exceed Vestive's assets, resulting in negative equity. As there is no obligation for shareholders to make additional contributions, the negative equity and its change are not included in the consolidated financial statements. The impairment test is therefore based on the development in value of the parking garage building, which materialise in adjustment of the receivable toward Vestive carried on the consolidated statement of financial position.

Income taxes

The current tax obligations reported as of the balance sheet date and the current tax expenses resulting for the reporting period

are based in part on estimates and assumptions and can therefore deviate from the amounts determined in the future by the tax authorities. Deferred taxes are calculated at the tax rates, which are expected to be applicable in the accounting period in which the assets will be realised or the liabilities settled. Changes in the expected tax rates and any unexpected reductions in the value of goodwill can have a significant effect on the income statement.

Uncertainty over income tax treatment

When there is uncertainty over income tax treatment, the Group considers whether it is probable that the relevant tax authority will accept each tax treatment. If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (or tax losses), tax bases, unused loss carry forwards and tax rates.

NOTES ON RISK MANAGEMENT

STRUCTURE OF RISK MANAGEMENT

Overview

Risk management for the risks on assets is based on the principles of value-oriented corporate management which includes the targeted assumption of risks and their professional management. Taking into account the basic principle of risk-bearing capacity, return-oriented risk assumption is thus the focus of risk management.

Organisation of risk management

The Board of Directors is responsible for the overall risk management of Valartis Group and determines the risk policy. It is responsible for setting the annual risk budget, setting limits and the maximum risk tolerance (quantitative and qualitative) in relation to the Group's overall risk capacity. Operational management is responsible for implementing risk management and control principles and assures that set limits are always adhered to.

Valartis Group's activities currently comprise the following types of risks:

- Market risks (changes in market prices and exchange rates on investment assets, interest rate changes and foreign currency risks);
- Liquidity risks;
- Credit risks (risk of default on bonds); and
- Operational risk (e.g. real estate project risk)

The foreign currency risk is currently assessed as the main risk.

MARKET RISK

Market risk refers to the risk of a loss of value due to detrimental changes in the market prices of interest rate products, equities, currencies, and other equity instruments, as well as derivative positions. The tables on this page, assess the potential impact of market risk on shareholders' equity.

Market price fluctuations on equity holdings

The method for measuring market price fluctuations is based on a sensitivity analysis using historical volatility. Equity investments are usually characterised by a high level of liquidity. That means that the market risks can be managed in a timely manner and, when necessary, quickly and efficiently reduced. The risk calculation method which is applied takes this factor into consideration and the choice of parameters are regularly reviewed based on market conditions and adjusted as required. Less liquid products may have longer term holding periods, amongst other things, because market liquidity does not permit rapid expansion or reduction of positions. For this reason, risk assessments are made based on a sensitivity analysis which takes into consideration significant markdowns, with simultaneous changes in other market parameters such as volatility or a sudden drop in product trading volumes. Valartis Group is subjected to these types of risk

via its investments. In 2023, these risks mainly arose in connection with the financial investments at fair value through OCI, other financial assets at fair value and the trading portfolio comprising investments in Russian equities.

Table 1: Sensitivity analysis for market price fluctuations on equity holdings

in CHF 1,000	2023	2022
Volume of FVOCI	7,090	29,766
Sensitivity 15% based on SIX volatility p.a.	+/-1,064	+/-4,465
Volume of other financial assets at fair value	18,499	22,585
Sensitivity 30% based on RTX volatility p.a.	+/-5,550	+/-6,776
Volume trading position equities	2,025	1,482
Sensitivity 30% based on RTX volatility p.a.	+/-608	+/-445

Interest rate risks

Valartis Group is subject to a limited level of interest rate risks. There is a certain interest rate risk by building up a bond portfolio in order to generate additional financial income from interest income.

Table 2: Sensitivity analysis of interest rate risks

in CHF 1,000	2023	2022
Volume trading positions debt instruments	7,804	5,160
Sensitivity 1%	+/-78	+/-52

Currency risks

Currency risks relating to trading book positions and financial investments are pooled for control and management purposes. Valartis Group tries to maintain low currency risks. The Group's business activities expose it to the Euro (EUR), US dollar (USD) and Ruble (RUB) which are restricted by means of defined limits. The sensitivity to movements in exchange rates is shown for all currency risks in table 3. Sensitivities are based on current year monthly volatility against the Swiss franc (CHF).

Table 3: Sensitivity analysis of currency risks

in CHF 1,000	2023	2022 Restated
Net currency position in EUR	-3,890	-3,680
Sensitivity 4% EUR (2022: 6%)	+/-156	+/-221
Net currency position in USD	18,082	19,558
Sensitivity 8% USD (2022: 9%)	+/-1,447	+/-1,760
Net currency position in RUB	40,887	53,041
Sensitivity 17% RUB (2022: 54%)	+/-6,951	+/-28,642

Net currency positions are disclosed in Note 29, Consolidated Statement of Financial Positions by Currency.

LIQUIDITY RISK

Liquidity risk is the risk of the Group not having sufficient liquid funds available to meet its short-term payment obligations.

The table Maturity structure of assets and liabilities (Note 30) shows future cash flows based on the earliest contractual maturity, disregarding assumptions about the probability of individual cash flows.

Changes in liquidity are shown in the cash flow statement on pages 44 and 45.

CREDIT RISK

Credit risk reflects the risk of loss arising from the failure of a counterparty to fulfil its contractual obligations. It includes default risks from any direct lending business, the invested bond portfolio, concluded transactions (such as money market transactions, derivative transactions, etc.), and settlement risks.

Management of credit risk

Credit exposure comprises receivables from banks, receivables from services provided, loans to minority holdings, financial instruments, and other assets.

Table 4: Credit risk – total credit risk/geographical credit risk

in CHF 1,000	Switzerland	Europe	Other	Total
Geographical credit risk 2023				
Cash and cash equivalents	2,021	339	240	2,600
Trading portfolio assets	6,159	4,459	1,169	11,787
Derivative financial instruments	5	5,273	-	5,278
Other financial assets at fair value	1,234	17,265	-	18,499
Due from third parties	321	209	866	1,396
Accrued and deferred assets	352	14	268	634
Financial assets at fair value through OCI	7,090	-	-	7,090
Non-current receivables	4,685	2,862	13,012	20,559
Deferred tax assets	-	-	-	-
Total at 31 December 2023	21,867	30,421	15,555	67,843
Geographical credit risk 2022 (Restated)				
Cash and cash equivalents	7,073	284	918	8,275
Trading portfolio assets	4,053	2,465	2,096	8,614
Derivative financial instruments	-	4,243	-	4,243
Other financial assets at fair value	1,461	20,956	-	22,417
Due from third parties	141	515	383	1,039
Accrued and deferred assets	298	24	302	624
Financial assets at fair value through OCI	29,766	-	-	29,766
Non-current receivables	2,991	32,357	16,941	52,289
Deferred tax assets	-	-	-	-
Total at 31 December 2022	45,783	60,844	20,640	127,267

The classification of due from third parties is based on the underlying country risk and, therefore, may differ compared with an allocation based purely on the domicile of the borrower.

Table 5: Credit risk – total credit risk/breakdown by counterparty

in CHF 1,000	Banks	Public sector entities	Other	Total
Breakdown by counterparty 2023				
Cash and cash equivalents	2,517	-	83	2,600
Trading portfolio assets	4,414	-	7,373	11,787
Derivative financial instruments	5	-	5,273	5,278
Other financial assets at fair value	-	-	18,499	18,499
Due from third parties	-	175	1,221	1,396
Accrued and deferred assets	35	93	506	634
Financial assets at fair value through OCI	-	-	7,090	7,090
Non-current receivables	-	-	20,559	20,559
Deferred tax assets	-	-	-	-
Total at 31 December 2023	6,971	268	60,604	67,843
Breakdown by counterparty 2022 (Restated)				
Cash and cash equivalents	7,788	-	487	8,275
Trading portfolio assets	1,121	-	7,493	8,614
Derivative financial instruments	-	-	4,243	4,243
Other financial assets at fair value	-	-	22,417	22,417
Due from third parties	-	175	864	1,039
Accrued and deferred assets	14	87	523	624
Financial assets at fair value through OCI	-	-	29,766	29,766
Non-current receivables	-	1	52,288	52,289
Deferred tax assets	-	-	-	-
Total at 31 December 2022	8,923	263	118,081	127,267

Table 6: Credit risk – quality of assets

in CHF 1,000	AAA to AA-	A+ to BBB-	BB+ or lower	No external rating	Total
Quality of assets 2023					
Cash and cash equivalents	-	1,099	-	1,501	2,600
Trading portfolio assets	1,348	4,865	1,212	4,362	11,787
Derivative financial instruments	-	-	-	5,278	5,278
Other financial assets at fair value	-	-	-	18,499	18,499
Due from third parties	88	-	-	1,308	1,396
Accrued and deferred assets	39	3	-	592	634
Financial assets at fair value through OCI	-	-	-	7,090	7,090
Non-current receivables	-	-	-	20,559	20,559
Total at 31 December 2023	1,475	5,967	1,212	59,189	67,843
Quality of assets 2022 (Restated)					
Cash and cash equivalents	-	1,366	-	6,909	8,275
Trading portfolio assets	-	2,364	2,153	4,097	8,614
Derivative financial instruments	-	-	-	4,243	4,243
Other financial assets at fair value	-	-	-	22,417	22,417
Due from third parties	123	-	-	916	1,039
Accrued and deferred assets	71	10	13	530	624
Financial assets at fair value through OCI	-	-	-	29,766	29,766
Non-current receivables	1	-	-	52,288	52,289
Total at 31 December 2022	195	3,740	2,166	121,166	127,267

As in the previous year, there are no overdue receivables without value adjustments for the 2023 financial year.

OPERATIONAL RISK

Operational risk is the risk of losses due to faulty internal processes, procedures and systems, inappropriate behaviour by employees or by external influences. The definition includes all legal risks as well as reputational risks. However, it excludes strategic risks.

Management of operational risk

Identification of operational risks is one of the permanent responsibilities of management and is carried out when introducing new operational activities, processes and products and periodically for those which have already been established. In the case of critical operational processes, key risk monitoring processes and indicators are used.

Treatment of risks which have been identified is always processed by the operational unit within the framework conditions which have been stipulated. A decision as to whether risk avoidance, risk reduction or risk transfer is most appropriate, or whether the risk should be accepted, is based mainly on a cost-benefit analysis.

Regular monitoring of operational risks is embedded in operational processes, as far as possible. Separation of functions and a four-eye principle are central elements of monitoring. The Board of Directors has the overall control of management of operational risks based on standardised reporting and regular adhoc information.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. INCOME FROM MANAGEMENT SERVICES

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Revenue from management services	3,268	5,169
Revenue from management services	3,268	5,169

Income from management services comprises fees for the development and management of real estate projects, management

fees for administration and accounting services as well as investment fees for investment funds.

2. INCOME FROM INVESTMENT PROPERTY

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Rental income	3,661	4,771
Total income from investment property	3,661	4,771

Income from investment property comprises the gross rental income from Petrovsky Fort, an office and retail building located in St. Petersburg. Expenses in relation to the Investment Property

are disclosed under General Expenses (see Note 6). Fair value adjustments on the Investment Property are presented under Value Adjustments, provisions and losses (see Note 8).

3. SHARE OF RESULTS OF ASSOCIATED COMPANIES

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Share in net profit	4,359	10,273
Share of loss	-803	-
Total	3,556	10,273

As of 31 December 2023, the Share in net profit relates to Norinvest Holding SA in the amount of CHF 2.4 million, Brieese Schiffahrts GmbH & Co. KG MS "Folmhusen" in the amount of CHF 0.7 million, Brieese Schiffahrts GmbH & Co. KG MS "Nesseborg" in the amount of CHF 1.2 million. At the same date, the share of loss related to Brieese Schiffahrts GmbH & Co. KG MS "Marz" in the amount of CHF 0.8 million.

In respect to Norinvest Holding SA, the latter publishes its financial figures after Valartis Group. Valartis Group estimates the share in the result of Norinvest Holding SA for the accounting of

the associated participation considering publicly available information. Differences between the actual results and these estimate are corrected in the Valartis Group's consolidated financial statements of the following period.

As of 31 December 2022, the Share in net profit relates to Norinvest Holding SA in the amount of CHF 2.1 million, Brieese Schiffahrts GmbH & Co. KG MS "Folmhusen" in the amount of CHF 2.3 million, Brieese Schiffahrts GmbH & Co. KG MS "Nesseborg" in the amount of CHF 2.5 million, Brieese Schiffahrts GmbH & Co. KG MS "Langeoog" in the amount of CHF 3.3 million.

4. OTHER INCOME

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Other income	267	388
Other expenses	-	-8
Total other income	267	380

The other income and expenses include various consulting fees as well as trade payables adjustments after final payable amount has been agreed.

5. PERSONNEL EXPENSES

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Salaries and bonuses	-3,332	-4,333
Social security benefits	-515	-732
Contributions to occupational pension plans	-93	-108
Long Term Incentive Programme (LTI) ¹⁾	-260	-666
Other personnel expenses	-443	-337
Total	-4,643	-6,176

1) Details in Note 33.

6. GENERAL EXPENSES

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Occupancy expense ¹⁾	-152	-251
IT and information expense	-213	-290
Consultancy, audit, corporate communication and representation expense	-1,272	-1,254
Operating expenses of investment property	-892	-1,011
Investment property tax and non-recoverable VAT	-357	-486
Other general expenses	-554	-270
Total	-3,440	-3,562

1) Lease contracts with a term of less than 12 months or with low value underlying asset.

7. DEPRECIATION

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Depreciation office leases ¹⁾	-396	-597
Depreciation of property, plant and equipment	-40	-44
Total	-436	-641

1) Related to right-of-use of office leases.

8. VALUE ADJUSTMENTS, PROVISIONS AND LOSSES

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Impairments	-4	-954
Impairment reversals	311	2
Value adjustment on investment property	-507	-1,882
Change in provisions	2	32
Total	-198	-2,802

In 2023, impairment reversal included an amount of CHF 0.2 million in regard to loans provided to Vestive Ltd., an associated company (2022: impairment of CHF 0.2 million) as well as an impairment reversal of CHF 0.1 million in relation to a receivable.

Details on Value adjustment on investment property are provided under Note 17.

9. FINANCIAL RESULT

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Interest and dividend income from trading portfolios	573	383
Other interest income	1,144	2,169
Total interest and dividend income	1,717	2,552
Net gain on trading portfolio assets	1,754	-
Net income from financial instruments measured at fair value through profit or loss	-	-
Net foreign exchange gain	-	1,598
Total financial income	3,471	4,150
Interest expenses for loans	-276	-950
Interest expenses on leasing liabilities	-207	-205
Interest expenses for financial liabilities due to banks	-884	-625
Total interest expenses	-1,367	-1,780
Net loss on trading portfolio assets	-	-3,098
Net foreign exchange loss	-10,406	-
Net loss from financial instruments measured at fair value through profit or loss	-226	-168
Total financial expenses	-11,999	-5,046
Total financial result, net	-8,528	-896

The Net foreign exchange gain related mainly to translation into Swiss francs of loans, investments (including investment property) and trading assets held in RUB and USD.

10. TAXES

Taxes expense

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Current income taxes	-29	-75
Change in deferred taxes	31	373
Total income taxes	2	298
Analysis of income tax charges		
Net (loss) / profit from continued operations before tax	-6,493	6,516
Net (loss) / profit from discontinued operations before tax	-	435
Net (loss) / profit before tax	-6,493	6,951
Expected income tax rate ¹⁾	13.9%	13.9%
Expected income taxes	900	-964
Reconciliation from expected to effective income taxes		
Difference between expected and actual tax rate	-37	891
Prior-year adjustments	-	118
Tax-exempted income (including income from investments)	257	519
Not recognised tax loss carry-forwards	-381	-315
Use of not recognised tax loss carry-forwards	-	266
Non-tax-deductible expenses	-609	-247
Other effects	-129	30
Effective income taxes	2	298
Income tax as disclosed in the consolidated income statement	2	298
Income tax attributable to discontinued operations	-	-
Effective income taxes	2	298

1) The expected income tax rate is based on the ordinary income tax rate at the domicile of the parent company – Valartis Group AG – in Fribourg, Switzerland.

Deferred taxes

in CHF 1,000	2023	2022
Development of deferred tax (assets)/liabilities, net		
Position at 1 January	356	658
Changes affecting the income statement	-30	-372
Changes not affecting the income statement	-2	2
Foreign exchange translation differences	-89	68
Position at 31 December tax liabilities/(assets), net	235	356
Expiry of non-capitalised tax allowances for losses		
Within 1 year	2,135	7,523
From 1 to 5 years	18,746	19,423
After 5 years	1,889	2,351
Total	22,770	29,297
Expiry of non-capitalised tax allowances for losses from continued operations	-8,481	-11,489
Disposal of non-capitalised tax allowances for losses from discontinued operations	-	-
Reconciliation deferred taxes		
Deferred tax liabilities		
Property, plant and equipment and investment properties	235	356
Total deferred tax liabilities	235	356

NOTES TO THE CONSOLIDATED BALANCE SHEET

11. TRADING PORTFOLIO ASSETS

in CHF 1,000	31.12.2023	31.12.2022
Debt instruments	7,804	5,161
Equity instruments	2,025	1,481
Investment fund units	1,958	1,972
Total trading portfolio assets	11,787	8,614

12. DERIVATIVE FINANCIAL INSTRUMENTS

in CHF 1,000	Positive replacement values	Negative replacement values
<i>On currencies</i>		
Forward contracts	5	-
Total at 31 December 2023	5	-
Forward contracts	-	-
Total at 31 December 2022 (restated)	-	-
<i>On equity instruments/indices</i>		
Forward contracts	5,273	-
Options (OTC)	-	106
Total at 31 December 2023	5,273	106
Forward contracts	4,243	-
Options (OTC)	-	27
Total at 31 December 2022 (restated)	4,243	27
Total open derivative financial instruments at 31 December 2023	5,278	106
Total open derivative financial instruments at 31 December 2022 (Restated)	4,243	27

13. OTHER FINANCIAL ASSETS AT FAIR VALUE

in CHF 1,000	31.12.2023	31.12.2022
Debt instruments	-	-
Listed equity instruments	17,265	20,956
Non listed Equity instruments	1,234	1,461
Total other financial assets at fair value	18,499	22,417

Listed equity instruments relate to an investment amounting to 4.93 per cent of the share capital of EPH European Property Holdings PLC (EPH). EPH is listed on the SIX Swiss Exchange.

The Non-listed equity instruments relate to an investment amounting to 3.92 per cent of the share capital of Whitebox Services AG, a second stage start-up company in the field of online asset management.

14. DUE FROM THIRD PARTIES AND ASSOCIATED COMPANIES

in CHF 1,000	31.12.2023	31.12.2022
Due from third parties and associated companies	5,890	5,533
Total due from third parties and associated companies gross	5,890	5,533
Valuation adjustments for default risk	-4,494	-4,494
Total due from third parties and associated companies net	1,396	1,039

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

in CHF 1,000	31.12.2023	31.12.2022
Equity instruments	7,090	29,766
Total financial assets at fair value through OCI	7,090	29,766

The investment in Athris AG, classified as financial assets at fair value through OCI, is listed on the BX Swiss, a regulated trading market, since 15 June 2018. The company publishes its NAV on a quarterly basis shortly after the end of each quarter. As the prices of these equity instruments are directly observable on

the market but still have a low trading volume, the financial assets at fair value through OCI is classified as a level 2 instrument. According to the company, the aim of the listing is to improve the liquidity of Athris AG shares. In 2023, the Group reduced its exposure toward Athris.

16. PROPERTY, PLANT, EQUIPMENT AND LEASES

in CHF 1,000	Fixtures in third-party properties	IT and telecom- munications	Leases	Other property, plant and equipment	Software	Total
Acquisition costs						
Carrying amount at 31 December 2021	407	75	2,923	465	14	3,884
Investments	-	16	576	12	-	604
Divestments	-	-	-	-8	-	-8
Foreign exchange translation differences	8	-	-	7	-	15
Carrying amount at 31 December 2022	415	91	3,499	476	14	4,495
Investments	-	-	734	1	-	735
Divestments	-	-2	-275	-50	-	-327
Foreign exchange translation differences	-54	-	-	-69	-	-123
Carrying amount at 31 December 2023	361	89	3,958	358	14	4,780
Cumulative depreciation						
Carrying amount at 31 December 2021	-264	-74	-1,827	-412	-6	-2,583
Depreciation	-22	-	-597	-16	-6	-641
Divestments	-	-	-	8	-	8
Foreign exchange translation differences	-8	-	-	-9	-	-17
Carrying amount at 31 December 2022	-294	-74	-2,424	-429	-12	-3,233
Depreciation	-22	-5	-396	-9	-4	-436
Divestments	-	2	-	39	-	41
Foreign exchange translation differences	54	-	-	66	2	122
Carrying amount at 31 December 2023	-262	-77	-2,820	-333	-14	-3,506
Net carrying amount at 31 December 2023	99	12	1,138	25	-	1,274
Net carrying amount at 31 December 2022	121	17	1,075	47	2	1,262

17. INVESTMENT PROPERTY

in CHF 1,000	Investment property building	Investment property financial leasing	Total
Carrying amount at 31 December 2021	34,853	1,342	36,195
Investments	894	-	894
Transfer from property, plant and equipment	-	-	-
Disposals	-	-	-
Fair value adjustments	-1,867	-15	-1,882
Foreign exchange translation differences	1,458	54	1,512
Carrying amount at 31 December 2022	35,338	1,381	36,719
Carrying amount at 31 December 2022	35,338	1,381	36,719
Investments	1,027	-	1,027
Transfer from property, plant and equipment	-	-	-
Disposals	-	-	-
Fair value adjustments	-564	57	-507
Foreign exchange translation differences	-9,244	-366	-9,610
Carrying amount at 31 December 2023	26,557	1,072	27,629

Valuation

Valartis Group, through one of its subsidiaries, holds the business centre Petrovsky Fort in St. Petersburg, Russia. The fair value of real estate investment property is determined by independent real estate valuation experts using recognised valuation techniques on an annual basis. Based on the input parameters of the valuation method used, the measurement of fair value is categorised under level 3 instruments (see Note 31).

As of 31 December 2023, the fair value based on the external valuation report has decreased by CHF 0.6 million on a Ruble basis (31 December 2022: decreased by CHF 1.9 million). This effect has been amplified in 2023 due to the positive development of the Ruble currency rate against the CHF with an effect of CHF 9.2 million.

Future receivables from operating leases

The table below presents the future rent receivable in relation to the investment property

in CHF 1,000	31.12.2023	31.12.2022
Future receivables from operating leases		
Remaining term up to 1 year	1,290	1,414
Remaining term from 1 to 5 years	235	380
Remaining term over 5 years	11	37
Total	1,536	1,831

18. GOODWILL

in CHF 1,000	Goodwill	Total
Acquisition costs		
Carrying amount at 31 December 2021	1,667	1,667
Investments	-	-
Foreign exchange translation differences	64	64
Carrying amount at 31 December 2022	1,731	1,731
Investments	-	-
Foreign exchange translation differences	-450	-450
Carrying amount at 31 December 2023	1,281	1,281
Cumulative amortisation/impairment		
Carrying amount at 31 December 2020	-	-
Carrying amount at 31 December 2022	-	-
Carrying amount at 31 December 2023	-	-
Net carrying amount at 31 December 2023	1,281	1,281
Net carrying amount at 31 December 2022	1,731	1,731

Allocation and carrying amounts of goodwill

As of 31 December 2023, the carrying amounts of goodwill for continued operations are allocated to the corresponding cash-generating units (CGU) as follows:

2023 in CHF 1,000	Goodwill	Total	Approach for determining the recoverable amount
CGU Petrovsky Fort (Investment property)	1,281	1,281	Fair Value less cost of disposal
Total	1,281	1,281	

2022 in CHF 1,000	Goodwill	Total	Approach for determining the recoverable amount
CGU Petrovsky Fort (Investment property)	1,731	1,731	Fair Value less cost of disposal
Total	1,731	1,731	

Goodwill impairment testing

The cash-generating units are measured at least twice a year (i.e. as of 30 June and as of 31 December) and are subjected to an impairment test. The carrying amount of the cash-generating unit to which the goodwill were allocated is compared with the recoverable amount. If the carrying amount of the cash-generating unit exceeds the recoverable amount, an impairment loss is recognised.

Measurement at fair value was determined as fair value based on the input factors of the valuation technique used for level 3 instruments.

The goodwill was tested for impairment as of 31 December 2023 and is explained as per following:

CGU Petrovsky Fort

The acquisition of Romsay Properties Ltd and Stainfield Ltd. by ENR Group in 2014 resulted in a goodwill position (goodwill Petrovsky Fort). The goodwill as of 31 December 2023 amounts to CHF 1.3 million (31 December 2022: CHF 1.7 million).

Recognised goodwill is based on the structure of the three entities acquired which hold the investment property Petrovsky Fort. Goodwill can primarily be attributed to recognised deferred taxes which are linked with the investment property and its company holding structure. Impairment testing of goodwill is based on a comparison between the market value of deferred taxes and their book value. In 2023 as well as for prior years, there was no need for impairment.

19. ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

in CHF 1,000	2023	2022
Position at 1 January	38,379	33,186
Additions	2,138	1,430
Dividends	-3,494	-6,192
Share in result	3,556	10,273
Currency translation effects	-794	-318
Position at 31 December	39,785	38,379

Norinvest Group

Following the completed sale of the two Swiss subsidiaries Valartis Bank AG and Valartis Wealth Management SA to Banque Cramer & Cie SA in August 2014, Valartis Group AG acquired a 25 per cent stake in Norinvest Holding SA, the parent company of Banque Cramer & Cie SA, in September 2014. This stake increased to 29.2 per cent following a share capital reduction of Norinvest Holding SA in 2022 and fluctuates further upon variation of treasury shares held by Norinvest Group.

Société des Carrières SA

Valartis Group holds a 33.3 per cent stake in Société des Carrières SA, Luxembourg. This company has acquired various interests which extract volcanic rock (Pozzolan earth) in France and use it to produce products for the construction industry.

Briese Schiffahrts GmbH & Co. KG MS "Langeoog"

In 2018, Valartis Group invested in Briese Schiffahrts GmbH & Co. KG MS "Langeoog", a limited partnership, by way of a contribution as a limited partner for 49.8 per cent of the capital contributions of the company. This percentage of participation in the capital contribution was increased to 50.0 per cent following an additional contribution in 2019. During the first semester 2022, the company disposed of its main asset i.e. a multi-purpose vessel and the company was liquidated in September 2023.

Briese Schiffahrts GmbH & Co. KG MS "Folmhusen"

In 2019, Valartis Group invested in Briese Schiffahrts GmbH & Co. KG MS "Folmhusen", a limited partnership, by way of a contribution as a limited partner for 50.0 per cent of the capital contributions of the company.

Briese Schiffahrts GmbH & Co. KG MS "Nesseborg"

In 2019, Valartis Group invested in Briese Schiffahrts GmbH & Co. KG MS "Nesseborg", a limited partnership, by way of a contribu-

tion for 50.0 per cent of the capital contributions of the company. Briese Schiffahrts GmbH & Co. KG MS "Folmhusen" and "Nesseborg" operate each a mid-size freight cargo and are in Leer, Germany.

Briese Schiffahrts GmbH & Co. KG MS "Marz"

Between November 2021 and September 2023, Valartis Group invested in Briese Schiffahrts GmbH & Co. KG MS "Marz", a limited partnership, by way of a contribution for 50.0 per cent of the capital contributions of the company, which built and now operates a mid-size container cargo and is in Leer, Germany. See also Note 39.

Vestive Ltd

In 2017, Valartis Group, through ENR Group, acquired 50 per cent stake in Vestive Ltd (Vestive) which owns and operates a parking garage in Moscow via the Russian company Inkonika LLC (Inkonika). Since then, Vestive and Inkonika have been accounted for as associated companies.

Kaluga Flower Holding LLC

In 2019, the Group acquired a 50 per cent interest in a 27.4 hectare greenhouse and engineering facility for flower growing in Kaluga Oblast in Russia. As of 31 December 2023, the Group has invested RUB 764 million, which represent CHF 7.2 million at current year-end conversion rate, by way of several loans granted to the associated company (31 December 2022: RUB 764 million representing CHF 9.7 million). In addition, the Group's investment in Kaluga Flower Holding LLC's equity amounted to RUB 32 million (CHF 0.5 million).

Florentika Management Company LLC

In October 2021, the Group acquired a 50 per cent interest in Florentika Management Company LLC which was established as a newly incorporated company in the Russian Federation to act as the corporate general manager of Kaluga Flower Holding LLC.

Details on associated companies and joint arrangements

in CHF 1,000	Norinvest Group ¹⁾		Vestive Ltd		Société des Carrières SA		Kaluga Flower Holding LLC	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Revenue	24,166	23,552	431	521	3,568	3,631	18,168	18,607
Result from operations	3,740	3,995	-1,372	-4,519	-275	-93	-2,600	-4,293
Other comprehensive income	-	-	-2,093	264	-	-	-	-
Total comprehensive income	3,740	3,995	-3,465	-4,255	-275	-93	-2,600	-4,293
Current assets	404,744	696,276	259	151	3,389	3,641	6,558	9,188
Non-current assets	252,415	245,110	5,727	7,274	10,851	10,657	15,276	19,123
Current liabilities	563,654	865,545	38,598	47,361	1,556	2,018	3,900	2,595
Non-current liabilities	13,229	3,222	-	-	12,102	11,406	30,190	39,173
Shareholder's equity as of 31 December	80,276	72,619	-32,612	-39,936	582	874	-12,256	-13,457
Non-controlling interests	-	-	-	-	343	217	-	-
Total shareholders' equity (excluding non-controlling interests)	80,276	72,619	-32,612	-39,936	925	1,091	-12,256	-13,457
Share of the Group	32.5%	32.5%	50.0%	50.0%	33.3%	33.3%	50.0%	50.0%
Total carrying amount of associated companies	26,056	23,623	-	-	309	364	-	-
Goodwill	750	750	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Net carrying amount	26,806	24,373	-	-	309	364	-	-

1) Norinvest Holding SA is reporting its financial results after Valartis Group. Therefore, Valartis Group estimates its share on the result of Norinvest Group for the equity accounting of this associated company, based on publicly

available information. Any differences between these estimates and actual results when available will be adjusted in the Group's consolidated financial statements of the following period.

The assets of Vestive Ltd. mainly consist of the Turgenevskaya parking garage in Moscow, valued at USD 6.8 million as of 31 December 2023 (31 December 2022: USD 7.9 million). Liabilities consist almost exclusively of loans from shareholders and clearly exceed Vestive's assets, resulting in negative equity. As

there is no obligation for shareholders to make additional contributions, the negative equity and its change are not included in the consolidated financial statements. The carrying amount of the associated company Vestive is therefore zero as of 31 December 2023 (31 December 2022: zero).

in CHF 1,000	Briese Schifffahrts GmbH & Co. KG MS "Langeoog" ¹⁾		Briese Schifffahrts GmbH & Co. KG MS "Folmhusen" ¹⁾		Briese Schifffahrts GmbH & Co. KG MS "Nesseborg" ¹⁾		Briese Schifffahrts GmbH & Co. KG MS "Marz" ^{1) 2)}	
	31.12.2023 ³⁾	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Revenue	28	549	4,394	7,521	4,734	7,710	929	-
Result from operations	28	6,217	1,655	4,785	2,451	5,174	-793	-13
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	28	6,217	1,655	4,785	2,451	5,174	-793	-13
Current assets	-	84	890	2,101	804	1,929	697	2,450
Non-current assets	-	-	6,933	7,840	6,786	7,719	23,447	7,730
Current liabilities	-	-	46	-	46	167	82	-
Non-current liabilities	-	84	83	65	44	56	13,916	2,200
Shareholder's equity as of 31 December ¹⁾	-	-	7,694	9,876	7,500	9,425	10,146	7,980
Non-controlling interests	-	-	-	-	-	-	-	-
Total shareholders' equity (excluding non-controlling interests)	-	-	7,694	9,876	7,500	9,425	10,146	7,980
Share of the Group	0.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Total carrying amount of associated companies	-	-	3,847	4,938	3,750	4,713	5,073	3,990
Goodwill	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Net carrying amount	-	-	3,847	4,938	3,750	4,713	5,073	3,990

1) The shareholder's equity in Briese Schifffahrts GmbH & Co. KG MS corresponds to the total of capital contributions done by all partners.

2) Between 2021 and 2023, contributions as a limited partner amounting to CHF 6.2 million were done in Briese Schifffahrts GmbH & Co. KG MS "Marz" which is a limited partnership.

3) Briese Schifffahrts GmbH & Co. KG MS "Langeoog" has been liquidated on the 31 August 2023.

In 2023, the following dividend payments and capital reimbursement were received: CHF 1.6 million from Briese Schifffahrts GmbH & Co. KG MS "Folmhusen" (2022: CHF 0.7 million) and CHF 1.9 million from Briese Schifffahrts GmbH & Co. KG MS "Nesseborg" (2022: CHF 0.7 million). No dividend payment or capital reimbursement was received from Briese Schifffahrts GmbH & Co. KG MS "Langeoog" prior to its liquidation (2022: CHF 4.6 million),

For details on the purchase of the associated interest in Briese Schifffahrts GmbH & Co. KG MS "Marz", please refer to Note 39.

20. NON-CURRENT RECEIVABLES

in CHF 1,000	31.12.2023	31.12.2022
Total non-current receivables gross	20,804	57,667
Valuation adjustments for default risk	-245	-5,378
Total non-current receivables net	20,559	52,289

As of 31 December 2023, Non-current receivables include CHF 10.1 million promissory notes including accrued interests to Kaluga Flower Holding LLC (31 December 2022: CHF 12.6 million), receivables mainly due from the associated companies Inkonika

LLC and Société des Carrières SA as well as a loan to Tidesea Ltd. Non-current receivables decreased in 2023 compared to the previous year mainly due to the reimbursement of a EUR 30 million promissory notes to European Property Holdings PLC.

21. CURRENT FINANCIAL LIABILITIES

in CHF 1,000	31.12.2023	31.12.2022
Due to banks	15,512	15,881
Other current liabilities	94	75
Current financial liabilities	15,606	15,956

Due to banks include a bank loan of CHF 10.5 million to finance the Petrovsky Fort investment property.

22. OTHER CURRENT LIABILITIES

in CHF 1,000	31.12.2023	31.12.2022
Value added tax and other indirect tax liabilities	101	168
Accrued and deferred liabilities	3,424	3,853
Total other current liabilities	3,525	4,021

23. NON-CURRENT FINANCIAL LIABILITIES

in CHF 1,000	31.12.2023	31.12.2022
Leasing liabilities	2,218	2,457
Non-current financial liabilities	22,251	54,661
Total non-current financial liabilities	24,469	57,118

Non-current financial liabilities include investment facilities long term loans of CHF 22.0 million (31 December 2022: CHF 54.3 million).

Details on leasing liabilities

The movement on leasing liabilities are shown in the following table:

in CHF 1,000	2023	2022
Position at 1 January	2,457	2,438
Investments	734	576
Disposals	-274	
Interest expense	207	205
Lease payments	-539	-816
Translation differences	-367	54
Position at 31 December	2,218	2,457

Lease liabilities are repaid over the term of the contract and are due as follows as of balance sheet date:

in CHF 1,000	31.12.2023	31.12.2022
Sum of future leasing payments (nominal value)		
Up to 1 year	426	764
More than 1 and up to 5 years	1,451	1,198
More than 5 years	3,036	4,086
Total	4,913	6,048
Sum of future leasing payments (present value)		
Up to 1 year	268	574
More than 1 and up to 5 years	910	531
More than 5 years	1,040	1,352
Total	2,218	2,457

As Valartis Group applies the recognition exemption for short-term leases and leases of low-value assets, neither a lease liability nor a right-of-use asset is recognised for these kinds of leases. In

the year under review, operating expense included a charge of CHF 0.2 million for short-term leases (2022: CHF 0.3 million).

24. DEFINED BENEFIT OBLIGATIONS

Although contributions are paid by the employer and employees in the case of Swiss pension plans, they are defined benefit plans owing to the guaranteed interest rate and the prescribed conversion rate. The employee pension plan in Switzerland is covered by an

insurance contract with Swiss Life. The last actuarial calculation for performance-related plans took place on 31 December 2023, with the following results:

in CHF 1,000	31.12.2023	31.12.2022
Other provision, including provision for pension funds	530	144
Total defined benefit obligation	530	144

Statement of balance sheet item

in CHF 1,000	31.12.2023	31.12.2022
Present value of pension liabilities	6,955	6,343
Market value of plan assets	6,425	6,199
Total pension liabilities/(pension assets)	530	144

Change in net liabilities/(assets) on the balance sheet

in CHF 1,000	2023	2022
Net liabilities/(assets) at 1 January	144	1,108
Defined benefit cost recognised in personnel expenses	93	108
Defined benefit cost recognised in other comprehensive income	513	-860
Employer contributions	-220	-212
Paid out benefits	-	-
Net liabilities/(assets) at 31 December	530	144

Costs and remeasurement for employee pension plan in income statement and comprehensive income

in CHF 1,000	2023	2022
Components of pension costs in personnel expenses		
Service costs	118	161
Past service costs	-27	-56
Net interest expense/(income)	2	3
Pension costs for defined benefit plans	93	108
Employer's pension expense for defined contribution plans	-	-
Total pension costs	93	108
whereof discontinued operations	-	-
Total pension costs recognised in personnel expenses	93	108
Defined benefit cost recognised in other comprehensive income		
Actuarial (gain)/loss on liabilities	462	-818
Actuarial (gain)/loss on assets	51	-42
Total remeasurement recognised in other comprehensive income	513	-860

Change in pension liabilities

in CHF 1,000	2023	2022
Present value of pension liabilities at 1 January	6,343	7,754
Service costs	118	161
Employee contributions	147	141
Interest on pension liabilities	146	23
Paid (out)/in benefits and vested benefits	-234	-862
Actuarial (gains)/losses	462	-818
of which from adjustment to financial assumptions	475	-
of which from adjustment to demographic assumptions	-	-1,107
of which from adjustment to experience-based assumptions	-13	289
Past service costs	-27	-56
Present value of pension liabilities at 31 December	6,955	6,343

Change in pension assets

in CHF 1,000	2023	2022
Market value of available pension assets at 1 January	6,199	6,646
Employee contributions	147	141
Employer contributions	220	212
Paid (out)/in benefits and vested benefits	-234	-862
Expected return on plan assets	144	20
Actuarial loss/(gain)	-51	42
Market value of available pension assets at 31 December	6,425	6,199

Main groups of the pension fund assets

in per cent	31.12.2023	31.12.2022
Liquidity	0.6	1.8
Bonds	50.6	52.4
Real estate	20.6	22.8
Shares and convertibles ¹⁾	14.0	10.0
Others ²⁾	14.2	13.0

1) There are no treasury shares of Valartis Group AG in the pension fund assets.

2) Assets named Others are consisting of assets invested by group insurance foundation Swisslife at Swiss Life Ltd. based on limitation of BVG/LLP regulations.

Actuarial assumptions

in per cent	31.12.2023	31.12.2022
Discount rate (Switzerland)	1.5	2.3
Expected rate of salary increases (Switzerland)	2.0	2.0
Return on retirement assets (Switzerland)	1.5	1.5

Demographic assumptions (e.g. probabilities of death, disability and turnover) are based on the BVG/LLP 2020 actuarial tables (prior year on BVG/LLP 2020 actuarial tables). These generational

tables are based on observations of large pools of insured persons in Switzerland over several years.

Estimate of contributions for the following year

in CHF 1,000	2023	2022
Employee contributions	147	141
Employer contributions	220	212

Sensitivity

The table below shows the change in the present value of the defined benefit obligation if one of the key assumptions for the

actuarial calculation is reduced or increased ceteris paribus by 50 basis points.

in CHF 1,000	31.12.2023	Proportion in per cent
Current actuarial calculation of the defined benefit obligation	6,955	100
Discount rate		
Increase of 50 basis points	-306	-4.4
Reduction of 50 basis points	341	4.9
Salary trend		
Increase of 50 basis points	41	0.6
Reduction of 50 basis points	-39	-0.6

There were no pension obligations following the change in Group insurance for employee benefits as of 1 January 2019 to Swiss Life. If Valartis Group would terminate the contract with the Group insurance for employee benefits and sign a new contract

with another provider, these current pension obligations would stay with Swiss Life. Therefore, no sensitivity analysis for changes in longevity is disclosed.

25. PROVISIONS

in CHF 1,000	Provision for other business risks	Total according to balance sheet 2023	Total according to balance sheet 2022
Position at 1 January	3	3	82
Utilised/released in accordance with designated purpose	-1	-1	-50
Newly formed and charged to income statement	-	-	-
Released and credited to income statement	-2	-2	-32
Foreign exchange translation differences	-	-	3
Position at 31 December	-	-	3
Maturity of the provisions			
Within 1 year	-	-	-
More than 1 year	-	-	3

As part of its normal business activities, Valartis Group is exposed to a wide range of legal risks. These include risks relating to litigation and tax law. Valartis Group recognises provisions for such litigation and tax risks if the Group's management and its legal advisers are of the opinion that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount.

The amount of the provisions and their timing are by their nature subject to uncertainty. However, these uncertainties are evaluated as being low since it was possible to reliably estimate the individual amounts. Provisions mainly relate to operational risks within the real estate activity in Russia.

In 2023, there were no contingent liabilities as set down in IAS 37 (prior year: zero).

26. SHARE CAPITAL AND TREASURY SHARES

Share capital

in CHF	31.12.2023	31.12.2022
Share capital, fully paid-in	3,126,295	4,299,295
Number of registered shares	3,126,295	4,299,295
Nominal value per share	1	1
Equity per share (attributable to shareholders of Valartis Group AG, before appropriation of profit)	29.5	27.9

For the financial year 2023, the Board of Directors proposes to the Shareholders' Meeting 2024 to pay a dividend of CHF 0.50 per share (previous year: none).

Share buyback and capital reduction

During the Ordinary General Meeting held on 16 May 2023, the shareholders approved the buyback of 1,173,000 Valartis Group shares for cancellation purpose, which took place subsequently. The ordinary share capital reduction has been filed in June 2023.

Treasury shares

	Number of shares
Position at 1 January 2022	353,978
Purchases	
of which for the purpose of cancellation	-
of which for other purposes	-
Sales	-
Long Term Incentive Programme (LTI) (at an average price of CHF 17.00 each) ¹⁾	-66,000
Cancellation	
Position at 31 December 2022	287,978
Purchases	
of which for the purpose of cancellation (at an average price of CHF 17.32 each)	1,276,000
of which for other purposes	-
Sales	-
Long Term Incentive Programme (LTI) (at an average price of CHF 13.35 each) ¹⁾	-31,900
Cancellation	-1,173,000
Position at 31 December 2023	359,078
of which for the purpose of cancellation	103,000
of which for other purposes	256,078
Historical cost value at 31 December 2022 in CHF	4,541,838
of which held for the purpose of cancellation	-
of which held for other purposes	4,541,838
Historical average rate at 31 December 2022 in CHF	
of which held for the purpose of cancellation	-
of which held for other purposes	15.77
Historical cost value at 31 December 2023 in CHF	5,454,977
of which held for the purpose of cancellation	1,416,250
of which held for other purposes	4,038,727
Historical average rate at 31 December 2023 in CHF	
of which held for the purpose of cancellation	13.75
of which held for other purposes	15.77

1) Details in the Compensation Report pages 31–32.

Share buyback programme (2023)

At its meeting on 16 May 2023, the Annual General Meeting approved the repurchase of treasury shares up to a maximum of 120,000 shares prior to the 2026 Annual General Meeting. Based on this authorisation, a share buyback offer has been submitted by the Board of Directors of Valartis Group AG on 27 November 2023 for a maximum of 103,000 registered shares at a fixed price of CHF 13.75 per registered share for the purpose of capital

reduction. Valartis was tendered a total of 134,576 registered shares during the offer period from 4 to 15 December 2023. After the number of registered shares tendered exceeded the volume of the buyback offer, the registered shares were repurchased from the tendering shareholders on a pro rata basis, i.e. the tender was reduced on a pro rata basis to a maximum of 103,000 registered shares

ADDITIONAL INFORMATION

27. EARNINGS PER SHARE

	2023	2022
Net result attributable to the shareholders of Valartis Group AG in CHF 1,000	-3,568	7,185
Net result from continued operations attributable to the shareholders of Valartis Group AG, in CHF 1,000	-3,568	6,750
Net result from discontinued operations attributable to the shareholders of Valartis Group AG, in CHF 1,000	-	435
Weighted average number of shares	3,653,342	4,299,295
less weighted average number of treasury shares	-358,078	-349,277
Undiluted weighted average number of shares	3,295,264	3,950,018
Diluted weighted average number of shares	3,295,264	3,950,018
Earnings per share	in CHF	in CHF
Undiluted, attributable to shareholders of Valartis Group AG	-1.08	1.82
Diluted, attributable to shareholders of Valartis Group AG	-1.08	1.82
Earnings per share from continued operations		
Undiluted, attributable to shareholders of Valartis Group AG	-1.08	1.71
Diluted, attributable to shareholders of Valartis Group AG	-1.08	1.71
Earnings per share from discontinued operations		
Undiluted, attributable to shareholders of Valartis Group AG	0.00	0.11
Diluted, attributable to shareholders of Valartis Group AG	0.00	0.11

28. SHAREHOLDER STRUCTURE

The share capital has been divided into registered shares (previously bearer shares) since 18 May 2017. According to the Swiss Financial Market Infrastructure Act (FinMIA), anyone holding shares in a company listed on the SIX is obliged to notify the company concerned and SIX as soon as their voting rights exceed or fall below certain thresholds. Under the Swiss Code of Obligations, the company is obliged to disclose the identity of all shareholders holding more than 5 per cent of the shares in the notes to the annual financial statements.

The following is a summary of the holders of 3 or more per cent in Valartis Group AG, based on the published reports:

in per cent	31.12.2023	31.12.2022
MCG Holding SA, Baar ZG	68.8	50.3
Avalon Park Group Holding AG ¹⁾	0.0	26.9
Gustav Stenbolt	2.3	1.4
Philipp LeibundGut	0.8	0.7

1) Formerly Kähli Holding AG

As per 31 December 2023 the beneficial owners of MCG Holding SA are Gustav Stenbolt, Geneva, Tidesea Ltd., Fribourg (100 per cent controlled by Gustav Stenbolt, Geneva) and Philipp LeibundGut, Zurich. The following are deemed to be holders of qualified participations: a) Gustav Stenbolt, who holds 85.1 per cent of the voting rights (80.2 per cent of the share capital) of MCG Holding SA (partly held through Tidesea Ltd.) and b) Philipp LeibundGut, who holds 14.9 per cent of the voting rights (19.8 per cent of the share capital) of MCG Holding SA.

The shares held directly by Gustav Stenbolt and Philipp LeibundGut originate from current and previous years bonus plans run by Valartis companies for the Board of Directors and employees on the basis of their respective functions they held at the time of allocation.

As per 31 December 2022 the beneficial owner of Avalon Park Group Holding AG was Beat Kähli, Zurich.

29. CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS BY CURRENCY

2023 in CHF 1,000	CHF	EUR	USD	RUB	Total currencies
Assets					
Cash and cash equivalents	894	1,037	381	288	2,600
Trading portfolio assets	4,088	2,538	3,987	1,174	11,787
Derivative financial instruments	5	-	5,273	-	5,278
Other financial assets at fair value	1,234	17,265	-	-	18,499
Due from third parties	331	190	29	846	1,396
Accrued and deferred assets	269	40	276	49	634
Total current assets	6,821	21,070	9,946	2,357	40,194
Financial assets at fair value through OCI	7,090	-	-	-	7,090
Property, plant and equipment	1,247	27	-	-	1,274
Investment property	-	-	-	27,629	27,629
Goodwill and other intangible assets	-	-	-	1,281	1,281
Associated companies	26,806	309	12,669	1	39,785
Non-current receivables	4,636	2,862	816	12,245	20,559
Total non-current assets	39,779	3,198	13,485	41,156	97,618
Total current and non-current assets	46,600	24,268	23,431	43,513	137,812
Non-current assets classified as held for sale	-	-	-	-	-
Total assets					137,812
Claims arising from spot and forward transactions	428	-17,264	17,264	-	428
Total at 31 December 2023	47,028	7,004	40,695	43,513	138,240
Liabilities and shareholders' equity					
Accounts payables	112	287	-	514	913
Current financial liabilities	5,033	10,479	-	94	15,606
Derivative financial instruments	106	-	-	-	106
Current tax liabilities	121	34	-	-	155
Other current liabilities	2,544	94	224	663	3,525
Current provisions	-	-	-	-	-
Total current liabilities	7,916	10,894	224	1,271	20,305
Non-current financial liabilities	1,388	-	21,961	1,120	24,469
Defined benefit obligation	530	-	-	-	530
Deferred tax liabilities	-	-	-	235	235
Provisions	-	-	-	-	-
Total non-current liabilities	1,918	-	21,961	1,355	25,234
Shareholders' equity	92,273	-	-	-	92,273
On-balance-sheet liabilities	102,107	10,894	22,185	2,626	137,812
Total liabilities					137,812
Obligations arising from spot and forward transactions	-	-	428	-	428
Total at 31 December 2023	102,107	10,894	22,613	2,626	138,240
Net position per currency 31 December 2023	-55,079	-3,890	18,082	40,887	

2022 Restated in CHF 1,000	CHF	EUR	USD	RUB	Total currencies
Assets					
Cash and cash equivalents	5,010	2,263	85	917	8,275
Trading portfolio assets	1,940	2,756	3,743	175	8,614
Derivative financial instruments	-	-	4,243	-	4,243
Other financial assets at fair value	1,461	20,956	-	-	22,417
Due from third parties	151	496	29	363	1,039
Accrued and deferred assets	290	17	264	53	624
Total current assets	8,852	26,488	8,364	1,508	45,212
Financial assets at fair value through OCI	29,766	-	-	-	29,766
Property, plant and equipment	831	40	-	391	1,262
Investment property	-	-	-	36,719	36,719
Goodwill and other intangible assets	-	-	-	1,731	1,731
Associated companies	24,737	-	13,640	2	38,379
Non-current receivables	2,942	32,357	980	16,010	52,289
Total non-current assets	58,276	32,397	14,620	54,853	160,146
Total current and non-current assets	67,128	58,885	22,984	56,361	205,358
Non-current assets classified as held for sale	-	-	-	-	-
Total assets					205,358
Claims arising from forex spot and forward transactions	-	-20,956	20,956	-	-
Total at 31 December 2022	67,128	37,929	43,940	56,361	205,358
Liabilities and shareholders' equity					
Accounts payables	111	305	-	66	482
Current financial liabilities	4,971	10,917	-	68	15,956
Derivative financial instruments	27	-	-	-	27
Current tax liabilities	111	36	-	-	147
Other current liabilities	2,574	139	246	1,062	4,021
Current provisions	-	-	-	-	-
Total current liabilities	7,794	11,397	246	1,196	20,633
Non-current financial liabilities	1,005	30,212	24,136	1,765	57,118
Defined benefit obligation	144	-	-	-	144
Deferred tax liabilities	-	-	-	356	356
Provisions	-	-	-	3	3
Total non-current liabilities	1,149	30,212	24,136	2,124	57,621
Shareholders' equity	127,104	-	-	-	127,104
On-balance-sheet liabilities	136,047	41,609	24,382	3,320	205,358
Total liabilities					205,358
Obligations arising from forex spot and forward transactions	-	-	-	-	-
Total at 31 December 2022	136,047	41,609	24,382	3,320	205,358
Net position per currency 31 December 2022	-68,919	-3,680	19,558	53,041	

30. MATURITY STRUCTURE OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS

2023 in CHF 1,000	Demand	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Assets						
Cash and cash equivalents	2,447	153	-	-	-	2,600
Trading portfolio assets	11,787	-	-	-	-	11,787
Derivative financial instruments	-	5,273	5	-	-	5,278
Other financial assets at fair value	-	17,264	1,235	-	-	18,499
Due from third parties	67	639	690	-	-	1,396
Accrued and deferred assets	10	389	235	-	-	634
Total current assets	14,311	23,718	2,165	-	-	40,194
Financial assets at fair value through OCI	-	-	-	7,090	-	7,090
Property, plant and equipment	-	68	206	876	124	1,274
Investment property	-	-	-	-	27,629	27,629
Goodwill and other intangible assets	-	-	-	-	1,281	1,281
Associated companies	-	-	-	-	39,785	39,785
Non-current receivables	-	-	-	20,559	-	20,559
Total non-current assets	-	68	206	28,525	68,819	97,618
Total current and non-current assets	14,311	23,786	2,371	28,525	68,819	137,812
Non-current assets classified as held for sale	-	-	-	-	-	-
Total at 31 December 2023	14,311	23,786	2,371	28,525	68,819	137,812
Liabilities and shareholders' equity						
Accounts payables	-	634	279	-	-	913
Current financial liabilities	10,479	-	5,127	-	-	15,606
Derivative financial instruments	-	-	106	-	-	106
Current tax liabilities	-	40	115	-	-	155
Other current liabilities	83	1,227	2,215	-	-	3,525
Current provisions	-	-	-	-	-	-
Total current liabilities	10,562	1,901	7,842	-	-	20,305
Non-current financial liabilities	-	66	201	23,129	1,073	24,469
Defined benefit obligation	-	-	-	530	-	530
Deferred tax liabilities	-	-	-	-	235	235
Provisions	-	-	-	-	-	-
Total non-current liabilities	-	66	201	23,659	1,308	25,234
Total liabilities	-	1,967	8,043	23,659	1,308	45,539
Contingent liabilities	-	-	-	-	-	-
Total at 31 December 2023	10,562	1,967	8,043	23,659	1,308	45,539

2022 Restated in CHF 1,000	Demand	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Assets						
Cash and cash equivalents	7,855	420	-	-	-	8,275
Trading portfolio assets	8,614	-	-	-	-	8,614
Derivative financial instruments	-	4,243	-	-	-	4,243
Other financial assets at fair value	-	20,956	1,461	-	-	22,417
Due from third parties	33	964	42	-	-	1,039
Accrued and deferred assets	17	404	203	-	-	624
Total current assets	16,519	26,987	1,706	-	-	45,212
Financial assets at fair value through OCI	-	-	-	29,766	-	29,766
Property, plant and equipment	-	149	433	525	155	1,262
Investment property	-	-	-	-	36,719	36,719
Goodwill and other intangible assets	-	-	-	-	1,731	1,731
Associated companies	-	-	-	-	38,379	38,379
Non-current receivables	-	-	-	52,289	-	52,289
Total non-current assets	-	149	433	82,580	76,984	160,146
Total current and non-current assets	16,519	27,136	2,139	82,580	76,984	205,358
Non-current assets classified as held for sale	-	-	-	-	-	-
Total at 31 December 2022	16,519	27,136	2,139	82,580	76,984	205,358
Liabilities and shareholders' equity						
Accounts payables	-	182	300	-	-	482
Current financial liabilities	71	71	15,814	-	-	15,956
Derivative financial instruments	-	-	27	-	-	27
Current tax liabilities	-	37	110	-	-	147
Other current liabilities	114	1,587	2,320	-	-	4,021
Current provisions	-	-	-	-	-	-
Total current liabilities	185	1,877	18,571	-	-	20,633
Non-current financial liabilities	-	149	425	55,161	1,383	57,118
Defined benefit obligation	-	-	-	144	-	144
Deferred tax liabilities	-	-	-	-	356	356
Provisions	-	-	-	3	-	3
Total non-current liabilities	-	149	425	55,308	1,739	57,621
Total liabilities	-	-	-	-	-	78,254
Contingent liabilities	-	-	-	-	-	-
Total at 31 December 2022	185	2,026	18,996	55,308	1,739	78,254

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

in CHF 1,000	31.12.2023			31.12.2022 Restated		
	Book value	Fair value	Variation	Book value	Fair value	Variation
Assets						
Cash and cash equivalents	2,600	2,600	-	8,275	8,275	-
Due from third parties	1,396	1,396	-	1,039	1,039	-
Accrued and deferred assets	634	634	-	624	624	-
Non-current receivables	20,559	20,559	-	52,289	52,289	-
Financial assets at amortised costs	25,189	25,189	-	62,227	62,227	-
Trading portfolio assets	11,787	11,787	-	8,614	8,614	-
Derivative financial instruments	5,278	5,278	-	4,243	4,243	-
Other financial assets at fair value	18,499	18,499	-	22,417	22,417	-
Financial assets at fair value through OCI	7,090	7,090	-	29,766	29,766	-
Financial assets at fair value	42,654	42,654	-	65,040	65,040	-
Liabilities						
Accounts payables	913	913	-	482	482	-
Current financial liabilities	15,606	15,606	-	15,956	15,956	-
Current income taxes	155	155	-	147	147	-
Other current liabilities	3,525	3,525	-	4,021	4,021	-
Non-current financial liabilities	24,469	24,469	-	57,118	57,118	-
Financial liabilities at amortised costs	44,668	44,668	-	77,724	77,724	-
Derivative financial instruments	106	106	-	27	27	-
Financial liabilities at fair value	106	106	-	27	27	-

The following table shows the financial assets and liabilities measured at fair value, classified by a fair value hierarchy of three levels. For an explanation of the levels, please refer to the accounting principles, pages 54 and 55.

2023 in CHF 1,000	Quoted market prices (level 1)	Valuation method based on market data (level 2)	Valuation method not based on market data (level 3)	31.12.2023
Assets				
Trading portfolio assets	9,665	164	1,958	11,787
Derivative financial instruments	5	5,273	-	5,278
Other financial assets at fair value	17,265	-	1,234	18,499
Financial assets at fair value through OCI	-	7,090	-	7,090
Investment property	-	-	27,629	27,629
Assets at fair value	26,935	12,527	30,821	70,283
Liabilities				
Derivative financial instruments	-	106	-	106
Total financial liabilities at fair value	-	106	-	106
2022 Restated in CHF 1,000	Quoted market prices (level 1)	Valuation method based on market data (level 2)	Valuation method not based on market data (level 3)	31.12.2022
Assets				
Trading portfolio assets	6,592	50	1,972	8,614
Derivative financial instruments	-	4,243	-	4,243
Other financial assets at fair value	20,956	-	1,461	22,417
Financial assets at fair value through OCI	-	29,766	-	29,766
Investment property	-	-	36,719	36,719
Assets at fair value	27,548	34,059	40,152	101,759
Liabilities				
Derivative financial instruments	-	27	-	27
Total financial liabilities at fair value	-	27	-	27

The following table shows the movements of level 3 financial assets and liabilities measured at fair value:

2023 in CHF 1,000	1.1.2023	Recognised in the income statement	Net income recognised in OCI	Transfer from/(to) level 1 and level 2	Purchase	Sales	31.12.2023
Trading portfolio assets	1,972	-14	-	-	-	-	1,958
Derivative financial instruments	-	-	-	-	-	-	-
Financial assets at fair value through OCI	-	-	-	-	-	-	-
Other financial assets at fair value	1,461	-227	-	-	-	-	1,234
Investment property	36,719	-507	-9,610	-	1,027	-	27,629
Total assets at fair value (level 3)	40,152	-748	-9,610	-	1,027	-	30,821
Derivative financial instruments	-	-	-	-	-	-	-
Total financial liabilities at fair value (level 3)	-	-	-	-	-	-	-
2022 Restated in CHF 1,000	1.1.2022	Recognised in the income statement	Net income recognised in OCI	Transfer from/(to) level 1 and level 2	Purchase	Sales	31.12.2022
Trading portfolio assets	5,323	-168	-	-	-	-3,183	1,972
Derivative financial instruments	-	-	-	-	-	-	-
Financial assets at fair value through OCI	-	-	-	-	-	-	-
Other financial assets at fair value	1,629	-168	-	-	-	-	1,461
Investment property	36,195	-1,882	1,512	-	894	-	36,719
Total assets at fair value (level 3)	43,147	-2,218	1,512	-	894	-3,183	40,152
Derivative financial instruments	-	-	-	-	-	-	-
Total financial liabilities at fair value (level 3)	-	-	-	-	-	-	-

Explanation of significant unobservable input parameters

The valuation of trading positions classified as level 3 is based on the annual financial statements of the corresponding securities and individual transactions observable on the market.

Significant unobservable input parameters for the valuation of investment property are the following:

Significant, unobservable inputs in the evaluation of the investment property Petrovsky Fort	31.12.2023	31.12.2022
Fair value of Petrovsky Fort (investment property)		
in RUB	2,837,100,000	2,793,330,000
in CHF	26,557,000	35,823,000
Capitalisation rate for income capitalisation	10.75%	10.50%
Discount rate for discounted cash flow	15.50%	15.00%
Estimated Rental Value (ERV) per square meter in RUB	13,133	12,750

Effects of changes in input parameters on fair value

The fair values of the investment property were determined using a 3 per cent vacancy rate for 2023 year-end valuation. Should this rate be increased by 5 per cent, the valuation of the property would decrease by RUB 53 million from RUB 2,837.1 million to RUB 2,784.1 million. The previous year valuation used a 3 per cent vacancy rate and had this rate increased by 5 per cent, the 2022 year-end valuation would have reduced by RUB 52.4 million from RUB 2,793.3 million to RUB 2,740.9 million.

If the ERV (Estimated Rental Value) decreases by 5 per cent then the value of the investment property would decrease by RUB 128.5 million from RUB 2,837.1 million to RUB 2,708.6 million. The same variance of ERV would have caused the investment property to decrease by RUB 132.8 million from RUB 2,793.3 million to RUB 2,660.5 million for the 2022 year-end valuation.

32. INFORMATION ON HEDGING INSTRUMENTS

in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022 (restated)
Fair value hedges		
Forward contract (spot element)	4,696	3,180
Total	4,696	3,180
in CHF 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Ineffectiveness		
Fair value hedges	-	-
Total	-	-

33. LONG TERM INCENTIVE PROGRAMME (LTI)

Number	2023	2022
Holdings of rights at 1 January	-	-
Allotted rights (addition) ¹⁾	31,900	66,000
Granted during the year (reduction) ¹⁾	-31,900	-66,000
Holdings of rights at 31 December	-	-
Average price of shares upon allotment, in CHF	13.35	17.00
in CHF 1,000		
Charged as personnel expense in the year under review	-260	-666
of which continued operations	-260	-666
of which discontinued operations	-	-

1) Refer to Valartis Group all shares granted to participants of the Long Term Incentive Programme.

The Long Term Incentive Programme (the “LTI”) as implemented by the Group is a share-based performance-related remuneration offered to elected members of the Board of Directors and Executive Management as well as employees to reward and retain them on a long-term basis. The LTI package consists of a certain number of grant shares (“Award Shares”) in combination of a sale of shares at preferential conditions (“Purchase Shares”) financed by way of a loan granted by the Valartis Group. The shares are awarded or sold at a preferential price corresponding to 84 per cent of the relevant market price on the day of shares allocation because the shares are restricted for a period of 3 years and cannot be sold during this period.

Ownership of shares will only vest to the eligible participant if their employment or mandate contract with Valartis Group, or a subsidiary controlled by Valartis Group has not been terminated. In case, they have left the Group:

- as a good leaver, both Award and Purchase Shares remain vested to the eligible participant
- as a medium leaver, Award Shares remain vested to the eligible participant. The Group has the right, but not the obligation to acquire any Purchase Shares at the lower of original purchase price and the fair market value.

- as a bad leaver, the Group has the right, but not the obligation to acquire any Award and Purchase Shares at the lower of original purchase price and the fair market value.

The Long Term Incentive Agreement governs conditions and the definition of good, medium and bad leaver.

In case, the Group would repurchase any restricted shares, it will reallocate them as well as the loan portion to one or more participants or buy them for its account to be reissued in a future programme.

In addition, put options are granted to each LTI participant for all Award and Purchase Shares in order to cover the loan value at maturity in case the market value of the shares would not be sufficient. The strike price has been set a 42 per cent of the relevant market price on the day of shares allocation.

The Group fulfils its requirement in regard to the LTI shares distribution using its treasury shares acquired over the former periods.

34. RELATED PARTIES AND COMPANIES

Persons and companies are considered related parties if they could control the Group or can exert a significant influence on operatio-

nal and financial decisions. The following table provides an overview of transactions with related parties and companies:

in CHF 1,000	31.12.2023	31.12.2022
Assets		
Key management and relatives	587	504
Associated companies	15,903	19,051
Other related entities ¹⁾	4,490	32,532
Total	20,980	52,087
Liabilities		
Key management and relatives	-	-
Associated companies	592	72
Other related entities	-	82
Total	592	154
Expenses		
Key management and relatives	-998	-1,133
Associated companies	-1	-
Other related entities	-428	-615
Total	-1,427	-1,748
Income		
Key management and relatives	8	1
Associated companies	4,643	10,694
Other related entities	2,074	4,531
Total	6,725	15,226

1) Includes CHF 0.6 million (previous year: CHF 0.4 million) loan granted to the LTI participant to finance the Purchase Shares, please refer to Note 33.

Assets in associated companies comprise CHF 10.1 million promissory notes and loans to Kaluga Flower Holding LLC, CHF 2.9 million of loans toward Inkonika LLC, a loan of CHF 2.9 million to Société des Carrières SA. Assets other related entities comprises a loan of CHF 3.6 million granted to a company privately held by the Chairman of the Board of Directors (see Note 28). In 2022, Assets Other related entities included a CHF 29.5 million promissory notes to EPH, which was reimbursed in 2023.

Expenses for other related parties include an amount of CHF 0.2 million which is attributable to the following circumstances: after the additional time burden for a Chairman of the Board of Directors and Delegate of the Board of Directors due to the very large reduction of staff in the Group service organisation has increased significantly and since 2017 included tasks which traditionally

are not directly performed by these two functions, a consulting agreement was concluded between a Valartis Group company and a Swiss stock corporation privately held by the Chairman of the Board of Directors. This agreement provides for the provision of national and international advisory services in the areas of the Group's investment policy and strategy and asset management, in particular short-term cash management, business development and project development. The contract was concluded with Valartis International Ltd. because this company uses most of these consulting and management services. In 2023, the fee from the consulting contract amounted to CHF 0.2 million plus VAT (2022: CHF 0.2 million). The fee is included in the total remuneration of the Chairman of the Board of Directors and the Delegate of the Board of Directors and is disclosed in the Compensation Report on page 30.

35. LOANS AND SHARE HOLDINGS BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

2023

Members of the Board of Directors	Gustav Stenbolt, Chairman & Delegate of the BoD	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Diana Stenbolt, Member ⁴⁾	Total
Numbers of shares	1,901,395	344,472	15,115	2,750	2,263,732
Loans and advances in CHF ¹⁾	384,033	150,056	32,118	21,251	587,458
Loans and advances in CHF to related parties	3,625,963	-	-	-	3,625,963
Number of put options (balance) ^{2) 3)}	71,000	24,000	6,300	2,750	104,050

1) Refer to loan granted to finance ("Purchase Shares") within the Long Term Incentive Programme 2023, 2022, 2021 and 2020

2) Put options have been granted to each LTI participant for all Award and Purchase Shares in order to cover the loan value at maturity in case the market

value of the shares would not be sufficient to reimburse the financing loan.

3) 1:1 ratio with Group's shares

4) Diana Stenbolt was elected by the General Shareholder's Meeting on 16 May 2023 as member of the Board of Directors.

2022

Members of the Board of Directors	Gustav Stenbolt, Chairman & Delegate of the BoD	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Total
Numbers of shares	1,899,760	352,112	14,415	2,266,287
Loans and advances in CHF ¹⁾	317,569	158,785	27,776	504,130
Loans and advances in CHF to related parties	2,065,680	-	-	2,065,680
Number of put options (balance) ^{2) 3)}	60,000	30,000	5,600	95,600

1) Refer to loan granted to finance ("Purchase Shares") within the Long Term Incentive Programme 2022, 2021 and 2020

2) Put options have been granted to each LTI participant for all Award and Purchase Shares in order to cover the loan value at maturity in case the market value of the shares would not be sufficient to reimburse the financing loan.

3) 1:1 ratio with Group's shares

Loans, shares and options held by the members of the Executive Management 2023 and 2022

Loans, shares and options held by Gustav Stenbolt as Delegate of the Board of Directors are shown above under Loans, shares and

options held by the members of the Board of Directors 2023 and 2022.

36. BUSINESS SEGMENTS

In the current organisational structure, there is only one management level in the sense of a leading decisions-maker (Delegate of the Board of Directors). Valartis Group now only has one single segment and, in accordance with IFRS 8, reporting is only for one component of the company.

Valartis Group's external segment reporting is based on the internal reporting as of 31 December 2023.

Valartis Group prepares a monthly Management Report containing consolidated financial information for the Executive

Management and quarterly for the Board of Directors. The same principles apply to the valuation as to the consolidated financial statements. Management reviews the consolidated financial information and uses it in its management decisions to implement the overall strategy.

Information on geographical areas by the domicile of the reporting unit is shown below. This geographical information does not reflect the Group's management structure.

Information on regions

in CHF 1,000	1.1.–31.12.2023			1.1.–31.12.2022 Restated		
	Domestic	Non-domestic	Total	Domestic	Non-domestic	Total
Operating income	4,518	6,234	10,752	4,600	15,993	20,593
Total assets	49,920	87,892	137,812	74,167	131,191	205,358

Reporting is based on operating locations.

Information about services

In 2023, the Financial Services represented an operating income of CHF 3.3 million (2022: CHF 5.2 million) and the Real estate management represented an operating income of CHF 3.7 million (2022: CHF 4.8 million).

Information about major customers

In 2023, the revenues related to external customers exceeding 10 per cent or more of Group's revenue amounted to CHF 2.1 million (2022: CHF 3.7 million).

37. GROUP COMPANIES

In addition to the financials of Valartis Group AG, Fribourg, the consolidated financial statements include the financial statements of the following fully consolidated companies and associated companies:

Fully consolidated entities	Domicile	Purpose	Currency	Share capital	Participation in per cent 31.12.2023	Participation in per cent 31.12.2022
Valartis International Ltd.	Tortola, BVI	Investment Advisor	USD	20,000,000	100.00	100.00
VLR Property Management Ltd.	Moscow, RU	Investment Advisor	RUB	100,000	99.99	99.99
ENR Russia Invest SA (Group)	Geneva, CH	Investment Company	CHF	32,790,585	63.22	63.22
ENR Investment Ltd.	Limassol, CY	Investment Company	EUR	6,576,660	63.22	63.22
ENR Private Equity Ltd.	Grand Cayman, CYM	Investment Company	USD	500	63.22	63.22
Stainfield Ltd.	Limassol, CY	Holding Company	EUR	3,420	63.22	63.22
ENR Development LLC	St. Petersburg, RU	Real estate project Company	RUB	15,535,100	63.22	63.22
Petrovsky Fort LLC	St. Petersburg, RU	Real estate Company	RUB	18,000	63.22	63.22
Romsay Properties Ltd.	Limassol, CY	Holding Company	EUR	1,710	63.22	63.22
Eastern Property Partners II LP	Grand Cayman, CYM	Holding Company	USD	67,831,133	63.22	63.22
EPP GP Ltd.	Grand Cayman, CYM	Holding Company	USD	50,000	63.22	63.22
Parking Clé de Rive SA	Geneva, CH	Real estate project Company	CHF	148,500	50.98	50.98
Valartis Finance Holding AG	Vaduz, FL	Holding Company	CHF	100,000	100.00	100.00
Valartis AG	Fribourg, CH	Holding Company	CHF	100,000	100.00	100.00
MCT Luxembourg Management S.à.r.l.	Luxembourg, L	Investment Advisor	EUR	12,085	100.00	100.00
Valartis Advisory Services SA	Geneva, CH	Investment Advisory and Corporate Centre	CHF	1,896,210	100.00	100.00
Valartis Group Foundation	Vaduz, FL	Foundation	CHF	30,000	100.00	100.00
VLR Germany GmbH	Frankfurt am Main, DE	Investment Advisor	EUR	25,000	100.00	100.00
VLR Austria GmbH	Vienna, AT	Investment Advisor	EUR	35,000	100.00	100.00
Valartis Property Holdings Ltd	Tortola, BVI	Holding Company	USD	-	100.00	100.00
Valartis M LLC	Moscow, RU	Corporate director	RUB	100,000	Liquidated	80.00

Associated companies and joint arrangements	Domicile	Purpose	Currency	Share capital	Participation in per cent 31 December 2023	Participation in per cent 31 December 2022
Norinvest Holding SA	Geneva, CH	Holding Company	CHF	22,000,000	32.46	32.53
Darsi Investment Ltd.	Tortola, BVI	Real estate project Company	EUR	7,476,190	38.81	38.81
Société des Carrières SA	Luxembourg, L	Holding Company	EUR	33,000	33.33	33.33
Vestive Ltd	Nicosia, CY	Holding Company	EUR	5,000	50.00	50.00
Briese Schifffahrts GmbH & Co. KG MS "Langeoog"	Leer, DE	Holding Company	EUR	2,900,000	Liquidated	50.00
Briese Schifffahrts GmbH & Co. KG MS "Folmhusen"	Leer, DE	Holding Company	EUR	5,000,000	50.00	50.00
Briese Schifffahrts GmbH & Co. KG MS "Nesseborg"	Leer, DE	Holding Company	EUR	5,000,000	50.00	50.00
Briese Schifffahrts GmbH & Co. KG MS "Marz"	Leer, DE	Holding Company	EUR	5,003,208	50.00	50.00
Inkonika LLC	Moscow, RU	Real estate Company	RUB	16,510,836	50.00	50.00
Kaluga Flower Holding LLC	Kaluga Oblast, RU	Flower Production Company	RUB	64,010,000	50.00	50.00
Florentika Mangement Company LLC	Kaluga Oblast, RU	Corporate director	RUB	20,000	50.00	50.00

38. ACQUISITION OF SUBSIDIARIES

Acquisition during the financial year

There was no acquisition of subsidiaries during the current financial year.

Acquisition in the same period of the previous year

There was no acquisition of subsidiaries during the previous financial year.

39. ACQUISITION OF ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

Acquisition during the financial year

Briese Schiffahrts GmbH & Co. KG MS "Marz"

On the 29 March and 13 September 2023, Valartis Group proceeded with a third and fourth tranches of investment for CHF 2.1 million in Briese Schiffahrts GmbH & Co. KG MS "Marz". The latter has finalised the construction of a mid-size container cargo, which is now operating. The Company is a German KG (Kommanditgesellschaft) i.e. a limited partnership, characterised by the fact that at least one personally liable partner is present, who is indefinitely liable for the company's liabilities with his entire assets. The KG is the only mixed form among the partnerships in which, in addition to this or these personally liable partners,

there are also partners who are only liable with their capital contribution.

Valartis Group values this capital contribution as a limited partner at cost. Any differences between this estimate and actual results will be adjusted in the Group's consolidated financial statements when available.

As of 31 December 2023, Valartis Group's investment in Briese Schiffahrts GmbH & Co. KG MS "Marz" amounts to CHF 6.2 million.

Capital contribution in Briese Schiffahrts GmbH & Co. KG MS "Marz"

in CHF 1,000

	Briese Schiffahrts GmbH & Co. KG MS "Marz"
Current assets, including cash & cash equivalents	12,324
Non-current assets, including investment property	n/a
Total assets	n/a
Current liabilities	n/a
Non-current liabilities	n/a
Total liabilities	n/a
Equity	12,324
Proportion of the Group's ownership in per cent	50.00
Group's share of equity	6,162
Unrecognised Group's share of equity	n/a
Carrying amount of the investment in associated company	6,162
Purchase price paid cash as of 24.11.2021	2,595
Purchase price paid cash as of 25.07.2022	1,430
Purchase price paid cash as of 29.03.2023	1,247
Purchase price paid cash as of 13.09.2023	890
Goodwill	-
Net cash outflow in 2021	-2,595
Net cash outflow in 2022	-1,430
Net cash outflow in 2023	-2,137

Acquisition in the same period of the previous year

Briese Schiffahrts GmbH & Co. KG MS "Marz"

On the 25 July 2022, Valartis Group proceeded with a second tranche of investment of CHF 1.4 million following a first

tranche of investment of CHF 2.6 million in November 2021 in Briese Schiffahrts GmbH & Co. KG MS "Marz".

40. SALE TRANSACTIONS AND DISCONTINUED OPERATIONS

Disposals during the financial year

During the first half year 2023, the Group finalised the liquidation of the Group Company Valartis M LLC, which was dormant with no asset or liabilities. No gain or loss has been recognised following the liquidation of this entity.

Disposal in the same period of the previous year

During the first half year 2022, the Group finalised the liquidation of the Group Company Vaba1 Holding GmbH in Liquidation. The result from discontinued operations is related to a gain on

liquidation of Vaba1 Holding GmbH in Liquidation due to transfer of cumulated foreign currency translation difference from equity to income statement.

in CHF 1,000	10.02.2022
Balance sheet at closing date	Vaba1 Holding GmbH in Liquidation
Assets	
Cash and cash equivalents	37
Total assets	37
Liabilities	
Total liabilities	-
Net assets	37
Gain from sale of subsidiary before currency translation differences	-
Transfer of cumulated foreign currency translation difference from equity of Valartis Group to income statement	435
Gain from liquidation of subsidiary	435

41. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The following table shows the information on each subsidiary of the Group with significant non-controlling interests. Figures refer to the figures before intra-group elimination:

in CHF 1,000	Parking Clé de Rive SA		ENR Russia Invest SA	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Share of non-controlling interests in per cent				
Participation	49.02%	49.02%	36.78%	36.78%
Voting rights	49.02%	49.02%	36.78%	36.78%
Total asset	30	30	43,682	56,447
Total liabilities	1,422	1,422	14,737	14,763
Net asset	-1,392	-1,392	28,945	41,684
Carrying amount of non-controlling interests	-681	-681	11,314	16,000
Operating income	-1	-1	585	1,096
Profit/loss	-1	-1	-7,948	177
Other comprehensive income	-	-	-4,792	707
Total comprehensive income	-1	-1	-12,740	884
(Loss)/profit allocated to non-controlling interests	-	-	-2,923	65
Other comprehensive income allocated to non-controlling interests	-	-	-1,763	259
Cash flow from operating activities	-1	-	925	2,605
Cash flow investing from investment activities	-	-	-1,015	-886
Cash flow from financing activity	-	-	110	-1,808
Foreign currency translation effects	-	-	-101	5
Net cash flow	-1	-	-81	-84
Paid dividends to non-controlling interests	-	-	-	-

Changes in non-controlling interests

The following table shows the effects of the change in the share-holding quota on non-controlling interests (minorities):

in CHF 1,000	Parking Clé de Rive SA	ENR Russia Invest SA
	2022	2022
Non-controlling interests at 1 January	-681	15,676
Gains/losses from financial assets at fair value through OCI	-	-
Foreign exchange translation differences	-	259
Other comprehensive income	-	259
Net (loss)/profit	-	65
Total comprehensive income	-	324
Transaction with non-controlling interests	-	-
Increase in capital	-	-
Owner-related changes	-	-
Total non-controlling interests at 31 December	-681	16,000
	Parking Clé de Rive SA	ENR Russia Invest SA
	2023	2023
Non-controlling interests at 1 January	-681	16,000
Gains/losses from financial assets at fair value through OCI	-	-
Foreign exchange translation differences	-	-1,763
Other comprehensive income	-	-1,763
Net (loss)/profit	-	-2,923
Total comprehensive income	-	-4,686
Transaction with non-controlling interests	-	-
Increase in capital	-	-
Owner-related changes	-	-
Total non-controlling interests at 31 December	-681	11,314

42. STRUCTURED ENTITIES

Valartis Group acts as an investment advisor to a collective investment instrument that meets the definition of IFRS 12 for structured entities. As Valartis Group acted as an agent in the interests of investors, this investment instrument was not consolidated. As of 31 December 2023, there was no contractual or constructive obligations to provide financial or other support to the investment fund. Valartis Group took on various administrative tasks for the collective investment instrument. For these services, it was compensated with customary market fees.

Gross income from services for the collective investment instrument amounted to CHF 0.5 million for the 2023 financial year (2022: CHF 0.9 million). Shares in own investment funds held by Valartis Group were treated as financial instruments.

The following table shows the development of the book value of the units in the collective investment instruments held by Valartis Group. The carrying amount corresponds to the maximum risk of loss.

in CHF 1,000	Trading portfolio assets	Trading portfolio assets
	2023	2022
Carrying amount 1 January	1,959	2,067
Purchase	-	-
Sales	-	-
Recognised in the income statement	-1	-108
Total as of 31 December	1,958	1,959

43. ASSETS PLEDGED OR ASSIGNED TO SECURE OWN LIABILITIES AND ASSETS UNDER RESERVATION OF OWNERSHIP

in CHF 1,000	31.12.2023		31.12.2022	
	Market value	Effective commitment	Market value	Effective commitment
Cash and cash equivalents	420	146	559	146
Trading portfolio assets	9,028	4,900	7,821	4,900
Other financial assets at fair value	17,894	21,961	17,894	24,377
Financial assets at fair value through OCI	6,355	-	16,150	-
Investment property	27,629	10,479	37,243	10,910
Non-current receivables	9,570	-	11,773	-
Total	70,896	37,486	91,440	40,333

44. EVENTS AFTER THE BALANCE SHEET DATE

None.



AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS



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STATUTORY AUDITOR'S REPORT

To the general meeting of Valartis Group AG, Fribourg

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Valartis Group AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements (pages 37 to 105) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

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

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

Key Audit Matters

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

Valuation of the investment property "Petrovsky Fort"

As of 31 December 2023, the investment property "Petrovsky Fort" is valued at KCHF 27,629 in the consolidated financial statements. This corresponds to 20 percent of the total assets as of 31 December 2023.

On initial recognition (30 September 2014), the investment property was recognised at cost. For subsequent measurement, it is recorded at fair value and changes are recognised in the consolidated statement of comprehensive income. The fair value is determined on the basis of an independent third party valuation.

In our view, this key position was of particular importance due to the associated discretionary powers and estimates of the Management and external experts.

The valuation techniques used are subjective in nature and involve key assumptions concerning the pricing factors. These key assumptions include occupancy rate, future rental cash flows, capitalisation rates and discount rates. The use of different valuation techniques could result in different estimates of fair value.

The Group explains the accounting principles applied section "major accounting principle". Please also refer to notes 8 and 17 to the consolidated financial statements.

We have examined the valuation on the basis of the report from an independent real estate expert. We assessed the objectivity, independence and expertise of the valuation specialist.

With the support of real estate specialists with experience of the Russian market, we have verified the appropriateness of the valuation method and the underlying assumptions used. We also assessed the adequacy of the input factors used on the basis of supporting documentation. These input factors included rent, occupancy rate, interest rates and expected maintenance costs.

We also focused on the correct application of IFRS 13 and IAS 40 and the adequacy of disclosures in the annual report in connection with this investment property.



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Key Audit Matter

How the Key Audit Matter was addressed in the audit

Valuation of the loans to Kaluga Flower Holding LLC

The Group acquired a 50 percent interest in Kaluga Flower Holding LLC (KFH) in late 2019. KFH subsequently acquired a greenhouse facility for flower growing in Kaluga Oblast in Russia through a public auction.

As of 31 December 2023, Group loans toward Kaluga Flower Holding LLC was valued at KCHF 7,155 and accrued interest for a total value of KCHF 2,992 to Kaluga Flower Holding LLC which are presented as non-current receivables in the consolidated financial statements. The loans were used by KFH to purchase a greenhouse facility in a public auction and for capital and operational expenses. In 2021 the loans were converted into promissory notes and were pledged for KFH to obtain loan facilities. This corresponds to 7.4 percent of total assets as of 31 December 2023.

In our view, this key position was of particular importance due to the development phase of the project and the judgement basis included in the impairment analysis performed by management.

The Group explains the accounting principles applied in section "major accounting principle". Please also refer to notes 19, 20, 34, and 37 of the consolidated financial statements

We have assessed the underlying information and supporting documentation for the recording of the loans.

We confirmed the IFRS classification as Financial assets at amortised cost as per IFRS 9.

We have also reviewed the assumptions by Management and the calculations made in assessing the need for impairment of the loans. We assessed the adequacy of the input information used for the valuation and revaluation analysis, which include financial statements, budget and long-term business plan.

We have also assessed presentation in the annual report and the adequacy of disclosures in relation with the impairment review of the loans by the management.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report and our auditor's report 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 IFRS, and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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.

Geneva, 28 March 2024

BDO Ltd

Nigel Le Masurier
Auditor in Charge
Licensed audit expert

Olivier Griot
Licensed audit expert

INCOME STATEMENT OF VALARTIS GROUP AG

Income			
in CHF	Note	1.1.–31.12.2023	1.1.–31.12.2022
Reversal of impairment on financial assets and investments (net)	3.1	-	7,070,420
Other financial income	3.2	3,078,852	57,514
Total income		3,078,852	7,127,934
Expenses			
Impairment on financial assets and securities investments (net)	3.3	-1,650,825	-
Operating expenses	3.4	-1,616,271	-1,306,737
Financial expenditure	3.5	-364,392	-53,786
Depreciation on property, plant and equipment		-2,547	-2,547
Result for the year before extraordinary and off-period income and taxes		-555,183	5,764,864
Extraordinary and out-of-period income	3.6	45,350	6,578
Result before tax		-509,833	5,771,442
Direct Taxes		-21,600	-21,600
Annual result		-531,433	5,749,842

STATEMENT OF FINANCIAL POSITION OF VALARTIS GROUP AG

Assets

in CHF	Note	31.12.2023	31.12.2022
Current assets			
Due from banks		203,000	80,730
Trading portfolio		4,833	2,564
Other short-term receivables	4.1	222,208	207,980
Prepaid expenses and accrued income		30,440	58,004
Total current assets		460,481	349,278
Non-current assets			
Property, plant and equipment		1,090	3,637
Loans	4.2	1,043,983	925,279
Financial assets	4.3	-	4,604,873
Participations	4.4	96,028,925	97,679,749
Total non-current assets		97,073,998	103,213,538
Total assets		97,534,479	103,562,816
Liabilities and Shareholders' equity			
Short-term liabilities			
Short-term interest-bearing liabilities	4.5	24,674,151	8,410,637
Accrued expenses and deferred income		550,848	294,184
Total short-term liabilities		25,224,999	8,704,821
Long-term liabilities			
Other long-term liabilities		105,786	26,628
Total long-term liabilities		105,786	26,628
Shareholders' equity			
Share capital	4.6	3,126,295	4,299,295
Legal retained earnings			
General legal retained earnings		1,000,000	1,000,000
Reserve for treasury shares	4.7	4,038,727	4,541,838
Voluntary retained earnings			
General voluntary retained earnings		1,514,661	20,518,540
Profit brought forward		64,471,694	58,721,852
(Loss)/Profit for the year		-531,433	5,749,842
Treasury shares	4.7	-1,416,250	-
Total shareholders' equity		72,203,694	94,831,367
Total liabilities and shareholders' equity		97,534,479	103,562,816

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Company/name, domicile

Valartis Group AG, rue de Romont 29/31, Fribourg, Swiss company identification number (UID) CHE-101.833.144.

Number of full-time employees

The Company had no employees in the year under review (previous year: none).

2. ACCOUNTING PRINCIPLES

General information on the accounting principles

The financial statements were prepared according to the provisions of the Swiss Code of Obligations (Art. 959 ff.). All amounts are disclosed in CHF unless expressed otherwise. The main valuation principles, other than required by law are explained below:

Securities

Investments are carried at cost less any necessary write-downs.

Long Term Incentive Programme

Expenditures related to the Valartis Group shares awarded or sold to Company's Board member as well as to employees of subsidiaries at preferential price as part of the Long Term Incentive Programme have been charged to other operating expenses. Details on the compensation system can be found in the Compensation Report (see page 26 ff).

Information on exchange rates

The financial statements are kept and accounted for in Swiss francs. For foreign currency translations, closing rates are used

for the balance sheet items, average rates are used for transactions during the year and the income statement.

	31.12.2023	31.12.2022
USD balance-sheet date rate	0.8401	0.9233
USD average price	0.8973	0.9537
EUR balance-sheet date rate	0.9281	0.9839
EUR average price	0.9716	1.0022

Treasury shares

Treasury shares are held for the purpose of servicing employee participation programmes. Treasury shares held directly are recognised at cost as a negative item in equity at the time of acquisition.

On subsequent resale, the gain or loss is recognised in the income statement as financial income or expense. For indirect Valartis Group AG shares held by other Group companies, a reserve for treasury shares is created in equity.

In case of cancellation, the corresponding treasury shares reserve is offset with corresponding amount of General voluntary retained earnings and share capital.

No cash flow statement and additional disclosures in the appendix

Since Valartis Group AG prepares consolidated financial statements in accordance with a recognised accounting standard (IFRS), it has waived the disclosures in the notes on interest-bearing liabilities and auditing fees as well as the presentation of a cash flow statement in these annual financial statements in accordance with statutory provisions.

3. INCOME STATEMENT

in CHF	2023	2022
3.1 Reversal of impairment on financial assets and investments (net)		
Reversals of impairment on investments	-	7,327,025
Allowances for investments	-	-256,605
Total	-	7,070,420

In 2022, Reversal of impairment losses relates to Valartis International Ltd (CHF 7.1 million) and ENR Russia Invest SA (CHF 0.2 million). Allowance for investments mainly relates to Valartis Advisory Services SA (CHF 0.2 million).

in CHF	2023	2022
3.2 Other financial income		
Income from cash and marketable securities	2,665	44,293
Gains on sale of financial assets	3,062,077	-
Fair value adjustment on long term liabilities	-	11,745
Interest income	14,110	1,476
Total	3,078,852	57,514

in CHF	2023	2022
3.3 Impairment on financial assets and investments (net)		
Reversals of impairment on investments	1,425,936	-
Allowances for investments	-3,076,761	-
Total	-1,650,825	-

In 2023, the allowance for investments relates to ENR Russia Invest SA (CHF 3.0 million) and Valartis Advisory Services SA (CHF 0.1 million) Reversal of impairment losses relates to Valartis International Ltd (CHF 1.4 million).

in CHF	2023	2022
3.4 Operating expenses		
Occupancy expense	-15,116	-14,989
Consulting and auditing expenses	-269,479	-165,782
Other operating expenses	-1,331,676	-1,125,966
Total	-1,616,271	-1,306,737

Other operating expenses include intercompany cost allocations based on a service level agreement (transfer pricing) of CHF 1.2 million (previous year: CHF 0.9 million).

in CHF	2023	2022
3.5 Financial expenditure		
Interest expense on interest-bearing liabilities to third parties	-2,483	-281
Interest expense from interest-bearing liabilities to subsidiaries	-288,733	-42,506
Losses from marketable securities	-396	-4,059
Fair value adjustment on long term liabilities	-58,104	-
Other financial expenses (incl. losses from foreign currencies)	-14,676	-6,940
Total	-364,392	-53,786

in CHF	2023	2022
3.6 Extraordinary and out-of-period income		
Tax reimbursement relating to a former period	45,350	-
Profit on sale of participation	-	6,578
Total	45,350	6,578

4. BALANCE SHEET

in CHF	31.12.2023	31.12.2022
4.1 Other short-term receivables		
Third parties	93,610	79,382
Group companies	128,598	128,598
Total	222,208	207,980

in CHF	31.12.2023	31.12.2022
4.2 Loans		
Loans to shareholders	1,043,983	925,279
Total	1,043,983	925,279

Loans to shareholders refer to the loans granted to participants of the Long Term Incentive Programmes as implemented by Valartis Group during years 2020 to 2023.

in CHF	31.12.2023	31.12.2022
4.3 Financial assets		
Securities	-	4,604,873
Total	-	4,604,873

4.4 Participations

Name and domicile	Capital/ participation quote 2023	Capital/ participation quote 2022	Share capital
Valartis AG, Fribourg, Switzerland	100%/100%	100%/100%	CHF 100,000
Valartis Finance Holding AG, Vaduz, Liechtenstein	100%/100%	100%/100%	CHF 100,000
Valartis Advisory Services SA, Geneva & Zurich, Switzerland	100%/100%	100%/100%	CHF 1,896,210
Valartis International Ltd., Tortola, BVI	100%/100%	100%/100%	USD 20,000,000
Parking Clé de Rive SA, Geneva, Switzerland	50.98%/50.98%	50.98%/50.98%	CHF 148,500
MCT Luxembourg Management S.à.r.l., Luxembourg	100%/100%	100%/100%	EUR 12,500
ENR Russia Invest SA, Geneva, Switzerland	23.43%/23.43%	23.43%/23.43%	CHF 32,790,585
Valartis Property Holdings Ltd, Tortola, BVI	100%/100%	0%/0%	-

Significant indirect investments

Name and domicile	Parent company	Capital/ participation quote 2023	Capital/ participation quote 2022	Share capital/ Nominal capital
ENR Russia Invest SA, Geneva, Switzerland	Valartis AG	38.1%/38.1%	38.1%/38.1%	CHF 32,790,585
Norinvest Holding SA, Geneva, Switzerland	Valartis AG	32.5%/32.5%	32.5%/32.5%	CHF 22,000,000
Briese Schifffahrts GmbH & Co. KG MS "Langeoog", Leer, Germany ^{1), 2)}	Valartis International Ltd.	0%/0%	50%/50%	EUR 2,900,000
Briese Schifffahrts GmbH & Co. KG MS "Folmhusen", Leer, Germany ²⁾	Valartis International Ltd.	50%/50%	50%/50%	EUR 5,000,000
Briese Schifffahrts GmbH & Co. KG MS "Nesseborg", Leer, Germany ²⁾	Valartis International Ltd.	50%/50%	50%/50%	EUR 5,000,000
Briese Schifffahrts GmbH & Co. KG MS "Marz", Leer, Germany ²⁾	Valartis International Ltd.	50%/50%	50%/50%	EUR 5,003,208
Valartis Property Holdings Ltd, Tortola, BVI	Valartis International Ltd.	0%/0%	100%/100%	-
VLR Germany GmbH, Frankfurt am Main, Germany	Valartis AG	100%/100%	100%/100%	EUR 25,000
VLR Austria GmbH, Vienna, Austria	VLR Germany GmbH	100%/100%	100%/100%	EUR 35,000
Kaluga Flower Holding LLC, Kaluga Oblast, Russia	ENR Investment Ltd ³⁾	50%/50%	50%/50%	RUB 64,010,000
Petrovsky Fort LLC, Saint Petersburg, Russia	Romsay Properties Ltd ³⁾	100%/100%	100%/100%	RUB 18,000
Vestive Ltd, Nicosia, Cyprus	ENR Private Equity Ltd ³⁾	50%/50%	50%/50%	EUR 5,000
<p>1) Briese Schifffahrts GmbH & Co. KG MS "Langeoog" has been liquidated on the 31 August 2023. 2) Briese Schifffahrts GmbH & Co. KG MS "Langeoog", Briese Schifffahrts GmbH & Co. KG MS "Folmhusen", Briese Schifffahrts GmbH & Co. KG MS "Nesseborg" and Briese Schifffahrts GmbH & Co. KG MS "Marz" are German KG (Kommanditgesellschaft) i.e. limited partnerships. Valartis Group AG through Valartis International is indirectly limited Partner in these companies. 3) ENR Investment Ltd, Romsay Properties Ltd and ENR Private Equity Ltd are subsidiaries of ENR Russia Invest SA</p>				
in CHF			31.12.2023	31.12.2022

4.5 Short-term interest-bearing liabilities

Short-term interest-bearing liabilities to participations	24,674,151	8,410,637
Total	24,674,151	8,410,637

	31.12.2023	31.12.2022
4.6 Share capital		
Share capital (CHF)	3,126,295	4,299,295
Number of registered shares	3,126,295	4,299,295
Nominal value per share (CHF)	1	1

During the Ordinary General Meeting held on 16 May 2023, the shareholders approved the buyback of 1,173,000 Valartis Group shares for cancellation purpose, which took place subsequently. The ordinary share capital reduction has been filed in June 2023.

4.7 Treasury shares

	Quantity 2023	Quantity 2022	in CHF 2023	in CHF 2022
Balance at 1 January	287,978	353,978	4,541,838	5,582,755
Purchases	103,000	-	1,416,250	-
Cancellation	-	-	-	-
Long Term Incentive Programme	-31,900	-66,000	-503,111	-1,040,917
Balance at 31 December	359,078	287,978	5,454,977	4,541,838
thereof held directly by Valartis Group AG	-	-	-	-
thereof held directly by Valartis Group AG for purpose of cancelation	103,000	-	1,416,250	-
thereof held by participations	256,078	287,978	4,038,727	4,541,838

	2023	2022
Average purchase price per share in the reporting period	17.32	-
Average disposal price per share in the reporting period	17.52	12.00
Average acquisition price per share as of balance sheet date	15.19	15.77

At its meeting on 16 May 2023, the Annual General Meeting approved the repurchase of treasury shares up to a maximum of 120,000 shares. Based on this authorisation, a share buyback offer has been submitted by the Board of Directors of Valartis Group AG on 27 November 2023 for a maximum of 103,000 registered shares at a fixed price of CHF 13.75 per registered share for the purpose of capital reduction. Valartis was tendered a total

of 134,576 registered shares during the offer period from 4 to 15 December 2023. After the number of registered shares tendered exceeded the volume of the buyback offer, the registered shares were repurchased from the tendering shareholders on a pro rata basis, i.e. the tender was reduced on a pro rata basis to a maximum of 103,000 registered shares

	31.12.2023	31.12.2022
in CHF		
Presentation in the equity		
Deduction from equity for treasury shares held directly	-1,416,250	-
Reserve for treasury shares of Valartis Group AG held by participations	4,038,727	4,541,838

5. ADDITIONAL INFORMATION

in CHF	31.12.2023	31.12.2022
Total amount of assets used to secure own liabilities		
Total amount of assets used to secure own liabilities	6,840	6,840
Total assets under restricted control		
Total assets under restricted control	6,840	6,840

Shareholders

The share capital has been divided into registered shares (previously bearer shares) since 18 May 2017. According to the Swiss Financial Market Infrastructure Act (FinMIA), anyone holding shares in a company listed on the SIX is obliged to notify the company concerned and SIX as soon as their voting rights exceed or fall below certain thresholds. Under the Swiss Code of Obligations, the company is obliged to disclose the identity of all shareholders holding more than 5 per cent of the shares in the notes to the annual financial statements.

The following is a summary of the holders of 3 or more per cent in Valartis Group AG, based on the published reports:

in per cent	31.12.2023	31.12.2022
MCG Holding SA, Baar ZG	68.8	50.3
Avalon Park Group Holding AG ¹⁾	0.0	26.9
Gustav Stenbolt	2.3	1.4
Philipp LeibundGut	0.8	0.7

1) Formerly Kähli Holding AG

As per 31 December 2023 the beneficial owners of MCG Holding SA are Gustav Stenbolt, Geneva, Tidesea Ltd., Fribourg (100 per cent controlled by Gustav Stenbolt, Geneva) and Philipp LeibundGut, Zurich. The following are deemed to be holders of qualified participations: a) Gustav Stenbolt, who holds 85.1 per cent of the voting rights (80.2 per cent of the share capital) of MCG Holding SA (partly held through Tidesea Ltd.) and b) Philipp LeibundGut, who holds 14.9 per cent of the voting rights (19.8 per cent of the share capital) of MCG Holding SA.

The shares held directly by Gustav Stenbolt and Philipp LeibundGut originate from current and previous years bonus plans run by Valartis companies for the Board of Directors and employees on the basis of their respective functions they held at the time of allocation.

As per 31 December 2022 the beneficial owner of Avalon Park Group Holding AG was Beat Kähli, Zurich.

Loans and equity holdings of the members of the Board of Directors at year end

2023	Gustav Stenbolt, Chairman & Delegate of the BoD	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Diana Stenbolt, Member ⁶⁾	Total
Shareholdings held by and Loans/ loans to Directors					
Number of shares held by ¹⁾	1,901,395	344,472	15,115	2,750	2,263,732
Number of shares (entitlements) ²⁾	11,000	5,500	700	700	17,900
Value of shares (entitlements) in CHF ²⁾	123,298	61,649	7,846	7,846	200,639
Loans and credits in CHF ³⁾	384,033	150,056	32,118	21,251	587,458
Loans and credits to related parties in CHF	-	-	-	-	-
Number of put options (entitlements) ^{4) 5)}	11,000	5,500	700	700	17,900
Value of put options (entitlements) in CHF	7,260	3,630	462	462	11,814
Number of put options (balance)	71,000	24,000	6,300	2,750	104,050

1) Includes entitled Company shares during 2023

2) Entitled shares refer to Valartis Group shares awarded ("Award Shares") or sold to participants ("Purchase Shares") of the Long Term Incentive Programme in 2023. Sold shares are financed by way of a loan granted by the Company. Further details on the Long Term Incentive programme can be found in the Compensation Report (see page 26 ff).

3) Refer to loan granted to finance ("Purchase Shares") within the Long Term Incentive Programme 2023, 2022, 2021 and 2020

4) Put options have been granted to each LTI participant for all Award and Purchase Shares in order to cover the loan value at maturity in case the market value of the shares would not be sufficient to reimburse the financing loan.

5) 1:1 ratio with company's shares

6) Diana Stenbolt was elected by the General Shareholder's Meeting on 16 May 2023 as member of the Board of Directors.

2022	Gustav Stenbolt, Chairman & Delegate of the BoD	Philipp LeibundGut, Vice Chairman	Olivier Brunisholz, Member	Total
Shareholdings held by and Loans/ loans to Directors				
Number of shares held by ¹⁾	1,899,760	352,112	14,415	2,266,287
Number of shares (entitlements) ²⁾	11,500	5,750	750	18,000
Value of shares (entitlements) in CHF ²⁾	164,146	82,073	10,705	256,924
Loans and credits in CHF ³⁾	317,569	158,785	27,776	504,130
Loans and credits to related parties in CHF	-	-	-	-
Number of put options (entitlements) ^{4) 5)}	23,000	11,500	1,500	36,000
Value of put options (entitlements) in CHF	8,970	4,485	585	14,040
Number of put options (balance)	60,000	30,000	5,600	95,600

1) Includes entitled Company shares during 2022

2) Entitled shares refer to Valartis Group shares awarded ("Award Shares") or sold to participants ("Purchase Shares") of the Long Term Incentive Programme in 2022. Sold shares are financed by way of a loan granted by the Company. Further details on the Long Term Incentive programme can be found in the Compensation Report (see page 26 ff).

3) Refer to loan granted to finance ("Purchase Shares") within the Long Term Incentive Programme 2022, 2021 and 2020

4) Put options have been granted to each LTI participant for all Award and Purchase Shares in order to cover the loan value at maturity in case the market value of the shares would not be sufficient to reimburse the financing loan.

5) 1:1 ratio with company's shares

Loans and equity holdings of the members of Executive Management at year end

Loans, shares and options held by Gustav Stenbolt as Delegate of the Board of Directors are shown above under Loans, shares and options held by the members of the Board of Directors 2023 and 2022.

EVENTS AFTER THE BALANCE SHEET DATE

None.

PROPOSAL OF THE BOARD OF DIRECTORS TO THE GENERAL MEETING OF SHAREHOLDERS

The Board of Directors will submit the following proposal to the Ordinary General Meeting of Shareholders on 14 May 2024 in respect of the distribution of retained earnings:

in CHF	2023
Profit brought forward from previous year	64,471,694
Net result	-531,433
Retained earnings available for the General Meeting of Shareholders	63,940,261
Dividend on capital entitled to dividend payments ¹⁾	-1,383,609
Profit to be carried forward	62,556,652

¹⁾Dividend of CHF 0.50 per share for 2,767,217 dividend entitled shares as of 31 December 2023 (excluding treasury shares). Previous year: None.

Dividend payments

For the financial year 2023, the Board of Directors proposes to the Shareholders' Meeting 2024 to pay a dividend of CHF 0.50 per share (previous year: none).



REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS



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STATUTORY AUDITOR'S REPORT

To the general meeting of Valartis Group AG, Fribourg

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Valartis Group AG (the Company) - which comprise the statement of financial position as at 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 111 to 121) 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

Existence and valuation of participations

As at 31 December 2023, the Company shows participations in its financial statements with a total value of CHF 96,028,925. These participations are accounted for at the lower of acquisition costs and net realisable value according to the principle of individual valuation. A potential impairment loss is determined by comparing the book value with the net asset value.

This position represents 98.5 percent of total assets as of the balance sheet date and was therefore, in our opinion, of particular importance.

Details of the Company's participations are described in Note 4.4 to the financial statements of Valartis Group AG as at 31 December 2023.

We tested the existence of the participations recognised as of the balance sheet date by matching them with the shareholders registers of the respective companies.

We assessed the valuation based on a net asset value analysis of the most recent annual financial statements of the respective companies that were included in our audit work on the consolidated financial statements of the Group. We analysed whether the net asset value was lower than the cost of acquisition.

In the event of any changes in the value of the investments, we have also examined whether these changes are correctly reflected in the income statement.

Furthermore, we assessed the presentation and disclosures in the statutory financial statements of Valartis Group AG as at 31 December 2023.



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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 report 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.



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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.

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.

Geneva, 28 March 2024

BDO Ltd

Nigel Le Masurier
Auditor in Charge
Licensed audit expert

Olivier Griot
Licensed audit expert

VALARTIS GROUP AG REGISTERED SHARE

in CHF	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023
Share capital Valartis Group AG	4,769,295	4,299,295	4,299,295	4,299,295	3,126,295
Number of VLRT shares issued	4,769,295	4,299,295	4,299,295	4,299,295	3,126,295
Number of outstanding VLRT shares, entitled to dividends	3,836,417	3,900,917	3,945,317	4,011,317	2,767,217
Nominal value of VLRT share	1.00	1.00	1.00	1.00	1.00
Closing price VLRT share	10.20	9.00	13.80	18.00	12.70
High for the year VLRT share	11.30	10.70	13.80	18.50	18.50
Low for the year VLRT share	9.60	7.40	8.00	10.90	11.85
Market capitalisation	48,646,809	38,693,655	59,330,271	77,387,310	39,703,947
Dividend per share	0.00	0.00	0.00	0.00	0.50
Dividend yield	0.0%	0.0%	0.0%	0.0%	3.9%
Price-to-book ratio	0.39	0.36	0.50	0.61	0.43

ADDRESSES AND IMPRINT

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Valartis Market Information

Stock exchange listing: SIX Swiss Exchange
Securities symbol: VLRT
Reuters: VLRT.S
Bloomberg: VLRT SW
ISIN: CH0367427686
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NeidhartSchön AG, Zurich

