

DEAR SHAREHOLDER

The 2023 financial year was characterized by a challenging market environment. This was reflected in the order intake and – in the second half of the year – also in revenues, as customers increasingly pushed back investment projects. Thanks to the growth in revenues resulting from the combination with Schleuniger, the Komax Group delivered a revenue result that was significantly higher than in the already very strong previous year. The long-term trend toward automation remains intact, and – with its Strategy 2028 – the Komax Group is ready to harness the opportunities that present themselves and secure further profitable growth.

Economic and geopolitical uncertainties made themselves felt in the Komax Group's 2023 financial year. Among other factors, higher interest rates in key sales markets and the muted development of the market in China impacted on customers' willingness to invest. This reticence became increasingly pronounced as the year went on. Bolstered by the combination with Schleuniger, the result was a 1.3% increase in order intake to CHF 686.5 million (2022: CHF 678.1 million).

Significant increase in revenues

The Komax Group started the reporting year with record order books of CHF 306.3 million. This was due in particular to additional orders resulting from the shift in production capacities

owing to the war in Ukraine. By the end of the year, this figure had been worked down to CHF 208.2 million, a solid order backlog for the Komax Group. A key factor in the marked 24.0% increase in revenues to CHF 752.0 million (2022: CHF 606.3 million) was Schleuniger's first full-year contribution, following a contribution of just four months in the 2022 financial year. Accordingly, the revenue increase consisted of strong acquisition-driven growth of 30.6% and an organic contraction of 3.5%. The foreign currency effect was negative at –3.1%. The one-time effect from the completion of the sale of the building at the Rotkreuz production site in Switzerland in 2023 is not included in this figure. If one-time effects are factored in, revenues increased to CHF 762.9 million.

Revenue development in Asia lower than expected

The trend toward a higher level of automation in wire processing continued in the year under review. The Komax Group is operating in a growth market. Rising wage costs, a shortage of skilled labor, miniaturization in wires, and increasingly stringent quality requirements are encouraging customers to look more and more to automation for solutions. As a consequence of the difficult economic situation, however, market performance varied from region to region in the reporting year. Business activity continued to lag well behind expectations in China in particular. In Asia/Pacific, the Komax Group recorded a contraction of 6.4% in revenues, with its share of revenues generated in this region declining to 16.6% (2022: 22.0%). By contrast, growth in other regions – North/South America (+55.6%), Europe (+29.3%), and Africa (+6.0%) – was substantial in many cases, due above all to the combination with Schleuniger. This was the case in the Americas, too, where the market position in the Industrial & Infrastructure market segment was strengthened significantly through the combination.

Profitability shaped by multiple factors

The deferral of investment decisions by customers primarily affected the Komax Group's high-margin volume business, which explains why the impact on the operating result was significant. Operating profit (EBIT) totaled CHF 67.8 million for full-year 2023, down 5.5% on the previous year (2022: CHF 71.7 million). The EBIT margin stood at 9.0% (2022: 11.8%). If two one-time effects are factored in – the sale of a building in Rotkreuz (EBIT increase of CHF 11.1 million) and the closure of the site in Jettingen (EBIT reduction of CHF 6.1 million) – EBIT rises to CHF 72.8 million. Including the one-time effects, Group earnings after taxes (EAT) amounted to CHF 43.8 million (2022: CHF 51.8 million), corresponding to a year-on-year change of –15.3%.

Structure optimizations and integration of Schleuniger

The companies in the Schleuniger Group were successfully integrated into the Komax Group business units in 2023. The organizational focus in the year under review was on optimizing the global distribution and service network. The Komax and Schleuniger distribution channels

were merged to enable customer needs to be addressed in the best possible way and allow the portfolio to be offered on a one-stop basis from a single source. As part of this, Komax Portugal was sold to distribution partner Estanflux in Spain, which now covers the entire Iberian Peninsula. In addition, the Komax Group acquired the Alcava Group, Schleuniger's distribution partner in France, Morocco, and Tunisia, thereby further strengthening the market position in these growth markets. Optimizations were completed in 2023, with the exception of a few countries. The Komax Group is also working on analyzing its product portfolio and its production locations. In 2023, it ceased operations at Komax Testing Brasil in Colombo, Brazil, and implemented the first steps for the closure of Schleuniger GmbH's branch office in Jettingen, Germany.

Additional service thanks to the acquisition of WUSTEC

To expand its offering in the growing Industrial & Infrastructure market segment, in 2023 the Komax Group acquired German company WUSTEC, a specialist in automated wire prefabrication. WUSTEC operates a digital platform that allows companies active in control cabinet and machine building to order prefabricated, labeled wire sets that will be delivered within 48 hours.

Very high free cash flow

The Komax Group has a solid financial basis that contributes to the further development of the Group as a whole and offers security in a challenging market environment. As at 31 December 2023, shareholders' equity totaled CHF 390.6 million (31 December 2022: CHF 416.6 million), with an equity ratio of 55.1% (2022: 53.2%). Free cash flow rose significantly to CHF 51.7 million (2022: CHF 17.6 million). Net debt decreased from CHF 105.5 million (2022) to CHF 92.9 million, with the debt factor (net debt divided by average EBITDA) still only at 1.00 (31 December 2022: 1.19).

Changes on the Board of Directors

After serving on the Board of Directors for twelve years, Kurt Haerri will not be standing for re-election at the 2024 Annual General Meeting due to term-of-office limitations. The Board of Directors and the Executive Committee wish to thank him most sincerely for his substantial

commitment to the Komax Group. The Board is proposing that Annette Heimlicher be elected as a new member of the Board of Directors. Annette Heimlicher has been CEO of the Contrinex Group since 2012 and has a wealth of business experience at an internationally active industrial company headquartered in Switzerland. The Contrinex Group is a global technology leader in smart sensors for complex automation and Smart Factory applications.

Distribution of CHF 3.00

To take account of the volatile and challenging business environment, the Board of Directors is proposing to the Annual General Meeting a dividend of CHF 3.00 (previous year: CHF 5.50). Half of this amount will be distributed from capital contribution reserves, and will therefore be tax-free for natural persons domiciled in Switzerland who hold the shares as part of their private assets.

Strategy 2028 sets ambitious targets

The Komax Group formulated its Strategy 2028 in the year under review and has set ambitious targets. Its aim is to continue to grow profitably and achieve revenues of CHF 1.0–1.2 billion in 2028, alongside EBIT of CHF 120–160 million. This corresponds to annual average growth in revenues of 6–9%. Given that the level of automation in wire processing has to date not exceeded 20%, there is enormous growth potential, and the Komax Group intends to make full use of this. To do so, it is focusing on expanding business in Asia, extending its service offering, and increasing the proportion of revenues generated by non-automotive business. ESG (Environmental, Social, Governance) is an integral part of the strategy. The Komax Group has set itself 13 non-financial targets that are set out for the first time in an ESG Report in accordance with GRI Standards.

Outlook

The weaker market development that made itself increasingly noticeable toward the end of 2023 is persisting, and the Komax Group started the new financial year with a lower order backlog than in the previous year. It is confident, however, that the trend toward automation will continue unabated, and hence so, too, the demand for its solutions. The Komax Group will continue to drive the integration process forward in 2024, optimizing additional structures so as to be best equipped to implement its 2028 growth strategy.

The market is currently showing signs of extreme volatility, as it is still beset by a number of economic and geopolitical uncertainties. Consequently, visibility in terms of the development of business is very low, and no forecast for the 2024 financial year can be made as yet.

Yours sincerely,



Dr. Beat Kälin
Chairman of the
Board of Directors



Matijas Meyer
CEO