

DEAR SHAREHOLDER

2022 was an extraordinary year for the Komax Group in many respects. The combination with the Schleuniger Group and the war in Ukraine had a significant impact on the development of business. Record figures were achieved for both order intake and revenues, to the extent that the mid-term targets set for 2023 were exceeded a year early. Customers were eager to further increase the degree of automation in their factories. This laid the basis for a successful financial year for the Komax Group in a turbulent market environment.

The 2022 reporting year was significantly influenced by a number of factors: the combination of Komax and Schleuniger, the war in Ukraine, and the trend toward greater automation in wire processing. Order intake therefore increased substantially to CHF 678.1 million, a rise of 40.6% on the previous year (2021: CHF 482.4 million). Komax received orders for over CHF 599.7 million, while Schleuniger contributed CHF 78.4 million between its consolidation at the start of September and the end of the financial year. Even without Schleuniger, Komax would have exceeded its previous year's result by 24.3% and surpassed

the previous record order intake (CHF 496.7 million, in 2018) by more than CHF 100 million.

Impact of the war in Ukraine

The difficult supply chain situation in the automotive industry was exacerbated in the spring of 2022 by the war in Ukraine, which is a significant center of wire manufacturing. In order to compensate for reduced Ukrainian production capacity against the backdrop of the war and secure their ability to supply automotive producers reliably, wire harness manufacturers built up substitute capacity in other countries. As a

result, the Komax Group received a large number of extraordinary orders in the first half of the year.

Record revenues in a difficult market environment

The global supply chain situation proved a challenge for the Komax Group, too. Overall, the Group coped with this challenge very well, but there were nonetheless some delays, and not all orders could be processed within the accustomed timeframe. The Komax Group posted a record figure for revenues in 2022 of CHF 606.3 million (2021: CHF 421.1 million), an increase of 44.0% on the previous year.

Of this amount, Komax contributed CHF 522.2 million, while Schleuniger contributed CHF 84.1 million in the four months of the financial year following its consolidation. Here, too, a record figure would have been posted even without the Schleuniger Group. The factors behind the revenue increase were very strong organic growth (26.7%), acquisition-driven growth (20.1%), and a negative foreign currency effect (-2.8%).

Automation trend drives growth

The trend toward higher automation in wire processing continued in all regions in the year under review – both in the automotive market segment, where the Komax Group generates around 75% of its revenues, and in the other market segments. Customers are aware that automation not only delivers better long-term cost efficiency compared to manual wire processing, but also helps them to meet increasing quality requirements. In keeping with this trend, the Komax Group grew in all regions: Africa (+37.4%), Europe (+51.2%), Asia/Pacific (+34.3%), and North/South America (+45.4%).

Further increase in profitability

The Komax Group also improved its profitability in 2022, which was due in particular to the higher revenues and advantageous product mix associated with orders received in connection with the war in Ukraine. Operating profit (EBIT) rose accordingly by 60.1% for the full year of 2022, to CHF 71.7 million (2021: CHF 44.8 million). Group earnings after taxes (EAT) increased by 70.4% to CHF 51.8 million (2021: CHF 30.4 million). The Schleuniger Group contributed CHF 5.0 million to EBIT and CHF 2.6 million to EAT.

Combination with Schleuniger secures competitiveness

The combination of Komax and Schleuniger, which was completed at the end of August 2022, marked a historic moment for both corporate groups. This combination brought eleven companies with strong market positions and locations spread across three continents into the Komax Group, expanding it significantly. Together with Schleuniger, opportunities that arise in the market can now be harnessed better and more rapidly. The combination supports all four strategic priorities of the Komax Group, and therefore will secure its competitiveness over the long term. In addition, the combination has increased the stability of the shareholder base thanks to a new anchor shareholder with a long-term focus: Metall Zug AG, the former owner of the Schleuniger Group. Jürg Werner was appointed to the Board of Directors as Metall Zug AG's representative at the 2022 Annual General Meeting.

Komax and Schleuniger have been growing together gradually over the last few months and doing everything in their power to ensure that the needs of customers continue to be optimally met during this integration phase. At the same time, management is developing a new target picture for the Komax Group, along with the associated strategy. This is expected to be communicated at the end of September, together with the new mid-term targets.

Enhanced innovative strength

Thanks to the combination, the Komax Group has acquired more than 1 000 new specialists, so it now has even greater expertise in various areas, not least research and development. In 2022, the Komax Group channeled CHF 59.0 million or 9.7% of revenues (2021: 9.8%) into research and development. The Komax Group will take advantage of its combined innovative strength to offer its customers new automation solutions even more quickly in the future.

Solid financial foundation

The Komax Group already had a robust financial base, but this has been strengthened further through the combination with the Schleuniger Group. As at 31 December 2022, shareholders' equity totaled CHF 416.6 million (2021: CHF 264.9 million), with the equity ratio coming in at 53.2% (2021: 51.4%). Free cash flow rose sharply thanks

to improved business development, amounting to CHF 17.6 million (2021: CHF –5.5 million). Net debt rose slightly from CHF 98.4 million (2021) to CHF 105.5 million in the year under review. This solid foundation enables the Komax Group to systematically pursue opportunities to develop the Group further and offers security in challenging times.

In order to secure freedom of financial maneuver in the future, the Komax Group signed a new syndicated loan agreement at the end of 2022, which will run until January 2028. The credit facility has been increased from CHF 187 million to CHF 250 million – with the option of adding a further CHF 60 million. In addition to the syndicated loan, the Komax Group has access to bilateral credit lines that together amount to a maximum of CHF 60 million (previously CHF 30 million).

Distribution of CHF 5.50

As a result of the Group's success in the 2022 financial year, the Board of Directors is proposing to the Annual General Meeting an increase in the dividend to CHF 5.50 (previous year: CHF 4.50). This equates to a payout ratio of 54.5%. The Komax Group is therefore adhering to its strategic target of distributing 50–60% of EAT to shareholders. Half of this figure of CHF 5.50 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.

Outlook

The Komax Group started off 2023 with a record order backlog. At the end of 2022 the book-to-bill ratio was 1.12.

The Komax Group is confident that the trend towards automation will persist, and hence so, too, the robust demand for the solutions offered by the company. In addition, the Komax Group

is expecting the supply chain situation to gradually improve in 2023, which would help the high order backlog to be worked down over the coming months.

If Schleuniger had contributed twelve months to the Komax Group's 2022 results instead of four, revenues would have amounted to a total of around CHF 770 million. Despite the fact that the extraordinary revenues of approximately CHF 70 million triggered by the war in Ukraine will no longer be a feature of results in 2023, the Komax Group is anticipating revenues that are at least on a par with 2022 figures (around CHF 770 million). This is assuming that there are no significant changes in the market environment and in knowing that visibility is limited to a few months. The EBIT margin depends very much on the product mix. Given that this is unlikely to be as favorable in 2023 as it was in 2022, the Komax Group is expecting an EBIT margin in the region of 11%.

Yours sincerely,



Dr. Beat Kälin
Chairman of the
Board of Directors



Matijas Meyer
CEO

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