

Annual Report 2022

GROWING TOGETHER



komax

The Komax Group is a pioneer as well as market and technology leader in automated wire processing solutions. Serial production machines, customer-specific systems, quality assurance modules, test systems, networking solutions, and services are all provided on a one-stop basis. The Komax Group aims to further expand its leading position and set the pace on the trends that are important today, such as automation, e-mobility, and autonomous driving. To this end, it is channeling above-average investment into research and development.

The Komax Group has ambitious growth and profitability targets. Through its business strategy, which is geared to long-term success, the Komax Group aims to create sustainable value that will also benefit its shareholders in the form of an attractive dividend policy.

KEY FIGURES

678 million
order intake in CHF
(2021: 482 million)

606 million
revenues in CHF
(2021: 421 million)

71.7 million EBIT in CHF
(2021: 44.8 million)

12.11 basic earnings
per share in CHF
(2021: 7.90)

53.2% equity ratio
(2021: 51.4%)

9.7% of revenues invested in
research and development
(2021: 9.8%)

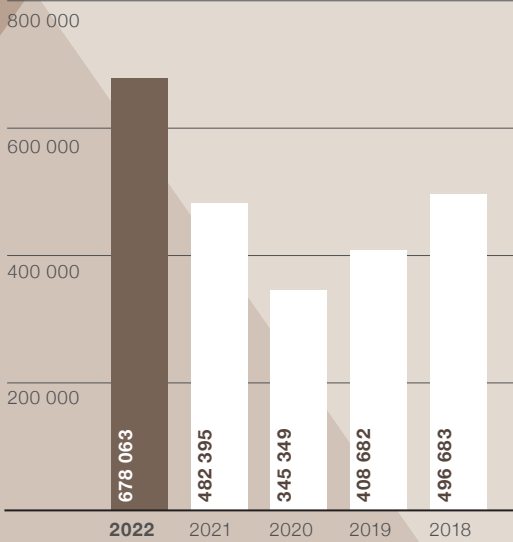
3 390 employees as at 31.12.
(31.12.2021:
2 121 employees)

54.5% payout ratio
(2021: 57.0%)

KEY FIGURES FIVE-YEAR OVERVIEW

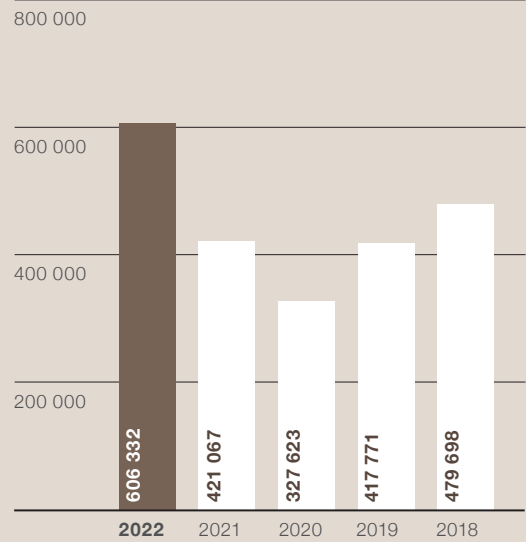
Order intake

in TCHF



Revenues

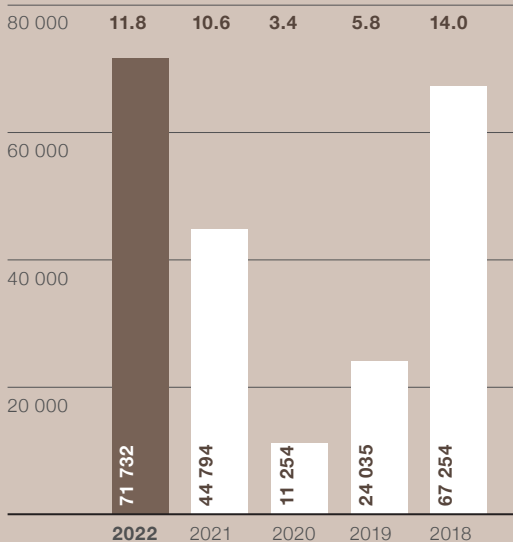
in TCHF



Operating profit (EBIT)

in TCHF

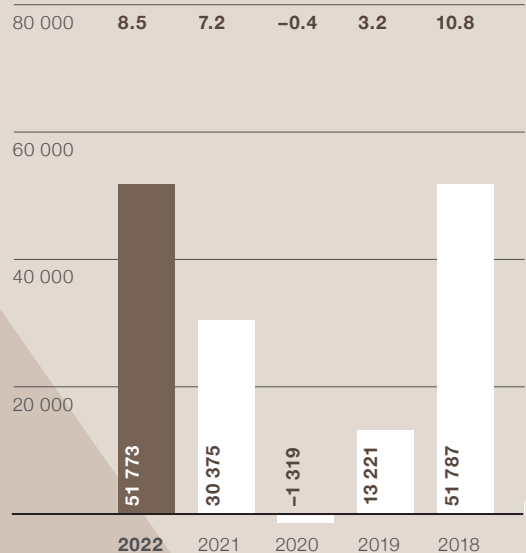
EBIT in % of revenues



Group earnings after taxes (EAT)

in TCHF

EAT in % of revenues



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MANAGEMENT REPORT

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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

9 March 2023

GROWING TOGETHER

The combination of Komax and Schleuniger brings together two successful companies in the sphere of automated wire processing, thereby guaranteeing their long-term competitiveness.

For the Komax Group and the Schleuniger Group, the market for automated wire processing offers many opportunities. However, these require significant investment, personnel resources, and considerable expertise. In order to exploit these opportunities swiftly and efficiently, the two companies joined forces with effect from 30 August 2022. Thanks to their combined power to innovate, customers can be offered new solutions for permanently increasing their degree of automation more rapidly.

Who are Schleuniger?

The Schleuniger Group is a global technology company and an innovative provider of solutions for the wire processing and testing industry. Prior to the combination, Schleuniger was the world's second-largest provider in the area of automation solutions for the wire processing industry, after Komax. The company's strengths lie above all in the area of cutting and stripping machinery, and range right through to fully automatic machines for the processing of micro-coaxial and coaxial cables, among other things.

Founded in the Swiss town of Thun in 1975, Schleuniger and its subsidiaries, including adaptronic, Cirris, and DiIT, now employ more than 1 000 people worldwide. With branches in Europe, North America, China, and Japan, as well as a network of distribution and service partners all over the world, Schleuniger primarily supplies customers in the automotive industry. In addition, the company is active in sectors such as information and communications technology, industrial and consumer electronics, aerospace, transportation, and medical technology.

Two successful companies grow together

At the time of the combination, Schleuniger was around half the size of Komax in terms of revenues and headcount, but was no less successful. Both companies have carved out leading positions over the last few decades and built up strong brands. Both Schleuniger and Komax embody Swiss values, and base their success on a commitment to quality and innovative tech-



Schleuniger Group headquarters
in Thun, Switzerland.

WHY DOES THE COMBINATION OF KOMAX AND SCHLEUNIGER MAKE SENSE?

- Key trends such as automation, e-mobility, and the rising significance of the automotive market in Asia offer a number of growth and differentiation opportunities. By joining forces, the two companies can exploit these earlier and in a more targeted way.
- Customers will receive innovative solutions more quickly, which will allow them to increase the degree of automation further. They can also rely on proven sales and service networks, along with an optimal level of customer service.
- A high level of investment is required to satisfy the market needs of customers. The bundling of expertise will facilitate new solutions for growth in key markets.
- Further growth requires skilled personnel. Thanks to the additional expertise and resources gained, the combination will guarantee the competitiveness of the Komax Group in the longer term.
- Employees, meanwhile, will benefit from additional development opportunities in a larger corporate group, which will be looking to create more jobs and training positions.
- The Komax Group will generate additional value for shareholders by securing its long-term competitiveness and by harnessing synergies and economies of scale going forward. Shareholders will also benefit from the stability of the anchor shareholder Metall Zug AG, with its long-term orientation.



Komax and Schleuniger colleagues enjoying a chat.

Employees at a get-together.



nologies. Their corporate cultures are similar, as are the values espoused by the two companies. Everything is in place for a successful integration.

The Komax Group is reliant on its qualified workforce if it is to achieve its targets. For that reason, it attaches the utmost importance to transparent communication when it comes to the integration process. This process is being actively accompanied by regular webinars, video

messages from the CEO of the Komax Group, and get-togethers at which employees of the previously separate companies can get to know each other both professionally and personally. The focus here is on sharing experiences, learning from one another, and growing together.

“The combination will allow us to react to key trends appropriately and with the necessary speed in the future, which will in turn further increase our competitiveness. As a result, the customers of the merged company will continue to have a reliable partner that will deliver impressive and innovative products and services.”

Matijas Meyer, CEO Komax Group

Combination through quasi-merger

From 2008 onwards, the Schleuniger Group was the Wire Processing division of the Swiss industrial group of companies Metall Zug AG. Following detailed discussions and intensive negotiations, Komax and Metall Zug AG agreed to amalgamate the two companies Komax and Schleuniger by means of a quasi-merger. The companies announced this intention on 9 February 2022.

To finance the combination, the Komax Group proposed to the Annual General Meeting of Shareholders of 13 April 2022 the creation of new shares by means of a capital increase. Thanks to the approval of the capital increase by the General Meeting, Komax Holding AG was able to create 1 283 333 new shares. Closing on the combination became effective in August

2022, after the last outstanding competition authority issued its approval at the end of July. This involved the newly created shares being allocated to Metall Zug AG in exchange for the shares in Schleuniger, thereby giving the former a 25% stake in Komax Holding AG. As new anchor shareholder of the Komax Group, Metall Zug AG pursues a long-term investment strategy. In order to underscore this point, the companies agreed a six-year lock-up period for the package of shares in question. The newly created shares traded on SIX Swiss Exchange for the first time on 31 August 2022, with the Schleuniger Group being consolidated with effect from September 2022.

Within the framework of the capital increase, the Annual General Meeting passed a resolution rescinding the 15% voting rights restriction in the Articles of Association of Komax Holding AG, thereby strengthening corporate governance. Furthermore, Jürg Werner, the former Chairman of the Board of Directors of Schleuniger AG, was elected as an additional member of the Board of Directors of Komax Holding AG (see page 75).

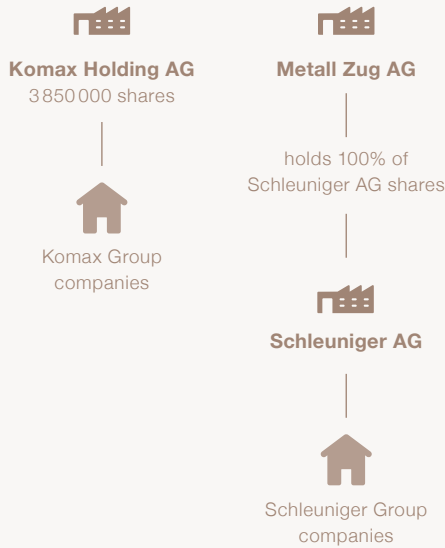
The Komax Group will now analyze the new status quo in detail following the combination, and develop new targets along with the corresponding strategy. On this basis, it will define new mid-term financial targets, which are then expected to be communicated at the Investors' Day on 28 September 2023.

THE DIFFERENCE BETWEEN A MERGER AND A QUASI-MERGER

Unlike a conventional merger under the Swiss Mergers Act, whereby two companies are merged to form a single company, a quasi-merger means that the two legal entities remain in place. The merger is effected by one company acquiring the shares of the other company and the acquired company becomes a subsidiary of the acquiring company.

OVERVIEW OF THE COMBINATION OF KOMAX AND SCHLEUNIGER

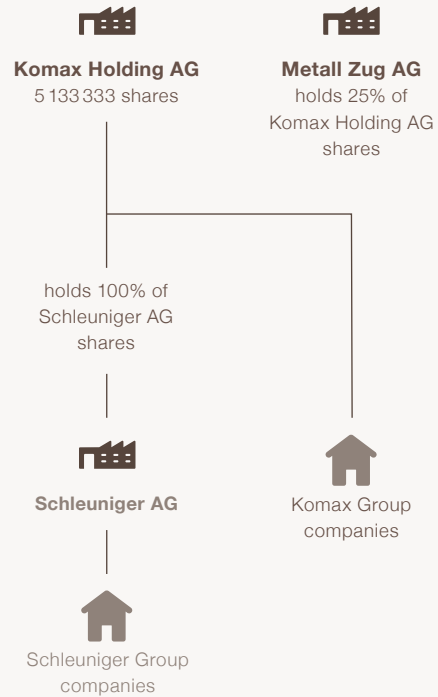
BEFORE QUASI-MERGER



Proposal to Annual General Meeting →
Creation of 1 283 333 new shares of Komax Holding AG by means of a capital increase

Approval of relevant competition authorities and closing

AFTER QUASI-MERGER



→ **New anchor shareholder**
Metall Zug AG now has a 25% stake in Komax Holding AG. The parties have agreed a six-year lock-up period.

9 Feb 2022	13 Apr 2022	27 Jul 2022	30 Aug 2022	31 Aug 2022	1 Sep 2022	28 Sep 2023
Announcement of intention to carry out quasi-merger of Komax and Schleuniger	Annual General Meeting – Capital increase – Rescinding of 15% voting rights restriction – Election of Jürg Werner to the Komax Board of Directors of Komax Holding AG	Communication of granted clearance from relevant competition authorities	Closing of quasi-merger	Start of trading of additional shares on SIX Swiss Exchange	Consolidation of Schleuniger Group	Communication of new strategy on Investors' Day
	Review and approval of transaction by relevant competition authorities		Combination of Komax and Schleuniger and commencement of shared business activities, development of a new strategy			

INTERVIEW

The Komax Group performed very well in 2022 despite a turbulent market environment, and is well positioned for success in the future following the combination with Schleuniger.

Beat Kälin, how would you assess the 2022 financial year?

Beat Kälin: It was definitely a year that will go down in the history books for the Komax Group. Firstly, because we have never recorded an order intake and revenues of this magnitude before. And secondly, because of the long-term significance of our combination with Schleuniger.

The combination took many people by surprise. How did it come about?

Beat Kälin: Various trends in our market offer numerous opportunities, such as e-mobility, the shift of the automotive market to Asia, and automation generally. A high level of investment is essential if we are to consistently exploit the growth opportunities on offer. Komax and Schleuniger are in the same situation in this respect. Both are successful, healthy companies that nevertheless need to prioritize the specific trends they want to pursue based on their available financial and personnel resources.

And what are you hoping to get from the combination of the two companies?

Beat Kälin: It will strengthen our competitiveness over the long term, as we will have additional expertise and resources with which to leverage the relevant trends. Or, to put it another way: It has given us extra resources to bring new solutions to the market more rapidly and thereby meet the needs of our customers even better – and on a broader basis.

Matijas Meyer, let's talk about the figures for 2022. How satisfied are you with these results?

Matijas Meyer: We've been confronted by a challenging market environment for a number of years

now. So to be able to unveil record figures is an extraordinary achievement, and one that pleases me greatly. This result was possible thanks to the hard work and dedication of our employees. On behalf of the Executive Committee, I would like to thank all those who have worked relentlessly to meet the needs of our customers and deal with the various challenges on a daily basis along the way.

What challenges are you referring to?

Matijas Meyer: As in previous years, the coronavirus pandemic and supply chain difficulties proved significant obstacles. The course of the pandemic had an impact on our business activity in Asia in particular. As a result of lockdowns, customer visits were heavily restricted or even impossible for a prolonged period of time. What's more, the workforce at our production site in Shanghai was directly affected by the city being locked down for many weeks. They coped with this situation admirably. A number of employees even spent part of the lockdown period at our location in Shanghai so as to be able to continue their work.

And what about the supply chain situation? Any improvement on the horizon?

Matijas Meyer: Some aspects of our procurement situation improved in the second half of the year. But there are still several components that are in short supply and subject to long delivery times. It was above all thanks to the great efforts and expertise of our employees on the procurement side that we were able to continue to provide a high level of reliability on deliveries despite all the difficulties. Particularly bearing in mind the extraordinary situation we faced in the first half of the year.



Chairman of the Board of Directors Beat Kälin (left) in discussion with CEO Matijas Meyer.

How do you mean?

Matijas Meyer: We came into 2022 with a strong order book. So we had plenty on our plate from the start, and there was considerable pressure on our specialists to source the necessary components in the required timeframe. And when the war then started in Ukraine, the challenges faced by our production planning teams multiplied in just a few days.

Can you be more specific?

Matijas Meyer: As a large number of wire harnesses for European automotive manufacturers are produced in Ukraine, these companies were very concerned that they would not be able to acquire the wire harnesses they needed in a timely manner. To mitigate this problem, wire manufacturers began building up substitute capacity in other countries as quickly as possible – in Eastern Europe and North Africa in particular. But to install that capacity they also needed numerous wire processing machines. For us this meant a deluge of orders in a single month that

we would ordinarily expect across an entire quarter. And of course, the delivery urgency was extreme. This in turn required us to ramp up our production capacity hugely within a very short space of time, and to find a way to procure even more of those components that were already in short supply. I was impressed and enormously pleased by the flexibility and dedication our workforce showed in this situation.

Were you able to process all these orders?

Matijas Meyer: The trend toward greater automation and the war in Ukraine triggered an extremely high order intake. And with the current supply chain situation, production volumes cannot simply be increased by any amount just like that. This meant that we had a high book-to-bill ratio of 1.12 at the end of 2022, which gives us confidence when it comes to our operating result for the first half of 2023.



“This result would not have been possible without the hard work and dedication of our employees.”

Matijas Meyer, CEO

In addition to the order intake and revenues, the EBIT margin also rose in 2022. Is there a correlation there?

Beat Kälin: In our business there are two key factors that influence the EBIT margin: volumes and the product mix. Both of these factors developed in our favor in 2022. Firstly, we were able to increase revenues significantly; secondly, the large number of orders for the build-up of substitute capacity outside of Ukraine had a positive impact on the product mix. The order book was above all dominated by crimp-to-crimp machines, which we produce in standard models with a correspondingly high operating leverage. But obviously it's important to have your cost situation under control if you want to boost the EBIT margin.

How are shareholders benefiting from this rise in profitability?

Beat Kälin: Very directly. On the one hand, Komax shares appreciated by around 2% in 2022 despite a turbulent market environment – compare that to a 24% slump in the SPI Extra, for example. And on the other, through an increase in the dividend to CHF 5.50, as the Board of Directors is proposing to the Annual General Meeting. Half of this figure will be distributed from capital contribution reserves, which means it will be tax-free for natural persons domiciled in Switzerland who hold shares as part of their private assets. A dividend of CHF 5.50 equates to a payout ratio of 54.5%. We are therefore adhering to our strategic target of an attractive dividend policy with a payout ratio of 50–60% of Group earnings after taxes (EAT).

Will it be possible to make further distributions from capital contribution reserves going forward?

Beat Kälin: Yes, as the combination with Schleuniger has resulted in these reserves rising from CHF 0.8 million to CHF 207.1 million. Even after the proposed dividend is distributed following the AGM, we will still have CHF 180 million in capital contribution reserves. In other words, we will be able to pay numerous shareholders a partially tax-free dividend in the future, too.

Given that you achieved your existing financial targets a year earlier than planned, when will you be setting new targets?

Beat Kälin: In March 2020, the Board of Directors set a target of achieving revenues of between CHF 450 and 550 million in 2023, with EBIT of between CHF 50 and 80 million. And we achieved those targets in 2022, with revenues of CHF 522 million and EBIT of CHF 67 million. It goes without saying that these figures do not include the revenues and EBIT of Schleuniger, as the combination of the two companies was not factored into our calculations when we set the corresponding targets. We will define new targets as part of the strategy process that is currently unfolding, and will communicate these at the end of September.

But the combination with Schleuniger took place at the end of August 2022. Why will it take a whole year for you to define a new strategy and new targets?

Matijas Meyer: The Komax Group has become some 50% larger as a result of the combination. We have over 1 000 new employees and eleven new companies. If we want to be successful in the long term, it is crucial that employees are involved in the integration process and that we are transparent in our communications. Before we can formulate the new strategy we must first analyze the new status quo in detail. It's important that we deploy the great expertise of employees to best possible effect in all regions and market segments, both at Komax and at Schleuniger. For this to work, we first had to get to know each other and create a basis of trust on which we can build, so that we can forge a target vision for the future together. This process will take time, but I'm in no doubt at all that the investment will be worthwhile. Both Komax and Schleuniger are successful companies, so there's no need to rush through any urgent measures.

Aside from the new strategy, what areas are you focusing on in 2023?

Matijas Meyer: The integration process has gone very well so far, and many Komax and Schleuniger employees are already collaborating very closely.

We need to continue along this path. At the same time, it's important that we don't get overly preoccupied with ourselves, but continue to respond to the needs of our customers in the best possible way. Numerous uncertainties will pose challenges in 2023 – such as wider macroeconomic developments, which will have an impact on the investment behavior of our customers, and the ongoing supply chain situation. That said, I'm looking ahead to the next few months with confidence, as the trend toward greater automation is intact and we intend to launch a number of new solutions. We will unveil some of these in November at Productronica in Munich, where Komax and Schleuniger will have a substantial shared presence at a trade fair for the first time. This will be a highlight of 2023.

“The combination with Schleuniger will strengthen our competitiveness over the long term.”

**Beat Kälin,
Chairman of the Board of
Directors**



MEGATRENDS ACCELERATE GROWTH

Global megatrends are accelerating key growth drivers for the business of the Komax Group. Environmental awareness, networked vehicles, and a desire for mobility solutions that offer greater safety and comfort yet remain affordable are fueling a steady rise in demand for automation solutions. They are leading to more wires and new types of wires in vehicles, which in turn is increasing the need for automated processes as a result of factors such as quality, efficiency, complexity, costs, miniaturization, and traceability.

The Komax Group generates the majority of its revenues in the automotive industry and is benefiting from the global, long-term megatrends in this industry. These include growing environmental awareness among consumers and the desire for greater safety and comfort in vehicles. On top of this, a global megatrend toward affordable vehicles is emerging. Despite the growing complexity of vehicles, individual mobility has to remain within the means of consumers if it is to be a feasible option for as many people as possible.

In the four market segments of the Komax Group, these trends are juxtaposed with a persistently low level of automation in the production of wire harness manufacturers. The lion's share of the wire harness manufacturing process is still done by hand. Against the backdrop of the aforementioned megatrends, manual production is coming up against increasing challenges that can be overcome by means of process auto-

mation. The megatrends are thus accelerating key drivers of growth for the Komax Group.

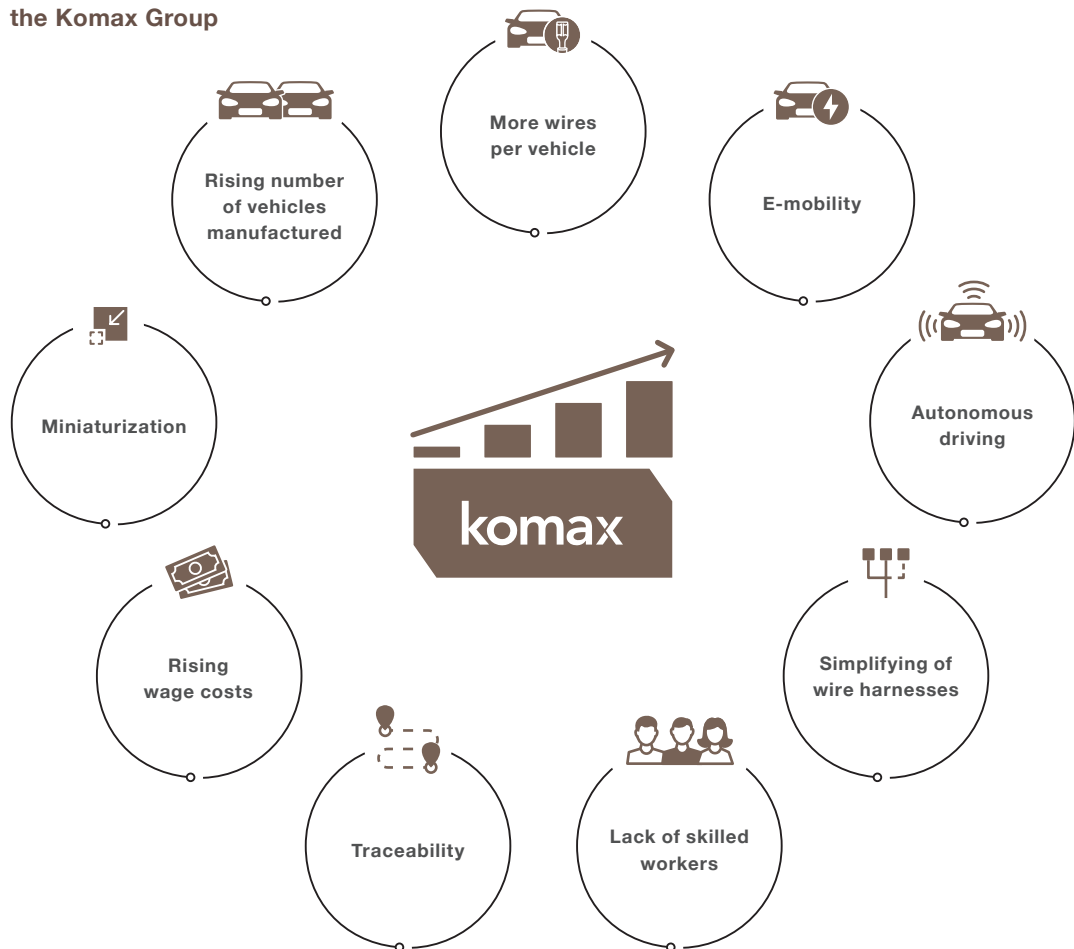
Rising number of vehicles being manufactured

After the slump of 2019/2020, global automotive manufacturing is back on a growth trajectory. According to IHS Markit analysis, some 82 million cars and light commercial vehicles were manufactured worldwide in 2022. Production volume was thus slightly higher than in 2021. Although the recovery was not as pronounced as expected at the start of 2022, the long-term growth trend is intact. IHS Markit is anticipating an average annual growth rate of around 3% over the next four years (for more on market developments, see page 36).

More wires per vehicle

Innovations in vehicle construction, new functionalities, and an ever-rising fit-out level in all

Key growth drivers of the Komax Group



vehicle classes are leading to a further increase in demand for wires and crimp contacts in the automotive industry. The need for greater safety in vehicles is driving up the number of electrical functions, for example. Here the emphasis is not only on protection in the event of an accident, but also – and above all – on avoiding accidents. As a consequence, the number of sensors in vehicles will continue to rise.

A further trend is growing interconnectedness. Infotainment systems in vehicles are becoming ever more wide-ranging and complex. Integrated information systems form the basis for the future: autonomous driving.

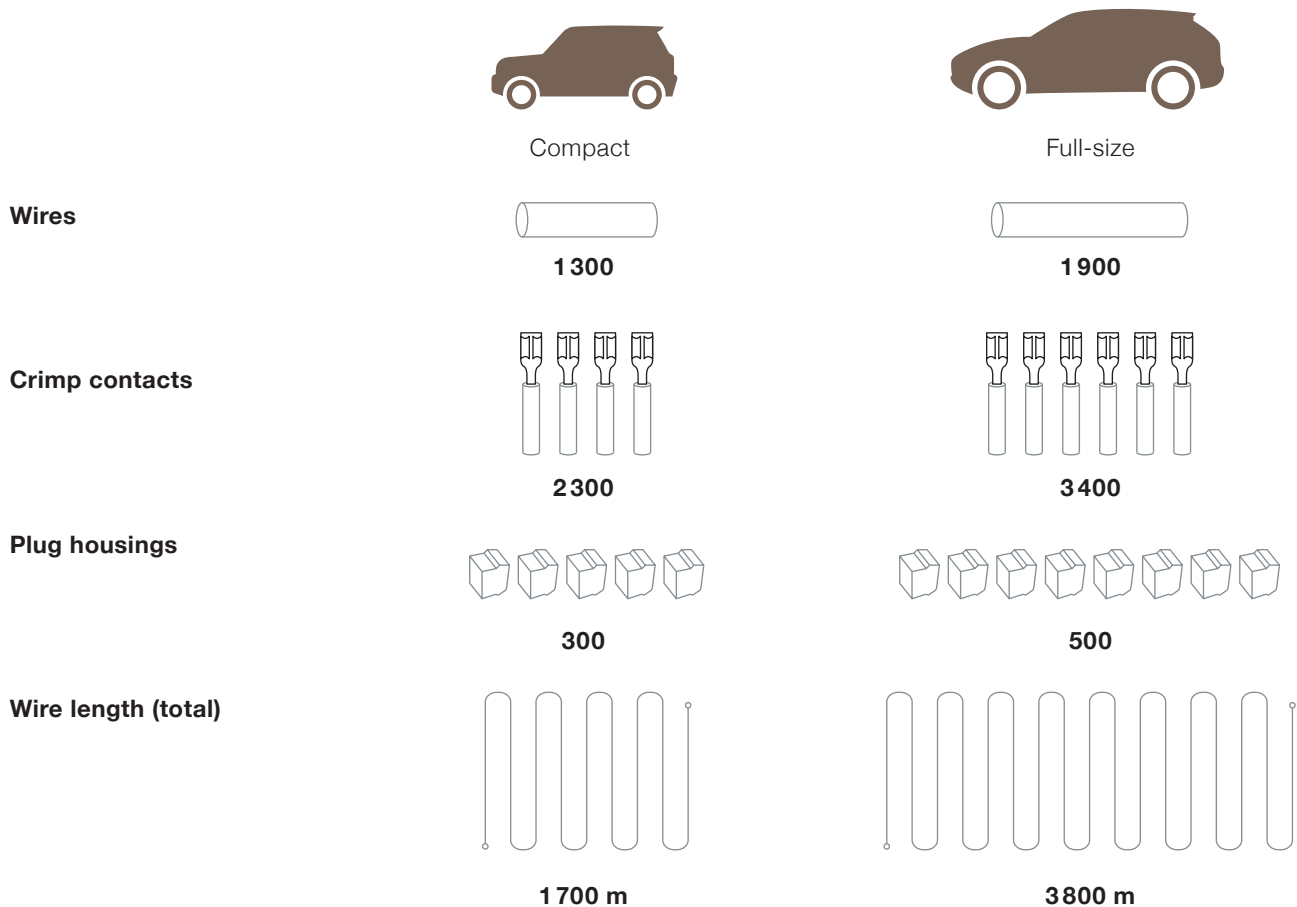
These trends, which have been in evidence for a number of years now, are set to intensify further. Accordingly, the number of wires being assembled per vehicle is on the rise. The electrical systems in today's compact passenger cars comprise as many as 1 300 wires, 2 300 crimp contacts, and 300 plug connectors. Premium

vehicles require as many as 1 900 wires, 3 400 crimp contacts, and 500 plug connectors. This is several times as many as in vehicles built two decades ago. New technologies are generally rolled out first in the premium vehicle category, and then successively integrated into the other models, which in turn increases the number of wires there, too.

E-mobility calls for new wire processing solutions

Growing environmental awareness among consumers and the associated target of emission-free vehicles are part of the megatrends that will underpin the business of the Komax Group in the long term. In addition, the need for a more sustainable approach to the use of the Earth's resources is being increasingly boosted by regulatory measures. For example, from 2035 onwards, no new passenger cars with diesel or petrol engines will be registered in the EU (see page 38).

Increase in electrical functions in vehicles



In the most important market segment for the Komax Group – the automotive industry – the shift from combustion engine vehicles to e-mobility plays a key role. New types of high-voltage cables will have to be processed for these hybrid and electric vehicles (see page 57). This is an opportunity for the Komax Group to create further unique selling propositions and thus additional sales opportunities.

Miniaturization continues to make inroads

Another factor driving automation is the ongoing miniaturization of wires. Wire cross-sections are becoming ever smaller, which makes manual processing difficult or even impossible.

Simplifying wire harnesses through zonal architecture

The individual subsystems and assemblies in vehicles – and wire harnesses in particular – are becoming increasingly complex, which throws

up challenges for automatic production. To counter this, various automotive manufacturers and suppliers are seeking to radically simplify the wire harness. The Komax Group is involved in such projects, and is demonstrating what changes are needed to wire harnesses in order to facilitate a greater degree of automation in the production process.

The goal is a zonal electrical system with several smaller wire harnesses rather than one big, complex one. The Komax Group is actively driving forward developments in this area together with partners, such as within the framework of ARENA2036 (see page 45). Wire length is reduced overall, but not necessarily the number of wires used, and this is the key element for the Komax Group. Simpler wire harnesses with shorter wires are easier to produce on an automated basis, and will help ramp up the degree of automation.

Cost efficiency in manufacturing

Efforts to simplify wire harnesses should also generate cost savings. Individual mobility has to remain affordable for consumers. This requires greater cost efficiency in manufacturing, which in turn is increasing the pressure to automate wire processing further – especially given the backdrop of rising wage costs and geopolitical uncertainty in low-wage countries where the bulk of manual wire processing is carried out.

Rising quality requirements

Modern vehicles contain ever more electrical components, particularly in connection with autonomous driving. This increases the quality requirements placed on wire processing. As components become increasingly complex, the potential sources of error in manual wire processing become more numerous. Manual processes are becoming less capable of meeting these demands. In addition, they are unable to ensure seamless traceability in the individual process steps to the same degree as automated solutions. This in turn makes after-the-fact troubleshooting more difficult.

The rapid proliferation of the zero-error tolerance principle means there is a growing need for test systems. Test systems of this kind guarantee the highest possible functionality of wire harnesses and electronic assemblies installed in vehicles. This is understandable, as defective wire harnesses require considerable time and expense – at the cost of productivity and profitability – to repair or replace once they have been fitted in a vehicle. Moreover, functional defects in the electronic systems of delivered vehicles can result in serious reputational damage.

Intelligent automation solutions, quality assurance tools, and systems for testing harnesses before they are installed in vehicles help guarantee the efficiency, safety, and consistently high quality of the production process. This has been recognized by automotive manufacturers, which is why they are increasingly calling on their suppliers to increase the degree of automation in their production processes.

Rising wage costs and a lack of skilled workers

The repercussions of the global events of recent years – whether it be the pandemic, difficulties in the international supply chains, or the war in Ukraine – are causing a shift in customers' thinking.

They are looking for shorter supply chains, so as to strengthen security of supply. This will benefit automation, because if wire processing is relocated to countries with higher wage costs, headcount will have to be reduced in order to offset these additional costs. Added to this is the fact that there is already a shortage of skilled personnel. Yet another factor is that, over the long term, wage costs in what are currently low-wage countries should be expected to climb further. This, too, will boost investment in automation solutions.

Long-term trend toward automation

These key factors are driving the business of the Komax Group on a long-term basis. The coronavirus pandemic weighed heavily on the automotive industry, with the result that production figures for 2020 and 2021 were significantly down on previous years (see page 36). As a result, customers of the Komax Group had excess capacity for a prolonged period of time, and only resumed investment in capacity expansion as 2021 progressed. Despite this, the aforementioned factors that are fueling a higher degree of automation in wire processing made themselves felt. Discussions between the Komax Group and its customers on increasing the level of automation in a sustainable way have therefore continued uninterrupted over the last few challenging years.

Customers are aware that there is no way of side-stepping the trend toward automation. In the coming years, too, global megatrends will contribute to the stage-by-stage increase in the automation of wire processing.

BUSINESS MODEL AND STRATEGY

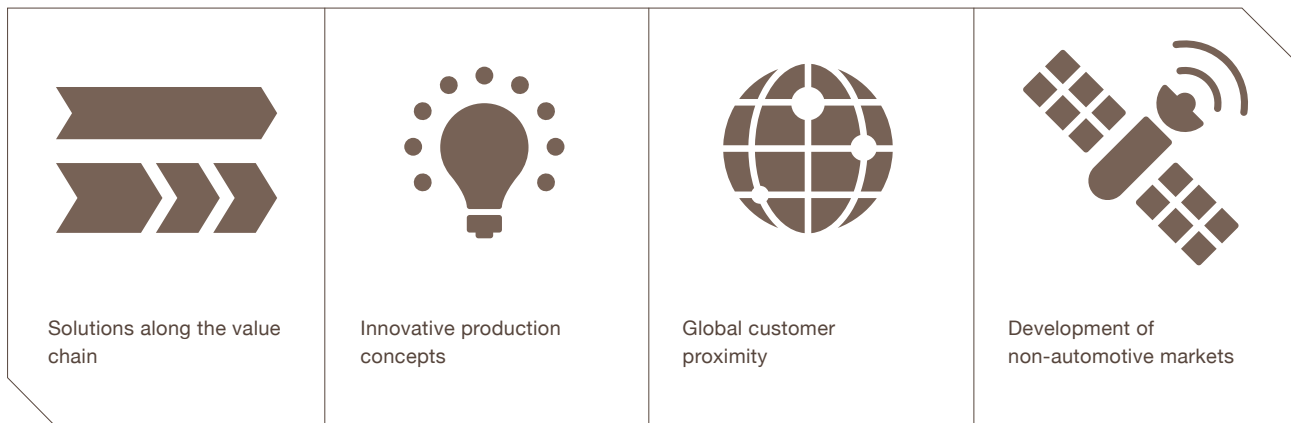
The Komax Group offers its customers cutting-edge technical solutions for automated wire processing in four market segments – automotive, aerospace, data/telecom, and industrial – and continuously strives to improve its competitiveness. Above-average profitability and sustainable growth are important objectives here. This goes hand in hand with environmentally conscious, socially aware, and responsible conduct toward all stakeholder groups. To achieve its objectives, the Komax Group pursues four key strategic priorities.

The Komax Group specializes in innovative solutions for all wire processing applications and for the testing of wire harnesses. The emphasis is on processes such as measuring, cutting, stripping, crimping, taping wires, and block loading. The Komax Group offers its customers fully automated and semi-automated serial production models as well as customer-specific systems (for all degrees of automation and individualization), which optimize processes while increasing productivity. These are supplemented by an extensive range of quality assurance modules,

testing devices, and networking solutions for the reliable and efficient production of wire harnesses. Digital services that increase the availability of installed systems and test their productivity also form part of the range, as does intelligent software. All of this provides ideal conditions for customers of the Komax Group to consolidate and increase their competitive advantage.

FOUR KEY STRATEGIC PRIORITIES

The Komax Group has almost 50 years' experience in the development of customer-oriented solutions for wire processing and pursues a sustainable growth strategy that involves four key priorities:



8–9%
of revenues
invested in research
and development

Solutions along the value chain

Thanks to many decades of experience and its proximity to its customers (see pages 28/29), the Komax Group understands their needs and offers them a comprehensive range of innovative and reliable automation solutions. The offering covers the most capital-intensive and critical processes of customer value chains – from measuring and cutting wires to the taping process, and finally the testing of the completed wire harness (see pages 26/27). The Komax Group relies not only on its proprietary developments, but also on the expertise of established partners. As a result, customers receive solutions for the key wire processing applications on a one-stop basis. This approach is unique in the world.

In recent years, the Komax Group has succeeded in closing the existing gaps in its spectrum of products and solutions thanks to a number of acquisitions and the combination with Schleuniger, with the result that it can now offer its customers end-to-end solutions. The Komax Group has by far the broadest portfolio of solutions on the market, which means that it can address a whole range of customer needs in a targeted way.

Innovative production concepts

For a market leader like the Komax Group, innovations are of maximum strategic importance. The company has therefore been investing in innovations to optimize its existing product range, as well as in new developments, for many years. Every year, the Komax Group channels some 8–9% of revenues into research and development (see page 41). The bottom line here is to give customers an additional competitive edge by making their processes safer and more efficient. All activities are systematically geared toward customer needs and expectations.

That is why the Komax Group typically employs interdisciplinary teams – consisting of marketing experts, product managers, and development engineers – on innovation projects. For example, skillfully combining different processes and technologies reduces interfaces and lead times. At the same time, processing reliability is increased.

Global customer proximity

The Komax Group has 30 engineering and production sites located in Europe, Asia, North and South America, and Africa. The company provides sales and service support in more than 60 countries through its subsidiaries and indepen-

dent agents, which gives it a unique global presence. It has set itself the goal of being close to its customers so that it can provide outstanding service combined with the shortest possible response and supply times.

To remain competitive, customers of the Komax Group need to be flexible and select the optimal economic locations for their production processes – in other words, set up operations wherever their end customers are. This is also true for the Komax Group. To ensure that it stays close to its customers, including when those customers choose to relocate, the Komax Group likewise has to show flexibility. For this reason, the Komax Group seeks to expand its global reach in a targeted way, be it through acquisitions or by opening new sites.

Development of non-automotive markets

The Komax Group generates around 75% of its revenues through customers in the automotive industry. Market estimates indicate that some 60% of globally processed wiring is used in automotive manufacturing. This high proportion is explained by the fact that the automotive industry is peerless when it comes to standardization and automation. The considerable volume of wires needed for large-batch processing and the stringent requirements in place with regard to finish quality are key arguments in favor of automated solutions.

In addition to the automotive industry, there are countless other markets in which numerous wires are processed. The Komax Group focuses predominantly on three additional market segments (see pages 34/35), all of which have synergy potential with the core business: aerospace, data communication and telecommunication (data/telecom), and industrial applications

(industrial). As these markets offer attractive long-term growth opportunities, the Komax Group is seeking to increase its penetration. If this is to be achieved, targeted investment in marketing and sales is essential.

Financial stability

Safeguarding financial stability is a further key strategic element for the long-term success of the Komax Group. The company is distinguished by its robust equity base and strong profitability. Its equity ratio is 53.2%. This solid foundation enables the Komax Group to systematically pursue opportunities to develop the company further and offers security in challenging times.

Selective acquisitions

The Komax Group primarily aims to grow organically. In addition, potential candidates and opportunities for acquisitions are carefully examined as part of a clearly defined acquisition strategy that revolves around its four key strategic priorities. The acquisitions completed in recent years have played a significant role in the implementation of these strategic priorities. The combination with the Schleuniger Group in the year under review was an historic moment and has enabled significant progress with all four key priorities (see page 10).

75%
of revenues
from customers
in automotive

MID-TERM TARGETS

The Komax Group has set itself ambitious targets for both growth and profitability by 2023. The Komax Group is seeking to increase the value of the company on an ongoing basis through profitable growth. Based on IHS Markit's analysis of developments in the automotive market, the Board of Directors set targets for revenues and EBIT for 2023 and confirmed the company's attractive distribution policy at the beginning of March 2020.

These targets do not yet include the additional contributions to revenues and EBIT from the combination with Schleuniger that was completed at the end of August 2022.

<h1>450–550</h1> <p>Revenues 2023 in CHF million</p>	<h1>50–80</h1> <p>EBIT 2023 in CHF million</p>	<h1>50–60</h1> <p>Payout ratio in % of EAT</p>
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The Komax Group is striving to achieve revenues of CHF 450–550 million by 2023, primarily on the basis of organic growth. The Komax Group estimates that the market will grow on average by at least 5–7% per year from 2020 to 2023. This growth is based on the annual increase in the number of vehicles produced globally (CAGR: 3–4%) and the steady rise in the degree of automation in wire processing (CAGR: 2–3%). The Komax Group is expecting to generate annual organic revenue growth at least in line with the growth of the market.

The Komax Group has a broad portfolio of innovative solutions. Rising revenue figures and an advantageous product mix enable the Komax Group to deliver disproportionately high increases in profitability. It is seeking to achieve EBIT of CHF 50–80 million in 2023. Thanks to a business strategy that is geared toward long-term success, the Komax Group creates sustain-

able value that benefits investors, too. The Komax Group has set itself the goal of distributing 50–60% of Group earnings after taxes (EAT) to its shareholders every year until 2023.

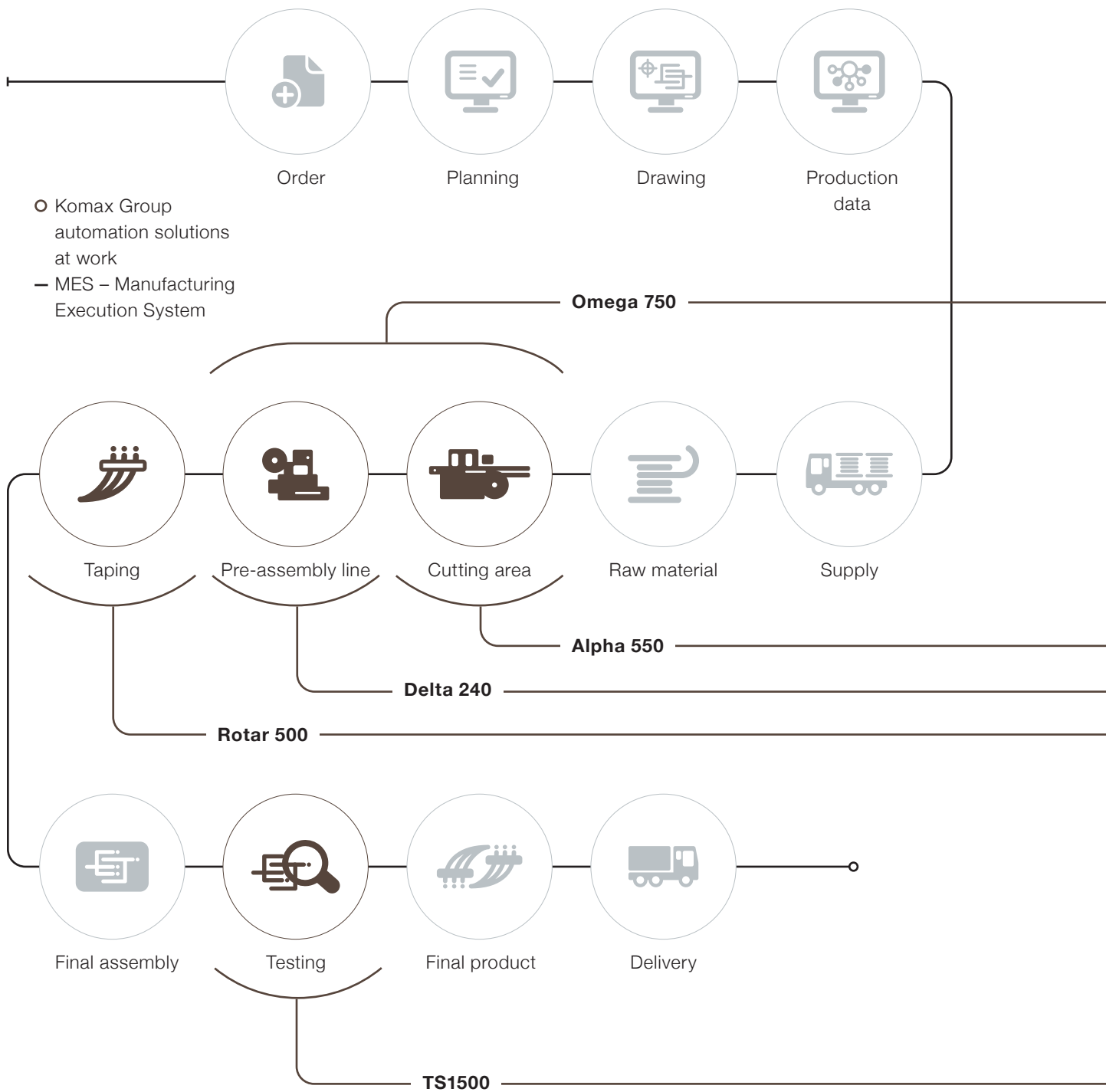
Due to developments in the global markets of the Komax Group and the great commitment of the employees, the company was able to achieve these three goals in the year under review.

Following the combination with Schleuniger, the Komax Group started to analyze the new situation in detail in order to subsequently draw up new targets and the related strategy. These are expected to be communicated at the end of September 2023 together with the new mid-term targets.

Komax Group key figures without Schleuniger

	2022	2021
Revenues (in CHF million)	522.2	421.1
EBIT (in CHF million)	66.7	44.8
Payout ratio (in % of EAT)	54.5	57.0

SOLUTIONS ALONG THE VALUE CHAIN



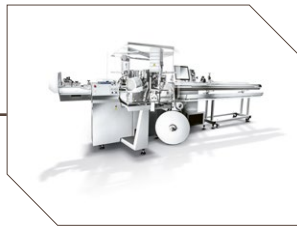
The majority of customers of the Komax Group are wire harness manufacturers whose business consists of processing individual wires – predominantly by hand – into wire harnesses and delivering these to vehicle manufacturers (OEMs). The Komax Group offers its customers a wide range of solutions and systems for the automated and efficient processing of wires and for the taping and testing of wire harnesses. These are used in the cutting room, at the pre-assembly stage, and when taping and testing.

In addition, the Komax Group supports its customers throughout the value chain – from planning through to delivery – with its Manufacturing Execution System (MES) solutions. This software automates the planning, controlling, monitoring, and analysis of all resources and production processes. This has the effect of optimally deploying machines, materials, and employees, so that wire harnesses can be completed to deadline, as well as to the requisite quality.



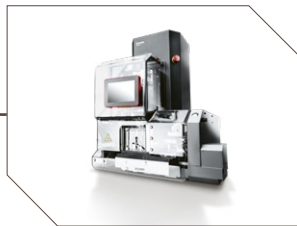
Cutting, stripping, crimping, block loading

With the Omega 750, the cutting, stripping, crimping, and loading of terminals is undertaken with just one machine. The end product is a wire harness fitted with contact housings on both sides, produced in a fully automated way.



Cutting, stripping, crimping

Fully automatic crimping (crimp to crimp) and twisting machines can be found in the cutting room. For the double-sided crimping and fitting of seals, customers use the fully automated Alpha 550 crimping machine (pictured) from Komax, or the CrimpCenter 64 SP from Schleuniger.



Semi-automatic crimping

In order to be able to process individual lines at the pre-assembly stage, customers use a machine like the Schleuniger StripCrimp 208 crimping machine or the Komax Delta 240 benchtop crimper (pictured). The programmable stripping unit, automatic fine adjustment of crimp height, integrated crimp force monitoring, and bad crimp cutter guarantee a high level of quality.



Taping

In order to reduce sources of noise and prevent electromagnetic disruptions, wire harnesses are taped with machinery such as with the new Rotar 500 (see page 48). The act of bundling wires or attaching fastenings to wire harnesses is likewise covered by this section of the value chain.



Testing

Before customers of the Komax Group deliver the completed wire harnesses to the OEM, they subject every single wire harness to a connection test (electrical test) using test systems such as the TS1500.

AROUND THE WORLD

North/South America

Revenues: CHF 132.4m (21.8%)

Employees: 454

Engineering and production sites: 4

Close to customers

30 engineering
and production
sites

The Komax Group produces in Europe, Asia, North and South America, and Africa, and provides sales and service support through its subsidiaries and independent agents.

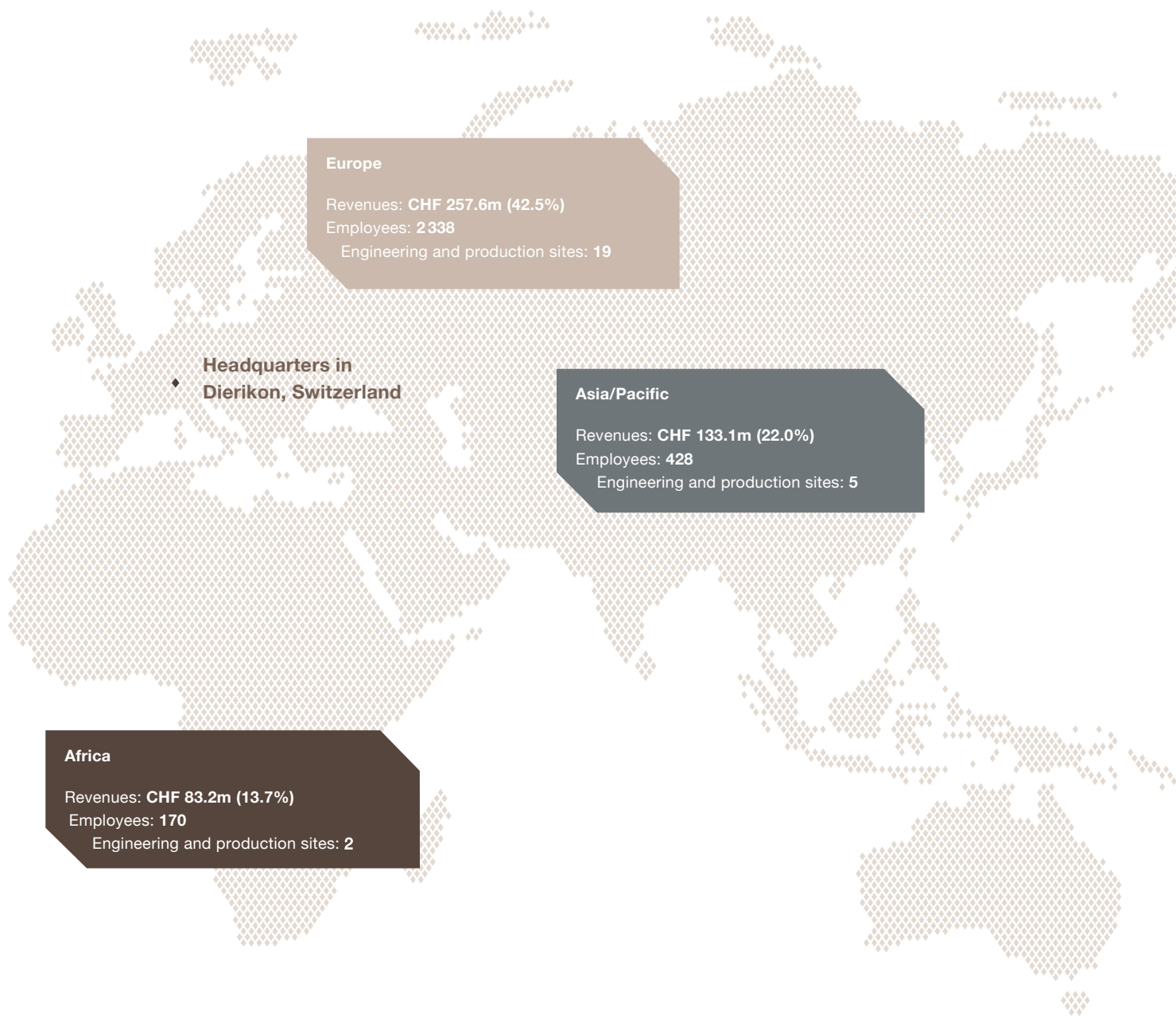
Strong multicultural team

3 390
employees

Unique distribution and service network

60

countries with sales
and service support



Europe

Revenues: **CHF 257.6m (42.5%)**
Employees: **2338**
Engineering and production sites: **19**

Headquarters in
Dierikon, Switzerland

Asia/Pacific

Revenues: **CHF 133.1m (22.0%)**
Employees: **428**
Engineering and production sites: **5**

Africa

Revenues: **CHF 83.2m (13.7%)**
Employees: **170**
Engineering and production sites: **2**

CUSTOMER PROXIMITY – GLOBAL LOCAL

Proximity to customers and short reaction and supply times are crucial to the success of the Komax Group. This is why it has been applying the motto “global local” for many years now – global production with a unique local distribution, engineering, and service network across all continents. With some 3 400 employees, the Komax Group produces standardized products and customer-specific systems at 30 locations worldwide.

The Komax Group has engineering and production sites across the continents of Europe, North and South America, Asia, and Africa at which it produces standardized products, customer-specific systems, and testing systems (see pages 28/29). Thanks to the combination with Schleuniger, the company has been able to significantly expand its market presence in Europe, North America, and Asia through eleven additional companies (see equity holdings on pages 133/134 of the Financial Report).

Furthermore, the Komax Group expanded its offering in India at the beginning of May 2022 with its own testing company in Pune, thereby strengthening customer proximity in the growing testing business in this important market.

With production sites in all the most important market regions of the world, the Komax Group meets the expectations of its global customers, who require their suppliers to have a local presence. In the current environment, characterized by persistent challenges in global supply chains, this customer proximity is proving an advantage. Potential supply difficulties can be mitigated in part by short distances. This is an area in which the Komax Group performed very well in 2022, despite the extremely challenging market situation.

Thanks to its customer proximity, the Komax Group has its finger on the pulse of industry. This is crucial for the Group if it is to deploy its experience of almost 50 years to develop high-quality, innovative automation solutions for local needs in global markets. In addition, international

“With our own production site in India we can explore the needs of our Indian customers even better and more rapidly, while at the same time positioning the Komax Group as a quality provider in this growth market.”

Matijas Meyer, CEO Komax Group

“We would like our customers to be able to experience our products and services ‘live’, and are keen to shape the future of the industry together with them through intensive one-to-one exchanges of ideas.”

Tobias Rölz, Executive Vice President Market & Digital Services

orientation also helps mitigate the repercussions of currency fluctuations. The Komax Group seeks to ensure that costs and revenues are generated in the same currencies to the greatest extent possible.

With its unique sales and service network, the Komax Group can always provide efficient and competent support to its locally and globally active customers. It provides sales and service support via subsidiaries and independent agents in over 60 countries. Since the combination with Schleuniger, some 370 employees are working in the company’s international service organization.

Making products and services palpable for customers locally

The Komax Group enhances its customer proximity through its presence at trade fairs and events around the world. Here it presents its latest developments in automated wire proces-

sing and actively fosters exchange of ideas in respect of key themes in the industry.

The Komax Group hosted the WirePro Expo trade fair at its headquarters in Dierikon, Switzerland, on 25–27 October 2022. Some 2 400 experts from 44 countries attended the event to discuss the future of their industry. More than 100 products and solutions were presented by Komax, Schleuniger and six other exhibitors.

The focus of this event was on technical innovations along the entire value chain. The Komax Group unveiled numerous solutions, such as the new Omega 840/850 (see page 47), and emphasized its vision of the networked factory – the SMART FACTORY by KOMAX (see page 43). As part of the accompanying program, keynote speakers from Volkswagen AG, Siemens EDA GmbH, and EDAG Engineering GmbH, as well as numerous other experts, gave talks on trends and technical innovations in the industry. You can find more information on this event on

Interested visitors at WirePro Expo 2022 in Dierikon, Switzerland.



the News Portal of the Komax Group (newsportal.komaxgroup.com).

The trade fair highlight of 2023 will be Pro-ductronica, to be held in Munich in November. This will be the first trade fair at which Komax and Schleuniger have a large, shared exhibitor presence. Other trade fairs at which the Komax Group will exhibit can be found at www.komax-group.com/en/trade-fairs.

Digital customer proximity

Digital change is taking great strides forward in the B2B area. Customer needs and expectations have changed in all sorts of areas. Customers want to be able to call up product information, submit a service enquiry, or initiate an order rapidly, easily, and digitally. The Komax Group is helping customers here and supporting their digital needs.

This includes the company's recent launch of the Komax Unified Digital Experience – or Kudex for short. Through Kudex, the Komax Group is creating the technical and organizational prerequisites for achieving even greater customer proximity with its digital offerings, too.

The Kudex team focuses both on internal digitalization projects and those that can be directly experienced by customers. In order to optimally understand their needs and be in a position to offer added value through all channels, the Kudex team is currently working with

a customer pool. Customers can register for this on a voluntary basis. In interviews and surveys they share their opinions, wishes, and experiences, which gives the Komax Group important information so that it can develop needs-oriented digital solutions.

An initial milestone was the launch of the new website (www.komaxgroup.com) in October 2022, with a modern design language, intuitive navigation, and revised content that has been optimized for all devices. As websites are regularly updated, on the face of it this sounds like just a small step for the Komax Group and its customers. But it is about much more than the website itself, which is just the first visible result of the work undertaken in recent years. In the future, the website will give customers access to a portal that will be continuously expanded over the coming years. Over the last few years, work has focused intensively on the cleansing and networking of systems and data in order to ensure a secure level of automation that is at the same time as efficient as possible. In 2023, this will (among other things) enable the Komax Group to introduce online service ticketing. Customers will be able to log in to their customer area via the website in order to address, among other things, maintenance orders or warranty cases. This is an initial step on the road to the self-service boutique of the SMART FACTORY by KOMAX (see page 43).

In order to make the new brand experience palpable for its subsidiaries, the Komax Group held a number of "We are one" roadshows at its various locations, such as here at TSK in Germany, which now goes by the name Komax Testing Germany.



New brand strategy

One of the key success factors of the Komax Group is its strong brand. Brand strategy is therefore a vital element in the implementation of the overall strategy of the Komax Group. Over the last few years, the Group has increasingly transformed into a provider of solutions and services along the entire value chain. As a result, the companies and products that lie behind the individual brands have converged more and more. This should also be reflected in terms of the visual image. To this end, the brands Artos, Exmore, Kabatec, Laselec, Thonauer, and TSK that existed prior to the combination with Schleuniger were relinquished, with the focus shifting to the Komax brand.

In addition, the Komax brand is being repositioned to add the notion of a partnership-based relationship to the aspects of pioneering spirit, technological leadership, and high-quality aspirations, and to make all these aspects more

tangible for customers. Similarly, the latest Annual Report has a new look, in keeping with the motto “Growing together.”

As a result of the combination with Schleuniger, the Komax Group will adopt a multi-brand strategy over the coming years. In addition to the Schleuniger brand, the company has now also acquired the adaptronic, Cirris, and DiIT brands. The positioning of the individual brands is set to be defined more sharply in alignment with the development of the Komax Group’s new strategy.

Comprehensive service offering

The Komax Group has a broad-based service offering consisting of advice, installation, training, maintenance, repair and renewal, and the expansion of customer systems.

Building on this, the Komax Group has created an international service agreement concept in the form of Komax Care, which helps customers get the very best out of their machine investments in respect of productivity, availability, and quality. Komax Care allows individual service packages to be put together that are optimally tailored to the needs of customers. The underlying packages – Basic, Remote, Maintain, and Optimize – contain traditional technical services as well as innovative digital options, and can be expanded with various options that give customers of the Komax Group added value throughout the entire life cycle of their systems.

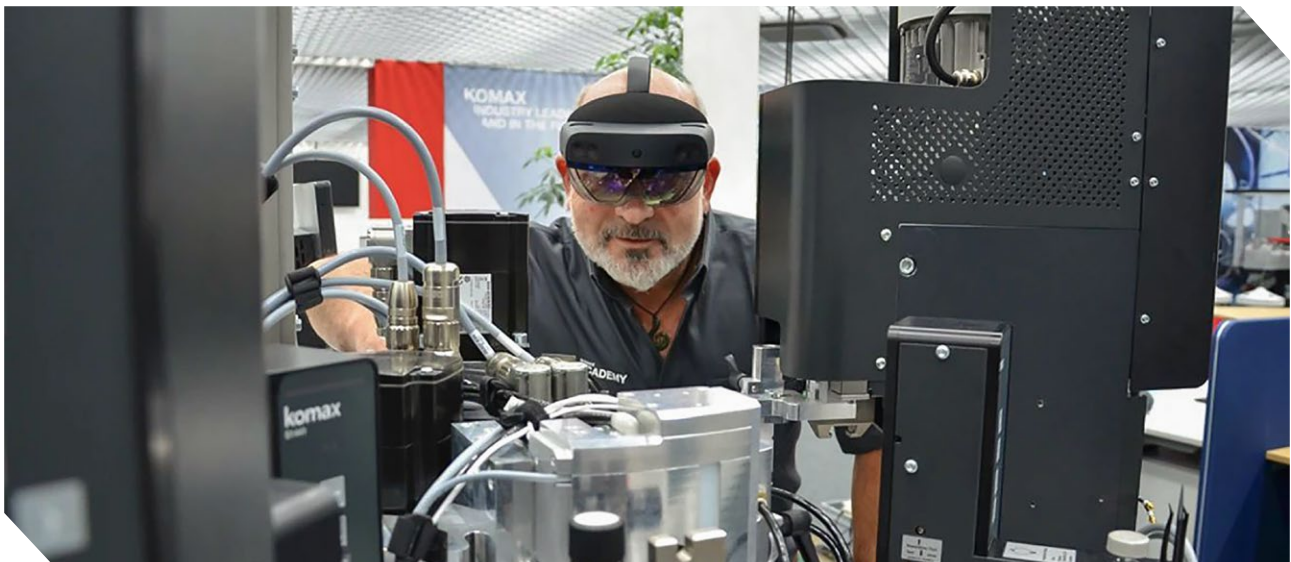
Training to boost customer productivity

A well-trained workforce can help minimize outages through user or maintenance error, and can shorten machinery configuration times. This translates into increased productivity as well as goods of higher and more consistent quality. Through the Komax Academy and the Schleuniger University, the Komax Group empowers its customers to operate and maintain their machines and testing systems flawlessly.

The Komax Academy provides a modular training program at three levels of competence – basic, advanced, and specialist – including certification. The various training modules are aligned with different customer needs and differing levels of experience, and take place at locations of the Komax Group worldwide. More than 100 training courses are also offered online in 13 languages.

This offering was further expanded in 2022 by the virtual classroom, for which the Komax Group developed an online environment. This sees course participants join a moderated group in an exhibition room or a production area via live streaming. With some applications, a holographic 3D environment is created for participants using “mixed reality” based on Microsoft’s HoloLens2.

Among other things, the Komax Academy uses a holographic 3D environment with “mixed reality” for training purposes.



MARKETS

The Komax Group primarily focuses on four market segments. The core business is the automotive market segment, which accounts for some 75% of revenues. In the aerospace, data/telecom, and industrial market segments, the Komax Group is continuously strengthening its presence and exploiting the synergy potential with the core business. All segments benefit from the global service network of the Komax Group and from the various service offerings.



Automotive

The automotive segment is by far the most important market segment for the Komax Group. There are a number of reasons for this. In no other industry is the volume of wires to be processed so large. With a production output of more than 80 million vehicles per year, each containing on average some 1 600 wires with 2 600 crimp contacts, the demand for automation solutions is enormous. This is because the number of wires per vehicle is continually rising owing to an increase in electrical functions. Although the automotive industry has no peer when it comes to the degree of standardization and automation in the production process, there is still plenty of potential for additional automation steps, as wire harnesses are still manufactured by hand to a large extent.

Data/telecom

The transfer of large volumes of data and the permanent networking of people have become standard practice in the data/telecom market segment. The wiring used in this area is being increasingly used in vehicles, too, as cars become ever more interconnected, with comprehensive information systems that are a prerequisite for autonomous driving. The Komax Group can therefore also transfer the experience gained in the data/telecom market segment to the automotive segment.



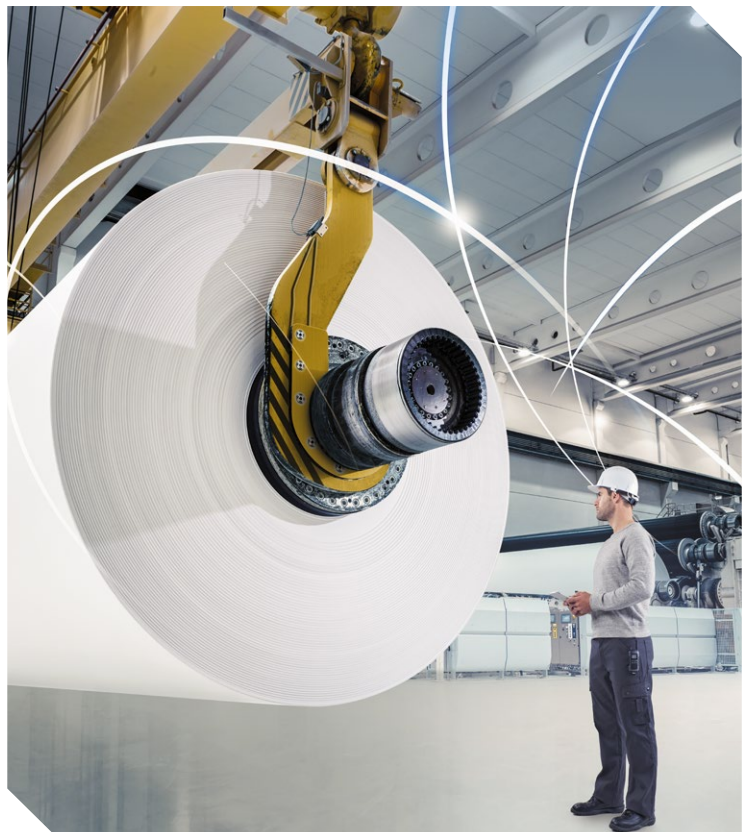


Aerospace

Issues such as safety, lightweight construction, and lower emissions have been at the forefront of developments in aerospace for many years. The Komax Group can draw on the experience acquired in these areas when it comes to its core business too, as these themes continue to gain in importance in the automotive industry. Thanks to Toulouse-based Komax Laselec, the Komax Group boasts a great deal of aerospace know-how. There is very little automation of wire processing in the aerospace industry, and the entry barriers for suppliers are considerable. As a result, it took years for the Komax Group to establish itself in this market segment and win major orders.

Industrial

The processing of wires for industrial applications such as electric control cabinets often involves working with very small batches. To ensure that automation is nevertheless a cost-efficient option for control cabinet manufacturers, Komax has developed specific machines of the Zeta type. These machines manufacture all the various wires that are needed automatically, ensuring that they are in the right sequence and of the right length. This has the effect of reducing manual labor to a minimum. Manual processes such as cutting, stripping, marking, and sleeve insertion are rendered obsolete. Automation of this kind has proven its worth in the area of wire processing in the automotive industry for many years, and is now increasingly finding its way into industrial applications. For the purpose of optimizing the available potential for automating control cabinet construction even more, the Komax Group works with technology leaders Armbruster Engineering, nVent Hoffman, Weidmüller, and Zuken in the Smart Cabinet Building Initiative (see page 45).



Automotive sector growing in a difficult environment

The largest sales market of the Komax Group recovered slightly from a low level in 2022. Despite the difficult market environment – which included persistent supply bottlenecks, war in Ukraine, and rising inflation – global vehicle production increased. The long-term trends of growing numbers of vehicles, e-mobility, and rising automation in wire processing business remained intact.

The rising number of vehicles produced is one of the growth drivers of the Komax Group. According to IHS Markit analysis, some 82 million cars and light commercial vehicles were manufactured worldwide in 2022. In other words, the volume of production was slightly above the level of 2021, which was more strongly affected by the coronavirus pandemic, but still well below the peak of 2017, when 95 million vehicles were produced. The reasons for this sluggish development are above all the persistently challenging situation in global supply chains, which has been exacerbated in Europe in particular by the war in Ukraine, high inflation, the interest rate trend reversal, and the gloomier overall prospects for the global economy. Growth forecasts for the next few years were gradually scaled down over the course of 2022 due to the expected economic slowdown.

IHS Markit is anticipating an average annual growth rate over the next four years of around 3%. At the start of 2022 they were still expecting a growth rate of between 4% and 5%.

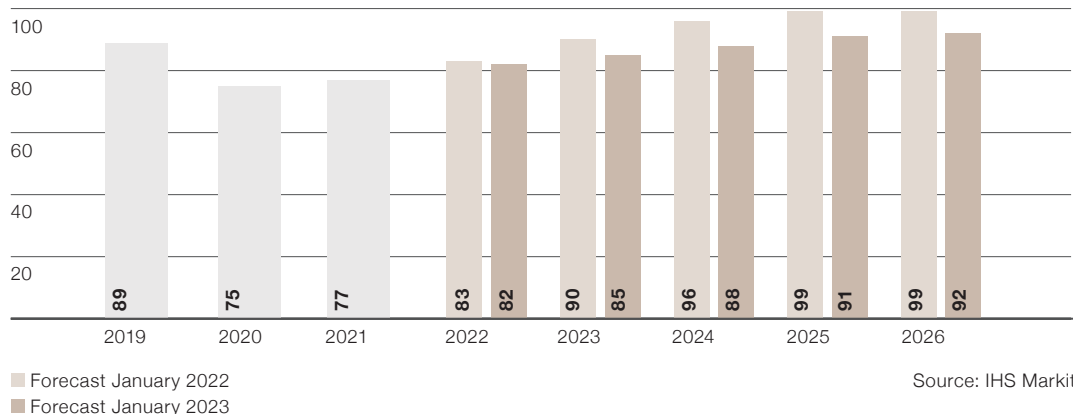
Regional development reveals ongoing shift to Asia

Compared with the previous year, the number of vehicles produced in 2022 developed differently in the various regions. In Europe, 15.6 million vehicles were manufactured, representing a slight decrease of 0.3 million vehicles, or 1.8%. The opposite trend was seen in Asia, where 46.8 million vehicles were produced, i. e., 3.2 million or 7.3% more than in 2021. In North/South America, production volumes recorded a sharp rise to 17.1 million vehicles, which equates to a growth rate of 9.5%.

China remains by far the world’s biggest automotive producer. In the year under review, 26.3 million vehicles were manufactured in China, corresponding to over 32.2% of global vehicle production. A further 20.5 million vehicles were produced in other Asian countries, which means that some 57% of total vehicle production took place in Asia – one percentage point more than in 2021. Vehicle production has therefore been steadily shifting to Asia since 2019, when 52% of all cars and light commercial vehicles were manufactured there.

Analysts at IHS Markit expect production figures to rise in all regions in 2023, and Europe is predicted to make up further ground. With production volumes in Europe having declined for three years in succession, IHS Markit is now projecting an increase of 6.4%, or 1.0 million vehicles, in 2023. IHS Markit is also expecting growth in North/South America of 5.4% or 0.9 million vehicles. Analysts are predicting that the lowest increase will be recorded in Asia (+2.6%),

Number of passenger cars and light commercial vehicles produced
in millions



since the decline there in previous years was less significant than in other regions and production volumes had been ramped up again as early as 2021.

Semiconductor shortage and supply chain problems

The 2022 reporting year was characterized by various crises around the world. A shortage of semiconductors persisted in 2022, leaving the automotive industry exposed to ongoing supply bottlenecks. The result? New vehicles either could not be delivered at all, or buyers had to accept very long waiting periods. Moreover, in some cases buyers also had to forego key fitout accessories such as assistance systems. Although the availability of semiconductors has improved, the headwinds faced by the automotive industry can be expected to have a bearing on 2023, too.

Supply chain problems and an associated lack of component parts have been an issue for automotive producers for a few years now. The coronavirus pandemic weighed heavily on the network of global supply chains, and in some cases clear limits became apparent. This was due partly to congested ports, which in turn meant slower turnaround rates for ships, containers, and other means of transport, as well as longer transit times and mounting logistics costs. IHS Markit analysts are working on the premise that there is no quick fix for the supply chain problems and that this could lead to a change in supply chain management within the automotive industry. In other words, vehicle manufacturers will have to move away from sticking rigidly to just-in-time manufacturing and instead be able to build up stocks of various components. This option would prove less costly than further production stoppages.

Overcoming supply chain difficulties also represented a substantial challenge for the Komax Group in 2022, prompting supply hold-ups in some areas. Against a backdrop of rising production volumes and a concomitant increase in material requirements, the existing supply chain challenges became even more pronounced for the Komax Group. Overall, however, the Komax Group rose to these challenges very well, thanks to careful planning and professional supplier management. For the most part, the high delivery dependability that the company's customers are accustomed to was upheld.

Ukraine war exacerbates situation in automotive sector

The difficult situation in the automotive industry was intensified in the spring of 2022 by the war in Ukraine, as some 7% to 8% of all wire harnesses produced in Europe are assembled there. To compound matters, raw material and energy prices rose sharply, among other things due to sanctions against Russia on the part of the EU, the United States, and other countries. This resulted in additional cost pressures on both automotive producers and their suppliers. The situation was compounded by a general rise in prices, with rates of inflation at times surging to around the 10% mark even in the leading industrialized nations. This said, the International Monetary Fund (IMF) believes that inflation has already peaked and will continue to fall sharply over the next few years.

In order to compensate for reduced Ukrainian production capacity against a backdrop of war and secure their ability to supply automotive producers reliably, wire manufacturers have been building up substitute capacity in other countries, particularly in North Africa and elsewhere in Eastern Europe. As a result, the Komax Group received a large number of extraordinary orders in the first half of 2022.

Accelerated trend towards automation

The various geopolitical and macroeconomic factors influencing economic development have in no way changed the trend towards greater automation in wire processing. In the reporting year, this trend continued and even accelerated. The lion's share of wire processing continues to be done by hand, particularly in low-wage countries in Eastern Europe, Central America, and Asia. Geopolitical uncertainties, rising wage costs in the medium term, and an increasing shortage of skilled labor provide wire manufacturers with strong incentives to invest in automation. Furthermore, the emergence of a trend of shortening supply chains has become apparent.

As a consequence, automotive suppliers are moving closer to manufacturers. This is only possible by increasing the degree of automation, as wages in countries where automotive production takes place tend to be higher than those at the production sites of wire manufacturers. The Komax Group is observing this trend of shorter supply chains not just in the automotive industry, but also in the industrial market segment in the United States, for example.

Automotive industry undergoing radical change

The automotive industry has been going through a process of radical change for a number of years now. Alternative drivetrains, digitalization, and autonomous driving are playing a key role, which in turn necessitates very sizeable investments from automotive manufacturers. The modern driver has a number of alternatives to diesel and petrol engines – with electric, hybrid, plug-in hybrid, natural gas, and fuel cell vehicles. In particular, automotive groups have communicated ambitious multi-billion plans in the e-mobility sector, announcing a number of further new electric vehicles for the coming years.

This is in line with national plans to reduce greenhouse gas emissions, an essential step if the targets of initiatives such as the Paris Agreement on climate change and the European Green Deal launched by the EU Commission are to be achieved. In the reporting year, the EU tightened its CO₂ emission targets for new cars and light commercial vehicles. From 2035, CO₂ emissions for new passenger cars and light commercial vehicles will have to be reduced to zero. The mid-term emission reduction targets for 2030 were set at 55% for cars and 50% for light commercial vehicles. In 2022, California – the largest automotive market in the US – likewise issued a ban on the sale of new petrol cars from 2035, and other federal states are expected to follow suit. China has set itself the target of increasing the proportion of electric cars to 50% of all newly sold vehicles by 2035. In other words, the drive toward emission-free mobility is in full swing underway.

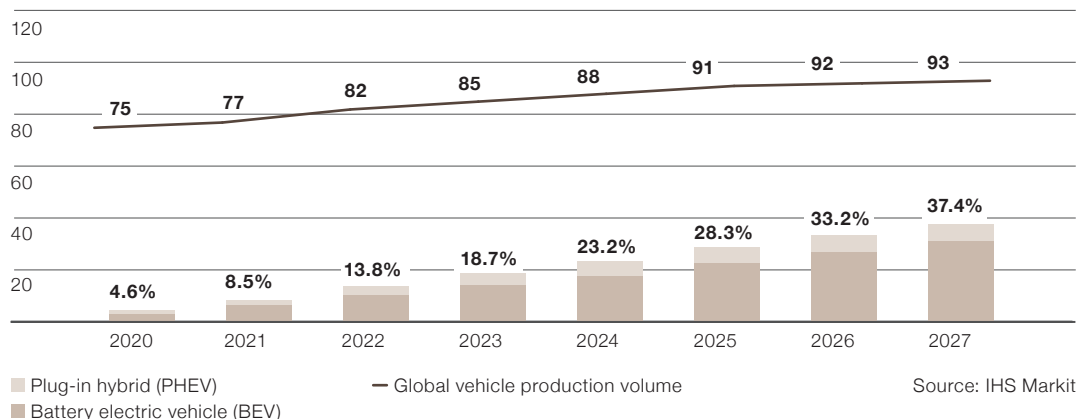
The Komax Group supports the transition to e-mobility

The coronavirus pandemic accelerated the trend towards e-mobility. Numerous automotive manufacturers have now named their cut-off point for production of the last vehicles with combustion engines. Volvo, for example, has announced that it will be selling exclusively electric cars as of 2030. Fiat will switch its product range to purely electric cars step by step between 2025 and 2030. And with effect from 2033, Volkswagen and Audi will likewise cease sales of vehicles with combustion engines in Europe.

Of the 82 million vehicles produced in 2022, 11.3 million were electric, i. e., pure battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs). China currently accounts for the lion's share of total production in this segment, or just under 60%. Compared with the prior year, in which 6.6 million electric vehicles (BEVs and PHEVs) were produced, the figure for 2022 represents an increase of around 71%. As a result, electric vehicles increased their share of overall automotive production from 8.5% to 13.8% in 2022. Given the impending bans on combustion engines and the plans of major automotive manufacturers, this development is set to continue over the coming years.

IHS Markit expects almost 16 million plug-in hybrid and electric vehicles to be produced in 2023, which would equate to just under 19% of global vehicle production. By 2027 this figure is set to rise to almost 35 million, or 37% of global vehicle production. This would equate to an annual average growth rate in electric vehicle production of more than 25% between 2022 and 2027. In the reporting year, IHS Markit sharply

Proportion of global vehicle production volume accounted for by electric vehicles
in millions



revised its estimates for development of electric vehicle volumes upwards. Compared with the previous year, its analysts increased their forecast for 2023 by 3 million electric vehicles and for 2027 by over 5 million electric vehicles.

The Komax Group is well positioned to accompany this transition. It will participate in growth on the one hand thanks to its portfolio of solutions for the processing of high-voltage cables, and on the other because new electric vehicle models frequently have state-of-the-art assistance and infotainment systems. All these systems require a large number of special cables, creating additional sales opportunities for the Komax Group.

Automation in non-automotive markets

In the reporting year, the trend towards greater automation was also observed by the Komax Group outside of the automotive industry. There is still a substantial need for automation in the industrial market segment in particular. This was already apparent in the difficult years following 2020, when this market segment experienced a drop in revenues that was much less pronounced than for customers in the automotive industry. Industrial customers such as control cabinet manufacturers, for instance, are seeking to enhance productivity through increased automation. One important factor here is the shortage of qualified personnel. Back in 2020, the Komax Group launched the Smart Cabinet Building Initiative together with other leading technology companies with a view to optimally harnessing automation potential in the area of control cabinet construction (more on this can be found on page 45).

In the year under review, the aerospace market segment increasingly recovered from the slumps suffered in 2020 and 2021. The key catalysts here were the end of coronavirus lockdowns and the increasing willingness of people to travel. The automation of wire processing is still not very advanced in this market segment, and this opens up opportunities for the Komax Group that it will put to good use.

Sharp increase in both order intake and revenues

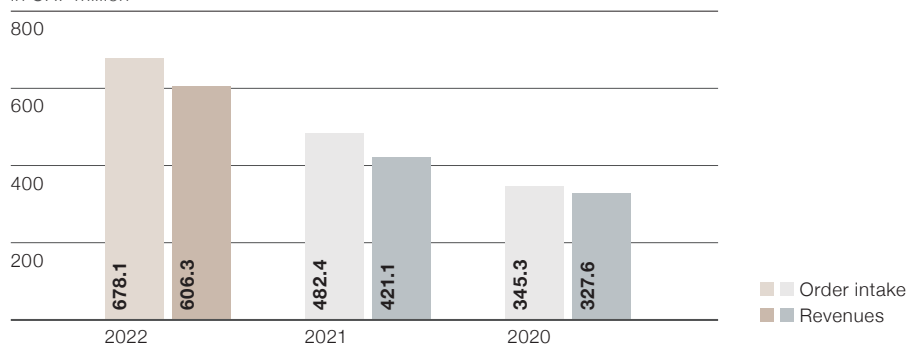
2022 was a very successful financial year for the Komax Group. It registered a record order intake of CHF 678.1 million, which is equivalent to a year-on-year rise of 40.6%. As at 31.12.2022, the company recorded a book-to-bill ratio of 1.12. Revenues were up CHF 185.2 million at CHF 606.3 million (+44.0%). Due to the supply chain situation, there were challenges in processing the very strong order book.

In the first half of the year, when the Komax Group received numerous orders as a result of the war in Ukraine, revenues could not keep pace with the development of the order intake. The Komax Group then improved the utilization of existing production capacity in the second half of the year thanks to the great efforts of many employees. In the last four months of the year following its consolidation, Schleuniger contributed CHF 84.1 million to overall revenues.

Approximately one third of the Komax Group's revenues hinges on the number of vehicles produced. Following the revenue slumps in 2019 and 2020, the Komax Group has gradually found its way back to normality since 2021. Overall, the upward trend that first manifested itself in

Order intake and revenues

in CHF million



that year persisted in 2022. Customers continued to seek to increase the degree of automation in their factories, demonstrating considerable interest in the innovative solutions of the Komax Group as a result.

Record revenue growth in all regions

The trend toward higher automation in all market segments, the war in Ukraine, and the combination with Schleuniger fueled a substantial increase in revenues in the reporting year in all regions. At +45.4%, North/South America recorded the strongest growth, followed by Europe (+51.2%), Africa (+37.4%), and Asia/Pacific (+34.3%).

The breakdown of revenues by currency changed minimally between 2021 and 2022: the proportion of revenues booked in EUR decreased slightly from 49.6% to 47.0%, but continues to dominate the revenue picture. The proportion of revenues booked in USD remained stable at 18.8% (2021:18.9%), while it decreased by one percentage point in CNY from 14.6% to 13.6%. Accordingly, the share of revenues booked in other currencies rose to 20.6%. The changes in the key currencies and their respective sensitivities are set out on page 129 of the Financial Report.

Outlook for 2023

The Komax Group started off 2023 with a record order backlog. 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%.

Revenues by region

in TCHF	2022	2021	+/- in %
Europe	257 641	170 377	51.2
Asia/Pacific	133 157	99 132	34.3
North/South America	132 364	91 032	45.4
Africa	83 170	60 526	37.4
Total	606 332	421 067	44.0

A percentage breakdown of revenues by region can be found on pages 28/29.

STRENGTHENING INNOVATION

For a market leader like the Komax Group, the ability to roll out innovations on an ongoing basis and thereby enable its customers to gain genuine competitive advantages is of the utmost strategic importance. For that reason, the Komax Group channels some 8–9% of its revenues into research and development every year. The combination with Schleuniger is now opening up further avenues of opportunity.

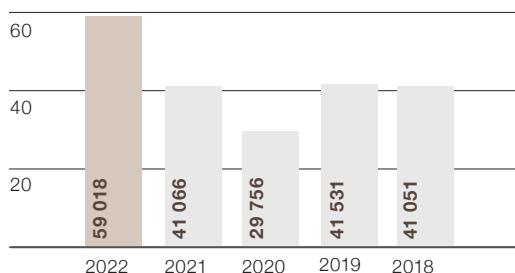
9.7%
of 2022 revenues
invested in
research and
development

Megatrends such as electro-mobility, digitalization, and autonomous driving offer many opportunities in the market of automatic wire processing. In order to exploit these and be in a position to offer customers further innovative solutions, the Komax Group has for many years been investing above-average sums in new developments and the optimization of its existing product portfolio. Specifically, the Komax Group has spent CHF 212.4 million in this area since 2018. In doing so, it has consolidated its leading

position, driven forward the automation of wire processing, and actively influenced the process of radical change in the automotive industry. These are crucial upstream investments that will allow the Komax Group to leverage additional unique selling propositions and secure the company's competitiveness. The goal is to develop additional innovative and differentiating products and solutions for customers.

In 2022, the Komax Group, including Schleuniger, invested a total of CHF 59.0 million or 9.7% of revenues (2021: 9.8%) in the development of new products and the optimization of existing ones. This amount comprises both investment in internal development services (CHF 49.5 million) and in those of third parties (CHF 9.5 million).

Expenditure on R&D ¹ in TCHF		R&D in % of revenues	
80	9.7	9.8	9.1
		9.9	8.6



¹ The Schleuniger Group was consolidated as of 1 September 2022. Accordingly, four months of Schleuniger's R&D expenditure are included in the financial year 2022.

Bundling of innovative strength thanks to the combination with Schleuniger

A key strategic target of the combination of Komax and Schleuniger at the end of August 2022 is to bundle the companies' skills and resources in the area of research and development. Market opportunities can be better exploited jointly. Customers can be more rapidly provided with innovative solutions for their needs, and can further increase automation.

The Schleuniger Group is likewise a technological leader in the automation of wire processing, and regularly brings new products with unique selling points to the market. In particular, Schleuniger has brought market-leading expertise in automatic benchtop cutting and stripping equipment, as well as in the high-voltage area to the Komax Group.

As part of the integration of the Schleuniger Group into the Komax Group, all development projects are being scrutinized. The analysis focuses on where there is overlap and how the different skills of both companies can be optimally exploited. Here it is important to ensure that the progress already made on ongoing projects is not lost but merged. This integration process will have the effect of strengthening the company's power of innovation and freeing up new capacity. This in turn will mean that future development projects that the Komax Group has previously had to defer can be realized more quickly. The Komax Group will thereby secure its competitiveness for the long term and be in a position to continue to offer its customers cutting-edge technological products and solutions.

271 additional employees in research and development, and engineering

As of 31 December 2022, the Komax Group had a workforce of 360 employees (2021: 222 employees) in research and development. The strong year-on-year headcount increase of 62% is the result of the combination with Schleuniger. The majority of these (224 employees) continue to work in Switzerland, which is why the majority of R&D expenditure is incurred there. In addition, the Komax Group maintains development units in Belgium, China, Germany, France, Japan, Singapore, Hungary, and the US.

The power of innovation of the Komax Group is strengthened by no less than 353 engineers (2021: 220 engineers), who make an important contribution through the development of custo-

mer-specific applications. The personnel costs of these engineering employees are not included in research and development expenses where these individuals have worked directly on customer projects.

SMART FACTORY by KOMAX

The trend towards digitalization is in full swing, particularly in the automotive industry. More digitalization also means more data, more electrification, and more wiring and cabling. This is good for the business of the Komax Group, but presents its customers with growing challenges. A wide range of components and products are becoming increasingly intelligent and, at the same time, more complex on the electronic side. The miniaturization of contact systems is continuing, adding a further layer of complication to manual production steps. Compounding this problem are ever-rising personnel costs along with a global shortage of skilled labor.

Customers of the Komax Group have to deliver consistently high quality and reliability despite rising complexity and higher personnel expenses, while the same time keeping costs as low as possible. The Komax Group helps them to meet these growing challenges. Specifically, the Komax Group has developed a vision for how wire manufacturing can be optimized in the future – the SMART FACTORY by KOMAX. It features five components.

713

employees in
R&D and
engineering

“Through the combination with Schleuniger, the Komax Group has gained additional expertise and more resources to support its customers with innovative products and services as the degree of automation continues to rise.”

Matijas Meyer, CEO Komax Group

THE FIVE COMPONENTS OF THE SMART FACTORY BY KOMAX – OUR VISION OF WIRE PROCESSING IN THE FUTURE

Real-Time Quality Audits

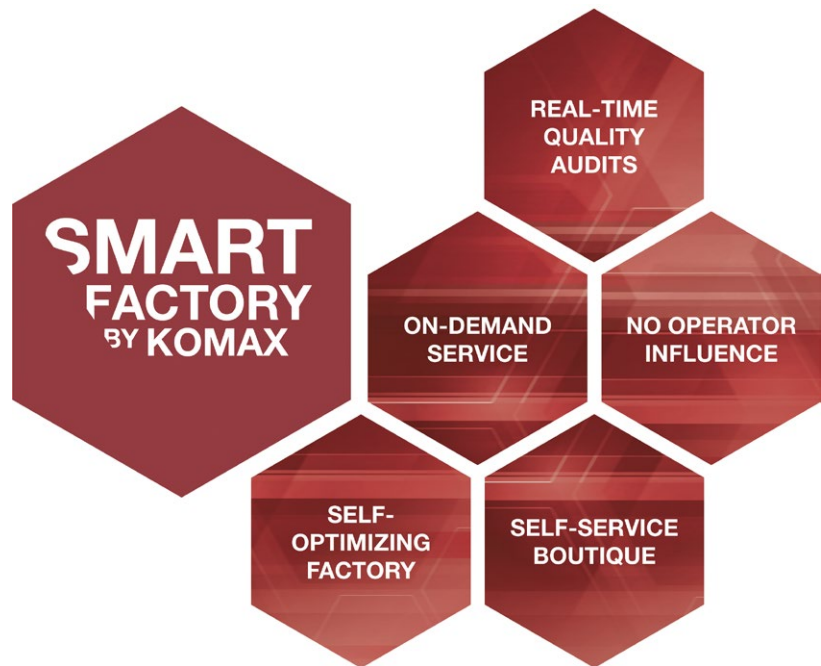
The Komax Group enables real-time quality audits. Quality data is collected using IoT technology, stored in the cloud, and processed in a user-friendly manner. This means that customers can produce quality reports immediately and easily, and thereby demonstrate compliance with quality requirements at any time and trace processes.

No Operator Influence

The Komax Group develops fully-automatic, networked solutions in order to minimize operator influence. For customers this means a reduction in both personnel costs and dependency on labor. Moreover, productivity and transparency are improved while quality remains consistently high.

On-Demand Service

The Komax Group offers solutions and services on demand. These include performance- or usage-based payment for systems, financing and leasing services, and procurement of production capacities to handle production peaks, for example. This enables customers to reduce their capital requirement and increase flexibility, stability, and responsiveness.



Self-Optimizing Factory

The self-optimizing factory improves productivity while also reducing quality costs. To achieve this, the Komax Group provides cloud-based algorithms based on production and behavioral data. Customers therefore significantly improve machine utilization while at the same time reducing their quality costs.

Self-Service Boutique

The Komax Group offers access to a digital self-service boutique. Customers benefit from services such as product and spare parts ordering, web-based training, software downloads and upgrades, license management, plus analysis and optimization tools. This means they can access the services of the Komax Group at any time, from anywhere, and get a customized picture of their business.



You can find more information on the SMART FACTORY by KOMAX in this video: komaxgroup.com/en/expertise/smart-factory

In all these areas, the Komax Group is working continuously on implementing its vision, and has already taken the first steps:




**NO OPERATOR
INFLUENCE**

In order to minimize the influence of the operator in wire processing, the Komax Group has developed the Alpha 650 crimp-to-crimp machine with its intelligent, fully automatic tool changeover system. This executes the material change in less than a minute – rather than the standard 15 minutes by hand – while at the same time selecting all the key settings autonomously. This prevents incorrect handling and guarantees the ultimate in precision and process quality.



**SELF-
OPTIMIZING
FACTORY**

Comprehensive production data from machinery makes a key contribution to improving productivity and quality in wire processing. This becomes apparent with Komax Connect, a cloud-based digital platform that processes and visualizes this data. Customers receive all the information they need for the targeted productivity optimization of every machine in real time. For example, machine downtimes can be immediately analyzed and the parameters recognized for the ideal ratio of quantity to quality.



**SELF-SERVICE
BOUTIQUE**

With the launch of its new website (www.komaxgroup.com) in October 2022, the Komax Group laid the basis for its 24/7 online service in the form of an e-shop platform. This platform enables the Komax Group to effect flexible, ongoing optimizations. This includes – as a further step – online service ticketing for customers.



**ON-DEMAND
SERVICE**

The Komax Group offers its customers flexibility on the financing side. This encompasses payment for machines based on performance or usage (e. g., pay-per-use), as well as financing and leasing services. Among others, the Komax Group cooperates with Siemens Financial Services in this area. With Komax Care, customers receive individually tailored service packages that enable them to maintain machine quality and productivity over the longer term.



**REAL-TIME
QUALITY
AUDITS**

The Komax Group offers comprehensive quality solutions along the value creation chain – from the cutting area through to the testing stage. A good example of this is the Q1250 quality tool – the “digital eye.” With its intelligent image analysis, the Q1250 module monitors crimp quality wholly automatically, thereby eliminating the need for laborious visual checks by the machine operator. The broad spectrum of quality solutions and the multitude of data that these generate form the basis for implementing the real-time Quality Audits Vision.

As a driver of innovation and market leader in automated wire processing, the Komax Group is implementing its vision of the SMART FACTORY by KOMAX on an ongoing basis. In doing so, the company is raising the quality, productivity, and flexibility of wire processing to a new level. Together with its customers, the Komax Group works intensively on making life simpler, more convenient, and safer.

Breaking new ground for wire harness production

The wire harness is currently one of the most laborious, complex, and expensive individual components in any vehicle, and is therefore of crucial importance to the entire automotive industry. The move to e-mobility and autonomous driving is changing the requirements for the design and manufacture of the wire harness. For automotive groups this means significant investment. Their suppliers must develop solutions for new customer needs. The direction of this process has been clear for several years now.

As a specialist in automated wire processing, the Komax Group proactively shapes these developments, and joins forces with leading companies from the automotive industry in a number of organizations. ARENA2036 is an example of this (www.arena2036.de). Here, interdisciplinary teams are busy researching the automotive production processes of the future. The Komax Group is working on several projects as part of this collaborative effort. Among other things, this includes the development of guidelines on how automotive manufacturers should design wire harnesses so that they can be assembled reliably thanks to a high degree of automation.

Both Komax and Schleuniger cooperate in this context with leading automotive manufacturers and suppliers such as Aptiv, BMW, Bosch, Daimler, Dräxlmaier, Kromberg & Schubert, Kuka, Nexans, Rosenberger, Siemens, TE Connectivity, and Yazaki. One of the first results of this initiative was the development of a DIN standard in 2022 to address the rise in complexity and facilitate inherently consistent standardization.

In keeping with the zonal approaches that apply in wire harness architecture, the wire harnesses of the future need to be designed in a modular way, with the smallest possible component diversity. Several compact wire harnesses with shorter wires are less complex, more cost-efficient to produce, and above all more conducive to automation than one large wire bundle. And this is what the Komax Group is committed to.

Digitalization with Industry 4.0 and the Industrial Ethernet of Things (IIoT)

In order to drive forward digitalization, the Komax Group collaborates with various leading companies in a range of organizations. These include

the Open Industry 4.0 Alliance, which is developing a framework based on existing norms, standards, and protocols (e. g. OPC UA, IO-Link, RAMI 4.0), so that machines can communicate with one another in a uniform language. Thanks to this development, potential solutions for optimum networking at customers' premises – such as with digital interfaces and remote monitoring – can be incorporated in the development of new solutions of the Komax Group. This is particularly important for the SMART FACTORY by KOMAX. The Open Industry 4.0 Alliance now has more than 100 members, including companies such as Beckhoff, Endress+Hauser, Kuka, Microsoft, Samson, and SAP.

Single Pair Ethernet (SPE) – the infrastructure basis that facilitates the IIoT (Industrial Ethernet of Things) and Industry 4.0 – is important for the process of data transfer in vehicles. The Komax Group joined two SPE associations at the start of 2022. The SPE Industrial Partner Network is a network of companies whose aim is to promote this technology as the basis for rapid and successful growth of the IIoT. Its members include companies such as Hirose Electric, Hirschmann, Leoni, Nexans, and TE Connectivity. In addition, the Single Pair Ethernet System Alliance sees companies such as dormakaba, Phoenix Contact, Rosenberger, Shenzhen Signal Electronics, and Weidmüller joining forces to establish SPE solutions in as many markets and applications as possible, while at same time creating a uniform market standard. The Komax Group cultivates regular exchange of ideas, and benefits from the transfer of expertise between the partners.

Smart Cabinet Building Initiative – comprehensive solutions for control cabinet construction

In the industrial market segment, the Komax Group is active in the control cabinet construction area, among others. Up until now, control cabinets have typically been constructed manually and step by step, as one-off constructions. But there is a great deal of automation potential in this area. To be able to tap into this potential to maximum effect, the Komax Group and three other leading technology companies – Armbruster Engineering, Weidmüller, and Zuken – launched the Smart Cabinet Building Initiative in 2020. They were then joined by nVent Hoffman in 2021 (www.smart-cabinet-building.com).

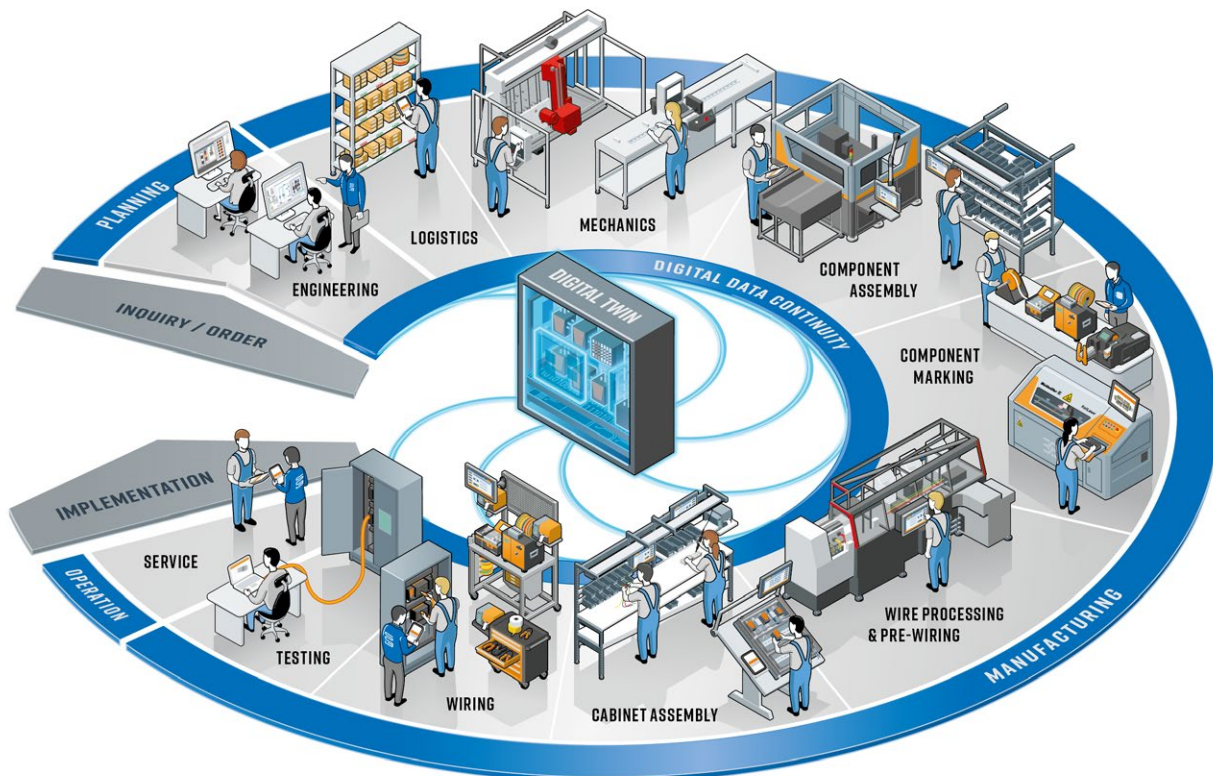
The aim of this initiative is to use the networking of technology and expertise across all process steps to deliver comprehensive solutions for control cabinet construction. This would enable working stages that have so far taken place chronologically to be executed in parallel, thereby saving both time and costs. The five partners cover the complete spectrum – from engineering, including the creation of a “digital twin”, through to component selection, the pre-assembly of wire harnesses, operating resources and housings, and assisted final assembly.

In order for the individual process steps to be interconnected, a full digital description of the control cabinet and its components is crucial. This involves the creation of a digital twin, which is used to control the various process

steps and permits the efficient parallelization of work on the control cabinet, while at the same time making it possible to exploit the full optimization potential. The systematic collaboration that characterizes the Smart Cabinet Building Initiative allows the digital twin to be deployed to maximum effect. The Komax Group and its partners will be further increasing automation and therefore efficiency levels in the control cabinet construction area going forward. This will enable customers to remain productive despite the shortage of skilled labor.

In 2022, the partners jointly presented the progress made at the Hanover Fair in Germany and at WirePro Expo in Dierikon, Switzerland. Customers were impressed by the thoroughness of the concept.

THE AREAS OF EXPERTISE OF THE FIVE PARTNERS COMPLEMENT EACH OTHER TO PERFECT EFFECT, AND COVER ALL THE PROCESS STEPS IN CONTROL CABINET CONSTRUCTION.



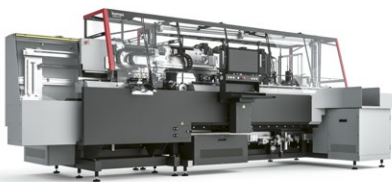
EXAMPLES OF CURRENT INNOVATIONS

Thanks to its targeted investment in research and development, the Komax Group succeeds in bringing a variety of new products, product enhancements, and services to market every year. The Komax Group demonstrated its technology leadership impressively in 2022.



Zeta 620 for control cabinet construction

With the Zeta 620, a fully automatic wire processing machine, Komax launched a product in 2022 that makes it easier for cabinet constructors to get started with the automation of wire processing, and is therefore very much in harmony with the Smart Cabinet Building Initiative. In the smallest of spaces, this wire processing machine produces complete parts lists, and sorts and labels the wires so that they then only need to be laid in the control cabinet. Without any change being required, it can process up to 24 wire types in any order with a cross-section of between 0.5 and 6.0 mm², with up to seven different ferrules. The available module options simplify the production process and deliver clear savings in terms of both time and costs. With the Zeta 620, even smaller control cabinet constructors can make the transition to automation cost-effectively.



Omega 840/850 – first automatic insertion machine for twisted-pair wires

Twisted-pair wires are a major challenge for automatic wire assembly, as two ends must be aligned at a small distance apart from one another and then inserted into the connector housing. As things stand, the great majority of partial wire harnesses in vehicles are fitted with these twisted wires, and this proportion is on the rise. They now account for up to 40% of the entire wire harness, as an increasing number of sensors and actuators need to be incorporated that rely on these wires. This increases the amount of manual production work, while at the same time increasing susceptibility to operator error. With the new Omega 840/850, wire harnesses can for the first time be assembled fully automatically with almost any combination of single and twisted wires. Customers therefore bring down their costs, increase product quality, and reduce the amount of testing and correction work that would be required with manual assembly.



Lambda X – greater flexibility and lower space requirement

In October 2022, Komax unveiled its new Lambda X generation of transfer lines. This machine is a modular platform for the semi- and fully-automatic wire processing of data lines. Wires can be fitted on either one or both sides. The modular set-up of hardware and machine control is conducive to efficient and intuitive operation. Single production modules can be individually added by the customer, which in turn facilitates great flexibility. The Lambda X is therefore only as large as the customer requires. This allows for a space saving of up to 45% compared to the predecessor generation as well as competitor products. What's more, the Lambda X can be expanded after its initial commissioning at the customer's factory, and the degree of automation can be further increased.

Schleuniger Transfer Line Family S70



Schleuniger has unveiled a number of innovative transfer machines in recent years. Indeed, with its Transfer Line Family S50 it has simultaneously won two prestigious design prizes: the iF Design Award in the “Industry/Tools” category, and the German Design Award in the “Excellent Product Design – Industry” category. The Transfer Line Family S70, a modular platform for high-voltage applications, likewise scooped a number of awards in 2022, including the most significant technology prize in Switzerland – the Swiss Technology Award in the “Industry Innovation” category.



New Rotar 500 taping machine for highly complex wire harnesses

With the new Rotar 500 series, wire harnesses can be efficiently processed for vehicle doors, mirrors, or batteries. The process of taping – i. e., the administering of adhesive tape – protects and orders the individual wire bundles and reduces the noise emissions of loose wires. The program controlling of the Rotar 500 guarantees reproducible quality. Thanks to the new design, the handling time can be reduced significantly compared to competitor products. What's more, automated taping using the Rotar 500 series reduces the consumption of adhesive tape by up to 25% compared to manual taping. The installation is compatible with MES (Manufacturing Execution System), and can therefore be seamlessly integrated into the value chain of automatic wire processing.



Strip Series B300 – new benchtop stripping machine

In 2022, the Schleuniger Group launched its Strip Series B300 – a new class of portable, programmable benchtop stripping machines. When developing this machine, which weighs in at just 11 kg, the focus was on ergonomic superiority and simplicity of use, as these aspects have clear repercussions for productivity. The front cover is slanted at an ergonomic angle and ensures a good line of sight for feeding in the wire. A clear, high-resolution, five-inch color touchscreen is combined with guided menu navigation for immediate, intuitive handling. The B300 is therefore easy to operate even without programming knowledge, and permits the rapid and reliable stripping of wires with cross-sections of 0.03–8.0 mm².

The Komax Group is continuously driving forward innovations. At the WirePro Expo trade fair in October 2022, which was held at the company's headquarters in Switzerland, a specialist audience was shown numerous new developments. Customers of the Komax Group will be able to benefit from a range of further new products this year and in the coming years.

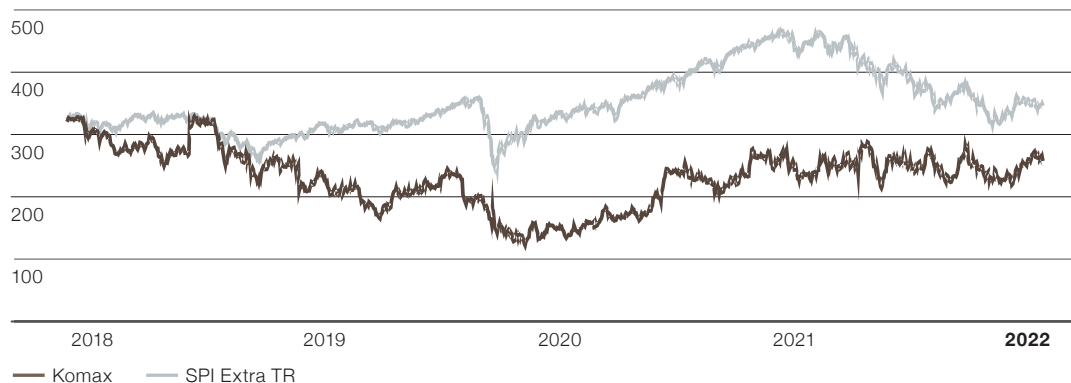
SHARE INFORMATION

The Komax Group cultivates a policy of open and transparent communication with its investors. It allows shareholders to participate in the company's success through its attractive and sustainable dividend policy (payout ratio 50–60%).

Over the course of 2022, the daily closing price of the Komax share ranged between CHF 214.00 and CHF 288.00. The year-end closing price was CHF 257.50, slightly above the previous year's level (2021 year-end closing price CHF 253.00). In a turbulent stock market environment, the SPI Extra declined by a clear 24% over the same period. The SPI Extra performed better than the Komax share on a five-year comparison. While the SPI Extra increased by 8.3% from the end of 2017 to the end of 2022, the Komax share lost 19.4% in value over the same period.

Share price development (31 December 2017 – 31 December 2022)

in CHF



LISTING

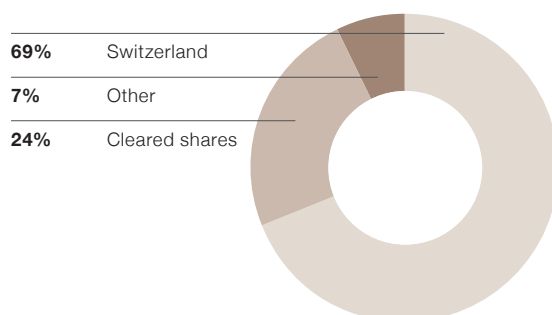
Komax Holding AG is listed on SIX Swiss Exchange. The market capitalization of the Komax Group at the end of 2022 was CHF 1.3 billion (31.12.2021: CHF 1.0 billion).

ISIN	CH0010702154
Security number	1070215
Bloomberg code	KOMN SW
Thomson Reuters code	KOMN.S

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDINGS

The majority of shares not held in Switzerland are held in Germany, the United Kingdom, and the United States.

As at 31 December 2022



BREAKDOWN OF SHAREHOLDERS BY NUMBER OF REGISTERED SHARES HELD

	31.12.2022	31.12.2021
1-100	3 469	3 536
101-1 000	1 600	1 655
1 001-10 000	218	218
10 001-100 000	29	30
> 100 000	4	4
Total shareholders	5 320	5 443

The shareholder base decreased by 123 persons to 5 320 in 2022. In the past five years – i. e., since the end of 2017 – the shareholder base has grown by a good 5%.

Free float

The free float as defined by SIX Swiss Exchange stands at 75% (31.12.2021: 100%). Through the combination with Schleuniger, the Komax Group acquired, in Metall Zug AG, an anchor shareholder (25% stake) with a long-term investment horizon.

DISCLOSURE OF SHAREHOLDINGS / SIGNIFICANT SHAREHOLDERS

Under Art. 120 of the Financial Market Infrastructure Act (FinMIA) anyone who acquires or sells equity securities on their own account and thereby attains, falls below, or exceeds the threshold of 3, 5, 10, 15, 20, 25, 33 1/3, 50, or 66 2/3% of the voting rights in a company (whether or not such rights may be exercised) is subject to a reporting obligation. Information on these significant shareholders can be found on page 68 of this report.

The reporting obligation applies to anyone who directly, indirectly, or in concert with third parties acquires or disposes of shares in a company incorporated in Switzerland whose equity securities are listed in whole or in part in Switzerland. It also applies to anyone who can exercise the voting rights attached to such equity securities at their own discretion. Disclosure must be made to the company and stock exchanges on which the equity securities in question are listed.

DIVIDEND POLICY

54.5%
payout ratio

In the strategy, the Board of Directors has defined an attractive dividend policy with a payout ratio of 50–60% of Group earnings after taxes (EAT). It is proposing to the Annual General Meeting of 12 April 2023 distribution of a dividend of CHF 5.50 per share (2021: CHF 4.50). Thereof CHF 2.75 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. Due to a statutory requirement, a maximum of half of the total distribution may take place from capital contribution reserves. With a payout ratio of 54.5%, the Komax Group fulfils its strategic target.

FINANCIAL CALENDAR

Annual General Meeting	12 April 2023
Half-year results 2023	17 August 2023
Investor Day	28 September 2023
Preliminary information on 2023 financial year	23 January 2024

KOMAX REGISTERED SHARE: KEY DATA

		2022	2021	2020	2019	2018
Share capital as at 31 Dec.	in TCHF	513	385	385	385	385
Number of shares as at 31 Dec.	No.	5 133 333 ¹	3 850 000	3 850 000	3 850 000	3 847 510
Average number of outstanding shares	No.	4 273 799	3 843 440	3 845 655	3 843 352	3 830 864
Key data per share						
Par value	CHF	0.10	0.10	0.10	0.10	0.10
Basic earnings	CHF	12.11	7.90	-0.34	3.44	13.52
EBITDA	CHF	20.81	15.70	6.85	9.58	20.52
EBIT	CHF	16.78	11.65	2.93	6.25	15.56
Shareholders' equity	CHF	81.15	68.81	61.42	63.53	73.20
Distribution	CHF	5.50 ²	4.50	0.00	0.00	7.00
Payout ratio	%	54.5 ²	57.0	0.0	0.0	52.0
Dividend yield as at 31 Dec.	%	2.1 ²	1.8	0.0	0.0	3.0
Share price development						
Highest price	CHF	288.00	276.60	238.80	264.00	329.00
Lowest price	CHF	214.00	177.30	122.00	165.10	223.00
Closing price as at 31 Dec.	CHF	257.50	253.00	176.30	236.40	230.00
Average daily trading volume	No.	6 419	8 846	15 809	16 802	13 342
P/E (price-earnings ratio) as at 31 Dec.		21.3	32.0	-518.5	68.7	17.0
Total return per share						
Distribution from prior-year profit	CHF	4.50	0.00	0.00	7.00	6.50
Change in value	CHF	4.50	76.70	-60.10	6.40	-89.50
Total (total return)	CHF	9.00	76.70	-60.10	13.40	-83.00
Annual return ³	%	3.56	43.51	-25.42	5.83	-25.98

¹ A capital increase for 1 283 333 shares took place within the framework of the combination between Komax and Schleuniger. Following an exchange of shares, Metall Zug AG became the Komax Group's single biggest shareholder (see pages 12/13).

² Proposal of Board of Directors of Komax Holding AG: distribution of CHF 5.50 per registered share.

³ Versus prior-year-end closing price.

Further information on the Komax registered share can be found at www.komaxgroup.com.

ESG REPORT

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SUSTAINABLE, SOCIAL, AND RESPONSIBLE

Environmentally sustainable business practices along with socially-oriented and responsible company management are core elements of the Komax Group's corporate strategy. They are incorporated into both the Komax Group's long-term targets and its operating activities. The Komax Group is determined to develop its competencies in questions of sustainability on an ongoing basis – for the benefit of all stakeholders and the environment.

The goal of the Komax Group is to ensure sustainable development of business on the basis of a long-term strategy, so that future generations can also benefit from the impact of the company. The Komax Group fundamentally rejects any notion of making profits at the cost of the environment and society. The company is committed to environmentally-friendly production methods and adopts a responsible approach to the use of natural resources. The Komax Group is deeply committed to its employees, offering

them a respectful, appreciation-based working atmosphere in which they are given freedom of maneuver and the opportunity to engage in inspiring exchanges. Far from being empty phrases, these principles have been applied by the Komax Group for decades. In keeping with these principles, the Komax Group has clearly defined its corporate purpose. On top of this are five core values that form essential parts of the company's identity.

PURPOSE – WHAT DRIVES THE KOMAX GROUP FORWARD

For decades now, the Komax Group has been known for its innovative products and leading market position. But what drives the company as it goes about its business? What does the company want to achieve, and what contribution does the Komax Group make to society? The purpose of the Komax Group can be summarized in just a few words:

As a driver of innovation and market leader in automated wire processing, we develop and produce intelligent, reliable, and optimally cost-effective wiring solutions for smart mobility and smart city applications. We work closely with our customers to make life simpler, more convenient, and safer.

The Komax Group understands smart mobility to mean the increasingly multifaceted nature of the mobility offering for end customers. Be it bicycles, cars, or public transport – many of these forms of transport increasingly rely on electrical drive systems and a higher number of electronic components. Wherever electricity is used, wires are required, and wherever wires are installed, areas of application arise for the Komax Group. Smart city solutions support the optimum usage of this mobility spectrum, e. g., through traffic guidance systems or intelligent electricity usage, distribution, and storage systems. All these solutions need cables, be it for transmitting power or transferring data. With its automated manufacturing solutions, the Komax Group helps to drive forward these megatrends.

Five core values

All business processes in the Komax Group are aligned with five core values (see page 56). These core values are fundamental elements of the identity of the Komax Group, and are enshrined in its Code of Conduct. They form the basis for environmentally sustainable business development as well as socially-oriented and responsible corporate governance.

Ongoing development of ESG activities

In recent years, the Komax Group has worked continuously on its development in the three ESG dimensions – Environment, Social, and Governance. At the initiative of the Board of Directors, the Komax Group elaborated an ESG strategy in the reporting year that will be formally adopted in 2023.

It is based on a comprehensive materiality analysis, which drew on numerous interviews, surveys, and discussions with a wide range of internal and external stakeholders (Board of Directors, Executive Committee, employees, investors, analysts, customers, etc.). During this

process, strong long-term customer relationships, a pronounced and practiced set of corporate ethics, and satisfied employees were identified as material elements. In addition, energy-efficient and environmentally-friendly production processes, sustainable products and supply chains, and a sparing use of valuable resources were defined as the top priorities. Placing the focus on areas where the Komax Group can make the greatest difference contributes significantly to sustainable and responsible business processes, while at the same time minimizing risks and increasing the company's appeal in the eyes of customers, suppliers, employees, and other stakeholders.

In 2021/2022, the Komax Group established processes for compiling and communicating relevant environmental data, such as CO₂ emissions. Thanks to the combination with the Schleuniger Group, the Komax Group now has 14 new sites in Europe, North America, and Asia. This has also necessitated the compilation of further data, a task which is not yet complete. Accordingly, detailed overarching data for the much larger Komax Group will be communicated over the course of 2023. This also includes ESG targets, which will likewise be reviewed due to the combination and the associated overhaul of company strategy.

THE FIVE CORE VALUES OF THE KOMAX GROUP



INNOVATION

As a pioneering and visionary company, we ensure that our business activity has a long-term focus. We are always open to new ideas and regularly re-examine our approach. This includes looking beyond our immediate concerns. We are willing to take risks – on the basis of knowledge and understanding – in order to reinforce our leadership in terms of innovation. Following new paths can lead to mistakes. We realize and tolerate this because it gives us an opportunity to become even better. We are increasing our lead by continuing to press ahead with innovations proactively, quickly, and determinedly while remaining committed to our usual high quality standards.



CUSTOMER FOCUS

The varying needs of our customers are at the center of our activities. We listen to them carefully and ask the right questions. Understanding their requirements enables us to keep on improving. We strive to ensure that our solutions offer our customers added value, so that they can increase their efficiency and productivity and thus gain a competitive advantage. We are close to our customers, communicate actively, and foster friendly, long-term relationships and partnerships based on respect and esteem.



SUCCESS

We pursue ambitious targets and make an effort to achieve them every day. As a market and technology leader we make high demands of ourselves and strive to find the best solution for our customers. Our long history of success encourages us to continue the success story and create sustainable value. This benefits our customers, employees, and investors. We want all these stakeholders to share equally in our success. We nurture competent, committed employees who enable us to retain loyal, satisfied customers.



QUALITY

Our day-to-day work is driven by quality and a willingness to examine what we do critically. We provide our customers with solutions that fully meet our quality requirements and supply what we have agreed. This commitment lies at the heart of our long-term, trusting customer relationships. Our efforts to keep on getting better include always delivering the agreed quality and actively asking customers how we can improve further. It is clear to us that this creates trust, which is of inestimable value.



RESPONSIBILITY

We take our responsibility towards our customers, employees, and investors seriously and act as a reliable, trustworthy partner. Our integrity and ability to keep to our agreements and meet our deadlines make us stand out from the crowd. We keep our word and ensure that our partners and colleagues do so too. A strong sense of shared responsibility is important to us and we are careful to foster it. We take responsibility for our actions, make decisions, and carry them out. If we pass our responsibility on to others, we do so deliberately and ensure that they assume it in turn.

In addition, the Komax Group negotiated a new syndicated loan facility in the 2022 financial year, which will ensure the company has the long-term financial freedom of maneuver to ensure sustainable company development. The rate of interest payable on the loan is linked to an ESG component. A bonus/malus system based on the company's ESG rating was agreed with the banks making up the syndicate.

At the proposal of the Board of Directors, the Annual General Meeting of 13 April 2022 decided that the registration and voting rights restriction

of 15% previously in force would be rescinded without replacement. This will have the effect of strengthening the Komax Group's corporate governance, in keeping with the principle "one share, one vote."

Finally, the Board of Directors will appoint a Sustainability and Innovation Committee following the next Annual General Meeting in order to take even greater account of the strategic principle of sustainable company development.

SUSTAINABLE PRODUCTS AND PROCESSES

Long product lifecycles

A key feature of the machines developed by the Komax Group is their extraordinarily high quality and longevity. The Group's own global service network and its collaboration with partners ensures that these machines are professionally maintained. This has a positive impact on their performance, value retention, and lifespan, as well as saving resources. Komax also ensures servicing and the availability of upgrades and replacement parts well beyond the end of any guarantee periods. Thanks to their modular construction, the machines can usually be adapted to new technological developments or changing needs. As a result, numerous products have been used by customers for decades.

Lower consumption of resources for new developments

When developing new machinery, the Komax Group takes care to ensure that the consumption of resources is continuously reduced – both in the production process and during the life cycles of the machines at the factories of its customers. In recent years, the company has placed a particular emphasis on electricity consumption.

Moreover, the wire processing solutions delivered by the Komax Group do not contain any environmentally damaging components. The automation of processes can itself help to save resources – such as in the taping area, where customers of the Komax Group use up to 25% less adhesive tape than they would with manual processing.

Back in 2011, the Komax Group launched its “Oekomax” program in Switzerland, with the aim of continually reducing the impact of its products on the environment. Ever since, a team comprising employees from various areas of the company has been tackling sustainability issues. This includes making employees aware of the need to adopt a sparing approach to resources, and elaborating ideas for further increasing the energy efficiency of newly developed machines.

The Komax Group commissions independent market research companies to carry out customer satisfaction analysis on a regular basis. For example, this involves assessing customers'

degree of loyalty and the extent to which the company meets their expectations. Customer feedback on potential areas of improvement is particularly valuable to the Komax Group and is incorporated into new developments.

Cleantech – contributing to clean mobility

In a few years' time, over 30% of new cars around the world will be powered by electricity. With its innovative solutions for the processing of high-voltage cables for electric vehicles, the Komax Group is making an important contribution to this transition to e-mobility. A proprietary center of competence for electro-mobility in Hungary is seeing a clear and substantial increase in demand for automation solutions for the processing of high-voltage cables thanks to the fast-growing market for electric and hybrid vehicles. The serial production of complex high-voltage cables in the necessary quantities requires great precision and efficiency. For this reason, the automation of these processes is becoming ever more important.

For many years now, the Komax Group has been able to offer a portfolio of solutions covering the entire value chain – from the processing of high-voltage cables through to the testing of the final harnesses – and it continues to expand this portfolio on an ongoing basis. Included in its portfolio are solutions for processing individual high-voltage cables, alongside machines that enable entire wire harnesses to be manufactured for electric vehicles on a fully automated basis. In addition, adaptronic in particular offers testing systems for the testing of high-voltage cables.

Sustainability in production

A significant proportion of the value creation delivered by the Komax Group lies in engineering services. The majority of components are manufactured and supplied by third parties, which means that actual production at the Komax Group primarily comprises the assembly of components. Accordingly, the Komax Group generates relatively few emissions in its own production processes compared to other industrial companies.

Highly automated, state-of-the-art production systems are used for the strategically important components that the Komax Group manufactures in-house. These are based on lean management concepts, and are designed to

avoid errors and minimize waste. The careful and efficient use of resources has top priority. Wherever possible, waste materials and wastewater are recycled or disposed of appropriately. What's more, optimization programs are designed to ensure that waste volumes are reduced on an ongoing basis.

Certifications and integrated management systems

The majority of the production locations of the Komax Group, namely in Brazil, China, Germany, France, Mexico, Switzerland, Tunisia, Türkiye, Hungary, and the US, are ISO 9001 certified. This also includes the newly acquired sites of the Schleuniger Group. In addition, Komax AG's sites in Dierikon and Rotkreuz, Komax SLE in Grafenau, Komax Testing Germany in Porta Westfalica, and Komax Romania Trading in Bucharest all have ISO 14001 certification. These five sites employ just under 1 000 people. All have integrated management systems that encompass company processes, the environment, health protection, and workplace safety. The sites of Komax AG and Komax Romania Trading are also ISO 45001 certified.

Environmentally sustainable site development

Wherever possible, the Komax Group uses renewable energies such as solar or hydro power at its sites. At its Swiss production locations, the company draws electricity from its own photovoltaic systems, from "blue" electricity – which is derived 100% from hydropower – and from natural power obtained through Central Switzerland's RegioMix scheme. The Komax Group has a photovoltaic power plant on the roof of its Dierikon newbuild, which was first occupied in 2020. This produces some 180 MWh of electrical power annually, or 10-15% of the building's total energy requirement. This enabled the Komax Group to save more than 300 tons of CO₂ in Dierikon in 2022 alone.

To save further resources, the Komax Group opted for a climate-friendly, low-tech approach on this site, which entails using technical solutions such as artificial ventilation, illumination, and motorized shading sparingly in the new building. The internal courtyard plays a key role here, as it brings plenty of light to the inner zone. Acting as a vertical chimney, it allows warm air to rise and thereby stimulates natural ventilation via the outer facade. The louvers of the facade

20
sites
ISO 9001
certified

Country	Company	Certification
Brazil	Komax Testing Brasil Ltda.	ISO 9001
China	Komax (Shanghai) Co., Ltd.	ISO 9001
	Schleuniger Machinery (Tianjin) Co., Ltd.	ISO 9001
Germany	adaptronic Prüftechnik GmbH	ISO 9001
	Komax SLE GmbH & Co. KG	ISO 9001 ISO 14001 DE AEOC 104360
	Komax Testing Germany GmbH	ISO 9001 ISO 14001
	Schleuniger GmbH	ISO 9001
France	Komax Laselec SA	ISO 9001
Mexico	Komax de México, S. de R.L. de C.V.	ISO 9001
	Komax Testing México, S. de R.L. de C.V.	ISO 9001
Austria	Komax Austria GmbH	ISO 9001
Romania	Komax Romania Trading S.R.L.	ISO 9001 ISO 14001 ISO 45001
Switzerland	Komax AG	ISO 9001 ISO 14001 ISO 45001
	Schleuniger AG	ISO 9001
Czech Republic	Komax Czech Republic Trading s.r.o.	ISO 9001
Tunisia	Komax Testing Tunisia sarl	ISO 9001
Türkiye	Komax Testing Türkiye Test Sistemleri San. Ltd. Şti.	ISO 9001
Hungary	Komax Hungary Kft.	ISO 9001
USA	Ciris Inc.	ISO 9001
	Komax Corporation	ISO 9001

At its newbuild headquarters in Dierikon, which were occupied in 2020, the Komax Group pursues a low-tech, climate-friendly approach.



of the newbuild prevent excessive penetration of sunlight during the summer months, while still allowing in sufficient daylight at all times. All of these solutions are possible thanks to state-of-the-art industrial architecture with little reliance on complex technology. In Thun, some 30% of the site's energy needs are provided by the photovoltaic power plant, with the remaining 70% drawn from clean hydropower.

In 2021, the Komax Group purchased land with a production and office building very close to its headquarters in Dierikon. This is now being fully refurbished, and will incorporate another photovoltaic power plant encompassing around 580 m².

The Komax Group uses district heating in Dierikon. Its newbuild, the building acquired in 2021, and the company's existing structures all use this form of heating, which is carbon-neutral.

In 2022, further measures were implemented to reduce energy consumption. In its older buildings at the Dierikon site, the Komax Group is now consistently replacing all remaining fluorescent light bulbs with LED. 100 old lights were removed from the production area in the reporting year, and the conversion of the office areas to LED lighting will follow in 2023. The old lightbulbs at the newly acquired Thun site have also been replaced by LED. This will reduce total energy consumption at the site by 1% annually.

Even though it will entail an increase in elect-

ricity consumption, the Komax Group is promoting electro-mobility at its sites in Dierikon, Rotkreuz, and Radevormwald. All these sites now have charging stations available for use by employees and customers for electric vehicles. Flexible working from home arrangements and the mobility bonus introduced at the Dierikon and Rotkreuz sites in 2017 contributed to a reduction in CO₂ emissions. All employees at these locations who forego motorized private transport on their journey to and from work receive monthly bonuses of CHF 100.

Sustainable supply chains

A significant proportion of the components built into the Komax Group's products are manufactured by suppliers. For that reason, sustainability in the supply chain is particularly important to the Komax Group. The company relies on long-term partnerships with suppliers who have sustainable business processes in place and whose products meet rigorous environmental criteria. This is reviewed on a regular basis through audits. All new and existing partners are evaluated according to the same criteria. These include the status of integration of sustainable business processes, quality, price, procurement chain, and deadline reliability, as well as production processes and applied technologies. Furthermore, in a Code of Conduct drawn up for its suppliers, the Komax Group

obliges these parties to comply with legislation and to act in an environmentally conscious and ethical way. If violations are uncovered, a supplier's contract may be immediately terminated as a result.

The Komax Group reduces the burden on the environment through efficient supplier management. In order to better evaluate the sustainability of its supply chain and take expedient measures, the company has been working with EcoVadis since 2021.

In collaboration with Bossard, a leading logistics company for industrial assembly and connection solutions, the Komax Group has also been reducing its annual CO₂ emissions at Swiss locations in the procurement of Class C items. These are materials with a low item value and high procurement volume, such as screws. As the Komax Group is part of the broad network of Bossard customers who share a common supplier base, shipments and transport routes can be consolidated, thereby reducing the consumption of fuel. Overall, the Group's CO₂ emissions have been reduced by around a quarter thanks to the consolidation of deliveries through Bossard.

Last but not least, energy efficiency, environmental friendliness, and the sparing use of re-

sources on the part of the provider are key decision-making criteria alongside investment volumes when it comes to evaluating and selecting new production sites.

PROMOTING PEOPLE AND CONTRIBUTING TO THE GENERAL GOOD

The Komax family is growing

At the end of 2022, the Komax Group employed 3 390 people worldwide (2021: 2 121). As a result of the combination with Schleuniger, 1 070 new employees were integrated into the Komax family. The Komax Group is also actively integrating the different corporate cultures step by step, ensuring regular transparent communication and arranging get-togethers at which colleagues of both Komax and Schleuniger can get to know each other better, both personally and professionally.

Personnel expenses in the year under review amounted to CHF 209.3 million, corresponding to a year-on-year increase of 32.4% (2021: CHF 158.0 million).

2022	Switzerland ¹	Europe ¹	Americas ¹	Asia ¹	Africa ¹	Total
Production	397	512	122	136	102	1 269
Research and development	224	94	19	23	0	360
Engineering	75	190	39	35	14	353
Marketing and sales	180	199	105	90	20	594
Service	46	113	106	85	21	371
Administration ²	148	160	63	59	13	443
Total headcount as at 31 December 2022	1 070	1 268	454	428	170	3 390

2021	Switzerland	Europe	Americas	Asia	Africa	Total
Production	233	302	86	73	80	774
Research and development	134	57	5	26	0	222
Engineering	40	116	33	16	15	220
Marketing and sales	134	138	59	58	21	410
Service	30	74	63	61	17	245
Administration ²	70	98	41	29	12	250
Total headcount as at 31 December 2021	641	785	287	263	145	2 121

¹ The individual companies and their locations are listed on pages 133/134.

² Including management and IT.

The Komax Group is an attractive employer

The Komax Group offers its employees numerous opportunities to develop. As a driving force in the market, it gives them the opportunity to work in an international environment, shape the industry, and design their own path to entrepreneurial and personal success. The inspiring working environment is characterized by equality of opportunity, equal treatment, attractive workplaces, and a healthy work-life balance. Here the Komax Group relies on three principles: the opportunity to actively shape things, responsibility, and solidarity.

The Komax Group's excellent reputation as an attractive employer is based above all on its special corporate culture.

The proportion of women in the Group's global workforce stood at 20.0% in the reporting year (2021: 18.5%), which is a good level for a technology company active in the automotive industry. The main reason for the relatively low proportion of women in the workforce is the significant number of technical jobs. The Komax Group's fluctuation rate has been at a pleasingly low level for many years, and shows that employees enjoy their work at the Komax Group. In 2022 this rate stood at 8.2% (2021: 10.3%). Viewed over the long term, this is nonetheless a high figure for the Komax Group.

The appeal of the Komax Group as an employer is reflected in the company's surveys of employee satisfaction, which are conducted every three years at more than 50 company locations worldwide. The surveys are implemented on a staggered basis. In 2022, 130 employees working for seven predominantly smaller companies took part. Of these respondents, 68% stated that they viewed themselves as ambassadors for the Komax Group and felt an exceptionally strong tie to both the company and their work. In addition, employees have a high level of motivation. It is 78 out of 100 points, which is a good result compared to other internationally active companies.

Actively promoting staff development

As part of an active staff development policy, the Komax Group organizes regular management seminars and further training events for its employees, as well as providing financial support for individual training activities. The Komax Group channels around 1% of all personnel expenses into this aspect of human resources.

A good example of this was the internal "Innovation Days" in 2022 for employees working in development: 330 specialists from eight countries received training and enjoyed interdisciplinary discussions while attending a total of 52 courses. In this way, participants were able to devote some 2 000 working hours to their further training. The Komax Group encourages this kind of international exchange so that staff can gain new experiences and expand their career perspectives.

Fair employment conditions

The Komax Group pays salaries in line with market rates, and offers social benefits typical for the industry and the relevant country. Both Komax and Schleuniger have carried out equal pay analysis in Switzerland, and have had this reviewed and certified by independent parties. Such analysis have confirmed that the Komax Group pays women and men an equal wage for equal work. Fair pay is of crucial importance to the Komax Group.

1%
of all personnel
expenses spent
for employee
development

SCOPE TO CREATE CHANGE – WE FACILITATE DEVELOPMENT

We give our employees the room to pursue their tasks and develop as individuals. Everyone counts. The status quo should be challenged, the proven further developed and something new created.

RESPONSIBILITY – WE TAKE AND DELEGATE RESPONSIBILITY, WHICH FORMS COMMITMENT BETWEEN US

Room to maneuver requires commitment and shared responsibility on the part of every employee. We challenge our employees. Everyone has to answer for their performance.

TOGETHERNESS – WE MAINTAIN AN INSPIRING TOGETHERNESS

We maintain a valued working atmosphere with an international character. A sense of togetherness is very important to us. Every employee is part of the whole. The strong sense for community models our team culture, which is characterized by mutual respect and togetherness.

Health and safety has the highest priority

It goes without saying that the Komax Group meets all statutory requirements worldwide in terms of the conditions of its workplaces. The health and safety of its workforce are key factors for the Komax Group in its quest for operational excellence. Internal processes are regularly scrutinized for health and safety risks, and employees at the individual production sites are made aware of potential workplace risks in a targeted way. The low number of occupational accidents over a period of many years is testament to the success of these schemes. But the Komax Group is not content to rest there – it has set itself the target of continuing to reduce workplace accidents. The mid- and long-term targets in this area are published together with the communication of the ESG strategy.

the Schleuniger Group. But even without this development, the Komax Group would have significantly increased the number of training positions for apprentices in the last five years – from 79 to 91.

During their training, young people get an insight into the various departments' activities and thus get to know and understand the numerous processes that take place in a company. The Komax Group has state-of-the-art workstations as well as well-equipped mechanical workshops and assembly areas for the specific apprenticeship subjects. The budding professionals are supervised by trainers who possess strong technical and teaching skills as well as sensitivity to the social needs of young people.

In addition to professional training, the Komax Group also offers apprentices a number of inte-

“The corporate culture of the Komax Group is characterized by mutual respect, trust, and quality awareness. It allows employees to realize their full potential.”

Sandra Keller, Vice President Global Human Resources

fit@work

In addition, the Komax Group actively promotes the health of its workforce at its various locations. At Komax in Switzerland, for example, employees benefit from the occupational health management initiative “fit@work.” The focal points of this initiative are movement, nutrition, and relaxation. The Komax Group helps its employees to improve their physical and mental fitness with a multifaceted offering that encompasses free sports offers, fruit initiatives, workshops, and specialist talks. A key element of fit@work is the employee health survey, which is conducted every three years.

resting benefits such as language courses, cultural events, preventive health measures, and its own team-building events. Once apprentices have completed their training, the Komax Group helps them make the transition into full professional life, either at the site where they trained or at one of the company's locations abroad. Moreover, the company supports the specialists it has trained in their professional development and further vocational training.

**YOUNG
COMMUNITY**

Major investment in tomorrow's workforce

To ensure that the Komax Group retains its leading position in the future, the company is firmly committed to training future specialists. In 2022, 82 apprentices were undergoing training in nine professions (2021: 55 apprentices) at the company's sites in Switzerland, while the equivalent figure in Germany was 51 apprentices (2021: 46 apprentices). The strong year-on-year increase is explained by the combination with

Young Community@Komax – the platform for young employees

In order to better understand the needs of its younger employees (those under 30) and thereby provide them with more targeted support, the Komax Group founded the Young Community in Switzerland in 2018. The Young Community is a cross-functional, informal network comprising around 50 employees in the under-30s age group. It offers its members a platform on which they can communicate their needs in respect of their employer and working environment, and draw up potential solutions for these issues.

“Our young apprentices take on responsibility at an early stage, for example by accompanying the entire development of a machine – from the idea through to production maturity.”

Michael Gehrig, Head of Vocational Training, Dierikon and Rotkreuz sites

The Young Community’s steering committee discusses the themes that it has worked on with the CEO of the Komax Group once a year, and acts as a direct line of communication between younger employees and their employer throughout the year.

A multifaceted program involving workshops, specialist talks, and events to strengthen the Community is spread across the year. A core component is the promotion of knowledge exchange and an understanding of the different activities pursued at the Komax Group. This is achieved, for example, by two members of the Young Community exchanging roles for half a day. The Komax Group is convinced that the valuable ideas and suggestions coming from the Young Community can help it to develop further as an employer and provide new stimuli. This is vital, not least in terms of remaining attractive to young, talented employees in an increasingly digitalized world of work.

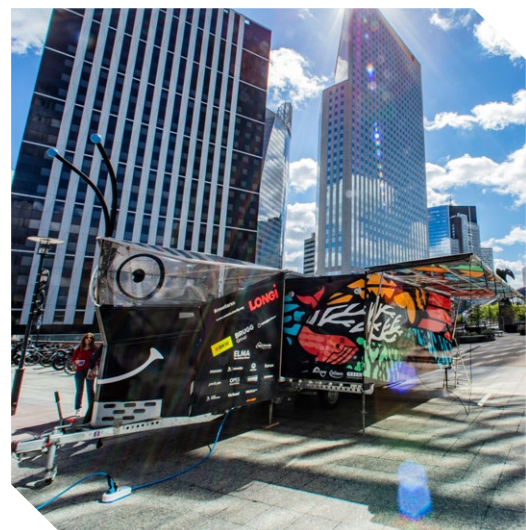
Support for local projects at different locations

The Komax Group is interested in the wellbeing of more than just its employees. In keeping with its corporate purpose, the company is keen to make a contribution to society, and to make life simpler, safer, and more convenient. It achieves this not only through its business strategy, but also by actively supporting a whole range of projects.

Partner to a visionary project – Solar Butterfly

One project that combines the key themes of electro-mobility, environmental protection, and a responsible approach to natural resources is Solar Butterfly. The Komax Group is therefore proud to be a partner of this future-oriented project initiated by Louis Palmer. A visionary in the sustainable lifestyle area, Palmer was the first person to circumnavigate the globe in a solar taxi in 2007–2008. He was designated a UNEP Champion of the Earth by the UN Environment Programme, and awarded the European Solar Prize.

Solar Butterfly, the first ever solar-powered mobile home to travel around the world.



The Solar Butterfly is the first-ever solar-powered mobile home to travel around the world. It is a self-sufficient tiny house, designed to sensitize people all around the world to climate change while at the same time highlighting the available solutions. The Komax Group is not only supporting the project financially, but also played an important role in the construction of the Solar Butterfly. At the assembly stage, apprentices from the Automation and Mechanics areas took on tasks such as the wiring of solar panels, working in the area of pneumatics and drive technology, and the configuration and programming of control panels.

Contributing to regional development at different locations

The Komax Group is not just an important employer in many of the regions in which it is active – it is also committed to activities in a whole range of areas, including education, sports, the arts, and social involvement. Switzerland has long suffered from a shortage of young people entering the MINT professions (mathematics, IT, natural sciences, and technology). For this reason, the Komax Group supports various initiatives in the Lucerne and Zug cantons in Switzerland, such as “A fascination with technology” and “MINT on the move”. In addition, it also takes

“We are fascinated by the idea of the Solar Butterfly. This project combines themes of great importance to us – electro-mobility and sustainability – in a most impressive way.”

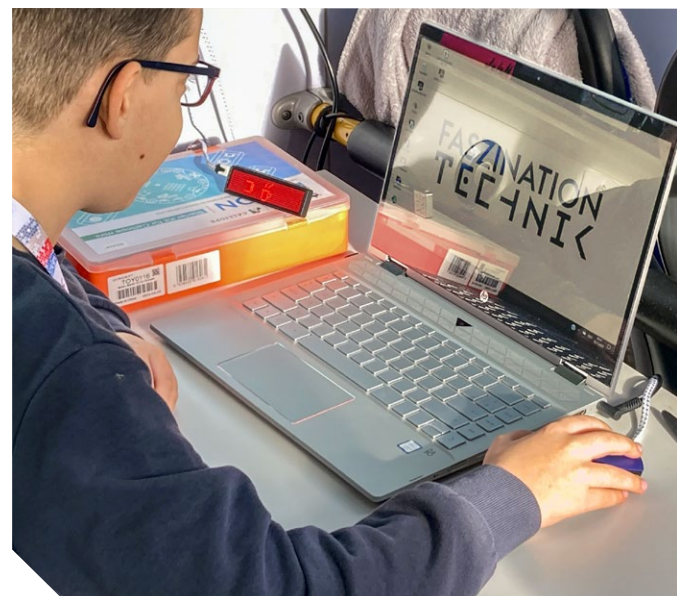
Matijas Meyer, CEO Komax Group

Measuring ten meters in length and weighing 2.8 tons, the Solar Butterfly “Larso” is a kind of mobile home towed by an electric engine. All the power required for this tiny house and its towing vehicle is produced by solar panels. At the press of a button, the panels unfold to cover an area of 120 m², which gives the impression of a butterfly.

The adventure began in Geneva on 23 May 2022, and has since taken Solar Butterfly across Europe and up to the North Cap. “Larso” has now racked up more than 25 000 kilometers and visited 27 countries. In 2023 its odyssey will continue to further destinations in Europe, and then to North and Central America in the second half of the year. Its global itinerary will see it ultimately visit 90 countries and travel more than 200 000 kilometers. Solar Butterfly will be advertising sustainability projects at hundreds of events during this period. The World Tour will end on 12 December 2025 in Paris to mark the tenth anniversary of the Paris Agreement on climate change. For more information please see solarbutterfly.org.

part in the girls@science and boys@science study weeks organized by the Swiss Youth in Science Foundation aimed at encouraging young people to enter the MINT professions.

At its site in Thun, the Komax Group supports “TRANSfair Gastronomy”, a social enter-



The initiative “A fascination with technology” is supported by the Komax Group in order to enthuse young people about technology and natural science.



Apprentices from the 2022 Training Camp on the bridge they built themselves in Obersaxen.

prise that offers mentally impaired people professional and social integration and support. In addition, the same site takes part in the “2 times Christmas” initiative by the Swiss Red Cross, donating school materials as well as numerous presents contributed by staff to people in need.

Following a coronavirus-related hiatus in previous years, 2022 then finally saw the return of the Apprentice Camp in Switzerland. This one-week event is designed to bring apprentices from the Dierikon and Rotkreuz sites closer together, as well as to promote social solidarity. In 2022, 45 apprentices helped to maintain hiking trails, bike trails, and rest areas in the municipality of Obersaxen, Switzerland, as well as build a bridge and a set of steps, among other things.

But the company’s locations in other regions have also been contributing to the general good and providing support where it is urgently needed. For example, together with the organization “Share4love”, Schleuniger in China drew up a donation plan for a primary school in Mao Jiaping village in the province of Guizhou, providing children with 2 000 books, shelves, desks, chairs, and play facilities, among other things. Komax Shanghai employs people with special needs, and was one of the first partners of the Inclusion Factory, a Chinese company that helps people with special needs to obtain work and thereby play a role in society.

GOVERNANCE – TAKING RESPONSIBILITY

Code of Conduct – the ethical principles of the Komax Group

As a globally active market leader in its field, the Komax Group has a special responsibility toward its customers, suppliers, employees, and the communities in which it works. The Komax Group takes this responsibility very seriously, and has therefore drawn up a strict Code of Conduct. This Code of Conduct is binding for all employees worldwide. It is built on the ethical principles that the Komax Group has been applying for many years. The code defines key rules of conduct for dealing with confidential information and living up to essential core values such as reliability, credibility, integrity, equality of opportunity, health and safety, and sustainability. It is published in 16 languages and reviewed at regular intervals (www.komaxgroup.com/organization).

New employees receive special training in this area in order to make them aware of these rules of conduct, and all employees have to repeat this training on a regular basis. Violations of this code are not tolerated, and will have corresponding consequences for the employees

concerned. Anyone who becomes aware of a violation may report this to their line manager, to the HR department, or to the independent external whistleblowing service.

In its commercial relationships, the Komax Group sets great store by respect, decency, social responsibility, and consistent adherence to international guidelines and laws. For this reason, the Komax Group has drawn up special codes of conduct for both suppliers and business partners, and where possible makes compliance with these codes a contractual obligation. Key elements here include compliance with all local and international laws, a ban on corruption and bribery, fair competition, and the respecting of human rights. Violations of the Code of Conduct are consistently admonished and may result in immediate termination of a contract.

Raising awareness of and minimizing risks

Responsible corporate governance geared around long-term success also encompasses appropriate risk management. The risks associated with the Komax Group's commercial activities are systematically identified, analyzed, monitored, and managed on an annual basis through an institutionalized risk management function. These risks are amalgamated into thematic groups and prioritized in a risk matrix according to the likelihood of occurrence and the potential to have an impact on the company. They include general external risks (e. g., pandemic and epidemic risks), operating and financial risks, risks arising in connection with corporate governance and trade compliance, and IT risks. The Executive Committee bears operational responsibility for risk management. In addition, key individual risks are controlled by pro-

cess managers who take concrete measures and monitor their implementation. Further information on risk management can be found from page 128 onwards of the Financial Report.

Data protection in the age of digitalization

The Komax Group attaches great importance to the protection of both commercial and personal data. It has therefore taken measures to ensure that all its own data, as well as that of customers, suppliers, and employees, is protected to the greatest extent possible. In addition to detailed data protection guidelines, the Komax Group has also implemented technical security measures such as the encryption and pseudonymization of data, data logging/recording, access restrictions, and the storage of security copies.

Furthermore, the company has been improving data security with the assistance of external partners through regular penetration tests (simulated external attacks), and has 24/7 monitoring in place 365 days a year thanks to its Security Operations Center (SOC).

All software platforms from external service providers (SaaS) used by the Komax Group since 2022 are repeatedly scanned for weaknesses. Existing security measures are adjusted on an ongoing basis in line with technological developments. All employees are obliged to participate in regular cybersecurity training sessions. In the same context, the Komax Group has been conducting phishing awareness training since mid-2022, involving simulated email attacks, in order to raise awareness of this issue among employees.

You can find further information on governance at the Komax Group in the Corporate Governance Report on pages 67–84.

24/7
monitoring in
use 365 days
a year

CORPORATE GOVERNANCE

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Ensuring good corporate governance is very important to the Komax Group. Objectives in this area include safeguarding company value and success in the interest of customers, shareholders, staff, creditors, suppliers, and the public, as well as the provision of transparent, rapid, and simultaneous information to all stakeholder groups. The Komax Group takes as its starting point the principles and regulations of the Swiss Code of Best Practice of *economiesuisse* and the Directive on Information Relating to Corporate Governance (Directive Corporate Governance, DCG) of SIX Exchange Regulation, and gives an account of developments in this area each year in its Annual Report. The key elements are laid down in the Articles of Association, the Organizational Regulations, and the Regulations on the Remuneration Committee and the Audit Committee. In addition, the Board of Directors regularly looks at the issue of corporate governance and initiates the corresponding adjustments where appropriate.

1 CORPORATE STRUCTURE AND SHAREHOLDERS

Corporate structure

The Group structure and subsidiaries belonging to the Group are set out on pages 133 and 134 of the Annual Report. With the exception of Komax Holding AG, no companies with listed participation securities form part of the scope of consolidation.

Komax Holding AG, the holding company of the Komax Group, has its headquarters in Dierikon, Switzerland. Details on the place of listing, market capitalization, security, and ISIN numbers are set out on page 49 ("Share information").

Major shareholders

Shareholders whose share of the company's share capital exceeds or falls below the thresholds of 3, 5, 10, 15, 20, 25, 33 1/2, 50, and 66 2/3% have a reporting obligation under the Financial Market Infrastructure Act (FinMIA). According to the disclosure reports submitted, the company had the following major shareholders holding more than 3% of the votes as at 31 December 2022:

Shareholder / shareholder group	Number of shares 31.12.2022	Share in % 31.12.2022 ¹
Metall Zug AG, Zug, Switzerland	1 283 333 ²	25.00
abrdn plc, Edinburgh, UK	207 322 ³	4.04
Max Koch, Meggen, Switzerland	190 285 ⁴	3.71
Vontobel Fonds Services AG, Zurich, Switzerland	169 133 ⁵	3.30

¹ The calculation is based on the 5 133 333 registered shares listed in the Commercial Register as at 31 December 2022.

² Notification of breach of 20% threshold on 6 September 2022.

³ Notification of position falling below 5% threshold on 7 September 2022.

⁴ Notification of position falling below 5% threshold on 13 March 2018.

⁵ Notification of breach of 3% threshold on 24 March 2021.

All shareholdings reported to Komax Holding AG and the Disclosure Office of SIX Swiss Exchange during the 2022 financial year as per Art. 120 of the Financial Market Infrastructure Act have been published on SIX Swiss Exchange AG's electronic publication platform and can be viewed at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Cross-shareholdings

There are no cross-shareholdings.

2 CAPITAL STRUCTURE

Capital

in CHF	
Ordinary capital	513 333.30
Conditional capital	0.00
Authorized capital	0.00

Further details are provided in the sections below.

Authorized and conditional capital in particular

Neither at 31 December 2022 nor at 31 December 2021 was there any authorized or conditional capital.

Capital changes

The Komax Group carried out a capital increase and subsequent exchange of shares within the framework of the combination with the Schleuniger Group. In the context of the authorized capital increase of 30 August 2022, in accordance with the agreement on contributions in kind and acquisition of assets dated 30 August 2022, Komax Holding AG took over from Metall Zug AG 250 000 registered shares of Schleuniger AG and a loan to Schleuniger AG in the amount of CHF 70 367 000, for a total value of CHF 206 367 000. In return, Metall Zug AG was issued with 1 283 333 new registered shares with a par value of CHF 0.10 each (see also pages 12/13 and page 131 in the Financial Report). Following the capital increase and exchange of shares, Metall Zug AG became the Komax Group's single biggest shareholder. The percentage shares of the other shareholders have also reduced accordingly.

Details of capital changes in 2021 and 2022 can be found on page 107 of the Financial Report. The corresponding information for 2020 can be found on page 88 of the financial section of the 2021 Annual Report, which is available on the Komax Group's website (www.komaxgroup.com/publications).

Shares, participation certificates, and bonus certificates

As at 31 December 2022, Komax Holding AG had fully paid-up capital of CHF 513 333.30 and distributed over 5 133 333 registered shares with a par value of CHF 0.10 each. Each registered share entitles the holder to vote at the Annual General Meeting as long as the shareholder is listed in the share register as a "voting shareholder" (see also "Restrictions on transferability of shares and nominee registrations"). Registered shares are fully entitled to receive dividends. Komax Holding AG has not issued any participation certificates or bonus certificates.

Restrictions on transferability of shares and nominee registrations

The Komax Holding AG share register is divided into the categories of “non-voting shareholders” and “voting shareholders.” “Non-voting shareholders” may exercise all property rights, but not the right to vote or rights associated with that of voting. “Voting shareholders” may exercise all rights associated with the share (see Articles of Association, www.komaxgroup.com/organization).

At the proposal of the Board of Directors, the Annual General Meeting of 13 April 2022 decided that, with the combination of Komax and Schleuniger, the registration and voting rights restriction of 15% previously in force would be rescinded without replacement. This will have the effect of strengthening the Komax Group’s corporate governance, in keeping with the principle “one share, one vote.”

Komax Holding AG’s Articles of Association empower the Board of Directors to refuse entry in the share register if the acquirer does not expressly declare, at the request of the Board, that the shares were acquired in their own name and for their own account. Nominees are listed in the share register as “non-voting shareholders.” After hearing the affected party, Komax Holding AG may delete entries in the share register if such entries occurred in consequence of false statements by the acquirer. The acquirer must be informed of the deletion immediately.

Convertible bonds and options

Komax Holding AG has no outstanding convertible bonds and there are no option programs for employees.

Management transactions

The Listing Rules of SIX Swiss Exchange stipulate a disclosure obligation for management transactions. The Board of Directors has issued a set of regulations to comply with these provisions. Members of the Board of Directors and Executive Committee have a disclosure obligation toward the company in this respect. No notifications were submitted in the 2022 financial year (2021: no notifications). Published notifications can be found at www.six-exchange-regulation.com/en/home/publications/management-transactions.html (website of SIX Swiss Exchange).

3 BOARD OF DIRECTORS

The Board of Directors comprised seven individuals as at 31 December 2022. Following the combination of Komax Holding AG and Schleuniger AG, Jürg Werner joined the Board as a representative of the new anchor shareholder Metall Zug AG, in accordance with the decision of the Annual General Meeting on 13 April 2022. No member of the Board of Directors was a member of the Executive Committee in the three financial years prior to the reporting period, and no member of the Board of Directors has any material business relationship with any Group companies.

Members of the Board of Directors

	Appointed	Term expires	Committees
Beat Kälin, Chairman	2015	2023	RC
David Dean, Vice Chairman	2014	2023	AC (Chairman)
Andreas Häberli	2017	2023	RC
Kurt Haerri	2012	2023	AC
Mariel Hoch	2019	2023	AC
Roland Siegwart	2013	2023	RC (Chairman)
Jürg Werner	2022	2023	

AC: Audit Committee

RC: Remuneration Committee

There are no cross-involvements among the Board of Directors. Biographies of the individual Board members and details of their other activities and interests are provided on pages 73 and 75 of the Annual Report.



Statutory regulations with respect to the number of permissible activities as per Art. 626 (2) Swiss Code of Obligations (formerly Art. 12 para. 1 point 1 ERCO)¹

According to the Articles of Association, the number of permissible mandates of members of the Board of Directors in the highest management or administrative bodies of legal entities which are obliged to have themselves entered in the Commercial Register or in a corresponding foreign register and which are not controlled by the company or do not control the company shall be

- four additional mandates for listed companies,
- five additional mandates for non-listed companies, and
- five additional mandates for charitable organizations,

as long as this does not involve any breach of statutory provisions and in particular the due diligence obligations of the Board of Directors. Mandates with different companies that belong to the same corporate group count as a single mandate. Mandates undertaken by a member of the Board of Directors at the behest of a Group company or to exercise an office under public law are not covered by the restriction on additional mandates described above.

The assumption of mandates other than those stipulated above is permissible without numerical restriction, as long as these mandates are unremunerated and do not interfere with the Board member's fulfillment of his/her obligations in respect of the company. The reimbursement of expenses does not count as compensation.

¹ The Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) was transferred as part of the revision of the law on companies limited by shares to the Federal Act on the Amendment of the Swiss Civil Code; Part Five: The Code of Obligations.





BEAT KÄLIN (1957)
Non-executive, independent member, and Chairman of the Board of Directors since 2015, elected until 2023, Swiss citizen, resident in Birmensdorf (CH)

Member of the Board of Directors of listed company Huber+Suhner AG, Pfäffikon ZH, Chairman of the Board of Directors of Seven-sense Robotics AG, Zurich, and member of the Board of Directors of CabTec Holding AG, Rotkreuz.

Beat Kälin holds a master's degree and a doctorate in engineering from ETH Zurich. He also holds an MBA from INSEAD. From 1987 to 1997 he held various management positions in the Elektrowatt Group; from 1998 to 2004 he was a member of the Group Executive Board of SIG Schweizerische Industrie-Gesellschaft Holding AG; from 2004 to 2006 he was a member of the Board of Management responsible for the Packaging Technology Division at Robert Bosch GmbH, Stuttgart (DE). He was COO of the Komax Group from 2006 to 2007, and CEO from 2007 to 2015. In the last three years, Beat Kälin has not been a member of the Executive Committee or had any material business relationships with the Komax Group.



DAVID DEAN (1959)
Non-executive, independent member of the Board of Directors since 2014, Vice Chairman since 2019, elected until 2023, Swiss citizen, resident in Penang (MY).

Member of the Board of Directors of listed company Bossard Holding AG, Zug, and Burckhardt Compression Holding AG, Winterthur; he is also Chairman of the Board of Directors of Haag-Streit Holding AG, Köniz, and a member of the Board of Directors of the Brugg Group AG, Brugg.

David Dean is an expert in accounting and controlling. He holds a federal diploma and is a certified accountant. Furthermore, he has also completed management training at Harvard Business School and IMD Lausanne. David Dean works as a professional board director. From 1992 to 2019 he worked for the Bossard Group – from 2005 to 2019 as CEO, from 1998 to 2004 as CFO, and from 1992 to 1997 as Corporate Controller. Prior to this, from 1990 to 1992 he worked as Corporate Controller and member of the Group Executive Board of a leading global logistics company, and from 1980 to 1990 held various management functions in auditing and management consultancy at PricewaterhouseCoopers AG. In the last three years, David Dean has not been a member of the Executive Committee or had any material business relationships with the Komax Group.



ANDREAS HÄBERLI (1968)
Non-executive, independent member of the Board of Directors since 2017, elected until 2023, Swiss citizen, resident in Bubikon CH).

Member of the Board of Directors of listed company Kardex Holding AG, Zurich, and member of the Board of Directors of 3db Access AG, Thalwil, as well as a member of the Industrial Advisory Board, ETH Zurich, and the Swissmem Research Commission, Zurich.

Andreas Häberli holds a master's degree in electrical engineering from ETH Zurich. He then went on to obtain a doctorate (Dr. sc. techn.) at ETH Zurich's Laboratory for Physical Electronics. Since 2003, he has held various management roles at the dormakaba Group (formerly Kaba Group), where he has been Chief Technology Officer (CTO) and a member of the Executive Committee since 2011. He was a member of the Executive Board of Sensirion AG from 1999 to 2003, and worked for Invox Technology (USA) from 1997 to 1999. In the last three years, Andreas Häberli has not been a member of the Executive Committee or had any material business relationships with the Komax Group.



KURT HAERRI (1962)
Non-executive, independent member of the Board of Directors since 2012, elected until 2023, Swiss citizen, resident in Birrwil (CH).

Member of the Board of Directors of Bertschi Holding AG, Dürrenäsch, 4B AG, Hochdorf, as well as member of the Board of the Swiss-Chinese Chamber of Commerce (Head of the MEM Industry Chapter), Zurich, and President of Gemeindienststiftung Emmen.

Kurt Haerri holds a degree in mechanical engineering from Lucerne University of Applied Sciences as well as an Executive MBA HSG from the University of St. Gallen. He has been working for Schindler since 1987, with a short interruption in 2021. He currently heads a task force on new installations in the USA. Previous roles included Global Head of High-Rise Business as well as Marketing & Sales at the Schindler Group. He was based in China for Schindler from 1996 to 2003 and 2017 to 2019, and headed a global growth program in the China, India, Southeast Asia, and US markets from 2020 onwards. Kurt Haerri was the President of the Swiss-Chinese Chamber of Commerce from 2006 to 2013. He was also responsible for the Asia module of an Executive MBA program at ETH Zurich. In the last three years, Kurt Haerri has not been a member of the Executive Committee or had any material business relationships with the Komax Group.



MARIEL HOCH (1973)
Non-executive, independent member of the Board of Directors since 2019, elected until 2023, Swiss and German citizen, resident in Zurich (CH).

Member of the Board of Directors of listed company SIG Combibloc Group AG, Neuhausen am Rheinfall, and of Comet Holding AG, Flamatt; in addition, she is a member of the Board of Directors of MEXAB AG, Lucerne, as well as a member of the Foundation Board of the Irene M. Staehelin Stiftung, Zurich, the Law and Economics Foundation St. Gallen, and the Foundation Board of The Schörling Foundation, Lucerne.

Mariel Hoch obtained a PhD (Dr. iur.) from the University of Zurich and was admitted to the Zurich Bar in 2005. Since 2002, she has been with the law firm Bär & Karrer AG in Zurich, where she specializes in M&A transactions and advises listed companies on corporate and regulatory matters. Mariel Hoch has been a partner since 2012. In the last three years, Mariel Hoch has not been a member of the Executive Committee or had any material business relationships with the Komax Group.



ROLAND SIEGWART (1959)
Non-executive, independent member of the Board of Directors since 2013, elected until 2023, Swiss citizen, resident in Schwyz (CH).

Member of the Board of Directors of Evatec Holding AG, Trübbach, of NZZ Media Group (AG für die Neue Zürcher Zeitung), Zurich, of Sevensense Robotics AG, Zurich, and of Voliro AG, Zurich; he is also Chairman of the Board of Trustees of Gebert Rüt Stiftung, Basel, Vice Chairman of the Board of Trustees of the Kick Foundation, Basel, and member of the Foundation Board of the BlueLion Foundation, Zurich.

Roland Siegwart holds a master's degree in mechanical engineering as well as a doctorate from ETH Zurich. He was Professor of Microrobotics at EPFL Lausanne from 1996 to 2006, and Vice President of Research and Corporate Relations at ETH Zurich from 2010 to 2014. He has been Professor of Robotics at ETH Zurich since July 2006 and Co-Director of the Wyss Translational Center Zurich, a joint research center of ETH Zurich and the University of Zurich, since 2015. In the last three years, Roland Siegwart has not been a member of the Executive Committee or had any material business relationships with the Komax Group.



JÜRIG WERNER (1956)
Non-executive, independent member of the Board of Directors since 2022, elected until 2023, Swiss citizen, resident in Hedingen (CH).

Member of the Board of Directors of listed company V-ZUG AG, Zug, member of the Board of Directors of the Haag-Streit Holding AG, Köniz, and a member of the Industrial Advisory Board, ETH Zurich; elected full member of the Swiss Academy of Engineering Sciences (SATW), Zurich.

Jürg Werner holds a degree in electrical engineering from ETH Zurich. He then went on to obtain a doctorate (Dr. sc. techn.) from ETH Zurich's Institute for Quantum Electronics. He has a postgraduate diploma in business management from Lucerne University of Applied Sciences and Arts. From 2013 to 2020 he was CEO of Metall Zug AG. Prior to this he worked for V-ZUG AG between 1996 and 2013 – from 2010 to 2013 as CEO, in 2010 as COO, and from 1996 to 2009 as Head of Development. Before joining V-ZUG AG he held management roles at companies in the US and Switzerland. Jürg Werner has not been a member of the Executive Committee or had any material business relationships with the Komax Group.

Election and term of office

According to the Articles of Association, the Board of Directors consists of three to seven members. It is predominantly composed of independent, non-executive members, who are elected individually by the Annual General Meeting for a term lasting until the end of the next Annual General Meeting. The Annual General Meeting also elects the Chair. Members may be re-elected. There is no restriction on the length of a member's term of office, although members usually step down after a term of 12 years at the most. The Articles of Association provide no regulations regarding the appointment of the Chair and the members of the Board of Directors that deviate from statutory provisions.

The Komax Group strives to achieve diversity on its Board of Directors in respect of age, gender, professional background, etc., and is keen that its membership should cover the broadest possible set of skills. The Komax Group does not yet fulfil the statutory requirement for a 30% quota of women on the Board of Directors, which entered into force in Switzerland in 2021, and will take this factor into consideration when filling future vacancies.

The Chair and all other members of the Board of Directors will be proposed for re-election at the next Annual General Meeting on 12 April 2023.

Internal organization

The internal organization of Komax Holding AG, i.e. the tasks and competencies of its executive bodies, is set out in the Organizational Regulations available on the website of the Komax Group (www.komaxgroup.com/organization).

The Board of Directors consists of the Chair and a maximum of six other Board members. With the exception of the Chair, who is elected by the Annual General Meeting, unless that position becomes vacant during the year, the Board of Directors organizes itself. If the office of Chair becomes vacant during the period of office, the Board of Directors will nominate a new Chair for the remaining period of office, whereby this person must be an existing member of the Board of Directors.

The Chair is responsible for chairing meetings. At the invitation of the Chair, the Board of Directors meets as often as business requires, but no less than four times per year. Each member of the Board of Directors is also entitled to request that a meeting be called to discuss a particular topic. In this case, the Chair convenes the meeting within 14 days of receiving the request.

The Board of Directors is deemed to have a quorum if an absolute majority of its members participate. The resolutions of the Board of Directors are adopted by an absolute majority of votes. In the event of a tie, the Chair casts the deciding vote. All resolutions are minuted. The Board of Directors can pass its resolutions using digital channels or in writing on hard copy or electronically (resolutions by circular letter), provided no Board member calls for verbal discussion.

Six ordinary and two extraordinary meetings of the Board of Directors were held in 2022. All members attended all of the meetings. On average, these meetings lasted around six hours. However, these average times pertain to the actual duration of the meetings themselves, and do not take into account the preparatory and follow-up work done by the individual members. Within the Board of Directors, there are two committees that are exclusively made up of non-executive Board members.

To increase the focus on the strategic principle of sustainable corporate development, the Board of Directors will also establish a Sustainability and Innovation Committee after the next Annual General Meeting.

The Board of Directors undertakes regular evaluations of its own work as well as that of its committees. In addition, it regularly scrutinizes the composition of the Board.

– Remuneration Committee

This committee amalgamates the tasks of the remuneration and nomination committee. The Remuneration Committee consists of a maximum of three non-executive members. The Committee is elected by the Annual General Meeting. Members' term of office ends with the conclusion of the next Annual General Meeting. Re-election is permissible. The members are Roland Siegwart (Chair), Andreas Häberli, and Beat Kälin. The Board of Directors is proposing to the Annual General Meeting of 12 April 2023 that the three existing members be re-elected.

The Articles of Association provide no regulations regarding the appointment of Committee members that deviate from statutory provisions. If a member leaves the company prior to completing their term of office, the Board of Directors will appoint a replacement from among its number for the remaining period of office.

The Remuneration Committee meets as often as business requires, but at least twice a year. The invitation, which contains details of the agenda items, is issued in writing at least ten days prior to the meeting. The CEO, other members of the Executive Committee, and members of the statutory auditors or other specialists may attend these meetings in an advisory capacity. The members of the Executive Committee are not present when their own remuneration is discussed.

The Committee Chair reports to the Board of Directors on the activities of the Committee after every meeting. The minutes of Committee meetings are made available to the members of the Board of Directors.

In 2022, the Committee held two ordinary meetings and one extraordinary meeting; all members were present in each case. On average, these meetings lasted five hours. These average times do not include the preparatory and follow-up work done by the individual members.

The detailed tasks and competencies of the Remuneration Committee are formulated in a set of Regulations for the Remuneration Committee. These are summarized on pages 89/90 of the Compensation Report.

– Audit Committee

The Committee consists of a maximum of three non-executive members of the Board of Directors and assists the Board with its supervisory duties relating to corporate governance. The members of the Audit Committee are David Dean (Chair), Kurt Haerri, and Mariel Hoch. It meets at least twice a year. Three ordinary meetings took place in 2022, with all members being present on all occasions. On average, these meetings lasted four hours. These average times do not include the preparatory and follow-up work done by the individual members.

The tasks of the Audit Committee include the overall supervision of the external and internal auditors, as well as financial reporting. The Audit Committee sets out the scope and schedule of the audits to be carried out by the two auditing bodies and also coordinates their work.

Both the external and internal auditors draw up a report on their audit work, and the Audit Committee monitors the implementation of the audit findings. Furthermore, the Audit Committee evaluates the reliability of the internal control system and risk management, and acquires a picture of the extent to which statutory and internal regulations are being adhered to (compliance).

The CEO and the CFO both attend meetings of the Audit Committee. The external auditor is invited to attend. The CFO represents the internal audit unit. Both bodies have access to the minutes of the meetings of the Board of Directors and Executive Committee. The detailed tasks and competencies of the Audit Committee are set out in the Organizational Regulations for the Audit Committee.

Overall responsibility for the tasks and competencies assigned to the two committees essentially remains with the Board of Directors.

Definition of areas of responsibility

According to Art. 716a (1) Swiss Code of Obligations and the Articles of Association of Komax Holding AG, the Board of Directors must fulfil the following tasks:

- Overall management of the company and issuance of the necessary directives
- Defining the company's organizational structure
- Determining the principles of accounting, financial controlling, and financial planning
- Appointing and removing the persons entrusted with managing and/or representing the company
- Ultimate supervision of the persons entrusted with managing the company, specifically with respect to prevailing legislation, the Articles of Association, regulations, and directives
- Producing the Annual Report and the Compensation Report, making preparations for the Annual General Meeting, and executing the resolutions passed by the Annual General Meeting
- Submitting an application for a moratorium on debt enforcement and informing a court in the event of excessive indebtedness
- Passing resolutions on supplementary contributions for shares not fully paid in
- Resolutions for the approval of capital increases and the resulting amendments to the Articles of Association

The tasks, obligations, and powers of the Board of Directors, its Chair, and the Committees are set out in detail in the Articles of Association, the Organizational Regulations of Komax Holding AG, and the Regulations for the Remuneration Committee and the Audit Committee. These also define the rights, obligations, and competencies of the CEO and Executive Committee. The relevant regulations are reviewed on a regular basis and amended where necessary. The most recent adjustments have been in force since 13 June 2019. To the extent permitted by law and by the Articles of Association, the Board of Directors has delegated operational management of the company to the CEO of the Komax Group. The Executive Committee is made up of the CEO, CFO, and four further members. The members of the Executive Committee are appointed by the Board of Directors at the proposal of the Remuneration Committee.

Information and control instruments in respect of the Executive Committee

The CEO informs the Board of Directors at each ordinary meeting about the course of business, the Group's most important transactions, and the status of the tasks delegated to the Executive Committee. In addition, the key data generated by the management information system (MIS) is discussed at length with the CEO and CFO at these meetings. The Board of Directors is provided with full details of the current course of business and the financial situation of the Group between each meeting. In addition, the Chair of the Board of Directors and the CEO are in regular contact to discuss important matters of company policy.

The risks associated with the Group's commercial activities are systematically identified, analyzed, monitored, and managed through an institutionalized risk management function. These risks are amalgamated into groups according to their nature, namely general external risks (including pandemic and epidemic risks), business risks, financial risks, risks arising in connection with corporate governance and trade compliance, and IT risks.

The Executive Committee is responsible for the operational side of risk management, whereby specially appointed process owners are assigned responsibility for the management of key individual risks. These process owners take specific measures and monitor their implementation. Every year, the Executive Committee informs the Audit Committee of the risks identified and the measures taken as part of risk management activities.

The MIS of the Komax Group is organized as follows: Each subsidiary's key balance sheet and profit and loss figures are compiled and consolidated once a month. The subsidiaries' balance sheets, income statements, cash flow statements, and various indicators are compiled and consolidated on a quarterly, half-yearly, and yearly basis. A comparison is then made with the previous year and the budget. The budget forecast is checked for attainability against the quarterly statements for each individual company and on a consolidated basis.

Using key controls, the internal control system (ICS) ensures proper and efficient management, safeguards assets, prevents and identifies offences and errors, and ensures accurate and complete accounting records as well as timely preparation of reliable financial information. A report setting out the results of these investigations and the corresponding measures taken is submitted to the Audit Committee.

The internal audit function evaluates the effectiveness of the ICS as well as of management and monitoring processes. It also supports the Executive Committee in the risk management process. Internal audit duties are performed by the Finance and Accounting unit of Komax Management AG, Dierikon. This unit scrutinizes the individual operating units of the Group and the various business areas of the parent entity at regular intervals, and on the basis of an annually updated audit plan. The internal auditors report the results of their investigations to the Audit Committee. The Audit Committee reviews and approves the scope of the audit, the audit plan, and the corresponding responsibilities. It also decides on any measures to be implemented as a result of internal audit findings.

4 EXECUTIVE COMMITTEE

As at 31 December 2022 the Executive Committee comprised the CEO, the CFO, and three further members. Since 1 January 2023 the Executive Committee comprised six members.





MATIJAS MEYER (1970)
CEO since 2015, member of the Executive Committee since 2010, with the Komax Group since 2007, Swiss citizen, resident in Ebikon (CH).

Matijas Meyer holds a degree in engineering from ETH Zurich and an MBA from Cranfield University (UK). From 1998 to 2004, he worked in product development at OC Oerlikon/ESEC and from 2005 to 2006 in product management at Tornos SA. He joined the Komax Group in 2007, heading the French production and development site in Rousset until 2010. He then took over as Head of the Wire business unit and was appointed as a member of the Komax Executive Committee. He has been CEO of the Komax Group since 2015.



ANDREAS WOLFISBERG (1958)
CFO since 1996, member of the Executive Committee since 1996, with the Komax Group since 1991, Swiss citizen, resident in Adligenswil (CH).

Chairman of the Board of Directors of Kowema AG, Rotkreuz, and of its subsidiary CabTec Holding AG, Rotkreuz.

Andreas Wolfisberg is a Swiss Certified Expert in Accounting and Controlling. Before joining the Komax Group, he worked in finance at von Moos Stahl AG. He joined the Komax Group in 1991, initially as Department Head in finance and accounting and since 1996 as CFO and member of the Executive Committee.



JÜRGEN HOHNHAUS (1967)
Executive Vice President, member of the Executive Committee since 2020, with the Komax Group since 2019, German and Swiss citizen, resident in Riedholz (CH).

Jürgen Hohnhaus holds a degree in mechanical engineering and obtained his doctorate from the University of Stuttgart's Institute for Metal Forming Technology. From 2000 to 2008 he held various management positions at Dieffenbacher GmbH + Co. KG in Eppingen (DE). Subsequently and until 2017 he was Chief Technology Officer and a member of the Executive Committee at the Bystronic Group. From 2018 to 2019, he headed the Products division at the Güdel Group. Jürgen Hohnhaus joined the Komax Group in 2019 and has been a member of the Executive Committee since 2020. He heads a unit that addresses automation along the value chain and whose primary focus is on customer-specific solutions for wire processing.



TOBIAS RÖLZ (1977)
Executive Vice President, member of the Executive Committee since 2020, with the Komax Group since 2017, German citizen, resident in Thal (CH).

Tobias Rölz has a University of Applied Sciences (FH) degree in business informatics and a Kellogg-WHU Executive MBA. From 2002 to 2008, he worked for Continental AG, leading group-wide IT projects and managing international teams at various locations in Germany and China. He was then in various IT management positions at Hilti AG in Schaan (LI) and Buchs until 2017, most recently as Head of IT Workplace & Application Services. Tobias Rölz joined the Komax Group in 2017 and headed the Global IT & Digital Business department. In 2020, he took over the new Market & Digital Services department and became a member of the Executive Committee.



MARC SCHÜRMAN (1971)
Executive Vice President, member of the Executive Committee since 2019, with the Komax Group since 1995, Swiss citizen, resident in Zug (CH).

Member of the Board of Directors of Abnox AG, Cham.

Marc Schürmann graduated as a business technician and has an Executive MBA through the Rochester-Bern executive program. He joined the Komax Group in 1995, initially as a service technician and then held various management positions in Switzerland and abroad. Among his various positions, Marc Schürmann worked for Komax France for five years and was Managing Director of Komax China in Shanghai for two years. From 2010 to 2017, he was a member of the Executive Committee of the Wire business unit of the Komax Group, latterly as Head of Marketing, Sales & Service. He has headed a unit focusing on wire processing since 2018 and is Managing Director of Komax AG in Switzerland. Since 2019 he has been a member of the Executive Committee.

Member of the Executive Committee since 1 January 2023



OLIVER BLAUENSTEIN (1971)
Executive Vice President, member of the Executive Committee since 2023, with the Komax Group since 2023, Swiss citizen, resident in Zurich (CH).

Member of the Board of Directors of Swiss Finance Service Center AG, Zurich, and Chairman of the Foundation Board of Stiftung Benefit, Zurich.

Oliver Blauenstein holds a degree in electrical engineering from ETH Zurich, where he also obtained a doctorate. From 2004 to 2006 he was Head of Product Management and Engineering at Altec Electronic AG, going on to become Chief Technology Officer (CTO) for the Jaquet Technology Group AG until 2008. From 2008 to 2022, he held various management positions at ABB in Switzerland, Italy, and China. Most recently, he was Division Manager Process Automation Energy Industries at ABB. Oliver Blauenstein joined the Komax Group in 2023 and is a member of the Executive Committee. He is leading the testing activities within the Komax Group.

Members of the Executive Committee

	Function exercised since
Matijas Meyer, CEO	2015
Andreas Wolfisberg, CFO	1996
Jürgen Hohnhaus	2020
Tobias Rölz	2020
Marc Schürmann	2019

Oliver Blauenstein joined the Executive Committee as a new member on 1 January 2023, taking over the testing activities previously overseen on an interim basis by Matijas Meyer.

Other activities and interests

Aside from the mandates listed on pages 79 and 80, the members of the Executive Committee did not exercise any activities on management or supervisory bodies of significant Swiss and foreign corporate entities, institutions, or foundations under private or public law outside the Komax Group as at 31 December 2022.

Statutory regulations with respect to the number of permissible activities as per Art. 626 (2) Swiss Code of Obligations (formerly Art. 12 para. 1 point 1 ERCO)

According to the Articles of Association, the number of permissible mandates of members of the Executive Committee in the highest management or administrative bodies of legal entities which are obliged to have themselves entered in the Commercial Register or in a corresponding foreign register and which are not controlled by the company or do not control the company shall be

- two additional mandates for listed companies,
- two additional mandates for non-listed companies, and
- five additional mandates for charitable organizations,

as long as this does not involve any breach of statutory provisions and in particular the applicable due diligence obligations and the duty of loyalty. Mandates with different companies that belong to the same corporate group count as a single mandate. Mandates undertaken by a member of the Executive Committee at the behest of a Group company are not covered by the additional mandate restriction.

Executive Committee members may not accept any of the above-mentioned mandates without the prior written approval of the Board of Directors. The assumption of mandates other than those stipulated above is permissible without numerical restriction, as long as these mandates are unremunerated and do not interfere with the Executive Committee member's fulfillment of his/her obligations regarding the company. The reimbursement of expenses does not count as compensation.

Management contracts

No management agreements exist with companies or natural persons outside of the Group in relation to transferred management responsibilities.

5 COMPENSATION, SHAREHOLDINGS, AND LOANS

Details of compensation, shareholdings, and loans are set out in the Compensation Report on pages 85 to 103 of this Annual Report.

6 SHAREHOLDER PARTICIPATION RIGHTS

The fundamental participation rights of shareholders are set out in the Swiss Code of Obligations (CO) and supplemented by the provisions of the company's Articles of Association. There are no regulations on participation in the Annual General Meeting that deviate from statutory provisions. The Articles of Association of Komax Holding AG are available in electronic form on the website (www.komaxgroup.com/organization).

Voting rights and representation restrictions

Shareholders registered in the Komax Holding AG share register are entitled to vote – each share is entitled to one vote. Komax Holding AG treasury shares do not confer the right to vote. Legal entities and groups with joint legal status which are connected through capital, voting rights, management, or in some other manner, along with all natural persons, legal entities, and groups with joint legal status which act in concert by virtue of agreement, syndicate, or in some other manner, are regarded as one person for the purposes of this provision. Representation by the independent proxy remains reserved.

Shareholders may be represented at the Annual General Meeting by a representative of their choice on the basis of a written power of attorney, and by the independent proxy on the basis of electronic or written power of attorney. The Chair of the Annual General Meeting shall decide on the permissibility of representation. The independent proxy is elected by the Annual General Meeting up until the end of the next Annual General Meeting. The Articles of Association provide no regulations regarding the appointment of the independent proxy that deviate from statutory provisions.

Statutory quorums

The Annual General Meeting votes and passes its resolutions with the absolute majority of votes represented, unless prevailing legislation or the Articles of Association contain mandatory provisions under which resolutions have to be passed in a different way. In addition to the resolutions specified in CO Art. 704, under the Articles of Association of Komax Holding AG, a two-thirds majority of votes cast and an absolute majority by value of shares voted is required to dismiss members of the Board of Directors.

Convocation of the Annual General Meeting of shareholders and agenda

The convocation of the Annual General Meeting is governed by applicable law. The meeting is convened through publication in the Swiss Official Gazette of Commerce (SOGC) no later than 20 days prior to the chosen date. Shareholders representing at least 0.5% of the share capital can request that items be placed on the agenda for discussion by submitting the proposed motions in writing by the deadline published by the company.

Entries in the share register

Any person acquiring shares is listed in the share register as a “shareholder without voting rights” or a “shareholder with voting rights.” Only persons with a valid entry under one of these two headings shall be deemed to be shareholders.

Invitation to the Annual General Meeting of 12 April 2023

All shareholders registered in the Komax Holding AG share register as at 5.00 p.m. on 5 April 2023 are entitled to vote in respect of the number of shares registered in their name at the Annual General Meeting of 12 April 2023. Registered shares sold between this date and the Annual General Meeting do not confer the right to vote. Shareholders registered on 9 March 2023 will receive an invitation indicating the proposals of the Board of Directors along with the registration and subscription slip for admission tickets. Shareholders who acquire shares later and whose registration application is received by the Komax Holding AG share register no later than 5 April 2023 will receive the invitation at a later date.

7 CHANGES OF CONTROL AND DEFENSE MEASURES

Duty to make an offer

Upon reaching or exceeding a threshold of 33⅓%, a shareholder must submit an offer to all shareholders for the purchase of their shares (Art. 135 FinMIA). The Articles of Association do not contain any opting-out or opting-up regulations.

Clauses on change of control

At the Komax Group, change-of-control clauses are not included in employment contracts. However, the members of the Board of Directors, Executive Committee, and middle management are entitled to exercise their share-based remuneration in part or in full, without regard to the applicable time limits, in the event of a change in control.

8 AUDITORS

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

PricewaterhouseCoopers AG, Basel, has been the statutory auditor of Komax Holding AG and the Komax Group's consolidated financial statements since 1994. The Komax Group put its audit mandate back out to tender in 2021, and following detailed analysis decided not to change its auditor. The mandate will be put out to tender again in 2026 at the latest. Pursuant to the provisions of the Swiss Code of Obligations, the lead auditor is replaced after a maximum term of seven years. The lead auditor has been responsible for the audit mandate since 2017.

Audit fee

PricewaterhouseCoopers invoiced the Komax Group CHF 733 803 in the 2022 financial year for services in connection with auditing the annual statements of Komax Holding AG and the Group companies, as well as the consolidated statements of the Komax Group.

Additional fees

During the 2022 financial year, PricewaterhouseCoopers invoiced additional fees amounting to a total of CHF 123 061. This breaks down into fees of CHF 64 899 for tax and legal advice and CHF 58 162 for transaction services and other consultancy fees.

Information instruments of the external audit

The Audit Committee is responsible for evaluating the external auditors, who submit an audit report to the Board of Directors and senior management. At least two consultations are held each year between the external auditors and the Audit Committee, at which the material findings for each company (management letters) and the consolidated financial statements covered by the audit report are discussed in detail. The auditors also explain the audits conducted (audit and review) for each company along with recent changes in Swiss GAAP FER standards and their impact on the Komax Group's consolidated annual statements. The services provided by the statutory auditors are evaluated by the Audit Committee on the basis of the quality of reporting and the audit reports, the implementation of the audit plan, and the level of cooperation with the internal audit team. The independence of the auditors is verified by comparing the fee for additional services charged by the external auditors with the audit fee, taking into account the scope of these additional services.

9 INFORMATION POLICY

Komax Holding AG informs all stakeholders transparently, rapidly, and simultaneously. The CEO, CFO, and the Vice President Investor Relations/Corporate Communications are available as contact partners for information purposes.

The consolidated financial statements are compiled in conformity with Swiss GAAP FER standards. Komax Holding AG publishes comprehensive financial results twice a year, for the first half and the full year. The publication dates are available in the financial calendar on the Komax Group website (www.komaxgroup.com/en/invest-in-komax/financial-calendar). Media and analyst conferences are held at least once a year. In addition to the financial results, shareholders and the financial markets are also regularly informed of significant changes and developments.

Komax Holding AG publishes facts relevant to its share price in conformity with the disclosure policies of SIX Swiss Exchange Ltd (ad hoc publicity, Art. 53 of the Listing Rules). The Listing Rules can be downloaded at www.ser-ag.com. The official publication for company notices is the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt").

Information on share price trends, annual and half-year reports, the financial calendar, the minutes from the most recent Annual General Meeting, media releases, and Komax Holding AG's Articles of Association and Organizational Regulations are available at www.komaxgroup.com. Anyone who wants to receive all media releases of Komax Holding AG by email should sign up to the mailing list on the Komax Group's website (www.komaxgroup.com/en/media/mailling-list).

Contact

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10 TRADING BLACKOUT PERIODS

The Board of Directors has issued rules to prevent insider trading. For the Board of Directors, the Executive Board, the Managing Directors of all companies of the Komax Group, and various other employees – particularly those from the finance area – who are in possession of price-relevant information, specific blackout periods will apply to the trading of Komax shares. The general trading blackout periods each year will be from 1 January and 1 July until two stock market trading days after the publication of the annual and half-year report respectively.

Furthermore, the Chair of the Board of Directors and the CEO will be entitled to define trading blackout periods for selected persons in individual cases. These might include, for example, persons involved in a project with the potential to influence the price of Komax shares.

COMPENSATION REPORT

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This Compensation Report explains the philosophy behind the compensation concept of the Komax Group and provides an overview of the compensation policy and compensation systems of Komax Holding AG, as well as the principles used to determine the compensation of the Board of Directors and the Executive Committee. In addition, the compensation paid in 2022 is disclosed in detail, including a comparison with the previous year. The Compensation Report has been drawn up in accordance with the provisions of the Swiss Code of Obligations, the Directive on Corporate Governance (DCG) of SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

1 INTRODUCTION BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder,

The 2022 financial year was an intense and successful one for the Komax Group. The company recorded new record figures for order intake and revenues, while at the same time significantly increasing EBIT. The strategic financial targets set for 2023 were actually met in the year under review. Management worked tirelessly to address the numerous challenges, which included the supply chain situation, the still tangible effects of the coronavirus pandemic, and the repercussions of the war in Ukraine. On top of this came the combination with the Schleuniger Group, which was completed during the year.

As the Komax Group now has a new anchor shareholder, Metall Zug AG, Dr. Jürg Werner was appointed to the Board of Directors as its representative. The Remuneration Committee dealt with various personnel issues in 2022. These included the search for a successor to Executive Committee member Marcus Setterberg, who was responsible for the company's testing activities up to the end of 2021. A very experienced successor was found in the person of Oliver Blauenstein, who has strengthened the Executive Committee with effect from 1 January 2023. Furthermore, with a view to succession planning, the Committee also started its search for a new CFO. Andreas Wolfisberg, CFO of the Komax Group since 1996, will retire in 2023 after 32 years with the company. Christian Mäder, a highly distinguished management figure, will join the Komax Group on 1 August 2023. He will then assume responsibility for the CFO function on 1 October 2023, when he will also become a member of the Executive Committee.

The Komax Group stuck by its principle of fixed compensation for the Board of Directors in 2022, thereby guaranteeing independence in the supervision of the Executive Committee. Members of the Board of Directors receive a fixed compensation amount, which is regularly reviewed to ensure market conformity through a peer comparison with other listed, internationally active Swiss industrial companies of comparable size and complexity. Members of committees are paid an additional fixed sum.

The remuneration system for the Executive Committee was updated in 2021 and retained in the reporting year. In this system, the Komax Group adheres to a consistent pay-for-performance philosophy. In addition to a fixed base salary, members receive variable compensation which is largely determined by the commercial success of the company and the performance achievement level in respect of the targets set for the individual Executive Committee members. The remuneration policy of the Komax Group has been moderate for many years, and will remain so going forward. To ensure even greater transparency, the structure of the Compensation Report has been reworked.

For many years now, the Komax Group has adopted a sustainable approach to company development. To put an even greater focus on of this strategic principle, the Board of Directors will appoint a Sustainability and Innovation Committee after the next Annual General Meeting. This body will support and advise the Executive Committee in respect of the strategic development of the key themes of technology, innovation, and sustainability. Among other things, it will also monitor the sustainability principles and sustainability reporting of the Komax Group. The Sustainability and Innovation Committee will comprise three members.

You will be able to vote on this year's Compensation Report at the Annual General Meeting of Shareholders on 12 April 2023. You can also express your opinion on our compensation system through the votes on the proposed maximum possible total compensation. This is very important to us. In order to ensure continuity, the current members of the Remuneration Committee will stand for re-election.

Yours sincerely



Prof. Dr. Roland Siegwart

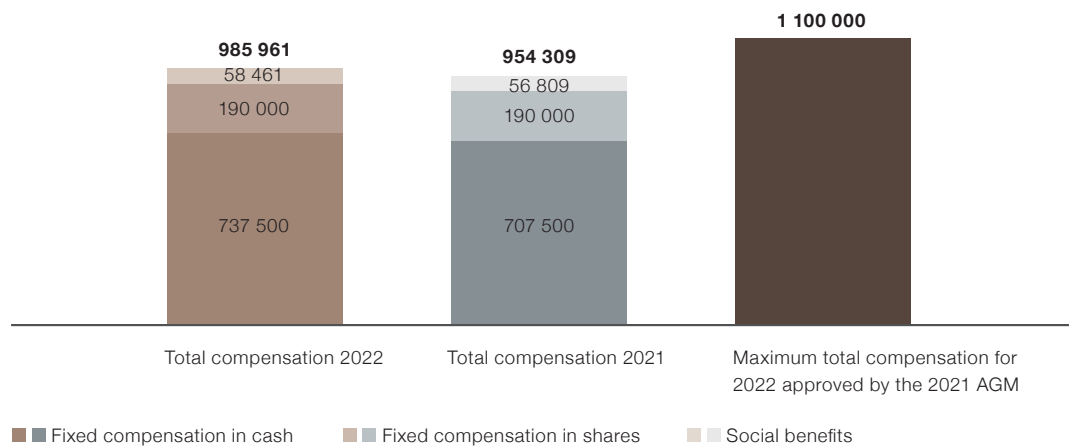
Chairman of the Remuneration Committee

2 COMPENSATION IN THE 2022 FINANCIAL YEAR AT A GLANCE

Compensation of the Board of Directors

In order to ensure their independence in their supervisory function, members of the Board of Directors receive a fixed proportion of their compensation in cash plus a fixed proportion in restricted shares. In 2022, the total compensation of the Board of Directors amounted to CHF 1.0 million, and was therefore in line with the maximum amount of CHF 1.1 million approved for the 2022 financial year at the 2021 Annual General Meeting. This maximum figure was adhered to despite the election of an additional member of the Board of Directors in the person of Jürg Werner at the 2022 Annual General Meeting in April.

in CHF

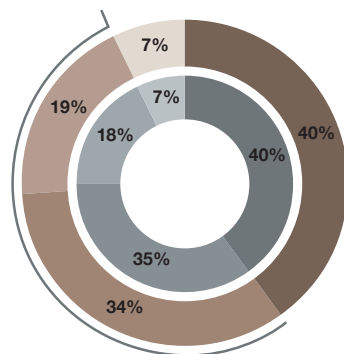


Compensation of the Executive Committee

The compensation of the members of the Executive Committee consists of a fixed base salary, a variable cash bonus, and a long-term incentive system in the form of performance share units (PSUs) with a three-year vesting period. In 2022, the total compensation of the Executive Committee amounted to CHF 3.7 million, and was therefore well below the maximum overall amount of CHF 5.2 million approved for the 2022 financial year at the 2021 Annual General Meeting.

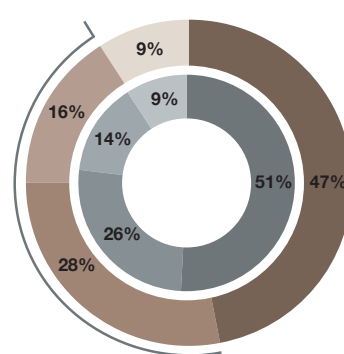
CEO

Variable compensation 2022: 53%



Total other members of the Executive Committee

Variable compensation 2022: 44%



- Fixed compensation
 - Cash bonus
 - PSU allocation
 - Social benefits
- 2022
■ 2021

3 COMPENSATION PHILOSOPHY OF THE KOMAX GROUP

The Komax Group pursues a long-term business strategy with a view to creating lasting value for the good of all stakeholder groups. Above-average profitability and sustainable growth are key objectives here. This goes hand in hand with environmentally conscious, socially aware, and responsible conduct towards all stakeholder groups.

The compensation philosophy is designed to be in alignment with this corporate strategy and the nature of the Komax Group's business model. The compensation amounts paid to the Executive Committee should be attractive in order to acquire and retain outstanding managers while at the same time setting incentives for the long-term success of the Komax Group. In addition, it should be fair, transparent, and proportionate. To this end, the Komax Group has created a compensation system that offers a balance of short-term and long-term as well as fixed and variable components. It adheres to both commercial and ethical principles in equal measure.

Principles of the Komax Group's compensation philosophy – what matters to us.

WE ...

- Pursue a clear pay-for-performance approach involving a mix of fixed and variable compensation.
- Align compensation with the commercial success of the Komax Group and the individual performance of Executive Committee members.
- Pay only performance-related bonuses, not guaranteed bonuses.
- Regularly align performance-related compensation with shareholder interests.
- Focus on sustainable success through a long-term incentive system in order to harmonize the interests of management and the long-term interests of shareholders.
- Are committed to fair compensation that is based on job profile, responsibility, competence, and experience.
- Provide transparency with regard to structure and the payment of compensation.
- Ensure that compensation is in line with market rates through regular external analysis of similar positions in comparable companies in order to attract and retain top-quality managers.
- Define clearly measurable targets for each Executive Committee member.
- Define ceilings for compensation in order to ensure moderation.
- Do not pay severance compensation ("golden parachutes").
- Do not reward short-term profit maximization and inappropriately high risks at the cost of long-term company success.
- Restrict notice periods for Executive Committee members to a maximum of twelve months.

The Komax Group is a globally active technology company in the machinery industry, and primarily sells industrial capital goods. Its business model is subject to economic fluctuations. These are reflected in the variable component of compensation in order to reflect the Komax Group's strict pay-for-performance approach. As the company has its headquarters in Switzerland, the compensation of the Board of Directors and Executive Committee is also aligned with that of other internationally active Swiss industrial companies.

As is the case for other employees, the compensation of the Executive Committee is based on job profile, responsibility, competence, and experience. There are key differences in the amounts of variable compensation. The cash bonus for the Executive Committee is higher than that of other employees who receive variable compensation, in order to ensure a direct link between business development and individual performance. Furthermore, a long-term incentive system dependent on the financial success of the company is in place in the form of performance share units. The Komax Group takes care to ensure that the compensation of members of the Executive Committee is in reasonable proportion to that of other employees, as well as in line with market rates.

4 TASKS AND COMPETENCIES OF THE REMUNERATION COMMITTEE

Under the Articles of Association, Organizational Regulations, and Regulations of the Remuneration Committee of Komax Holding AG, the Remuneration Committee is the supervisory body for staff and compensation policy within the Komax Group. The Committee amalgamates the tasks of a remuneration and nomination committee:

- Development and regular review of staff policy and compensation policy, including the principles of variable compensation and participation programs.
- Annual review of, and proposals for, the maximum total compensation payable to the Board of Directors and the Executive Committee, as well as preparation of the related proposals to the Annual General Meeting.
- Proposal on the individual compensation amounts payable to members of the Board of Directors and the CEO within the limits approved by the Annual General Meeting.
- Resolutions on the compensation payable to the other members of the Executive Committee within the limits approved by the Annual General Meeting.
- Succession planning for the Board of Directors, Executive Committee, and other key functions.
- Annual assessment of the independence of the members of the Board of Directors.
- Annual assessment of the performance of the CEO and the members of the Executive Committee.
- Preparation of the Compensation Report.

The Committee monitors and regularly discusses trends and developments in the area of compensation, including any changes to statutory provisions or changes to provisions on corporate governance. The overall responsibility for the tasks and competencies assigned to the Remuneration Committee essentially remains with the Board of Directors.

Delineation of competencies

	CEO	Committee	Board of Directors	Annual General Meeting
Compensation policy, including the principles of variable compensation and participation programs		proposes	approves	
Maximum total compensation for the Board of Directors and the Executive Committee		proposes	submits	approves (binding vote)
Individual compensation of the members of the Board of Directors		proposes	approves	
Evaluation of the performance of the CEO		proposes	approves	
Compensation of the CEO		proposes	approves	
Evaluation of the performance of the other members of the Executive Committee	proposes	approves		
Individual compensation of the other members of the Executive Committee	proposes	approves		
Compensation Report		proposes	approves	confirms (advisory vote)

Under the Articles of Association, the Remuneration Committee consists of a maximum of three non-executive members of the Board of Directors. The Committee is elected by the Annual General Meeting. The members' term of office ends with the conclusion of the next Annual General Meeting. Re-election is permissible. The 2022 Annual General Meeting elected Roland Siegwart (Chairman), Andreas Häberli, and Beat Kälin to the Committee. The Remuneration Committee meets as often as business requires, but at least twice a year, generally in March and in December.

Overview of meetings of the Remuneration Committee in the 2022 reporting year

	Ordinary meetings		Extraordinary meetings
	March	December	November
Total	2		1
Topics addressed			
Individual performance evaluation of the CEO and other members of the Executive Committee and determination of variable compensation	•		
Determination of compensation for the individual members of the Board of Directors	•		
Proposal to the Annual General Meeting for the total amount of compensation for the Board of Directors and Executive Committee for the 2023 financial year	•		
Determination of the individual performance targets of the CEO and other members of the Executive Committee	•		
Approval of the Compensation Report	•		
Personnel issues (including succession planning, talent management)		•	
Corporate governance		•	
Review of compensation and organizational regulations		•	
Recruitment of CFO			•

In the reporting year, the Committee held two ordinary meetings and one extraordinary meeting; in each case, all members were present. Meetings lasted five hours on average. The Chair of the Committee may invite the CEO and other members of the Executive Committee to meetings in an advisory (non-voting) capacity. However, they do not take part in discussions concerning their own performance and compensation. The Committee Chair reports to the Board of Directors on the activities of the Committee after every Committee meeting. The minutes of Committee meetings are made available to all members of the Board of Directors.

Furthermore, the Committee may call in external individuals in a consulting capacity and draw on their assistance when fulfilling its duties.

5 PROVISIONS OF THE ARTICLES OF ASSOCIATION ON COMPENSATION

In compliance with the provisions designed to prevent excessive remuneration in Listed Companies Limited by Shares (Swiss Code of Obligations, previously ERCO)¹, the Articles of Association contain provisions relating to remuneration, which are reproduced below in abbreviated form (as an excerpt) and set out in detail in Articles 13 and 25 of the Articles of Association.

¹ The Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) was transferred as part of the revision of the law on Companies Limited by Shares to the Federal Act on the Amendment of the Swiss Civil Code (Part Five: The Code of Obligations).

Principles for the compensation of members of the Board of Directors

- Members of the Board of Directors receive fixed compensation in cash as well as in shares under the company's employee participation program.
- The calculated value (fair value) of the shares at the time of allocation may not exceed the amount of compensation paid in cash.
- The Board of Directors determines the conditions that apply to shares.
- The lock-in periods amount to at least three years.

Principles for the compensation of members of the Executive Committee

- Members of the Executive Committee receive a fixed base salary, variable performance-related compensation, and shares under the company's employee participation program.
- The Board of Directors determines the conditions for the performance-related compensation component on an annual basis. These are linked to the attainment of one or more performance criteria, whereby these criteria are either company-related or individual in nature.
- The target amount may not exceed 50% of the annual fixed compensation. If targets are not attained, the performance-related compensation may fall to zero. If all targets are significantly exceeded, it may go up to a maximum of 100% of the annual fixed compensation.
- The Board of Directors determines the conditions that apply to shares. The calculated value (fair value) of the shares at the time of allocation may not exceed 100% of the annual fixed compensation.
- The lock-in periods amount to at least three years.

Binding vote on the compensation paid to the Board of Directors and Executive Committee

- The Annual General Meeting holds a separate vote each year on the total amount of compensation payable to the Board of Directors and to the Executive Committee.
- The vote has binding effect, and applies for the coming financial year to the relevant total maximum amounts that may be paid to members of the Board of Directors and the Executive Committee.

Additional sum for payments to members of the Executive Committee appointed after the binding vote of the AGM

- The additional amount for the compensation of members of the Executive Committee appointed after the Annual General Meeting may not exceed 30% of the approved total amount of compensation payable to the Executive Committee.

Pension benefits

- The pension benefits of members of the Executive Committee are only paid within occupational domestic and foreign pension plans provided by the company or its Group companies.
- The benefits for the insured persons and the employer contributions are solely drawn from the above-mentioned plans and/or corresponding regulations.
- Retirement benefits are provided solely within the context of the company's ordinary pension plans.

The Articles of Association of Komax Holding AG can be found at the website of the Komax Group (www.komaxgroup.com/organization).

6 PRINCIPLES OF COMPENSATION POLICY

6.1 BOARD OF DIRECTORS

The members of the Board of Directors only receive fixed compensation. This ensures that they are independent in their supervision of the Executive Committee. Their compensation is paid in cash and restricted shares, thereby ensuring alignment with the long-term interests of shareholders. The amount of compensation reflects the importance of the mandate in question, and is based on the typical levels of compensation paid to board members of other listed Swiss industrial companies of comparable size and complexity. To this end, market analysis is commissioned by the Remuneration Committee at regular intervals. The last analysis in 2019 showed that the compensation of the members of the Board of Directors was in line with the market. The compensation of this body was not adjusted in 2022.

6.2 EXECUTIVE COMMITTEE

The compensation policy for the members of the Executive Committee is determined by the Board of Directors. It is geared toward key principles that take into account the corporate strategy of the Komax Group, which is designed to deliver profitable growth, as well as the company's wider values with respect to sustainability and social responsibility. The compensation system is intended to provide an incentive to create and preserve value for shareholders.

The compensation paid to the Executive Committee is determined on the basis of the following key factors:

Practice of competitors

The Komax Group reviews the market conformity of the compensation paid to the Executive Committee and other senior managers every three years using benchmarks based on comparable roles at other internationally active Swiss industrial companies listed on the SIX Swiss Exchange. The last benchmarking exercise was carried out in 2022 by Willis Tower Watson and encompassed 21 companies with a comparable complexity, size, and geographical reach to the Komax Group from the sectors of systems and mechanical engineering, automation, chemicals, electrical engineering, logistics, and supply engineering. The sources used for the benchmark are publicly accessible data such as compensation reports and the Ethos study on remuneration in Swiss companies. The results indicate a need for target compensation amounts to be increased. This will be addressed in several stages from 2023 onwards.

Performance

The basis is the financial performance of the company and its relevant business areas, as well as the attainment of individual targets agreed as part of the annual performance management process.

Available financial resources of the company and market situation

Budget-related considerations, inflation, and wage trends in local markets are all incorporated into the evaluation.

7 STRUCTURE OF THE COMPENSATION SYSTEM

7.1 BOARD OF DIRECTORS

The members of the Board of Directors only receive fixed compensation. To strengthen the alignment of their interests with the long-term interests of shareholders, their compensation is paid partly in cash and partly in restricted shares. The amount of the total compensation depends on the responsibilities of the individual, the time taken up by their mandate and their additional roles on the committees of the Board of Directors. It is based on the structure set out below.

Fixed fees for the Board of Directors

in CHF	Basic annual fee	Annual allocation of restricted shares ¹
Chair of the Board of Directors	217 500	60 000
Vice Chair of the Board of Directors	90 000	30 000
Member of the Board of Directors	90 000	25 000
Chair of a committee	10 000	0
Member of a committee	5 000	0

¹ Fixed amount in CHF, is divided by the share price as per allocation date (average closing price over the last 40 trading days prior to allocation) and rounded up to the nearest number of full shares.

Compensation is calculated according to the term of office. This begins with the election of the individual members to the Board of Directors at the Annual General Meeting and lasts until the subsequent Annual General Meeting. In the event of a member leaving or joining the Board of Directors in between Annual General Meetings, the amount of compensation is based on the term of office actually served during that year.

The amount of the defined basic fee is based on the assumption that the Board of Directors will meet six times annually and each committee will meet twice. It covers all ordinary and extraordinary meetings of the Board of Directors and the Committees.

The basic annual fee in cash is paid out in April and December for the current calendar year. Restricted shares are allocated at the end of the member's period of office shortly before the Annual General Meeting. The lock-in period is three years. In the event of resignation from office as a result of retirement, death, or disability, the entitlement to restricted shares is calculated pro rata temporis. In such cases, the lock-in period may be either continued or rescinded at the discretion of the Board of Directors. In the event of a change in company control, the lock-in period is automatically rescinded.

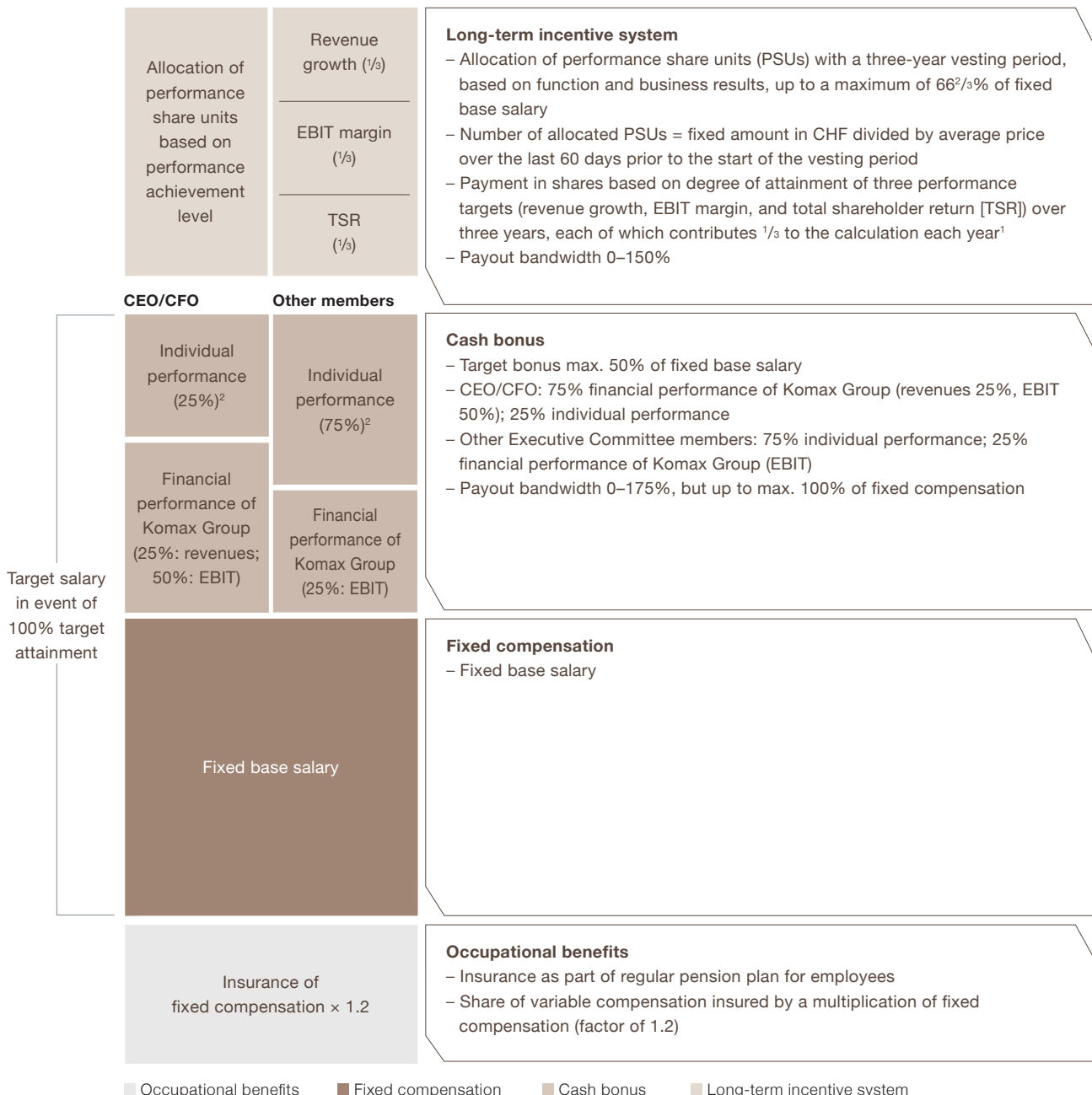
Additional compensation may be paid for exceptional efforts that cannot be considered part of ordinary activity by the Board of Directors. No additional compensation of this kind was granted in 2022.

The compensation granted to members of the Board of Directors is subject to the standard social security deductions. Members of the Board of Directors do not participate in the staff pension plan of the Komax Group.

7.2 EXECUTIVE COMMITTEE

In keeping with the principles of performance orientation and alignment with the long-term interests of shareholders, the CEO and the other members of the Executive Committee receive a fixed salary component, a variable, performance-related cash bonus, a long-term incentive component in the form of performance share units, and occupational benefits.

Overview of the compensation system for the Executive Committee



¹ Under the plans initiated prior to the 2021 financial year, the average RONCE figure set by the Board of Directors over three years is the determining performance indicator. The RONCE figures for the years 2021 and 2022 remain the determining metric for the planning period from 2020 to 2022, rather than the three new performance indicators.

² Attainment of the Executive Committee's individual quantitative targets can fall anywhere within a bandwidth of 0% to 200%.

	Purpose	Driver	Performance criterion	Period	Instrument
Fixed compensation	Attract, retain, motivate	Function, market comparability	–	Ongoing	Monthly cash payments
Cash bonus	Pay for performance	Financial and individual performance	Revenues, EBIT, individual objectives	One year	Yearly cash payment
Long-term incentive system	Align with shareholder interests, pay for performance	Function	Revenue growth, EBIT margin, total shareholder return (TSR)	3 years	Performance share units (PSUs)
Occupational benefits	Protect against risks	Market comparability	–	Ongoing	Retirement savings/ insurance plan

a) Fixed compensation

For all members of the Executive Committee, the fixed compensation component comprises the fixed base salary and a fixed company car allowance in keeping with the current expense regulations. Expense allowances are not included, as these are not considered compensation. The fixed salary component and the cash bonus for 100% target attainment form what is known as the target salary. The target salary is determined on the basis of the following factors:

- the tasks and responsibilities of the individual functions;
- the standard market compensation rate for the function in question (external benchmark);
- an internal peer comparison taking into account the proportionality of internal wage structures;
- the individual profile of the function holder, e. g. skills, experience, and performance;
- the company's available financial resources.

b) Cash bonus

The cash bonus depends on the financial performance of the company and the attainment of the individually agreed objectives in the year under assessment. The target amount (target bonus) may not exceed 50% of the annual fixed base salary for the CEO and all other members of the Executive Committee. The cash bonus is paid out in April of the following year.

CEO and CFO

The cash bonus payable to the CEO and CFO is calculated as follows: 75% on the basis of the financial performance of the Komax Group (Group revenues 25% and Group EBIT 50%) and 25% on the basis of individual performance. The Board of Directors determines the performance achievement level and the amount of the cash bonus payable to the CEO annually on the recommendation of the Remuneration Committee. Taking this as a basis, the Remuneration Committee then defines the performance achievement level and the cash bonus of the CFO. If performance objectives are not attained, the cash bonus may fall to zero. If all objectives are significantly exceeded, the cash bonus may amount to a maximum of 175% of the target bonus, but no more than 100% of annual fixed compensation.

Other members of the Executive Committee

The cash bonus payable to the other members of the Executive Committee is calculated as follows: 25% on the basis of the financial performance of the Komax Group (Group EBIT) and 75% on the basis of individual performance. The performance achievement level and corresponding bonuses are determined by the Remuneration Committee on the recommendation of the CEO. If performance objectives are not attained, the cash bonus may fall to zero. If all objectives are significantly exceeded, the cash bonus may amount to a maximum of 175% of the target bonus, but no more than 100% of annual fixed compensation.

Financial and individual target attainment

The attainment of the financial targets set for the Komax Group is evaluated after the end of the financial year. It may fall anywhere within a bandwidth of 0% to 200%.

The individual performance component of the individual members of the Executive Committee is based on the attainment of personal objectives agreed as part of the annual performance management process. These objectives may be both quantitative (financial) and qualitative (above all strategic) in nature. Strategic objectives may encompass, for example, the opening-up of new markets, the development of new products, the further development of a center of competence, the improvement of the Komax Group's reputation, and the management of key projects or management objectives. Attainment of individual objectives is evaluated after the end of the financial year and may fluctuate within a range of 0% to 100%.

In order to avoid the Komax Group suffering any competitive disadvantages, the Board of Directors has resolved not to disclose the financial and individual objectives in detail. Any detailed communication of these objectives would allow competitors to acquire in-depth insight into the Komax Group's strategy, which could in turn jeopardize implementation of this strategy. The annually defined objectives are generally very ambitious, and are designed to help the Komax Group achieve its mid-term financial targets.

c) Long-term incentive system

To ensure that the interests of the Executive Committee are aligned with long-term shareholder interests, the Komax Group has a long-term incentive system linked to the company's financial performance. This plan comprises performance share units (PSUs) with a three-year vesting period that are dependent on the attainment of performance targets over a period of three years and the continuation of the employment relationship. The performance targets are broad-based and encompass three equal performance criteria: revenue growth, EBIT margin, and total shareholder return (TSR). For the purpose of calculating the TSR performance factor, the deviation of the TSR of the Komax Group from the mean TSR of a peer group is relevant. The peer group is made up of twelve internationally active Swiss industrial companies listed on the SIX Swiss Exchange and included in the SPI Extra. They are machinery companies and/or suppliers to the automotive industry.

Performance targets and share price development are key to the calculation of the payout factor of the allocated performance share units (PSUs), and take into account the nature and volatility of the Komax Group's business in the relevant reporting period even in the elements of the compensation that are aligned with long-term development. The company's clear pay-for-performance philosophy is thus consistently implemented.

Under the plans initiated prior to the 2021 financial year, the average RONCE figure set by the Board of Directors over three years is the determining performance indicator. Accordingly, the RONCE figures for the planning period from 2020 to 2022 remain the determining metric for the years 2021 and 2022, rather than the three performance indicators newly introduced in 2021.

The Board of Directors determines the allocation amounts in CHF, taking account of the importance of the function and its impact on corporate results.

Calculation of PSU allocation

The number of PSUs allocated is calculated by dividing a fixed CHF amount by the average closing share price during the 60 days preceding the start of the vesting period. The allocation may amount to a maximum of 66 $\frac{2}{3}$ % of the fixed base salary. The effective payment at the end of the three-year vesting period is made in shares and is dependent on the performance factor, which in turn is based on achievement of the targets for revenue growth, EBIT margin, and total shareholder return set by the Board of Directors. Each of these values has a weighting of $\frac{1}{3}$. The overall performance factor is calculated based on the sum of the performance factors for the three individual years, with each year weighted $\frac{1}{3}$. The payout factor may range from 0% to 150%. The actual value of the allocation at the end of the vesting period therefore depends on the payout factor and the development of the share price over the course of the vesting period.

Shares are definitively issued according to the following vesting rules:

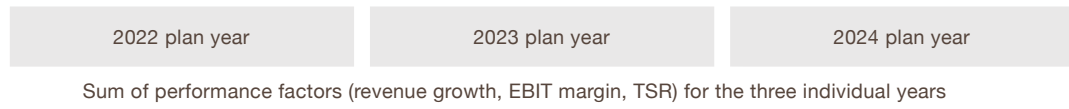
- Performance factor below threshold value: 0% of PSUs are converted into shares (forfeiture rate of 100%);
- Performance factor on target: 100% of PSUs are converted into shares;
- Performance factor at maximum performance level: 150% of PSUs are converted into shares (cap).

The payout factor between the threshold value, the target level, and the cap is obtained by linear interpolation.

$$\text{Number of shares allocated at time of vesting} = \text{Number of PSUs originally granted to the individual in question} \times \text{Payout factor (0–150\%)}$$

Duration of plan

Plan period (2022–2024)



1 January 2022

Allocation of PSUs

31 December 2024

End of the vesting period

(payout factor between 0% and 150%)

In the event of any termination of employment, pro rata vesting applies at the ordinary vesting date. The calculation is based on the number of whole months that have elapsed within the vesting period until the departure date. Dismissals for cause are excluded from this; in such cases, all unvested PSUs are immediately forfeited and become worthless. In the event of a change in control, accelerated pro rata vesting applies. The calculation is based on the number of whole months that have elapsed by the date of change in control. This date is determined at the discretion of the Board of Directors.

The Remuneration Committee reviews the variable compensation system regularly in order to align compensation with the implementation of the corporate strategy as closely as possible.

d) Occupational benefits

Members of the Executive Committee are insured under Komax Group's ordinary pension scheme in Switzerland. The amount insured is the annual fixed compensation multiplied by a factor of 1.2 in order to additionally insure at least a proportion of the variable compensation. Contributions are graduated by age, and are shared equally between the insured person and the employer. The benefits of the plan go beyond the statutory requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans, and are in line with the market practice of other industrial companies in Switzerland.

e) Other provisions in employment contracts

The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a maximum notice period of twelve months. They do not contain any severance agreement or change of control provisions.

8 COMPENSATION AND SHAREHOLDINGS OF THE BOARD OF DIRECTORS IN 2022

Section 8.1 of the Compensation Report was audited by the company's external auditor.

8.1 COMPENSATION

In 2022, the seven members of the Board of Directors received total compensation of CHF 985 961 (2021: CHF 954 309), of which CHF 737 500 was paid out in cash (2021: CHF 707 500), CHF 190 000 in the form of restricted shares (2021: CHF 190 000), and CHF 58 461 as social benefit contributions (2021: CHF 56 809). Contributions to pension plans amounted to CHF 0 (2021: CHF 0). Total compensation was therefore in line with the maximum amount of CHF 1.1 million approved for the 2022 financial year at the 2021 Annual General Meeting. This was possible despite the election of an additional member of the Board of Directors in the person of Jürg Werner at the 2022 Annual General Meeting.

in CHF		Basic annual fee ¹	Allocation of restricted shares ²	Social benefits ³	Total compensation 2022	Total compensation 2021
Beat Kälin	Chairman	224 167	60 000	11 681	295 848	299 181
David Dean	Member	100 000	30 000	9 656	139 656	139 656
Andreas Häberli	Member	95 000	25 000	8 868	128 868	128 868
Kurt Haerri	Member	95 000	25 000	8 868	128 868	128 868
Mariel Hoch	Member	95 000	25 000	8 868	128 868	128 868
Roland Siegwart	Member	98 333	25 000	9 130	132 463	128 868
Jürg Werner	Member	30 000	0	1 390	31 390	n. s.
Total Board of Directors		737 500	190 000	58 461	985 961	954 309

¹ Basic annual fee in cash (incl. expense allowance).

² Fixed amount in CHF, is divided by the share price as per allocation date (average closing price over the last 40 trading days prior to allocation) and rounded up to the nearest number of full shares. The share price applied in 2022 was CHF 255.61.

³ Includes mandatory employer contributions to social insurance.

No compensation was paid to former members of the Board of Directors for the 2021 and 2022 financial years. Komax Group companies had not granted any guarantees, loans, advances, or credits to members of the Board of Directors or parties closely linked to such persons as at 31 December 2022. No members of the Board of Directors or persons closely linked to them are or were involved in Komax Group transactions outside their normal duties.

8.2 HOLDINGS OF SHARES AS AT 31 DECEMBER 2022

As at the end of 2021 and 2022, the members of the Board of Directors had the following holdings of shares in the company:

Assets in units		31.12.2022 Shares	31.12.2021 Shares
Beat Kälin	Chairman	10 802	10 567
David Dean	Member	1 543	1 426
Andreas Häberli	Member	534	436
Kurt Haerri	Member	3 333	3 235
Mariel Hoch	Member	346	248
Roland Siegwart	Member	2 474	2 376
Jürg Werner ¹	Member	0	n. s.
Total Board of Directors		19 032	18 288

¹ Member of the Board of Directors since 30 August 2022.

9 COMPENSATION AND SHAREHOLDINGS OF THE EXECUTIVE COMMITTEE IN 2022

Sections 9.1 and 9.3 of the Compensation Report were audited by the company's external auditor.

9.1 COMPENSATION AT GRANT VALUE

In 2022, the five members of the Executive Committee received total compensation of CHF 3 696 071 (2021: CHF 3 961 276). Of this amount, CHF 1 643 860 was paid as fixed compensation (2021: CHF 1 886 196), CHF 1 109 161 as cash bonuses (2021: CHF 1 134 228), CHF 630 000 was granted as performance share units (2021: CHF 596 667), and CHF 313 050 comprised social security and pension fund contributions (2021: CHF 344 185). The Executive Committee consisted of five members in the reporting year. Marcus Setterberg, who was responsible for testing activities, left the company at the end of 2021. Matijas Meyer took over responsibility for Marcus Setterberg's tasks on an interim basis. This had an impact on the amounts of compensation. From 2023 onward, this position will be filled by the incoming Oliver Blauenstein. The total compensation of the Executive Committee was therefore lower in 2022 than in the previous year, and well below the maximum total amount of CHF 5.2 million approved for the 2022 financial year at the 2021 Annual General Meeting.

in CHF		Fixed compensation ¹	Cash bonus ²	PSU allocation (plan period 2021–2024) ³	Social benefits ⁴	Total compensation 2022	Total compensation 2021
Matijas Meyer ⁵	CEO	509 950	433 125	250 000	89 520	1 282 595	1 243 715
Total other members of the Executive Committee ⁶		1 133 910	676 036	380 000	223 530	2 413 476	2 717 560
Total Executive Committee		1 643 860	1 109 161	630 000	313 050	3 696 071	3 961 276

¹ Expense allowances are not included in the fixed compensation as these are not considered compensation.

² Bonus for 2022, payment in April 2023.

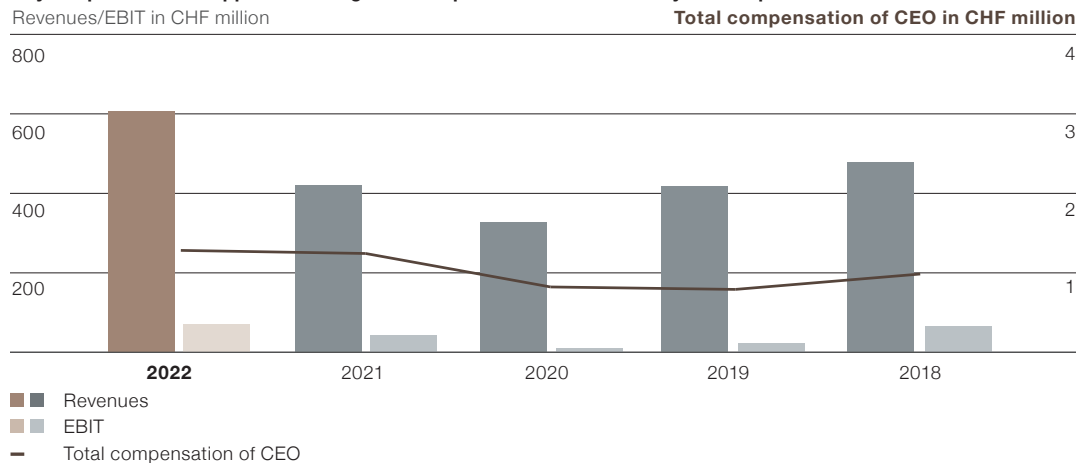
³ Fixed amount in CHF, is divided by the share price as per allocation date (average closing price over the last 60 trading days prior to allocation) and rounded up to the nearest number of full shares. The share price applied in 2022 was CHF 245.99.

⁴ Includes mandatory employer contributions to social insurance of CHF 72 225 as well as contributions to occupational benefits (BVG). This amount entitles members of the Executive Committee to draw the maximum state-insured pension benefits in the future.

⁵ Highest compensated member of Executive Committee in 2022.

⁶ In 2022, the Executive Committee consisted of the CEO and only four other members, which affected the level of compensation.

Pay-for-performance approach taking the example of the CEO in a five-year comparison¹



¹ A five-year comparison of the entire Executive Committee would not be expedient, as the number of Executive Committee members fluctuated between two and six over the observation period.

9.2 NOTES ON COMPENSATION

2022 was an intensive and successful year for the Komax Group. Order intake, revenues, and EBIT increased substantially. The Komax Group dealt with challenges such as the ongoing difficulties with the supply chain, the still tangible effects of the coronavirus pandemic, inflation, and the events in Ukraine. On top of this came the combination with the Schleuniger Group, which was completed in the second half of the year. Overall, these factors influenced business development positively, and – together with the levels of individual performance – had repercussions on the variable compensation of the Executive Committee. In 2022, management began to analyze the changed situation and define new targets for the Komax Group along with the related strategy.

Relation of variable to fixed compensation

In 2022, the CEO's cash bonus amounted to 85% of fixed compensation (2021: 88%). This payout level is due to the development of revenues and EBIT and the attainment of individual objectives. For the other members of the Executive Committee, the cash bonus amounted to 60% of fixed compensation (2021: 50%). The PSUs granted to the CEO in the year under review corresponded to 49% of the annual fixed compensation (2021: 44%) and 34% for the other members of the Executive Committee (2021: 27%). The cash bonus and PSU allocation are in line with the provisions of the company's Articles of Association, which allow for a maximum level of 100% of the annual fixed base salary for each element of variable compensation.

The overall variable compensation of the CEO in 2022 amounted to 134% of the annual fixed compensation (2021: 132%) and that of the other members of the Executive Committee to 93% (2021: 77%). Further details on the participation plans can be found in the notes to the consolidated financial statements, on pages 135 to 137.

Former members of the Executive Committee

Variable compensation was paid to Marcus Setterberg in 2022 for the 2021 financial year. No compensation was paid to former members of the Executive Committee in the 2022 reporting period. Komax Group companies had not granted any guarantees, loans, advances, or credits to members of the Executive Committee or parties closely linked to such persons as at 31 December 2022. No members of the Executive Committee or persons closely linked to them are or were involved in Komax Group transactions outside their normal duties.

9.3 REALIZED COMPENSATION

Performance share units

The annually allocated performance share units (PSUs) are paid out to the members of the Executive Committee in the form of shares after a three-year vesting period. In 2022, this payout took place for the period 2019–2021. The members of the Executive Committee received shares with a total value of CHF 147 974 (allocation amount on 1 January 2019: CHF 406 000, relevant share price: CHF 265.51). In 2021, shares with a total value of CHF 155 560 were remunerated.

The 2019–2021 allocation plan had a performance factor of 40.1%, made up of the average RONCE figure over three years. Over the plan period of 2019 to 2021, the Komax share price declined from CHF 265.51 to CHF 241.00. The loss in value, determined from the share price development and performance factor, therefore amounted to 63.6%.

Performance share units in a three-year comparison

	Price at point of allocation in CHF	Price at point of conversion in CHF	Performance factor	Value development of allocated share packages
2017–2019	241.98	163.40	60.0%	–59.5%
2018–2020	295.00	230.80	47.8%	–62.6%
2019–2021	265.51	241.00	40.1%	–63.6%

Total compensation

The total compensation figure for 2022 of CHF 3 214 045 (2021: CHF 3 520 169) is significantly below the maximum amount of CHF 5 200 000 approved at the 2021 Annual General Meeting (2021: CHF 4 150 000).

in CHF	Fixed compensation ¹	Cash bonus ²	PSU allocation (plan period 2019–2021)	Social benefits ³	Total compensation 2022	Total compensation 2021
Matijas Meyer ⁴ CEO	509 950	433 125	72 782	89 520	1 105 377	1 091 109
Total other members of the Executive Committee ⁵	1 133 910	676 036	75 192	223 530	2 108 668	2 429 060
Total Executive Committee	1 643 860	1 109 161	147 974	313 050	3 214 045	3 520 169

¹ Expense allowances are not included in the fixed compensation as these are not considered compensation.

² Bonus for 2022, payment in April 2023.

³ Includes mandatory employer contributions to social insurance of CHF 72 225 as well as contributions to occupational benefits (BVG). This amount entitles members of the Executive Committee to draw the maximum state-insured pension benefits in the future.

⁴ Highest compensated member of Executive Committee in 2022.

⁵ In 2022, the Executive Committee consisted of the CEO and only four other members, which affected the level of compensation.

9.4 HOLDINGS OF SHARES AS AT 31 DECEMBER 2022

As at the end of 2021 and 2022, the members of the Executive Committee had the following holdings of shares in the company:

Assets in units		31.12.2022 Shares	31.12.2021 Shares
Matijas Meyer	CEO	4 991	4 689
Andreas Wolfisberg	CFO	939	803
Jürgen Hohnhaus	Executive Vice President	0	0
Tobias Rölz	Executive Vice President	113	58
Marc Schürmann	Executive Vice President	537	416
Marcus Setterberg ¹	Executive Vice President	n. s.	353
Total Executive Committee		6 580	6 319

¹ Member of the Executive Committee until 31 December 2021.



Report of the statutory auditor to the General Meeting of Komax Holding AG, Dierikon.

REPORT ON THE AUDIT OF THE COMPENSATION REPORT

Opinion

We have audited the compensation report of Komax Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans, and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the sections marked “audited” on pages 98 to 101 of the compensation report.

In our opinion, the information on compensation, loans, and advances in the compensation report (pages 98 to 101) complies with Swiss law and articles 14 to 16 of the Ordinance.

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 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 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 have nothing to report in this regard.

Board of Directors’ responsibilities 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. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation loans and advances pursuant to articles 14 to 16 of the Ordinance 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 judgment and maintain professional scepticism 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 or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

PricewaterhouseCoopers AG



Thomas Brüderlin
Licensed audit expert
Auditor in charge



Korbinian Petzi
Licensed audit expert

Basel, 13 March 2023

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CONSOLIDATED INCOME STATEMENT

in TCHF	Notes	2022	%	2021	%
Net sales		599 170		415 921	
Other operating income	1.2	7 162		5 146	
Revenues	1.2	606 332	100.0	421 067	100.0
Change in inventory of unfinished and finished goods		36 204		19 416	
Cost of materials		-269 676		-174 576	
Gross profit		372 860	61.5	265 907	63.2
Personnel expenses	1.3	-209 268		-157 998	
Depreciation on property, plant, and equipment	2.4	-12 454		-11 593	
Depreciation on intangible assets	2.5	-4 753		-3 956	
Other operating expenses	1.3	-74 653		-47 566	
Operating profit (EBIT)		71 732	11.8	44 794	10.6
Financial result	1.4	-6 892		-6 577	
Group earnings before taxes (EBT)		64 840	10.7	38 217	9.1
Income taxes	1.5	-13 067		-7 842	
Group earnings after taxes (EAT)		51 773	8.5	30 375	7.2
Of which attributable to:					
– Shareholders of Komax Holding AG		51 773		30 375	
– Non-controlling interest		0		0	
Basic earnings per share (in CHF)	1.6	12.11		7.90	
Diluted earnings per share (in CHF)	1.6	12.06		7.87	

CONSOLIDATED BALANCE SHEET

in TCHF	Notes	31.12.2022	%	31.12.2021	%
Assets					
Cash and cash equivalents		82 735		50 671	
Securities		12		13	
Trade receivables	2.1	182 752		108 955	
Other receivables	2.1	25 899		18 919	
Inventories	2.2	204 743		112 093	
Accrued income and prepaid expenses	2.3	10 055		5 676	
Assets held for sale	2.4	16 686		17 568	
Total current assets		522 882	66.7	313 895	61.0
Property, plant, and equipment	2.4	218 696		175 502	
Intangible assets	2.5	19 760		13 891	
Deferred tax assets	1.5	20 612		10 989	
Other non-current receivables	2.6	1 556		614	
Total non-current assets		260 624	33.3	200 996	39.0
Total assets		783 506	100.0	514 891	100.0
Liabilities					
Current financial liabilities	3.1	12 382		7 478	
Trade payables		35 017		22 394	
Other payables	2.7	82 442		43 294	
Current provisions	2.7	5 207		2 657	
Accrued expenses and deferred income	2.7	46 413		25 882	
Total current liabilities		181 461	23.1	101 705	19.8
Non-current financial liabilities	3.1	175 877		141 597	
Other non-current liabilities		2 117		1 363	
Deferred tax liabilities	1.5	7 462		5 322	
Total non-current liabilities		185 456	23.7	148 282	28.8
Total liabilities		366 917	46.8	249 987	48.6
Share capital	3.2	513		385	
Capital surplus		348 591		22 113	
Treasury shares	3.2	-1 015		-1 888	
Retained earnings		68 500		244 294	
Equity attributable to shareholders of Komax Holding AG		416 589	53.2	264 904	51.4
Total liabilities and shareholders' equity		783 506	100.0	514 891	100.0

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

in TCHF	Notes	Share capital	Premium	Treasury shares	Goodwill offset	Currency differences	Other retained earnings	Total retained earnings	Sharehol- ders' equity of Komax Holding AG
Balance as at 1 January 2021		385	22 113	-1 106	-90 619	-17 036	322 749	215 094	236 486
Group earnings after taxes							30 375	30 375	30 375
Purchase of treasury shares	3.2			-1 499				0	-1 499
Share-based payments				717			1 299	1 299	2 016
Currency translation differences recorded in the reporting period						-2 474		-2 474	-2 474
Balance as at 31 December 2021		385	22 113	-1 888	-90 619	-19 510	354 423	244 294	264 904
Balance as at 1 January 2022		385	22 113	-1 888	-90 619	-19 510	354 423	244 294	264 904
Group earnings after taxes							51 773	51 773	51 773
Capital increase		128	326 478					0	326 606
Dividend paid							-17 303	-17 303	-17 303
Share-based payments				873			1 086	1 086	1 959
Goodwill offset with shareholders' equity	4.2				-200 027			-200 027	-200 027
Currency translation differences recorded in the reporting period						-11 323		-11 323	-11 323
Balance as at 31 December 2022		513	348 591	-1 015	-290 646	-30 833	389 979	68 500	416 589

CONSOLIDATED CASH FLOW STATEMENT

in TCHF	Notes	2022	2021
Cash flow from operating activities			
Group earnings after taxes		51 773	30 375
Adjustment for non-cash items			
– Taxes	1.5	13 067	7 842
– Depreciation and impairment of property, plant, and equipment	2.4	12 454	11 593
– Depreciation and impairment of intangible assets	2.5	4 753	3 956
– Profit (-) / loss (+) from sale of non-current assets		62	674
– Expense for share-based payments		1 959	2 016
– Net financial result	1.4	6 892	6 577
Interest received and other financial income		1 341	630
Interest paid and other financial expenses		-6 484	-7 718
Taxes paid		-7 097	-4 147
Increase (+) / decrease (-) in provisions		-431	-19
Increase (-) / decrease (+) in trade receivables		-35 607	-23 551
Increase (-) / decrease (+) in inventories		-24 776	-24 380
Increase (+) / decrease (-) in trade payables		1 398	9 175
Increase (-) / decrease (+) in other net current assets		19 706	19 983
Total cash flow from operating activities		39 010	33 006
Cash flow from investing activities			
Investments in property, plant, and equipment	2.4	-8 836	-34 854
Sale of property, plant, and equipment		414	463
Investments in intangible assets	2.5	-4 245	-3 208
Sale of intangible assets		0	31
Investments in Group companies and participations ¹	4.2	-9 280	-930
Sale of associated companies		559	0
Total cash flow from investing activities		-21 388	-38 498
Free cash flow ²		17 622	-5 492
Cash flow from financing activities			
Payments for current financial liabilities		0	-21
Payments for non-current financial liabilities		-15 510	-3 099
Proceeds from current financial liabilities		5 000	685
Proceeds from non-current financial liabilities		45 000	7 800
Dividend paid		-17 303	0
Purchase of treasury shares	3.2	0	-1 499
Total cash flow from financing activities		17 187	3 866
Effect of currency translations on cash and cash equivalents		-2 745	461
Increase (+) / decrease (-) in funds		32 064	-1 165
Cash and cash equivalents at 1 January		50 671	51 836
Cash and cash equivalents at 31 December		82 735	50 671

¹ Less cash and cash equivalents acquired.

² No Swiss GAAP FER defined key figure, see note 5.5.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Headquartered in Dierikon, Switzerland, Komax Holding AG (parent company), together with its subsidiary companies (the Komax Group), is a pioneer and market leader in the field of automated wire processing, providing customers with innovative, future-oriented solutions in any situation that calls for precise contact connections.

These consolidated financial statements were adopted by the Board of Directors of Komax Holding AG on 9 March 2023 and released for publication. Their approval by the Annual General Meeting, scheduled for 12 April 2023, is pending.

Accounting policies

The consolidated financial statements of the Komax Group are based on the individual financial statements of the Group companies, compiled in accordance with uniform standards, as at 31 December 2022. The consolidated financial statements have been drawn up in accordance with the entire existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). Furthermore, the provisions of Swiss company law have been complied with. The consolidated financial statements are based on the principle of historic acquisition cost (with the exception of securities and derivative financial instruments, which are recorded at their fair values), and have been drawn up under the “going concern” assumption.

The accounting and valuation principles relevant to an understanding of the annual financial statements are described in the relevant explanatory notes.

Key recognition and measurement assumptions

Preparation of the consolidated financial statements requires the Board of Directors and Group Management to make estimates and assumptions, whereby such estimates and assumptions have an effect on the accounting principles applied and are reflected in the amounts stated under assets, liabilities, income, expenses, and related disclosures. Their estimates and assumptions are based on past experience and on various other factors deemed applicable in the current situation. These form the basis for reporting those assets and liabilities that cannot be measured directly from other sources. The actual values may differ from these estimates. The following material estimates are included in the consolidated financial statements:

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Key events of the reporting period

Three factors played a key role in shaping the 2022 financial year and fueling a significant increase in order intake and revenues: the combination of Komax and Schleuniger at the end of August, the war in Ukraine, and the pronounced trend toward a higher level of automation in wire processing. Business developed well in all regions in 2022.

The Komax Group set new records for order intake, revenues, and the operating profit (EBIT) in 2022: The order intake was 40.6% up on the previous year and amounted to CHF 678.1 million (2021: CHF 482.4 million). Revenues also recorded a sharp rise, coming in at CHF 606.3 million (2021: CHF 421.1 million), which equates to a year-on-year rise of 44.0%. The operating profit (EBIT) stood at CHF 71.7 million (2021: CHF 44.8 million).

Thanks to the agreement of a new syndicated loan facility, the Komax Group has secured long-term freedom of financial maneuver. The new agreement, which has a term of just over five years (December 2022 to January 2028), increases the credit line from CHF 187 million to CHF 250 million, with the option of adding a further CHF 60 million. The rate of interest is linked to an ESG factor. In other words, the Komax Group has agreed a bonus/malus system based on the company's ESG rating with the syndicate of six banks (lead bank: Zürcher Kantonalbank).

In the first half of 2022, the Komax Group acquired the testing systems production business of its Indian customer Dhoot Transmission Pvt. Ltd. by means of an asset deal in connection with the founding of Komax Testing India Pvt. Ltd.

The Schleuniger Group has been part of the Komax Group since 30 August 2022. This was effected through a quasi-merger, which involved 1 283 333 newly issued registered shares of Komax Holding AG being allocated to Metall Zug AG in exchange for 100% of the Schleuniger shares. The new shares have been listed on SIX Swiss Exchange since 31 August 2022. Metall Zug AG, the former owner of Schleuniger AG, now holds a 25% stake in Komax Holding AG as a long-term anchor shareholder.

Events after the balance sheet date

The Komax Group sold the building at its production site in Rotkreuz at the end of January 2023. As it requires the production space until the production and office building acquired in 2021 at the headquarters in Dierikon is completely ready for occupation, it has leased back the building until the end of 2024.

The Komax Group acquired the company WUSTEC at the beginning of 2023. The company has been providing its customers with services in automated wire prefabrication for over 20 years. WUSTEC is headquartered in Germany's Black Forest region, has 30 employees and is currently building a digital platform that enables the procurement of prefabricated wire sets.

No other significant events occurred between the balance sheet date and the approval of the consolidated financial statements by the Board of Directors on 9 March 2023 which might adversely affect the information content of the 2022 consolidated financial statements or which would require disclosure.

1 PERFORMANCE

In this section, we provide details of the 2022 result of the Komax Group. In addition to earnings per share, we also provide details of revenues, expenses, the financial result, and taxes.

The operating profit (EBIT) of the Komax Group increased from CHF 44.8 million in 2021 to CHF 71.7 million in 2022. The chart below illustrates the year-on-year change between the current reporting period and the prior year.



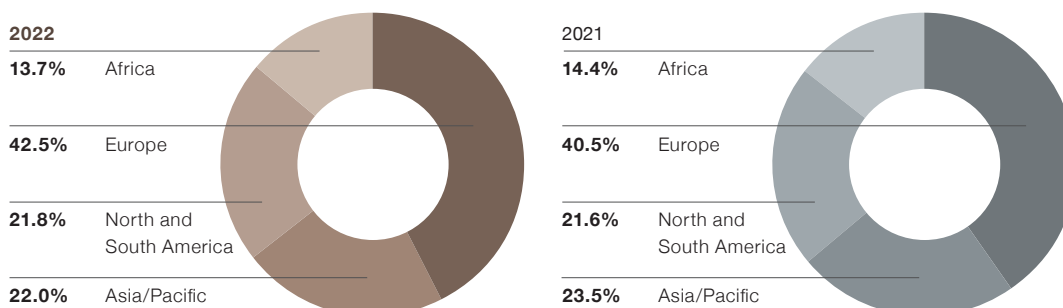
1.1 Segment information

The Komax Group is a global technology company that focuses on markets in the automation sector. As a manufacturer of innovative and high-quality solutions for the wire processing industry, the Komax Group helps its customers implement economical and safe manufacturing processes, especially in the automotive supply sector. All Group companies are active in wire processing, have a uniform customer base, and are centrally managed. The Board of Directors and the Group Executive Committee, which make the key strategic and operating decisions, manage the Komax Group primarily on the basis of the financial statements of the individual companies, the management information system, and the consolidated financial statements. Due to the commercial similarity and interconnections between the Group companies, the Komax Group presents its business in amalgamated form as a single segment, in accordance with Swiss GAAP FER 31.

1.2 Revenues

a) Revenues by region

The percentage breakdown of revenues by region is as follows:



b) Construction contracts

In the current reporting period, revenues of CHF 6.3 million (2021: CHF 7.4 million) were recorded from long-term construction contracts on the basis of the POC method.

c) Other operating income

in TCHF	2022	2021
Own work capitalized	2 811	1 799
Government grants	1 215	855
Gains from the disposal of non-current assets	218	356
Other income	2 918	2 136
Total other operating income	7 162	5 146

In the current period, revenues from the rental of operational buildings of CHF 0.8 million (2021: CHF 0.7 million) were recognized in other income. There were no revenues from the rental of personnel in the current period (2021: CHF 0.6 million).

Key recognition and measurement assumptions

Automated assembly and production contracts are measured according to the POC method, provided the assessment meets the requirements of Swiss GAAP FER 22 "Long-term contracts." Although projects are assessed monthly and in good faith in accordance with comprehensive project management guidelines, subsequent corrections may be required. These corrections are made in the following period and may have a positive or negative impact on revenue in this period.

RECOGNITION AND MEASUREMENT

Revenue recognition The Komax Group's consolidated income statement is compiled using the nature of expense method. Net sales comprise the fair value of considerations received or receivable for the sale of goods and services in the course of ordinary business activities after deducting VAT, returns, discounts, and price reductions, and eliminating intragroup sales. Revenues are recognized as described below. For any intermediated transactions, only the value of services provided by Komax itself is reported. Transactions with a number of individually identifiable component parts are recorded and valued separately.

Sale of goods Revenue from the sale of goods is recognized when risk and rewards of ownership have been transferred to the buyer. All expenses connected with sales are recognized on an accrual basis.

Sale of services Revenue from the sale of services is recognized in accordance with progress on the service according to the ratio of completed to still outstanding services to be performed during the financial year in which the services are rendered.

Manufacturing contracts Manufacturing contracts in the automated assembly and production business units, involving the customer-specific manufacture of systems, are valued according to the percentage of completion method (POC) in accordance with Swiss GAAP FER 22. On the balance sheet, these are reported either under "Trade receivables" or "Other payables," depending on the degree to which they are underfinanced or overfinanced. The percentage of completion is calculated according to the "cost-to-cost method" (costs incurred in relation to the overall estimated costs of the contract). Anticipated project losses are recognized in full in the income statement. Any costs of debt capital are capitalized provided debt capital is raised for the purpose of financing the project and its costs can be directly attributed to a manufacturing contract.

Government grants Government grants are recognized if it is likely that the payments will be received and the Komax Group can fulfil the conditions attached to such subsidies. These are recognized in "Other operating income" regardless of when payment is received and on a pro rata basis in the period in which the associated costs are incurred, and charged to the income statement as an expense. Grants in the form of short-time working compensation are offset against personnel expenses. Grants relating to an asset are deducted from the carrying amount.

1.3 Expenses

a) Personnel expenses

in TCHF	2022	2021
Wages and salaries	-166 650	-125 703
Share-based payments settled with equity instruments	-1 999	-2 140
Share-based payments settled in cash	-761	-635
Social security and pension contributions	-30 796	-24 989
Other personnel costs (in particular training and development)	-9 062	-4 531
Total personnel expenses	-209 268	-157 998

Personnel expenses do not include compensation from short-time working (2021: CHF 3.9 million).

b) Other operating expenses

in TCHF	2022	2021
Expenditure on operating equipment and energy	-4 064	-2 875
Rental expenses	-3 943	-2 698
Repair and maintenance expenses	-21 121	-13 710
Third-party services for development expenses	-9 517	-4 189
Representation and marketing expenses	-13 584	-6 225
Legal and consultancy expenses	-6 605	-4 602
Shipping and packaging expenses	-9 976	-7 263
Expenditure on administration and sales	-3 754	-2 600
Insurance	-1 904	-1 497
Expenses from the liquidation of fixed assets	-281	-1 031
Other expenditure	96	-876
Total other operating expenses	-74 653	-47 566

Leases with the Komax Group as lessee

Only in exceptional cases does the Komax Group act as a lessee in financial lease agreements. A financial lease arises when the lessor transfers virtually all the risks and benefits associated with ownership of the leasing object to the lessee. At the beginning of the contract term, the object in question is recorded on the balance sheet as both an investment asset and a liability at its fair value or (if lower) at the net cash value of future leasing payments. Every lease installment is broken down into financing costs on the one hand and repayment of the residual debt on the other, so the interest rate remains constant for the residual liability. Financing costs are booked directly to the income statement as an expense. Capitalized leasing objects are depreciated over their estimated economically useful life, or (if lower) over the contractual period in question.

An operating lease agreement arises when a substantial proportion of the risks associated with ownership remains with the lessor. Payments for operating leasing agreements are booked to the income statement as an expense in a linear way for the entire duration of the agreement.

1.4 Financial result

in TCHF	2022	2021
Interest result (net)	-3 106	-4 138
Exchange rate translation differences (net)	-3 893	-2 439
Result from associated companies	107	0
Total financial result	-6 892	-6 577

1.5 Taxes

a) Income taxes

in TCHF	2022	2021
Current income taxes	-11 487	-8 302
Deferred tax income (+) / tax expenses (-)	-1 580	460
Total income taxes	-13 067	-7 842

Analysis of the tax rate

in TCHF	2022	%	2021	%
Group earnings before taxes (EBT)	64 840		38 217	
Expected tax expenses	-13 598	21.0	-6 106	16.0
Impact of non-capitalized tax-loss carry forwards	-2 231	3.4	-2 209	5.8
Utilization of non-capitalized tax-loss carry forwards	2 325	-3.6	1 699	-4.5
Effect of changes in tax rate	167	-0.3	-48	0.1
Tax credits / charges from prior years	123	-0.2	-152	0.4
Effect of non-deductible expenses	-1 533	2.4	-386	1.0
Effect of non-taxable income	2 207	-3.4	340	-0.9
Non-reclaimable withholding taxes	-428	0.7	-1 097	2.9
Others	-99	0.2	117	-0.3
Effective tax expenses	-13 067	20.2	-7 842	20.5

As the Group operates internationally, its income taxes are dependent on a number of different tax jurisdictions. The expected income tax rate is equivalent to the weighted average of tax rates of those countries in which the Group is active. Due to the composition of the taxable income of the Group, as well as changes in local tax rates, this Group tax rate varies from year to year.

The expected tax rate based on the ordinary result was 21.0% (2021: 16.0%).

b) Deferred tax assets and liabilities

in TCHF	31.12.2022	31.12.2021
Property, plant, and equipment / intangible assets	14 275	6 093
Trade receivables and inventories ¹	5 866	3 903
Provisions	3 018	1 760
Other items	2 825	1 484
Total deferred tax assets (gross)	25 984	13 240
Offset against deferred tax liabilities	-5 372	-2 251
Balance sheet deferred tax assets	20 612	10 989
Property, plant, and equipment / intangible assets	8 135	3 832
Trade receivables and inventories	3 434	2 388
Provisions	1 077	762
Other items	188	591
Total deferred tax liabilities (gross)	12 834	7 573
Offset against deferred tax assets	-5 372	-2 251
Balance sheet deferred tax liabilities	7 462	5 322
Net deferred tax assets (+) / tax liabilities (-)	13 150	5 667

¹ Including unrealized intragroup profit.

The non-capitalized and unused tax-loss carry forwards expire as follows:

in TCHF	Within 5 years	After more than 5 years	Total
Expiry of unutilized tax-loss carry forwards			
31 December 2022	7 857	71 897	79 754
31 December 2021	10 222	57 540	67 762

This results in a deferred tax claim (not recognized in the balance sheet) for as yet unutilized tax-loss carry forwards of CHF 18.3 million (31 December 2021: CHF 16.2 million) as well as CHF 3.5 million (31 December 2021: CHF 3.4 million) in non-recognized tax credits.

Key recognition and measurement assumptions

In determining the assets and liabilities from current and deferred income taxes, estimates must be made on the basis of existing tax laws and ordinances. Numerous internal and external factors may have favorable or unfavorable effects on the assets and liabilities from income taxes. These factors include changes in tax laws and ordinances, as well as the way they are interpreted, in addition to changes in tax rates and the total amount of taxable income for the particular location. Any changes may affect the assets and liabilities from current and deferred income taxes carried in future reporting periods.

RECOGNITION AND MEASUREMENT

Deferred taxes Deferred and future tax expenses are calculated on the basis of the comprehensive liability method. This method is based on the tax rates and tax regulations applicable on the balance sheet date or which have in essence been enacted and are expected to apply at the time the deferred tax claim is realized or the deferred tax liability is settled. Deferred and future taxes are calculated on the basis of the temporary differences in value between the individual balance sheets and balance sheets for tax purposes. Such differences primarily exist in the case of non-current assets, inventories, and some provisions. Deferred tax assets are recognized in the amount corresponding to the probability that the Group companies in question will generate sufficient future taxable income to absorb the relevant positive differences in the tax assets.

Loss carry forwards Future tax savings from offsettable tax-loss carry forwards are not capitalized. The use of these tax-loss carry forwards is recorded upon realization.

Temporary differences on investments in subsidiaries and associates Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference cannot be determined by the Group and it is consequently probable that the temporary difference will not reverse in the foreseeable future.

1.6 Earnings per share (EPS)

in CHF	2022	2021
Group earnings (attributable to shareholders of Komax Holding AG)	51 773 064	30 374 689
Weighted average number of outstanding shares	4 273 799	3 843 440
Basic earnings per share	12.11	7.90
Group earnings (attributable to shareholders of Komax Holding AG)	51 773 064	30 374 689
Weighted average number of outstanding shares	4 273 799	3 843 440
Adjustment for dilution effect of share-based compensation plans	19 080	13 858
Weighted average number of outstanding shares for calculating diluted earnings per share	4 292 879	3 857 298
Diluted earnings per share	12.06	7.87

RECOGNITION AND MEASUREMENT

Earnings per share Basic earnings per share are calculated by dividing the consolidated Group earnings after taxes (EAT) by the average number of shares outstanding during the fiscal year, excluding treasury shares. Diluted earnings per share are calculated by adding all option rights and non-vested equity rights which would have had a dilutive effect to the average number of shares outstanding.

2 OPERATING ASSETS AND LIABILITIES

In this section we describe the current and non-current operating assets and liabilities. Among other things, this includes further details on receivables, inventories, tangible assets, and intangible assets.

2.1 Current receivables

a) Trade receivables

in TCHF	31.12.2022	31.12.2021
Trade receivables	183 673	106 729
less provision for impairment	-2 124	-267
Accruals for construction contracts (POC)	5 283	5 835
less prepayments for construction contracts (POC)	-4 080	-3 342
Total	182 752	108 955

Overdue trade receivables that had not been written down amounted to CHF 60.1 million on 31 December 2022 (31 December 2021: CHF 26.2 million). Their maturity structure is set out in the following table:

in TCHF	Number of days					Total
	1-30	31-60	61-90	91-120	>120	
As at 31 December 2022	27 199	11 353	9 275	2 746	9 479	60 052
As at 31 December 2021	13 408	5 704	2 331	1 710	3 070	26 223

b) Other receivables

In addition to prepayments to suppliers of CHF 2.3 million (31 December 2021: CHF 0.6 million), other receivables mainly comprise credits due from government organizations (tax authorities) and bills receivable.

RECOGNITION AND MEASUREMENT

Current receivables

Receivables are recorded at nominal value. Impaired receivables are value-adjusted on an individual basis; no flat-rate value adjustments are calculated for the remaining portfolio.

For manufacturing contracts of systems, the inventory includes all costs associated with the systems as well as the production costs. The order costs comprise all costs attributable to the contract from the date the order is received until the balance sheet date. The order proceeds per manufacturing contract are recorded as at 31 December according to the POC.

2.2 Inventories

in TCHF	31.12.2022	31.12.2021
Manufacturing components and spare parts	123 138	61 270
Semi-finished goods / work in process	47 141	21 498
Finished goods	53 770	41 363
Gross value inventories	224 049	124 131
less impairment	-19 306	-12 038
Inventories	204 743	112 093

RECOGNITION AND MEASUREMENT

Inventories

Inventories are valued at the lower of acquisition/production costs and net market value. Acquisition/production costs encompass all direct and indirect expenses incurred in bringing inventories to their current location or state (full costs). Discounts are treated as acquisition price reductions. For all inventory components, the ascertainment of value is undertaken for the most part in accordance with the FIFO method. The current market price in the sales market in question is assumed when determining net market value. Movement analyses are also carried out and items that do not move over a longer period of time will be impaired.

2.3 Accrued income and prepaid expenses

in TCHF	31.12.2022	31.12.2021
Prepaid services	3 450	2 230
Prepayments for current taxes	773	668
Others	5 832	2 778
Total accrued income and prepaid expenses	10 055	5 676

2.4 Property, plant, and equipment

in TCHF	Undeveloped property	Land	Buildings	Machines and equipment	Other tangible fixed assets	Assets under construction	Total proper- ty, plant, and equipment
Costs							
As at 31 December 2020	1 444	16 598	176 245	56 826	13 846	984	265 943
Additions	0	15 216	14 937	1 497	1 562	1 642	34 854
Disposals	0	0	-188	-1 551	-1 068	0	-2 807
Reclassifications ¹	0	-4 564	-29 290	-119	2	-496	-34 467
Currency differences	0	-130	-1 646	-21	-278	-18	-2 093
As at 31 December 2021	1 444	27 120	160 058	56 632	14 064	2 112	261 430
Additions	0	0	464	4 031	2 559	1 782	8 836
Disposals	0	0	-1 313	-823	-949	0	-3 085
Change in scope of consolidation	0	4 779	37 831	4 631	1 018	1 090	49 349
Reclassifications ¹	0	0	9	1 282	294	-1 585	0
Currency differences	0	-259	-2 378	-1 055	-537	-61	-4 290
As at 31 December 2022	1 444	31 640	194 671	64 698	16 449	3 338	312 240
Depreciation							
As at 31 December 2020	0	0	-51 754	-31 064	-10 145	0	-92 963
Additions	0	0	-5 515	-4 458	-1 620	0	-11 593
Disposals	0	0	83	646	844	0	1 573
Reclassifications ¹	0	0	16 663	236	0	0	16 899
Currency differences	0	0	209	-217	164	0	156
As at 31 December 2021	0	0	-40 314	-34 857	-10 757	0	-85 928
Additions	0	0	-6 194	-4 555	-1 705	0	-12 454
Disposals	0	0	1 259	575	813	0	2 647
Reclassifications ¹	0	0	828	54	0	0	882
Currency differences	0	0	338	641	330	0	1 309
As at 31 December 2022	0	0	-44 083	-38 142	-11 319	0	-93 544
Book values							
As at 31 December 2020	1 444	16 598	124 491	25 762	3 701	984	172 980
As at 31 December 2021	1 444	27 120	119 744	21 775	3 307	2 112	175 502
As at 31 December 2022	1 444	31 640	150 588	26 556	5 130	3 338	218 696

¹ The reclassifications relate to the building in Rotkreuz. As the building was held for sale as at 31 December 2022, it was reclassified from fixed assets to current assets with a book value of CHF 16.7 million (31 December 2021: CHF 17.6 million).

Key recognition and measurement assumptions

A test is performed at least once a year to determine whether there are any indications of impairment of property, plant, and equipment. If there are indications of impairment, impairment tests are carried out for the corresponding property, plant, and equipment. To determine whether impairment exists, estimates are made of the expected future cash flows arising from use. Actual cash flows may differ from the discounted future cash flows based on these estimates.

RECOGNITION AND MEASUREMENT**Property, plant, and equipment**

Property, plant, and equipment are accounted for at historical acquisition or production cost less accumulated depreciation. Borrowing costs incurred during the construction phase through the financing of assets under construction are part of the acquisition cost if they are material. Depreciation is linear over the expected service lifetime.

DEPRECIATION PERIOD

Asset category	Years
Machinery	7–10
Tools	7
Measuring, testing, and controlling devices	5
Operating installations	10
Warehouse installations	10–14
Vehicles	5–8
Office equipment	3–10
Information technology	3–5
Solar systems	20
Factory buildings	33
Office buildings	40
Land	no depreciation

2.5 Intangible assets

a) Movements in the intangible assets

in TCHF	Software	Patents and customer base	Software in implementation	Total intangible assets
Costs				
As at 31 December 2020	34 613	5 200	2 835	42 648
Additions	1 120	0	2 088	3 208
Disposals	-582	0	0	-582
Reclassifications	1 302	0	-1 302	0
Currency differences	-265	39	-47	-273
As at 31 December 2021	36 188	5 239	3 574	45 001
Additions	2 689	0	1 556	4 245
Disposals	-256	0	0	-256
Change in scope of consolidation	6 266	0	364	6 630
Reclassifications	2 901	0	-2 901	0
Currency differences	-462	13	-76	-525
As at 31 December 2022	47 326	5 252	2 517	55 095
Depreciation				
As at 31 December 2020	-23 195	-4 517	0	-27 712
Additions	-3 724	-232	0	-3 956
Disposals	410	0	0	410
Currency differences	164	-16	0	148
As at 31 December 2021	-26 345	-4 765	0	-31 110
Additions	-4 511	-242	0	-4 753
Disposals	218	0	0	218
Currency differences	310	0	0	310
As at 31 December 2022	-30 328	-5 007	0	-35 335
Book values				
As at 31 December 2020	11 418	683	2 835	14 936
As at 31 December 2021	9 843	474	3 574	13 891
As at 31 December 2022	16 998	245	2 517	19 760

b) Goodwill

Goodwill is offset against Group shareholders' equity upon the acquisition of a subsidiary or the interest in an associated company. Assuming a useful life of five years for trading companies acquired and ten years for production operations acquired (including the Schleuniger Group acquired this year), plus depreciation on a straight-line basis, the theoretical capitalization of goodwill would have the following impact on the consolidated balance sheet:

in TCHF	2022	2021
Historical costs as at 1 January	89 039	89 067
Additions	200 027	0
Currency differences	-522	-28
Historical costs as at 31 December	288 544	89 039
Theoretical accumulated depreciation as at 1 January	-56 439	-48 879
Theoretical depreciation	-13 337	-7 399
Currency differences	127	-161
Theoretical accumulated depreciation as at 31 December	-69 649	-56 439
Theoretical net book value as at 31 December	218 895	32 600

The capitalization and depreciation of goodwill would have the following theoretical impacts on shareholders' equity and Group earnings after taxes:

in TCHF	31.12.2022	31.12.2021
Shareholders' equity according to balance sheet	416 589	264 904
Theoretical capitalization of net book value of goodwill	218 895	32 600
Theoretical tax impacts	270	827
Theoretical shareholders' equity	635 754	298 331
in TCHF	2022	2021
Group earnings after taxes (EAT) according to income statement	51 773	30 375
Theoretical goodwill depreciation	-13 337	-7 399
Theoretical tax impacts	67	47
Theoretical Group earnings after taxes (EAT)	38 503	23 023

Key recognition and measurement assumptions

Intangible assets and goodwill are tested for impairment if indicators reflect a possible impairment. To determine whether impairment exists, estimates are made of the expected future cash flows arising from use. Actual cash flows may differ from the discounted future cash flows based on these estimates.

RECOGNITION AND MEASUREMENT

Software	Purchased software licenses are capitalized at acquisition or production cost plus costs incurred in readying them for use. The total acquisition cost is amortized on a linear basis over three to eight years. Costs associated with the development or maintenance of software are recorded as expenses at the time they are incurred.
Patents	Patents are recognized at historical acquisition cost less cumulative amortization. Acquisition costs are written down in a linear way over patent life.
Research and development	Research and development expenditure is fully charged to the income statement. These costs are contained in the positions "Personnel expenses" and "Other operating expenses".
Goodwill	Companies acquired over the course of the year are revalued and consolidated at the point of acquisition in keeping with standardized Group principles. The difference between the acquisition cost (including material transaction costs) and the prorated fair value of the net assets acquired is described as goodwill. Any potentially existing but not previously capitalized intangible assets taken over as part of the acquisition – such as brands, technology, rights of use, or customer lists – are not separately recognized, but remain subsumed under goodwill. Goodwill can also arise from investments in associated companies, whereby this amounts to the difference between the acquisition cost of the investment and the prorated fair value of the net assets acquired. The goodwill resulting from acquisitions is directly offset against Group shareholders' equity. If the purchase price contains components that are dependent on future results, these components are estimated as accurately as possible at the point of acquisition and then capitalized. In the event of deviations when the purchase price is definitively settled at a later date, the goodwill offset against shareholders' equity is adjusted accordingly. In case of disposal, acquired goodwill offset with equity at an earlier date is to be considered at original cost to determine the profit or loss recognized in the income statement.

2.6 Other non-current receivables

As at 31 December 2022 and as at 31 December 2021, other non-current receivables include mainly paid rent deposits and capitalized financing costs.

2.7 Other liabilities

a) Other payables

in TCHF	31.12.2022	31.12.2021
Prepayments by customers	47 372	23 162
Current income tax liabilities	10 664	5 643
Prepayments for construction contracts (POC)	11 684	10 140
Less accruals for construction contracts (POC)	-11 255	-9 050
Commissions not yet invoiced to agents	8 509	7 890
Other positions ¹	15 468	5 509
Total other payables	82 442	43 294

¹ Includes, among other things, liabilities against government organizations (tax authorities and social contributions).

Key recognition and measurement assumptions

For the determination of the fair value of a contingent consideration, profit and revenue forecasts and the current exchange rates are used, which might result in a higher or lower fair value measurement. The continued employment of certain selling shareholders has also been assumed.

b) Current provisions

in TCHF	2022	2021
Total as at 1 January	2 657	2 705
Additional provisions	3 002	2 250
Amounts utilized during the year	-1 403	-1 322
Unused amounts reversed	-633	-894
Currency differences	-143	-82
Change in scope of consolidation	1 727	0
Total as at 31 December	5 207	2 657

Current provisions are warranty provisions that include material and personnel costs in relation to warranty work.

Key recognition and measurement assumptions

In relation to machines and systems already delivered, the Komax Group calculates the necessary warranty provisions on the balance sheet date on the basis of analysis and estimates. The actual costs may differ from the provisions stated. Any differences may affect the provision carried for warranty events in future reporting periods and therefore the reported result for the period.

RECOGNITION AND MEASUREMENT**Provisions**

Provisions are formed if the Group has a current legal or constructive obligation arising from an event in the past, if it appears probable that the asset base will be negatively impacted by settlement of the obligation, and if the amount of the provision can be reliably determined. Provisions for warranties are based on past payments, revenues in prior years, and current contracts. The Komax Group normally gives a one-year warranty on machines and systems.

c) Accrued expenses and deferred income

in TCHF	31.12.2022	31.12.2021
Accrual for bonus	11 772	8 945
Accrual for holiday and overtime	6 519	3 506
Accrual for other personnel expenses	6 565	2 939
Commission payments to representatives	3 479	2 155
Invoices not yet received	7 496	4 003
Other accruals	10 582	4 334
Total accrued expenses and deferred income	46 413	25 882

3 CAPITAL AND FINANCIAL RISK MANAGEMENT

In addition to details on shareholders' equity, details are also provided on financial risk management at the Komax Group.

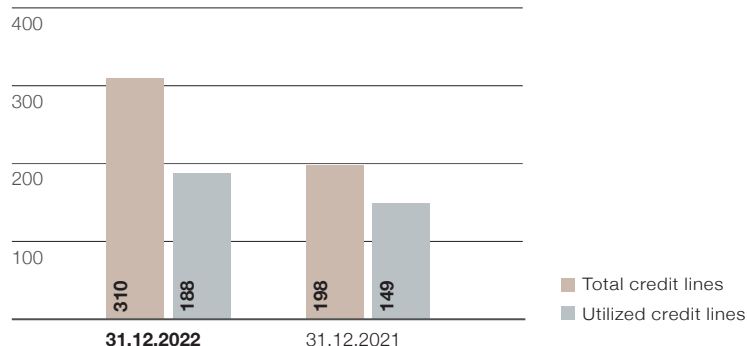
3.1 Financial liabilities

in TCHF	Currency	31.12.2022	31.12.2021
Bank liabilities	CHF	175 000	125 000
Bank liabilities	EUR	13 259	19 475
Bank liabilities	USD	0	4 600
Total financial liabilities		188 259	149 075

Komax Holding AG finalized an agreement with a bank syndicate for a credit line amounting to CHF 250.0 million (31 December 2021: CHF 187.0 million). Additionally, there are further local credit lines for subsidiaries, with the available maximum amounting to CHF 60.0 million (31 December 2021: CHF 30.0 million). As at 31 December 2022 the Group has drawn on this credit limit to the amount of CHF 188.3 million (31 December 2021: CHF 149.1 million).

Credit lines Komax Group

in CHF million



The maturities of the financial liabilities (without interest) are as follows:

in TCHF	less than 1 year	1-5 years	over 5 years	Total
As at 31 December 2022	12 812	3 574	171 873	188 259
As at 31 December 2021	7 698	140 549	828	149 075

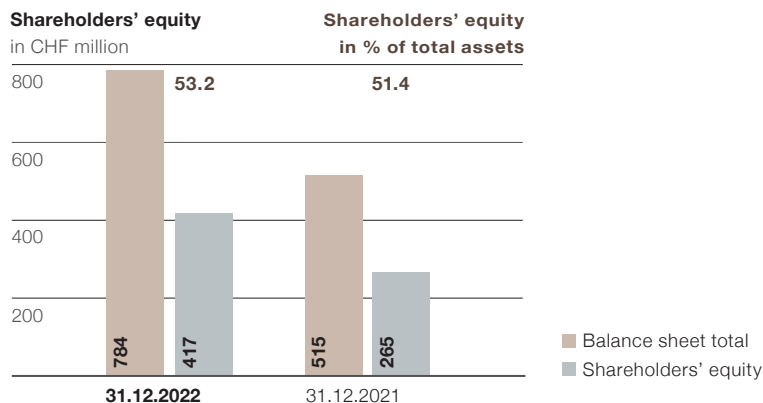
Of the financial liabilities of CHF 188.3 million as at 31 December 2022 (31 December 2021: CHF 149.1 million), CHF 170.0 million (31 December 2021: CHF 138.0 million) relate to the syndicated loan with a term until 31 January 2028. The interest rates for the syndicated loan as at 31 December 2022 are 1.49% (loan-to-value: CHF 70.0 million), 1.74% (loan-to-value: CHF 50.0 million), and 1.70% (loan-to-value: CHF 50.0 million). As at 31 December 2021, the interest rates were 1.05% (loan-to-value: CHF 111.0 million) and 0.85% (loan-to-value: CHF 27.0 million).

RECOGNITION AND MEASUREMENT

Financial liabilities Financial liabilities comprising bank loans, mortgages, and bonds are valued at amortized cost. Financial liabilities are recorded as current liabilities in the balance sheet unless the Group has the unconditional right to defer settlement of the liability to a point in time at least twelve months after the relevant balance sheet date.

3.2 Shareholders' equity

This section shows the change in shareholders' equity compared to the prior year.



a) Share capital

Balance sheet date	Number of shares	Par value in CHF	Share capital in CHF
31 December 2022	5 133 333	0.10	513 333.30
31 December 2021	3 850 000	0.10	385 000.00
31 December 2020	3 850 000	0.10	385 000.00

All registered shares are fully paid up.

b) Treasury shares

	Number	Average price in CHF	2022		2021	
			Purchase costs (avg.) in TCHF	Number	Average price in CHF	Purchase costs (avg.) in TCHF
Total as at 1 January	8 653	218.17	1 888	5 933	186.47	1 106
Purchases	0	0.00	0	6 500	230.54	1 499
Transfer (share-based compensation)	-4 002	218.17	-873	-3 780	189.68	-717
Total as at 31 December	4 651	218.17	1 015	8 653	218.17	1 888

Both at the end of the reporting year and at the end of the prior-year period, all treasury shares were envisaged for share-based compensation programs. All treasury shares are held by Komax Holding AG. Neither the other Group companies nor the staff pension scheme of Komax AG hold any shares of Komax Holding AG.

c) Conditional capital

There was no conditional capital either as at 31 December 2022 or as at 31 December 2021.

d) Reserves

The non-distributable reserves amounted to CHF 7.6 million as at 31 December 2022 (31 December 2021: CHF 5.5 million).

RECOGNITION AND MEASUREMENT

Treasury shares Treasury shares are recognized at the average weighted cost of acquisition, including the transaction costs assignable to them, and are then offset against shareholders' equity. When treasury shares are sold or issued, the consideration received is credited to shareholders' equity.

Issuance of shares Costs that are directly assignable to the issuance of new shares are recognized in shareholders' equity in net form as a deduction from the issue proceeds.

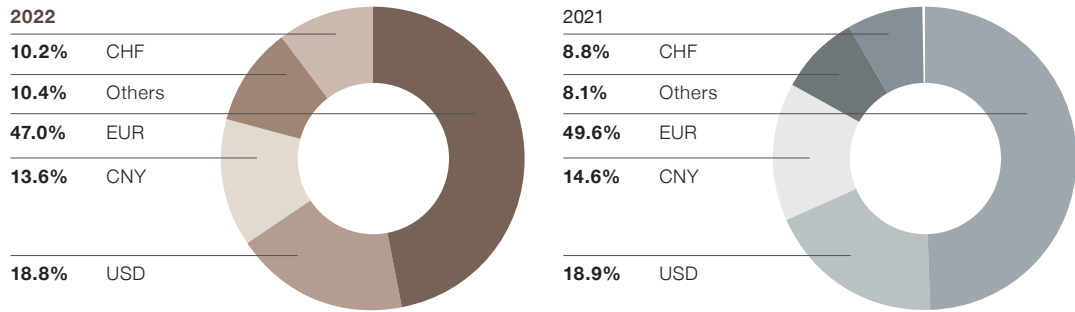
Preferred shares No preferred shares have been issued to date.

3.3 Financial risk management

Through its business activities, the Komax Group is exposed to various financial risks, for example currency, credit, liquidity, and interest rate risks. The Group's overall risk management strategy is focused on the unpredictability of developments in the financial markets and is intended to minimize the potential negative impact on the Group's financial position. The Group uses derivative financial instruments to protect itself against interest rate, currency, and credit risks. Risk management is conducted by the finance department of Komax Management AG in conformity with the guidelines issued by the Board of Directors. These guidelines set out procedures for the use of derivatives as well as for dealing with foreign currency, interest rate, and credit risks. The guidelines are binding for all subsidiaries of the Komax Group.

a) Currency risk

The Komax Group operates internationally and is therefore exposed to a variety of foreign exchange risks. Foreign currency risks arise from future cash flows, assets, and liabilities recognized in the balance sheet, and investment in foreign companies. Komax Group generates its revenues in the following currencies:



The most important year-end and average exchange rates were as follows:

Currency	Year-end rate 31.12.2022	Average rate 2022	Year-end rate 31.12.2021	Average rate 2021
USD	0.930	0.960	0.920	0.920
EUR	0.990	1.020	1.050	1.100
CNY	0.134	0.145	0.145	0.142

The Komax Group is mainly exposed to currency risks relating to the USD, the EUR, and the CNY. Assuming that the average rates against the CHF had been 10% lower or higher and that all other parameters remained largely unchanged, the EBIT margin would have been changed as follows:

	Change EBIT margin 2022	Change EBIT margin 2021
USD/CHF average rate +/-10%	+/-0.7%-pt.	+/-0.8%-pt.
EUR/CHF average rate +/-10%	+/-1.1%-pt.	+/-1.2%-pt.
CNY/CHF average rate +/-10%	+/-0.6%-pt.	+/-0.9%-pt.

b) Credit risk

Credit risks may exist with regard to bank account balances, derivative financial instruments, and receivables from customers. The Komax Group regularly reviews the independent ratings of financial institutions. Moreover, all risks pertaining to cash and cash equivalents are further minimized by using a variety of banks rather than one single bank.

c) Capital risk

In the management of its capital, the Komax Group pays special attention to ensuring that the Group is able to continue to operate, that shareholders receive an appropriate return for their risks, and that financial ratios are optimized, taking the cost of capital into account. To achieve these targets, the Komax Group may adjust its dividend payment, issue new shares, or sell assets in order to scale back its debt.

d) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient reserves of cash and cash equivalents and liquid securities as well as financing capacity through an adequate volume of approved lines of credit. The amount of cash required for operations is reviewed annually and monitored on a monthly basis by the finance department. Given the business environment in which the Komax Group operates, it is also essential for the Group to maintain the necessary financing flexibility by maintaining sufficient unused lines of credit.

e) Interest rate risk

Neither at 31 December 2022 nor at the prior year's balance sheet date did the Komax Group possess any assets that were subject to any material rate of interest. The Group's financial risk policy is to finance long-term investments with long-term liabilities, which gives rise to an interest rate risk. If there is a significant interest rate risk, the related cash flow risks are hedged through interest rate swaps.

4 GROUP STRUCTURE

This section contains details on the scope of consolidation, including any changes (acquisitions, business areas to be discontinued). The list of investments also includes all directly and indirectly held investments as at 31 December 2022.

4.1 Scope of consolidation

The consolidated financial statements incorporate the individual financial statements of Komax Holding AG, Switzerland, and its subsidiaries.

As explained under note 4.2, 2022 also saw the founding of Komax Testing India Pvt. Ltd., including the takeover of the testing systems production business of its Indian customer Dhoot Transmission Pvt. Ltd. by means of an asset deal, as well as the takeover of the Schleuniger Group by means of a quasi-merger.

There were no changes in the scope of consolidation in the previous year.

RECOGNITION AND MEASUREMENT

Subsidiaries	Subsidiaries are fully consolidated if Komax Holding AG exercises control over their financial and business policies. As a rule, this is the case if Komax Holding AG directly or indirectly holds more than 50% of the subsidiary's voting capital.
Date of consolidation	Subsidiaries are included in the consolidated financial statements from the date on which the Group assumes control. They are deconsolidated from the date on which control is ceded.
Intragroup eliminations	Intragroup transactions, intragroup balances, and unrealized gains or losses from transactions between Group companies are eliminated from the scope of consolidation.

4.2 Business combinations

a) Acquisitions 2022

in TCHF	Testing India Pvt. Ltd.	Schleuniger Group	Total
Acquired net assets at fair value			
Cash and cash equivalents	1	22 632	22 633
Trade receivables	255	45 360	45 615
Other receivables	76	5 275	5 351
Inventories	271	74 219	74 490
Accrued income and prepaid expenses	0	6 289	6 289
Property, plant, and equipment	193	49 156	49 349
Intangible assets	6	6 624	6 630
Investments in associates	0	452	452
Deferred tax assets	2	12 668	12 670
Other non-current receivables	0	282	282
Total assets	804	222 957	223 761
Current financial liabilities	-22	-479	-501
Trade payables	-62	-12 572	-12 634
Other payables	0	-21 583	-21 583
Current provisions	0	-3 087	-3 087
Accrued expenses and deferred income	0	-16 806	-16 806
Non-current financial liabilities	0	-5 567	-5 567
Deferred tax liabilities	0	-3 653	-3 653
Total liabilities	-84	-63 747	-63 831
Acquired net assets	720	159 210	159 930
Value of the shares issued by Komax Holding AG	0	326 608	326 608
Liabilities assumed by Komax Holding AG from Metall Zug AG	0	30 633	30 633
Acquisition costs	0	1 436	1 436
Transferred cash and cash equivalents	1 280	0	1 280
Total consideration	1 280	358 677	359 957
Goodwill	560	199 467	200 027
Transferred cash and cash equivalents	-1 280	0	-1 280
Cash and cash equivalents acquired	1	22 632	22 633
Payment of assumed liabilities against Metall Zug AG	0	-30 633	-30 633
Net cash flow 2022	-1 279	-8 001	-9 280

Testing India Pvt. Ltd.

In the first half of 2022, the Komax Group acquired the testing systems production business of its Indian customer Dhoot Transmission Pvt. Ltd. by means of an asset deal in connection with the founding of Komax Testing India Pvt. Ltd. The purpose of this new company is to consistently harness opportunities in the testing business in the Indian market and provide customers with solutions more rapidly. The acquired company generated revenues of CHF 0.4 million from 1 March 2022. The repercussions of this acquisition for Group earnings after taxes are negligible.

Schleuniger Group

In order to secure long-term competitiveness and continue to consistently drive forward the automation of wire processing with cutting-edge products and solutions, Komax and Schleuniger combined on 30 August 2022. To this end, Metall Zug AG brought its Wire Processing division, the Schleuniger Group, into Komax Holding AG and received a stake of 25% in Komax Holding AG in return. The transaction was effected through a quasi-merger. This involved Komax Holding AG creating 1 283 333 new shares through a capital increase and then assigning these shares to Metall Zug AG in exchange for the Schleuniger shares. The new shares were listed on SIX Swiss Exchange as of 31 August 2022, thus increasing the number of listed registered shares of Komax Holding AG to 5 133 333.

There were revaluation effects on the following balance sheet items: "Trade receivables", "Inventories", "Property, plant, and equipment", "Deferred tax assets", "Deferred tax liabilities", and "Provisions".

The value of the shares newly issued by Komax Holding AG amounts to CHF 326.6 million, and is calculated by multiplying the number of newly created shares by the stock market price at the point of transaction.

Goodwill amounts to CHF 199.5 million, and was offset against equity pursuant to Swiss GAAP FER 30 "Consolidated financial statements".

The acquired group generated revenues of CHF 84.1 million and Group earnings after taxes of CHF 2.6 million between 1 September 2022 and the year end.

b) Acquisitions 2021

There were no acquisitions in the year 2021.

4.3 Investments in associates

As at 31 December 2022 and 31 December 2021, the Komax Group held no investments in associated companies. In December 2022, the 20% stake held by Schleuniger AG in the British company Laser Wire Solutions was sold.

RECOGNITION AND MEASUREMENT

Investments in associates

Companies in which the Komax Group holds at least 20% of voting rights but in which it has a stake of less than 50% or on which it exerts a key influence in other ways are recognized by the equity method, and initially recorded at the corresponding acquisition cost.

4.4 Direct and indirect equity participation of Komax Holding AG as at 31 December 2022¹

Company	Place	Purpose ²		Ordinary capital
Switzerland				
Komax AG	Dierikon, Switzerland	E D M P S	CHF	5 000 000
Komax Management AG	Dierikon, Switzerland	G	CHF	100 000
Schleuniger AG	Thun, Switzerland	E D M P S	CHF	2 500 000
Europe				
adaptronic Prüftechnik GmbH	Wertheim, Germany	E D M P S	EUR	300 000
Artos Engineering France S.à.r.l.	Treillières, France	S	EUR	182 939
DiiT GmbH	Krailling, Germany	E D M S	EUR	103 000
Komax Austria GmbH	Vienna, Austria	S	EUR	36 336
Komax Belgium nv	Beerse, Belgium	E D M P S	EUR	60 760
Komax Consult Deutschland GmbH	Nuremberg, Germany	R	EUR	30 000
Komax Czech Republic Trading s.r.o.	Brno, Czech Republic	S	CZK	200 000
Komax Hungary Kft.	Budakeszi, Hungary	E D M P S	HUF	10 000 000
Komax Kabelverarbeitungs-Systeme Deutschland GmbH	Nuremberg, Germany	S	EUR	400 000
Komax Laselec France SA	Toulouse, France	E D M P S	EUR	1 057 280
Komax Portuguesa S.A.	Alcabideche, Portugal	S	EUR	150 000
Komax Romania Trading S.R.L.	Bucharest, Romania	S	RON	2 200 000
Komax SLE GmbH & Co. KG	Grafenau, Germany	E D M P S	EUR	5 700 000
Komax SLE Verwaltungs GmbH	Grafenau, Germany	A	EUR	25 000
Komax Slovakia s.r.o.	Bratislava, Slovakia	S	EUR	6 639
Komax Taping GmbH & Co. KG	Burghaun, Germany	E D M P S	EUR	100 000
Komax Taping Verwaltungs GmbH	Burghaun, Germany	A	EUR	25 000
Komax Testing Beteiligungs GmbH	Porta Westfalica, Germany	H	EUR	4 000 000
Komax Testing Bulgaria EOOD	Yambol, Bulgaria	E M P S	BGN	600 000
Komax Testing Germany GmbH	Porta Westfalica, Germany	E D M P S	EUR	1 764 700
Komax Testing Romania S.R.L.	Bistrita, Romania	E S	RON	110 152
Komax Testing Türkiye Test Sistemleri San. Ltd. Şti.	Ergene/Tekirdağ, Türkiye	E M P S	TRY	14 950 000
Schleuniger GmbH	Radevormwald, Germany	E D M P S	EUR	27 000
Schleuniger Messtechnik GmbH	Sömmerda, Germany	E D P S	EUR	25 000
Africa				
Komax Maroc Sàrl.	Mohammédia, Morocco	S	MAD	10 000 000
Komax Testing Maroc Sàrl.	Tangier, Morocco	E M P S	MAD	2 100 000
Komax Testing Maroc FT Sàrl.	Tangier, Morocco	E M P S	EUR	300 000
Komax Testing Tunisia sarl	Tunis, Tunisia	E M P S	TND	366 000
North/South America				
Ciris Inc.	Salt Lake City, USA	E D M P S	USD	0
Komax Comercial do Brasil Ltda.	São Paulo, Brazil	S	BRL	200 000
Komax Corporation	Buffalo Grove, USA	E D M P S	USD	1 000 000
Komax de México, S. de R.L. de C.V.	Irapuato, Mexico	S	MXN	3 000
Komax Holding Corporation	Buffalo Grove, USA	H	USD	8 160 000
Komax Testing Brasil Ltda.	Colombo, Brazil	E M P S	BRL	362 500
Komax Testing México, S. de R.L. de C.V.	Irapuato, Mexico	E P	MXN	3 000
Komax Testing US Co.	El Paso, USA	S	USD	1 000 000
Komax York Inc.	Buffalo Grove, USA	A	USD	150

Company	Place	Purpose ²		Ordinary capital
Laselec Inc.	Grand Prairie, USA	S	USD	1
Schleuniger Inc.	Manchester, USA	M S	USD	200 000
Schleuniger, S. de R.L. de C.V.	Queretaro, Mexico	M P S	MXN	3 000
Asia				
Komax Automation India Pvt. Ltd.	Gurgaon, India	S	INR	10 000 000
Komax Distribution (Thailand) Co., Ltd.	Bangkok, Thailand	S	THB	42 300 000
Komax Japan K.K.	Tokyo, Japan	D M P S	JPY	90 000 000
Komax (Shanghai) Co., Ltd.	Shanghai, China	D M P S	USD	12 210 000
Komax Singapore Pte. Ltd.	Singapore	D P S	SGD	8 600 000
Komax Testing India Pvt. Ltd.	Pune, India	E M P S	INR	98 200 100
Schleuniger Japan Co.	Tokyo, Japan	M S	JPY	200 000 000
Schleuniger Machinery (Tianjin) Co., Ltd.	Tianjin, China	D P S	CNY	20 000 000
Schleuniger Trading (Shanghai) Co., Ltd.	Shanghai, China	M S	CNY	10 863 620

¹ All investments are 100% and fully consolidated.

² A = Administration, D = Research and Development, E = Engineering, G = Group services and management, H = Holding of equity interests, M = Marketing, P = Production, R = Regional services, S = Sales.

5 OTHER INFORMATION

This section contains all the information not addressed in the previous sections, e.g., information on employee benefits and share-based compensation.

5.1 Employee benefits

in TCHF		2022	2021
	Surplus cover as per FER 26	Economic share within the Group	Economic share within the Group
Pension plans with surplus cover	0	0	0
Total	0	0	0

in TCHF	Change compared to prior year / expense of reporting period	Contributions accrued for the period	2022	2021
			Employee benefits expenditure in personnel expenses	Employee benefits expenditure in personnel expenses
Pension plans with surplus cover	0	5 310	5 310	4 844
Total	0	5 310	5 310	4 844

The employee benefits expenditure stated only comprises contributions made to the benefit schemes at the expense of the company.

The pension plans with surplus cover are related to the staff pension scheme of Komax AG in Switzerland. The coverage rate amounted to 108.3% as at 31 December 2022 (31 December 2021: 120.9%). The actuarial calculations are based on a technical interest rate of 1.75% (31 December 2021: 1.75%) as well as the technical basis of BVG 2020 (31 December 2021: BVG 2020).

There were no material employer contribution reserves as at 31 December 2022 or as at 31 December 2021.

RECOGNITION AND MEASUREMENT

Employee benefits The key companies are based in Switzerland, where employee benefits are amalgamated in a legally independent foundation regulated by the Federal Law on Old-Age, Survivors' and Disability Insurance (BVG). No significant pension plans are managed abroad. The ascertainment of any surplus or shortfall in respect of Swiss pension plans is undertaken on the basis of the annual financial statements of the corresponding pension schemes in accordance with Swiss GAAP FER 26. Any benefit arising from employer contribution reserves is recognized as an asset. The capitalization of an additional economic benefit (as a result of a pension scheme having surplus cover) is not intended, nor are the prerequisites for such a step met. An economic obligation is carried as a liability if the prerequisites for the creation of a provision are met.

5.2 Share-based compensation

The Komax Group has the following share-based compensation agreements:

a) Komax Performance Share Unit Plan (PSU)

The equity-settled plan for the executive management comprises PSUs with a three-year vesting period which are dependent on the attainment of a performance target and the continuation of the employment relationship. The number of PSUs allocated is calculated by dividing a fixed amount by the average closing share price during the 60 days preceding the start of the vesting period. The actual payout at the end of the vesting period is made in shares compared to the target figure determined in advance by the Board of Directors. Up to and including the PSU program 2020, the allocation of the number of shares depended on the average RONCE. From the PSU program 2021 onwards, the allocation of the number of shares depends equally on one third of revenue growth, EBIT margin, and TSR (total shareholder return) compared with a peer group. The payout multiplier may range from 0% to 150%. The actual value of the allocation at the end of the vesting period is therefore dependent on the payout multiplier and the development of the share price over the course of the vesting period. In the event of any termination of the employment relationship, pro rata vesting applies at the ordinary vesting date.

Terms of outstanding rights as at 31 December 2022

		2020–2022	2021–2023	2022–2024
Number of outstanding rights		6 002	8 134	4 898
Vesting period		3 years	3 years	3 years
Allocation		2023	2024	2025
Fair value on the day of granting	CHF	219.65	171.21	245.99
Total fair value at allocation	TCHF	1 318	1 393	1 205

b) Komax Long-term Share Incentive Plan

The equity-settled plan for managers is not currently linked to profitability conditions, and includes a three-year vesting period. The number of shares allocated is calculated by dividing a fixed amount by the average closing share price during the 60 days preceding the start of the vesting period. The actual payout at the end of the vesting period takes the form of shares. In the event of any termination of the employment relationship, pro rata vesting applies at the ordinary vesting date.

Number of rights	2022	2021
Total as at 1 January	6 806	5 951
Granted on 1 January	2 156	2 590
Forfeited	-74	-89
Transferred to participants	-1 830	-1 646
Total as at 31 December	7 058	6 806

The fair value on the day of granting amounted to CHF 245.99 (2021: CHF 171.21).

c) Komax Long-term Cash Incentive Plan

The cash-settled plan for managers is currently not linked to profitability conditions, and includes a three-year vesting period. The actual payout at the end of the vesting period is determined at the end of the performance period, and is based on the multiplication of the allocation amount by the share price performance factor (ratio of final share price to starting share price).

Number of rights	2022	2021
Total as at 1 January	5 048	4 172
Granted on 1 January	1 464	2 077
Transferred to participants	-1 293	-1 201
Total as at 31 December	5 219	5 048

The fair value on the day of granting amounted to CHF 245.99 (2021: CHF 171.21).

d) Komax Restricted Share Plan

Restricted shares are allocated to Board members at the end of their period of office shortly before the Annual General Meeting (equity-settled plan); the lock-in period is three years. In the event of resignation from office as a result of retirement, death, or disability, the entitlement to restricted shares is calculated on a pro rata temporis basis. In such cases, lock-in periods may be either continued or rescinded at the discretion of the Board of Directors. In the 2022 financial year, 744 shares (2021: 797 shares) with a fair value of CHF 260.20 (2021: CHF 228.00) on the date of granting were allocated to the Board of Directors.

RECOGNITION AND MEASUREMENT**Share-based
compensation**

All share-based compensation granted to staff is estimated at fair value as per the date it is granted, and is charged evenly across the vesting period to the corresponding income statement positions within the operating result. In the case of compensation plans involving remuneration in the form of equity instruments, the expense of the granted compensation is booked as an increase in shareholders' equity, and any funds received from the exercise of this compensation following the vesting period are booked as a change in shareholders' equity. The fair value of the amount that is to be paid to employees in respect of share appreciation rights and settled in the form of cash is booked as an expense with a corresponding increase in debt over the period in which employees acquire unrestricted access to these payments.

5.3 Related party transactions**Transaction with related companies**

in TCHF	2022	2021
Sale of goods and services	37	0
Various expenses	71	0
Trade receivables as at 31 December	2	0
Other payables (current and non-current) as at 31 December	45	0

Related party transactions relate to members of the Board of Directors, members of the Executive Committee, pension funds, and key shareholders, as well as companies controlled by the same. In the previous year, no transactions were entered into with closely linked persons.

5.4 Off-balance-sheet transactions**a) Contingent liabilities**

As at 31 December 2022 and 31 December 2021, there were no contingent liabilities nor performance guarantees. Other guarantees of CHF 15.9 million were granted as at 31 December 2022 (31 December 2021: CHF 6.7 million); these almost exclusively comprise guarantees granted to customers for advance payments.

b) Ownership restrictions for own liabilities

in TCHF	31.12.2022	31.12.2021
Book value real estate	73 018	76 022
Lien on real estate	56 732	37 140
Utilization	52 568	30 597

The pledged assets will be used to secure own liabilities.

c) Contractual obligations

As at 31 December 2022, contractual obligations existed with respect to the acquisition of property, plant, and equipment amounting to CHF 1.3 million (31 December 2021: none). Future liabilities arising from operating lease agreements amount to CHF 4.3 million due in 2023 and CHF 7.0 million due in 2024–2027 (31 December 2021: CHF 1.8 million due in 2022 and CHF 2.8 million due in 2023–2026).

5.5 Other key accounting principles

a) Key figures not defined under Swiss GAAP FER

By stating its free cash flow in the cash flow statement, the Komax Group is reporting an item that is not in conformity with Swiss GAAP FER but is nonetheless a key figure for the Komax Group, as well as being widely used and recognized in the financial sector. This key figure is an amalgamation of cash flow from operating activities and cash flow from investing activities. In the income statement, the Komax Group discloses the revenues as an additional subtotal that is not defined under Swiss GAAP FER. This subtotal includes other operating income in addition to net sales and is used for the calculation of important key figures. As gross profit is an important key figure for the Komax Group, the corresponding interim total is reported separately in the income statement. Gross profit comprises revenues (net sales and other operating income) minus the cost of materials and changes in the inventory of unfinished and finished products.

b) Currency conversion

RECOGNITION AND MEASUREMENT

Functional currency and reporting currency Items included in the financial statements of each entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). The consolidated financial statements are presented in CHF, which is the functional currency of the parent company, Komax Holding AG.

Transactions and balances Foreign currency transactions are translated into the functional currency at the rate prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Group companies The earnings and balance sheet figures of foreign business units with a functional currency other than the Swiss franc are translated to Swiss francs as follows:

- a) Assets and liabilities are translated at the exchange rate on the balance sheet date for each such date.
- b) Revenues and expenses are translated at the weighted average exchange rate for each income statement.
- c) All exchange rate gains and losses are recognized in shareholders' equity and reported on a separate line within retained earnings.

Exchange rate differences arising from the translation of net investments in foreign business units are recognized under comprehensive income. When a foreign company is sold, these exchange rate differences are reported in income as part of the gain or loss from the sale.

c) Other important accounting policies

RECOGNITION AND MEASUREMENT

Cash and cash equivalents	Cash and cash equivalents include banknotes, sight deposits, and other current, highly liquid financial assets with an original maturity of no greater than three months. Utilized current account overdrafts are shown on the balance sheet as payables to credit institutions under current financial liabilities.
Trade payables	Trade payables are valued initially at fair value, which is normally the amount originally invoiced, and subsequently measured at amortized cost.
Non-operating properties	Investment property encompasses land and buildings held with a view to generating rental income or for purposes of capital appreciation, and not for internal production purposes, the delivery of goods, or the provision of services, administrative purposes, or sales in the context of ordinary business activity. Investment property is valued at acquisition or construction cost less cumulative depreciation.
Transactions with minorities	Changes in ownership interests in subsidiaries are recognized as equity capital transactions provided control remains intact.
Impairment of non-monetary assets	Assets subject to planned amortization are also tested for impairment if events or changes in circumstances create a presumption that the carrying value can potentially no longer be realized. An impairment is recorded in the amount by which the asset's carrying value exceeds its realizable value. The realizable value is the greater of the asset's fair value less disposal costs and its use value. In determining impairments, assets are grouped according to the smallest separately identifiable cash-generating units.



Report of the statutory auditor to the General Meeting of Komax Holding AG, Dierikon

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Komax Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated balance sheet as at 31 December 2022, the consolidated statement of shareholders' equity and the 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 consolidated financial statements (pages 105 to 139) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

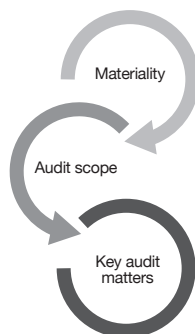
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent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

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

Our audit approach

OVERVIEW

Overall Group materiality: CHF 3550 000



We concluded full scope audit work at nine reporting units in six countries. Our audit scope addressed 57% of the Group's net sales. In addition, an audit of account balances was performed at one other Group company, which addressed a further 10% of net sales of the Group.

As key audit matter the following area of focus has been identified:

- Revenue recognition in the appropriate period
- Quasi-fusion Schleuniger Group

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 3 550 000
Benchmark applied	Net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark for determining materiality. This benchmark takes into account the volatility of the business environment and is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 350 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements include within their scope 53 entities. We identified eight Group companies for which, in our opinion, an audit of the complete financial information was necessary on the grounds of their size or risk characteristics. For one other Group company, an audit of account balances was performed to address significant items adequately. We obtained additional assurance from the timely performance of audits of the statutory financial statements of eight Group companies.

With one exception, all of the Group companies in the described audit scope were audited by local national PwC firms. None of the Group companies excluded from our audit of the consolidated financial statements accounted individually for more than 4% of Group net sales.

To provide appropriate guidance to and monitor the work of the auditors of the Group companies, the Group audit team performed selected reviews of the audit working papers and held telephone conferences with the auditors of the Group companies.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

REVENUE RECOGNITION IN THE APPROPRIATE PERIOD**Key audit matter**

We consider revenue recognition in the appropriate period to be a key audit matter because of the scope for judgement involved in determining, as required, exactly when the risks and rewards associated with goods delivered and services rendered are transferred in accordance with the Swiss GAAP FER accounting requirements.

On the basis of the agreed delivery terms (incoterms), the expected average delivery times until the effective transfer of the risks and rewards of ownership to the customer and taking into account special cases (e.g. delivery delays), Komax realises revenue from sales of goods in the period in which it transfers the risks and rewards of ownership.

Please refer to page 113 of the notes to the consolidated financial statements.

How our audit addressed the key audit matter

We checked on a sample basis that revenue was recognised in the correct period for the months of December 2022 and January 2023. For the selected samples, we assessed the underlying Incoterms and in selected cases checked the average delivery times. Furthermore, in case possible, we tested operating effectiveness of cut-off controls performed by management.

We concluded that the criteria for revenue recognition in the appropriate period in accordance with the Swiss GAAP FER requirements were complied with in the consolidated financial statements for the year ended 31 December 2022.

QUASI-MERGER SCHLEUNIGER GROUP**Key audit matter**

Effective as of 30 August 2022, the combination of Komax Group and Schleuniger Group was completed. This is a significant acquisition. The accounting for and disclosure of this acquisition are influenced, among other things, by:

- The valuation of the assets and liabilities acquired at fair value at the date of acquisition
- The accounting treatment of goodwill and acquisition costs
- The correct and complete disclosure of the transaction-related information

Based on these reasons, we consider this acquisition as a key audit matter.

We refer to page 130 (Note 4.1, Scope of consolidation), Page 131 (Note 4.2, Acquisitions).

How our audit addressed the key audit matter

We mainly performed the following audit procedures:

We obtained an understanding of the processes of the acquisition. Further, we analyzed the purchase agreement and further relevant agreements to identify conditions affecting the purchase price allocation.

We audited the opening balance sheets of the acquired businesses and assessed the appropriateness of the fair values for assets and liabilities. Related to external real estate valuation reports, we challenged the competency and independence of valuation experts involved and reviewed the methods and assumptions applied.

Additionally, we evaluated the appropriateness of the accounting for this acquisition, of the resulting goodwill and of the disclosures in the consolidated financial statement.

Our audit procedures support the purchase price allocation made by management and its accounting as well as the disclosure of this transaction.

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 remuneration report and our auditor's reports thereon.

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

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

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

Board of Directors' responsibilities for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG



Thomas Brüderlin
Licensed audit expert
Auditor in charge



Korbinian Petzi
Licensed audit expert

Basel, 13 March 2023

BALANCE SHEET OF KOMAX HOLDING AG

in TCHF	31.12.2022	%	31.12.2021	%
Assets				
Cash and cash equivalents	420		616	
Other current receivables third parties	0		151	
Other current receivables Group	3 683		3 408	
Financial loans Group	113 898		103 692	
Accrued income / prepaid expenses	344		104	
Total current assets	118 345	18.3	107 971	24.4
Financial investments Group	154 876		98 338	
Investments in subsidiaries	374 758		236 134	
Total non-current assets	529 634	81.7	334 472	75.6
Total assets	647 979	100.0	442 443	100.0
Liabilities and shareholders' equity				
Trade payables	518		310	
Current interest-bearing liabilities Group	1 795		1 325	
Current interest-bearing liabilities third parties	11 435		6 825	
Other current liabilities Group	34		23	
Accrued expenses / deferred income	1 132		207	
Provisions	529		920	
Total current liabilities	15 443	2.4	9 610	2.2
Non-current interest-bearing liabilities third parties	120 000		111 000	
Total non-current liabilities	120 000	18.5	111 000	25.1
Total liabilities	135 443	20.9	120 610	27.3
Share capital	513		385	
Capital contribution reserves	207 050		814	
Other statutory capital reserves	2 000		2 000	
Statutory profit reserves	100		100	
Voluntary profit reserves	303 097		326 203	
Retained earnings	22		124	
Earnings after taxes	769		-5 905	
Treasury shares	-1 015		-1 888	
Total shareholders' equity	512 536	79.1	321 833	72.7
Total liabilities and shareholders' equity	647 979	100.0	442 443	100.0

INCOME STATEMENT OF KOMAX HOLDING AG

in TCHF	2022	2021
Dividend income	20 457	947
Other financial income	6 069	4 856
Other operating income	1 510	604
Total income	28 036	6 407
Financial expenses	-6 351	-4 418
Compensation	-953	-904
Other operating expenses	-4 288	-2 363
Value adjustment on investments	-4 018	-3 906
Value adjustment on financial assets Group	-11 300	0
Direct taxes	-357	-721
Total expenses	-27 267	-12 312
Earnings after taxes	769	-5 905

NOTES ON THE 2022 FINANCIAL STATEMENTS OF KOMAX HOLDING AG

1 PRINCIPLES

1.1 General

These annual financial statements were drawn up according to the provisions of Swiss accounting law (Section 32 of the Swiss Code of Obligations). The key valuation principles applied other than those prescribed by law are described below. Here it should be remembered that use has been made of the option to create and release hidden reserves for the purpose of securing the company's lasting prosperity.

As Komax Holding AG draws up a set of consolidated financial statements in line with a recognized accounting standard (Swiss GAAP FER), it has elected not to include in these financial statements – in keeping with statutory guidelines – explanatory notes on interest-bearing liabilities and audit fees, as well as the presentation of a cash flow statement.

1.2 Financial investments

Financial investments comprise non-current financial loans. Granted loans are valued at the respective balance sheet date, whereby unrealized losses are accounted for but unrealized gains are not recorded (impairment principle).

1.3 Investments

Investments are initially recognized at cost. The valuation of investments is reviewed annually on an individual basis and if necessary adjusted to a lower recoverable amount.

1.4 Treasury shares

Treasury shares are recorded at the time they are acquired as minus items in shareholders' equity, at acquisition cost. In the event of a later resale, the profit or loss is recognized in the income statement as financial income or financial expense.

1.5 Share-based compensation

If treasury shares are used for the share-based compensation of Board members, the difference between the acquisition cost and the actual payment to Board members when the shares are allocated is booked to compensation.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT POSITIONS

2.1 Assets

Other current receivables from Group companies increased by a total of CHF 0.3 million. This balance sheet item contains open interest receivables in respect of subsidiary companies.

The Group's current financial loans increased by a total of CHF 10.2 million. This balance sheet item likewise encompasses the current account loan of Komax Holding AG to Komax AG, Switzerland.

Financial investments comprise non-current financial loans and participatory loans. Group financial investments as well as the participations group have mainly increased as a result of the combination with the Schleuniger Group.

2.2 Liabilities

The "Current interest-bearing liabilities third parties" and "Current interest-bearing liabilities Group" items comprise current financial loans reported by subsidiary companies and banks.

The provisions relate to taxes on earnings and capital taxes as well as open tax claims in respect of corporation tax to be paid on the basis of the holdings in Germany.

In the 2022 financial year, Komax Holding AG secured long-term freedom of financial maneuver by agreeing a new syndicated loan facility. The new agreement, which has a term of just over five years (December 2022 to January 2028), increases the credit line from CHF 187.0 million to CHF 250.0 million, with the option of adding a further CHF 60.0 million. CHF 120.0 million of this credit line was being utilized as at 31 December 2022. The rate of interest is linked to an ESG component. In other words, the Komax Group has agreed a bonus/malus system based on the company's ESG rating with the syndicate of six banks (lead bank: Zürcher Kantonalbank).

In accordance with the applicable capital contribution principle, capital contributions (share premiums) made after 31 December 1996 are disclosed in the separate equity item "Statutory capital reserves." As a result of the combination with the Schleuniger Group, capital contribution reserves increased to CHF 207.1 million. Repayments to shareholders from this account are treated in the same way as the repayment of nominal capital and is therefore tax-free for natural person domiciled in Switzerland who hold the shares as part of their private assets.

2.3 Income

Dividend income amounted to CHF 20.5 million in the year under review (2021: CHF 0.9 million).

Other financial income includes interest income on granted loans as well as realized and unrealized exchange rate gains on cash and cash equivalents, and loans in foreign currency.

Other operating income comprises billed amounts for holding fees and licenses, as well as incidental revenues of third parties and the Group.

2.4 Expenses

The “Financial expenses” item comprises, among other things, interest expenses and commissions, securities losses, unrealized and realized exchange rate losses on cash and cash equivalents, and loans in foreign currency.

Compensation comprises compensation paid to the Board of Directors.

The “Other operating expenses” item includes patents and license costs, advisory and legal expenses, investor relations expenses, representation expenses, insurance premiums, and other operating expenditure items.

Direct taxes include expenses for taxes on earnings and corporation tax.

3 COMPANY AND LEGAL FORM, REGISTERED OFFICE

Company: Komax Holding AG

Legal form: Aktiengesellschaft (company limited by shares)

Registered office: Dierikon, canton Lucerne, Switzerland

4 FULL-TIME EMPLOYEES

Komax Holding AG does not have any employees.

5 PARTICIPATIONS

The direct and indirect participations of Komax Holding AG are set out in the consolidated financial statements on pages 133 and 134.

6 TREASURY SHARES

Details of the treasury shares of Komax Holding AG are provided in the consolidated financial statements on page 128.

7 CONTINGENT LIABILITIES

in TCHF	31.12.2022	31.12.2021
Joint liability for Group taxation value-added tax	p.m.	p.m.
Guarantees		
in EUR	13 671	5 636
in CHF	641	257
Total	14 312	5 893

From the total contingent liabilities of CHF 14.3 million (31 December 2021: CHF 5.9 million), CHF 14.3 million (31 December 2021: CHF 5.9 million) are contingent liabilities in favor of subsidiaries.

8 MAJOR SHAREHOLDERS

As at 31 December 2022, the company had the following major shareholder holding more than 5% of the votes:

Shareholder/shareholder group as at 31.12.2022	No. of shares	Share in %¹
Metall Zug AG, Zug, Switzerland	1 283 333	25.000
Shareholder/shareholder group as at 31.12.2021	No. of shares	Share in %¹
abrdrn plc., Edinburgh, UK	192 994	5.021

¹ The calculation is based on the 5 133 333 registered shares listed in the Commercial Register as at 31 December 2022 (31 December 2021: 3 850 000 registered shares).

9 EXTERNALLY REGULATED CAPITAL REQUIREMENTS (COVENANTS)

The Group's financial liabilities are generally subject to the following externally regulated capital requirement (covenant) as per the syndicated loan agreement:

The debt factor may not exceed 3.25 either at 31 December 2022 or thereafter at each quarter-end balance sheet date. Non-compliance with the debt factor as a key metric is permissible on one occasion for no more than a total of four successive quarters up until the expiry date, as long as the self-financing ratio amounts to at least 50% at the end of the quarter(s) in question.

The Komax Group complied with those requirements as at 31 December 2022. Within the scope of the syndicated loan agreement, Komax Holding AG guarantees the liabilities of any member of the Komax Group.

10 HOLDINGS OF SHARES

Assets in units		31.12.2022	31.12.2021
		Shares	Shares
Board of Directors			
Beat Kälin	Chairman	10 802	10 567
David Dean	Member	1 543	1 426
Andreas Häberli	Member	534	436
Kurt Haerri	Member	3 333	3 235
Mariel Hoch	Member	346	248
Roland Siegwart	Member	2 474	2 376
Jürg Werner ¹	Member	0	n. s.
Total Board of Directors		19 032	18 288
Executive Committee			
Matijas Meyer	CEO	4 991	4 689
Andreas Wolfisberg	CFO	939	803
Jürgen Hohnhaus	Executive Vice President	0	0
Tobias Rölz	Executive Vice President	113	58
Marc Schürmann	Executive Vice President	537	416
Marcus Setterberg ²	Executive Vice President	n. s.	353
Total Executive Committee		6 580	6 319

¹ Member of the Board of Directors since 30 August 2022.

² Member of the Executive Committee until 31 December 2021.

11 NET RELEASE OF HIDDEN RESERVES

The total amount of the net released hidden reserves amounted to CHF 0.0 million (2021: CHF 0.0 million).

PROPOSAL FOR THE APPROPRIATION OF PROFIT

The Board of Directors proposes the following appropriation of profit:

in CHF	31.12.2022	31.12.2021
Balance carried forward from previous year	21 546	124 104
Earnings after taxes	768 844	-5 905 071
Transfer from capital contribution reserves	14 116 666	0
Release of free profit reserves	13 326 276	23 105 967
Total available for distribution	28 233 332	17 325 000
Payout from capital contribution reserves of CHF 2.75 per registered share (2021: CHF 0.00) which is not subject to withholding tax ¹	14 116 666	0
Dividend of CHF 2.75 gross per registered share (2021: CHF 4.50) ¹	14 116 666	17 325 000
Total	28 233 332	17 325 000

¹ The distribution requirement applies to all outstanding registered shares.



Report of the statutory auditor to the General Meeting of Komax Holding AG, Dierikon

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Komax Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, 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 145 to 150) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

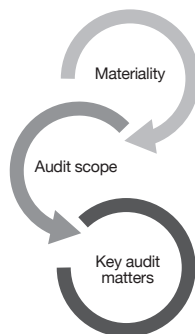
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company 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.

Our audit approach

OVERVIEW

Overall materiality: CHF 2 550 000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:
– Valuation of investments in subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 2 550 000
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Benchmark applied	Net assets
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Rationale for the materiality benchmark applied	We chose net assets as the benchmark for materiality considerations because the Company primarily holds investments and grants loans to Group companies.
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We agreed with the Audit Committee that we would report to them misstatements above CHF 250 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p>The shares of the capital of subsidiaries held by Komax Holding AG are recognised in the financial statements under 'Investments in subsidiaries' (CHF 374.8 million).</p> <p>Investments in subsidiaries are valued individually and stated at acquisition cost less necessary impairment charges.</p> <p>The company tests these investments for impairment by comparing the book value of the investment with the shareholders' equity according to Swiss GAAP FER. If the book value exceeds the shareholder's equity, the value in use of the subsidiary is considered. To determine the value in use, an in-depth valuation analysis is performed using cash flow forecasts based on the business plans approved by Management and the Board of Directors.</p> <p>This valuation analysis is based on Management's assumptions, which involve significant scope for judgement. For this reason, we deemed the impairment testing of investments in subsidiaries to be a key audit matter.</p>	<p>Where a book value was higher than the recorded shareholders' equity, we performed a detailed analysis of the valuation analysis performed by Management.</p> <p>This included:</p> <ul style="list-style-type: none"> – Discussion with Management of the results and future prospects of specific subsidiaries. – Assessment of the correctness and mathematical accuracy of the applied valuation methods. – Plausibility check of the assumptions applied by Management concerning the discount rate, long-term growth rates and margins. – We compared the results of the year under review with the forecasts made in the prior year and assessed the appropriateness of the prior year's assumptions. – Conducting sensitivity analyses. <p>We consider the valuation process and the assumptions applied by Management to be adequate and a sufficient basis for assessing the valuation of investments in sub-sidiaries.</p>
<p>Please refer to note 1.3 (Investments).</p>	

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 remuneration report and our auditor's reports thereon.

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

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

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

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

We further confirm that the proposed appropriation of available earnings and the proposed repayment of the legal capital reserve comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Brüderlin
Licensed audit expert
Auditor in charge



Korbinian Petzi
Licensed audit expert

Basel, 13 March 2023

FIVE-YEAR OVERVIEW

in TCHF		2022	2021	2020	2019	2018
Income statement						
Revenues		606 332	421 067	327 623	417 771	479 698
Gross profit		372 860	265 907	199 860	258 930	297 903
in % of revenues		61.5	63.2	61.0	62.0	62.1
EBITDA		88 939	60 343	26 340	36 837	78 614
in % of revenues		14.7	14.3	8.0	8.8	16.4
Operating profit (EBIT)		71 732	44 794	11 254	24 035	67 254
in % of revenues		11.8	10.6	3.4	5.8	14.0
Group earnings after taxes (EAT)		51 773	30 375	-1 319	13 221	51 787
in % of revenues		8.5	7.2	-0.4	3.2	10.8
Depreciation		17 207	15 549	15 086	12 802	11 360
Research and development		59 018	41 066	29 756	41 531	41 051
in % of revenues		9.7	9.8	9.1	9.9	8.6
Balance sheet						
Current assets		522 882	313 895	253 219	288 867	313 605
Non-current assets		260 624	200 996	198 870	192 369	149 299
Current financial liabilities		12 382	7 478	7 106	17 188	0
Non-current financial liabilities		175 877	141 597	137 169	136 504	90 338
Total liabilities		366 917	249 987	215 603	236 632	181 264
in % of total assets		46.8	48.6	47.7	49.2	39.2
Share capital		513	385	385	385	385
Shareholders' equity ¹		416 589	264 904	236 486	244 604	281 640
in % of total assets		53.2	51.4	52.3	50.8	60.8
Total assets		783 506	514 891	452 089	481 236	462 904
Net cash (+) / net indebtedness (-)		-105 512	-98 391	-92 426	-106 224	-39 358
Cash flow statement						
Cash flow from operating activities		39 010	33 006	41 766	41 287	29 629
Investments in non-current assets		13 081	38 062	25 811	54 448	41 340
Free cash flow		17 622	-5 492	15 435	-36 886	-4 340
Employees						
Headcount as at 31 December	No.	3 390	2 121	2 095	2 211	2 006
Revenues per employee ²		246	215	177	197	248
Gross value added per employee ²		119	110	83	92	120
Net value added per employee ²		112	102	75	86	114
Share details						
Shares ³	No. 1 000	5 133	3 850	3 850	3 850	3 848
Par value	CHF	0.10	0.10	0.10	0.10	0.10
Highest price	CHF	288.00	276.60	238.80	264.00	329.00
Lowest price	CHF	214.00	177.30	122.00	165.10	223.00
Closing price as at 31 December	CHF	257.50	253.00	176.30	236.40	230.00

¹ Equity attributable to equity holders of the parent company.

² Calculated on the basis of the average headcount.

³ Changes resulting from the exercising of option rights and capital increases.

Komax Holding AG

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communication@komaxgroup.com
komaxgroup.com

Financial calendar

Annual General Meeting	12 April 2023
Half-year results 2023	17 August 2023
Investor Day	28 September 2023
Preliminary information on 2023 financial year	23 January 2024

Forward-looking statements

The present Annual Report contains forward-looking statements in relation to the Komax Group, which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange rate fluctuations, unexpected market behavior on the part of our competitors, negative publicity, and the departure of members of management. The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

This Annual Report is available in English and German. The original German version is binding.

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