

# INVITATION TO THE ORDINARY ANNUAL GENERAL MEETING

**MONDAY  
11 MAY 2020  
10:00 A.M.**

**Venue**

Komax Holding AG  
Industriestrasse 6, 6036 Dierikon

**komax**

Based on the Ordinance 2 of the Federal Council on measures to prevent coronavirus (COVID-19 Ordinance 2), the Board of Directors has decided that shareholders of Komax Holding AG will not attend the Ordinary Annual General Meeting in person. They will be able to exercise their powers in respect of voting and electing solely via the independent proxy.

The invitation to the Annual General Meeting on 11 May 2020 is also available in German. The original German-language version is the only binding version.

Enclosures

- Agenda for the Annual General Meeting
- Power of attorney (with instruction sheet on the reverse) and login details for issuing power of attorney for voting representation instructing the independent proxy on the exercising of voting rights
- Reply envelope

The detailed Annual Report comprising

- Review of 2019
  - 2019 Financial Statements of Komax Holding AG with Auditor's Report and recommendations
  - 2019 Consolidated Financial Statements with Auditor's Report and recommendations
  - 2019 Compensation Report with Auditor's Report
- can be found at [www.komaxgroup.com/annual-report](http://www.komaxgroup.com/annual-report).

## DEAR SHAREHOLDER

The 2019 financial year was marked by a sluggish automotive industry and the knock-on effects for the Komax Group: order intake, revenues, and EBIT decreased considerably and were well below the record result achieved in 2018. The Board of Directors is proposing to the Annual General Meeting that no dividend be distributed.

2019 proved extremely challenging for Komax. Various geopolitical factors, including the trade dispute between the US and China, have left many customers unsure, causing them to hold back substantially on investments. This was largely also because the transition underway in the automotive industry (e-mobility, autonomous driving) has already called for sizeable investments and the sector overall is showing signs of weakness. The outcome for Komax was that projects were postponed throughout the year and the previous year's record result remained out of reach.

Order intake decreased by 17.7% to CHF 408.7 million (2018: CHF 496.7 million) and revenues by 12.9% to CHF 417.8 million (2018: CHF 479.7 million). Revenues were somewhat higher in the second half than in the first (first half 2019: CHF 203.3 million, second half 2019: CHF 214.5 million). This was partly due to the acquisitions of Artos Engineering and Exmore in 2019. The revenue result was attributable to a sizeable organic decline (-13.7%), acquisition-driven growth (+2.7%), and negative foreign currency effects (-1.9%). Order intake was slightly weaker in the second half (first half 2019: CHF 206.7 million, second half 2019: CHF 202.0 million).

### **Profitability impacted by lower volume business and project business**

The decline in revenues was primarily a consequence of the sharp fall in demand for wire processing machines, which correlates directly to the number of vehicles produced. In 2019, some 89 million cars and light commercial vehicles were manufactured worldwide. This is 5.7% or approximately 5.5 million fewer vehicles than in the previous year. Since these machines, which are used for volume business, make a

disproportionately high contribution to Komax's operating profit (EBIT), it dropped 64.3% to CHF 24.0 million (2018: CHF 67.3 million). The EBIT margin narrowed from 14.0% to 5.8%. The foreign currency impact was negative, reducing the EBIT margin by 0.8 percentage points.

Profitability was also impacted by additional expenses in the high single-digit millions for individual customer-specific pioneer projects. These major projects are predominantly connected with new technologies in the automotive industry that are required for fast large-scale data transmissions in vehicles. If highly automated or even autonomous driving is to become a reality, these new developments are vital and offer Komax considerable future growth potential.

Group profit after taxes (EAT) decreased by 74.5% to CHF 13.2 million (2018: CHF 51.8 million). The result was impacted by the financial result of CHF -4.9 million (2018: CHF -5.2 million) and the high tax rate of 31.1% (2018: 17.0%), attributable mainly to non-capitalized tax-loss carryforwards.

### **Farsighted liquidity planning**

Komax increased its syndicated loan facility from CHF 160 million to CHF 190 million in the first quarter of 2020 and has a solid financial base. Since no-one knows how long the corona crisis will last and what the economic consequences will be, the Board of Directors sees farsighted liquidity planning as a priority. This is why the Board of Directors is proposing to the Annual General Meeting that no dividend be distributed.

Komax Holding AG  
On behalf of the Board of Directors



**Dr. Beat Kälin**  
**Chairman**

Dierikon, 17 April 2020

# ORDINARY ANNUAL GENERAL MEETING OF KOMAX HOLDING AG

## Agenda and proposals of the Board of Directors

### 1. Approval of the Annual Report as well as the financial statements of Komax Holding AG and consolidated financial statements for the 2019 financial year

The Board of Directors proposes approval.

As auditor to Komax Holding AG, PricewaterhouseCoopers AG, Basel, recommends in its reports to the Annual General Meeting that the consolidated financial statements and annual financial statements of Komax Holding AG be ratified without reservation.

### 2. Discharge of the Board of Directors and Executive Committee

The Board of Directors proposes that the activities of its members as well as the activities of the members of the Executive Committee in the 2019 financial year be ratified (in a single vote for all members of the Board of Directors and the Executive Committee).

### 3. Appropriation of profit for the 2019 financial year

The Board of Directors proposes to the Annual General Meeting the following appropriation of profit:

in CHF

Balance carried forward from the previous year	692 879
Profit after taxes	39 483 951

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<b>Total at the disposal of Annual General Meeting</b>	<b>40 176 830</b>
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Allocation to free reserves	40 000 000
Profit carried forward	176 830

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<b>Total</b>	<b>40 176 830</b>
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### 4. Elections

#### 4.1 Re-elections to the Board of Directors

The Board of Directors proposes individual votes for the re-election of

- Dr. Beat Kälin as Chairman of the Board of Directors
- David Dean as member of the Board of Directors
- Dr. Andreas Häberli as member of the Board of Directors
- Kurt Haerri as member of the Board of Directors
- Dr. Mariel Hoch as member of the Board of Directors
- Prof. Dr. Roland Siegwart as member of the Board of Directors

for a period of office extending until the conclusion of the next ordinary Annual General Meeting.

#### **4.2 Elections to the Remuneration Committee**

The Board of Directors proposes individual votes for the re-election of

- Dr. Andreas Häberli as member of the Remuneration Committee
- Dr. Beat Kälin as member of the Remuneration Committee
- Prof. Dr. Roland Siegwart as member of the Remuneration Committee

for a period of office extending until the conclusion of the next ordinary Annual General Meeting.

#### **4.3 Re-election of the independent proxy**

The Board of Directors proposes that Thomas Tschümperlin, lawyer and notary, Lucerne, be re-elected independent proxy until the conclusion of the next ordinary Annual General Meeting.

Thomas Tschümperlin, born 1956, is a partner of the law firm of Tschümperlin Lötscher Schwarz AG in Lucerne. He advises clients primarily on legal issues related to inheritance law, commercial and company law, real estate transactions, and brand and copyright law. Neither Thomas Tschümperlin nor his law/notary offices maintain any close relationships with management bodies or significant shareholders of Komax Holding AG. They also do not cultivate any significant commercial relationships with Komax Holding AG that go beyond the mandate of acting as independent proxy.

#### **4.4 Re-election of the external auditors**

The Board of Directors proposes that PricewaterhouseCoopers AG, Basel, be appointed auditors for a period of one year.

PricewaterhouseCoopers AG, Basel, have been statutory auditors to Komax Holding AG and auditors of the Komax Group's consolidated financial statements since 1994. PricewaterhouseCoopers AG, Basel, have confirmed to the Board of Directors of Komax Holding AG that they have the required independence to carry out such a mandate.

### **5. Compensation**

#### **5.1 Advisory vote on the Compensation Report for the 2019 financial year**

The Board of Directors proposes that the Compensation Report for the 2019 financial year be approved in a non-binding advisory vote.

#### **Notes on the proposal**

The Compensation Report provides an overview of the compensation principles and programs applicable to the Board of Directors and the Executive Committee of Komax, as well as details related to the compensation awarded to these two bodies for the 2019 financial year. The vote on the Compensation Report 2019 is consultative and is conducted in line with the recommendations of the "Swiss Code of Best Practice for Corporate Governance."

The Compensation Report can be found as a separate chapter in the 2019 Annual Report and online at [www.komaxgroup.com/annual-report](http://www.komaxgroup.com/annual-report).

## 5.2 Approval of the total compensation payable to the Board of Directors for the 2021 financial year

The Board of Directors proposes that the total compensation payable to the Board of Directors for the 2021 financial year, amounting to a maximum of CHF 1 100 000, be approved.

### Notes on the proposal

The proposed amount of compensation payable for the 2021 financial year includes the basic annual fee, attendance fees, and share-based compensation (incl. compensation for work on both committees of the Board of Directors). It is based on a body size of six members, and breaks down as follows:

in CHF	
Basic annual fee and attendance fees in cash <sup>1</sup>	900 000
Share-based compensation <sup>2</sup>	200 000
<b>Total<sup>3</sup></b>	<b>1 100 000</b>

<sup>1</sup> Contains flat-rate expenses and employer contributions to social insurance amounting to around CHF 65 000. This amount entitles members of the Board of Directors to draw the maximum insured pension benefits in the future.

<sup>2</sup> Market value at time of allocation. This figure does not take into consideration changes to the share price during the lock-in period.

<sup>3</sup> The proposed total compensation amounts do not fully utilize the limits specified in the Articles of Association.

The compensation actually awarded, including the non-binding breakdown of individual compensation components listed in the table above, will be disclosed in the 2021 Compensation Report and submitted to shareholders at the 2022 Annual General Meeting for an advisory vote. The amount of compensation payable to the Board of Directors will be approved in accordance with Section 13 of the Articles of Association and in compliance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO). The principles of compensation are set out in Section 25 of the Articles of Association. You will also find further details in the 2019 Compensation Report.

## 5.3 Approval of the total compensation payable to the Executive Committee for the 2021 financial year

The Board of Directors proposes that the total compensation payable to the Executive Committee, amounting to a maximum of CHF 4 150 000 for the 2021 financial year, be approved.

### Notes on the proposal

The proposed maximum amount of compensation payable for the 2021 financial year breaks down as follows:

in CHF	
Fixed compensation in cash	1 700 000
Variable compensation (cash bonus) <sup>1</sup>	1 150 000
Performance Share Units (PSUs) <sup>2</sup>	950 000
Social benefits <sup>3</sup>	350 000
<b>Total<sup>4</sup></b>	<b>4 150 000</b>

<sup>1</sup> Maximum variable compensation at maximum performance achievement level.

<sup>2</sup> The allocation of PSUs is calculated on the basis of a fixed allocation amount and the share price at the point of allocation. This figure assumes maximum performance achievement, under which the target number of originally allocated PSUs is multiplied by a payout factor of 150%. The payout factor depends on the average development of the RONCE over three years. This figure does not take into consideration changes to the share price during the vesting period.

<sup>3</sup> Contains mandatory employer contributions to social insurance as well as contributions to occupational benefits (BVG). This amount entitles members of the Executive Committee to draw the maximum insured pension benefits in the future.

<sup>4</sup> The proposed total compensation amounts do not fully utilize the limits specified in the Articles of Association.

The compensation actually awarded, including the non-binding breakdown of individual compensation components listed in the table on page 6, will be disclosed in the 2021 Compensation Report and submitted to shareholders at the 2022 Annual General Meeting for an advisory vote. The amount of compensation payable to the Executive Committee will be approved in accordance with Section 13 of the Articles of Association and in compliance with ERCO. The principles of compensation are set out in Section 25 of the Articles of Association. You will also find further details in the 2019 Compensation Report.

## Further information

### Documents

The 2019 Annual Report (including the 2019 Compensation Report), the 2019 Auditor's Reports, the minutes of the last Annual General Meeting, and the proposals of the Board of Directors have been available for inspection by shareholders at the registered office of the company in Dierikon since 17 March 2020. The Annual Report (including Compensation Report) can also be found at [www.komaxgroup.com/annual-report](http://www.komaxgroup.com/annual-report) and ordered online.

### Voting entitlement

All shareholders entered in the share register at 5:00 p.m. on 4 May 2020 are entitled to vote in respect of the number of shares registered in their name at that time. Shareholders who were entered in the share register as at 14 April 2020 will receive an invitation. They are requested to sign the proxy form and return it by 8 May 2020 at the latest. Shareholders who acquire shares later and whose registration application is received by the Komax Holding AG share register no later than 5:00 p.m. on 4 May 2020 will receive their invitation subsequently. Shareholders who dispose of their shares before the Annual General Meeting are no longer entitled to vote.

### Representation and power of attorney

In accordance with the Ordinance 2 of the Federal Council on measures to prevent coronavirus (COVID-19 Ordinance 2), the Board of Directors has decided that the Ordinary Annual General Meeting will take place without any shareholders present. Shareholders will be able to exercise their powers in respect of voting and electing solely via the independent proxy. Based on Art. 30 para. 1 of ERCO, the Board of Directors has appointed the lawyer Thomas Tschümperlin, Tschümperlin Lötscher Schwarz AG, Löwenstrasse 3, P.O. Box 6770, 6000 Lucerne 6, Switzerland, as that independent person. Shareholders who wish to be represented at the meeting by the independent proxy are requested to sign the power of attorney on the registration slip and return it. In conjunction with the power of attorney, shareholders may issue instructions on how voting should be carried out by the independent proxy.

If no instructions are issued with respect to the proposals contained in the invitation and/or no general instructions are issued, the independent proxy will exercise the relevant votes on the corresponding resolution in favor of the proposal of the Board of Directors.

### Issue power of attorney and voting instructions electronically

Shareholders can issue power of attorney for voting representation and instruct the independent proxy on the exercising of voting rights electronically at [www.netvote.ch/komax](http://www.netvote.ch/komax). Login details will be sent to shareholders together with the proxy form for the Annual General Meeting. Electronic instructions may be issued no later than 12:00 a.m. (CEST) on 8 May 2020.

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