

# INNOVATIVE AUTOMATION SOLUTIONS

Annual Report  
2021

**komax**

The Komax Group is a pioneer as well as the market and technology leader in automated wire processing solutions. It is aiming to consolidate this leading position and set the pace on the trends that are important today, such as electric mobility and autonomous driving. To this end, it is channeling above-average investment into research and development.

Komax has set itself ambitious targets for the period up to 2023 – for growth and profitability. Through its business strategy, which is geared toward long-term success, Komax aims to create sustainable value that will also benefit its shareholders in the form of an attractive dividend policy.

# KEY FIGURES

	2021	2020	+/- in %
in TCHF			
Order intake	482 395	345 349	39.7
Gross profit	265 907	199 860	33.0
in % of revenues	63.2	61.0	
Investments in non-current assets	38 062	25 811	47.5
Free cash flow	-5 492	15 435	-135.6
Net working capital <sup>1</sup>	180 110	155 232	16.0
in % of revenues	39.8	52.5	
Total assets	514 891	452 089	13.9
Net debt	98 391	92 426	6.5

<sup>1</sup> Net working capital: receivables plus inventories less current liabilities.

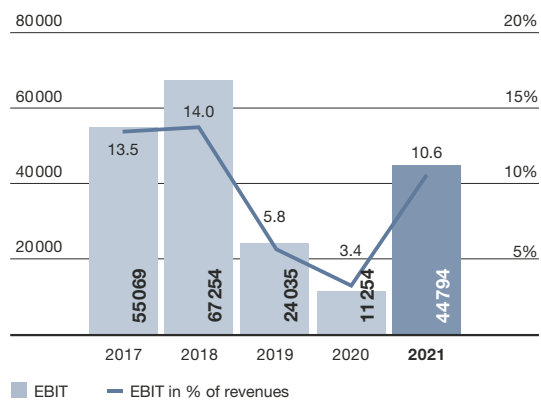
**421** m  
Revenues in CHF  
(2020: 328m)

**13.6** %

RONCE  
(2020: 3.7%)

## Operating profit (EBIT)

in TCHF



# 2121

Headcount as at 31.12.2021  
(31.12.2020: 2095 employees)

# 7.90

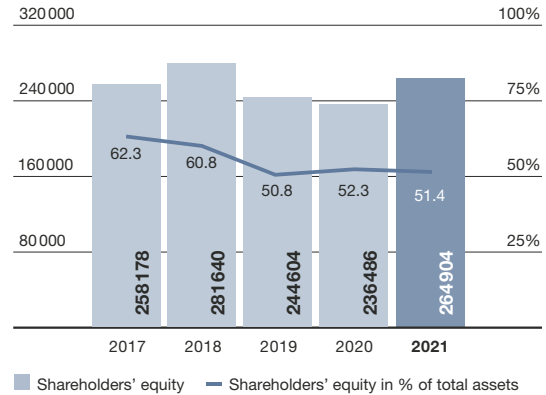
Basic earnings  
per share in CHF  
(2020: -0.34)

# 0.7 ppts

Foreign currency impact on the  
EBIT margin  
(2020: -1.2 ppts)

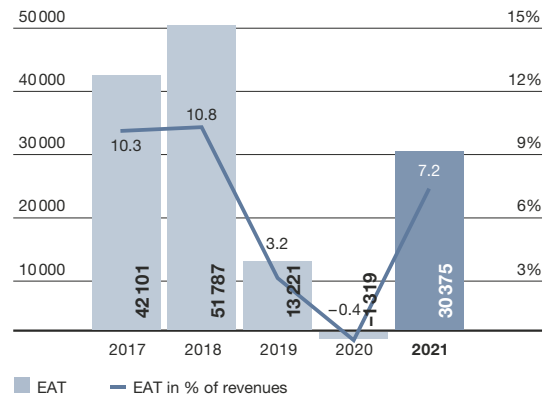
## Shareholders' equity

in TCHF



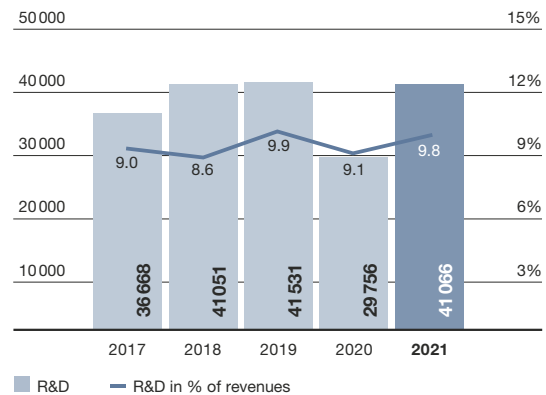
## Group earnings after taxes (EAT)

in TCHF



## R&D expenditure

in TCHF



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## DEAR SHAREHOLDER

The Komax Group gradually found its way back to “normality” in 2021, and significantly surpassed the results of the challenging previous year in respect of order intake, revenues, and EBIT. Although the automotive industry continued to be hard-hit by the coronavirus pandemic and supply chain difficulties, it became apparent that wire harness manufacturers are keen to increase automation in their factories for the long term, and are turning to the innovative solutions of Komax to do so.

The need for automation solutions increased continuously over the year, resulting in a high order intake of CHF 482.4 million (2020: CHF 345.3 million) for the company. Komax thus received 39.7% more orders than in 2020, and only 2.9% fewer than in the record year of 2018, for which the company registered an order intake of CHF 496.7 million. As Komax coped well with the significant supply chain challenges and for the most part maintained the accustomed level of reliability on deliveries, it did not record substantial drops in revenues. Komax posted revenues of CHF 421.1 million, 28.5% higher than in the previous year (CHF 327.6 million). This increase in revenues was made up of strong organic growth (28.0%) and a slightly positive foreign currency impact (0.5%).

### Sharp improvement in profitability

The book-to-bill ratio was 1.15 at the end of 2021, leaving Komax with strong order books at year-end. In the previous year, the situation had been less favorable, and Komax accordingly got off to a modest start in 2021. As a result, revenues in the second half of the year (namely CHF 237.8 million) significantly exceeded those recorded in the first half (CHF 183.3 million). The product mix also improved as the year progressed, which in turn had a positive impact on operating profit (EBIT). Overall, EBIT amounted to CHF 44.8 million (2020: CHF 11.3 million), with the EBIT margin coming in at 10.6% (2020: 3.4%). Komax recorded EBIT of CHF 14.1 million in the first half of 2021, and of CHF 30.7 million in the second half. In addition to the changed product mix, the cost-saving measures implemented in the previous year also contributed to the sharp rise in EBIT in 2021.

Group earnings after taxes (EAT) likewise increased significantly, rising to CHF 30.4 million (2020: CHF –1.3 million). Due to lower interest costs, the financial result of CHF –6.6 million was less negative than in the previous year (CHF –8.9 million), and accordingly weighed on EAT less heavily. In addition to interest costs, the financial result comprises above all unrealized foreign exchange losses on loans to subsidiaries in emerging markets. The tax rate amounted to 20.5%. Over the medium term, Komax is expecting a tax rate in the vicinity of 20%. Basic earnings per share work out at CHF 7.90 (previous year: CHF –0.34).

### Growth in all regions

The coronavirus pandemic has not changed the determination of wire harness manufacturers to increase the degree of automation in their factories. Quite the opposite: the growth drivers that are relevant to Komax – such as a scarcity or even a deficit of qualified staff, rising personnel costs, and increasing quality demands – are gaining even further traction and strengthening the automation trend. Moreover, there is evidence of an emerging trend to shorten supply chains, which will likewise favor automation. If harness manufacturing is repatriated to countries with higher labor costs, these will have to be offset through headcount reduction.

Revenues increased in all regions in 2021, and the demand for automation solutions increased in all market segments in which Komax is active. Although Komax continues to generate some 80% of its revenues with the automotive industry, the industrial market segment is steadily gaining in significance, and proved to be very robust during the coronavirus pandemic in particular. The automation requirement of

industrial customers, particularly in the control cabinet building area, is high, and offers considerable growth potential for Komax. Viewed in regional terms, Asia recorded the strongest growth in revenues (37.4%), despite the fact that this region witnessed the smallest drop in revenues of any region in 2020. The investment climate improved significantly in North/South America too, facilitating a 30.3% rise in revenues. The lowest revenue growth was recorded by Europe (24.6%) and Africa (23.9%).

#### **Komax invests in the future**

In order for Komax to be able to meet the needs of its customers and enable them to achieve competitive advantages with its innovative solutions in the future too, Komax invested CHF 41.1 million – or 9.8% of revenues – in research and development (R&D) in the year under review. This equates to a significant rise in R&D expenditure compared to the previous year (CHF 29.8 million). This substantial increase is explained by the fact that many employees were put on short-time working in 2020 due to the pandemic, hence the personnel costs that account for the majority of R&D expenditure fell sharply.

Another important investment for the company's future in 2021 was the purchase of a plot of land with a production and office building in Dierikon. The property is located immediately adjacent to Komax's headquarters, and will allow the company to sell the site in Rotkreuz and amalgamate these Swiss activities in Dierikon. The acquired property also gives Komax the opportunity to grow further at its largest global production and development site, since it includes 6400 m<sup>2</sup> of currently undeveloped land.

#### **Solid financial foundation**

As a result of this property purchase, free cash flow was negative at CHF –5.5 million (2020: CHF 15.4 million), while net debt increased from CHF 92.4 million to CHF 98.4 million. As long as the planned sale of the building in Rotkreuz is implemented this year, net debt should come down significantly in 2022, leading to a much more positive free cash flow.

Komax continues to have a very solid financial base. As at 31 December 2021, shareholders' equity totaled CHF 264.9 million (2020: CHF 236.5 million), while the equity ratio stood at 51.4% (2020: 52.3%).

#### **Quasi-merger of Komax and Schleuniger**

The 2021 financial year showed clearly that the automated wire processing market offers many opportunities. In order to exploit these and be in a position to meet customer needs with sufficient speed across the necessary breadth, a high level of investment and personnel resources is required. Komax and Schleuniger are therefore seeking a quasi-merger so that they

can consistently drive forward the global automation of wire processing through their combined innovative strength.

To implement the combination, Komax will propose to the Annual General Meeting of 13 April 2022 the creation of an authorized capital increase to issue 1 283 333 new shares. These will be allocated to Metall Zug AG in exchange for the shares of Schleuniger AG. Metall Zug AG, the current owner of Schleuniger AG, will subsequently hold a 25% stake in Komax Holding AG. In addition, the Annual General Meeting will be asked to abolish the 15% restrictions on registration and voting rights and elect as an additional member of the Board of Directors Dr. Jürg Werner, the current Chairman of the Schleuniger AG Board of Directors. Completion of the quasi-merger is subject to the approval by the Annual General Meeting and the relevant competition authorities.

#### **Dividend of CHF 4.50**

This year's dividend proposal will also be put to a vote at the Annual General Meeting. After Komax waived the distribution of a dividend for both 2019 and 2020, it would now like to distribute a dividend of CHF 4.50 based on the pleasing results of the 2021 financial year. This equates to a payout ratio of 57.0%, which is in line with Komax's strategic target of distributing 50%–60% of EAT to shareholders.

#### **Outlook**

Komax is confident that the upward trend apparent in 2021 will continue in 2022, and expects demand for its innovative solutions to remain strong. Supply chain difficulties, which can be expected to drag on until at least the middle of the year, remain a problem. Due to various challenges, a quantitative forecast can currently not be made for the 2022 financial year.

Yours sincerely,



**Dr. Beat Kälin**  
Chairman of the  
Board of Directors



**Matijas Meyer**  
CEO

14 March 2022

# AROUND THE WORLD

The Komax Group has a presence in all key production regions of its customers. Having had its finger on the pulse of industry for more than 45 years, Komax is able to develop appropriate, high-value, and innovative automation solutions for local requirements in global markets.

19

engineering and  
production sites

**Komax produces in Europe, Asia, North and South America, and Africa, and provides sales and service support in more than 60 countries through its subsidiaries and independent agents.**



- Komax: production, sales, and service
- Komax: sales and service
- Sales representative

Headquarters:  
Komax Holding AG  
Dierikon, Switzerland

60

countries with  
sales and  
service support



41

Komax  
companies  
worldwide

# GLOBAL LOCAL

Customer proximity together with short reaction and supply times are crucial to success. This is why Komax has been applying the motto “global local” for many years now – global production with a unique local sales, engineering, and service network across all continents. Komax produces standardized products and customer-specific systems at 19 locations worldwide. More than 2 100 employees currently work in the 41 companies of the Komax Group.

Komax has production sites spread across five continents: the company’s standardized (off-the-shelf) products for wire processing are manufactured at locations in Switzerland, Belgium, Germany, France, China, Japan, Singapore, and the US. The test systems are manufactured in Germany, Bulgaria, Turkey, Mexico, Brazil, Morocco, Tunisia, and China. Customer proximity is very important when it comes to ensuring short supply times for testing adapters. Customer-specific systems are produced at sites in Switzerland, Belgium, Germany, France, Hungary, China, and the US. Thanks to its production sites in all the most important market regions of the world, Komax meets the expectations of its global customers, who require their suppliers to have a local presence. What is more, in the age of the coronavirus pandemic, it is a recipe for success if potential supply problems can be reduced thanks to short delivery distances.

By merging two companies in France (Laselec SA and Komax France Sàrl. to form Komax Laselec SA, headquartered in Toulouse) and in the United States (Komax Corporation and Artos Engineering Company to form Komax Corporation, headquartered in Buffalo Grove), Komax selectively streamlined its structures effective 1 January 2021.

Thanks to its customer proximity, Komax has its finger on the pulse of industry. This is crucial for Komax if it is to deploy its experience of more than 45 years to develop high-quality, innovative automation solutions for local needs in global markets. In addition, the company’s international orientation helps mitigate the repercussions of currency fluctuations. Komax seeks to ensure that costs and revenues are generated or incurred in the same currencies to the greatest extent possible.

## **Unique selling proposition: distribution and service network**

The Komax Group has a unique global presence that enables it to provide efficient and competent support to its locally and globally active customers at all times. It provides sales and service support in more than 60 countries through its subsidiaries and independent agents. Customers can also submit their orders via the e-commerce platform Komax Direct. Around 250 employees work in Komax’s global service organization.

**Komax Care – a new, comprehensive service offering**

Part of the service provided by Komax is helping its customers to use and maintain the acquired machines and testing systems to their full potential and to minimize outages caused by operating or maintenance errors. Komax launched its extensive “Komax Care” service offering in 2021 (see page 23) with these objectives in mind. The service offering also includes the Komax Academy, which provides a modular training program at three levels of competence – basic, advanced, and specialist – including certification. The training modules are aligned with the various customer needs, e.g., those of new and experienced operators, service and maintenance personnel, shift managers, quality control staff, etc. Depending on the machine and level of competence, courses last from 1 to 10 days and take place at Komax Group locations worldwide. Participants receive certification based on both theoretical and practical learning assessments involving standardized global criteria with identical quality levels. Experience shows that with well-trained employees, machine installation times can be reduced and unplanned outages avoided. This translates into increased productivity as well as goods of a higher and more consistent quality.

The Komax Academy also offers over 100 training courses online in Chinese, German, English, French, and Spanish. Each course can be booked individually, is available online 24/7, and can be completed in 30 to 45 minutes.



**Komax will initially rent out part of the newly purchased production and office building in Dierikon, as it currently does not require the entire space.**

**Consolidation of the two Swiss locations**

Komax has been working for a number of years on consolidating its activities in Central Switzerland to a single site to further optimize logistics and processes. The new building at its headquarters in Dierikon, which staff moved into in early 2020, was a first step in this direction. The second stage followed in autumn 2021, when Komax acquired land in Dierikon together with a production and office building from lift manufacturer Schindler. This site is located directly next to the Komax headquarters and allows for the amalgamation of the Swiss activities in Dierikon going forward (without job cuts) as well as the sale of the Rotkreuz location. The sale is expected to take place in 2022.

Relocation to Dierikon is likely to occur in the second half of 2022, as renovation work will be needed beforehand on the newly acquired building. The plot purchased in Dierikon includes 6400m<sup>2</sup> of currently undeveloped land. Komax has therefore created an opportunity for further growth at its largest production and development site worldwide.

# AUTO INDUSTRY FACING SUPPLY BOTTLENECKS

The strong recovery expected in 2021 following a significant coronavirus-related fall-off in global vehicle production in 2020 failed to materialize due to a shortage of semiconductors. Wire harness manufacturers nevertheless continued to invest in automation solutions in readiness to handle trends such as autonomous driving and e-mobility with state-of-the-art technologies.

According to IHS Markit analyses, some 75 million cars and light commercial vehicles were manufactured worldwide in 2021. This puts the production volume at the level of 2020, a year substantially dominated by the coronavirus pandemic. In 2020, as countless automotive plants were closed in the wake of the coronavirus crisis, around 14 million fewer vehicles were produced than in 2019. The analysts at IHS Markit expected the automotive industry to recover from this slump in 2021 and in January 2021 predicted a production volume of 84 million vehicles for the year as a whole. Demand for new vehicles picked up considerably in 2021. That said, a shortage of semiconductors left car manufacturers unable to produce numerous vehicles on order, causing the production volume to stagnate at the 2020 level.

## **Global shortage of semiconductors**

Innumerable industrial companies across the globe were preoccupied with a shortage of semiconductors in 2021. The impact was especially pronounced in the automotive industry: production lines were halted, plants closed temporarily, and employees put on short-time working. New cars could either not be delivered at all or some buyers had to do without specific driver assistance systems in new vehicles.

Even prior to 2020, bottlenecks facing raw material suppliers and geopolitical tensions between China and the USA led to a fraught situation in the semiconductor market. The coronavirus pandemic threw the chip market into disarray, and the semiconductor shortage grew worse. With vehicle manufacturers forced to shut down production for weeks in 2020 as mentioned, they reduced or sometimes cancelled orders for semiconductors. At the same time, manufacturers of communication and consumer electronics were demanding significantly more chips as sales of their products shot up. When auto sales improved again in the second half of 2020 and car manufacturers needed more semiconductors,

the cancelled production capacity was no longer available to them. It continues to be absorbed by manufacturers of smartphones, tablets, laptops, game consoles, etc. The automotive industry has since been faced with supply bottlenecks that could well last a while, as global demand for semiconductors is still higher than production capacity. It is likely to be one more year at least before this capacity has increased sufficiently.

#### **No quick fix for supply chain problems**

The automotive industry is not only facing a shortage of semiconductors, but is generally up against major supply chain problems, including a lack of components. This is due partly to congested ports, which in turn means slower turnaround rates for ships, containers, and other means of transport along with 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.

Supply chain difficulties also represented a substantial challenge for the Komax Group in 2021, prompting isolated supply hold-ups. In general, though, Komax tackled these problems very effectively and was for the most part able to provide the accustomed level of reliability on deliveries. Komax expects supply chains to continue posing a significant challenge in 2022 as well and is ready to direct considerable efforts at avoiding delivery delays as effectively as possible.

#### **Further shift to Asia**

Compared with 2020, the number of vehicles produced in the individual regions changed only very little in 2021. In Europe, 15.7 million vehicles were produced, representing a decrease of 0.9 million vehicles, or 5.4%. The opposite trend was seen in Asia, where 41.8 million vehicles were produced, i.e., 0.8 million, or 2.0%, more than in 2020. Production volume changed only minimally in North America (-0.5%), with South America registering a sizeable jump (+13.1%).

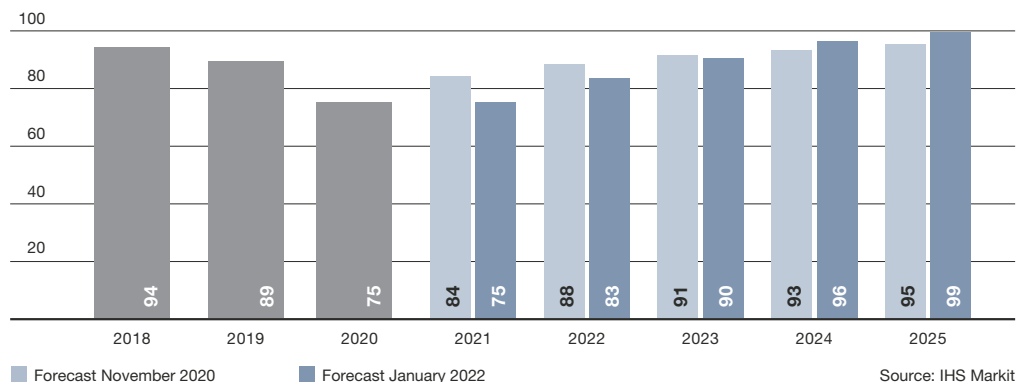
China remains by far the world's biggest automotive producer. In the year under review, 23.6 million vehicles were manufactured in China, corresponding to over 31% of global vehicle production. In other Asian countries, a further 18.2 million vehicles were produced, which means that a total of some 56% of vehicle production took place in Asia. That is one percentage point more than in 2020. Vehicle production has thus continued to shift to Asia since 2019, when 52% of all cars and light commercial vehicles were manufactured there.

#### **Increase in production volumes in all regions**

Analysts at IHS Markit are predicting a marked global increase in production volumes in 2022, with over 80 million vehicles coming off the production lines again after a delay of one year. They are forecasting a total of 83 million produced vehicles, representing a plus of over 10% versus 2021. IHS Markit is expecting production figures to go up in all regions, with Europe in particular gaining ground. Given that production volumes in Europe declined for two years in succession, IHS Markit is projecting an increase of 18.6%, or 2.9 million vehicles, in 2022. IHS Markit is also expecting vigorous growth in the Americas – by 17.0% or 2.2 million vehicles in North America and by 13.6% or 0.3 million vehicles in South America. Analysts are predicting that the lowest increase will be in Asia (+5.3%), since the decline there in 2020 was less significant than in other regions and production volumes had been ratcheted up again as early as 2021.

### Number of passenger cars and light commercial vehicles produced

in millions

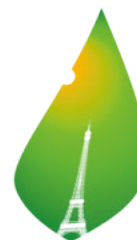


Despite the expected recovery in 2022, considerably fewer vehicles will be produced than in 2018 and 2019, as the chart shows. The pre-coronavirus level is unlikely to be reached before 2023. A further upturn in the automotive market is expected after this date, with production volumes probably coming close to the 100 million mark in 2025. Around 25 million more vehicles will be produced in 2025 compared to 2021. Accordingly, IHS Markit is expecting an average annual growth rate of over 7% in the next four years. In January 2021, IHS Markit was somewhat more cautious with regard to expected production volumes in 2024 and 2025.

### Automotive industry in a state of flux

Independently of the coronavirus pandemic and supply bottlenecks, the automotive industry is in a state of flux. Issues such as e-mobility, digitalization, and autonomous driving play a key role, necessitating very sizeable investments from automotive manufacturers. While it is exciting for motorists to follow this trend, many are left unsure as to the consequences. A great many consumers are presently uncertain about which drive technology to opt for when buying a new vehicle and whether the time is ripe to switch to a newer technology. The selection is large, and automotive groups have announced a lot of new models for the years ahead. In addition to gasoline- and diesel-powered vehicles, there are alternatives such as electric, hybrid, plug-in hybrid, natural gas, and fuel cell vehicles. The choice is wide, and automotive groups have communicated ambitious multi-billion plans above all in the e-mobility sector, announcing a number of new e-vehicles for the coming years.

This is in line with national plans to reduce greenhouse gas emissions, a prerequisite for achieving the targets of initiatives such as the Paris Agreement on climate change and the European Green Deal launched by the European Commission. For instance, Denmark, the UK, Ireland, Israel, the Netherlands, Slovenia, and Sweden declared their intentions to ban the sale of new gasoline- and diesel-powered vehicles with effect from 2030. The state of California, the largest auto market in the US, is planning a ban effective 2035. Pressing ahead fastest, however, is Norway, which plans to adopt a ban on sales of new cars with combustion engines in 2025. In 2021, 65% of all new cars sold in Norway were electric; in 2020 the figure was 54%. However, it is not only countries that are imposing bans; some cities are too. For instance, Paris will be enforcing a total diesel ban effective 2024. From 2030, gasoline-powered vehicles will no longer be allowed in the French capital either.



PARIS2015  
 UN CLIMATE CHANGE CONFERENCE  
 COP21·CMP11

### Komax supports an accelerated shift towards e-mobility

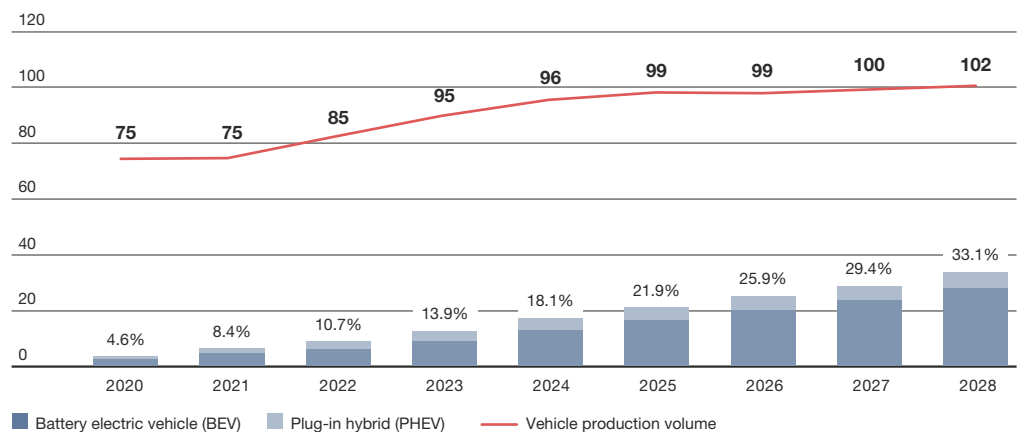
The coronavirus pandemic has accelerated the shift to e-mobility, since in Europe, in particular, several countries have increased buyer's premiums for electric vehicles. In addition, an increasing number of auto manufacturers have named a date for when they plan to produce the last vehicles with combustion motors. Volvo, for example, has announced that it will be selling exclusively electric cars as of 2030. Fiat will gradually switch its product range to purely electric cars between 2025 and 2030. Volkswagen will exit the combustion engine vehicle market between 2033 and 2035, and Audi will stop producing combustion engine vehicles at its plants effective 2035.

Komax is very well positioned to accommodate this transformation and is instrumental in supporting it with innovative solutions for the processing of high-voltage cables (see more on page 49). Of the 75 million vehicles produced in 2021, "only" around 6 million were electric vehicles, i.e., pure battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs). However, compared with the previous year, when some 3 million electric vehicles were produced, this represents a twofold increase. Since production volumes generally have stagnated, the share of electric vehicles has thus risen from 4.6% to 8.4%. The mentioned bans plus the plans put in place by auto manufacturers themselves mean that this trend is set to continue over the next few years.

IHS Markit is projecting that about 9 million electric vehicles will be manufactured in 2022, which would represent a share of approximately 11% of total vehicle production. Some 22 million electric vehicles are expected to be produced in 2025 and about 34 million in 2028, the equivalent of around 22% and 33%, respectively, of the vehicle production volume. This translates into annual average growth in electric vehicles produced of over 25% from 2021 to 2028. The forecasts from IHS Markit for trends in electric vehicle volumes have risen sharply within the space of a year. Compared with the previous year, IHS Markit has increased its forecast for 2025 by 4 million electric vehicles and for 2028 by 11 million electric vehicles. From Komax's perspective this is a promising development that offers an opportunity to share in this growth, thanks both to the company's portfolio of high-voltage cable processing solutions and to the fact that new electric vehicle models frequently feature state-of-the-art driver assistance systems – as a basis for autonomous driving – as well as infotainment technology. All these systems require a large number of special cables, creating additional sales opportunities for Komax.

### Proportion of global vehicle production volume accounted for by electric vehicles

in millions



Source: IHS Markit

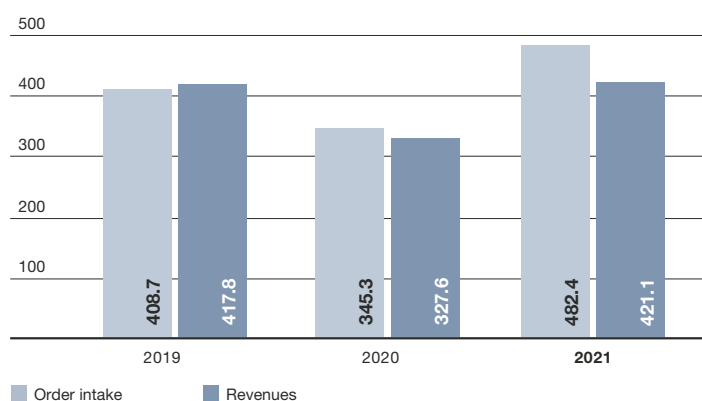


### Uptrend after two challenging years

Despite stagnating vehicle production volumes, Komax significantly increased order intake and revenues in 2021. At CHF 482.4 million, order intake was up 39.7%, while revenues climbed by 28.5% to CHF 421.1 million. Komax recorded the best-ever result in the company's history in 2018, with revenues of CHF 479.7 million, but this was followed by two years during which the repercussions of the weakening automotive industry made themselves clearly felt. The first six months of 2021 brought the return of an uptrend for Komax, and this continued steadily through the second half of the year. At CHF 496.7 million, order intake was down only some CHF 14 million on the record figure for 2018.

### Order intake and revenues

in CHF million



Approximately one third of Komax's revenues hinges on the number of vehicles produced. Given that this number fell sharply in 2019 and 2020, this part of revenues recorded a substantial contraction in both these years. This was because the majority of wire harness manufacturers had little or no need for additional wire processing machines for this volume-based business. They had sufficient capacities to process their orders, or even found themselves with excess capacity on their hands. Although production volumes remained on par with the previous year in 2021, volume-based business saw a return to pre-coronavirus levels in the second half of the year. With customers having held back on investments in this area for over two years, a certain amount of catch-up was necessary. But this was not the entire picture: the orders received are a clear signal that the automotive industry has bottomed out and customers are once again ready to invest so as to be suitably positioned to harness the upswing.

A key role in this will be played by innovative solutions that are linked to trends such as autonomous driving and e-mobility and/or that play a role in further increasing the level of automation in wire processing. While volume-based business saw a considerable decline in 2019 and 2020, these forward-looking solutions registered a good level of demand even in these two challenging years. This continued in 2021, making a substantial contribution to the high order intake. Against the backdrop of these trends, the need for automation solutions is set to continue to rise in the future too. In addition, increasing wage costs, a lack of staff availability, the trend towards wire miniaturization, and the need for traceability in the individual process steps for quality assurance purposes are decisive arguments for customers in further increasing the degree of automation at their plants (see also "Global megatrends" beginning on page 28).



**Robust industrial market segment**

In 2021, the demand for automation solutions increased in not only the automotive industry, but the other market segments (see next page) in which Komax operates, too. There is a substantial need for automation in the industrial market segment in particular. This was already visible in the two difficult years mentioned, 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. An important factor here is the shortage of qualified employees, as was clearly seen in North America, for example, in 2021.

The aerospace market segment was hardest hit by the coronavirus pandemic. Although the aviation industry was unable to make up for the slump it faced in 2020, the situation improved somewhat in 2021, which translated into more business opportunities for suppliers such as Komax than in the previous year.

**Strong growth in revenues in all regions**

Revenues recorded a substantial increase in all regions in 2021. Asia saw the biggest increase (37.4%), although this region had recorded the smallest drop in revenues (-9.5%) in 2020. The revenues posted by Asia in 2021 were down only 3.7% on the record figure for 2018, meaning that this region was quickest to bounce back from the impact of the sluggish automotive industry and the pandemic. Overall, cumulative revenues for all regions were 12.2% lower than in 2018. Europe has the most potential for catch-up, with revenues that were 20.5% lower than in 2018. Together with Africa, Europe was the region that recorded the smallest contraction in revenues in the year under review. Growth in North/South America (22.8%) lagged slightly in the first six months of the year, but accelerated in the second half.

The breakdown of revenues by currency changed only minimally between 2020 and 2021: while the share of revenues in EUR declined slightly from 50.3% to 49.6%, for example, in CNY it rose from 13.1% to 14.6%, while the USD figure remained identical to the prior year, at 18.9%. The changes in the key currencies and their respective sensitivities are set out on page 110.

<b>Revenues by region</b>	2021	2020	+/- in %
in TCHF			
Europe	<b>170 377</b>	136 758	24.6
Asia/Pacific	<b>99 132</b>	72 156	37.4
North/South America	<b>91 032</b>	69 862	30.3
Africa	<b>60 526</b>	48 847	23.9
<b>Total</b>	<b>421 067</b>	327 623	28.5

A percentage breakdown of revenues by region can be found on page 93.

## Market segments

Komax focuses on four market segments. The core business is the automotive market segment, which accounts for around 80% of revenues. Komax is continuously strengthening its presence in the other three segments – aerospace, data/telecom, and industrial – and exploiting the synergy potential with the core business. All segments benefit from the global service network of the Komax Group and from service offerings such as Komax Care (see page 23).

### Automotive

The automotive segment is by far the most important market segment for Komax. There are a number of reasons for this. In no other industry is the volume of wires to be processed so large. With a current annual production output of 70 to 90 million vehicles, each containing on average some 1 600 wires with 2 600 crimp contacts (see page 31), 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 for these applications is being increasingly used in vehicles too, as cars become ever more interconnected, with comprehensive information systems that will facilitate autonomous driving in the future. Komax can therefore also use the experience gained from the data/telecom market segment in 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. Komax can draw on the experience gained 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. However, since the barriers to entry are very high for suppliers, it took several years before Komax was able to win initial orders from two notable aerospace companies for several large-scale systems towards the end of 2017. These were delivered in stages as of 2019, taking the automation of wire processing to a level previously unreachable in the aerospace industry.

### Industrial

The processing of wires for industrial applications such as 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, Komax founded the Smart Cabinet Building Initiative together with technology leaders Weidmüller, Zuken, and Armbruster Engineering in 2020 (see page 21). nVent Hoffman/Steinhauer, another innovative member, joined in 2021.



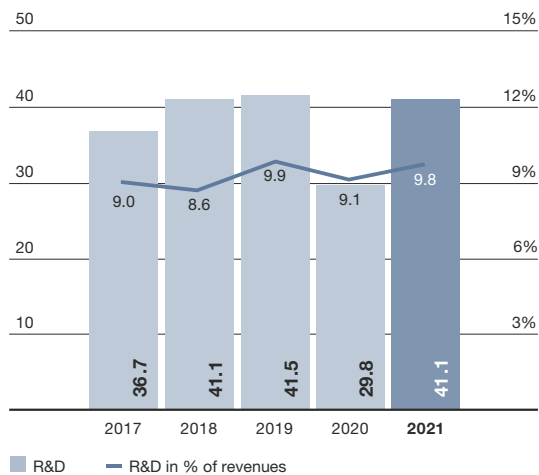
# INVESTMENTS IN THE FUTURE

Innovation is a driver of success for Komax. This is why it has been channeling above-average investment into research and development for years. Trends such as autonomous driving, e-mobility, and digitalization offer many opportunities. Additional investments are necessary in order to take advantage of these opportunities and offer customers further innovative solutions.

Komax strives to use its innovative strength to develop leading products and digital services with which its customers can gain competitive advantages. The company has therefore set itself the goal of spending 8%–9% of Group revenues on research and development (R&D) annually. In 2021, Komax invested CHF 41.1 million or 9.8% (2020: 9.1%) in the optimization of existing products and the development of new ones. This amount comprises expenditure on internal development services (CHF 36.9 million) and the development services of third parties (CHF 4.2 million).

## R&D expenditure

in CHF million



Komax spent CHF 11.3 million more on R&D in 2021 than in 2020 as, due to the coronavirus pandemic, many employees went onto short-time working and the personnel costs that accounted for the majority of R&D expenditure thus fell sharply in 2020.

Since 2017, Komax has spent CHF 190.2 million on R&D, securing a leading position from which to further drive forward the automation of wire processing and actively shape the transition underway in the automotive industry. For Komax this represents a form of decisive investment in an opportunity to leverage additional unique selling propositions and to secure the company's future. Due to the coronavirus pandemic, Komax had to scale back its innovative efforts in 2020 and delay certain development projects, but the company was nonetheless able to drive forward various innovations, some of which were then launched in 2021 (see pages 22 and 23). Over the next few years as well, Komax will thus be presenting its customers with new solutions designed to give them additional competitive advantages.

#### **More than 440 staff employed in R&D and engineering**

As at 31 December 2021, the Komax Group employed a total of 222 staff (2020: 264 employees) in the research and development area. The majority of these staff (134 employees) work in Switzerland, which is why the lion's share of R&D expenditure is incurred there. In addition, Komax has development units in Belgium, China, Germany, France, Japan, Singapore, Hungary, and the US. The Group's innovative strength is further bolstered by 220 engineers (2020: 178 engineers), who make an important contribution through the development of customer-specific applications. The personnel costs of these engineering employees are not included in research and development expenditure if the staff in question have worked directly on customer projects.

#### **Wire harness production of the future**

The technological transformation of the automotive industry not only means substantial investments for automotive companies, it also poses a challenge for suppliers, since they need to develop solutions to meet new customer requirements. Issues such as e-mobility, autonomous driving, and digitalization will shape the automotive industry for years to come. Wheels are already being set in motion that will have long-term technological implications. Komax aims to play an active part in shaping this development and is therefore working together with leading companies in the automotive industry.

One such joint project on which Komax is actively helping shape technological change is underway at the University of Stuttgart's ARENA2036 research campus. ARENA stands for Active Research Environment for the Next Generation of Automobiles, and the year 2036 marks the 150th anniversary of the motor car. ARENA2036 brings science and business together to conduct interdisciplinary research into mobility and automotive production of the future. Collaborating in mixed project groups across company and institute borders facilitates a transfer of expertise. The main focus is on disruptive approaches and springboard innovations. "What does the car of the future look like?" and "How do production processes need to be adapted?" are among the key questions.

An important topic at ARENA2036 is the wire harness, which as one of the most sophisticated, expensive, and complex individual components has assumed increasingly greater significance for the automotive industry – especially in the context of megatrends such as e-mobility and autonomous driving. Komax is therefore strongly committed to the ARENA2036 project "Innovation initiative wire harness," part of which involves drawing up design guidelines for wire harnesses to be published as a DIN standard in the course of 2022. These will specify how automotive manufacturers are to design wire harnesses to ensure they can be assembled efficiently and reliably thanks to a high degree of automation. The number of different components, the complexity of the manufacturing processes, and the actual structure of the wire harness all play a major role. Komax possesses a great deal of experience and know-how in this area and is cooperating under ARENA2036 with leading automotive manufacturers and suppliers such as Aptiv, BMW, Bosch, Daimler, Dräxlmaier, Kromberg & Schubert, Kuka, Nexans, Rosenberger, Siemens, TE Connectivity, and Yazaki.

**ARENA2036**



## SMART FACTORY by KOMAX

A large number of products are becoming increasingly more intelligent and electrically complex. Komax's customers are involved in these trends and supply key components, so they have to overcome huge challenges: despite the increasing complexity, they have to deliver sustained high quality while keeping costs as low as possible. To make this possible, Komax provides its customers with SMART FACTORY by KOMAX, which encompasses products and solutions that substantially reduce quality costs and significantly increase wire processing productivity. In specific terms, this means demonstrably fewer faults and greater efficiency, even in complex production tasks. In this way, Komax – together with its customers – is providing consumers with intelligent products that are not only continuously improving, but also operate reliably and are affordable.



**Komax offers its customers products and solutions that significantly increase the quality and productivity of wire processing.**

### **Intuitive, automated, self-adjusting, and connected**

If operating Komax machines is intuitive, human error can be largely eliminated because the system specifies the settings and the correct operating procedure. This minimizes not only the operator's influence and scope for decision-making, but also the need for customer training. The products are also automated to such an extent that they can instigate and complete increasing numbers of tasks themselves. Once they are started up, significantly fewer human-led intermediate steps are needed. This applies not only to material flows but also to data exchanges.

Smart factory solutions are integrated into a network, with all the stages of production being linked to each other. Connectivity standards and the use of cloud technology enable full transparency and make it possible to achieve fact-based increases in productivity and quality. Komax is working towards enabling its systems to adjust themselves, thereby autonomously controlling the production process. This could be the case for simple process and monitoring tasks, but may also extend as far as optimizing entire production processes. And this could even conceivably take place across different plants. Customers would be able to reduce bottlenecks, downtimes, scrap, and rejects. At the same time, smart factory solutions can systematically track and register any number of production stages so they can be traced back if problems occur with deliveries.

### Smart factory solutions

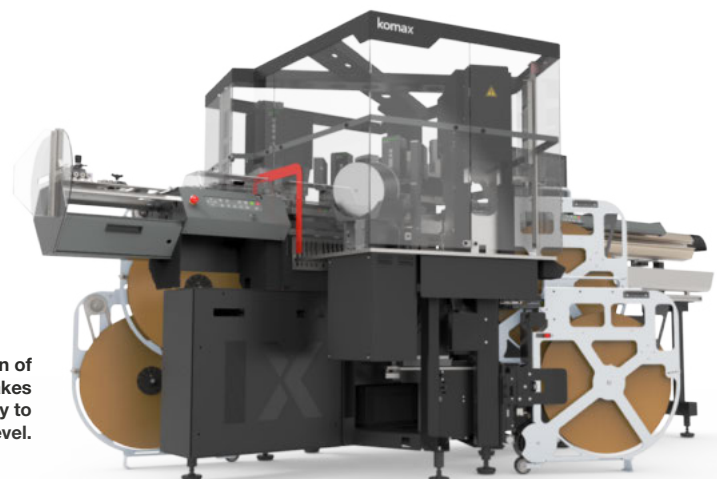
Komax has been developing intelligent products for years, well before the existence of terms such as Industry 4.0, Smart Factory, and Industry 2025. SMART FACTORY by KOMAX is therefore the continuation of a long tradition. It is helping Komax to continue fulfilling its role as a pioneer and technology leader, thereby enabling its customers to benefit from an additional competitive edge. Over the past few years, Komax has already launched numerous smart factory solutions onto the market, among the latest of which is the Q1250 quality tool – the digital eye. With its intelligent image analysis, the Q1250 module monitors crimp quality completely automatically, thereby eliminating the need for laborious visual checks by the machine operator.

### New Alpha generation – a ground-breaking development

Another good example of the innovative technology emerging from the SMART FACTORY by KOMAX is the new generation of Alpha machines first unveiled towards the end of 2021. The core element of these crimp-to-crimp machines is a ground-breaking innovation: a fully automatic tooling and crimp change system that offers a highly efficient Plug & Produce concept. This technology is the result of a joint development project by Komax and TE Connectivity spanning many years. The crimp cassette system developed for this innovation combines the terminal reel and crimping die. The relevant data for production is elaborated and stored centrally, which facilitates clear identification of the processed wires.

In an era where personnel costs are continuously rising and a shortage of specialists is becoming increasingly apparent, Komax customers can secure a crucial advantage with the new Alpha generation: thanks to the intelligent, fully automatic tool changeover system, a change of material lasts less than a minute, whereas this process can currently take up to 15 minutes. The tool changeover is completely automatic and guarantees the ultimate in precision and process accuracy. The influence of operators on the quality of the wires to be processed is greatly minimized with this technology, as the newly developed system selects the settings itself and thereby prevents incorrect handling. Thanks to an exchange crimp cassette that can be docked onto any Alpha machine of the new generation, exactly the same crimping results can be guaranteed here too. A comprehensive field test at the production site of customer Kromberg & Schubert under series-production conditions over many months highlighted the enormous potential of this revolutionary innovation: production output per shift increased by up to 50%. During this time, more than 20 000 tool changes were implemented. No deviations from key quality criteria such as crimp height and pull force were identified, nor were there any visual control deviations. The first machine type of the new Alpha generation with this new technology as its core element will now be prepared for serial production with the first customers.

The new generation of Alpha machines takes quality and productivity to a new level.



#### Industry 4.0: interconnectedness thanks to a uniform language

Digitalization is a key theme for Komax, which is why it collaborates with a number of other leading companies in this area. It is a member of the Open Industry 4.0 Alliance, founded in 2019 by companies in the mechanical engineering, factory automation, and IT industries. The Alliance's goal is to ensure that up to 80% of machines in a smart factory can communicate with each other. This means that all the networked units in a factory's value chain – from the production systems and the intralogistics to the IoT cloud – must speak a uniform language. To this end, the Alliance does not itself develop standards, but draws up a framework based on existing norms, standards, and protocols (e.g., OPC UA, IO-Link, RAMI 4.0), thanks to which the units are interoperable. Komax brings to the network its core technical competencies from the mechanical engineering sector. This Alliance gives Komax an opportunity to actively play a part in shaping Industry 4.0 and thus ensure the optimum interconnectedness of newly developed Komax solutions. The Alliance has grown continually since its founding and now numbers some 70 members, including companies such as Beckhoff, Endress+Hauser, Fujitsu, Kuka, Samson, SAP, and TeamViewer.



#### Single Pair Ethernet enables IIoT and Industry 4.0

A key technology in connection with data transmission in vehicles and therefore also autonomous driving is Single Pair Ethernet (SPE). Accordingly, at the start of 2022 Komax signed up to two Single Pair Ethernet associations, to which numerous leading companies already belong. Single Pair Ethernet is the infrastructure basis that facilitates the IIoT (Industrial Internet of Things) and Industry 4.0.

The SPE Industrial Partner Network is a network of companies participating on an equal footing whose aim is to promote Single Pair Ethernet 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.

The Single Pair Ethernet System Alliance sees companies from various business areas joining forces to establish Single Pair Ethernet solutions in as many markets and applications as possible, while at same time creating a uniform market standard. Its members – which include dormakaba, Phoenix Contact, Rosenberger, Shenzhen Signal Electronics, and Weidmüller – have the shared goal of promoting Single Pair Ethernet technology for the IIoT as well as for all other relevant application areas.

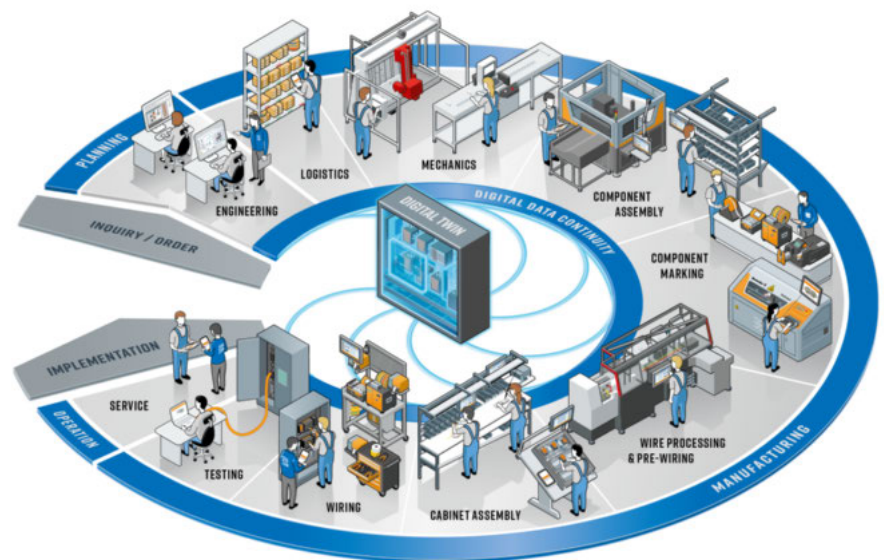




**Smart Cabinet Building Initiative – combination of technology and expertise**

There is a lot of automation potential available not just in the automotive industry, but for instance in control cabinet construction as well. To be able to lock into this potential to maximum effect, Komax and three leading technology companies – Armbruster Engineering, Weidmüller, and Zuken – launched the Smart Cabinet Building Initiative in 2020. nVent Hoffman/Steinhauer, another innovative member, joined in 2021. The objective behind smart cabinet building is to combine technology and expertise to provide holistic solutions across all process steps for present and future challenges facing the control cabinet construction sector. The four partners cover everything – from the selection of components through the prefabrication of wire harnesses, operating equipment, and housings to assisted final assembly and pre-commissioning testing.

The areas of expertise of the five partners complement each other to perfect effect. They cover all the process steps in control cabinet construction.



Weidmüller boasts considerable expertise in the automatic assembly and labeling of terminal strips as well as in manual activities. Zuken has unparalleled experience in the field of digital development data as needed for fully automatic wire assembly on Komax machines. nVent Hoffman/Steinhauer specializes in automation solutions for housing modification. And with its many years of know-how in assisted assembly, Armbruster Engineering rounds out the Initiative team.

In order for the individual process steps to be interconnected, a full digital description of the control cabinet and its components is crucial. The so-called digital twin was created for this purpose. It is used to control the various process steps and allows key optimization potential to be fully leveraged. The systematic collaboration that characterizes the Smart Cabinet Building Initiative means the digital twin can be deployed to maximum effect. This in turn will enable Komax and its partners to increase automation and efficiency levels in the control cabinet construction sector going forward.

## New products and services

Thanks to its targeted investment in research and development, Komax succeeds in bringing a variety of new products, product enhancements, and services to market every year. 2021 was no different in this regard. Komax was able to demonstrate its technology leadership impressively, setting new standards with numerous market launches. Here is a selection.



### Kappa 340

The versatile Kappa 340 is ideally equipped for all the challenges of modern wire processing, both now and in the future: It has a standard powerful dual cutting head combined with a rotary incision unit. Together with its high-torque belt drive, it handles complex processing sequences quickly and efficiently. The Kappa 340 is designed for cutting to length and stripping shielded multicore, battery, sensor, flat ribbon, and high-voltage cables with an outer diameter of up to 16 mm and a cross-section of up to 70 mm<sup>2</sup>. A two-stage length measuring system ensures precise wire processing even in the most difficult processing situations.

### Artos CS-370

The powerful Artos CS-370 is designed for the processing of heavy cables such as high-voltage cables. It cuts and strips heavy cables with a diameter of up to 35 mm precisely and quickly. All components are very robust and guarantee a long machine service life – with consistently high quality and precise processing. Even short cables from a length of 50 mm can be cut and stripped. Special applications offer a wide range of processing options for multilayer and shielded cables. Cable slitting and inkjet marking is facilitated thanks to retrofit options.



### ILC Bench Top

ILC Bench Top is the latest generation of high-performance laser stripping machines for critical applications with complex wires that are not perfectly round, as well as stranded wires. It guarantees perfect cutting results with numerous wire types, without any risk of the shielding or conductor being damaged. This is made possible by its rotary laser design, which facilitates the ultimate in precision and consistently high quality. Operating ILC Bench Top units is safe and straightforward: Simply select the stripping program manually or scan a bar code and insert the wire. The stripping process starts fully automatically.



### Delta 220, 240, and 260

The Delta 220, 240, and 260 programmable semi-automatic crimping machines enable efficient and precise stripping, seal placement, and crimping in a single process that includes integrated crimp force monitoring. They are designed for applications with high demands in terms of processing quality and quality verification. Crimping machines are used for processing small batch sizes and special orders, multi-conductor cables, and pre-assembled wires with connectors and components that are not suitable for automatic wire draw-in. The Delta 220 standard model comes without a stripping unit, and the crimp height is adjusted manually. The Delta 260 is based on the Delta 240 but includes a seal module.

### Komax Care

Komax has a broad-based service offering consisting of advice, installation, training, maintenance, repair and renewal, and the expansion of customer systems. Building on this, with Komax Care, Komax has created an international service agreement concept that helps its customers to achieve the very best in respect of productivity, availability, and quality with their machine investments. Komax Care allows individual service packages to be put together that are optimally tailored to customers' needs. The underlying packages – Basic, Remote, Maintain, and Optimize – contain the traditional technical as well as innovative digital services, and can be expanded with various options that give Komax customers added value throughout the entire life cycle of their systems.



## 2021 financial year and outlook

# WELL POSITIONED FOR A SUCCESSFUL FUTURE

Komax made steady progress in its return to pre-crisis business levels in 2021. The company believes it is well positioned to tackle the numerous challenges it faces in 2022, and will respond to the needs of its customers with the launch of new products.



Beat Kälin, Chairman

**Beat Kälin, Komax got back to pre-crisis business levels in the second half of 2021, and recorded a very good result for the year overall. What developments particularly pleased you?**

Beat Kälin: The years 2019 and 2020 were truly challenging for Komax. In 2019 we felt the impact of a sluggish automotive industry, and 2020 inflicted a further blow in the form of the coronavirus pandemic. Both the workforce and management as a whole performed extremely well against this challenging backdrop. We were convinced that our efforts would pay off – and that we would emerge from the crisis stronger. It then became clear in 2021 that our confidence was not misplaced, and that we had set the right course over the previous two years. Komax is therefore well positioned for the future, which greatly pleases me and gives me confidence moving forward.

**Matijas Meyer, what exactly were the challenges confronting Komax in 2021?**

Matijas Meyer: The coronavirus pandemic and its associated uncertainties were still very much with us last year. As it was unclear what effects the pandemic would have in 2021, planning for the year was very difficult. When demand for our solutions suddenly increased sharply after a subdued start to the year, we had to ramp up production capacity within a short period of time. This rapid acceleration of production proved very successful, and I see this as further proof that our production processes function well in our new

headquarters building. In other words, our production structures are set up in a way that enables us to flexibly adjust capacity to the needs of the market.

#### **What other challenges did you face?**

Matijas Meyer: Supply chain difficulties preoccupied us enormously. It was above all thanks to the great dedication and expertise of our employees in procurement that we were able to live up to our accustomed delivery reliability for the most part, despite all the challenges we faced. We also found the numerous travel restrictions resulting from the coronavirus pandemic to be quite a challenge. This really complicated things like machine acceptance, service deployments, and the acquisition of new business.

“Despite all the challenges, we were for the most part able to guarantee our accustomed delivery reliability.”

Matijas Meyer

#### **Did the supply chain situation improve over the course of the year?**

Matijas Meyer: Unfortunately not, and we must be prepared for supply chain difficulties to continue to hang over us for at least the first half of 2022. It will continue to be a huge task for us to prevent or at least minimize any delivery delays. This will be extremely challenging.

#### **What changed for Komax from a strategy perspective during the coronavirus pandemic?**

Beat Kälin: The coronavirus pandemic changed nothing in respect of our growth strategy and the associated strategic thrusts. Nor was there any reason why it should have done – the global megatrends that are driving an increase in the automation of wire processing are the same as they were two years ago.

#### **What growth drivers do you mean?**

Beat Kälin: It's important to remember that a significant proportion of wire processing is still done by hand. And given the rising wage costs, a shortage of available personnel, an increase in quality demands, wire miniaturization, and the increasing importance of the traceability of individual process steps, the need for automation solutions is rising continuously. This is also being supported by trends such as



Matijas Meyer, CEO

e-mobility and autonomous driving, as the construction process in this area involves numerous high-voltage cables and data cables that should ideally be processed by machines. Moreover, there is evidence of customers seeking to shorten their supply chains, which will likewise favor automation. After all, if wire processing is repatriated to countries with higher wage costs, headcount will have to be reduced in order to offset these additional costs. This makes greater automation unavoidable.

#### **How is Komax positioned in the area of e-mobility and other trends?**

Matijas Meyer: We have been investing heavily in research and development for many years now in order to be able to offer innovative solutions for the different needs of our customers. Whether for the automated processing of high-voltage cables, data cables, or other special types of wiring, we are extremely well positioned with our products and services. This is also true of numerous other solutions in our broad product portfolio. That said, our competitors are hardly asleep at the wheel, so we will continue to invest some 8% to 9% of annual revenues in research and development.

#### **Did the company's ability to innovate suffer as a result of the coronavirus pandemic?**

Matijas Meyer: For a good 12 months – specifically from the start of March 2020 to the end of March 2021 – we had to scale back our development activities significantly. During this period, our employees in Switzerland – which is where our center of innovation is based – were on short-time working, hence they could only drive forward development projects at a slower pace. Even so, we still succeeded in



bringing numerous new products to market in 2021. And I am already able to say that there will be a number of further highlights coming in 2022, which will provide our customers with added value.

**Was there any particular new product development that stood out in 2021?**

Matijas Meyer: Yes, the new generation of Alpha machines, i.e., our crimp-to-crimp machine. I don't think I'm exaggerating when I say that this is a truly ground-breaking innovation. Rather than going deep into the technical details, let me just provide a few figures that demonstrate what we have achieved here. It typically takes about 15 minutes for a change of material when a crimp-to-crimp machine is being used. But with the use of the intelligent, fully-automatic tool changeover system which we developed in collaboration with TE Connectivity over many years, that process now takes less than a minute. The field tests carried out in a customer's factory over several months showed that the new system can increase production output per shift by up to 50%. We are setting new benchmarks with this technology, and I really look forward to delivering the first machines of this new generation, probably during the second half of 2022. The new machine will therefore have no impact on our business results for 2022.

“What we have lacked up until now is a consistent strategic anchoring of ESG at Komax. This is set to change.”

Beat Kälin

**Komax recorded a much higher EBIT margin in the second half of 2021 than in the first half of the year. How did that come about?**

Matijas Meyer: As I mentioned earlier, business only really started to recover during the first half of the year, but from the second quarter onwards it continued to accelerate from one month to the next. This upturn was also attributable to an increasingly advantageous product mix. Put simply, we were once again selling significantly more crimp-to-crimp machines. With this standard machines, a higher volume has a very positive impact on the development of EBIT. What's more, we continued to benefit from a low cost base, as we could not immediately meet the additional staffing requirement demanded by the recovery. Personnel costs will be

noticeably higher in 2022, as wages are rising sharply in many countries, and we will have a larger overall workforce.

**Group earnings after taxes for 2021 worked out some CHF 32 million higher than the previous year. What does this mean for the dividend?**

Beat Kälin: After having to renounce the payment of a dividend for two years due to the major challenges we faced, I am pleased that shareholders will once again be able to participate in our business success. We will be distributing CHF 4.50 per share, which equates to a payout ratio of 57.0%. This is in keeping with our attractive dividend policy of distributing 50% to 60% of Group earnings after taxes to our shareholders.

**What progress did Komax make in the area of ESG in 2021?**

Beat Kälin: Komax has made steady progress in the spheres of environment, social, and governance over the last few years. What we have lacked up until now, however, is a consistent strategic anchoring of ESG at Komax. This is set to change. At the initiative of the Board of Directors, the first steps were taken in this regard in 2021, such as embarking on a materiality analysis, for example. What's more, processes were established that will allow us to gather relevant environmental data in future, and we have also started to work with EcoVadis. Over the course of the second half of 2022 we plan to publish comprehensive environmental data for the first time and report on Komax's ESG strategy and targets.

**Were any other ESG themes addressed in the reporting year?**

Matijas Meyer: The ESG concept is incorporated into many other areas of our business activity, even if it is not explicitly perceived as such in some cases. For example, it is inherent in the many measures taken by Komax each year to offer its employees an attractive working environment. But ESG also plays a role when it comes to the product portfolio. This is most apparent with the machines that are required for the processing of high-voltage cables, which are a key element of the electric drive system in electric vehicles. So with our machines we are actively supporting the transition to climate-friendly e-mobility.

**It probably came as a surprise to most people when you announced your planned combination with Schleuniger at the start of February 2022. What are the strategic considerations behind this move?**

Beat Kälin: It is about securing long-term competitiveness. There are various trends that offer a number of opportunities for Komax and Schleuniger. In order to exploit these and be in a position to meet customer needs with sufficient speed across the necessary breadth, a high level of investment and personnel resources is required. One trend is the ongoing shift of the automotive market to Asia. If we want to be able to assert ourselves in the growing Asian market and avoid the risk of gradually losing market share, we must invest in new solutions and services. A further trend – as I touched on earlier – is the automation of wire processing. This has picked up pace in recent years, and offers considerable growth potential due to the increasing global shortage of specialist personnel. The trends of digitalization, autonomous driving, and e-mobility likewise offer growth opportunities and potential for differentiation. Significant investment is required here, along with the further recruitment and development of highly-qualified specialists.

“Thanks to the combination with Schleuniger we will have additional expertise and greater resources, which will enable us to react more quickly to trends.”

Matijas Meyer

**What will the various stakeholder groups get from this combination?**

Matijas Meyer: For our customers we will obviously continue to be a reliable partner. But thanks to the combination we will also have additional expertise and more resources, which will enable us to react more quickly to trends. We will therefore be able to respond even better to the needs of our customers, and support them with innovative products and services as they gradually increase their degree of automation. This innovative strength will help secure our competitiveness, which is something that will benefit shareholders and employees alike. After all, this combination will lay the foundations for sustainable growth, investment in the future, and the creation of further jobs and apprenticeships. Moreover,

our workforce of more than 3 000 will be given additional development opportunities within an advanced technology group.

**Following the combination, Metall Zug will hold 25% of Komax shares. What's your take on that?**

Beat Kälin: In Metall Zug we will be gaining a reliable anchor shareholder with a long-term orientation, and a shareholder that attaches great importance to sustainable company management. This is something we value highly, and it complements the strategic orientation of Komax itself. The long-term approach adopted by Metall Zug is also evident from the fact that it has committed to a six-year lock-up period during which it will in principle not sell shares.

**When will the combination take place?**

Beat Kälin: We are expecting to complete the combination in the third quarter of 2022. However, first of all the Annual General Meeting must approve the creation of authorized capital so that we can issue new shares. These will then be allocated to Metall Zug AG in exchange for the shares of Schleuniger. Another point is that the combination cannot be executed until it has the approval of the relevant competition authorities, although this is something we do expect to receive. Until then, Komax and Schleuniger will remain independent of one another, and no shared business activities will take place.

**What will happen then?**

Matijas Meyer: We will then take the time to analyse the new situation in detail before embarking on the next steps. Due to the competitive situation in which Komax and Schleuniger currently find themselves, an exhaustive analysis has not yet been possible.

**Irrespective of the combination with Schleuniger, what other issues will preoccupy you in 2022?**

Matijas Meyer: I am basically confident that the company's upward trend will continue in 2022. Nonetheless, we will continue to face challenges in many areas, be it supply chain difficulties, rising material costs, product developments, or the sourcing of specialist labor. In addition, we now face a number of challenges as a result of the current geopolitical situation.

# GLOBAL MEGATRENDS

The coronavirus pandemic has changed nothing here: environmental awareness, safety, and connected and affordable vehicles are global megatrends, and will act as key drivers of the steady rise in demand for automation solutions. Each of these trends is resulting in more and new types of wire being installed in vehicles, and automated processing is increasingly required for reasons of quality, efficiency, complexity, cost, miniaturization, and traceability.

Global megatrends will support Komax's business in the long term. These include growing environmental awareness on the part of consumers and the associated goal of emission-free vehicles. A key role will be played in this respect by e-mobility (see page 11). Another megatrend is increasing interconnectivity. Infotainment systems in vehicles are becoming increasingly comprehensive and complex, while integrated information systems are laying the basis for the future: autonomous driving. The need for greater road traffic safety represents a further megatrend. Here the emphasis is now no longer just on protection in the event of an accident, but above all on avoiding accidents. As a consequence, the number of sensors in vehicles will continue to rise. Finally, a global megatrend towards affordable vehicles is emerging. This requires greater cost efficiency in manufacturing, which in turn is increasing the pressure to automate wire processing further.

## **More wires per vehicle**

These megatrends are leading to an increase in the number of electronic functions in vehicles. Accordingly, the number of wires that need to be 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 housings. Full-size vehicles require as many as 1 900 wires, 3 400 crimp contacts, and 500 plug housings. Innovations in vehicle construction, new functionalities, and an ever-rising fit-out level in all vehicle classes are leading to a further increase in demand for wires and crimp contacts. This trend, which has been perceptible for a number of years now, will strengthen further in the future.



**Low degree of automation**

A large part of the wire harness manufacturing process is still done by hand, but rising wage costs and an increasing lack of personnel are driving the trend towards automation solutions. As systems become increasingly complex, the potential sources of error in manual wire processing and assembly become more numerous. Manual processes are becoming less capable of meeting these demands. Furthermore, the end-to-end traceability of the individual process steps cannot be ensured with the same degree of reliability that comes with automation solutions. For example, in the absence of automation, the retrospective search for a source of error is more complicated. Intelligent automation solutions, quality assurance tools, and systems for testing harnesses before they are installed in vehicles help to guarantee and increase the efficiency and reliability of the production process. This has been recognized by automotive manufacturers, who are therefore increasingly calling on their suppliers to further automate their production processes.

**Simplifying wire harnesses and miniaturization**

The individual subsystems and assemblies in vehicles – and wire harnesses in particular – are becoming increasingly complex, which presents challenges for automatic production. To counter this, various automotive manufacturers are seeking to radically simplify the wire harness (see page 17). The aim is a zonal electrical system with several smaller wire harnesses rather than one big, complex one. This reduces wire length, but not necessarily the number of wires used, and this is the key element for Komax. Simpler wire harnesses with shorter wires will help significantly increase the degree of automation in processing.

Another factor driving automation is the ongoing miniaturization of wires, a development that has been around for some years now. Wire cross-sections are becoming ever smaller, which makes manual processing difficult or even impossible.

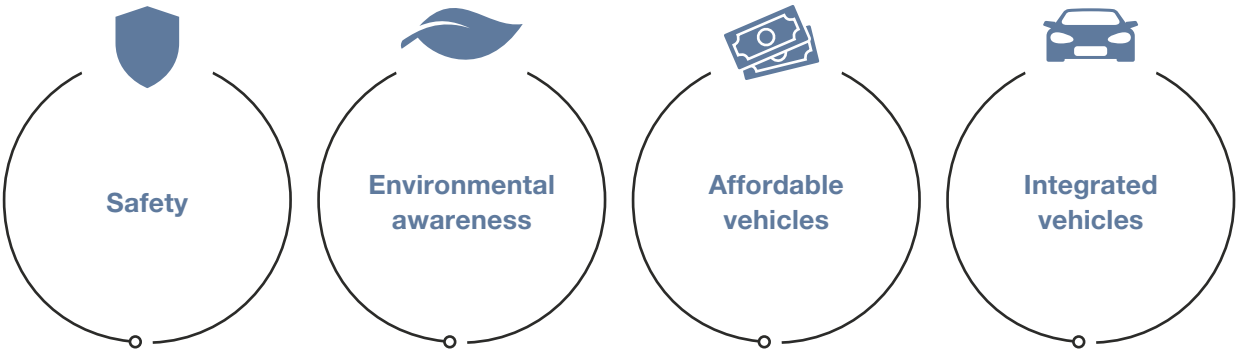
**Global megatrends unchanged by coronavirus pandemic**

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 10). As a result, Komax customers had sufficient or even excess capacity for a prolonged period of time, and only resumed investment in capacity expansion as 2021 progressed. The aforementioned factors that are driving a higher degree of automation in wire processing – such as rising wage costs, a lack of personnel, the ongoing process of miniaturization, seamless traceability, and higher quality and efficiency demands on the part of automotive manufacturers – nevertheless had an impact. Discussions between Komax and its customers on increasing the degree of automation in a sustainable way have therefore continued uninterrupted over the last few challenging years.

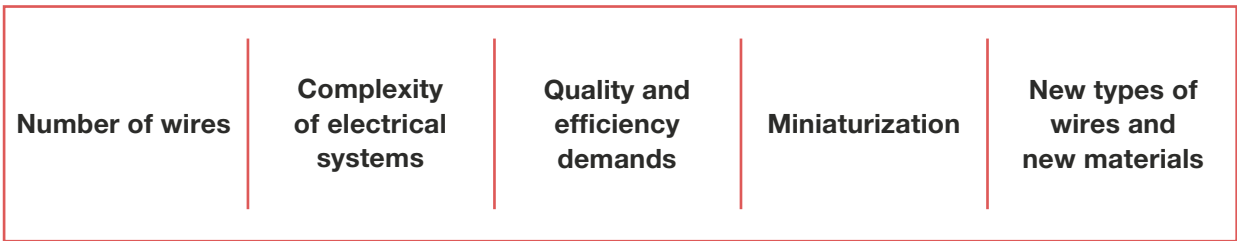
Customers are aware that there is no way of avoiding the trend towards automation. The coronavirus pandemic has underscored this realization, as – for example – being dependent on the availability of personnel can become a problem. Reducing this dependency therefore becomes a goal to aim for. In the coming years, too, global megatrends will contribute to the step-by-step increase in the automation of wire processing. The current projects of various automotive manufacturers and suppliers that aim to simplify wire harness topology are also designed to increase the degree of automation significantly. Komax is involved in some of these projects, and is demonstrating what changes are needed to wire harnesses in order to facilitate a greater degree of automation in the production process. Modern wiring concepts (e.g., for infotainment systems or electric vehicles) also present opportunities for Komax to establish further unique selling propositions and thereby create additional sales potential.

The rapid proliferation of the zero-error tolerance principle means there is an increasing need for test systems to guarantee the 100% 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.

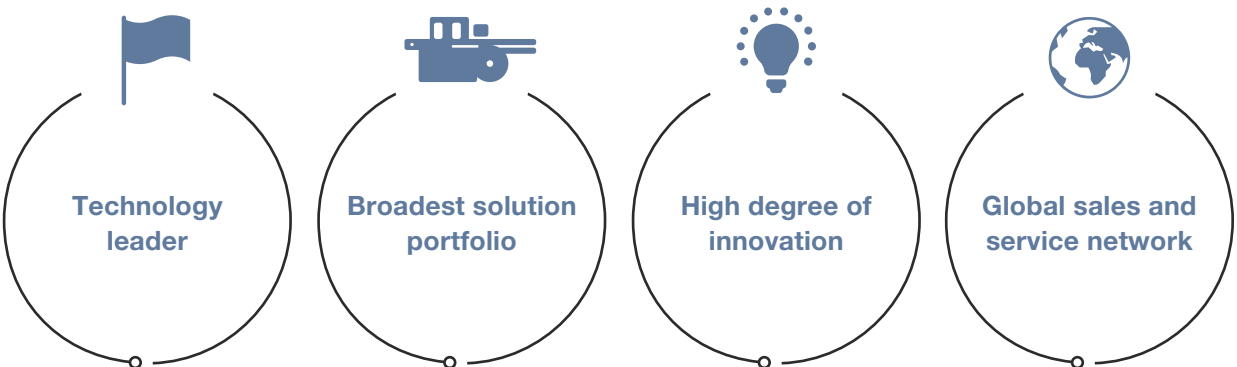
## GLOBAL MEGATRENDS



## GROWTH DRIVERS

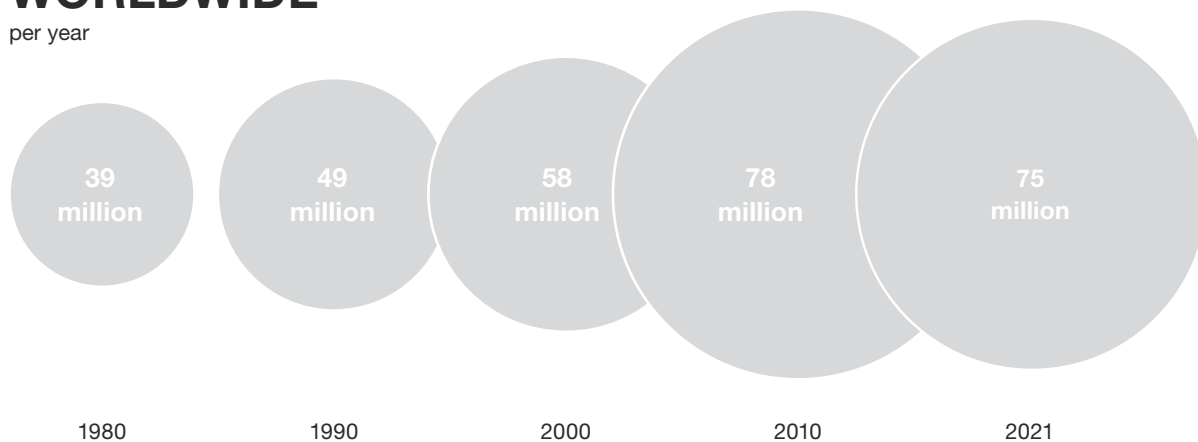


## ADVANTAGES OF KOMAX



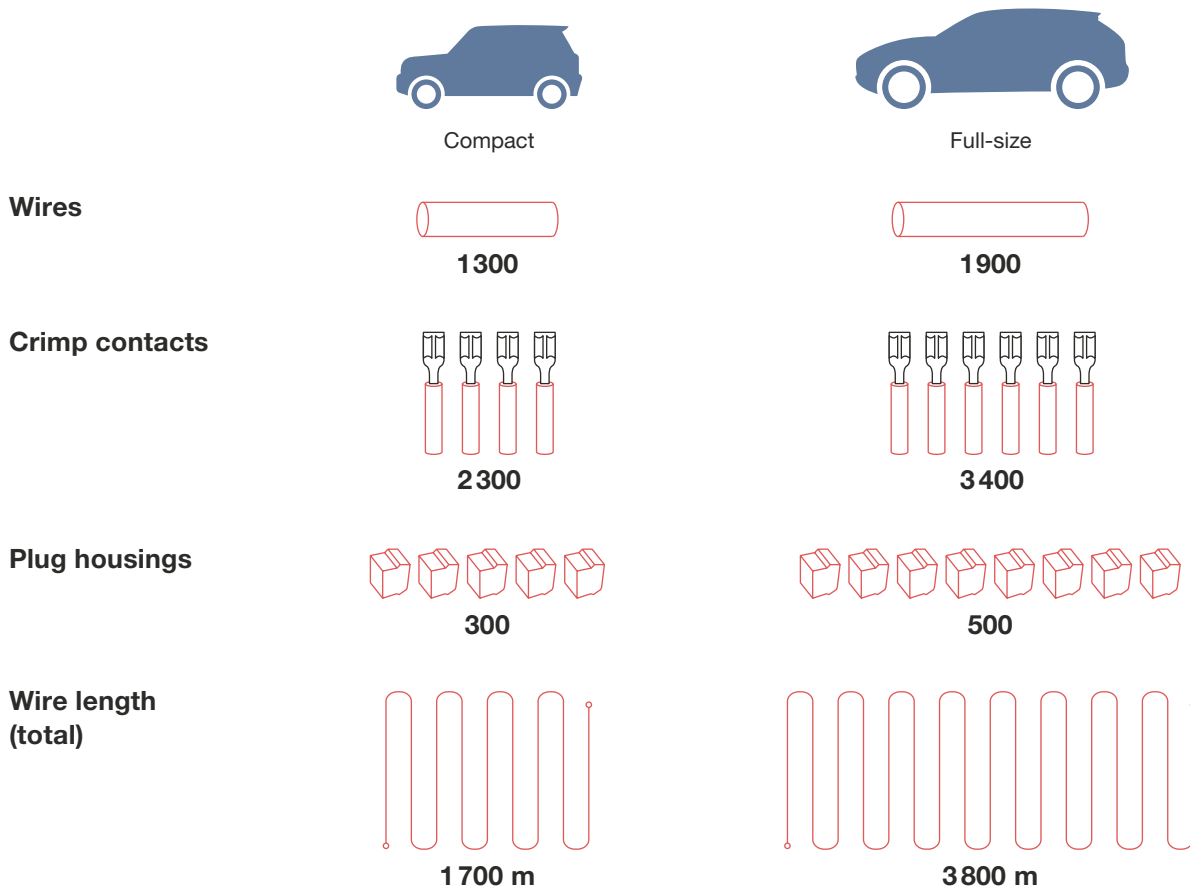
## NUMBER OF VEHICLES PRODUCED WORLDWIDE<sup>1</sup>

per year



<sup>1</sup> Passenger cars and light commercial vehicles (source: IHS Markit).

## INCREASE IN ELECTRICAL FUNCTIONS



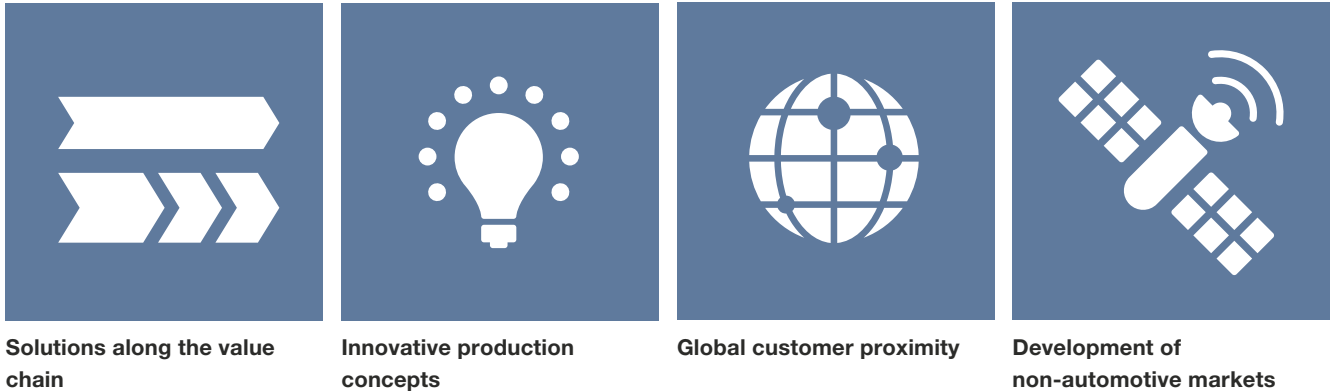
# BUSINESS MODEL AND STRATEGY

Komax offers its customers cutting-edge technical solutions for automated wire processing in four market segments, and continuously strives to improve its competitiveness. To this end, it pursues four key strategic priorities. Above-average profitability and sustainable growth are important objectives here. This goes hand in hand with environmentally conscious, socially aware, and responsible conduct towards all stakeholder groups.

Komax 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. Komax 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 at the same time 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 Komax's customers to consolidate and increase their competitive advantage.

## Four key strategic priorities

Komax has more than 45 years' experience in the development of customer-oriented solutions for wire processing and pursues a sustainable growth strategy that involves four key priorities:



**Solutions along the value chain**

**Innovative production concepts**

**Global customer proximity**

**Development of non-automotive markets**

### Solutions along the value chain

Thanks to many decades of experience and its proximity to its customers (see page 6), Komax 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 36 and 37). Komax 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 from a single source. This approach is unique in the world. Thanks to a number of acquisitions in recent years, Komax has succeeded in closing the existing gaps in its spectrum of products and solutions, with the result that it can now offer its customers end-to-end solutions. Komax has the broadest portfolio of solutions, which means that it can address a whole range of customer needs in a targeted way. To enable its customers to continue to increase productivity in the future, Komax works with a number of partners in the field of software, among others. Komax strives to network and manage the individual processes in the value chain, such as through Komax MES (Manufacturing Execution System) and Komax Cloud MES, a form of production control software for the wire processing industry 4.0, launched in collaboration with iTAC Software.

### Innovative production concepts

For a market leader like Komax, innovations are of maximum strategic importance. Komax has therefore been investing in innovations to optimize its existing product range, as well as in new developments, for many years. Every year, Komax channels some 8%–9% of revenues into research and development (see page 16). 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 Komax 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

Komax has 19 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 independent 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, Komax's customers 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 Komax. To ensure that it stays close to its customers, including when those customers choose to relocate, Komax likewise has to show flexibility. For this reason, Komax seeks to expand its global reach in a targeted way, be it through acquisitions – as described in the section entitled “Selective acquisitions” – or through the establishment of new sites.

### Development of non-automotive markets

Komax now generates around 80% 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 high 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. Komax focuses predominantly on three additional market segments (see pages 14 and 15), all of which have synergy potential with the core business: aerospace, data communication and telecommunication (data/telecom), and industrial applications (industrial). As these offer attractive long-term growth opportunities, Komax is seeking to increase its penetration of these markets. If this is to be achieved, targeted investment in marketing and sales is essential.

### Selective acquisitions

The primary goal of the Komax Group is 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 the strategic priorities. Examples of such acquisitions include the TSK Group (2012; solutions along the value chain), SLE quality engineering (2014; innovative production concepts), Thonauer Group (2016; increase in global reach), Laselec (2017; innovative production concepts and development of non-automotive markets), Artos Engineering (2019; increase in global reach and innovative production concepts), and Exmore (2019; innovative production concepts).

The acquisitions it has made to date are not enough to secure the company's competitiveness over the long term and consistently drive forward the automation of wire processing. Komax is therefore seeking a combination with the Schleuniger Group in 2022 (see page 3).

R&D expenditure accounts for  
8% – 9%  
of revenues



### Komax Group brands

The acquisitions of recent years mean that the Komax Group is present in the market with six further brands in addition to the Komax brand itself:



Over the last few years, Komax has increasingly transformed itself 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 and now complement one another optimally. In order for this to be reflected in its public image moving forward, the Komax Group will focus on the Komax brand in the future and relinquish the remaining brands. This step will be implemented by the course of the second half of 2022.

### Mid-term targets

The Komax Group has a robust capital base, and has set itself ambitious targets for both growth and profitability by 2023. It is seeking to increase the value of the company on an ongoing basis through profitable growth. Based on IHS Markit's analyses of developments in the automotive market, the Board of Directors set revenue and EBIT targets for 2023 and confirmed the company's attractive distribution policy at the beginning of March 2020 – i.e., before the extent and the consequences of the coronavirus pandemic had become apparent.

Komax is striving to achieve revenues of CHF 450–550 million by 2023, primarily on the basis of organic growth. Komax is estimating that the market will grow on average by at least 8%–10% per year from 2021 to 2023. This growth is based on the annual increase in the number of vehicles produced globally (CAGR: 6%–7%) and the steady rise in the degree of automation in wire processing (CAGR: 2%–3%). Komax is expecting to generate annual organic revenue growth at least in line with the growth of the market.

The company has a broad portfolio of innovative solutions. Rising revenue figures and an advantageous product mix enable Komax 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, Komax creates sustainable value that benefits investors too. Komax has set itself the goal of distributing 50%–60% of Group earnings after taxes (EAT) to its shareholders every year until 2023.

450  
—  
550

Revenues 2023 in CHF million

50  
—  
80

EBIT 2023 in CHF million

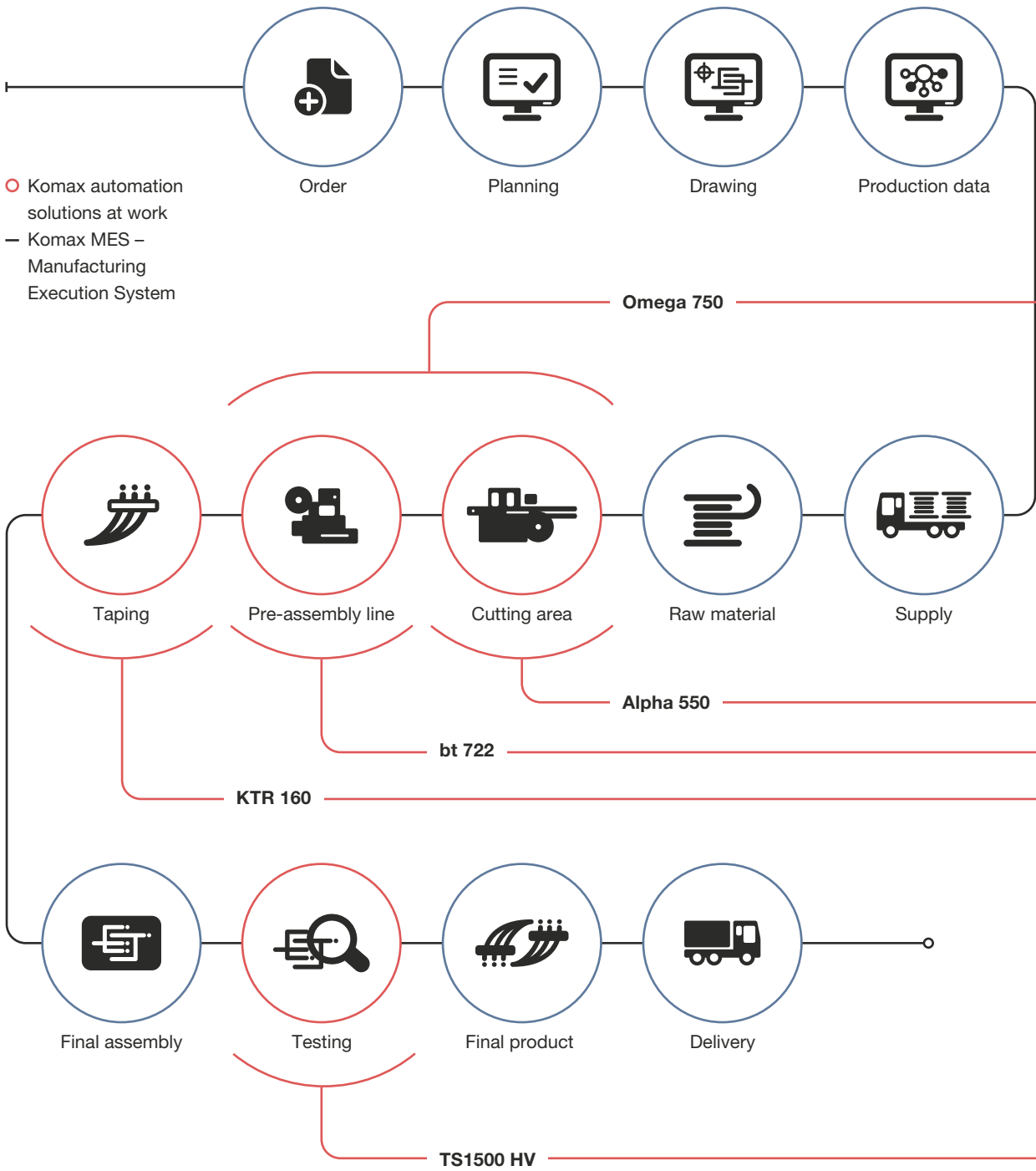
50  
—  
60

Payout ratio in % of EAT

	2021	2020
Revenues (in CHF million)	421.1	327.6
EBIT (in CHF million)	44.8	11.3
Payout ratio (in % of EAT)	57.0	0.0

Following completion of the planned combination of Komax and Schleuniger, account will be taken of the changed situation at the given time with new targets.

# SOLUTIONS ALONG THE VALUE CHAIN





The majority of Komax customers are wire harness manufacturers whose business consists of processing the individual wires – predominantly by hand – into wire harnesses and delivering these to vehicle manufacturers (OEMs). Komax 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, Komax supports its customers along the entire value chain – from planning through to delivery – with the Komax MES. 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, Komax customers use the fully automated Alpha 550 crimping machine, which can twist and tinplate the braids, among other things.



**Semi-automatic crimping**

In order to be able to process individual lines at the pre-assembly stage, customers use a machine like the benchtop crimper Delta 240. 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, as with the KTR 160. The act of bundling wires or attaching clips to wire harnesses is likewise covered by this section of the value chain.



**Testing**

Before Komax customers deliver the completed wire harnesses to the OEM, they subject every single wire harness to a connection test (electrical test). For this they rely on test systems, such as the TS1500 HV for high-voltage cables.

## BOARD OF DIRECTORS



**Beat Kälin (1957)**

Non-executive, independent member and Chairman of the Board of Directors since 2015, elected until 2022, 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 Sevensense 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, Stäfa and Zug; from 1998 to 2004 he was a member of the Group Executive Board of SIG Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen am Rheinfall; 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 2022, 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 2022, 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 in Stäfa 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 2022, Swiss citizen, resident in Birrwil (CH).

Member of the Board of Directors of Bertschi Holding AG, Dürrenäsch, 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 worked for Schindler from 1987 to 2021. His 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 1996–2003 and 2017–2019, 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 2022, Swiss and German citizen, resident in Zurich (CH).

Member of the Board of Directors of listed company SIG Combibloc Group AG, Neuhausen am Rheinfahl, 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 M. Staehelin Stiftung, Zurich, and of 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 2022, 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, and of Sevensense Robotics AG, Zurich; he is also Chairman of the Board of Trustees of Gebert Rüt Stiftung, Basel, Vice Chairman of the Board of Trustees of Kick Foundation, Basel, member of the Foundation Board of the BlueLion Foundation, Zurich, and a member of the Thematic Equity Advisory Board of Credit Suisse Asset Management, 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.

## EXECUTIVE COMMITTEE



**Matijas Meyer (1970)**

Chief Executive Officer (CEO) since 2015, member of the Executive Committee since 2010, at Komax 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, Cham, and from 2005 to 2006 in product management at Tornos SA, Moutier. 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)**

Chief Financial Officer (CFO) since 1996, member of the Executive Committee since 1996, at Komax 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 in Lucerne. 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, at Komax 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 in Niederönz. From 2018 to 2019, he headed the Products division at the Güdel Group in Langenthal. 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. He is also responsible for the Group companies Exmore, Kabatec, Komax SLE, Komax Thonauer, and Komax Laselec.



**Tobias Rölz (1977)**

Executive Vice President, member of the Executive Committee since 2020, at Komax 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 Schürmann (1971)**

Executive Vice President, member of the Executive Committee since 2019, at Komax since 1995, Swiss citizen, resident in Zug (CH).

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 in 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.



**Marcus Setterberg (1978)**

Executive Vice President, member of the Executive Committee since 2019, at Komax since 2007, Swedish citizen, resident in Bäch (CH).

Marcus Setterberg has a master's degree in science in industrial engineering & management from the KTH Royal Institute of Technology in Stockholm, as well as a master's degree in science in business administration and economics from the University of Stockholm. From 2004 to 2007, he was a project manager and process engineer for SIG Pack/Bosch Packaging in Neuhausen am Rheinfall in post-merger projects and projects aimed at developing the service business. Marcus Setterberg joined the Komax Group in 2007, working first in Switzerland for the global service unit. He then spent around five years in China, including three as Managing Director of Komax China in Shanghai. Since August 2016 he has headed a unit that focuses on testing systems for wire processing, and is responsible for the TSK companies. In both these functions, he was a member of the Executive Committee of the Wire business unit of the Komax Group until the end of 2017. Since 2019 he has been a member of the Executive Committee. Marcus Setterberg decided to leave the Komax Group at the end of 2021 and start work for another company in 2022.

# SUSTAINABLE AND SOCIALLY RESPONSIBLE

Sustainability and social responsibility are core elements of Komax's corporate strategy. They are incorporated not only into the Group's long-term targets, but also into its operating activities. Komax is determined to develop its competencies in questions of sustainability and social responsibility on an ongoing basis – for the benefit of its stakeholders and the environment.

Komax has anchored in its Code of Conduct that it makes the sustainable development of its business a key objective, and rejects any quest for profit at the expense of the environment. In addition, the company is committed to environmentally friendly production methods and the responsible use of natural resources. Far from being empty phrases, these principles have been applied by Komax for decades. Komax is also 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. This is reflected in the regular employee surveys carried out by the company, in which a large number of employees always state that they view themselves as ambassadors of Komax, and feel an exceptionally strong tie both with the company and their work (see page 54).

In recent years, Komax has worked continuously on its development in the three ESG dimensions – Environment, Social, and Governance – and made considerable progress. Up until now, however, there has not been any consistent strategic anchoring of ESG at Komax. At the initiative of the Board of Directors, Komax took the first steps to change this situation in the year under review. By starting with a materiality analysis, for example, and initiating collaboration with EcoVadis in order to better evaluate the sustainability of its supply chain and be in a position to take any necessary measures. Furthermore, it established the processes needed within the Komax Group to capture and report relevant environmental data in the future – such as CO<sub>2</sub> emissions. Komax plans to publish comprehensive environmental data for the first time in the second half of 2022, as well as to report on other key ESG themes for the company and produce ESG targets.



## Purpose

For decades, Komax has been renowned for its innovative products and leading market position. But what does Komax want to achieve and accomplish with its work? And what contribution is it making to society? Komax's purpose 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.

Komax understands smart mobility to mean today's increasingly diverse range of mobility options, which are used in very different ways. Many of these means of transport – from e-bikes to electric cars and trains – are increasingly powered by electricity. Where electricity is used, there are wires, and where there are wires, there are fields of application for Komax. What's more, the optimal usage of these mobility options is supported by smart city solutions, be they traffic management systems or intelligent power usage, distribution, or storage systems. These solutions also need wires, for transmitting either power or data.

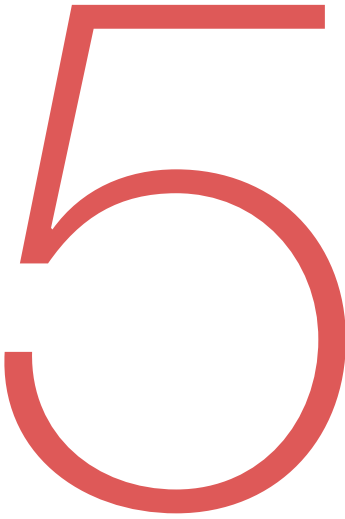
## Values

Komax has a Code of Conduct in place that is binding for all employees and reviewed on a regular basis. It is available in 16 languages, and builds on the ethical principles Komax has been applying for many years. The Code of Conduct defines general rules of conduct and addresses issues such as equality of opportunity, conflicts of interest, health and safety, and sustainability. In addition, it defines the five core values – innovation, customer focus, success, quality, and responsibility – that constitute a key component of the Komax Group's identity.

All employees are given training on the Code of Conduct when they join the company. In order to sensitize staff to the Code of Conduct, various measures are implemented on a regular basis, including web-based training that employees worldwide are required to complete. 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, Komax sets great store by respect, decency, social responsibility, and consistent adherence to international guidelines. For this reason, Komax has drawn up codes of conduct for both suppliers and business partners, and where possible makes compliance with these codes a contractual obligation.





## 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.

## LONG PRODUCT SERVICE LIFE

### Product sustainability

The machines developed by Komax are characterized by their exceptionally high quality and longevity. The Group's own global service network and its collaboration with partners ensure that these machines are professionally maintained. This has a positive impact on their performance, value retention, and life span, and it saves resources generally. Komax also ensures servicing and the availability of upgrades and replacement parts years beyond its contractual obligations. 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.

### Reduction in consumption of resources

When developing new machines, Komax goes to great lengths 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. For example, in the past few years, Komax has paid particular attention to electricity consumption in new machine models. Thanks to the optimization of specific elements, such as ventilation for cooling a control cabinet, Komax has been successful in reducing energy consumption of individual machine models. Extrapolated to the level of annual production of these models, this results in a saving of hundreds of megawatt hours of electricity each year.

### Declining consumption of fuel and materials

The wire processing solutions delivered by Komax do not contain any environmentally harmful components. In the automotive supply industry, these solutions are used to process wiring for new fuel-saving drives for various types of hybrid vehicle as well as for the fully electric car. Moreover, the innovative technologies mean that ever smaller wire cross-sections and innovative materials such as aluminum can be machine-processed, thereby contributing to a reduction in vehicle weight and, as a result, fuel consumption. In addition, automated taping solutions, for example, help Komax's customers to use less adhesive tape than they would in the case of manual taping.

Komax commissions independent market research companies to carry out customer satisfaction analyses on a regular basis. These evaluate the degree of customer loyalty and the extent to which Komax meets customer expectations, for example. Komax sets particular store by customer feedback on improvement potential.

In 2011, Komax launched its "Oekomax" program in Switzerland with the aim of continually optimizing environmental protection. Ever since, a team comprising employees from various areas of the company has been looking at sustainability issues. The spectrum of themes ranges from campaigns that motivate employees to be sparing in the use of resources through to ideas as to how the energy efficiency of newly developed machinery can be increased.

## Sustainability in procurement

The company believes in long-term partnerships, and selects suppliers that demonstrate an environmentally aware approach and whose products conform to sustainability criteria. This is ascertained with the assistance of a supplier evaluation questionnaire, which evaluates new as well as existing partners on the basis of uniform criteria. These criteria include the status that suppliers attach to sustainability, quality, price, supply chain, delivery reliability, and production technology. Furthermore, in a code of conduct drawn up specially for suppliers, Komax obliges its suppliers to comply with legislation and to act in an environmentally aware and ethical way. Compliance with agreed guidelines and indicators is reviewed in regular supplier audits. If violations are uncovered, a supplier partnership may be immediately terminated as a result.

In addition to the investment volume, key criteria when evaluating and selecting new production systems include energy efficiency, environmental friendliness, and the economical use of resources. Komax also reduces the burden on the environment through efficient supplier management. Thanks to its collaboration with Bossard, a leading logistics company for industrial assembly and connection solutions, Komax is reducing its annual CO<sub>2</sub> emissions in Switzerland in the procurement of Class C items. As Komax 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, Komax's CO<sub>2</sub> emissions have been reduced by around a quarter with the consolidation of deliveries through Bossard.

## EFFICIENT SUPPLIER MANAGEMENT

## Sustainability in production

A large proportion of Komax Group's value creation consists of engineering services. The majority of components are manufactured and supplied by third parties, which means that actual production at Komax primarily comprises the assembly of components. Accordingly, Komax generates relatively few emissions compared to other industrial companies.

Highly automated, state-of-the-art production systems are used for strategically important components that Komax manufactures in-house. These are based on lean management concepts, the aims of which include the avoidance of errors and minimization of rejects. The careful and efficient use of resources has top priority: wherever possible, waste materials and wastewater are recycled or disposed of appropriately, while the volume of waste is reduced continuously thanks to optimization programs.

### Operational excellence

Key factors in Komax's pursuit of operational excellence include safety and the protection of its employees' health. Management attaches high priority to this issue, which is why internal processes are regularly reviewed for safety and health risks. Furthermore, employees are sensitized to possible risks in the workplace at the individual production sites in a targeted way. The low number of occupational accidents over a period of many years is testimony to the success of initiatives in this area. Komax has set itself the target of reducing occupational accidents by 10% (compared with the average for 2016 and 2017, namely 33 work-related accidents) by 2021. In order to achieve this, Komax has implemented a variety of measures over the last few years, and managed to reduce occupational accidents by 36% by 2020. The statistics on occupational accidents in 2021 will be published over the course of 2022, together with the other ESG data.

### Certifications and integrated management system

The key production locations of the Komax Group, namely in Brazil, China, Germany, France, Mexico, Switzerland, Tunisia, Turkey, Hungary, and the USA, are all ISO 9001-certified. In addition, Komax AG's sites in Dierikon and Rotkreuz, as well as Komax SLE in Grafenau, TSK in Porta Westfalica, and SC Thonauer Automatic in Bucharest, all have ISO 14001 certification. These five sites employ around 900 people. All have integrated management systems that encompass all company processes, the environment, health protection, and workplace safety.

Country	Company	Certification		
<b>Brazil</b>	TSK do Brasil Ltda.	ISO 9001		
<b>China</b>	Komax Shanghai Co. Ltd.	ISO 9001		
<b>Germany</b>	Komax SLE GmbH & Co. KG	ISO 9001	ISO 14001	DE AEOC 104360
	TSK Prüfsysteme GmbH	ISO 9001	ISO 14001	
<b>France</b>	Komax Laselec SA	ISO 9001		
<b>Mexico</b>	Komax de México S. de R.L. de C.V.	ISO 9001		
	TSK Test Systems Mexico, S. de R.L. de C.V.	ISO 9001		
<b>Austria</b>	Thonauer Gesellschaft m.b.H.	ISO 9001		
<b>Romania</b>	SC Thonauer Automatic s.r.l.	ISO 9001	ISO 14001	ISO 45001
<b>Switzerland</b>	Komax AG	ISO 9001	ISO 14001	ISO 45001
<b>Czech Republic</b>	Thonauer spol. s.r.o.	ISO 9001		
<b>Tunisia</b>	TSK Tunisia s.a.l.	ISO 9001		
<b>Turkey</b>	TSK Test Sistemleri Ltd. Şti.	ISO 9001		
<b>Hungary</b>	Komax Thonauer Kft.	ISO 9001		
<b>USA</b>	Komax Corporation	ISO 9001		

### Ecologically sustainable

At its various sites, Komax uses renewable energies such as solar or hydroelectric power wherever possible. For example, in Switzerland – the country in which Komax has the highest production volume – the company obtains natural energy from Central Switzerland's RegioMix scheme. Komax also operates its own photovoltaic power plants on the roofs of its new building in Dierikon, which it moved into in 2020, and its production building in Rotkreuz. The plant in Dierikon will cover the electricity required for the new building for around one month.

In order to save on resources, Komax opted for a climate-friendly low-tech approach that entails using technical solutions such as artificial ventilation, illumination, and motorized shading in the new building. The internal courtyard plays a key role here, as it brings plenty of light to the inner zone. In addition, as a vertical flue it dissipates warm air and thereby stimulates natural ventilation via the external facade. This low-tech approach and corresponding emphasis on sustainability also impressed the jury of the "Prixforix," resulting in Komax winning the Prixforix – which has been awarded five times since 2010 – in 2021. This prize is awarded in recognition of the most attractive and future-oriented façade in Switzerland. The strengths of the façade of the new Komax building include the way the louvers prevent excessive sunlight during the summer months, while still allowing in sufficient daylight at all times. The jury was also impressed by the fact that the natural ventilation and lighting, thermal insulation, and night cooling were implemented by means of a two-layer building envelope without an excessive amount of technology. The glass façade behind the envelope likewise impressed the jury with its simplicity, efficiency, and economy.

Komax uses district heating in Dierikon. Both the new building and the existing buildings have been heated in a carbon neutral way since 2020. The move to the new production and development building in Dierikon in 2020 allowed Komax to reduce its sites in Switzerland from three to two. This significantly cut the number of trips between the individual sites, which in turn not only simplified logistics, but also had a positive effect on the carbon footprint.



For its new headquarters building in Dierikon, which was occupied in 2020, Komax opted for a low-tech, climate-friendly approach.

### Consumption of electricity in Switzerland

In collaboration with the Energy Agency of the Swiss Private Sector (EnAW), Komax has established resource and energy savings targets for its two Swiss sites. For example, by the end of 2021, per capita electricity consumption is to be reduced by 3% versus the 2018 level (2 923 MWh or 4.7 MWh per capita). This follows a reduction in per capita electricity consumption of approximately 20% between 2014 and 2018. In 2021, a total of 3 662 MWh of electricity (2020: 2 787 MWh) was used, which is equivalent to per capita consumption of 5.7 MWh or an increase of some 22% compared to 2018. As Komax brought a new building into operation in 2020 in the form of its new building in Dierikon, it is inevitable that electricity consumption will have risen considerably from 2018 levels.

Even if this additionally increases electricity consumption, Komax is promoting e-mobility at its sites in Dierikon and Rotkreuz. Since February 2019, a total of six charging stations at the two locations have been available for use by employees and customers for electric vehicles. Flexible working from home arrangements and the mobility bonus (introduced in 2017) contributed to a reduction in CO<sub>2</sub> emissions. All employees in Switzerland who forego motorized private transport on their journey to and from work receive CHF 100 a month.

### Contribution to regional development

Komax has been firmly rooted in the Canton of Lucerne, Switzerland, since 1975, where it is one of the region's biggest employers. The Group is committed to Switzerland as a business location because it offers a good environment, facilitates very high productivity, and has a large pool of highly qualified labor. As well as being an important employer in the region, Komax is also committed to advancing young people in a number of different areas (including education, sports, the arts, and social involvement).

The production and distribution sites established worldwide since 1975 remain in their original locations, which generates a strong sense of identification with local areas. Among other things, this manifests itself in the fact that a large number of employees can be recruited regionally, and preference can be given to local suppliers wherever this is feasible and makes commercial sense.

## Contribution to cleantech

In a few years' time, over 30% of new cars around the world will be powered by electricity (see page 11). Units such as air conditioning, power-assisted steering, brake boosters, and heating are also being integrated into the high-voltage electrical system. With its innovative solutions for the processing of high-voltage cables, Komax is making an important contribution to this transformation towards e-mobility. Komax's e-mobility center of competence in Hungary is clearly feeling a substantial increase in demand for automation solutions for the processing of high-voltage cables in the fast-growing market for electric and hybrid vehicles. Up until now, many manufacturers have been producing complex high-voltage cables largely by hand. Manual serial production of the required unit quantities is barely feasible any more – and certainly not to the degree of precision demanded and within the specified time frame. In order to be able to ensure efficient and economic processing, it is becoming increasingly crucial to automate processes.

The modular concept allows Komax to provide its customers with different levels of automation, such as the Lambda 240 SP (left) and the Lambda 440 (right).



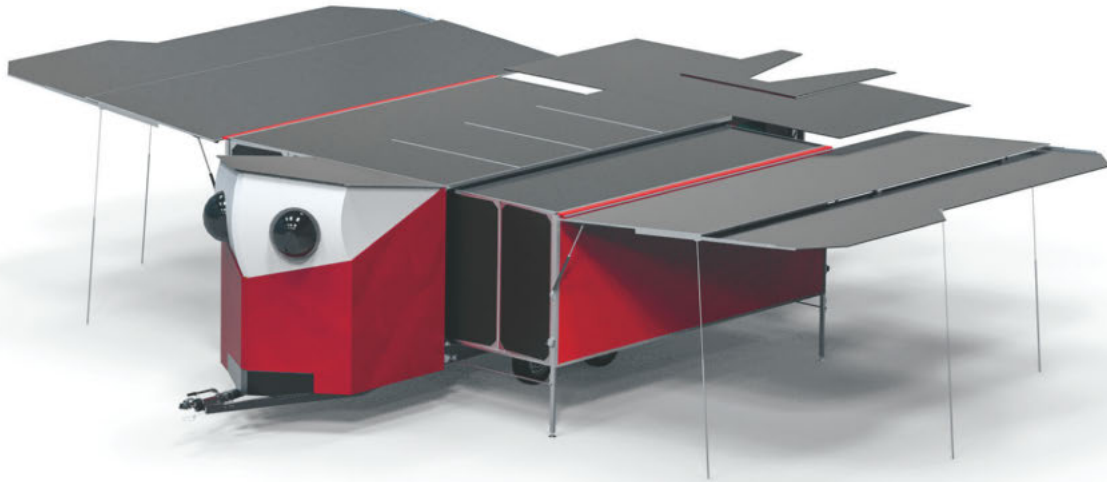
### Komax is supporting the transformation towards e-mobility

In 2018, Komax already boasted a portfolio of solutions covering the entire value chain from processing high-voltage cables to testing harnesses. Plug manufacturing called for multiple machines from the Lambda 2 series. These are semi-automatic, with every machine needing an operator. Optimum productivity therefore requires a team of several people to process the high-voltage cables in parallel on multiple machines.

Komax took the next innovative step forward in 2019 and presented the Lambda 440, the first machine for the automated production of high-voltage cables. The Lambda 440 is a modular platform made up of processing modules from the Lambda 2 series. The various modules can be used as required. Options range up to full automation, where the system manufactures the cable from the preparation stage to housing assembly. Under this process, stations connected in parallel can process different cables simultaneously. When a cable has gone through the first steps and is being prepared for crimping, the first tool is already removing the jacket and foil of the next cable. This saves time and increases productivity. Quality solutions integrated into the system are a guarantee that the stringent quality requirements placed on high-voltage cables are met.

Komax does more than just offer solutions for processing individual high-voltage cables. Its portfolio also includes the Omega 750 MEB, a machine capable of automatically producing complete wire harnesses for electric vehicles. This is a further development of the Omega 750 fully automatic block loader machine. The Omega 750 MEB is used, for example, to manufacture the wire harness for the auxiliary unit for Volkswagen's new modular electric drive matrix (MEB) in an automated process. This wire harness connects the battery with various systems such as air conditioning, battery heat management, and the direct current converter.





The panels of the Solar Butterfly make it possible to produce up to 170 kWh of solar energy a day, which will allow it to travel up to 300 km daily.

### Partnering the visionary Solar Butterfly project

Solar Butterfly is a project that combines a number of themes that are crucial to Komax – such as the promotion of e-mobility, sustainability, environmental protection, and the responsible use of natural resources. Komax is therefore proud to be a partner to this future-oriented project. Solar Butterfly is the latest project of Louis Palmer, who has been advocating for a sustainable way of living for decades. The Solar Butterfly will be 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 showing them that solutions do actually exist.

Komax is not only supporting the project financially, it is also playing a decisive part in the assembly of the Solar Butterfly. For the majority of the assembly work, apprentices from the areas of automation and mechanics are taking on tasks of all kinds: the wiring of solar panels, working in the areas of pneumatics and drive technology, and configuring and programming control panels.

### Around the world – with solar energy

Ten meters long and weighing in at 2.8 tons, the Solar Butterfly moves with the assistance of an electric car. The total power required for this tiny house and its towing vehicle is produced by solar panels. At the touch of a button, these unfold to cover an area of a 120 m<sup>2</sup>, which gives the vehicle the appearance of a butterfly. The mobile home contains a kitchen, toilet, shower, and large interior room of 30 m<sup>2</sup> that can be used multifunctionally as a TV studio, exhibition center, living room, or sleeping area with up to six beds.

The adventure will kick off on the Bundesplatz in Bern on 23 May 2022. Then the global voyage – covering some 200 000 kilometers across 90 countries – will get under way. Hundreds of events are planned at which the Solar Butterfly will promote sustainability projects. The World Tour will end on 12 December 2025 in Paris to mark the tenth anniversary of the Paris Agreement on climate change.

### Who is Louis Palmer?

Between July 2007 and December 2008, Lucerne native Louis Palmer became the first person to circumnavigate the globe in a solar-powered vehicle – his “solar taxi.” He has been designated a UNEP Champion of the Earth by the UN Environment Programme, and has also been awarded the European Solar Prize. Louis Palmer is the initiator and organizer of the World Advanced Vehicle Expedition (WAVE), a race for e-vehicles that circumnavigates the earth in 80 days, and Switchbus, the world’s first-ever 100% electric-powered touring bus.



## Attractive employer

At the end of 2021, Komax employed 2 121 staff worldwide (2020: 2 095 staff). After two very challenging years in which headcount had to be reduced across the whole Komax Group, the company was then able to recruit additional personnel in 2021 against the backdrop of an improving market environment.

Personnel expenses in the year under review amounted to CHF 158.0 million, corresponding to an 20.6% increase versus 2020 (CHF 131.0 million). The pronounced increase in costs is above all attributable to the fact that numerous employees in various Group companies were put on short-time working for a significant period of time in the prior year. Short-time working was much less widely practiced in 2021.

### 2021

	CH <sup>1</sup>	Europe <sup>1</sup>	Americas <sup>1</sup>	Asia <sup>1</sup>	Africa <sup>1</sup>	Total
Production	233	302	86	73	80	<b>774</b>
Research and development	134	57	5	26	0	<b>222</b>
Engineering	40	116	33	16	15	<b>220</b>
Marketing and sales	134	138	59	58	21	<b>410</b>
Service	30	74	63	61	17	<b>245</b>
Administration <sup>2</sup>	70	98	41	29	12	<b>250</b>
<b>Total headcount as at 31 December 2021</b>	<b>641</b>	<b>785</b>	<b>287</b>	<b>263</b>	<b>145</b>	<b>2 121</b>

### 2020

	CH	Europe	Americas	Asia	Africa	Total
Production	212	303	70	71	78	<b>734</b>
Research and development	166	66	6	26	0	<b>264</b>
Engineering	26	107	15	15	15	<b>178</b>
Marketing and sales	170	135	56	53	18	<b>432</b>
Service	20	76	62	61	17	<b>236</b>
Administration <sup>2</sup>	71	99	40	29	12	<b>251</b>
<b>Total headcount as at 31 December 2020</b>	<b>665</b>	<b>786</b>	<b>249</b>	<b>255</b>	<b>140</b>	<b>2 095</b>

<sup>1</sup> The individual companies and their locations are listed on page 112.

<sup>2</sup> Including management and IT.

The companies of the Komax Group ensure that their employees enjoy equal opportunities, equal treatment, and fair employment conditions and receive pay that is in line with the market and benefits that are in line with national and industry standards. In 2020, Komax conducted a pay comparison analysis in Switzerland and had it reviewed and certified by an independent body. The analysis confirmed that Komax pays women and men an equal wage for equal work. It also corroborated that employees with equal functions are receiving the same pay. Fair pay is crucial to Komax, so it will continue to ensure that its pay system is underpinned by equality.

The proportion of women in the Group's global workforce was 18.5% in 2021 (2020: 18.7%). Komax is not alone within the industry in having a relatively low proportion of women in its workforce. The main reason for this phenomenon is the large number of technical positions within the company, for which the recruitment potential among women is limited.

The Komax Group's staff turnover rate has been gratifyingly low for many years. As a result of the coronavirus pandemic, it rose to 10.3% in 2021 (2020: 6.1%), which is an extraordinarily high figure for Komax.

### Major investment in tomorrow's workforce

Komax is committed to the training of tomorrow's professional specialists as a way of safeguarding its global market and technology leadership. In 2021, 55 apprentices were undergoing training in 10 professions at the sites in Switzerland (2020: 58 apprentices), while 46 apprentices (2020: 53 apprentices) were being trained in Germany. Komax has significantly increased the number of apprenticeships offered since 2016 – from 74 to 101.

Komax offers its apprentices a wide-ranging training experience. The young professionals are right at the heart of the action, actively following every step of a machine's development from inception through to production readiness. During their training, they get an insight into the various departments' activities and thus gain an understanding of the numerous processes that take place in a company. Komax has state-of-the-art workstations and well-equipped mechanical workshops and assembly areas for specific apprenticeship subjects. The budding professionals are supervised by a motivated team of trainers who not only possess strong technical and teaching skills, but also sensitivity to the social needs of the young people in their charge.

In addition to professional training, Komax also offers apprentices a number of interesting benefits such as language courses, cultural events, preventive health measures, and its own teambuilding events. Once apprentices have completed their training, Komax helps them make the transition to full professional life, either at the site where they were trained or at one of the company's locations abroad. Moreover, the company supports the people it has trained in their professional development and further vocational training.



## Scope to create change

### Room for ideas

**We give our employees the room to maneuver to pursue their tasks and develop as individuals. Everyone counts.**

**We facilitate development.**

## Togetherness

### Inspiration through community

**We maintain a valued working atmosphere with international character and sense of togetherness. Everyone is part of the whole.**

**We maintain an inspiring togetherness.**

## Responsibility

### Commitment builds trust

**Room to maneuver requires commitment and shared responsibility. We challenge our employees. Everyone takes responsibility.**

**We take and delegate responsibility, which forms commitment between us.**

### Active employee development

Komax has a very good reputation as an attractive employer, which is partly explained by its corporate culture. This is characterized by mutual respect, trust, and awareness of the paramount importance of quality. In addition, the needs of employees themselves are not neglected, despite ambitious targets. As part of an active staff development policy, Komax organizes regular management seminars and training for its employees, as well as providing financial support for individual training activities. Each year, Komax spends around 1% of its personnel budget on training. Moreover, Komax also encourages international exchanges to allow its staff to gain new experiences and expand their career perspectives.

As the world's leading company in automated wire processing, Komax gives its employees the opportunity to shape the industry and take control of their careers. Here Komax relies on three principles: the scope to create change, responsibility, and togetherness.

### **Young Community@Komax: a platform for young employees**

In order to better understand the needs of our younger employees (those under 30) and thereby provide them with more targeted support, Komax founded the Young Community in Switzerland in 2018. Organized in the same way as an association, the Young Community is a cross-functional, informal network comprising around 50 employees under 30. It offers its members a platform on which they can communicate their needs relating to their employer and working environment, and develop any necessary measures and solutions. Once a year, the Young Community's steering committee discusses with the CEO the themes that it has addressed; it is also responsible for maintaining 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 further core component is the promotion of knowledge exchange and an understanding of the different activities pursued at Komax. This is achieved, for example, by two members of the Young Community exchanging roles for half a day. Komax is convinced that the valuable ideas and suggestions coming from the Young Community can help it to develop further as an employer and spark potential new approaches. This is vital, not least in terms of remaining attractive to young, talented employees in an increasingly digitalized work world.

**YOUNG  
COMMUNITY**

### **Highly motivated employees**

Komax systematically measures employee satisfaction in the course of annual performance review meetings. Staggered over three-year periods, it also carries out employee surveys at its over 30 locations across the globe. Since anonymity and discretion are the top priority with surveys, Komax commissions an independent, neutral firm to conduct them.

The survey was carried out at seven primarily smaller companies in 2021. 165 employees participated, corresponding to a response rate of more than 96%. A particularly positive takeaway from the findings is the degree of employee motivation. This indicator is at 76 out of a possible 100 points, a good result even in comparison with other internationally active companies. It is even more significant given the immense strain that Komax and its workforce were under with the coronavirus pandemic. The employees of the companies that took part in the survey feel motivated by a number of factors, including the friendly and respect-based cooperation with colleagues, a clear sense of direction from local management and the responsible decisions taken by it, and the fact that Komax is well equipped for the future. It is also very pleasing to note that 64% of employees see themselves as ambassadors for Komax and feel an exceptionally strong tie both with the company and their work.

The per-company results varied. They are to be discussed in workshops, and line managers and employees will work together to draw up measures for improvement to ensure that motivating factors continue to be encouraged and demotivating factors are eliminated. The survey will be carried out at the other companies in the coming year, while it will be the turn of companies polled in 2021 again in three years' time. By then at the latest, it will be possible to see if the jointly defined measures are having an impact and whether employee satisfaction at Komax has witnessed a renewed increase.

### **Targeted health promotion**

It goes without saying that Komax satisfies all legal requirements with respect to working conditions in the countries in which it operates. Furthermore, it actively promotes the health of its staff at the various locations by means of different measures. In Switzerland, for example, staff benefit from the occupational health management scheme fit@work. The focal points of the fit@work initiative are movement, nutrition, and relaxation. Komax 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. Another key element of fit@work is the employee health survey, which is conducted every three years.

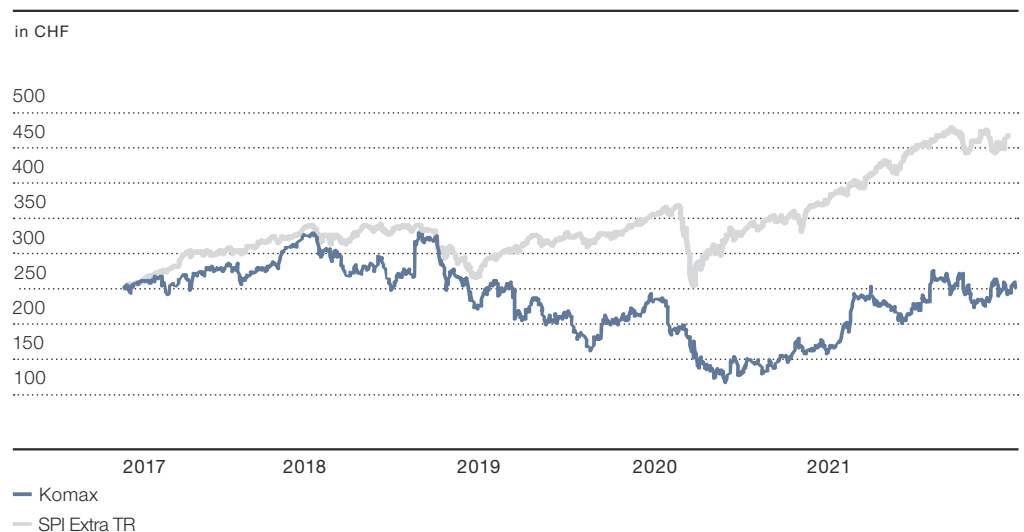
**fit@work**

# INFORMATION FOR INVESTORS

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

Over the course of 2021, the daily closing price of the Komax share ranged between CHF 177.30 and CHF 276.60. The year-end closing price was CHF 253.00. This represents an increase of 43.5% on the 2020 year-end closing price (CHF 176.30). Up 22.2% in 2021, the SPI Extra also benefited from the positive stock market environment. The SPI Extra performed considerably better than the Komax share on a five-year comparison. While the SPI Extra increased 84.9% from the start of 2017 to the end of 2021, the Komax share gained 0.7% in value in the same period.

## Share price development (3 January 2017 – 31 December 2021)



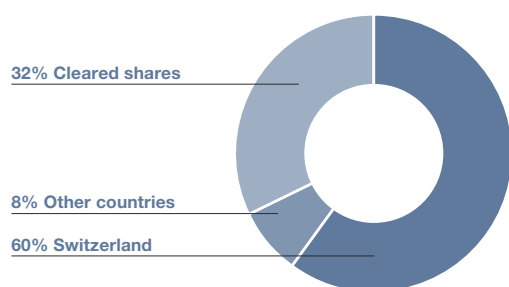
## Listing

Komax is listed on SIX Swiss Exchange. The market capitalization of the Komax Group at the end of 2021 was CHF 974.1 million.

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.



## Breakdown of shareholders by number of registered shares held

	31.12.2021	31.12.2020
1-100	3 536	3 782
101-1 000	1 655	2 212
1 001-10 000	218	259
10 001-100 000	30	24
> 100 000	4	4
<b>Total shareholders</b>	<b>5 443</b>	<b>6 281</b>

The shareholder base decreased by 838 to 5 443 in 2021. In the past five years – i.e., since the end of 2016 – the shareholder base has grown by approximately 2 300.

## Free float

The free float as defined by SIX Swiss Exchange stands at 100%.

**57%**  
Payout ratio

### 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%, 33⅓%, 50%, or 66⅔% 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 60 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

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 13 April 2022 distribution of a dividend of CHF 4.50 per share (2020: distribution of a dividend was waived), corresponding to a payout ratio of 57.0%. Thus, Komax fulfills its strategic target.

### Financial calendar

Annual General Meeting	13 April 2022
Half-year results 2022	17 August 2022
Investor Day	28 October 2022
Preliminary information on 2022 financial year	24 January 2023
Annual media and analyst conference on the 2022 financial results	14 March 2023
Annual General Meeting	12 April 2023



## Komax registered share: key data

		2021	2020	2019	2018	2017
Share capital as at 31 Dec.	in TCHF	<b>385</b>	385	385	385	383
Number of shares as at 31 Dec.	No.	<b>3 850 000</b>	3 850 000	3 850 000	3 847 510	3 834 482
Average number of outstanding shares	No.	<b>3 843 440</b>	3 845 655	3 843 352	3 830 864	3 810 276
<b>Key data per share</b>						
Par value	CHF	<b>0.10</b>	0.10	0.10	0.10	0.10
Basic earnings	CHF	<b>7.90</b>	-0.34	3.44	13.52	11.05
EBITDA	CHF	<b>15.70</b>	6.85	9.58	20.52	17.35
EBIT	CHF	<b>11.65</b>	2.93	6.25	17.56	14.45
Shareholders' equity	CHF	<b>68.81</b>	61.42	63.53	73.20	67.33
Distribution	CHF	<b>4.50<sup>1</sup></b>	0.00	0.00	7.00	6.50
Payout ratio	%	<b>57.0<sup>1</sup></b>	0.0	0.0	52.0	59.2
Dividend yield as at 31 Dec.	%	<b>1.8<sup>1</sup></b>	0.0	0.0	3.0	2.0
<b>Share price development</b>						
Highest price	CHF	<b>276.60</b>	238.80	264.00	329.00	319.50
Lowest price	CHF	<b>177.30</b>	122.00	165.10	223.00	243.50
Closing price as at 31 Dec.	CHF	<b>253.00</b>	176.30	236.40	230.00	319.50
Average daily trading volume	No.	<b>8 846</b>	15 809	16 802	13 342	12 274
P/E (price-earnings ratio) as at 31 Dec.		<b>32.0</b>	-518.5	68.7	17.0	28.9
<b>Total return per share</b>						
Distribution from prior-year profit	CHF	<b>0.00</b>	0.00	7.00	6.50	6.50
Change in value	CHF	<b>76.70</b>	-60.10	6.40	-89.50	68.25
Total (total return)	CHF	<b>76.70</b>	-60.10	13.40	-83.00	74.75
Annual return <sup>2</sup>	%	<b>43.51</b>	-25.42	5.83	-25.98	29.75

<sup>1</sup> Proposal of the Board of Directors of Komax Holding AG: distribution of CHF 4.50 per registered share.

<sup>2</sup> Change to prior-year-end closing price.

Further information on the Komax registered share can be found at [www.komaxgroup.com](http://www.komaxgroup.com).

# CORPORATE GOVERNANCE

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Ensuring good corporate governance is very important to Komax. 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. Komax 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 account of developments in this area each year in the 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 112 and 113 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 56 (“Information for investors”).

### Major shareholders

Shareholders whose share of the company’s share capital exceeds or falls below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, and 66⅔% 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 2021:

Shareholder / shareholder group	Number of shares 31.12.2021	Share in % 31.12.2021 <sup>1</sup>
abrdn plc, Edinburgh, UK	192 994 <sup>2</sup>	5.021
Max Koch, Meggen, Switzerland	190 285 <sup>3</sup>	4.942
Leo Steiner, Steinhausen, Switzerland	126 954 <sup>4</sup>	3.298
Vontobel Fonds Services AG, Zurich, Switzerland	117 623 <sup>5</sup>	3.055
Swisscanto Fondsleitung AG, Zurich, Switzerland	115 524 <sup>6</sup>	3.001

<sup>1</sup> The calculation is based on the 3 850 000 registered shares listed in the Commercial Register as at 31 December 2021.

<sup>2</sup> Notification of breach of 5% threshold on 13 July 2021.

<sup>3</sup> Notification of position falling below 5% threshold on 13 March 2018.

<sup>4</sup> Notification of breach of 3% threshold on 19 December 2007.

<sup>5</sup> Notification of breach of 3% threshold on 24 March 2021.

<sup>6</sup> Notification of breach of 3% threshold on 25 September 2021.

All shareholdings reported to Komax Holding AG and the Disclosure Office of SIX Swiss Exchange during the 2021 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](http://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	385 000.00
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 2021 nor at 31 December 2020 was there any authorized or conditional capital.

#### Capital changes

Details of capital changes in 2020 and 2021 can be found on page 88 of the financial section of this Annual Report. The corresponding information for 2019 can be found on page 90 of the financial section of the 2020 Annual Report.

#### Shares, participation certificates, and bonus certificates

As at 31 December 2021, Komax Holding AG had fully paid-up capital of CHF 385 000.00 and distributed over 3 850 000 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 below “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 (Articles of Association, Section 6 para. 2).

Registration of an acquirer of shares as a “voting shareholder” may be refused under Komax Holding AG’s Articles of Association (Section 6 para. 4) if, as a result of such recognition, the acquirer would directly or indirectly hold more than 15% of the total number of shares recorded in the Commercial Register. Legal entities and groups with joint legal status that 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 that act in concert by virtue of agreement, syndicate, or in some other manner, are regarded as a single acquirer for the purposes of this provision. This limitation also applies in the case of the acquisition of registered shares through the exercising of subscription rights, option rights, or conversion rights. No requests for an exception were made in the year under review. This restriction does not apply to the acquisition of shares through inheritance, division of an estate, or joint marital property. In connection with the planned quasi-merger of Komax Holding AG and Schleuniger AG, the Annual General Meeting of 13 April 2022 will be asked to approve the rescinding of the above-mentioned 15% restriction.

Komax Holding AG’s Articles of Association (Section 6 paras. 5 and 6) also 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 his/her own name and for his/her 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 towards the company in this respect. No notifications were submitted in the 2021 financial year (2020: no notifications).

At [www.six-exchange-regulation.com/en/home/publications/management-transactions.html](http://www.six-exchange-regulation.com/en/home/publications/management-transactions.html) (website of SIX Swiss Exchange) published notifications can be found.

## 3 Board of Directors

The Board of Directors comprised six individuals as at 31 December 2021. 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	2022	RC (Chairman)
David Dean, Vice Chairman	2014	2022	AC (Chairman)
Andreas Häberli	2017	2022	RC
Kurt Haerri	2012	2022	AC
Marieel Hoch	2019	2022	AC
Roland Siegwart	2013	2022	RC

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 38 and 39 of the Annual Report.

### Statutory regulations with respect to the number of permissible activities as per Art. 12 para. 1 point 1 ERCO

According to Section 21 para. 3 of 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 that are obliged to have themselves entered in the Commercial Register or in a corresponding foreign register and that 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, of 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.

#### **Election and term of office**

According to the Articles of Association (Section 14 para. 1), 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 Chairman. Members may be re-elected. There is no restriction on the length of a member's term of office. The Articles of Association provide no regulations regarding the appointment of the Chairman and the members of the Board of Directors that deviate from statutory provisions.

Komax 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. Komax 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 Chairman and all other members of the Board of Directors will be proposed for re-election at the next Annual General Meeting on 13 April 2022. In addition, in connection with the planned quasi-merger of Komax Holding AG and Schleuniger AG, the Board of Directors is proposing the election of Dr. Jürg Werner, who will represent new anchor shareholder Metall Zug AG, as an additional member of the Board of Directors.

#### **Internal organization**

The Board of Directors consists of the Chairman and a maximum of six other Board members. With the exception of the Chairman, 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 Chairman becomes vacant during the period of office, the Board of Directors will nominate a new Chairman for the remaining period of office, whereby this person must be an existing member of the Board of Directors.

The Chairman is responsible for chairing meetings. The Board of Directors additionally appoints a Secretary, who does not need to be a member of the Board of Directors. The Board of Directors meets as often as business requires, but no less than four times per year. It convenes at the invitation of the Chairman. Each member of the Board of Directors is also entitled to demand that a meeting be called to discuss a particular topic. In this case, the Chairman 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 are present in person. The resolutions of the Board of Directors are adopted by an absolute majority of votes present. In the event of a tie, the Chairman casts the deciding vote. All resolutions are minuted. In cases of urgency, a meeting of the Board of Directors may be held by telephone or another appropriate medium. Resolutions by circular letter are permissible provided no Board member calls for verbal discussion.

Six ordinary meetings as well as seven extraordinary meetings of the Board of Directors were held in 2021. All Board members were present at all meetings. On average, these meetings lasted around five 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.

The Board of Directors regularly undertakes an evaluation 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 a 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. The members' term of office ends with the conclusion of the next Annual General Meeting. Re-election is permissible. The current members are Beat Kälin (Chair), Andreas Häberli, and Roland Siegwart. The Board of Directors is proposing to the Annual General Meeting of 13 April 2022 the re-election of the three current members; Roland Siegwart will take over the role of Chair following the election.

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 his/her 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 and other members of the Executive Committee may attend these meetings in an advisory capacity. However, they do not take part in discussions concerning their own compensation. The Committee Chairman reports to the Board of Directors on the activities of the Committee after every meeting. The minutes of Committee meetings are made available to members of the Board of Directors.

In 2021, the Committee held two ordinary meetings and one extraordinary meeting; in each case, all members were present. 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 Remuneration Committee include supporting the Board of Directors in the fulfilment of the compensation and staff policy duties assigned to it by current legislation and the Articles of Association. In particular, the Remuneration Committee puts forward proposals on remuneration policy and prepares all relevant decision-making material for the Board of Directors with respect to the appointment and remuneration of members of the Board of Directors and the Executive Committee. The detailed tasks and competencies of the Remuneration Committee are formulated in a set of Regulations for the Remuneration Committee. Further details on the Remuneration Committee can be found in the Compensation Report on pages 71 to 83.

#### – Audit Committee

The members of the Audit Committee are David Dean (Chair), Kurt Haerri, and Mariel Hoch. The Committee meets at least twice a year. Three ordinary meetings took place in 2021, with all members being present on all three 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.



**Definition of areas of responsibility**

According to Art. 716a para. 1 CO and Section 19 of the Articles of Association, the Board of Directors must fulfill 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, insofar as this is necessary for the management of the company
- 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, making preparations for the Annual General Meeting, and executing the resolutions passed by the Annual General Meeting
- Drawing up the Compensation Report
- Informing the courts 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 Chairman, 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 Chairman of the Board of Directors and the CEO are in regular contact to discuss important questions 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, business risks, financial risks, risks arising in connection with corporate governance, 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 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 & 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 2021 the Executive Committee comprised the CEO, the CFO, and four further members.

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

As of 1 January 2022, the Executive Committee temporarily comprises five members as it awaits the appointment of a successor to Marcus Setterberg, who left the company at the end of 2021. Biographies of the individual members of the Executive Committee are provided on pages 40 and 41.

### Other activities and interests

Aside from the mandates listed on pages 40 and 41, 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 2021.

**Statutory regulations with respect to the number of permissible activities as per Art. 12 para. 1 ERCO**

According to Section 26 para. 1 of 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 fulfilment 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 71 to 83 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/articles-of-association](http://www.komaxgroup.com/articles-of-association).

**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. Treasury shares do not confer the right to vote. No single shareholder may directly or indirectly exercise the votes of more than 15% of the total number of shares recorded in the Commercial Register for his/her own registered shares and shares voted by proxy. Legal entities and groups with joint legal status that 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 that 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. In connection with the planned quasi-merger of Komax Holding AG and Schleuniger AG, the Annual General Meeting of 13 April 2022 will be asked to approve the rescinding of restriction on voting rights of 15%.

Shareholders may be represented at the Annual General Meeting by another shareholder with voting rights on the basis of a written power of attorney, and by the independent proxy on the basis of an electronic or written power of attorney. The Chairman 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. The statutory voting rights limitation may be removed by a resolution by the Annual General Meeting. Such a resolution must be carried by an absolute majority of voting shares represented.

#### **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. Shareholders representing at least 1% 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 as a “shareholder with voting rights” up to a maximum of 15% of the total number of shares published in the Commercial Register. Any person owning more than 15% of the published shares will be entered as a “non-voting shareholder” for the portion in excess of 15% (Komax Holding AG Articles of Association, Section 6 para. 4; see also “Restrictions on transferability of shares and nominee registrations” on page 61). In connection with the planned quasi-merger of Komax Holding AG and Schleuniger AG, the Annual General Meeting of 13 April 2022 will be asked to approve the rescinding of this restriction on registration rights of 15%.

#### **Invitation to the Annual General Meeting of 13 April 2022**

All shareholders registered in the Komax Holding AG share register as at 5:00 p.m. on 6 April 2022 are entitled to vote in respect of the number of shares registered in their name at the Annual General Meeting of 13 April 2022. Shareholders registered on 10 March 2022 will receive an invitation with 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 6 April 2022 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. Komax 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 five years' time 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 621 920 in the 2021 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 2021 financial year, PricewaterhouseCoopers invoiced additional fees amounting to a total of CHF 85 121. This breaks down into fees of CHF 77 471 for tax and legal advice and CHF 7 650 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 Head of 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. 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](http://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 of 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](http://www.komaxgroup.com). Media and analyst conferences are held at least once a year. Anyone who wants to receive all media releases of Komax Holding AG by e-mail should sign up to the mailing list on the Komax website.

### 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, as well as 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 Chairman 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 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 2021 is disclosed in detail. The Compensation Report has been drawn up in accordance with the provisions of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the Directive 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,**

In 2021, Komax demonstrated a continuous recovery from the challenges brought by the previous years. The repercussions of the coronavirus pandemic, difficulties with supply chains, and numerous other challenges meant an intensive workload for management throughout the entire year. On top of this came the time-consuming development of the transaction agreement with Metall Zug for the planned combination with the Schleuniger Group. This also imposed a considerable workload on the Board of Directors, as is reflected in the seven extraordinary meetings of the Board held during the year, in addition to its six ordinary meetings.

The Remuneration Committee dealt with various personnel issues in 2021. This included the initiation in the second half of the year of the search for a successor to Marcus Setterberg, who had been a member of the Executive Committee since 2019 with responsibility for the testing systems business. Marcus Setterberg also held various other functions after joining Komax in 2007, and left the company at the end of 2021. CEO Matijas Meyer will assume ad interim responsibility for the testing business until the new member of the Executive Committee is found.

A slightly adjusted remuneration system for the Board of Directors entered into force at the start of the 2021 financial year: attendance fees are no longer paid for Board meetings, irrespective of how many ordinary and extraordinary meetings take place. Instead Board members receive a higher fixed fee, corresponding to the amount that had been paid under the previous system involving six board meetings. Membership of a committee is remunerated with a fixed fee equivalent to the previous attendance fees for two meetings. As a result of this system change, the numerous extraordinary meetings held in 2021 had no impact on remuneration. Under the previous system, remuneration would have worked out higher in 2021 due to the additional attendance fees.

The remuneration system for the Executive Committee was also updated by making the performance target under the long-term incentive system more broad-based. Previously, average RONCE over the three-year planning period was the only performance indicator for calculating the payout factor for the allocated Performance Share Units (PSU). Since the start of the three-year planning period at the beginning of 2021, there have been three performance indicators of equal value: revenue growth, EBIT margin, and TSR (total shareholder return) compared with a peer group.

As is customary, you will be able to vote on the latest Compensation Report at the Annual General Meeting on 13 April 2022. Our remuneration policy has been moderate for many years, and will remain so going forward. The votes on the proposed maximum possible total compensation packages for the Board of Directors and Executive Committee for the 2023 financial year allow you to express your opinion on our remuneration system. This is something we value very much. In order to ensure continuity, the current members of the Remuneration Committee – Andreas Häberli, Beat Kälin, and Roland Siegwart – will stand for re-election. With a view to spreading responsibilities more broadly in the future, Roland Siegwart will be proposed as the new Chairman of the Remuneration Committee in the re-election process, taking over from Beat Kälin.

You can find detailed information on our compensation model and the compensation granted to the Board of Directors and the Executive Committee in 2021 on the following pages.

Yours sincerely,



Dr. Beat Kälin  
Chairman of the Remuneration Committee

## 2 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.

It has the following responsibilities and competencies:

- Development and regular review of staff policy and compensation policy, including the principles of variable compensation and shareholding program
- Annual review and determination of the maximum total compensation amounts 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 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.

### Delineation of competencies

	CEO	Committee	BoD	AGM
Compensation policy, including the principles of variable compensation and participation program		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 2021 Annual General Meeting elected Beat Kälin (Chairman), Andreas Häberli, and Roland Siegwart to the Committee.

The Remuneration Committee meets as often as business requires, but at least twice a year, generally in March and December. Compensation issues are discussed at the March meeting. These discussions include the assessment of the individual performance of the CEO and other members of the Executive Committee for the previous year, the determination of the individual compensation payable to members of the Board of Directors and the Executive Committee, and the approval of the Compensation Report. At the December meeting, staffing questions are discussed, along with corporate governance issues. In addition, the performance targets for the CEO and the other members of the Execu-

tive Committee are set for the following year. In the reporting year, the Committee held two ordinary meetings and one extraordinary meeting; in each case, all members were present. The Chairman 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 Chairman 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 consultants and draw on their assistance when fulfilling its duties.

### 3 Provisions of the Articles of Association on compensation

In compliance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), 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 sections 13 and 25 of the Articles of Association:

<b>Principles for the compensation of members of the Board of Directors</b>	<ul style="list-style-type: none"> <li>– Members of the Board of Directors receive fixed compensation in cash as well as in shares under the company's employee participation program.</li> <li>– The calculated value (fair value) of the shares at the time of allocation may not exceed the amount of compensation paid in cash.</li> <li>– The Board of Directors determines the conditions that apply to shares.</li> <li>– The lock-in periods are at least three years.</li> </ul>
<b>Principles for the compensation of members of the Executive Committee</b>	<ul style="list-style-type: none"> <li>– Members of the Executive Committee receive a fixed base salary, variable performance-related compensation, and shares under the company's employee participation program.</li> <li>– 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.</li> <li>– 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.</li> <li>– 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.</li> <li>– The lock-in periods are at least three years.</li> </ul>
<b>Binding vote on the compensation paid to the Board of Directors and Executive Committee</b>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– 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.</li> </ul>
<b>Additional sum for payments to members of the Executive Committee appointed after the binding vote of the AGM</b>	<ul style="list-style-type: none"> <li>– 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.</li> </ul>
<b>Pension benefits</b>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– The benefits and the employer contributions are solely drawn from the above-mentioned occupational plans.</li> <li>– Retirement benefits are provided solely within the context of the company's ordinary pension plans.</li> </ul>

The Articles of Association of Komax Holding AG can be found at [www.komaxgroup.com/articles-of-association](http://www.komaxgroup.com/articles-of-association).

## 4 Principles of compensation policy

### 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 generally based on the typical levels of compensation paid to board members of other listed Swiss industrial companies of comparable size and complexity.

### Executive Committee

The compensation policy for 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 aims for 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. It is also designed to motivate top managers to achieve exceptional performance and to retain them in the long term. The amount of compensation awarded reflects the company's long-term financial success.

<b>Performance orientation</b>	A significant proportion of compensation is directly linked to the operating and financial performance of the company and the attainment of individual objectives.
<b>Alignment with shareholder interests</b>	A proportion of compensation consists of Performance Share Units, which are intended to align the interests of management more closely with the long-term interests of the shareholders. Furthermore, there is a direct correlation between the amount of compensation paid and the long-term success of the company.
<b>Market comparability</b>	The compensation rates are in line with the market when compared with similar positions in comparable companies.
<b>Fair compensation</b>	The compensation reflects the job profile, the responsibility, the capabilities, and the experience of the function holder.
<b>Transparency</b>	The compensation system is straightforward and transparent.

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

<b>Practice of competitors</b>	Compensation paid by other international Swiss industrial companies listed on the SIX Swiss Exchange and included in the SPI Extra. These are companies of comparable complexity, size, and geographic reach to Komax from the sectors of systems and mechanical engineering, automation, chemicals, electrical engineering, logistics, and supply engineering. The sources used for the benchmark comparison are publicly accessible data such as compensation reports and the Ethos study on remuneration in Swiss companies. As a number of benchmark studies had been conducted in 2019 to review the compensation of Executive Committee members, no benchmark studies were conducted in 2020 and 2021. Based on the results of the 2019 study individual target compensation amounts need to be increased. This has been addressed in several stages since 2019.
<b>Performance</b>	The financial performance of the company and its relevant business areas, and the attainment of individual targets agreed as part of the annual performance management process.
<b>Available financial resources of the company and market situation</b>	Budget-related considerations, inflation, and wage trends in the local market.

## 5 Structure of the compensation system

### 5.1 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 compensation depends on the responsibilities of the individual as well as the time taken up by their mandate, and is based on the following structure:

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

<sup>1</sup> 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.

Since 2021, members of the Board of Directors have no longer been receiving attendance fees for participating in Board of Directors and Committee meetings. Instead, the basic fee for the individual functions was increased (Chair, Vice Chair, and member of the Board of Directors) and the Chair and members of a Committee will now receive a fixed fee for their additional function. The new basic fee paid out corresponds to the amount received under the previous system for attending six Board of Directors meetings or two Committee meetings. This basic fee covers all ordinary and extraordinary meetings of the Board of Directors and the Committees.

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.

The basic annual fee in cash (incl. expense allowance) 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 retirement, death, or disability, the entitlement to restricted shares is calculated on a pro rata temporis basis. 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 the ordinary Board of Directors activity. No such additional compensation was paid in 2021.

The Compensation granted to members of the Board of Directors is subject to the standard social security deductions. The members of the Board of Directors do not participate in the staff pension plans of Komax.

## 5.2 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.

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

### a) Fixed compensation

The fixed compensation component consists of a fixed base salary and a fixed company car allowance, to which members of the Executive Committee are entitled according to 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 the so-called 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 (internal benchmark)
- the individual profile of the function holder, e.g. skills, capabilities, 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 basic salary for the CEO and all other members of the Executive Committee. The cash bonus is generally 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 and 25% on the basis of individual performance. The reference values relevant to the 2021 financial year were Group revenues and Group EBIT. 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. This also forms the basis for determining the performance achievement level and cash bonus of the CFO, which is likewise determined by the Remuneration Committee. 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 and 75% on the basis of individual

performance. The reference value relevant to the 2021 financial year was Group EBIT. 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.

#### Target attainment

The attainment of financial targets is evaluated after the end of the financial year; it may fall anywhere within a bandwidth of 0% to 200%.

The individual performance component is based on the attainment of personal objectives agreed as part of the annual performance management process. These objectives may be both quantitative 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, 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%.

	CEO and CFO	Other members of the Executive Committee
<b>Financial performance</b>	25% revenues (Group) 50% EBIT (Group)	25% EBIT (Group)
<b>Individual performance</b>	25% individual objectives	75% individual objectives <sup>1</sup>
<b>Payout bandwidth</b>	0%–175%	0%–175%

<sup>1</sup> Attainment of individual quantitative targets can fall anywhere within a bandwidth of 0% to 200%.

To ensure that the Komax Group does not suffer any competitive disadvantage, 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 an in-depth insight into Komax's strategy, which could in turn jeopardize the implementation of this strategy. The annually defined objectives are generally very ambitious, and are designed to help the Komax Group achieve its medium-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 three years (revenue growth, EBIT margin and total shareholder return [TSR]) and the continuation of the employment relationship. The Board of Directors determines the allocation amounts in CHF, taking account of the importance of the function and its impact on corporate results.

For the purpose of calculating the TSR performance factor, the deviation of the Komax TSR from the mean TSR of a peer group is relevant. The peer group is made up of 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.

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, for example, the RONCE figures for the planning period from 2020 to 2022 for the years 2021 and 2022 are still decisive, and not the three new performance indicators.



**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 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 between 0% and 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 rule:

- 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.

Number of shares allocated at time of vesting	=	Number of PSUs originally granted to the individual in question	X	Vesting factor (0%–150%)
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**Duration of plan**

Plan period (2021–2023)		
2021 plan year	2022 plan year	2023 plan year
Sum of performance factors (revenue growth, EBIT margin, TSR) for the three individual years		

1 January 2021  
allocation of PSUs

31 December 2023  
**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 regulation; 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.

**d) Occupational benefits**

Members of the Executive Committee are insured under Komax's ordinary staff pension scheme in Switzerland. The amount insured is the annual fixed base salary 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.

## 6 Compensation and shareholdings of the Board of Directors in 2021

Section 6 of the Compensation Report was audited by the company's external auditor.

### 6.1 Compensation

In 2021, six members of the Board of Directors received total compensation of CHF 954 309 (2020: CHF 831 859), of which CHF 707 500 was paid out in cash (2020: CHF 591 751), CHF 190 000 in the form of restricted shares (2020: CHF 190 000), and CHF 56 809 as social benefit contributions (2020: CHF 50 108). Contributions to pension plans amounted to CHF 0 (2020: CHF 0).

In light of the negative effects of the coronavirus pandemic on the result for 2020, the members of the Board of Directors opted to forgo 20% of their fixed fee in cash from May to December 2020.

in CHF		Basic annual fee <sup>1</sup>	Allocation restricted shares <sup>2</sup>	Social benefits <sup>3</sup>	Total compensation 2021	Total compensation 2020
Beat Kälin	Chairman	227 500	60 000	11 681	<b>299 181</b>	261 963
David Dean	Member	100 000	30 000	9 656	<b>139 656</b>	122 176
Andreas Häberli	Member	95 000	25 000	8 868	<b>128 868</b>	111 930
Kurt Haerri	Member	95 000	25 000	8 868	<b>128 868</b>	111 930
Mariel Hoch	Member	95 000	25 000	8 868	<b>128 868</b>	111 930
Roland Siegwart	Member	95 000	25 000	8 868	<b>128 868</b>	111 930
<b>Total Board of Directors</b>		<b>707 500</b>	<b>190 000</b>	<b>56 809</b>	<b>954 309</b>	<b>831 859</b>

<sup>1</sup> Basic annual fee in cash (incl. expense allowance).

<sup>2</sup> 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 2021 was CHF 238.75.

<sup>3</sup> Includes mandatory employer contributions to social insurance.

No compensation was paid to former members of the Board of Directors for the 2020 and 2021 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 2021. 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.

### 6.2 Holdings of shares as at 31 December 2021

As at the end of 2020 and 2021, members of the Board of Directors had the following holdings of shares in the company:

Assets in units		31.12.2021	31.12.2020
		Shares	Shares
Beat Kälin	Chairman	10 567	10 316
David Dean	Member	1 426	1 300
Andreas Häberli	Member	436	331
Kurt Haerri	Member	3 235	3 130
Mariel Hoch	Member	248	143
Roland Siegwart	Member	2 376	2 271
<b>Total Board of Directors</b>		<b>18 288</b>	<b>17 491</b>

## 7 Compensation and shareholdings of the Executive Committee in 2021

Section 7 of the Compensation Report was audited by the company's external auditor.

### 7.1 Compensation at grant value

In 2021, six members of the Executive Committee received total compensation of CHF 3 961 276 (2020: CHF 2 790 230). Of this amount, CHF 1 886 196 was paid as fixed compensation (2020: CHF 1 643 454) and CHF 1 134 228 as cash bonuses (2020: CHF 262 500), CHF 596 667 was granted as Performance Share Units (2020: CHF 565 000), and CHF 344 185 comprised social security and pension fund contributions (2020: CHF 319 275).

in CHF		Fixed compensation <sup>1</sup>	Cash bonus <sup>2</sup>	PSU allocation (plan period 2021–2023) <sup>3</sup>	Social benefits <sup>4</sup>	Total compensation 2021	Total compensation 2020
Matijas Meyer <sup>5</sup>	CEO	498 435	437 500	220 000	87 780	<b>1 243 715</b>	822 832
Total other members of the Executive Committee <sup>6</sup>		1 387 761	696 728	376 667	256 405	<b>2 717 560</b>	1 967 397
<b>Total Executive Committee</b>		<b>1 886 196</b>	<b>1 134 228</b>	<b>596 667</b>	<b>344 185</b>	<b>3 961 276</b>	<b>2 790 230</b>

<sup>1</sup> Expense allowances are not included in the fixed compensation as these are not considered compensation.

<sup>2</sup> Bonus for 2021, to be paid in April 2022.

<sup>3</sup> 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 2021 was CHF 171.21.

<sup>4</sup> Includes mandatory employer contributions to social insurance of CHF 85 820 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.

<sup>5</sup> Highest compensated member of the Executive Committee in 2021.

<sup>6</sup> An additional member was appointed to the Executive Committee as at 1 July 2020.

### Notes on the compensation overview

In 2021, the CEO's cash bonus amounted to 88% of fixed compensation (2020: 14%). 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 50% of fixed compensation (2020: 17%). The PSUs granted to the CEO in the year under review corresponded to 44% of the annual fixed compensation (2020: 48%) and 27% for the other members of the Executive Committee (2020: 29%). This is in line with the provisions of the company's Articles of Association, which allows 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 2021 therefore amounted to 132% of the annual fixed compensation (2020: 62%) and that of the other members of the Executive Committee to 77% (2020: 46%). Further details on the participation plans can be found in the notes to the consolidated financial statements, on pages 115 to 117 of the Financial Report 2021.

No compensation was paid to former members of the Executive Committee for the 2020 and 2021 financial years. 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 2021. No members of the Executive Committee or persons closely linked to them are or were involved in Komax Group transactions outside their normal duties.

## 7.2 Realized compensation

The annually allocated Performance Share Units are paid out to the members of the Executive Committee in the form of shares after a three-year vesting period. In 2021, this payout took place for the period 2018–2020. The members of the Executive Committee received shares with a total value of CHF 155 560 (allocation amount on 1 January 2018: CHF 416 000, relevant share price: CHF 295.00). In 2020, shares with a total value of CHF 132 027 were remunerated.

The total compensation figure for 2021 of CHF 3 520 169 (2020: CHF 2 357 257) is significantly below the maximum amount of CHF 4 150 000 (2020: CHF 4 230 000) approved by the 2020 Annual General Meeting.

in CHF		Fixed compensation <sup>1</sup>	Cash bonus <sup>2</sup>	Compensation amount PSU plan period (2017–2019)	Social benefits <sup>3</sup>	Total compensation 2021	Total compensation 2020
Matijas Meyer <sup>4</sup>	CEO	498 435	437 500	67 394	87 780	<b>1 091 109</b>	667 702
Total other members of the Executive Committee <sup>5</sup>		1 387 761	696 728	88 166	256 405	<b>2 429 060</b>	1 689 555
<b>Total Executive Committee</b>		<b>1 886 196</b>	<b>1 134 228</b>	<b>155 560</b>	<b>344 185</b>	<b>3 520 169</b>	<b>2 357 257</b>

<sup>1</sup> Expense allowances are not included in the fixed compensation as these are not considered as compensation.

<sup>2</sup> Bonus for 2021, to be paid in April 2020.

<sup>3</sup> Includes mandatory employer contributions to social insurance of CHF 85 820 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.

<sup>4</sup> Highest compensated member of Executive Committee in 2021.

<sup>5</sup> An additional member was appointed to the Executive Committee as at 1 July 2020.

## 7.3 Holdings of shares as at 31 December 2021

As at the end of 2020 and 2021, members of the Executive Committee had the following holdings of shares in the company:

Assets in units		31.12.2021	31.12.2020
		Shares	Shares
Matijas Meyer	CEO	4 689	4 397
Andreas Wolfisberg	CFO	803	673
Jürgen Hohnhaus	Executive Vice President	0	0
Tobias Rölz	Executive Vice President	58	0
Marc Schürmann	Executive Vice President	416	319
Marcus Setterberg	Executive Vice President	353	256
<b>Total Executive Committee</b>		<b>6 319</b>	<b>5 645</b>



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

## Report on the audit of the compensation report

We have audited the accompanying compensation report (Art. 6 and 7) of Komax Holding AG for the year ended 31 December 2021.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans, and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

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

### Opinion

In our opinion, the compensation report of Komax Holding AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to be 'T. Brüderlin', written over a horizontal line.

Thomas Brüderlin  
Audit expert  
Auditor in charge

A handwritten signature in black ink, appearing to be 'K. Petzi', written over a horizontal line.

Korbinian Petzi  
Audit expert

Basel, 14 March 2022

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## Consolidated income statement

in TCHF	Notes	2021	%	2020	%
Net sales		415 921		321 741	
Other operating income	1.2	5 146		5 882	
<b>Revenues</b>	1.2	<b>421 067</b>	<b>100.0</b>	<b>327 623</b>	<b>100.0</b>
Change in inventory of unfinished and finished goods		19 416		-6 509	
Cost of materials		-174 576		-121 254	
<b>Gross profit</b>		<b>265 907</b>	<b>63.2</b>	<b>199 860</b>	<b>61.0</b>
Personnel expenses	1.3	-157 998		-131 023	
Depreciation on property, plant, and equipment	2.3	-11 593		-11 122	
Depreciation on intangible assets	2.4	-3 956		-3 964	
Other operating expenses	1.3	-47 566		-42 497	
<b>Operating profit (EBIT)</b>		<b>44 794</b>	<b>10.6</b>	<b>11 254</b>	<b>3.4</b>
Financial result	1.4	-6 577		-8 927	
<b>Group earnings before taxes (EBT)</b>		<b>38 217</b>	<b>9.1</b>	<b>2 327</b>	<b>0.7</b>
Income taxes	1.5	-7 842		-3 646	
<b>Group earnings after taxes (EAT)</b>		<b>30 375</b>	<b>7.2</b>	<b>-1 319</b>	<b>-0.4</b>
Of which attributable to:					
- Shareholders of Komax Holding AG		30 375		-1 319	
- Non-controlling interest		0		0	
Basic earnings per share (in CHF)	1.6	7.90		-0.34	
Diluted earnings per share (in CHF)	1.6	7.87		-0.34	

## Consolidated balance sheet

in TCHF	Notes	31.12.2021	%	31.12.2020	%
<b>Assets</b>					
Cash and cash equivalents		50 671		51 836	
Securities		13		13	
Trade receivables	2.1	108 955		86 314	
Other receivables	2.1	18 919		19 836	
Inventories	2.2	112 093		89 284	
Accrued income and prepaid expenses		5 676		5 936	
Assets held for sale	2.3	17 568		0	
<b>Total current assets</b>		<b>313 895</b>	<b>61.0</b>	<b>253 219</b>	<b>56.0</b>
Property, plant, and equipment	2.3	175 502		172 980	
Intangible assets	2.4	13 891		14 936	
Deferred tax assets	1.5	10 989		10 109	
Other non-current receivables	2.5	614		845	
<b>Total non-current assets</b>		<b>200 996</b>	<b>39.0</b>	<b>198 870</b>	<b>44.0</b>
<b>Total assets</b>		<b>514 891</b>	<b>100.0</b>	<b>452 089</b>	<b>100.0</b>
<b>Liabilities</b>					
Current financial liabilities	3.1	7 478		7 106	
Trade payables		22 394		14 410	
Other payables	2.6	43 294		31 890	
Current provisions	2.6	2 657		2 705	
Accrued expenses and deferred income		25 882		16 638	
<b>Total current liabilities</b>		<b>101 705</b>	<b>19.8</b>	<b>72 749</b>	<b>16.1</b>
Non-current financial liabilities	3.1	141 597		137 169	
Other non-current liabilities		1 363		1 106	
Deferred tax liabilities	1.5	5 322		4 579	
<b>Total non-current liabilities</b>		<b>148 282</b>	<b>28.8</b>	<b>142 854</b>	<b>31.6</b>
<b>Total liabilities</b>		<b>249 987</b>	<b>48.6</b>	<b>215 603</b>	<b>47.7</b>
Share capital	3.2	385		385	
Capital surplus		22 113		22 113	
Treasury shares	3.2	-1 888		-1 106	
Retained earnings		244 294		215 094	
<b>Equity attributable to shareholders of Komax Holding AG</b>		<b>264 904</b>	<b>51.4</b>	<b>236 486</b>	<b>52.3</b>
<b>Total liabilities and shareholders' equity</b>		<b>514 891</b>	<b>100.0</b>	<b>452 089</b>	<b>100.0</b>

## Consolidated statement of shareholders' equity

in TCHF	Notes	Share capital	Premium	Treasury shares	Goodwill offset	Currency differences	Other retained earnings	Total retained earnings	Shareholders' equity of Komax Holding AG
<b>Balance as at 1 January 2020</b>		<b>385</b>	<b>22 113</b>	<b>-1 656</b>	-90 619	-9 786	324 167	<b>223 762</b>	<b>244 604</b>
Group earnings after taxes							-1 319	-1 319	-1 319
Purchase of treasury shares	3.2			-540				0	-540
Share-based payments				1 090			-99	-99	991
Currency translation differences recorded in the reporting period						-7 250		-7 250	-7 250
<b>Balance as at 31 December 2020</b>		<b>385</b>	<b>22 113</b>	<b>-1 106</b>	-90 619	-17 036	322 749	<b>215 094</b>	<b>236 486</b>
<b>Balance as at 1 January 2021</b>		<b>385</b>	<b>22 113</b>	<b>-1 106</b>	-90 619	-17 036	322 749	<b>215 094</b>	<b>236 486</b>
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
<b>Balance as at 31 December 2021</b>		<b>385</b>	<b>22 113</b>	<b>-1 888</b>	-90 619	-19 510	354 423	<b>244 294</b>	<b>264 904</b>

## Consolidated cash flow statement

in TCHF	Notes	2021	2020
<b>Cash flow from operating activities</b>			
Group earnings after taxes		30 375	-1 319
Adjustment for non-cash items			
- Taxes	1.5	7 842	3 646
- Depreciation and impairment of property, plant, and equipment	2.3	11 593	11 122
- Depreciation and impairment of intangible assets	2.4	3 956	3 964
- Profit (-) / loss (+) from sale of non-current assets		674	-176
- Expense for share-based payments		2 016	991
- Net financial result	1.4	6 577	8 927
Interest received and other financial income		630	421
Interest paid and other financial expenses		-7 718	-6 550
Taxes paid		-4 147	-3 041
Increase (+) / decrease (-) in provisions		-19	-503
Increase (-) / decrease (+) in trade receivables		-23 551	13 403
Increase (-) / decrease (+) in inventories		-24 380	17 566
Increase (+) / decrease (-) in trade payables		9 175	-5 837
Increase (-) / decrease (+) in other net current assets		19 983	-848
<b>Total cash flow from operating activities</b>		<b>33 006</b>	<b>41 766</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant, and equipment	2.3	-34 854	-23 427
Sale of property, plant, and equipment		463	461
Investments in intangible assets	2.4	-3 208	-2 384
Sale of intangible assets		31	9
Investments in Group companies and participations <sup>1</sup>		-930	-990
<b>Total cash flow from investing activities</b>		<b>-38 498</b>	<b>-26 331</b>
Free cash flow <sup>2</sup>		-5 492	15 435
<b>Cash flow from financing activities</b>			
Payments for current financial liabilities		-21	-11 367
Payments for non-current financial liabilities		-3 099	-28 660
Proceeds from current financial liabilities		685	1 350
Proceeds from non-current financial liabilities		7 800	30 000
Purchase of treasury shares	3.2	-1 499	-540
<b>Total cash flow from financing activities</b>		<b>3 866</b>	<b>-9 217</b>
Effect of currency translations on cash and cash equivalents		461	-1 836
<b>Increase (+) / decrease (-) in funds</b>		<b>-1 165</b>	<b>4 382</b>
Cash and cash equivalents at 1 January		51 836	47 454
Cash and cash equivalents at 31 December		50 671	51 836

<sup>1</sup> Less cash and cash equivalents acquired.

<sup>2</sup> 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.

The present consolidated financial statements were adopted by the Board of Directors of Komax Holding AG on 14 March 2022 and released for publication. Their approval by the Annual General Meeting, scheduled for 13 April 2022, 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 2021. 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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Recognition of revenue according to the POC method	93
Current and deferred income taxes	98
Impairment of property, plant, and equipment	101
Impairment of intangible assets and goodwill	105
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Provisions	106

**Key events of the reporting period**

As mentioned on pages 2 and 3 of the Shareholders' letter, 2021 was a year of recovery. Order intake and revenues increased sharply and were well above 2020 levels. In keeping with these higher volumes, short-time working was fully rescinded over the course of 2021. Government grants of CHF 3.9 million (2020: CHF 24.6 million), in the form of compensation for short-time working, were therefore significantly lower than in the prior-year period.

Group earnings after taxes amounted to CHF 30.4 million (2020: CHF -1.3 million) and were less impacted by the negative financial result of CHF -6.6 million (2020: CHF -8.9 million) than in the prior-year period. The tax rate for the year came to 20.5% (2020: 156.7%).

As a result of the changed market environment, the covenant for the syndicated loan facility had been adjusted for the period 30 June 2020 to 30 June 2021: For these twelve months, EBITDA was regarded as the binding financial indicator and not the debt factor as was the case previously. Since 30 June 2021, the debt factor has once again served as the binding financial indicator. The debt factor amounted to 1.63 as at 31 December 2021, and was therefore well below the maximum permitted level of 3.25.

In the second half of 2021, Komax acquired land in Dierikon together with a production and office building from the lift manufacturer Schindler. The property is located immediately adjacent to the Komax headquarters and will make it possible to bring together the Swiss activities in Dierikon in the future. Komax will sell the building at its existing production site in Rotkreuz over the course of 2022 (see note 2.3 property, plant, and equipment).

In order to streamline structures, mergers were completed in France and the United States which took effect on 1 January 2021. In France, Komax France Sàrl. and Laselec SA were merged to form the new company Komax Laselec SA. The two US subsidiaries Komax Corporation and Artos Engineering Company were amalgamated to form Komax Corporation by means of an absorption merger.

**Events after the balance sheet date**

On 9 February 2022, Komax announced its impending quasi-merger with the Schleuniger Group. In order to secure their long-term competitiveness and continue to consistently drive forward the automation of wire processing with cutting-edge products and solutions, Komax and Schleuniger are seeking to merge. To this end, Metall Zug AG will bring its Wire Processing division, the Schleuniger Group, into Komax Holding AG and receive a 25% stake in Komax Holding AG in return. Komax and Metall Zug have signed the corresponding agreement. The transaction will be effected through a quasi-merger. To implement this combination, Komax will propose to the Annual General Meeting of 13 April 2022 the creation of an authorized capital increase to issue 1 283 333 new shares. These will be allocated to Metall Zug AG in exchange for the shares of Schleuniger AG. Completion of the quasi-merger is subject to the approval by the Annual General Meeting and the relevant competition authorities.

In February 2022, a further subsidiary was founded in the form of Komax Testing India Private Limited, which will commence operations in the first half of 2022. The purpose of this new company is to consistently harness the opportunities that arise in the testing business in the Indian market and provide customers with solutions more rapidly.

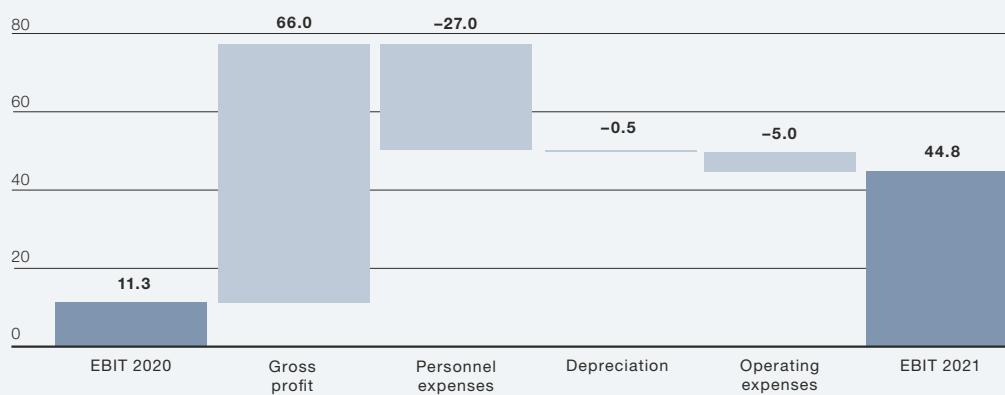
No other significant events occurred between the balance sheet date and the approval of the consolidated financial statements by the Board of Directors on 14 March 2022 which might adversely affect the information content of the 2021 consolidated financial statements or which would require disclosure.

## 1 Performance

In this section, we provide details of the 2021 result of the Komax Group. In addition to earnings per share, we also provide details on revenues, expenses, the financial result, and taxes.

The operating profit (EBIT) of the Komax Group increased from CHF 11.3 million in 2020 to CHF 44.8 million in 2021. The chart below illustrates the year-on-year change between the current reporting period and the prior year.

in CHF million



### 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, Komax helps its customers to 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 of the Group companies, Komax presents its business in amalgamated form as a single segment, in accordance with Swiss GAAP FER 31.

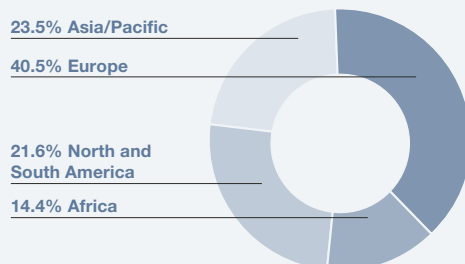


## 1.2 Revenues

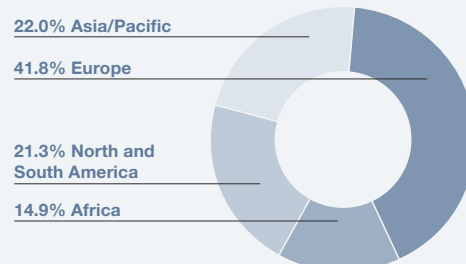
### a) Revenues by region

The percentage breakdown of revenues by region is as follows:

**2021**



**2020**



### b) Construction contracts

In the current reporting period, revenues of CHF 7.4 million (2020: CHF 9.6 million) were recorded from long-term construction contracts on the basis of the POC method.

### c) Other operating income

in TCHF	2021	2020
Own work capitalized	1 799	1 524
Government grants	855	1 223
Gains from the disposal of non-current assets	356	232
Other income	2 136	2 903
<b>Total other operating income</b>	<b>5 146</b>	<b>5 882</b>

In the current period, revenues from the rental of operational building of CHF 0.7 million (2020: CHF 0.2 million) and revenues from the rental of personnel of CHF 0.6 million (2020: CHF 0.7 million) were recognised in other income.

#### 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.

**Leases with Komax as lessor:** Contractual relationships in which Komax acts as lessor are reported as financial leases if all risks and returns associated with ownership are essentially transferred to the lessee. At the beginning of the lease, lease payments are recognized in the balance sheet in the amount of the net investment value arising from the lease. Revenue is recorded in the same way as the direct sale of goods. Financial income is spread over the term of the lease.

Assets that are the subject of operating leases are reported in the balance sheet in accordance with their characteristics, and are written down at the normal rates that apply to assets of that type. Lease income is recognized in the income statement on a linear basis over the term of the lease.

**Government grants:** Government grants are recognized if it is likely that the payments will be received and Komax 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	2021	2020
Wages and salaries	-125 703	-103 353
Share-based payments settled with equity instruments	-2 140	-944
Share-based payments settled in cash	-635	-147
Social security and pension contributions	-24 989	-22 618
Other personnel costs (in particular training and development)	-4 531	-3 961
<b>Total personnel expenses</b>	<b>-157 998</b>	<b>-131 023</b>

Personnel expenses include compensation from short-time working of CHF 3.9 million (2020: CHF 24.0 million). No restructuring costs are considered under personnel expenses (2020: CHF 1.5 million).

#### b) Other operating expenses

in TCHF	2021	2020
Expenditure on operating equipment and energy	-2 875	-2 745
Rental expenses	-2 698	-3 403
Repair and maintenance expenses	-13 710	-12 465
Third-party services for development expenses	-4 189	-4 720
Representation and marketing expenses	-6 225	-4 419
Legal and consultancy expenses	-4 602	-4 442
Shipping and packaging expenses	-7 263	-5 293
Expenditure on administration and sales	-2 600	-2 684
Insurance	-1 497	-1 708
Expenses from the liquidation of fixed assets	-1 031	-56
Other expenditure	-876	-562
<b>Total other operating expenses</b>	<b>-47 566</b>	<b>-42 497</b>

No restructuring costs are considered under other operating expenses (2020: CHF 0.1 million).

**Leases with Komax as lessee:** Only in exceptional cases does Komax 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 that 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 remain 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	2021	2020
Interest result (net)	-4 138	-4 637
Exchange rate translation differences (net)	-2 439	-4 290
<b>Total financial result</b>	<b>-6 577</b>	<b>-8 927</b>

#### Recognition and measurement

**Interest:** Interest income and expenses are accrued using the effective interest rate method.

#### 1.5 Taxes

##### a) Income taxes

in TCHF	2021	2020
Current income taxes	-8 302	-2 595
Deferred tax income (+) / tax expenses (-)	460	-1 051
<b>Total income taxes</b>	<b>-7 842</b>	<b>-3 646</b>

#### Analysis of the tax rate

in TCHF	2021	%	2020	%
Group earnings before taxes (EBT)	38 217		2 327	
<b>Expected tax expenses</b>	<b>-6 106</b>	<b>16.0</b>	<b>-1 576</b>	<b>67.7</b>
Impact of non-capitalized tax-loss carry forwards	-2 209	5.8	-2 058	88.5
Utilization of non-capitalized tax-loss carry forwards	1 699	-4.5	518	-22.3
Effect of changes in tax rate	-48	0.1	17	-0.8
Tax credits / charges from prior years	-152	0.4	-268	11.5
Effect of non-deductible expenses	-386	1.0	-287	12.4
Effect of non-taxable income	340	-0.9	385	-16.5
Non-reclaimable withholding taxes	-1 097	2.9	-278	11.9
Others	117	-0.3	-99	4.3
<b>Effective tax expenses</b>	<b>-7 842</b>	<b>20.5</b>	<b>-3 646</b>	<b>156.7</b>

As the Group is internationally active, 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 at 16.0% (2020: 67.7%).

**b) Deferred tax assets and liabilities**

in TCHF	31.12.2021	31.12.2020
Property, plant, and equipment / intangible assets	6 093	7 118
Trade receivables and inventories <sup>1</sup>	3 903	2 609
Provisions	1 760	1 391
Other items	1 484	1 314
<b>Total deferred tax assets (gross)</b>	<b>13 240</b>	<b>12 432</b>
Offset against deferred tax liabilities	-2 251	-2 323
<b>Balance sheet deferred tax assets</b>	<b>10 989</b>	<b>10 109</b>
Property, plant, and equipment / intangible assets	3 832	3 480
Trade receivables and inventories	2 388	2 234
Provisions	762	713
Other items	591	475
<b>Total deferred tax liabilities (gross)</b>	<b>7 573</b>	<b>6 902</b>
Offset against deferred tax assets	-2 251	-2 323
<b>Balance sheet deferred tax liabilities</b>	<b>5 322</b>	<b>4 579</b>
<b>Net deferred tax assets (+) / tax liabilities (-)</b>	<b>5 667</b>	<b>5 530</b>

<sup>1</sup> 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			
<b>31 December 2021</b>	10 222	57 540	<b>67 762</b>
31 December 2020	8 982	65 383	<b>74 365</b>

This results in a deferred tax claim (not recognized in the balance sheet) for as yet unutilized tax-loss carry forwards of CHF 16.2 million (31 December 2020: CHF 18.9 million) as well as CHF 3.4 million (31 December 2020: CHF 3.3 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 and 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	2021	2020
<b>Group earnings (attributable to shareholders of Komax Holding AG)</b>	<b>30 374 689</b>	<b>-1 319 334</b>
Weighted average number of outstanding shares	3 843 440	3 845 655
<b>Basic earnings per share</b>	<b>7.90</b>	<b>-0.34</b>
<b>Group earnings (attributable to shareholders of Komax Holding AG)</b>	<b>30 374 689</b>	<b>-1 319 334</b>
Weighted average number of outstanding shares	3 843 440	3 845 655
Adjustment for dilution effect of share-based compensation plans	13 858	0
Weighted average number of outstanding shares for calculating diluted earnings per share	3 857 298	3 845 655
<b>Diluted earnings per share</b>	<b>7.87</b>	<b>-0.34</b>

### Recognition and measurement

**Earnings per share:** Basic earnings per share are calculated by dividing the consolidated net earnings 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	<b>31.12.2021</b>	31.12.2020
Trade receivables	106 729	82 312
less provision for impairment	-267	-152
Accruals for construction contracts	5 835	12 580
less prepayments for construction contracts	-3 342	-8 426
<b>Receivables arising from POC</b>	<b>2 493</b>	<b>4 154</b>
<b>Total</b>	<b>108 955</b>	<b>86 314</b>

Overdue trade receivables that had not been written down amounted to CHF 26.2 million on 31 December 2021 (31 December 2020: CHF 22.7 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	
<b>As at 31 December 2021</b>	13 408	5 704	2 331	1 710	3 070	<b>26 223</b>
As at 31 December 2020	12 968	3 858	1 763	1 084	3 057	<b>22 730</b>

#### b) Other receivables

In addition to prepayments to suppliers of CHF 0.6 million (31 December 2020: 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	<b>31.12.2021</b>	31.12.2020
Manufacturing components and spare parts	61 270	59 211
Semi-finished goods / work in process	21 498	13 619
Finished goods	41 363	29 841
<b>Gross value inventories</b>	<b>124 131</b>	<b>102 671</b>
less impairment	-12 038	-13 387
<b>Inventories</b>	<b>112 093</b>	<b>89 284</b>

### 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 Property, plant, and equipment

in TCHF	Undeveloped property	Land	Buildings	Machines and equipment	Other tangible fixed assets	Assets under construction	Total property, plant, and equipment
<b>Costs</b>							
<b>As at 31 December 2019</b>	<b>1 444</b>	<b>16 900</b>	<b>109 156</b>	<b>47 711</b>	<b>14 016</b>	<b>58 505</b>	<b>247 732</b>
Additions	0	0	18 039	4 365	607	416	23 427
Disposals	0	0	0	-652	-323	0	-975
Reclassifications	0	0	51 119	6 800	4	-57 923	0
Currency differences	0	-302	-2 069	-1 398	-458	-14	-4 241
<b>As at 31 December 2020</b>	<b>1 444</b>	<b>16 598</b>	<b>176 245</b>	<b>56 826</b>	<b>13 846</b>	<b>984</b>	<b>265 943</b>
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 <sup>1</sup>	0	-4 564	-29 290	-119	2	-496	-34 467
Currency differences	0	-130	-1 646	-21	-278	-18	-2 093
<b>As at 31 December 2021</b>	<b>1 444</b>	<b>27 120</b>	<b>160 058</b>	<b>56 632</b>	<b>14 064</b>	<b>2 112</b>	<b>261 430</b>
<b>Depreciation</b>							
<b>As at 31 December 2019</b>	<b>0</b>	<b>0</b>	<b>-47 448</b>	<b>-27 635</b>	<b>-8 891</b>	<b>0</b>	<b>-83 974</b>
Additions	0	0	-4 666	-4 593	-1 863	0	-11 122
Disposals	0	0	0	413	303	0	716
Currency differences	0	0	360	751	306	0	1 417
<b>As at 31 December 2020</b>	<b>0</b>	<b>0</b>	<b>-51 754</b>	<b>-31 064</b>	<b>-10 145</b>	<b>0</b>	<b>-92 963</b>
Additions	0	0	-5 515	-4 458	-1 620	0	-11 593
Disposals	0	0	83	646	844	0	1 573
Reclassifications <sup>1</sup>	0	0	16 663	236	0	0	16 899
Currency differences	0	0	209	-217	164	0	156
<b>As at 31 December 2021</b>	<b>0</b>	<b>0</b>	<b>-40 314</b>	<b>-34 857</b>	<b>-10 757</b>	<b>0</b>	<b>-85 928</b>
<b>Book values</b>							
<b>As at 31 December 2019</b>	<b>1 444</b>	<b>16 900</b>	<b>61 708</b>	<b>20 076</b>	<b>5 125</b>	<b>58 505</b>	<b>163 758</b>
<b>As at 31 December 2020</b>	<b>1 444</b>	<b>16 598</b>	<b>124 491</b>	<b>25 762</b>	<b>3 701</b>	<b>984</b>	<b>172 980</b>
<b>As at 31 December 2021</b>	<b>1 444</b>	<b>27 120</b>	<b>119 744</b>	<b>21 775</b>	<b>3 307</b>	<b>2 112</b>	<b>175 502</b>

<sup>1</sup> The reclassifications relate to the building in Rotkreuz. As the building is held for sale, it was reclassified from fixed assets to current assets with a book value of 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.

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**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**

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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

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## 2.4 Intangible assets

### a) Movements in the intangible assets

in TCHF	Software	Patents and customer base	Software in implementation	Total intangible assets
<b>Costs</b>				
<b>As at 31 December 2019</b>	<b>33 027</b>	<b>5 316</b>	<b>2 415</b>	<b>40 758</b>
Additions	944	0	1 440	2 384
Disposals	-83	0	0	-83
Reclassifications	1 005	0	-1 005	0
Currency differences	-280	-116	-15	-411
<b>As at 31 December 2020</b>	<b>34 613</b>	<b>5 200</b>	<b>2 835</b>	<b>42 648</b>
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
<b>As at 31 December 2021</b>	<b>36 188</b>	<b>5 239</b>	<b>3 574</b>	<b>45 001</b>
<b>Depreciation</b>				
<b>As at 31 December 2019</b>	<b>-19 721</b>	<b>-4 316</b>	<b>0</b>	<b>-24 037</b>
Additions	-3 721	-243	0	-3 964
Disposals	48	0	0	48
Currency differences	199	42	0	241
<b>As at 31 December 2020</b>	<b>-23 195</b>	<b>-4 517</b>	<b>0</b>	<b>-27 712</b>
Additions	-3 724	-232	0	-3 956
Disposals	410	0	0	410
Currency differences	164	-16	0	148
<b>As at 31 December 2021</b>	<b>-26 345</b>	<b>-4 765</b>	<b>0</b>	<b>-31 110</b>
<b>Book values</b>				
<b>As at 31 December 2019</b>	<b>13 306</b>	<b>1 000</b>	<b>2 415</b>	<b>16 721</b>
<b>As at 31 December 2020</b>	<b>11 418</b>	<b>683</b>	<b>2 835</b>	<b>14 936</b>
<b>As at 31 December 2021</b>	<b>9 843</b>	<b>474</b>	<b>3 574</b>	<b>13 891</b>

**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 plus depreciation on a straight-line basis, the theoretical capitalization of goodwill would have the following impact on the consolidated balance sheet:

in TCHF	2021	2020
<b>Historical costs as at 1 January</b>	<b>89 067</b>	<b>90 423</b>
Additions	0	0
Currency differences	-28	-1 356
<b>Historical costs as at 31 December</b>	<b>89 039</b>	<b>89 067</b>
<b>Theoretical accumulated depreciation as at 1 January</b>	<b>-48 879</b>	<b>-40 157</b>
Theoretical depreciation	-7 399	-9 284
Currency differences	-161	562
<b>Theoretical accumulated depreciation as at 31 December</b>	<b>-56 439</b>	<b>-48 879</b>
<b>Theoretical net book value as at 31 December</b>	<b>32 600</b>	<b>40 188</b>

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

in TCHF	31.12.2021	31.12.2020
Shareholders' equity according to balance sheet	264 904	236 486
Theoretical capitalization of net book value of goodwill	32 600	40 188
Theoretical tax impacts	827	754
<b>Theoretical shareholders' equity</b>	<b>298 331</b>	<b>277 428</b>

in TCHF	2021	2020
Group earnings after taxes (EAT) according to income statement	30 375	-1 319
Theoretical goodwill depreciation	-7 399	-9 284
Theoretical tax impacts	47	48
<b>Theoretical Group earnings after taxes (EAT)</b>	<b>23 023</b>	<b>-10 555</b>

**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.

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**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.

**Customer base:** Customer bases are recognized at historical acquisition cost less cumulative amortization. Acquisition costs are written down in a linear way over five to ten years.

**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.

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**2.5 Other non-current receivables**

As at 31 December 2021 and as at 31 December 2020, other non-current receivables include mainly paid rent deposits and capitalized financing costs.

## 2.6 Other liabilities

### a) Other payables

in TCHF	31.12.2021	31.12.2020
Prepayments by customers	23 162	15 332
Contingent consideration	0	890
Current income tax liabilities	5 643	2 681
Prepayments for construction contracts	10 140	6 200
Less accruals for construction contracts	-9 050	-6 091
<b>Liabilities arising from POC</b>	<b>1 090</b>	<b>109</b>
Other positions <sup>1</sup>	13 399	12 878
<b>Total other payables</b>	<b>43 294</b>	<b>31 890</b>

<sup>1</sup> Includes, among other things, accruals for sales commissions not yet invoiced to agents.

#### 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 that might result in a higher or lower fair value measurement. In addition, the continued employment of certain selling shareholders was assumed.

### b) Current provisions

in TCHF	2021	2020
<b>Total as at 1 January</b>	<b>2 705</b>	<b>3 263</b>
Additional provisions	2 250	1 930
Amounts utilized during the year	-1 322	-1 323
Unused amounts reversed	-894	-1 102
Currency differences	-82	-63
<b>Total as at 31 December</b>	<b>2 657</b>	<b>2 705</b>

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, Komax calculates the necessary warranty provisions on the balance sheet date on the basis of analyses 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. Komax normally gives a one-year warranty on machines and systems.

### 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.

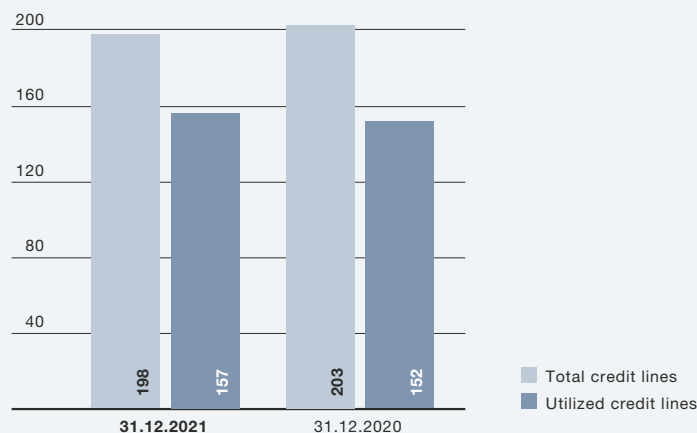
#### 3.1 Financial liabilities

in TCHF	Currency	31.12.2021	31.12.2020
Bank liabilities	CHF	125 000	116 500
Bank liabilities	EUR	19 475	23 325
Bank liabilities	USD	4 600	4 450
<b>Total financial liabilities</b>		<b>149 075</b>	<b>144 275</b>

Komax Holding AG finalized an agreement with a bank syndicate for a credit line amounting to CHF 190.0 million (31 December 2020: CHF 190.0 million), of which CHF 3.0 million has been amortized by the end of 2021 (2020: CHF 1.5 million). Additionally, there are further local credit lines for subsidiaries available amounting to CHF 11.1 million (31 December 2020: CHF 14.7 million). The maximum available local credit line is CHF 30.0 million (31 December 2020: CHF 30.0 million). As at 31 December 2021 the Group has drawn on this credit limit to the amount of CHF 156.8 million (31 December 2020: CHF 151.8 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
<b>As at 31 December 2021</b>	7 698	140 549	828	<b>149 075</b>
As at 31 December 2020	8 012	135 477	786	<b>144 275</b>

Of the financial liabilities of CHF 149.1 million as at 31 December 2021 (31 December 2020: CHF 144.3 million), CHF 138.0 million (31 December 2020: CHF 131.9 million) relate to the syndicated loan with a term until 31 January 2023. The interest rates for the syndicated loan as at 31 December 2021 are 1.05% (loan-to-value: CHF 111.0 million) and 0.85% (loan-to-value: CHF 27.0 million). As at 31 December 2020, the interest rates were 4.5% (loan-to-value: CHF 103.4 million) and 3.4% (loan-to-value: CHF 28.5 million).

## Recognition and measurement

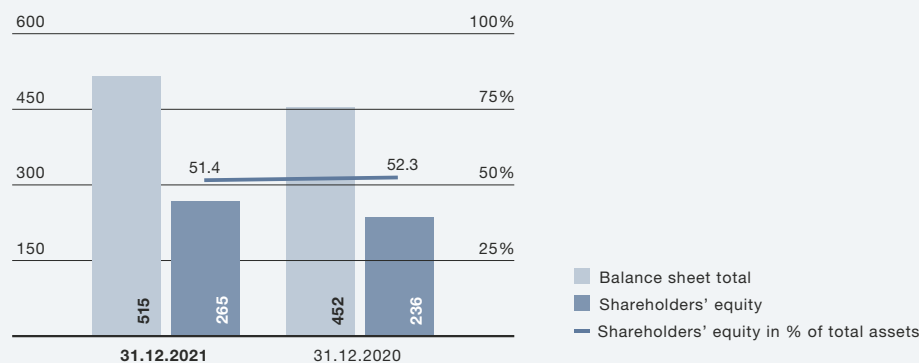
**Financial liabilities:** Financial liabilities comprising bank loans, mortgages, and bonds are valued at amortized cost. Financial liabilities are recorded as current liabilities in the balance sheet unless the Group has the unconditional right to defer settlement of the liability to a point in time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

### Shareholders' equity

in CHF million



### a) Share capital

Balance sheet date	Number of shares	Par value in CHF	Par value in CHF
<b>31 December 2021</b>	<b>3 850 000</b>	<b>0.10</b>	<b>385 000</b>
31 December 2020	3 850 000	0.10	385 000
31 December 2019	3 850 000	0.10	385 000

All registered shares are fully paid up.

### b) Treasury shares

	2021			2020		
	Number	Average price in CHF	Purchase costs (avg.) in TCHF	Number	Average price in CHF	Purchase costs (avg.) in TCHF
<b>Total as at 1 January</b>	<b>5 933</b>	<b>186.47</b>	<b>1 106</b>	<b>7 121</b>	<b>232.55</b>	<b>1 656</b>
Purchases	6 500	230.54	1 499	3 500	154.44	540
Transfer (share-based compensation)	-3 780	189.68	-717	-4 688	232.55	-1 090
<b>Total as at 31 December</b>	<b>8 653</b>	<b>218.17</b>	<b>1 888</b>	<b>5 933</b>	<b>186.47</b>	<b>1 106</b>

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 2021 nor as at 31 December 2020.

**d) Reserves**

The non-distributable reserves amounted to CHF 5.5 million as at 31 December 2021 (31 December 2020: CHF 5.0 million).

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**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.

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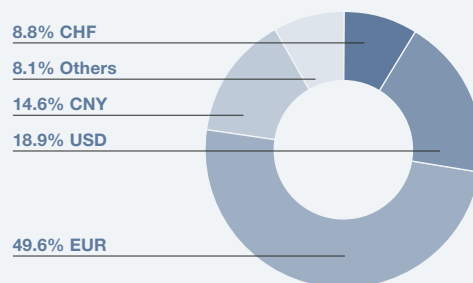
**3.3 Financial risk management**

The Komax Group is exposed to various financial risks, for example currency, credit, liquidity, and interest rate risks, through its business activities. 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 Holding 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.

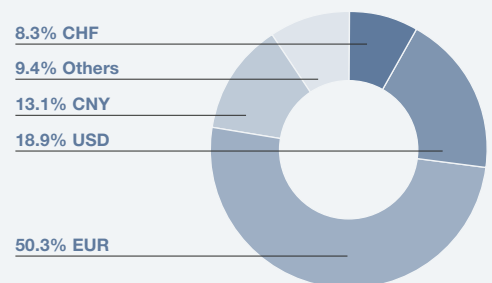
**a) Currency risk**

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:

**2021**



**2020**



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

Currency	Year-end rate 31.12.2021	Average rate 2021	Year-end rate 31.12.2020	Average rate 2020
USD	0.920	0.920	0.890	0.960
EUR	1.050	1.100	1.090	1.080
CNY	0.145	0.142	0.136	0.138

Komax 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 2021	Change EBIT margin 2020
USD/CHF average rate +/- 10%	+/- 0.8%-pt.	+/- 0.8%-pt.
EUR/CHF average rate +/- 10%	+/- 1.2%-pt.	+/- 1.1%-pt.
CNY/CHF average rate +/- 10%	+/- 0.9%-pt.	+/- 0.6%-pt.

**b) Credit risk**

Credit risks may exist with regard to bank account balances, derivative financial instruments, and receivables from customers. Komax 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, Komax 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 Komax 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 2021 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 additionally contains all directly and indirectly held investments as at 31 December 2021.

### 4.1 Scope of consolidation

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

There were no changes in the scope of consolidation during the reporting period. The prior-year period saw the foundation of a subsidiary, Testing Solutions Maroc Sàrl., which commenced operations in the fourth quarter of 2020.

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#### 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.

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### 4.2 Business combinations

There were no acquisitions in the reporting period nor in the previous year period.

### 4.3 Investments in associates

As at 31 December 2021 and 31 December 2020, Komax held no investments in associated companies.

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#### 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.

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#### 4.4 Equity holdings

##### Direct and indirect equity participation of Komax Holding AG as at 31 December 2021

Company	Place
<b>Switzerland</b>	
Komax Management AG	Dierikon, Switzerland
Komax AG	Dierikon, Switzerland
<b>Europe</b>	
Artos Engineering France S.à.r.l.	Treillières, France
Exmore NV	Beerse, Belgium
Kabatec GmbH & Co. KG	Burghaun, Germany
TSK Test Systems Bulgaria Ltd.	Yambol, Bulgaria
Komax Consult Deutschland GmbH	Nuremberg, Germany
Komax Kabelverarbeitungs-Systeme Deutschland GmbH	Nuremberg, Germany
Komax Kabatec Verwaltungs GmbH	Burghaun, Germany
Komax Laselec France SA	Toulouse, France
Komax Portuguesa S.A.	Alcabideche, Portugal
Komax SLE GmbH & Co. KG	Grafenau, Germany
Komax SLE Verwaltungs GmbH	Grafenau, Germany
Komax Thonauer Kft.	Budakeszi, Hungary
SC Thonauer Automatic s.r.l.	Bucharest, Romania
Thonauer Gesellschaft m.b.H.	Vienna, Austria
Thonauer spol. s.r.o.	Brno, Czech Republic
Thonauer s.r.o.	Bratislava, Slovakia
TSK Beteiligungs GmbH	Porta Westfalica, Germany
TSK Prüfsysteme GmbH	Porta Westfalica, Germany
TSK Test Sistemleri San. Ltd. Şti.	Ergene/Tekirdağ, Turkey
TSK Test Systems SRL	Bistrita, Romania
<b>Africa</b>	
Komax Maroc Sàrl.	Mohammédia, Morocco
Komax TSK Maroc Sàrl.	Tangier, Morocco
Testing Solutions Maroc Sàrl	Tangier, Morocco
TSK Tunisia s.a.l.	Tunis, Tunisia
<b>North/South America</b>	
Komax Comercial do Brasil Ltda.	São Paulo, Brazil
Komax Corporation	Buffalo Grove, Illinois, USA
Komax de México S. de R.L. de C.V.	Irapuato, Mexico
Komax Holding Corporation	Buffalo Grove, Illinois, USA
Komax York Inc.	Buffalo Grove, Illinois, USA
Laselec Inc.	Grand Prairie, Texas, USA
TSK Sistemas de Testes do Brasil Ltda.	Colombo, Brazil
TSK Test Systems Mexico, S. de R.L. de C.V.	Irapuato, Mexico
TSK Innovations Co.	El Paso, Texas, USA
<b>Asia</b>	
Komax Automation India Pvt. Ltd.	Gurgaon, India
Komax Distribution (Thailand) Co., Ltd.	Bangkok, Thailand
Komax Japan K.K.	Tokyo, Japan
Komax Shanghai Co. Ltd.	Shanghai, China
Komax Singapore Pte. Ltd.	Singapore

Purpose	Participation	Consolidation	Ordinary capital
Group services and management	100%	Full consolidation	CHF 100 000
R&D, engineering, production, marketing, sales	100%	Full consolidation	CHF 5 000 000
Sales	100%	Full consolidation	EUR 182 939
R&D, engineering, production, marketing, sales	100%	Full consolidation	EUR 60 760
R&D, engineering, production, marketing, sales	100%	Full consolidation	EUR 100 000
Engineering, production, marketing, sales	100%	Full consolidation	BGN 600 000
Regional services	100%	Full consolidation	EUR 30 000
Sales	100%	Full consolidation	EUR 400 000
Administration	100%	Full consolidation	EUR 25 000
R&D, engineering, production, marketing, sales	100%	Full consolidation	EUR 1 057 280
Sales	100%	Full consolidation	EUR 750 000
R&D, engineering, production, marketing, sales	100%	Full consolidation	EUR 5 700 000
Administration	100%	Full consolidation	EUR 25 000
R&D, engineering, production, marketing, sales	100%	Full consolidation	HUF 10 000 000
Sales	100%	Full consolidation	RON 2 200 000
Sales	100%	Full consolidation	EUR 36 336
Sales	100%	Full consolidation	CZK 200 000
Sales	100%	Full consolidation	EUR 6 639
Holding of equity interests	100%	Full consolidation	EUR 4 000 000
R&D, engineering, production, marketing, sales	100%	Full consolidation	EUR 1 764 700
Engineering, production, marketing, sales	100%	Full consolidation	TRY 14 950 000
Sales	100%	Full consolidation	RON 110 152
Sales	100%	Full consolidation	MAD 10 000 000
Engineering, production, marketing, sales	100%	Full consolidation	EUR 300 000
Engineering, production, marketing, sales	100%	Full consolidation	MAD 2 100 000
Engineering, production, marketing, sales	100%	Full consolidation	TND 366 000
Sales	100%	Full consolidation	BRL 200 000
R&D, engineering, production, marketing, sales	100%	Full consolidation	USD 1 000 000
Sales	100%	Full consolidation	MXN 3 000
Holding of equity interests	100%	Full consolidation	USD 8 160 000
Administration	100%	Full consolidation	USD 150
Sales	100%	Full consolidation	USD 1
Engineering, production, marketing, sales	100%	Full consolidation	BRL 362 500
Production	100%	Full consolidation	MXN 3 000
Sales	100%	Full consolidation	USD 1 000 000
Sales	100%	Full consolidation	INR 10 000 000
Sales	100%	Full consolidation	THB 42 300 000
R&D, production, marketing, sales	100%	Full consolidation	JPY 90 000 000
R&D, production, sales	100%	Full consolidation	USD 12 210 000
R&D, production, sales	100%	Full consolidation	SGD 8 600 000

## 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	2021		2020
	Surplus cover as per FER 26	Economic share within the Group	Economic share within the Group
Pension plans with surplus cover	11 159	0	0
<b>Total</b>	<b>11 159</b>	<b>0</b>	<b>0</b>

in TCHF	2021			2020
	Change compared to prior year / expense of reporting period	Contributions accrued for the period	Employee benefits expenditure in personnel expenses	Employee benefits expenditure in personnel expenses
Pension plans with surplus cover	0	4 844	4 844	5 016
<b>Total</b>	<b>0</b>	<b>4 844</b>	<b>4 844</b>	<b>5 016</b>

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 120.9% as at 31 December 2021 (31 December 2020: 113.4%). The actuarial calculations are based on a technical interest rate of 1.75% (31 December 2020: 1.75%) as well as the technical basis of BVG 2020 (31 December 2020: BVG 2015).

There were no material employer contribution reserves as at 31 December 2021 or as at 31 December 2020.

#### 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 plan (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 on equally 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 2021

		2019–2021	2020–2022	2021–2023
Number of outstanding rights		1 291	6 029	7 003
Vesting period		3 years	3 years	3 years
Allocation		2022	2023	2024
Fair value on the day of granting	CHF	265.51	219.65	171.21
<b>Total fair value at allocation</b>	<b>TCHF</b>	<b>343</b>	<b>1 324</b>	<b>1 199</b>

**b) Komax Long-term Share Incentive Plan**

The plan (equity-settled plan) for managers is currently not linked to profitability conditions, and contains 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	<b>2021</b>	2020
<b>Total as at 1 January</b>	<b>5 951</b>	<b>6 090</b>
Granted on 1 January	2 590	2 460
Forfeited	-89	-104
Transferred to participants	-1 646	-2 495
<b>Total as at 31 December</b>	<b>6 806</b>	<b>5 951</b>

The fair value on the day of granting amounted to CHF 171.21 (2020: CHF 219.65).

**c) Komax Long-term Cash Incentive Plan**

The plan (cash-settled plan) for managers is currently not linked to profitability conditions, and contains 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 a multiplication of the allocation amount by the share price performance factor (ratio of final share price to starting share price).

Number of rights	<b>2021</b>	2020
<b>Total as at 1 January</b>	<b>4 172</b>	<b>3 602</b>
Granted on 1 January	2 077	1 777
Forfeited	0	-108
Transferred to participants	- 1 201	-1 099
<b>Total as at 31 December</b>	<b>5 048</b>	<b>4 172</b>

The fair value on the day of granting amounted to CHF 171.21 (2020: CHF 219.65).



**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 2021 financial year, 797 shares (2020: 1 088 shares) with a fair value of CHF 255.40 (2020: CHF 141.60) on the date of granting were allocated to the Board of Directors.

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**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.

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**5.3 Related party transactions**

**Transactions with related companies**

in TCHF	2021	2020
Sale of goods and services	0	0
Interest income	0	61
Other receivables (current and non-current) as at 31 December	0	0

Related party transactions include 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 year under review, no transactions were entered into with closely linked persons in connection with the sale and purchase of goods and services (2020: none).

#### 5.4 Off-balance-sheet transactions

##### a) Contingent liabilities

As at 31 December 2021 there was no contingent liability (31 December 2020: CHF 0.6 million).

As at 31 December 2021 there were no performance guarantees (31 December 2020: CHF 0.1 million). Other guarantees of CHF 6.7 million were granted as at 31 December 2021 (31 December 2020: CHF 6.6 million); these almost exclusively comprise guarantees granted to customers for advance payments.

##### b) Ownership restrictions for own liabilities

in TCHF	<b>31.12.2021</b>	31.12.2020
Book value real estate	76 022	77 835
Lien on real estate	37 140	37 344
Utilization	30 597	33 770

The pledged assets will be used to secure own liabilities.

##### c) Contractual obligations

As at 31 December 2021 and as at 31 December 2020, no contractual obligations existed with respect to the acquisition of property, plant, and equipment. Future liabilities arising from operating lease agreements amount to CHF 1.8 million due in 2022 and CHF 2.8 million due in 2023–2026 (31 December 2020: CHF 1.8 million due in 2021 and CHF 2.1 million due in 2022–2025).

#### 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 Komax, 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, Komax 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 Komax, 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 inventory of unfinished and finished products.

**b) Currency conversion**

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**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.

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**c) Other important accounting policies**

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**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.

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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 2021, 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 on pages 86 to 119 give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 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.

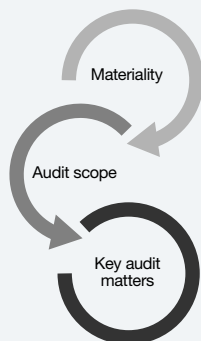
### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. 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 2 500 000

We concluded full scope audit work at eight reporting units in six countries. Our audit scope addressed 61% of the Group's net sales. In addition, an audit of account balances was performed at one other Group company, which addressed a further 14% of net sales of the Group.

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

- Revenue recognition in the appropriate period

### 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.

<b>Overall Group materiality</b>	CHF 2 500 000
<b>Benchmark applied</b>	Net sales
<b>Rationale for the materiality benchmark applied</b>	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 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 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 41 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 3% 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.

**Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

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	How our audit addressed the key audit matter
<p>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.</p> <p>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.</p> <p>Please refer to page 94 of the notes to the consolidated financial statements.</p>	<p>We checked on a sample basis that revenue was recognised in the correct period for the months of December 2021 and January 2022. 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.</p> <p>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 2021.</p>

#### **Responsibilities of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG



Thomas Brüderlin  
Audit expert  
Auditor in charge



Korbinian Petzi  
Audit expert

Basel, 14 March 2022

## Balance sheet of Komax Holding AG

in TCHF	31.12.2021	%	31.12.2020	%
<b>Assets</b>				
Cash and cash equivalents	616		1 019	
Other current receivables third parties	151		723	
Other current receivables Group	3 408		3 106	
Financial loans Group	103 692		92 653	
Accrued income / prepaid expenses	104		92	
<b>Total current assets</b>	<b>107 971</b>	<b>24.4</b>	<b>97 593</b>	<b>22.1</b>
Financial investments Group	98 338		108 399	
Investments in subsidiaries	236 134		235 851	
<b>Total non-current assets</b>	<b>334 472</b>	<b>75.6</b>	<b>344 250</b>	<b>77.9</b>
<b>Total assets</b>	<b>442 443</b>	<b>100.0</b>	<b>441 843</b>	<b>100.0</b>
<b>Liabilities and shareholders' equity</b>				
Trade payables	310		239	
Current interest-bearing liabilities Group	1 325		1 635	
Current interest-bearing liabilities third parties	6 825		7 085	
Other current liabilities Group	23		1	
Accrued expenses / deferred income	207		449	
Provisions	920		564	
<b>Total current liabilities</b>	<b>9 610</b>	<b>2.2</b>	<b>9 973</b>	<b>2.3</b>
Non-current interest-bearing liabilities third parties	111 000		103 350	
<b>Total non-current liabilities</b>	<b>111 000</b>	<b>25.1</b>	<b>103 350</b>	<b>23.4</b>
<b>Total liabilities</b>	<b>120 610</b>	<b>27.3</b>	<b>113 323</b>	<b>25.7</b>
Share capital	385		385	
Capital contribution reserves	814		814	
Other statutory capital reserves	2 000		2 000	
Statutory profit reserves	100		100	
Profit reserves determined by resolution	326 203		311 403	
Retained earnings	124		177	
Earnings after taxes	-5 905		14 747	
Treasury shares	-1 888		-1 106	
<b>Total shareholders' equity</b>	<b>321 833</b>	<b>72.7</b>	<b>328 520</b>	<b>74.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>442 443</b>	<b>100.0</b>	<b>441 843</b>	<b>100.0</b>



### Income statement of Komax Holding AG

in TCHF	2021	2020
Dividend income	947	23 760
Other financial income	4 856	6 849
Other operating income	604	500
<b>Total income</b>	<b>6 407</b>	<b>31 109</b>
Financial expenses	-4 418	-11 645
Compensation	-904	-754
Other operating expenses	-2 363	-2 538
Value adjustment on investments	-3 906	-1 429
Direct taxes	-721	4
<b>Total expenses</b>	<b>-12 312</b>	<b>-16 362</b>
<b>Earnings after taxes</b>	<b>-5 905</b>	<b>14 747</b>

## Notes on the 2021 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 11.0 million. This balance sheet item likewise encompasses the current account loan of Komax Holding AG to Komax AG, Switzerland.

Financial investments Group comprise non-current financial loans and participation loans. The Group's financial investments have decreased as a result of repayments from Group companies.

### **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.

Komax Holding AG and a syndicate of banks led by Credit Suisse have a valid credit agreement for a credit limit of CHF 160.0 million. The credit agreement is valid until 31 January 2023. The credit line provides the Group with the necessary entrepreneurial flexibility, guarantees the financing of commercial operations, and ensures the continued implementation of corporate strategy. As at 31 December 2021, the Group had drawn on this credit limit to the amount of CHF 98.0 million, USD 5.0 million, and EUR 8.0 million (total drawing: CHF 111.0 million).

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". Repayments to shareholders from this account are treated in the same way as the repayment of nominal capital and are not subject to withholding tax.

### **2.3 Income**

Dividend income amounted to CHF 0.9 million in the year under review (2020: CHF 23.8 million).

Other financial income contains 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, and 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 contain 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 112 and 113.

## 6 Treasury shares

Details of the treasury shares of Komax Holding AG are provided in the consolidated financial statements on page 108.

## 7 Contingent liabilities

in TCHF	31.12.2021	31.12.2020
Joint liability for Group taxation value-added tax	p.m.	p.m.
<b>Guarantees</b>		
in EUR	5 636	5 707
in USD	0	75
in CHF	257	0
<b>Total</b>	<b>5 893</b>	<b>5 782</b>

From the total contingent liabilities of CHF 5.9 million (31 December 2020: CHF 5.8 million), CHF 5.9 million (31 December 2020: CHF 5.7 million) are contingent liabilities in favor of subsidiaries.

**8 Major shareholders**

As at 31 December 2021 the company had the following major shareholder holding more than 5% of the votes:

Shareholder/shareholder group as at 31.12.2021	No. of shares	Share in % <sup>1</sup>
abrdn plc, Edinburgh, UK	192 994	5.021

<sup>1</sup> The calculation is based on the 3 850 000 registered shares listed in the Commercial Register as at 31 December 2021.

As at 31 December 2020, the company had no major shareholders holding more than 5% of the votes.

**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 2021 or thereafter at each quarter-end balance sheet date.

The Komax Group complied with those requirements as at 31 December 2021. 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		31.12.2021	31.12.2020
		Shares	Shares
<b>Board of Directors</b>			
Beat Kälin	Chairman	10 567	10 316
David Dean	Member	1 426	1 300
Andreas Häberli	Member	436	331
Kurt Haerri	Member	3 235	3 130
Mariel Hoch	Member	248	143
Roland Siegwart	Member	2 376	2 271
<b>Total Board of Directors</b>		<b>18 288</b>	<b>17 491</b>
<b>Executive Committee</b>			
Matijas Meyer	CEO	4 689	4 397
Andreas Wolfisberg	CFO	803	673
Jürgen Hohnhaus	Executive Vice President	0	0
Tobias Rölz	Executive Vice President	58	0
Marc Schürmann	Executive Vice President	416	319
Marcus Setterberg <sup>1</sup>	Executive Vice President	353	256
<b>Total Executive Committee</b>		<b>6 319</b>	<b>5 645</b>

<sup>1</sup> 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 (2020: CHF 0.0 million).

## Proposal for the appropriation of profit

The Board of Directors proposes the following appropriation of profit:

in CHF	31.12.2021	31.12.2020
Balance carried forward from previous year	124 104	176 830
Earnings after taxes	-5 905 071	14 747 274
Release of free reserves	23 105 967	0
<b>Total available for distribution</b>	<b>17 325 000</b>	<b>14 924 104</b>
Dividend of CHF 4.50 gross per registered share (2020: CHF 0.00) <sup>1</sup>	17 325 000	0
Allocation to free reserves	0	14 800 000
Profit carried forward	0	124 104
<b>Total</b>	<b>17 325 000</b>	<b>14 924 104</b>

<sup>1</sup> 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, which comprise the balance sheet as at 31 December 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements pages 124 to 130 as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

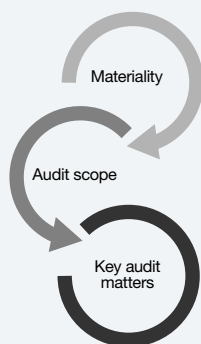
### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. 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 entity 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 1 600 000

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 entity, 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.

<b>Overall materiality</b>	CHF 1 600 000
<b>Benchmark applied</b>	Net assets
<b>Rationale for the materiality benchmark applied</b>	We chose net assets as the benchmark for materiality considerations because the Company primarily holds investments and grants loans to Group companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 160 000 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.

**Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

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 236.1 million). 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. 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. Please refer to note 1.3 (Investments).</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. This included:</p> <ul style="list-style-type: none"> <li>– Discussion with Management of the results and future prospects of specific subsidiaries.</li> <li>– Assessment of the correctness and mathematical accuracy of the applied valuation methods.</li> <li>– Plausibility check of the assumptions applied by Management concerning the discount rate, long-term growth rates, and margins.</li> <li>– 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.</li> <li>– Conducting sensitivity analyses.</li> </ul> <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 subsidiaries.</p>

**Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity’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 entity 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 entity'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 entity'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 entity 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 Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies 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  
Audit expert  
Auditor in charge



Korbinian Petzi  
Audit expert

Basel, 14 March 2022

# FIVE YEAR OVERVIEW

in TCHF	2021	2020	2019	2018	2017
<b>Income statement</b>					
Revenues	421 067	327 623	417 771	479 698	408 509
Gross profit	265 907	199 860	258 930	297 903	256 476
in % of revenues	63.2	61.0	62.0	62.1	62.8
EBITDA	60 343	26 340	36 837	78 614	66 115
in % of revenues	14.3	8.0	8.8	16.4	16.2
Operating profit (EBIT)	44 794	11 254	24 035	67 254	55 069
in % of revenues	10.6	3.4	5.8	14.0	13.5
Group earnings after taxes (EAT)	30 375	-1 319	13 221	51 787	42 101
in % of revenues	7.2	-0.4	3.2	10.8	10.3
Depreciation	15 549	15 086	12 802	11 360	11 046
Research and development	41 066	29 756	41 531	41 051	36 668
in % of revenues	9.8	9.1	9.9	8.6	9.0
<b>Balance sheet</b>					
Current assets	313 895	253 219	288 867	313 605	291 102
Non-current assets	200 996	198 870	192 369	149 299	123 356
Current financial liabilities	7 478	7 106	17 188	0	0
Non-current financial liabilities	141 597	137 169	136 504	90 338	69 856
Total liabilities	249 987	215 603	236 632	181 264	156 280
in % of total assets	48.6	47.7	49.2	39.2	37.7
Share capital	385	385	385	385	383
Shareholders' equity <sup>1</sup>	264 904	236 486	244 604	281 640	258 178
in % of total assets	51.4	52.3	50.8	60.8	62.3
Total assets	514 891	452 089	481 236	462 904	414 458
Net cash (+) / net indebtedness (-)	-98 391	-92 426	-106 224	-39 358	-10 544
<b>Cash flow statement</b>					
Cash flow from operating activities	33 006	41 766	41 287	29 629	26 767
Investments in non-current assets	38 062	25 811	54 448	41 340	22 201
Free cash flow	-5 492	15 435	-36 886	-4 340	-7 582
<b>Employees</b>					
Headcount as at 31 December	No. 2 121	2 095	2 211	2 006	1 841
Revenues per employee <sup>2</sup>	215	177	197	248	238
Gross value added per employee <sup>2</sup>	110	83	92	120	118
Net value added per employee <sup>2</sup>	102	75	86	114	112
<b>Share details</b>					
Shares <sup>3</sup>	No. 1 000 3 850	3 850	3 850	3 848	3 834
Par value	CHF 0.10	0.10	0.10	0.10	0.10
Highest price	CHF 276.60	238.80	264.00	329.00	319.50
Lowest price	CHF 177.30	122.00	165.10	223.00	243.50
Closing price as at 31 December	CHF 253.00	176.30	236.40	230.00	319.50

<sup>1</sup> Equity attributable to equity holders of the parent company.

<sup>2</sup> Calculated on the basis of the average headcount.

<sup>3</sup> Changes resulting from the exercising of option rights.

**Komax Holding AG**

Investor Relations/Corporate Communications

Roger Müller

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Switzerland

Phone +41 41 455 04 55

komaxgroup.com

**Financial calendar**

Annual General Meeting	13 April 2022
Half-year results 2022	17 August 2022
Investor Day	28 October 2022
Preliminary information on 2022 financial year	24 January 2023
Annual media and analyst conference on the 2022 financial results	14 March 2023
Annual General Meeting	12 April 2023

**Forward-looking statements**

The present Annual Report contains forward-looking statements in relation to Komax 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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