

Schramberg  
ISIN: DE0005156236  
WKN: 515 623

## **Explanation of agenda item 1 pursuant to section 124a, sentence 1, no. 2 of the German Stock Corporation Act**

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Item of agenda 1:

**Presentation of the adopted annual financial statements of Schweizer Electronic AG, the approved consolidated financial statements, the combined management report for Schweizer Electronic AG and the Group as of 31 December 2017, including the explanatory report of the Executive Board on the information pursuant to Sections 289a (1), 315a (1) of the German Commercial Code and the report of the Supervisory Board for the 2017 financial year**

All the documents will be available at the offices of Schweizer Electronic AG, Einsteinstrasse 10, 78713 Schramberg, Germany, as well as the proposal of the Executive Board for the use of the net profit from the time the Annual General Meeting is convened until its end, and can be viewed there and downloaded from the company's website at [www.schweizer.ag/de/investorrelations/hauptversammlung.html](http://www.schweizer.ag/de/investorrelations/hauptversammlung.html). On request, these documents, which will also be available at the Annual General Meeting, will be sent to each shareholder immediately, free of charge.

The Supervisory Board has approved the annual financial statements and the consolidated financial statements. The annual financial statements are thus adopted. A resolution of the Annual General Meeting on this agenda item is therefore not required.

## **Shareholders' rights pursuant to Sections 122, (2), Article 126, (1), Article 127 and Article 131, (1) of the German Stock Corporation Act**

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In particular, shareholders are entitled to the following rights in the run-up to and at the Annual General Meeting:

### **Motions for additions to the agenda pursuant to Section 122 (2) AktG**

Shareholders whose shares together amount to one-twentieth of the share capital (i.e. 189,000 shares) or the pro rata amount of EUR 500,000.00, may request that items be placed on the

agenda and published pursuant to Section 122 (2) AktG. Each new item must be accompanied by reasons or a draft resolution. The request must be addressed in writing to the Executive Board and received by the company no later than **midnight (24:00) on Tuesday, 29 May 2018**. Please send such requests to the following address:

Schweizer Electronic AG  
Executive Board  
Einsteinstrasse 10  
78713 Schramberg, Germany

We will publish any supplementary motions received pursuant to Section 124 (1) AktG in good time, provided they meet the legal requirements.

### **Counter motions and election proposals by shareholders pursuant to Sections 126 (1), 127 AktG**

Pursuant to Section 126 (1) AktG, shareholders are entitled to submit counter motions to proposals of the Executive Board and Supervisory Board regarding a specific agenda item. Pursuant to Section 127 AktG, they are also entitled to submit proposals for the election of members of the Supervisory Board or auditors.

The company will submit counter motions within the meaning of Section 126 (1) AktG, including the name of the shareholder and any comments by the management, immediately upon receipt on the company's website at

[www.schweizer.ag/de/investorrelations/hauptversammlung.html](http://www.schweizer.ag/de/investorrelations/hauptversammlung.html)

if the counter motion is received by the company at the following address no later than **midnight (24:00) on Thursday, 14 June 2018**, together with reasons:

Schweizer Electronic AG  
Annual General Meeting  
Einsteinstrasse 10  
78713 Schramberg, Germany  
Fax: +49 7422 512 397  
Email: [ir@schweizer.ag](mailto:ir@schweizer.ag)

Counter motions addressed otherwise will not be considered.

The company is entitled to refrain from publishing a counter motion and reasons under the conditions specified in Section 126 (2) AktG, for example if the Executive Board would become liable to prosecution by making it available or if the counter motion would lead to a resolution of the Annual General Meeting that would be contrary to the law or the Articles of Association. The reasons for a counter motion need not be made available if they exceed 5,000 characters in total.

The right of each shareholder to submit counter motions to the various items on the agenda during the Annual General Meeting without prior notification to the company remains unaffected. We wish to point out that counter motions that have been submitted to the company in due time will only be considered at the Annual General Meeting if they are submitted orally there.

The above provisions shall apply mutatis mutandis to election nominations by shareholders pursuant to Section 127 AktG. However, shareholders need not provide reasons for election nominations and these may not be published, except in the cases specified in Section 126 (2) AktG, even if the election nomination does not meet the requirements of Section 127 Sentence 3 in conjunction with Sections 124 (3) Sentence 4 and 125 (1) Sentence 5 AktG.

### **Shareholders' right to information pursuant to Section 131 (1) AktG**

Pursuant to Section 131 (1) AktG, each shareholder is to be provided with information on the company's affairs by the Executive Board upon request at the Annual General Meeting, insofar as the information is required for a proper assessment of an item on the agenda and there is no right to refuse to provide information. The duty to provide information also extends to the legal and business relations of the company with an affiliated company as well as to the situation of the group and the companies included in the consolidated financial statements. As a rule, requests for information are to be made orally during the debate at the Annual General Meeting without prior notice or other notification being required.

The Executive Board can only refrain from answering individual questions for the reasons stated in Section 131 (3) AktG, for example because, based on a prudent commercial assessment, the provision of the information may provide the company or an affiliated company with a considerable disadvantage or the Executive Board would be liable to prosecution by providing such information.

Pursuant to Article 16 (2) Sentences 2 and 3 of the Articles of Association, the Chair of the Annual General Meeting is authorised to reasonably limit the time allowed for shareholders to ask questions and speak. In particular, they are entitled to set an appropriate time frame at the beginning or during the course of the Annual General Meeting for the entire course of the Annual General Meeting, individual agenda items or for individual speeches and questions.

Schramberg, May 2018  
The Management Board