

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

Item of agenda 1:

Presentation of the established annual financial statement of Schweizer Electronic AG, of the approved consolidated financial statement, of the status report compiled for Schweizer Electronic AG and the Group, each as at 31 December 2016, including the explanatory report from the Management Board regarding the information pursuant to Article 289, paragraph 4 and Article 315, paragraph 4 of the German Commercial Code, and the Supervisory Board report for the 2016 financial year.

From convention of the General Meeting up until its close, all documents shall be on display at the business premises of Schweizer Electronic AG, Einsteinstraße 10, 78713 Schramberg, together with the proposal of the Management Board for use of the balance-sheet profit, and may be viewed there and on the company website at www.schweizer.ag/de/investorrelations/hauptversammlung.html. On request, these documents, which will also be on display at the General Meeting, will be sent to each shareholder immediately, free of charge.

No resolution of the General Meeting on this agenda item is foreseen. The annual financial statement and consolidated financial statement issued by the Management Board has been approved by the Supervisory Board; the annual financial statement is thus adopted pursuant to Article 172, paragraph 1 of the German Stock Corporation Act. The prerequisites subject to which the General Meeting rules on the adoption of the annual financial statement in accordance with Article 173, paragraph 1 of the German Stock Corporation Act are not present.

Shareholders' rights pursuant to Article 122, paragraph 2, Article 126, paragraph 1, Article 127 and Article 131, paragraph 1 of the German Stock Corporation Act

Prior to and during the General Meeting, the shareholders have the following rights, in particular:

Requests for additions to the agenda pursuant to Article 122, paragraph 2 of the German Stock Corporation Act

In accordance with Article 122, paragraph 2 of the German Stock Corporation Act, shareholders whose shares together make up one twentieth of the share capital (i.e. 189,000 shares) or the pro-rata amount of 500,000.00 euros, may request that items are placed on the agenda and notification of these is issued. Each new item must be accompanied by a justification or a proposed resolution. The request must be addressed to the Management Board in writing and must be received by the company no later than **midnight on Tuesday 6 June 2017**. We kindly ask that such requests are sent to the following address:

Schweizer Electronic AG
Management Board
Einsteinstraße 10
78713 Schramberg
GERMANY

Pursuant to Article 124, paragraph 1 of the German Stock Corporation Act, we will issue notification of requests for additions that have been received in good time, insofar as these requests satisfy the statutory requirements.

Countermotions and nominations by shareholders in accordance with Article 126, paragraph 1 and Article 127 of the German Stock Corporation Act

Pursuant to Article 126, paragraph 1 of the German Stock Corporation Act, shareholders are entitled to submit a countermotion to a motion from the Management Board and Supervisory Board concerning a specific item on the agenda. Furthermore, in accordance with Article 127 of the German Stock Corporation Act, they are entitled to make suggestions concerning the election of Supervisory Board members or auditors.

The company shall make countermotions within the meaning of Article 126, paragraph 1 of the German Stock Corporation Act, including the name of the shareholder and any statement from management, available on the company's website at

www.schweizer.ag/en/investor-relations/shareholders-meeting.html

immediately following receipt, if the countermotion, with justification, is received by the company at the following address no later than **midnight on Thursday 22 June 2017**.

Schweizer Electronic AG

General Meeting
Einsteinstraße 10
78713 Schramberg
GERMANY, or
fax number: +49 7422 512 397 or
email: ir@schweizer.ag

Counter motions bearing a different address shall not be considered.

The company shall be entitled not to publish a counter motion and the justification for this subject to the prerequisites set out in Article 126, paragraph 2 of the German Stock Corporation Act, for example where the Management Board would render itself liable to prosecution as a result of making this counter motion available, or if the counter motion would result in a resolution of the General Meeting which would be illegal or would violate the Articles of Association. It is not necessary to make the justification for a counter motion available if it amounts to more than 5,000 characters in total.

This shall not affect the rights of all shareholders to raise counter motions to the various agenda items during the General Meeting without first communicating these to the company. We wish to point out that counter motions which have been communicated to the company in good time shall only be taken into consideration in the General Meeting if they are raised verbally during said meeting.

The above provisions shall apply analogously to nominations from shareholders pursuant to Article 127 of the German Stock Corporation Act. However, nominations from shareholders shall not require justification and publication can be omitted except in the cases specified in Article 126, paragraph 2 of the German Stock Corporation Act, where the nomination does not contain the information set out in Article 127, paragraph 3, in conjunction with Article 124, paragraph 3, sentence 4 and Article 125, paragraph 1, sentence 5 of the German Stock Corporation Act.

Shareholder's right to information pursuant to Article 131, paragraph 1 of the German Stock Corporation Act

Pursuant to Article 131, paragraph 1 of the German Stock Corporation Act, each shareholder must, on request, be provided with information about company matters during the General Meeting, insofar as the information is necessary for reasonable assessment of an item on the agenda and no right to refuse to provide such information exists. The obligation to provide information also extends to the company's legal and commercial relations with an associated company, and to the situation of the group and that of the companies included in the consolidated financial statement. In general, requests for information should be made verbally in the General Meeting during the debate, without the need for a prior announcement or other notification.

The Management Board may only abstain from answering individual questions on the grounds specified in Article 131, paragraph 3 of the German Stock Corporation Act, for example because, based on a reasonable commercial assessment, providing the information would be likely to cause

significant disadvantage to the company or an associated company, or the Management Board would render itself liable to prosecution by providing a piece of information.

Pursuant to Article 16, paragraph 2, sentences 2 and 3 of the Articles of Association, the Chairman of the General Meeting is authorised to limit the amount of time for shareholders to exercise their rights to ask questions and speak, in an appropriate manner. In particular, he or she is entitled to set a reasonable timeframe for the whole General Meeting, individual agenda items or individual contributions to the discussion and questions, either at the start of the General Meeting or during it.

Schramberg, May 2017
The Management Board



Nicolas-Fabian Schweizer



Marc Bunz