

INVITATION TO THE ANNUAL GENERAL MEETING 2023

Schramberg
ISIN: DE0005156236
WKN: 515 623

TRANSLATION FOR CONVENIENCE ONLY. This is a non-binding translation of the Invitation to the 34th Annual General Meeting published in the German Federal Gazette on 15 May 2023.

SCHWEIZER ELECTRONIC AKTIENGESELLSCHAFT

SCHRAMBERG

ISIN: DE0005156236

WKN: 515 623

INVITATION TO THE 34TH ANNUAL GENERAL MEETING

We would hereby like to invite our shareholders to the Annual General Meeting to be held on

Tuesday, 27 June 2023, at 10 a.m.

in the "Bärensaal" room of Hotel Bären
Marktstrasse 7
78713 Schramberg-Talstadt, Germany.



Online Annual Report 2022

You can find our annual report at

<https://schweizer.ag/en/investors-media/annual-report/download-reports>

AGENDA AND PROPOSED RESOLUTIONS ON THE AGENDA

1. Presentation of the adopted annual financial statements of Schweizer Electronic AG, the approved consolidated financial statements, the summarised status report for Schweizer Electronic AG and the Group, each as of 31 December 2022, including the explanatory report of the Executive Board regarding the information pursuant to sections 289a, 315a of the German Commercial Code (HGB) and the report of the Supervisory Board for the 2022 financial year

The aforementioned documentation as well as the summarised separate non-financial report for the Company and the Group are available on the Internet from the date the invitation to the Annual General Meeting is published at

<https://schweizer.ag/investoren-und-medien/hauptversammlung>

They will also be available there during the Annual General Meeting. The Supervisory Board has approved the annual financial statements and the consolidated financial statements. The annual financial statements are thereby adopted. In accordance with the legal provisions, no resolution is therefore to be passed for this agenda item.

2. Resolution granting discharge to the members of the Executive Board

The Supervisory Board and the Executive Board propose that the members of the Executive Board in office be discharged for the performance of their duties in the 2022 financial year.

3. Resolution granting discharge to the members of the Supervisory Board

The Supervisory Board and the Executive Board propose that the members of the Supervisory Board in office be discharged for the performance of their duties in the 2022 financial year.

4. Election of the auditor and Group auditor for the 2023 financial year and the auditor for any review of interim financial information

Based on the recommendation and preference of its Audit Committee, the Supervisory Board proposes that KPMG AG, Wirtschaftsprüfungsgesellschaft, Freiburg im Breisgau, be appointed as the auditor and Group auditor for the 2023 financial year and for any review of the condensed financial statements and interim status report contained in the half-year financial report as of 30 June 2023, as well as for any review of additional financial information during the year within the meaning of section 115(7) of the German Securities Trading Act (WpHG), provided that such a review is executed before the next Annual General Meeting.

The Audit Committee has declared that its recommendation is free from undue influence by third parties and that no restrictive clause limiting the election within the meaning of Art. 16(6) of the EU Auditors regulation (Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC) has been imposed on it.

5. Election of a member of the Supervisory Board

By means of the letter dated 19 April 2023, Dr Stephan Zizala resigned his position as a member of the Supervisory Board with effect from the end of the Annual General Meeting to be held on 27 June 2023. Dr Andreas Schumacher is to be elected as a member of the Supervisory Board as the successor to Dr Stephan Zizala.

Pursuant to sections 96(1) and 101(1) AktG in conjunction with sections 1(1) No. 1, 4(1) of the German One-Third Employee Representation Act and section 7(1) and (3) of the Articles of Association, the Supervisory Board is composed of six members, namely four shareholder representatives and two employee representatives.

The Supervisory Board proposes that

Dr Andreas Schumacher, residing in Munich

Executive Vice President Strategy, Mergers & Acquisitions at Infineon Technologies AG, Neubiberg

be elected to the Company's Supervisory Board with effect from the end of the Annual General Meeting to be held on 27 June 2023 until the end of the Annual General Meeting that decides on the granting of discharge for financial year 2023.

Dr Schumacher holds no membership of any other statutory supervisory board and no membership of any comparable domestic or foreign controlling body of a commercial enterprise.

A curriculum vitae of Dr Schumacher is contained in section III. of this invitation and is available for download at

<https://schweizer.ag/en/investors-media/annual-shareholders-meeting>

6. Resolution on approval of the remuneration report

In accordance with section 162 AktG, the Executive Board and the Supervisory Board of the Company have prepared a report on the remuneration granted and owed to the members of the Executive Board and the Supervisory Board in the 2022 financial year. In accordance with section 120a(4) AktG, this report is presented for approval by the Annual General Meeting.

The remuneration report was prepared in accordance with section 162(3) AktG by the auditor of the Company and provided with an audit opinion. The auditor's note on the audit of the remuneration report is attached to the remuneration report.

The remuneration report (along with the auditor's note) is contained in section III. below and, in addition to the other documents relating to the Annual General Meeting, is also publicly accessible free of charge on the Company's website at

<https://schweizer.ag/en/investors-media/annual-shareholders-meeting>

and will also be accessible there during the Annual General Meeting.

The Executive Board and Supervisory Board propose that the remuneration report for the 2022 financial year, jointly prepared and reviewed in accordance with section 162 AktG, be approved.

7. Resolution on the addition of an authorisation for the Executive Board to hold a virtual Annual General Meeting to section 15 of the Articles of Association

After the expiry of the exemptions introduced to mitigate the consequences of the Covid pandemic, the legislator permanently included the option of holding virtual Annual General Meetings in the German Stock Corporation Act through the Act on the Introduction of Virtual Annual General Meetings of Stock Corporations and the Amendment of Cooperative, Insolvency and Restructuring Regulations dated 20 July 2022 (Federal Law Gazette I No. 27 2022, p. 1166 et seqq.). According to section 118a(1) sentence 1 AktG, the Articles of Association may provide for, or authorise the Executive Board to provide for, the holding of the Annual General Meeting as a virtual Annual General Meeting, i.e. without the physical presence of shareholders or their proxies at the place of the Annual General Meeting.

Such authorisation by the Executive Board is to be approved for a period of five years from the entry of the amendment to the Articles of Association in the commercial register. For Annual General Meetings held within this period, it should be decided separately and taking into account the circumstances of the respective individual case whether the authorisation should be exercised and an Annual General Meeting held as a virtual Annual General Meeting.

The Executive Board and Supervisory Board propose the following resolution:

The heading of section 15 of the Company's Articles of Association to be reworded as follows:

"Section 15: Participation in the Annual General Meeting, exercise of voting rights, video and audio broadcasts, virtual Annual General Meetings and powers of attorney"

Section 15(5) of the Company's Articles of Association to be reworded as follows:

"(5) The Executive Board is authorised to provide for the Annual General Meeting to be held without the physical presence of shareholders or their proxies at the place of the Annual General Meeting (virtual Annual General Meeting). The authorisation is valid for holding virtual Annual General Meetings within a period of five years after this provision of the Articles of Association has been entered in the Company's commercial register."

The current section 15(5) of the Articles of Association of the Company shall become section 15(7).

8. Resolution on an addition to section 15 of the Articles of Association to enable the participation of Supervisory Board members at the Annual General Meeting by means of video and audio transmission

As a rule, Supervisory Board members attend the Annual General Meeting in person. According to section 118(3) sentence 2 AktG, however, the Articles of Association may provide for certain cases in which Supervisory Board members may participate in the Annual General Meeting by means of video and audio transmission. Such an option for Supervisory Board members to participate in the Annual General Meeting by means of video and audio transmission should be created.

The Executive Board and Supervisory Board propose the following resolution:

Following section 15(5) of the Company's Articles of Association, the following new section 15(6) to be inserted:

"(6) In consultation with the Chairman of the Supervisory Board, members of the Supervisory Board are permitted to participate in the Annual General Meeting by means of video and audio transmission in cases where, due to legal restrictions, their stay abroad, their necessary stay at another location in Germany or due to an unreasonable travel time, the physical presence at the location of the Annual General Meeting would not be possible or would only be possible with considerable effort or if the Annual General Meeting was held as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies at the location of the Annual General Meeting. This does not apply to members of the Supervisory Board who, pursuant to section 16(1), chair the Annual General Meeting."

9. Resolution on the amendment of section 4 of the Articles of Association regarding entries in the share register

The statutory regulation of section 67(1) AktG on the information in connection with the entry of registered shares in the share register, which was last amended by the Act on the Implementation of the Second Shareholder Rights Directive of 12 December 2019 (ARUG II) (Federal Law Gazette I No. 50 2019, p. 2637 et seqq.), will be amended once again by the Act on the Modernisation of the Law on Partnerships of 10 August 2021 (MoPeG) (Federal Law Gazette I No. 53 2021, p. 3436 et seqq.). This change shall take effect on 1 January 2024.

Section 4(2) sentence 2 of the Company's Articles of Association, which, in accordance with the wording of section 67(1) AktG, lists certain information to be entered in the share register, is to be amended with regard to the new legal regulation such that in future the legally prescribed information shall only be referred to instead of being reproduced in detail.

The Executive Board and Supervisory Board propose the following resolution:

Section 4(2) sentence 2 of the Company's Articles of Association to be reworded as follows:

"The shareholders must provide the Company with the information required by law for entry in the share register."

10. Resolution on the amendment of section 7 of the Articles of Association for the election of Supervisory Board members

According to the current version of section 7(4) sentence 5 of the Articles of Association, elections of alternate members shall always be held for the remainder of the term of office of the departing member. In this case of a successor being elected to replace a Supervisory Board member who leaves office prematurely, it should be possible to allow a longer term of office to be determined instead of electing a successor for the remaining term of office of the departing member.

The Executive Board and Supervisory Board propose the following resolution:

Section 7(4) sentence 5 of the Company's Articles of Association to be deleted as follows:

Following section 7(4) of the Company's Articles of Association, the following new section 7(5) shall be inserted:

"(5) The election of a successor for a Supervisory Board member who leaves office before the end of their term shall be for the remainder of the term of office of the member who leaves office, unless a different term of office is determined in the election."

11. Resolution on the deletion of section 19 and section 19 (old) of the Articles of Association

Due to the passing of time and in order to revise the Articles of Association accordingly, the determinations in section 19 and section 19 (old) of the Articles of Association are to be deleted.

The Executive Board and Supervisory Board propose the following resolution:

“Section 19 of the Articles of Association (determinations) and section 19 (old) of the Articles of Association (conversion costs) shall be deleted.”

II. INFORMATION ON AGENDA ITEM 5: CURRICULUM VITAE OF DR ANDREAS SCHUMACHER

Herr Dr. Andreas Schumacher

Executive Vice President Strategy, Mergers & Acquisitions
Infineon Technologies AG

Personal data

Date of birth: 28 May 1971
Place of birth: Neuenbuerg, Germany
Nationality: German

Education

- Study of solid-state physics, Technical University Karlsruhe, Germany and holds a PhD (Dr. rer. nat.) and Diploma (M.S.)
- PhD studies at E. O. Lawrence Berkeley National Laboratory and University of California, Berkeley on "Optical Spectroscopy of Strongly Correlated Electron Systems"

Professional career

Since Feb 2015	Executive Vice President Strategy, Mergers & Acquisitions, Infineon Technologies AG
2010 – 2015	Head of Strategy, Corporate Development & Communications, Siemens Financial Services GmbH
2009 – 2010	Vice President, Emerging Country Sourcing and Supply Chain Development, Siemens AG
2007 – 2009	Senior Director & Head of Marketing Server-Memory, Qimonda AG
2005 – 2007	Senior Director & Head of Corp. Strategy Asia Pacific, Infineon Technologies Asia Pacific Pte. Ltd., Singapur
2003 – 2005	Director & Head, Market & Competitive Intelligence, Infineon Technologies AG
2002 – 2003	Manager Strategy Development, Corp. Strategy, Infineon Technologies AG
2001 – 2002	R&D Program Manager, Fiber Optics Business Units, Infineon Technologies AG

III. INFORMATION ON AGENDA ITEM 6: REMUNERATION REPORT IN ACCORDANCE WITH SECTION 162 AKTG FOR THE 2022 FINANCIAL YEAR

The remuneration report for the 2022 financial year prepared by the Executive Board and the Supervisory Board contains the following information:

REMUNERATION REPORT 2022

In accordance with the Act Implementing the Second Shareholder Rights Directive (ARUG II), the Executive Board and Supervisory Board of Schweizer Electronic AG (SCHWEIZER) are required, since the 2021 financial year, to prepare a remuneration report in accordance with section 162 of the German Stock Corporation Act (Aktiengesetz, AktG) and submit it to the Annual General Meeting for approval. The remuneration report for the 2021 financial year was approved by the Annual General Meeting on 24 June 2022 with a majority of 95.44%. The auditor has audited the remuneration report in accordance with section 162(3) sentences 1 and 2 AktG and prepared a note on the audit of the remuneration report. The audit note is enclosed with the remuneration report.

A. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

At its meeting on 12 April 2021, the Supervisory Board of Schweizer Electronic AG approved a new remuneration system for the members of the Executive Board that meets the requirements of section 87a(1) AktG and takes into account the recommendations of the German Corporate Governance Code (GCGC). The Annual General Meeting approved the remuneration system on 25 June 2021 with a majority of 95.12% of votes cast.

There were no personnel changes in the Executive Board in the 2022 financial year. The Chair of the Executive Board, Mr Nicolas-Fabian Schweizer, was appointed as a member of the Executive Board for a further five years from 1 July 2022 to 30 June 2027 by an early resolution of the Supervisory Board dated 7 July 2021 and was once again appointed Chair of the Executive Board.

Likewise, Mr Marc Bunz was appointed as a member of the Executive Board for a further five years from 1 April 2023 to 31 March 2028 by an early resolution of the Supervisory Board dated 11 April 2022 and was once again appointed Deputy Chair of the Executive Board.

1. PRINCIPLES OF THE REMUNERATION SYSTEM

The remuneration system for the members of the Executive Board of Schweizer Electronic AG makes an important contribution to furthering the Company's business strategy. The structure of the remuneration system also motivates the members of the Executive Board to achieve significant strategic Group objectives – in particular, to increase the value of the Company and to strengthen its market position in the PCB industry.

When determining the remuneration of the Executive Board, the Supervisory Board is guided by the following principles:

Promotion of the corporate strategy

The remuneration of the members of the Executive Board is geared toward the long-term and sustainable development of the Company. The remuneration system as a whole makes a significant contribution to the promotion and implementation of the business strategy by defining sustainable performance criteria related to the long-term success of the Company.

The inclusion of important financial figures in the Executive Board remuneration is intended to incentivise the long-term and sustainable growth as well as the increasing profitability and viability of SCHWEIZER. In addition, performance that contributes to the strategic, technical and structural development of SCHWEIZER should also be taken into account. The variable remuneration is predominantly based on a multi-year assessment basis. The long term incentive (LTI) is aimed at a continuous and sustainable increase in the Company's value, more specifically by taking into account the share price over a period of several years, and can thus make a significant contribution to a positive, long-term development of the Company.

In the context of long-term variable remuneration, non-financial target criteria that support sustainable corporate development are also agreed with the members of the Executive Board.

Appropriateness of remuneration

The remuneration of the members of the Executive Board should be proportionate to their duties and performance and should take into account the complexity and economic situation of the Company. Compared to similar companies, the remuneration is in line with market conditions and at the same time competitive.

Linking performance and remuneration

The remuneration of Executive Board members is linked to their performance, in that the variable remuneration components depend on the attainment of certain target criteria. This means that outstanding performance is remunerated appropriately, while failure to meet the specified targets leads to a significant reduction in remuneration.

Harmonisation with shareholder and stakeholder interests

The remuneration system makes a key contribution to linking the interests of the Executive Board with the interests of shareholders and other stakeholders. The major portion of the variable remuneration is linked to the performance of the Company.

Consistency of the remuneration system

The remuneration system for the members of the Executive Board builds on the remuneration system for managers in the Group, sets comparable incentives and thus prescribes uniform targets.

2. DEFINITION OF THE SPECIFIC TARGET TOTAL REMUNERATION

In accordance with the remuneration system, the Supervisory Board determines the amount of the total target remuneration for each member of the Executive Board for the coming financial year. To this end, it must be considered that the respective remuneration is proportionate to the duties and performance of the Executive Board member as well as the position of the Company, does not exceed the usual remuneration without significant cause and is geared toward the long-term and sustainable development of Schweizer Electronic AG. For this purpose, both external and internal comparative observations are conducted:

a) Horizontal (external) comparison

The Supervisory Board uses an external independent remuneration consultant to assess the appropriateness and customary level of the actual total remuneration of the Executive Board members compared to other companies, using a suitable comparison group (horizontal comparison). The criteria of this comparison group are: Industry, company size and internationality. The comparison group of other companies used by the Supervisory Board to assess the appropriateness of the Executive Board remuneration in financial year 2021 included, for example, Sick AG (Waldkirch), Harting Stiftung & Co. KG (Espelkamp) and Manz AG (Reutlingen). The remuneration and employment conditions of employees were not taken into account when determining the remuneration system.

b) Differentiation according to the respective requirement profile

The remuneration system allows the Supervisory Board to take the function and area of responsibility of the individual member of the Executive Board into account when calculating the total target remuneration. Function-specific differentiations at the discretion of the Supervisory Board are therefore permissible. Criteria such as market practice, the experience of the respective Executive Board member and the Executive Board functions for which they are responsible are taken into account here.

c) Maximum remuneration limits

The variable remuneration is intended to ensure a balanced risk/opportunity profile. Therefore, if the set targets are not met, the amount of the variable remuneration paid out may fall to zero. If the targets are significantly exceeded, the amount paid out is limited to 200% of the target amount for both the short-term and long-term variable remuneration components.

In addition, in accordance with section 87a(1) sentence 2 No. 1 AktG, the Supervisory Board has set a maximum amount for the sum of all remuneration components, including ancillary benefits and pension costs (hereinafter referred to as "maximum remuneration"). The maximum remuneration for the Chair of the Executive Board and their Deputy amounts to EUR 1,400 thousand and for other members of the Executive Board to EUR 1,000 thousand each. These caps apply in each case to the sum of all payments resulting from the remuneration regulations for a financial year. This is the maximum possible calculated remuneration. The remuneration actually paid out is lower, as can be seen from the remuneration reports for the last financial years.

In the 2022 financial year, the maximum remuneration actually contractually agreed was EUR 1,200 thousand for Mr Nicolas-Fabian Schweizer and EUR 1,100 thousand for Mr Marc Bunz. The

remuneration granted and owed to the two members of the Executive Board in the 2022 financial year (see the details in section 6.a) below) was below the amounts specified, which is why the maximum remuneration was complied with in each case.

d) Overview of components and structure of the total target remuneration

The remuneration system basically provides for fixed, non-performance-related and variable performance-related remuneration components.

The fixed performance-related remuneration components comprise the annual salary, ancillary benefits and a pension commitment.

The variable remuneration components comprise a remuneration component with a Medium & Short Term Incentive (hereinafter referred to as MSTI) and a remuneration component with a long-term incentive effect and risk element (long-term incentive, hereinafter referred to as LTI). Prior to the beginning of each financial year, the Supervisory Board sets target criteria for the variable remuneration components with regard to the strategic objectives, the requirements of sections 87, 87a AktG and the GCGC in their respective versions, the degree of achievement of which determines the amount of the actual payment.

The annual fixed salary contributes 35-45% to the target remuneration. While the variable short- and medium-term remuneration component contributes 10-15%, the long-term remuneration component contributes 15-20% to the target remuneration. Pension costs make up about 25-30% of the target remuneration and ancillary benefits make up about 2-5% of the target remuneration.

The following overview provides a brief description of the key remuneration components, which are explained in detail in the following sections, as well as explanations of how the remuneration furthers the long-term development of the Company and the corporate strategy:

Compensation component	Structure	Strategy reference
Non-performance-related remuneration		
Annual fixed salary	Fixed remuneration, paid in twelve equal monthly amounts at the end of each month	Attracting and retaining qualified Executive Board members by providing competitive remuneration
Ancillary benefits	Company car, reimbursement of travel expenses, D&O insurance, accident insurance, employer's liability insurance association contribution, health and nursing care insurance contributions	
Pension commitment	Retirement benefits in accordance with a pension commitment	
Variable remuneration		
Medium and short-term incentive	<ul style="list-style-type: none">• Annual variable remuneration with short and medium-term incentive effect• Cap: 60% of the annual fixed salary• Financial performance criteria: EBITDA (weighting: 60%), Free cash flow (weighting: 40%)• Cash payment after adoption of the annual financial statements	Incentive to increase SCHWEIZER's profitability and viability
Long-term incentive	<ul style="list-style-type: none">• Variable remuneration with long-term incentive effect and risk element, which is rolled over in annual tranches with a term of four years each (performance period)• Cap: 80% of the annual fixed salary• Depending on financial (ROCE) and non-financial (corporate factor) performance criteria as well as share price performance• Cash payment after the end of the respective performance period	Incentives to promote SCHWEIZER's long-term and sustainable growth strategy and to create sustainable value in the interests of shareholders
Other		
Malus regulation	Possibility of full or partial reduction of variable remuneration	Incentive to ensure sustainable business development and to avoid taking inappropriate risks
Maximum compensation	Maximum amount of all remuneration components	Limitation of the remuneration for the Executive Board to ensure the appropriateness of the Executive Board remuneration and to avoid disproportionately high costs for the Company

The Supervisory Board has set the following target total remuneration for the 2022 financial year:

Target remuneration 2022	Nicolas-Fabian Schweizer		Marc Bunz	
in EUR thousand	Chair of the Executive Board		Deputy Chair of the Executive Board	
	2022	2021	2022	2021
Annual fixed salary	360	322	330	298
Ancillary benefits	14	16	15	24
Pension benefits ¹⁾	272	231	287	235
Total fixed non-performance-related target remuneration	646	569	632	557
MSTI	108	97	99	89
LTI	144	129	132	119
Total variable target remuneration	252	225	231	209
Total target remuneration	898	794	863	766

¹⁾ Contributions to external pension providers in accordance with pension commitments for the Company pension scheme.

3. APPLICATION OF THE REMUNERATION SYSTEM IN FINANCIAL YEAR 2022

a) Annual fixed salary

The annual salary is fixed remuneration related to the entire financial year, which is paid out in twelve equal monthly instalments at the end of each month. The annual salary is reviewed by the Supervisory Board at intervals of two years.

In financial year 2022, Mr Nicolas-Fabian Schweizer was granted a fixed annual salary of EUR 360,000 and Mr Marc Bunz EUR 330,000.

b) Ancillary benefits

The following ancillary benefits were granted to the members of the Executive Board in financial year 2022:

- the provision of a company car, which may also be used privately,
- reimbursement of travel expenses,
- the conclusion of a D&O insurance policy with an excess in accordance with section 93(2) sentence 3 AktG. D&O insurance is group insurance for all directors and officers of the Group and is not included in the amount of benefits granted and owed,
- accident insurance,
- contributions to the employer's liability insurance association, and
- health and long-term care insurance contributions in application of section 257 of Book V of the German Social Code (SGB V) and section 61 of Book XI of the German Social Code (SGB XI).

c) Pension benefits

Each member of the Executive Board receives pension benefits in accordance with a pension commitment.

The system of pension commitments for company pension benefits for members of the Executive Board who joined the Company up to 2017 refers to a percentage of the base salary at the start of the retirement pension upon reaching the age of 65, but not before leaving the service of Schweizer Electronic AG. The pension commitment for Mr Nicolas-Fabian Schweizer amounts to 67% of the basic salary and for Mr Marc Bunz 48%. The commitment for occupational disability and surviving dependants' benefits relate to the occurrence of the underlying event (occupational disability and death). These benefits have been outsourced to external retirement funds and are based on the Company's contributions contractually promised to the Executive Board members paid to the reinsured, defined benefit pension fund.

The following table lists the allocations to pension funds made by the Company for the respective year and the annual pension entitlement earned as at 31 December in the event of an expected retirement at the age of 65 for the members of the Executive Board.

Pensions of the Executive Board members

in EUR thousand	Allocated to pension funds	as at 31 December annual earned pension entitlement
Nicolas-Fabian Schweizer Chair of the Executive Board	272	98
(2021)	231	80
Marc Bunz Deputy Chair of the Executive Board	287	102
(2021)	235	86
Total	559	200
(2021)	466	166

If a Board member leaves the Company before the age of 65, the entitlement is reduced to the entitlement earned on leaving the Company. The contributions to the pension funds are adjusted accordingly upon leaving. The pension reinsurance asset values for tax purposes amounted to EUR 1,987 thousand for Mr Nicolas-Fabian Schweizer and EUR 1,893 thousand for Mr Marc Bunz as at 31 December 2022.

For Dr Maren Schweizer and Bernd Schweizer, the two former members of the Executive Board, the following reduced amounts will continue to be paid to the pension funds in 2022.

in EUR thousand	Allocated to pension funds	as at 31 December annual earned pension entitlement
Dr Maren Schweizer (until 2/2017)	47	91
(2021)	47	91
Bernd Schweizer (until 5/2015)	16	38
(2021)	16	38
Total	63	129
(2021)	63	129

The pension reinsurance asset values for tax purposes of the former members of the Executive Board, Dr Maren Schweizer and Mr Bernd Schweizer, amounted to EUR 1,574 thousand and EUR 771 thousand respectively as at 31 December 2022.

d) Variable remuneration component (Medium & Short Term Incentive (MSTI))

aa) Essential features

In the employment contract, the Supervisory Board agrees on a target amount for Medium & Short Term Incentive (hereinafter "MSTI target amount") for each member of the Executive Board, which is granted if the target is 100% achieved.

In the event of 100% target achievement, the MSTI amounts to 30% of the annual fixed salary. The maximum amount of MSTI to be paid is limited to 200% of the target amount, i.e. 60% of the annual fixed salary.

bb) Financial performance criteria

The origin and amount of the MSTI depends on the achievement of certain individual and/or company- or department-related objectives. The Supervisory Board currently defines the following two key figures as financial performance criteria within the meaning of section 87a(1) sentence 2 no. 4 AktG:

- EBITDA-Earnings before interest, taxes, depreciation and amortisation
- Free cash flow – The difference between the cash flow from operating activities and the cash flow from investing activities.

In order to calculate the MSTI, the degree of achievement of the currently defined targets – the EBITDA target of 60% and the free cash flow target of 40% – is weighted.

cc) Achievement of financial performance criteria

For each financial performance criterion, the target value for achieving a target of 100% corresponds to the value resulting from the planning for the respective financial year. Each year, the Supervisory Board determines the values for achieving the targets of 0% to a maximum of 200% for each financial performance criterion.

The degree of achievement of the target is determined by the target curve defined for the respective key figure. The targets and the corresponding target curves are defined in advance by the Supervisory Board.

For financial year 2022, the Supervisory Board has set a target of EUR -4,225 thousand (2021: EUR -2,518 thousand) (= 100% target) and a performance corridor of between EUR -7,177 thousand and EUR 178 thousand (2021: between EUR -5,610 thousand and EUR 791 thousand) for both Executive Board members respectively for the financial performance criterion, EBITDA. The actual EBITDA value achieved amounts to EUR -12,290 thousand (2021: EUR -8.580 thousand). This results in a target achievement of 0% (2021: 0%).

For the financial performance criterion of free cash flow, the Supervisory Board has set a target of EUR -15,335 thousand (2021: EUR -20,308 thousand) (=100% target) and a performance corridor of between EUR -18,287 thousand and EUR -10,932 thousand (2021: EUR -23,400 thousand and EUR -16,999 thousand) for both members of the Executive Board respectively for the 2022 financial year. The actual free cash flow value achieved amounts to EUR -13,608 thousand (2021: EUR -13,739 thousand). This results in a target achievement of 110% (2021: 200%= cap).

In accordance with the weighting of the two KPIs explained above, the target achievement rate for calculating the MSTI is 52% (2021: 80%).

In 2022, the MSTI 2022 is reported as remuneration granted and paid to Executive Board members in financial year 2023 once the annual financial statements have been adopted.

With regard to the MSTI, the following target achievement and disbursement amounts result for the members of the Executive Board:

MSTI 2022	Target amount	EBITDA		Free cash flow		Overall target achievement	Disbursement amount
	in EUR thousand	Weighting	Target achievement	Weighting	Target achievement		in EUR thousand
Nicolas-Fabian Schweizer Chair of the Executive Board	108	60%	0%	40%	110%	52%	56
(2021)	97	60%	0%	40%	200%	80%	77
Marc Bunz Deputy Chair of the Executive Board	99	60%	0%	40%	110%	52%	51
(2021)	89	60%	0%	40%	200%	80%	72

e) Variable remuneration component (Long Term Incentive (LTI))

aa) Essential features

The long-term incentive (hereinafter "LTI") is intended to promote the Executive Board's long-term commitment to the Company and its sustainable growth. It is a remuneration component with a long-term incentive effect and risk element, which is rolled over in annual tranches each with a 4-year term (performance period).

The amount of the LTI is determined by the performance of the share price (start share price and end share price in the respective performance period), the target achievement of a determined key figure (currently Return on Capital Employed (ROCE)) and a corporate factor determined by the Supervisory Board. In order to respond to the respective situation of the Company, the Supervisory Board may change the key figure before the start of the respective tranche.

The corporate factor takes into account the sustainable development of the Company as a whole and thus contributes to promoting SCHWEIZER's sustainable growth strategy. With regard to the corporate factor, the Supervisory Board determines to what extent the individual targets of particular Executive Board members or targets applicable for all Executive Board members jointly are decisive.

The target amount is converted into virtual shares and paid out in cash at the end of the respective performance period, i.e. each LTI tranche, after four years.

The LTI target amount is converted into a conditional number of virtual shares granted for the purpose of calculating the LTI tranche. The start share price is decisive for the conversion (calculation of the start number of virtual shares). The start share price is the share price based on the average of the closing price of the Company's shares in the Xetra trading system of Deutsche Börse AG on the last 60 trading days before the start of the respective performance period.

In the event of 100% target achievement, the LTI amounts to 40% of the annual fixed salary. The maximum amount of LTI to be paid out is limited to 200% of the target amount, i.e. 80% of the annual fixed salary.

bb) Achievement of financial and non-financial performance criteria

The calculation of the LTI payout amount is shown below based on the currently defined key figure ROCE. The LTI payout amount is calculated for each LTI tranche using the following formula: Start number of virtual shares x ROCE target achievement factor x corporate factor = final number of virtual shares x end share price = LTI payout amount.

The target achievement of ROCE and the corporate factor is determined at the end of each of the four-year performance periods.

ROCE targets are agreed for each year within a performance period. The target achievement value at the end of the performance period corresponds to the average of the individual target achievement values of this performance period. If the average ROCE target achievement is 100%, a 100% payout is made. The annual ROCE targets for the performance period and the corresponding target achievement curve are defined in advance by the Supervisory Board for each performance period.

The Supervisory Board decides on the level of the corporate factor (degree of target achievement), which is generally determined on the basis of non-financial criteria for each tranche. The objectives and their weighting are defined at the beginning of each performance period for their duration. The corporate factor influences the LTI level in a range between plus and minus 20%, i.e. it amounts to a factor between 0.8 and 1.2.

The end share price is measured on the basis of the average closing price of the Company's shares in the Xetra trading system of Deutsche Börse AG on the last 60 trading days before the end of the respective performance period.

Payment is made as a gross amount after the respective end of the performance period. The LTI remuneration is reported as remuneration granted at the end of the respective performance period and is paid out in the following year after the annual financial statements have been adopted.

The end of the LTI tranche 2019 was reached at the end of financial year 2022. The performance targets set for the LTI tranche 2019 by the Supervisory Board, that covers the period 2019-2022, were not achieved. The gross amount paid out for this period is therefore EUR 0.

In order to compensate for the conversion of the previous contractual regulations, a transitional arrangement (LTI-TA) was also agreed for 2019, 2020 and 2021. For these three years, the performance period of the LTI-TA is one year, for each of which an intermediate ROCE target has been defined and agreed in the first 4-year tranche.

4. OTHER PROVISIONS RELEVANT TO REMUNERATION

a) Malus provision

If an Executive Board member in their role as a member of the Executive Board commits a demonstrably deliberate gross violation of one of their duties of due diligence within the meaning of section 93 AktG, of an essential principle of action of the internal guidelines issued by the Company, or of any of their other duties arising from their employment contract, the Supervisory Board may, at its discretion, reduce in part or in full, to zero the variable remuneration to be granted for the financial year in which the gross violation occurred (hereinafter "malus provision"). The remuneration system does not provide opportunities for the Company to recover variable remuneration components ("clawback").

Any claims for damages by Schweizer Electronic AG against the Executive Board member, in particular from section 93(2) AktG, remain unaffected by the agreement of a malus provision.

In the 2022 financial year, there were no circumstances justifying the application of the Malus regulation. The Supervisory Board has therefore not exercised the option to reduce the variable remuneration.

b) Term and termination options

When appointing members of the Executive Board and during the term of the Executive Board contracts, the Supervisory Board complies with the statutory provisions of section 84 AktG and the recommendations of the GCGC. In the event of an initial appointment to the Executive Board, the term of the appointment and the term of the employment contract are generally three years. In the event of re-appointments or in the event of an extension of the term of office, the maximum duration of the employment contract is five years.

The employment contracts do not provide for an ordinary termination option; the mutual right to extraordinary termination of the employment contract for good cause remains unaffected. In the event of a member of the Executive Board becoming permanently incapable of work during the term of the employment contract, the employment contract shall cease at the end of the third month after determining the permanent incapacity for work.

Payments to a member of the Executive Board in the event of premature termination of his or her Executive Board duties without good cause, including ancillary benefits, do not exceed the value of two years' remuneration but do not remunerate more than the remaining term of the employment relationship (severance pay cap). If the employment contract is terminated for good cause for which the Executive Board member is responsible, no payments shall be made to the Executive Board member. The total remuneration of the past financial year and, if applicable, the estimated total remuneration for the current financial year form the basis for the calculation of the severance payment cap.

A post-contractual non-competition clause is agreed with each member of the Executive Board for a period of 24 months. Appropriate compensation (compensation for non-competition) amounting to 55% of their final average contractual compensation is granted for this period.

In the event of a change of control, the Executive Board member has the right to resign from their Executive Board position and terminate the employment contract with three months' notice. The Company is also entitled to this right of termination. If the office and the employment contract ends due to a change of control, the member of the Executive Board is entitled to compensation and a severance payment. The Executive Board member is entitled to compensation in the amount of 100% of their average annual remuneration (gross), consisting of annual salary, MSTI and LTI, earned over the last three financial years prior to the departure for the remaining term of their employment contract. The compensation payments amount to a maximum of the value of two annual salaries. In addition, the Executive Board member shall receive a severance payment of one year's remuneration. Combined compensation and severance benefits are limited to a maximum of three times the annual remuneration of the Executive Board member.

There was no change to the Executive Board in financial year 2022, which is why no benefits were granted or owed in the event that a member of the Executive Board leaves the Company.

5. NO THIRD-PARTY SERVICES

In the 2022 financial year, no Executive Board member was promised or granted remuneration by third parties with regard to their activity as Executive Board member.

6. REMUNERATION GRANTED AND OWED

a) Active Executive Board members in financial year 2022

The following table details the remuneration granted and owed to the Executive Board members in office in the 2022 and 2021 financial years in accordance with section 162(1) sentence 1 AktG. Accordingly, the table contains all amounts actually received by the members of the Executive Board in the 2022 and 2021 financial years (in fact) (remuneration granted) as well as all remuneration components due but not yet received (remuneration owed).

Remuneration granted and owed	Nicolas-Fabian Schweizer Chair of the Executive Board				Marc Bunz Deputy Chair of the Executive Board			
	2022	In % of total remuneration	2021	In % of total remuneration	2022	In % of total remuneration	2021	In % of total remuneration
in EUR thousand								
Annual fixed salary	360	84%	322	77%	330	83%	298	76%
Ancillary benefits	14	3%	16	4%	15	4%	24	6%
Total fixed non-performance-related remuneration	374	87%	338	81%	345	87%	322	82%
MSTI	56	13%	77	19%	51	13%	72	18%
LTI tranche 2019 ¹⁾	0	0%			0	0%		
Total variable remuneration	56	13%	77	19%	51	13%	72	18%
Total remuneration	430	100%	415	100%	396	100%	394	100%

¹⁾ The LTI tranche 2019 comprises performance in financial years 2019 – 2022

b) Former members of the Executive Board

As part of a court settlement, a severance agreement was concluded with former member of the Executive Board Dr Maren Schweizer at the Rottweil Regional Court, from which Dr Schweizer was granted severance pay from August 2021, payable in monthly instalments of EUR 16,326.53 (gross). The amount owed in financial year 2022 amounted to EUR 196 thousand (2021: EUR 82 thousand). The total liability as at 31 December 2022 amounted to EUR 2,341 thousand (31 December 2021: EUR 2,875 thousand).

In addition, pension payments of EUR 282 thousand (2021: EUR 281 thousand) were granted to former members of the Executive Board in the 2022 financial year. In accordance with section 162(5) AktG, the personal details of former members of the Executive Board may not be disclosed as they left the Executive Board before 31 December 2012.

B. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is set out in Article 13 of the Company's Articles of Association. The Annual General Meeting confirmed the remuneration of the members of the Supervisory Board provided for in Article 13 of the Company's Articles of Association and the remuneration system underlying the remuneration with the information pursuant to sections 113(3) sentence 3, 87a(1) sentence 2 AktG on 25 June 2021 with a majority of 95.07% of votes cast.

Supervisory Board members receive a fixed remuneration for their work, the amount of which depends on the duties assumed by the Supervisory Board and its committees. In addition, the members of the Supervisory Board receive performance-related remuneration based on the amount of the dividend.

The system for the remuneration of the members of the Supervisory Board, which forms the basis of the regulations of the Articles of Association, is based on the legal requirements and takes into account the recommendations of the German Corporate Governance Code:

- In addition to a fixed remuneration, the system for the remuneration of the members of the Supervisory Board provides for performance-related remuneration, which is based on the dividend distributed to the shareholders for the respective financial year. In addition, the members of the Supervisory Board receive reimbursement of expenses for training and further education measures up to an amount of EUR 2,500.00 per year. In addition, the members of the Supervisory Board receive reimbursement of their expenses and any value added tax to be paid on the remuneration. No attendance fee is granted.
- The Supervisory Board remuneration consists of the following components: Members of the Supervisory Board receive a fixed remuneration of EUR 15,000.00 for each financial year, the Chair of the Supervisory Board receives twice this amount, i.e. EUR 30,000.00, and the Deputy Chair receives one and a half times this amount, i.e. EUR 22,500.00. In accordance with recommendation G.17 of the German Corporate Governance Code, the greater time required of the Chair and Deputy Chair of the Supervisory Board is taken into account in the remuneration. The same applies to chairing and membership of committees. For membership of a committee of the Supervisory Board, members of the Supervisory Board receive an additional remuneration of EUR 15,000.00 per financial year and per committee membership. The Chair of a committee receives twice this amount, i.e. EUR 30,000.00, as additional remuneration, while the Deputy Chair receives one and a half times this amount, i.e. EUR 22,500.00.
- In addition, the members of the Supervisory Board receive variable remuneration. The only criterion for the granting and amount of variable remuneration is the amount of the dividend distributed to the shareholders for the respective financial year. The members of the Supervisory Board receive a performance-related remuneration of EUR 300.00 for each EUR 0.01 profit share decided by the Annual General Meeting, which is distributed to the shareholders in addition to a profit share of EUR 0.40 per share with full profit entitlement. If preferred shares are issued, the performance-related remuneration is based on the profit share per ordinary share. The variable remuneration is limited to a maximum amount of EUR 18,000.00. The regulation on performance-related remuneration deviates from recommendation G.18 Clause 2 of the German Corporate Governance Code. The Executive Board and the Supervisory Board believe

that the existing compensation arrangement provides the members of the Supervisory Board with sufficient incentive to orient the exercise of their duties towards the long-term, successful development of the Company. Dividend payments are also a key performance indicator for the shareholders. The orientation of the performance-related remuneration of the members of the Supervisory Board to this performance indicator contributes to the long-term promotion of the Company's success.

- The upper limit for the remuneration of the members of the Supervisory Board is the sum of the fixed remuneration, the amount of which depends in detail on the tasks assumed by the Supervisory Board and its committees, the maximum amount of performance-related remuneration and the maximum amount for the reimbursement of expenses for training and further education measures. Conversely, there is no quantified maximum remuneration figure for the members of the Supervisory Board.
- The amount and structure of the Supervisory Board remuneration is in line with the market and enables the Company to continue to be able to recruit qualified candidates for the Supervisory Board in the future. This is a prerequisite for the best possible exercise of the advisory and monitoring activities by the Supervisory Board, which in turn make a significant contribution to the promotion of the business strategy and the long-term development of the Company.
- The fixed remuneration is due for payment at the end of the respective financial year. The performance-related remuneration is due at the time of a corresponding resolution of the Annual General Meeting on the appropriation of the balance sheet profit. There are no deferral periods for the payment of remuneration components.
- The remuneration of the members of the Supervisory Board is finally regulated in the Articles of Association; there are no ancillary or supplementary agreements. Remuneration is linked to the duration of the appointment as a member of the Supervisory Board. If members of the Supervisory Board resign from the Supervisory Board or one of its committees during the course of a financial year, they receive pro rata remuneration. There are no commitments to dismissal compensation, pension and early retirement schemes.

The following table shows the remuneration granted and owed to the members of the Supervisory Board in the reporting period:

in EUR thousand	Fixed remuneration	in % ⁴⁾	remuneration Committee work	in %	Variable remuneration	in %	Total remuneration
Dr Stefan Krauss¹⁾	23	50%	23	50%	0	0	45
(2021)	8	50%	8	50%	0	0	15
Christoph Schweizer²⁾	15	50%	15	50%	0	0	30
(2021)	30	50%	30	50%	0	0	60
Dr Stephan Zizala	23	50%	23	50%	0	0	45
(2021)	23	50%	23	50%	0	0	45
Dr Harald Marquardt³⁾	8	50%	8	50%	0	0	15
Chris Wu	15	100%	-	-	0	0	15
(2021)	15	100%	-	-	0	0	15
Petra Gaiselmann	15	100%	-	-	0	0	15
(2021)	15	100%	-	-	0	0	15
Jürgen Kammerer	15	100%	-	-	0	0	15
(2021)	15	100%	-	-	0	0	15
Total for 2022	113	63%	68	37%	0	0	180
(Total for 2021)	113	63%	68	37%	0	0	180

All figures are rounded, which can lead to deviations when these are added up.

¹⁾ Since 24 June 2022, Chair of the Supervisory Board and the Audit Committee and, until 24 June 2022, ordinary member of the Supervisory Board and the Audit Committee

²⁾ Until 24 June 2022, Chair of the Supervisory Board and the Audit Committee

³⁾ Since 24 June 2022, member of the Supervisory Board and the Audit Committee

⁴⁾ Share of total remuneration

C. COMPARATIVE PRESENTATION OF EARNINGS PERFORMANCE AND ANNUAL REMUNERATION

In accordance with section 162(1) sentence 2 no. 2 AktG, the following table shows SCHWEIZER's earnings performance, the annual change in remuneration of the members of the Executive Board and the Supervisory Board as well as the annual change in the average remuneration of employees on a full-time basis over the last five financial years.

In addition to the net income/loss for the year under commercial law of Schweizer Electronic AG, the earnings trend is shown using the EBITDA KPI for the Group. As a key performance indicator, the Group EBITDA is also part of the financial objectives of the MSTI and thus has a significant influence on the amount of remuneration paid to the members of the Executive Board.

For the members of the Executive Board and the Supervisory Board, their remuneration granted and owed in the respective financial year within the meaning of section 162(1) sentence 1 AktG is outlined.

For the presentation of the average remuneration of employees, SCHWEIZER's workforce in Germany (including trainees) is used, which included an average of 489 (2021: 517) employees (full-time) in financial year 2022. In comparison, the SCHWEIZER Group had around 1,000 employees worldwide as of 31 December 2022 (2021: around 1,100). The average remuneration of employees includes personnel expenses for wages and salaries, for fringe benefits, for employer contributions to social security and for any short-term variable remuneration components attributable to the financial year. Thus, consistent with the remuneration reported for the Executive Board and the Supervisory Board, employee remuneration also complies in principle with the remuneration components granted and owed as defined in section 162(1) sentence 1 AktG.

The following table shows the values in a manner that allows comparison:

Financial year	2018	2019	Change in %	2020	Change in %	2021	Change in %	2022	Change in %
Earnings performance (in EUR millions)									
EBITDA ¹⁾	9.2	0.1	-99%	-9.5	>-100%	-8.5	11%	-12.3	-45%
Annual net profit (loss) as per HGB ²⁾	3.1	-2.8	>-100%	-9.1	>-100%	2.8	>+100%	-24.9	>-100%
Average remuneration of employees (in EUR thousand)									
Employees in Germany	58	53 ³⁾	-9% ³⁾	60 ⁴⁾	+12% ⁴⁾	63 ⁵⁾	+7% ⁵⁾	68	+7%
Remuneration of Executive Board members in office⁶⁾ (in EUR thousand)									
Nicolas-Fabian Schweizer	443	563	+27%	385	-32% ⁷⁾	415	+8%	430	+4%
Marc Bunz	421	535	+27%	367	-31% ⁷⁾	394	+7%	396	+1%
Remuneration of former Executive Board members (in EUR thousand)									
Dr Maren Schweizer ⁸⁾	-	-	-	-	-	82	-	196	+139%
Payments made to Executive Board members who left before 31/12/20129)	278	278	0%	262 ¹⁰⁾	-6%	281	+7%	282	0%
Supervisory Board remuneration (in EUR thousands)									
Dr Stefan Krauss Chair of the Supervisory Board and the Finance Committee since 24 June 2022 Member of the Supervisory Board and the Audit Committee since 25 June 2021	-	-	-	-	-	15	-	45	+200%
Christoph Schweizer Chair of the Supervisory Board and the Personnel and Finance Committee from 28 June 2019 to 24 June 2022	-	30	-	60	+100%	60	0%	30	-50%
Dr Stephan Zizala Deputy Chair of the Supervisory Board and the Personnel and Finance Committee since 7 July 2017	45	45	0%	45	0%	45	0%	45	0%
Dr Harald Marquardt Member of the Supervisory Board and the Audit Committee since 24 June 2022	-	-	-	-	-	-	-	15	-
Chris Wu Member of the Supervisory Board since 7 July 2017	15	15	0%	15	0%	15	0%	15	0%
Petra Gaiselmann Member of the Supervisory Board since 28 June 2019	-	8	-	15	+100%	15	0%	15	0%
Jürgen Kammerer Member of the Supervisory Board since 28 June 2019	-	8	-	15	+100%	15	0%	15	0%

All figures are rounded, which can lead to deviations when these are added up.

- ¹⁾ Group EBITDA is a key performance criterion for determining the MSTI
- ²⁾ The indicator net income for the year of Schweizer Electronic AG (German Commercial Code, HGB) is not relevant for the variable remuneration of the members of the Executive Board
- ³⁾ Excluding short-time allowance (period of partial short-time work: March to July 2019)
- ⁴⁾ Excluding short-time allowance (period of partial short-time work: April to December 2020) | Voluntary waiver of fixed remuneration and special payments from some of the employees taken into account
- ⁵⁾ Excluding short-time allowance (period of partial short-time work: January to February 2021)
- ⁶⁾ Fixed and variable remuneration components
- ⁷⁾ Voluntary waiver of 30% of the contractually agreed fixed remuneration from April – June 2020
- ⁸⁾ Since August 2021, payment of severance pay, payable in monthly payments
- ⁹⁾ The remuneration shown consists of pension payments
- ¹⁰⁾ Waiver of 10% of the contractually agreed pension payment from April – December 2020

Schramberg, 24 April 2023

Schweizer Electronic AG

For the Executive Board

(Nicolas-Fabian Schweizer)

(Marc Bunz)

For the Supervisory Board

(Dr Stefan Krauss)

AUDIT OPINION

NOTE FROM THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162(3) AKTG

To Schweizer Electronic AG, Schramberg

Audit opinion

We have formally examined the remuneration report of Schweizer Electronic AG, Schramberg, for the financial year from 1 January 2022 to 31 December 2022 to determine whether the information pursuant to Section 162 (1) and (2) of the German Stock Corporation Act (AktG) was provided in the remuneration report. In accordance with Section 162(3) AktG, we have not audited the content of the remuneration report.

In our opinion, the information pursuant to Section 162(1) and (2) AktG has been provided in all material respects in the attached remuneration report. Our audit opinion does not extend to the content of the remuneration report.

Basis for the audit opinion

We conducted our audit of the remuneration report pursuant to Section 162(3) AktG, taking into account the IDW auditing standard: Audit of the remuneration report pursuant to Section 162 (3) AktG (IDW PS 870(08/2021). Our responsibility under this regulation and this standard is further described in the "Responsibility of the auditor" section of our note. As an auditing firm, we applied the requirements of the IDW quality assurance standard: Requirements for quality control in audit firms (IDW QS 1). We have complied with the professional duties in accordance with the German Public Auditors' Ordinance and the professional statutes for auditors/sworn accountants, including the requirements for independence.

Responsibility of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board are responsible for preparing the remuneration report, including the related information, which complies with the requirements of Section 162 AktG. In addition, they are responsible for the internal controls that they have determined to be necessary for the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraudulent acts or error (i.e. manipulations of the accounting process and asset misappropriation).

Responsibility of the auditor

Our objective is to obtain reasonable certainty whether the information pursuant to Section 162 (1) and (2) AktG has been provided in all material respects in the remuneration report and to issue an audit opinion in a note on this.

We planned and performed our audit in such a way that we were able to determine the formal completeness of the remuneration report by comparing the information provided in the remuneration report with the information required in accordance with Section 162(1) and (2) AktG. In accordance with Section 162(3) AktG, we have not audited the accuracy of the content of the information, the completeness of the content of the individual disclosures or the appropriate presentation of the remuneration report.

Handling of misleading representations

In connection with our audit, we have a responsibility to read the remuneration report, taking into account the knowledge gained from the audit of the financial statements, and to remain alert for indications as to whether the remuneration report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the remuneration report.

Based on the work performed by us, should we conclude that such a materially false disclosure has been made, we are obligated to report on this matter. In this respect, we have nothing to report.

Freiburg im Breisgau, 28 April 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft [Audit firm]

Laubert
Auditor

Armbruster
Auditor

IV. ADDITIONAL DETAILS AND INFORMATION REGARDING THE ANNUAL GENERAL MEETING

1. Requirements for participation in the Annual General Meeting and the exercise of voting rights

All shareholders who are entered in the Company's share register and have registered for the Annual General Meeting by **no later than midnight (24:00) on Tuesday, 20 June 2023**, will be entitled to participate in the Annual General Meeting and to exercise their voting rights.

In relation to the Company, rights and obligations arising from shares pursuant to section 67(2) sentence 1 AktG only exist for and against the person entered in the share register. Accordingly, the number of shares entered in the share register on the day of the Annual General Meeting will be decisive for exercising attendance and voting rights. For technical reasons, however, no changes to the share register will be made in the period from **0:00 on 21 June 2023** until the end of the Annual General Meeting. The registration status of the share register on the day of the Annual General Meeting will therefore correspond to the status as at the end of the closing date for registration. The technical record date is therefore **20 June 2023, midnight (24:00)**.

Registration for the Annual General Meeting does not constitute a restriction on the sale, disposal or retention of the shares. Shareholders may therefore continue to freely retain or dispose of their shares even after having registered for the Annual General Meeting. Even in the event of the complete or partial sale of the shareholding after registration for the Annual General Meeting, only the information contained in the share register on the day of the Annual General Meeting will be decisive for the right to attend the Annual General Meeting and to exercise voting rights. Since, in relation to the Company, rights and obligations arising from shares only exist for and against those registered in the share register on the day of the Annual General Meeting, purchasers of shares whose transfer applications are received by the Company after the Technical Record Date cannot exercise rights from these shares unless they are authorised to do so by the seller. Purchasers of shares in the Company who have not yet been entered in the share register will therefore be requested to submit transfer applications as soon as possible.

Registration for the Annual General Meeting must be submitted to the Company in text form at the following address

Schweizer Electronic AG
c/o Computershare Operations Center
80249 Munich, Germany

or email: **anmeldestelle@computershare.de**

After registering in line with regulations, you can attend the Annual General Meeting in person and exercise your voting rights yourself. Shareholders entitled to participate in the Annual General Meeting and exercise their voting rights may exercise their voting rights at the Annual General Meeting not only themselves, but also through proxies, such as an intermediary (e.g. a bank), a shareholders' association or another person. In this case, registration in line with regulations for

the Annual General Meeting is also required in accordance with the above provisions. For details on the authorisation procedure and voting by proxy, please refer to the section below, "Exercising voting rights through a proxy or by postal vote".

If you intend to participate in the Annual General Meeting yourself or by proxy, please register early. This simplifies our task of organising the Annual General Meeting. After registration, all shareholders or their proxies will receive admission tickets. We wish to clarify that the admission ticket merely serves to facilitate the organisation of the Annual General Meeting and is not a prerequisite for participating in the Annual General Meeting and the exercise of voting rights in accordance with the law or the Articles of Association. Admission tickets to the Annual General Meeting will be sent by post.

2. Exercising voting rights by proxy or by postal vote

a) Exercise of voting rights by proxy

Shareholders may also have their voting rights exercised by a duly appointed proxy. Even if voting rights are exercised by proxy, registration for the Annual General Meeting by the deadline is still required.

Shareholders entitled to participate in the Annual General Meeting who do not wish to exercise their voting rights at the Annual General Meeting themselves, but through a proxy, must issue the proxy with a power of attorney in line with regulations. This can be done either before or during the Annual General Meeting until the vote on the respective agenda item. The granting of the power of attorney may be declared to the proxy or to the Company. The following must be taken into account:

If neither an intermediary (e.g. a bank) nor a shareholders' association, a proxy advisor or an equivalent legal entity in accordance with section 135 AktG is to be authorised, the granting of the power of attorney, its revocation and proof of the power of attorney vis-à-vis the Company must be in text form. A form for issuing a proxy (proxy form), and additional information shall be provided to shareholders who have registered by the deadline, after registration. Furthermore, a form which can be used when granting a proxy can also be accessed on the Internet at

<https://schweizer.ag/en/investors-media/annual-shareholders-meeting>

and will also be sent to each shareholder immediately and free of charge upon request. The request must be addressed to:

**Schweizer Electronic AG
c/o Computershare Operations Center
80249 Munich, Germany**

or email: **anmeldestelle@computershare.de**

The power of attorney may be granted using this proxy form or during the Annual General Meeting using the proxy form printed on the voting form or in any other appropriate form.

Proof of a power of attorney granted to the proxy may be furnished by the proxy by presenting the power of attorney at the admission control on the day of the Annual General Meeting. If the power of attorney is granted by declaration to the Company, separate proof of the granting of the power of attorney is not required. The Company provides the following address for granting a power of attorney to the Company, revoking an existing power of attorney and sending proof of the power of attorney:

Schweizer Electronic AG
c/o Computershare Operations Center
80249 Munich, Germany

or email: **anmeldestelle@computershare.de**

If an intermediary (e.g. a bank), a shareholders' association, a proxy advisor or equivalent legal entity in accordance with section 135 AktG is to be appointed as proxy, in derogation to the aforementioned principle, no text form requirement applies, either in accordance with the law or in accordance with the Company's Articles of Association. However, we wish to point out that in these cases the legal entities to be appointed as proxy may possibly require a special form of power of attorney, as they are obliged to verifiably record the power of attorney in accordance with section 135 AktG. Shareholders who wish to appoint as proxy an intermediary (e.g. a bank), a shareholders' association, a proxy advisor or an equivalent legal entity in accordance with section 135 AktG should therefore consult with them regarding a possible formal requirement for the power of attorney.

The Company also offers its shareholders the option to appoint a voting rights representative appointed by the Company, who shall be bound to the shareholder's instructions. Registration for the Annual General Meeting must still be made according to the proper procedures in this case. The voting rights representative appointed by the Company shall only exercise the voting right on the basis of the instructions provided by the shareholder. Without specific instructions from the shareholder, the voting rights representative appointed by the Company shall not be authorised to exercise voting rights. Nor shall the voting rights representative appointed by the Company accept requests to submit objections against Annual General Meeting resolutions or to ask questions or make proposals.

The granting of power of attorney to the voting rights representative appointed by Schweizer Electronic AG, its revocation and any instructions issued to them must also be in text form. A form for issuing a proxy (proxy form), and additional information shall be provided to shareholders who have registered by the deadline, after registration. Furthermore, a form which can be used when granting a proxy can also be accessed on the Internet at

<https://schweizer.ag/en/investors-media/annual-shareholders-meeting>.

The issue or amendment of instructions to the voting rights representative appointed by the Company must be received by the Company **no later than by midnight (24:00) on Monday, 26 June 2023**, at the following address:

Schweizer Electronic AG
c/o Computershare Operations Center
80249 Munich, Germany

or email: **anmeldestelle@computershare.de**

In addition, we offer shareholders entitled to attend the Annual General Meeting and exercise their voting rights who attend the Annual General Meeting to authorise the voting rights representative bound by instructions to exercise their voting rights and to issue them with instructions at the Annual General Meeting until the vote on the respective agenda item in text form.

If the shareholder authorises more than one person, then the Company may, in accordance with section 134(3) sentence 2 AktG and in accordance with section 15(5) sentence 2 of the Articles of Association, reject one or more of those persons. An intermediary may only exercise the voting right for shares which they do not own, although entered in the share register as a holder of such, based on an authorisation from the shareholder.

b) Voting submission by postal vote

Shareholders may also exercise their voting right by postal vote. Timely registration is also required in the event of a postal vote. Authorised intermediaries (e.g. banks), shareholders' associations, proxy advisors or equivalent authorised legal entities in accordance with section 135 AktG may also vote by postal vote.

Postal votes must be received by the Company by no later than midnight (24:00) on Monday, 26 June 2023, at the following address:

Schweizer Electronic AG
c/o Computershare Operations Center
80249 Munich, Germany

or email: **anmeldestelle@computershare.de**

a) Further information on exercising voting rights

Should voting rights be exercised in a timely manner in several ways (letter, email, in accordance with section 67c(1) and (2) sentence 3 AktG in conjunction with Art. 2(1) and (3) and Article 9(4) of the Implementing Regulation (EU) 2018/1212) by postal vote or if a power of attorney and, if applicable, instructions are issued, these will be taken into account in the following order regardless of the time of receipt: 1. in accordance with section 67c(1) and (2) sentence 3 AktG in conjunction with Art. 2(1) and (3) and Article 9(4) of Implementing Regulation (EU) 2018/1212, 2. by email and 3. by letter.

If several postal votes or powers of attorney and instructions are received by the due date via the same transmission route, the last declaration received shall be binding.

In principle, a later vote shall not be deemed to be a revocation of an earlier vote.

The most recently received, timely revocation of a declaration is binding.

If declarations with more than one form of exercising voting rights are received via the same route, the following shall apply: postal votes take precedence over a power of attorney granted or, if applicable, instructions issued to the voting rights representative appointed by the Company and the latter take precedence over a power of attorney granted and instructions issued to an intermediary, a shareholders' association, a proxy advisor in accordance with section 134a AktG and a person treated as such in accordance with section 135(8) AktG.

If an intermediary, a shareholders' association, a proxy advisor in accordance with section 134a AktG and a person treated as such in accordance with section 135(8) AktG are not prepared to represent the Company, the voting rights representative appointed by the Company shall have power of authorisation in accordance with the instructions.

3. Shareholders' rights pursuant to sections 122(2), 126(1), 127, 131(1) AktG

a) Motions for additions to the Agenda in accordance with Section 122 (2) German Stock Corporation Act (AktG)

Shareholders whose shares jointly amount to one-twentieth of the share capital (i.e. 189,000 shares) or the pro rata amount of EUR 500,000.00 can 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 to the Executive Board in writing and be received by the Company **no later than midnight (24:00) on Saturday, 27 May 2023**. Please send such requests to the following address:

**Schweizer Electronic AG
Executive Board
Einsteinstrasse 10
78713 Schramberg**

We shall publish any additional items received in accordance with section 124(1) AktG by the deadline as long as they satisfy the legal requirements.

b) Motions and nominations from shareholders

In accordance with section 126(1) AktG, shareholders are entitled to submit counter-motions to proposals made by the Executive Board and Supervisory Board regarding a specific agenda item. In accordance with section 127 AktG, shareholders are also entitled to submit nominations for the election of members of the Supervisory Board or for auditors.

The Company shall make counter-motions as defined by section 126(1) AktG, including the name of the shareholder and any comments by the administrator, available immediately upon receipt on the Company's website at

<https://schweizer.ag/investoren-und-medien/hauptversammlung>

if the counter-motion, together with the grounds, is received by the Company **no later than midnight (24:00) on Monday 12 June 2023** at the following address:

**Schweizer Electronic AG
Annual General Meeting
Einsteinstrasse 10
78713 Schramberg, Germany**

or email: **ir@schweizer.ag**

Counter-motions which are otherwise addressed will not be considered.

The Company is entitled to not publish a counter-motion and grounds under the prerequisites specified in Section 126 (2) German Stock Corporation Act (AktG) if e.g. the Executive Board would by reason of such communication become criminally liable or if the counter-motion would result in a resolution of the Annual General meeting which would be illegal or would violate the articles. The reasons for a counter-motion need not be made available if they exceed 5,000 characters in total.

The above provisions shall apply mutatis mutandis to nominations from shareholders in accordance with Section 127 German Stock Corporation Act (AktG). However, shareholders need not provide reasons for nominations and these need not be published, except in the cases specified in section 126(2) AktG, even if the nomination does not contain the details mentioned in section 127 sentence 3 in conjunction with sections 124(3) sentence 4, 125(1) sentence 5 AktG.

c) Right of information for shareholders

At the Annual General Meeting, each shareholder may demand information from the Executive Board about the Company's affairs, insofar as this information is necessary for the proper assessment of an item on the agenda (section 131(1) AktG). The right of access can be exercised at the Annual General Meeting without the need for prior notice or other notification.

4. Information on the Company's website in accordance with Section 124a German Stock Corporation Act (AktG)

The information pursuant to section 124a AktG regarding the Annual General Meeting can be found on the Company's website at

<https://schweizer.ag/en/investors-media/annual-shareholders-meeting>.

5. Total number of shares and voting rights at the time the Annual General Meeting is convened

At the time the Annual General Meeting is convened, the share capital of Schweizer Electronic AG in the amount of EUR 9,664,053.86 is divided into 3,780,000 no-par value registered shares, each of which grants one vote. The total number of voting rights therefore amounts to 3,780,000. At the time the Annual General Meeting is convened, the Company holds 9,287 treasury shares, which do not confer it any voting rights.

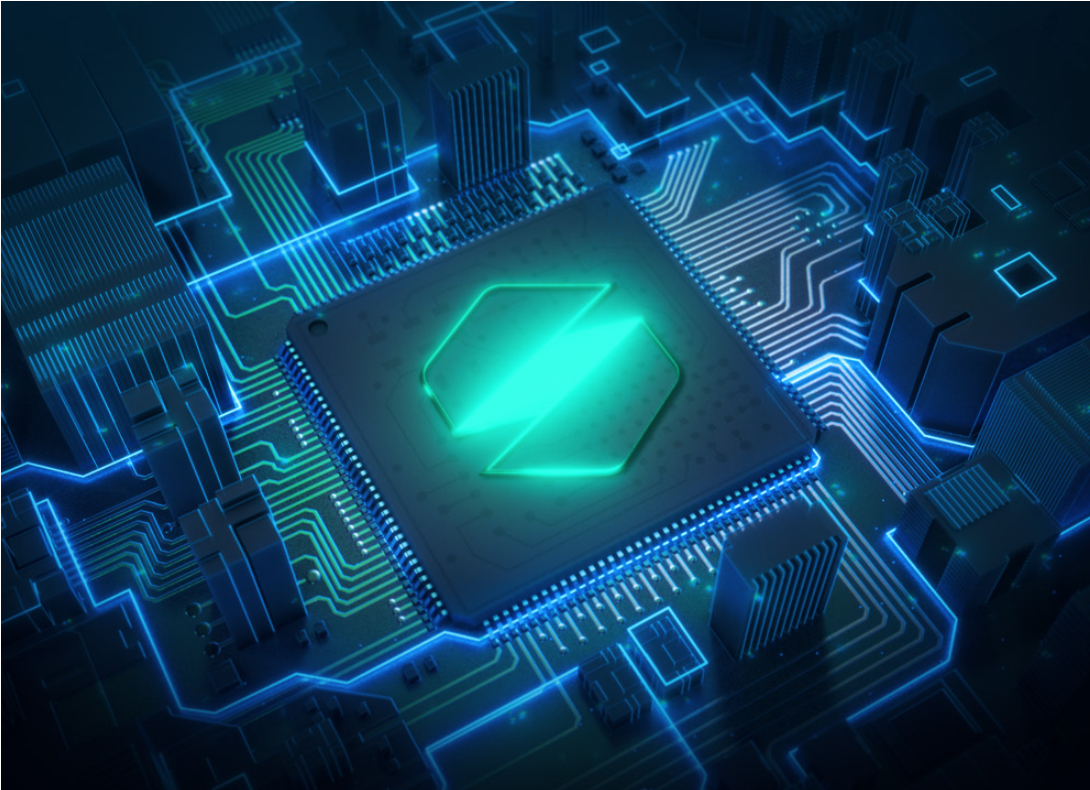
6. Data protection information

Your personal data will be processed for the purposes of maintaining the share register as prescribed by the German Stock Corporation Act, for communication with you as a shareholder as well as for implementing the virtual Annual General Meeting. Furthermore, your data will be utilised for related purposes and to fulfil other legal obligations (such as verification or retention obligations). Additional information regarding data protection can be found at <https://schweizer.ag/en/data-privacy/data-privacy-statement-for-shareholders>. Schweizer Electronic AG will also send this information to you as a printed copy on request.

Schramberg, May 2023

Schweizer Electronic AG with registered office in Schramberg, Germany

The Executive Board



SCHWEIZER MORE THAN PCBS

**Shareholders' hotline
Tel. +49 7422 512 302**

**or for questions about the
shareholder portal
aktionaersportal@computershare.de**

**Schweizer Electronic AG
Einsteinstraße 10
78713 Schramberg**

**Postfach 561
78707 Schramberg**

Germany