

Schramberg
ISIN: DE0005156236
WKN: 515 623

Information on agenda item 8

Report of the Executive Board on agenda item 8 in accordance with Section 71 (1) No. 8 (5) German Stock Corporation Act (AktG) in conjunction with Section 186 (4) Clause 2 German Stock Corporation Act (AktG)

Schweizer Electronic AG is to be authorised at this year's Annual General Meeting for five years to acquire treasury shares in the amount of up to 10% of the share capital in accordance with Section 71 (1) No. 8 German Stock Corporation Act (AktG). Treasury shares may be acquired via the stock market, via a public purchase offer aimed at all shareholders of the company or via a public invitation to the shareholders to submit offers to sell.

Insofar as the number of shares offered to tender or offered for purchase exceeds the total volume intended by the company for acquisition, acceptance must take place under exclusion of the right to tender of the shareholders instead of the proportion of the participation quotas according to the proportion of the shares tendered or offered per shareholder. The option to prioritise small quantities of up to 100 shares to be vested per shareholder serves to simplify the allocation procedure.

The authorisation also includes the use of the acquired treasury shares, which is described in more detail below, in particular insofar as it is associated with an exclusion of the subscription right of the shareholders.

- The Executive Board proposes under item 8 subparagraph c) aa) to exclude the subscription right of the shareholders in corresponding application of Section 186 (3) Clause 4 German Stock Corporation Act (AktG) for new shares in the calculated amount of up to 10% of the share capital, whereby the 10% limit in total, i.e. when combined with any other authorisations pursuant to Section 186 (3) Clause 4 German Stock Corporation Act (AktG), may not be exceeded. The option to exclude subscription right, which was introduced with the authorisation, serves the interest of the company by making it possible to sell its treasury shares to institutional investors, for example. In addition, this will also allow the acquisition of new shareholder groups at home and abroad. The possibility of exclusion of subscription right enables the administration to make use of the possibilities offered by the respective stock exchange constitution without time-consuming and cost-intensive processing of subscription right, in particular for faster and more cost-effective placement. In determining the final selling price, taking into account current market conditions, the Executive Board will endeavour to keep any reduction to the stock exchange price as low as possible. This protects the shareholders from an inadmissible dilution of their shareholdings. In principle, shareholders have the option of maintaining their shareholding by purchasing shares via the stock exchange under comparable conditions.

- The points listed under item 8 subparagraph c) bb) Requested authorisation to exclude subscription right enables the Executive Board to have access to the company's treasury shares for the short-term (including indirect) acquisition of companies, businesses, parts of the

company, participations in companies or other assets or claims to the acquisition of assets, including receivables against the company or its group companies, without drawing on the stock exchange. Schweizer Electronic AG continues to be in fierce competition with other companies, both nationally and internationally, and must therefore be able to act quickly and flexibly at all times in the interests of its shareholders, which includes being able to acquire companies or holdings in them in order to improve the competitive situation. When acquiring companies or holdings in them, it is not uncommon for high consideration to be paid. These considerations can often no longer be provided in cash without jeopardising the liquidity of the company. The consideration is therefore often granted in shares of the acquiring company. The authorisation proposed here is intended to give the company the necessary flexibility to take advantage of the opportunities offered to acquire companies or shareholdings in them quickly and flexibly, in particular by granting its own no-par-value shares.

- The points listed under item 8 subparagraph c) cc) Requested authorisation to exclude subscription right enables the Executive Board to also use its treasury shares for the purpose of offering them for acquisition and transferring them to persons who are or were in an employment relationship with the company or a company affiliated with it, as well as to members of the executive bodies of companies affiliated with the company. The involvement of employees and managers in the company and its development is desired by the legislator and is therefore facilitated in several ways. The issue of shares to employees of Schweizer Electronic AG or companies affiliated with the company as well as to members of executive bodies of companies affiliated with the company should strengthen the identification of the persons named with the company. They should be tied to the company and also participate as shareholders in its long-term development. In the interests of the company and its shareholders, this is intended to strengthen the understanding and willingness to assume greater, above all economic co-responsibility. The issue of shares also enables arrangements with a long-term incentive effect, which can take into account not only positive but also negative developments. It is intended to provide an incentive to ensure a lasting increase in value for the company. The objectives of identification with the company, the commitment to the company and the assumption of corporate co-responsibility presented are in the interest of the company. The transfer of existing or newly repurchased treasury shares instead of the utilisation of any capital also available may be an economically viable alternative, as it avoids the expense associated with a capital increase and the approval of new shares as well as the otherwise occurring dilution effect. The exclusion of subscription right required for this use is therefore generally in the interest of the company and its shareholders.

- The treasury shares may also be redeemed in accordance with agenda item 8 subparagraph c) dd) under exclusion of the subscription right of the shareholders for the service of subscription right or in fulfilment of conversion obligations from bonds issued or to be issued by the company or an associated company. This does not create an independent or extended authority to issue bonds. In this respect, the proposed resolution merely serves the purpose of allowing the company to fulfil obligations arising from bonds that were or will be established on the basis of other authorisations of the Annual General Meeting, with its treasury shares, thereby increasing the flexibility of the company. Insofar as the company makes use of this option, it is not necessary to issue new shares from a conditional or authorised capital intended for this purpose in order to service the bonds.

- Finally, the shares acquired are to be valued in accordance with agenda item 8 subparagraph c) ee) can be used by the company in the event of a so-called share dividend (scrip dividend) being carried out, under exclusion of the subscription right of the shareholders. In the case of share dividends, shareholders are offered the option of investing their dividend entitlement (in whole or in part) in kind in the company in order to purchase new shares in the

company in return. The execution of a share dividend using treasury shares will generally take place as a real rights issue while respecting the shareholders' rights and the principle of equal treatment (Section 53a German Stock Corporation Act (AktG)). In individual cases, however, depending on the capital market situation, it may be preferable to arrange the execution of a share dividend using treasury shares in such a way that, while the Executive Board offers treasury shares to all shareholders who are entitled to dividends in compliance with the general principle of equal treatment (Section 53a German Stock Corporation Act (AktG)), it formally excludes the subscription right of the shareholders as a whole. The execution of the share dividend with formal exclusion of the subscription right makes it possible to execute the share dividend on more flexible terms, in particular without being bound by the minimum subscription period and by the legally stipulated date for the notification of the issue amount. In view of the fact that all shareholders are offered their treasury shares and excess dividend portions are settled by payment of the cash dividend, the exclusion of subscription right stated under item 8 subparagraph c) ee) is justified and appropriate. When deciding on the type of share purchase or a combination of different types of share purchase to finance such measures, the Executive Board will be solely driven by the interests of the company and the shareholders.

- Finally, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription right for fractional amounts in the event of the sale of shares via an offer to sell to all shareholders in order to facilitate the liquidation.

If, during the term of this authorisation to sell treasury shares, other authorisations to issue or sell company shares or to issue rights that enable or oblige the purchase of company shares are exercised and the subscription right is excluded, the total number of shares issued or sold to the exclusion of the subscription right may not exceed 20% of the share capital. In this way, the shareholders are additionally hedged against dilution of their existing holding.

In any case, the Executive Board will carefully examine whether the use of the authorisation to issue new shares and, if applicable, to exclude the subscription right is in the interests of the company and its shareholders.