

Balance sheet of Komax Holding AG

in TCHF	31.12.2020	%	31.12.2019	%
Assets				
Cash and cash equivalents	1 019		216	
Other current receivables third parties	723		168	
Other current receivables Group	3 106		4 460	
Financial loans Group	92 653		131 262	
Accrued income / prepaid expenses	92		79	
Total current assets	97 593	22.1	136 185	29.5
Financial investments Group	108 399		93 674	
Investments in subsidiaries	235 851		231 612	
Total non-current assets	344 250	77.9	325 286	70.5
Total assets	441 843	100.0	461 471	100.0
Liabilities and shareholders' equity				
Trade payables	239		249	
Current interest-bearing liabilities Group	1 635		0	
Current interest-bearing liabilities third parties	7 085		17 150	
Other current liabilities third parties	0		1	
Other current liabilities Group	1		1	
Accrued expenses / deferred income	449		297	
Provisions	564		350	
Total current liabilities	9 973	2.3	18 048	3.9
Non-current interest-bearing liabilities third parties	103 350		130 200	
Total non-current liabilities	103 350	23.4	130 200	28.2
Total liabilities	113 323	25.7	148 248	32.1
Share capital	385		385	
Capital contribution reserves	814		814	
Other statutory capital reserves	2 000		2 000	
Statutory profit reserves	100		100	
Profit reserves determined by resolution	311 403		271 403	
Retained earnings	177		693	
Earnings after taxes	14 747		39 484	
Treasury shares	-1 106		-1 656	
Total shareholders' equity	328 520	74.3	313 223	67.9
Total liabilities and shareholders' equity	441 843	100.0	461 471	100.0

Income statement of Komax Holding AG

in TCHF	2020	2019
Dividend income	23 760	40 355
Other financial income	6 849	8 955
Other operating income	500	645
Total income	31 109	49 955
Financial expenses	-11 645	-6 960
Compensation	-754	-860
Other operating expenses	-2 538	-2 494
Value adjustment on investments	-1 429	0
Direct taxes	4	-157
Total expenses	-16 362	-10 471
Earnings after taxes	14 747	39 484

Notes to the 2020 financial statements of Komax Holding AG

1 Principles

1.1 General

These annual financial statements were drawn up according to the provisions of Swiss accounting law (Section 32 of the Swiss Code of Obligations). The key valuation principles applied other than those prescribed by law are described below. Here it should be remembered that use has been made of the option to create and release hidden reserves for the purpose of securing the company's lasting prosperity.

As Komax Holding AG draws up a set of consolidated financial statements in line with a recognized accounting standard (Swiss GAAP FER), it has elected not to include in these financial statements – in keeping with statutory guidelines – explanatory notes on interest-bearing liabilities and audit fees, as well as the presentation of a cash flow statement.

1.2 Financial investments

Financial investments comprise non-current financial loans. Granted loans are valued at the respective balance sheet date, whereby unrealized losses are accounted for but unrealized gains are not (impairity principle).

1.3 Investments

Investments are initially recognized at cost. The valuation of investments is reviewed annually on an individual basis and if necessary adjusted to a lower recoverable amount.

1.4 Treasury shares

Treasury shares are recorded at the time they are acquired as minus items in shareholders' equity, at acquisition cost. In the event of a later resale, the profit or loss is recognized in the income statement as financial income or financial expense.

1.5 Share-based compensation

If treasury shares are used for the share-based compensation of Board members, the difference between the acquisition cost and the actual payment to Board members when the shares are allocated is booked to compensation.

2 Information on balance sheet and income statement positions

2.1 Assets

Other current receivables from Group companies decreased by a total of CHF 1.4 million. This balance sheet item contains open interest receivables in respect of subsidiary companies.

The Group's current financial loans decreased by a total of CHF 38.6 million. This balance sheet item likewise encompasses the current account loan of Komax Holding AG to Komax AG, Switzerland.

Financial investments Group comprise non-current financial loans and participation loans. The Group's financial investments have increased as a result of regrouping current financial loans and newly granted loans.

2.2 Liabilities

The "Current interest-bearing liabilities third parties" and "Current interest-bearing liabilities Group" items comprise current financial loans reported by subsidiary companies and banks.

The provisions relate to taxes on earnings and capital taxes as well as open tax claims in respect of corporation tax to be paid on the holdings in Germany.

Komax Holding AG and a syndicate of banks led by Credit Suisse have a valid credit agreement for a credit limit of CHF 160.0 million. The credit agreement is valid until 31 January 2023. The credit line provides the Group with the necessary entrepreneurial flexibility, guarantees the financing of commercial operations, and ensures the continued implementation of corporate strategy. As at 31 December 2020, the Group had drawn on this credit limit to the amount of CHF 88.0 million, USD 5.0 million, and EUR 10.0 million (total drawing: CHF 103.4 million).

In accordance with the applicable capital contribution principle, capital contributions (share premiums) made after 31 December 1996 are disclosed in the separate equity item "Statutory capital reserves". Repayments to shareholders from this account are treated in the same way as the repayment of nominal capital and are not subject to withholding tax.

2.3 Income

Dividend income amounted to CHF 23.8 million in the year under review (2019: CHF 40.4 million).

Other financial income contains interest income on granted loans as well as realized and unrealized exchange rate gains on cash and cash equivalents, and loans in foreign currency.

Other operating income comprises billed amounts for holding fees and licenses, as well as incidental revenues of third parties and the Group.

2.4 Expenses

The “Financial expenses” item comprises, among other things, interest expenses and commissions, securities losses, and unrealized and realized exchange rate losses on cash and cash equivalents, and loans in foreign currency.

Compensation comprises compensation paid to the Board of Directors.

The “Other operating expenses” item includes patents and license costs, advisory and legal expenses, investor relations expenses, representation expenses, insurance premiums, and other operating expenditure items.

Direct taxes contain expenses for taxes on earnings and corporation tax.

3 Company and legal form, registered office

Company: Komax Holding AG
 Legal form: Aktiengesellschaft (company limited by shares)
 Registered office: Dierikon, Canton Lucerne, Switzerland

4 Full-time employees

Komax Holding AG does not have any employees.

5 Participations

The direct and indirect participations of Komax Holding AG are set out in the consolidated financial statements on pages 116 and 117.

6 Treasury shares

Details of the treasury shares of Komax Holding AG are provided in the consolidated financial statements on page 110.

7 Contingent liabilities

in TCHF	31.12.2020	31.12.2019
Joint liability for Group taxation value-added tax	p.m.	p.m.
Guarantees		
in EUR	5 707	1 288
in USD	75	291
Total	5 782	1 579

From the total contingent liabilities of CHF 5.8 million (31 December 2019: CHF 1.6 million), CHF 5.7 million (31 December 2019: CHF 1.3 million) are contingent liabilities in favor of subsidiaries.

8 Major shareholders

As at 31 December 2020 and 31 December 2019, the company had no major shareholders holding more than 5% of the votes.

9 Externally regulated capital requirements (covenants)

The Group's financial liabilities are generally subject to the following externally regulated capital requirement (covenant) as per the syndicated loan agreement:

The debt factor may not exceed 3.25 either at 31 December 2019 or thereafter at each quarter-end balance sheet date.

This parameter was adjusted owing to the development of business. Measurement of the debt factor is being suspended from 30 June 2020 to 30 June 2021. In place of the debt factor, a defined minimum EBITDA must be achieved during this period.

The Komax Group complied with those requirements as at 31 December 2020. Within the scope of the syndicated loan agreement, Komax Holding AG guarantees the liabilities of any member of the Komax Group.

10 Holdings of shares

Assets in units		31.12.2020	31.12.2019
		Shares	Shares
Board of Directors			
Beat Kälin	Chairman	10 316	9 972
David Dean	Member	1 300	1 128
Andreas Häberli	Member	331	188
Kurt Haerri	Member	3 130	2 987
Mariel Hoch	Member	143	0
Roland Siegwart	Member	2 271	2 128
Total Board of Directors		17 491	16 403
Executive Committee			
Matijas Meyer	CEO	4 397	4 000
Andreas Wolfisberg	CFO	673	500
Jürgen Hohnhaus ¹	Executive Vice President	0	n.a.
Tobias Rölz ²	Executive Vice President	0	n.a.
Marc Schürmann	Executive Vice President	319	200
Marcus Setterberg	Executive Vice President	256	137
Günther Silberbauer ³	Executive Vice President	n.a.	0
Total Executive Committee		5 645	4 837

¹ Member of the Executive Committee since 1 January 2020.

² Member of the Executive Committee since 1 July 2020.

³ Member of the Executive Committee until 31 December 2019.

11 Net release of hidden reserves

The total amount of the net released hidden reserves amounted to CHF 0.0 million (2019: CHF 0.0 million).



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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Komax Holding AG, which comprise the balance sheet as at 31 December 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2020 on pages 128 to 135 comply with Swiss law and the company's articles of incorporation.

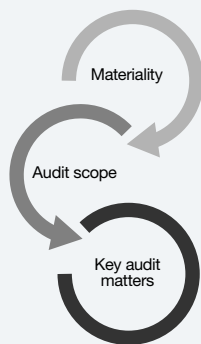
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 1 600 000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

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

- Valuation of investments in subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1 600 000
How we determined it	0.5% of net assets, rounded
Rationale for the materiality benchmark applied	We chose net assets as the benchmark for materiality considerations because the Company primarily holds investments and grants loans to Group companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 160 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p>The shares of the capital of subsidiaries held by the Komax Holding AG are recognised in the financial statements under “Investments in subsidiaries” (CHF 235.9 million). Investments in subsidiaries are valued individually and stated at acquisition cost less necessary impairment charges.</p> <p>The company tests these investments for impairment by comparing the book value of the investment with the shareholders’ equity according to Swiss GAAP FER. If the book value exceeds the shareholder’s equity, the value in use of the subsidiary is considered. To determine the value in use, an indepth valuation analysis is performed using cash flow forecasts based on the business plans approved by Management and the Board of Directors.</p> <p>This valuation analysis is based on Management’s assumptions, which involve significant scope for judgement. For this reason, we deemed the impairment testing of investments in subsidiaries to be a key audit matter.</p> <p>Please refer to note 1.3 (Investments).</p>	<p>Where a book value was higher than the recorded shareholders’ equity, we performed a detailed analysis of the valuation analysis performed by Management. This included:</p> <ul style="list-style-type: none"> – Discussion with Management of the results and future prospects of specific subsidiaries. – Assessment of the correctness and mathematical accuracy of the applied valuation methods. – Plausibility check of the assumptions applied by Management concerning the discount rate, long-term growth rates and margins. – We compared the results of the year under review with the forecasts made in the prior year and assessed the appropriateness of the prior year’s assumptions. – Conducting sensitivity analyses. <p>We consider the valuation process and the assumptions applied by Management to be adequate and a sufficient basis for assessing the valuation of investments in subsidiaries.</p>

Responsibilities of the Board of Directors for the financial statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Brüderlin
Audit expert
Auditor in charge



Sebastian Gutmann
Audit expert

Basel, 15 March 2021