



Inventing success together

**Invitation to the Annual General
Meeting of SFS Group AG**

Wednesday, April 26, 2023

Contact

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Dear shareholders,

The Annual General Meeting of SFS Group AG will take place on Wednesday, April 26, 2023, at 5.30 p.m. Following a three-year interruption, we look forward to welcoming you again in person at the Aegeten sports center in Widnau.


Together with this invitation, you will receive the letter to shareholders containing the most important information about the 2022 financial year. The complete Annual Report is available online at annualreport.sfs.com →. Printed copies of the annual report are available at the company's headquarters.

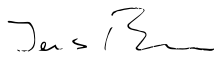
Please use the enclosed form for your binding registration, the designation of a representative or

to issue voting instructions to the independent proxy. You can also register online at www.gvote.ch →. The deadline for registration is April 24, 2023. All shareholders listed in the share register on April 12, 2023, at 1.00 p.m. are entitled to vote.

We would like to thank you, esteemed shareholders, for your continuous and loyal support and look forward to welcoming you again in person to the Annual General Meeting.

With kind regards


Thomas Oetterli
Chairman of the
Board of Directors


Jens Breu
CEO



Energy generation on the roofs
of SFS in Heerbrugg (Switzerland)

30th Annual General Meeting of SFS Group AG
Wednesday, April 26, 2023, 5.30 p.m.
(doors open at 4.30 p.m.)

Aegeten sports center
Aegetenstrasse 60
9443 Widnau, Switzerland

Agenda and proposals

1

Approval of the 2022 management report of SFS Group AG, the consolidated financial statements and the financial statements of SFS Group AG

The Board of Directors proposes that the management report, the consolidated financial statements and the financial statements of SFS Group AG for 2022 be approved.

Explanation

The Board of Directors is required by law to submit the operational and financial review, the annual financial statements and the consolidated financial statements for each financial year to the Annual General Meeting for approval. The auditor PricewaterhouseCoopers AG, St. Gallen, has audited the consolidated financial statements of SFS Group and the annual financial statements of SFS Group AG and has nothing to add to the audit reports.

2

Approval of the compensation of the Board of Directors and the Group Executive Board

Explanation

The Annual General Meeting approves the compensation of the Board of Directors and the Group Executive Board on a yearly basis.

2.1

Approval of the compensation of the Board of Directors for the 2023/2024 term of office

The Board of Directors proposes the approval of a cash compensation for members of the Board of Directors in the amount of CHF 850,000 (including social security contributions) plus CHF 630,000 (including social security contributions) for the allocation of 4,500 company shares for the period until the conclusion of the 2024 Annual

General Meeting. The allocation of shares is measured at market value of CHF 109.20 per share on February 23, 2023. Since the shares' stock exchange price is subject to fluctuations, the value of the 4,500 shares could be higher or lower than CHF 630,000 at the time the shares are paid out following the Annual General Meeting.

Explanation

According to art. 6 para. 4 and art. 12 para. 1 item 1 of the Articles of Association of SFS Group AG, the General Meeting approves the total amount of the maximum compensation of the Board of Directors until the next ordinary General Meeting. According to art. 25 of the Articles of Association of SFS Group AG, the members of the Board of Directors receive a fixed basic fee and fixed fees for memberships in committees of the Board of Directors as well as a lump-sum compensation for expenses that is determined by the full Board of Directors based on the proposal of the Nomination and Compensation Committee and subject to and within the limits of the aggregate amounts approved by the General Meeting. The compensation is awarded in cash and in the form of a fixed number of shares in the Company.

2.2

Approval of the maximum total amount of fixed compensation for the Group Executive Board for the period from January 1 to December 31, 2024

The Board of Directors proposes the approval of a maximum total amount of CHF 4,600,000 (including social security contributions) for the fixed compensation of members of the Group Executive Board in the 2024 financial year.

Explanation

According to art. 6 para. 4 and art. 12 para. 1 item 4 of the Articles of Association of SFS Group AG, the Annual General Meeting approves the fixed compensation of the Group Executive Board to be paid in the subsequent financial year.

2.3

Approval of the maximum total amount of variable compensation for the Group Executive Board for the 2022 financial year

The Board of Directors proposes the approval of a total amount for the members of the Group Ex-

ecutive Board of CHF 1,726,278 (including social security contributions) for the variable cash compensation component as well as CHF 973,825 (including social security contributions) for the allocation of 8,088 company shares, which will be paid out following this Annual General Meeting based on the results achieved in the 2022 financial year. The allocation of shares is measured at the market price of CHF 109.20 per share on February 23, 2023. Since the shares' stock exchange price is subject to fluctuations, the value of the 8,088 shares could be higher or lower than CHF 973,825 at the time the shares are paid out following the Annual General Meeting.

Explanation
Pursuant to art. 6 para. 4 and art. 12 para. 1 item 3 of the Articles of Association of SFS Group AG, the Annual General Meeting approves the variable compensation of the Group Executive Board to be paid immediately after approval based on the results achieved and targets achieved in the preceding financial year.

2.4
Non-binding advisory confirming the 2022 Compensation Report

The Board of Directors proposes confirming the 2022 Compensation Report in a non-binding advisory vote. The Compensation Report forms part of the Annual Report.

Explanation
The Compensation Report incorporates the basic principles for the compensation of the Board of Directors and the Group Executive Board as well as the compensation paid to the members of both corporate bodies for the 2022 financial year. The Board of Directors is submitting the Compensation Report to the shareholders for a consultative vote.

3
Discharge of the Board of Directors and the Group Executive Board
The Board of Directors proposes discharging all members of the Board of Directors and the Group Executive Board for the 2022 financial year.

Explanation
With the discharge of the members of the Board of Directors and the Group Executive Board, the Company as well as the approving shareholders declare that they will no longer hold accountable those responsible for events from the past financial year that were brought to the attention of the General Meeting. The Company is not aware of any facts that would prevent the full discharge of the members of the Board of Directors and the Group Executive Board.

4
Appropriation of retained earnings and statutory capital reserve
The Board of Directors proposes a distribution from retained earnings of CHF 1.25 per registered share with a nominal value of CHF 0.10.

Profit carryforward	CHF	527,922,052.12
Net income 2022	CHF	91,191,977.63
Earnings available for distribution	CHF	619,114,029.75
Payout from retained earnings*	CHF	-48,625,000.00
Carryforward to retained earnings	CHF	570,489,029.75

The Board of Directors proposes a payment of CHF 1.25 per registered share of CHF 0.10 nominal value from statutory capital reserve.

Carryforward of statutory capital reserve	CHF	11,549,250.00
Changes of statutory capital reserve	CHF	169,192,076.35
Statutory capital reserve before distribution	CHF	180,741,326.35
Payout from statutory capital reserve*	CHF	-48,625,000.00
Carryforward to statutory capital reserve	CHF	132,116,326.35

*The dividend is based on the issued share capital as at December 31, 2022. No dividends will be distributed to treasury shares held by SFS Group AG.

Explanation
The distribution of a dividend requires the approval of the General Meeting. The proposed appropriation of retained earnings and statutory capital reserve is in line with SFS Group's dividend policy. Due to the capital increase in the past financial year and the related increase of statutory capital reserve, a distribution from statutory capital re-

serve is possible, which is not subject to withholding tax and, for private persons domiciled in Switzerland, is not subject to income tax. Based on the current legal requirements, the distribution from the statutory capital reserve may add up to a maximum of 50% of the total dividend distribution. The appropriation of retained earnings and the distribution of the ordinary dividend are based on the annual financial statements audited by the auditors and to be approved in agenda item 1.

5
Amendments to the Articles of Association
The Board of Directors proposes to amend the Articles of Association of SFS Group AG in order to comply with the requirements of the revision of the Swiss corporate law, which entered into force on January 1, 2023, as well as to reflect current best practice in the area of corporate governance. A synopsis of the amendments to the Articles of Association as well as the relevant explanations can be found under www.sfs.com/ch/en/downloadcenter/annual-general-meeting/ →.

5.1 Adjustments due to the reform of corporate law as of January 1, 2023

The Board of Directors proposes the amendment of art. 3 para. 2, art. 3a, 5 para. 2, art. 6, art. 7 para. 3, art. 9 para. 2, art. 13, art. 17 para. 1 item 8, art. 22 para. 2, art. 23 and art. 30 para. 1 and 2 of the Articles of Association.

Explanation
The proposed amendments are related to the revised Swiss corporate law enter in into force as per January 1, 2023. These amendments intend, on the one hand, to amend provisions of the Articles of Association that conflict with mandatory law and, on the other hand, to adapt provisions of the Articles of Association that reflect the wording of the corporate law applicable until December 31, 2022, to the new wording of the revised corporate law.

5.2 Introduction of the possibility to hold the General Meeting in virtual or hybrid form

The Board of Directors proposes the amendment of art. 7 para. 1 of the Articles of Association.

Explanation
The proposed amendment intends to enable SFS Group AG to hold a General Meeting both virtually and in a hybrid form.

5.3 Introduction of the possibility to use the new electronic means

The Board of Directors proposes the amendment of art. 8 para. 2 and 3 and art. 18 para. 1 of the Articles of Association.

Explanation
The proposed amendments intend to enable SFS Group AG to use electronic means for the invitation to the General Meeting as well as for the organization and conduct of the meetings of the Board of Directors.

5.4 Editorial adjustments

The Board of Directors proposes the amendment of art. 4, art. 5 para. 3, art. 11 para. 1, art. 15 para. 2 and art. 31 of the Articles of Association.

Explanation
The requested amendments are of an editorial nature and implement changes in the Federal Intermediated Securities Act, adjust references to changed legal acts or provide for additional clarifications. The function of lead director is no longer required in its current form.

6

Re-election of the current members and the Chairman of the Board of Directors and election of a new member of the Board of Directors

The Board of Directors proposes the re-election of the current members of the Board of Directors (incl. the Chairman of the Board of Directors), with the exception of Bettina Stadler, and the election of Fabian Tschan as a new member of the Board of Directors for the term of office until the conclusion of the next Annual General Meeting.

Explanation

As the term of office of the members of the Board of Directors as well as the Chairman will end at the close of the Annual General Meeting on April 26, 2023, a re-election by the Annual General Meeting is necessary.

Bettina Stadler will not stand for re-election. The Board of Directors would like to thank Bettina Stadler for her many years of service on the Board of Directors and as a member of the Audit Committee.

Nick Huber and Fabian Tschan represent significant shareholders of SFS Group AG on the Board of Directors. All other members of the Board of Directors are independent in the sense of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse. None of the members

of the Board of Directors has been a member of the Group Executive Board of SFS Group AG or any of its subsidiaries during the last three years. None of the members of the Board of Directors has an important business relationship with SFS Group AG. All members of the Board of Directors are non-executive.

Information on the professional backgrounds of the current members of the Board of Directors as well as the memberships of the Board Committees can be found following page 36 of the Annual Report, available at annualreport.sfs.com/en/downloads/ → and on our website at www.sfs.com/ch/en/sfs-group/board-of-directors/ →.

- a) Re-election of Peter Bauschatz
- b) Re-election of Nick Huber
- c) Re-election of Urs Kaufmann
- d) Re-election of Thomas Oetterli as member and Chairman of the Board of Directors (in the same vote)
- e) Re-election of Manuela Suter
- f) Re-election of von Jörg Walther
- g) Election of Fabian Tschan



Fabian Tschan, born 1977, proposed successor to Bettina Stadler on the Board of Directors of SFS Group AG. As representative of the family shareholders Stadler/Tschan, he will ensure continuity. His other activities are:

- Board of Directors and CEO of Hawak Holding AG
- Board of Directors of Lilly Capital AG, Mbaer Merchant Bank AG, Altoo AG and further portfolio companies of Hawak Holding AG

7

Re-election of the members of the Nomination and Compensation Committee

The members of the Nomination and Compensation Committee are to be elected for the term of office until the conclusion of the next Annual General Meeting.

Explanation

As the term of office of the members of the Nomination and Compensation Committee ends with the conclusion of the Annual General Meeting on April 26, 2023, a re-election by the Annual General Meeting is necessary. Nick Huber has been a member of the Nomination and Compensation Committee since 2017 and Thomas Oetterli since 2022, Urs Kaufmann has been Chairman of the Nomination and Compensation Committee since 2014. Urs Kaufmann and Thomas Oetterli are independent in the sense of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse. It is intended that Urs Kaufmann will be confirmed as Chairman of the Nomination and Compensation Committee by the Board of Directors following his re-election as a member of the Nomination and Compensation Committee.

- a) Re-election of Nick Huber
- b) Re-election Urs Kaufmann (Committee Chairman)
- c) Re-election of Thomas Oetterli

8

Re-election of the independent proxy

The Board of Directors proposes the re-election of bürki bolt Rechtsanwälte, Auerstrasse 2, CH-9435 Heerbrugg, as independent proxy until the conclusion of the next Annual General Meeting.

Explanation

According to the law, the independent proxy must be elected annually by the General Meeting. bürki bolt rechtsanwälte meet the independence criteria and the Board of Directors proposes to re-elect them for reasons of continuity.

9

Re-election of the external auditor

The Board of Directors proposes the re-election of PricewaterhouseCoopers AG, St. Gallen, as the external auditor for the 2023 financial year.

Explanation

According to the Articles of Association, the external auditors are to be elected annually by the General Meeting. PricewaterhouseCoopers AG, St. Gallen, has been the external auditor of SFS Group AG since 1993. PricewaterhouseCoopers has confirmed vis-à-vis the Board of Directors that it has the necessary independence to carry out the mandate.



The Board of Directors looks forward to welcoming you to the Annual General Meeting.