



## To our shareholders

### Invitation to the Extraordinary General Meeting on September 21, 2020

Dear Shareholders

We hereby invite you to participate in the vote at the Extraordinary General Meeting on September 21, 2020. Extraordinary this time is not only the date, but also the circumstances. Because of the still ongoing exceptional situation caused by COVID-19 and for the protection of your health the General Meeting cannot take place in person, but your votes will be represented by the independent proxy. You will find all information about the organizational process in the invitation.

What is this General Meeting about? You have to decide on two agenda items: a reduction of the nominal value to eliminate an adverse balance - in order to be able to carry out a financial transaction such as an increase in equity in the future - and the renaming of SCHMOLZ + BICKENBACH AG to Swiss Steel Group AG.

First of all, we would like to explain the background of the reduction in nominal value for the purpose of eliminating an adverse balance: In March 2020, the refinancing was successfully completed with the equity capital increase and the completion of negotiations on the size of the credits, loans and the extension in maturity. Then the COVID-19 crisis struck and demand collapsed, especially from the important automotive industry. The applications for state aid are well underway, and the Group's financing is also complemented and secured with the help of the backstop facility. To further strengthen the balance sheet, the company is examining various options for additional financial resources. To this end, the company intends to create the necessary basis and flexibility at this early stage and thus in time to be able to quickly complete a financing transaction such as an equity capital increase at the appropriate amount.

The current nominal value per share is CHF 0.30, while the shares are currently traded on the stock exchange at a significantly lower amount. It is not legally possible to issue shares at a price below the nominal value of the share. In order to regain flexibility for capital increases in the future, the Board of Directors therefore proposes to the Extraordinary General Meeting to reduce the share capital with a nominal value of CHF 608,499,999.90 to CHF 304,249,999.95. This corresponds to a reduction in the nominal value per share from CHF 0.30 to CHF 0.15. The reduction amount will be used to reduce the adverse balance resulting from the losses. There will be no distribution to shareholders. This is a technical step, a transfer within equity, which affects all shares equally - your rights are not affected, neither financial rights nor voting rights. Neither will the entire equity capital be changed.

The Board of Directors will also propose to the Extraordinary General Meeting that the name of the company shall be changed from "SCHMOLZ + BICKENBACH AG" to "Swiss Steel Group AG". The brand of a company is a reflection of its identity. As part of the comprehensive transformation process that the company is currently pushing ahead with all its energy, it is essential that this change is also reflected in the brand and name of the company. A new name signals a new beginning and a clear, future-oriented positioning as well as the goals and contribution of a strong company with headquarters and stock exchange listing in Switzerland.



Dear shareholders, after a successful refinancing, our company is again in a difficult phase due to COVID-19. The employees are doing their best and have accepted many cuts, such as short-time work, in order to be ready again as soon as the order situation improves. This also requires the ability to accept financial resources at short notice. Accordingly, on behalf of the Board of Directors, we ask you to approve the nominal value reduction to eliminate an adverse balance. The new name stands for the transformation and new beginning of a strong Swiss company. Please also agree to this proposal of the Board of Directors. We thank you.

Yours sincerely  
SCHMOLZ + BICKENBACH AG

On behalf of the Board of Directors:

Jens Alder  
Chairman

Heinrich Christen  
Vice Chairman