

# MEDIA RELEASE

28 April 2020

## Invitation to the 32nd Annual General Meeting of Valartis Group AG

Tuesday, 19 May 2020, 10.30 a.m. - Valartis Advisory Services SA office, St. Annagasse 18, 8001 Zurich

The Swiss federal council prohibited to hold public or private events at least until 10 May 2020. As a precautionary measure to decrease any risk of the new coronavirus, the Board of directors has decided in accordance the COVID-19 Ordinance 2 to request the participants to exercise their rights exclusively through the independent proxy. Please refer to the invitation under "Organizational Matters" for information on how to authorize and instruct the Independent Proxy.

## AGENDA ITEMS AND PROPOSALS OF THE BOARD OF DIRECTORS

### 1 Annual Report 2019

**Proposal:** Approval of the Group financial statements and the management report of Valartis Group and the financial statements of Valartis Group AG and acknowledgement of the reports of the auditors.

### 2 Allocation of disposable profit of Valartis Group AG

**Proposal:**

Retained earnings carried forward from previous year	CHF	67,122,552
Net loss for the year 2019	CHF	-552,912
<b>Disposable profit for the year</b>	<b>CHF</b>	<b>66,569,640</b>
<b>Balance carried forward of retained earnings</b>	<b>CHF</b>	<b>66,569,640</b>

Dividend payments:

For the financial year 2019, the Board of Directors proposes to the Shareholders' Meeting 2020 to pay no dividend (previous year: CHF 0.10 per share).

### 3 Discharge of the members of the Board of Directors and Executive Management

**Proposal:** Discharge of the members of the Board of Directors and Executive Management for the financial year 2019.

## 4 Amendments to the Articles of Association

### 4.1 Amendment to the Articles of Association: Capital reduction

The 2019 Annual General Meeting authorised the repurchase of up to a maximum of 470,000 shares of Valartis Group's own shares prior to the 2020 Annual General Meeting by way of a public share buy-back programme for cancellation purposes. The fixed price share buyback program approved by the 2019 Annual General Meeting was proceeded in 2 stages. In a first stage, a share buyback offer was submitted by the Board of Directors of Valartis Group AG on 28 May 2019 for a maximum of 359,000 registered shares at a fixed price of CHF 10.30 per registered share. Valartis was tendered a total of 432,966 registered shares during the offer period from 11 June 2019 to 25 June 2019. After the number of registered shares tendered exceeded the volume of the buyback offer, the registered shares were repurchased on the 27 June 2019 from the tendering shareholders on a pro rata basis, i.e. the tender was reduced on a pro rata basis to a maximum of 359,000 registered shares.

In a second stage, a share buyback offer was submitted by the Board of Directors of Valartis Group AG on 21 October 2019 for a maximum of 111,000 registered shares at a fixed price of CHF 10.00 per registered share. Valartis was tendered a total of 239,436 registered shares during the offer period from 28 October 2019 to 8 November 2019. After the number of registered shares tendered exceeded the volume of the buyback offer, the registered shares were repurchased on the 12 November 2019 from the tendering shareholders on a pro rata basis, i.e. the tender was reduced on a pro rata basis to a maximum of 111,000 registered shares.

Thus, Valartis Group AG has repurchased the maximum volume of share buyback authorised by the 2019 Annual General Meeting (470,000 shares).

The Board of Directors proposes that, based on the 470,000 shares repurchased with a nominal value of CHF 1.00 each, the share capital should be reduced by a total amount of CHF 470,000 and that the company's Articles of Association should be changed accordingly.

**Proposal:** Reduction of the share capital and amendment to Article 3 of the Articles of Association as follows:

1. a) Reduction of the current share capital, amounting to CHF 4,769,295 by CHF 470,000 to a new share capital of CHF 4,299,295 by cancellation of the 470,000 shares which have been repurchased within the scope of the share buy-back programme: 359,000 shares which have been repurchased in context of the buyback offer at fixed price announced on 28 May 2019 and completed on the 27 June 2019 and 111,000 shares which have been repurchased in context of the buyback offer at fixed price announced on the 21 October 2019 completed on 12 November 2019.
- b) The reduction amount of CHF 470,000 will be used to release the corresponding reserve created for treasury shares.
- c) Any book profit resulting from the capital reduction shall be used exclusively for depreciation within the meaning of Art. 732 para. 4 of the Swiss Code of Obligations.
2. As a result of the audit report of BDO SA, Vernier dated 17 April 2020, the creditors' claims are fully covered in spite of the reduction of the share capital.
3. Amendment to Article 3 of the Statutes as follows:

Current article	Revised article (changes marked in grey)
Art. 3	Art. 3
The share capital of the Corporation is CHF 4,769,295.00 divided into 4,769,295 registered shares with a par value of CHF 1.00 each. The share capital is fully paid up.	The share capital of the Corporation is CHF 4,299,295.00 divided into 4,299,295 registered shares with a par value of CHF 1.00 each. The share capital is fully paid up.

Apart from above amendments to Articles 3 of the Articles of Association, the other provisions of the company's Articles of Association remain unchanged.

## 5 Consultative vote on the Compensation Report 2019

The Compensation Report 2019 presents the remuneration policy and the remuneration process of Valartis Group and shows the link between performance components and remuneration. The compensation report of Valartis Group describes the compensation committee, the compensation principles, and the determination of remuneration as well as the overview of remuneration and loans, share and option holdings of the members of the Board of Directors and Executive Management at the end of 2019.

Shareholders can download the Compensation Report 2019 as part of the Annual Report from the Valartis website under Investor Relations: [www.valartisgroup.ch/en/#geschaeftsberichte](http://www.valartisgroup.ch/en/#geschaeftsberichte)

**Proposal:** Approval of the Compensation Report 2019 (advisory vote).

## 6 Approval of the remuneration of the members of the Board of Directors and Executive Management

According to Article 29 of the Articles of Association, the Board of Directors **proposes** to vote separately on the remuneration of the Board of Directors and Executive Management at the General Meeting.

### 6.1 Total Compensation of the Board of Directors (excluding the bonuses to be paid to the members of the Board of Directors) from the 2020 Annual General Meeting to the 2021 Annual General Meeting

**Proposal:** Approval of the total compensation of the Board of Directors for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021 in the amount of CHF 850,000 (fixed compensation). This total amount includes the fixed compensation of the Board Members and their activities and additional tasks as members of the Board of Directors of Valartis Group as well as in the various committees such as the Business Development Committee or the Compensation Committee.

### 6.2 Total compensation of Executive Management (excluding the bonuses to be paid to members of Executive Management) for the 2021 financial year

**Proposal:** Approval of the total amount of Executive Committee compensation to be allocated for the financial year ending 31 December 2021, i.e. CHF 650,000 (fixed compensation). This total amount includes the fixed compensation of the Delegate of the Board of Directors and the fixed compensation of the CFO/CRO.

## 7 Re-elections to the Board of Directors

The General Meeting elects the members of the Board of Directors individually each year (as per Article 15 of the Articles of Association). Information on the former members of the Board of Directors can be found in the Annual Report under Corporate Governance, Board of Directors or at [www.valartisgroup.ch/en/#verwaltungsrat](http://www.valartisgroup.ch/en/#verwaltungsrat).

**Proposal:** Re-election of Mr Gustav Stenbolt as Chairman of the Board of Directors for a term of office until the conclusion of the next Annual General Meeting and re-election of Mr Philipp LeibundGut and Mr Olivier Brunisholz as members of the Board of Directors for a term of office until the conclusion of the next Annual General Meeting.

### 7.1 Re-election of Gustav Stenbolt as Chairman of the Board of Directors

### 7.2 Re-election of Philipp LeibundGut as a member of the Board of Directors

### 7.3 Re-election of Olivier Brunisholz as a member of the Board of Directors

## 8 Elections to the Compensation Committee

Each year, the General Meeting elects the members of the Compensation Committee from the Board of Directors individually (as per Article 24 of the Articles of Association).

**Proposal:** Election of Philipp LeibundGut, Gustav Stenbolt and Olivier Brunisholz as members of the Compensation Committee of the Board of Directors, each for a term of office until the conclusion of the next Annual General Meeting. If Philipp LeibundGut is elected as member of the Compensation Committee, the Board intends to appoint him as Chairman of the Compensation Committee.

**8.1 Election of Philipp LeibundGut as a member of the Compensation Committee**

**8.2 Election of Gustav Stenbolt as a member of the Compensation Committee**

**8.3 Election of Olivier Brunisholz as a member of the Compensation Committee**

## 9 Re-election of the Auditors

**Proposal:** Re-election of BDO SA, in 1215 Genève 15, Switzerland, as auditors for one year.

Further information on the Auditors can be found in the Corporate Governance Chapter of the Annual Report 2019.

## 10 Election of the Independent Proxy

The General Meeting elects the independent proxy until the end of the next Annual General Meeting.

**Proposal:** Election of Martin Rechtsanwälte GmbH – Attorneys at Law, Garnmarkt 10, 8400 Winterthur, as independent proxy of Valartis Group AG until the conclusion of the next Annual General Meeting.

## 11 Approval of a 3<sup>rd</sup> Share Buy-back Programme for cancellation purposes (for the period 2020-2023)

The proposed public share buy-back programme (the «Programme») is a market-tested and efficient platform for excess capital distribution that can be used flexibly over time. The new Programme and its repurchasing methods will commence at the discretion of the Board of Directors after the approval of the Annual General Meeting and subject to the necessary regulatory approvals being obtained. The repurchase will be carried out either by buying back via a second trading line (i.e. buying back at market price) or by other means (e.g. buying back at a fixed price). This further increases the flexibility of implementation for the Board of Directors.

Apart from the approvals of the Board of Directors and the authorities and the consideration of Valartis Group's capital management priorities, no further requirements need to be met before the Programme can start. Valartis Group's capital management priorities (1. ensuring a solid capital base at all times and maximising financial flexibility; 2. deploy capital for business growth where it meets our strategy and profitability requirements; 3. repatriate further excess capital to shareholders; 4. maintaining the level of the ordinary dividend in line with long-term earnings performance) are regularly monitored and can be applied from time to time throughout the year.

The Board of Directors has opted for a staged procedure in which shareholders make a basic decision at an initial Annual General Meeting to approve the new Programme and thereafter at the following Annual General Meeting adopt a resolution cancelling the shares repurchased. The advantage of this procedure is that immediately upon repurchase, the relevant shares will not fall under the legal restriction prohibiting corporations from holding more than 10 per cent of their own shares. This will provide Valartis Group with greater flexibility which is in the interest of the Company's capital management approach.

Valartis Group AG  
rue de Romont 29/31  
CH-1700 Fribourg FR  
Switzerland

Phone +41 58 501 62 20  
Fax +41 58 501 62 22  
[www.valartisgroup.ch](http://www.valartisgroup.ch)

**Proposal:** Authorisation to repurchase up to a maximum of 340,000 shares of the Company's own shares prior to the 2023 Annual General Meeting either by way of a buyback offer on a second trading line on SIX Swiss Exchange or in any other way. The Board of Directors may determine the details of the public share buy-back programme. Any shares repurchased under the public share buy-back programme are to be cancelled annually and, therefore, will not fall within the scope of the 10 per cent limit on a company's own shares pursuant to Art. 659 of the Swiss Code of Obligations. The amendment of the Articles of Association (reduction of share capital) in respect of the actual number of shares repurchased annually will be submitted for approval to the Annual General Meetings of 2021, 2022 and 2023, respectively. This share buyback program will end in April 2023.

Fribourg FR, 23. April 2020

For the Board of Directors  
The Chairman  
Gustav Stenbolt

## ORGANISATIONAL MATTERS

### **Annual report and audit reports**

The Annual Report 2019 (including Compensation Report and Reports of the Auditors) was published on Tuesday, 7 April 2020. It is available at the Valartis Group AG's office (29/31 Rue de Romont, 1700 Fribourg) or can be downloaded from the Valartis Group website ([www.valartisgroup.ch/en/](http://www.valartisgroup.ch/en/)): [www.valartisgroup.ch/en/#geschaeftsberichte](http://www.valartisgroup.ch/en/#geschaeftsberichte).

### **No personal attendance at the Annual General Meeting**

The Board of directors has decided in accordance with the COVID-19 Ordinance 2 to prohibit any personal attendance of participants at the General Meeting 2020. Shareholders of Valartis Group must thus be represented by the independent proxy Martin Rechtsanwälte GmbH, Garnmarkt 10, 8400 Winterthur (either in written form by sending the voting form to the independent proxy or through the Sherpany online platform).

### **Representation and return of the voting form**

Shareholders who wish to exercise their voting rights in writing have to fill out, sign and return the voting form sent to you with the enclosed reply envelope. By signing the voting form, you are authorising the Independent Proxy to vote in favour of the proposals of the Board of Directors unless written instructions to the contrary are given. If you wish to authorise Martin Rechtsanwälte GmbH, please send the voting form including your power of attorney and written voting instructions to the independent proxy, Martin Rechtsanwälte GmbH, no later than by Tuesday, 12 May 2020 (receipt).

### **Sherpany online platform – electronic remote voting via proxies and instructions to the Independent Proxy**

Shareholders may vote and participate in elections by means of instructing the Independent Proxy, Martin Rechtsanwälte GmbH, via the investor web service at [www.sherpany.com/valartis](http://www.sherpany.com/valartis). The login data required is enclosed to the invitation. Shareholders already registered on Sherpany online platform will have to use their credentials to login. The Independent Proxy may be instructed via the online platform until Tuesday, 12 May 2020, 23:59 CEST on.

### **Voting entitlement**

Those shareholders entered in the Share Register until Thursday, 30 April 2020 (included) are entitled to vote.

### **Close of share register**

The Share register will be closed for changes from 1<sup>st</sup> to 19<sup>th</sup> (included) May 2020. Any change in shareholdings during this period will be recorded again from the 20<sup>th</sup> May 2020.

### **Invitation**

The German invitation is published in the Swiss Commercial Gazette ('Schweizerisches Handelsamtsblatt') on Tuesday, 28 April 2020. In case of inconsistencies between this English and the German version, the German version prevails.