



**Questions and Answers on the Reverse Stock Split Proposed at the  
2023 Annual General Meeting  
of  
WIS@key International Holding Ltd**

Thursday, June 22, 2023, 2 p.m. Swiss time

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## Questions and Answers

On May 22, 2023, the Board of Directors (the **Board**) of WISeKey International Holding Ltd (**WISeKey**) convened WISeKey's 2023 annual general meeting (the **AGM**), to be held on Thursday, June 22, 2023, 2 p.m. Swiss time. Under agenda item no. 7 of the invitation to the AGM (the **Invitation**), the Board proposes to effect a reverse stock split (the **Reverse Stock Split**) in a ratio of 50 : 1. This document (the **Q&A**) aims to answer common questions on the Reverse Stock Split.

### 1. Transaction Background

#### 1.1. What is a reverse stock split?

In a reverse stock split, a certain number of shares are consolidated into new shares with a higher nominal value. If approved by the shareholders, the Reverse Stock Split would be effected in a ratio of 50 : 1 (the **50-to-1 Split Ratio**), such that (i) each holder of 50 registered Class A shares of WISeKey, par value CHF 0.01 each (the **Class A Shares**), as held immediately prior to the effectiveness of the Reverse Stock Split, will receive one new registered share of WISeKey, par value of CHF 0.50 each (the **New Class A Shares**)<sup>1</sup> and (ii) each holder of 50 registered Class B shares of WISeKey, par value CHF 0.05 each (the **Class B Shares**) (including WISeKey, to the extent WISeKey holds Class B Shares in treasury), as held immediately prior to the effectiveness of the Reverse Stock Split, will receive one new registered Class B share of WISeKey, par value of CHF 2.50 each (the **New Class B Shares**).

#### 1.2. What will be the effects of the Reverse Stock Split on the share capital of WISeKey?

If the Reverse Stock Split is approved at the AGM:

- (a) the amount of the aggregate stated share capital of WISeKey will not be affected, except as a result of the capital increase proposed under agenda item no. 7.1 of the Invitation, which is necessary in order to round up the number of Class A Shares and Class B Shares to the next multiple of 50; and
- (b) the number of New Class A Shares and the number of New Class B Shares issued and outstanding will, relative to the number of Class A Shares and Class B Shares issued and outstanding immediately prior to the effectiveness of the Reverse Stock Split, decrease proportionally to the 50-to-1 Split Ratio.

#### 1.3. Why does the Board propose to effect the Reverse Stock Split?

The Board proposes to effect the Reverse Stock Split because it believes it may have the effect to increase the per share trading price of WISeKey's Class B Shares, which are publicly traded and listed on the SIX Swiss Exchange Ltd (**SIX**). As a result, the Reverse Stock Split should make the New Class B Shares more attractive to a broader range of institutional and other investors, as the current market price of the Class B

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<sup>1</sup> As part of a separate proposal under agenda item 8 of the Invitation, shareholders may approve the application of a ratio of 25-to-1 to the consolidation of the Class A Shares (instead of a ratio of 50-to-1). In case of approval of this proposal, each holder of 25 Class A Shares of WISeKey, as held immediately prior to the effectiveness of the Reverse Stock Split, will receive one New Class A Share.

Shares may affect their acceptability to certain institutional investors, professional investors and other members of the investing public. Note, however, that there is no assurance that the proposed Reverse Stock Split will have such an effect (in the short or long term). There can be no assurances that the Reverse Stock Split, if approved, will result in the intended benefits described above, that the market price of our New Class B Shares will increase following the Reverse Stock Split or that the market price of our New Class B Shares will not decrease in the future.

**1.4. What will be the effect of the Reverse Stock Split on the share price of WISEKey's shares?**

Relative to the price of the Class B Shares quoted on the SIX immediately prior to the effectiveness of the Reverse Stock Split, we expect the price per New Class B Share to increase commensurate to the 50-to-1 Split Ratio (it being expressly noted, however, that we cannot give any assurance in this regard, see also the answer to question no. 1.3 above). The value of each New Class A Share should appreciate by the same ratio, relative to the value of a Class A Share. As explained, there can be no assurances that the Reverse Stock Split, if approved, will result in the intended benefits described above, that the market price of our New Class B Shares will increase following the Reverse Stock Split or that the market price of our New Class B Shares will not decrease in the future.

**1.5. Will the voting rights attached to my Class B Shares be affected?**

As a result of the Reverse Stock Split, New Class A Shares and New Class B Shares will, relative to the situation immediately prior to the effectiveness of the Reverse Stock Split, confer the same voting rights (apart from possible insignificant changes resulting from the capital increase under agenda item 7.1 of the Invitation and fractional compensation).

Note that, under agenda item 8 of the Invitation, the Board also proposes to effect an increase of the aggregate voting power of the New Class A Shares relative to the current aggregate voting power of the Class A Shares as in effect today (the **Voting Rights Proposal**). However, the Voting Rights Proposal will be voted on separately from the proposal to effect the Reverse Stock Split. For more information about the Voting Rights Proposal, please refer to agenda item no. 8 of the Invitation.

**1.6. As an existing shareholder, do I have to do anything to receive the New Class B Shares?**

No. Subject to the approval of the Reverse Stock Split by shareholders at the AGM, your existing Class B Shares will be automatically converted by your bank into the (consolidated) New Class B Shares in accordance with the 50-to-1 Split Ratio.

Shareholders holding their existing Class B Shares at home are requested to have the shares delivered to an open bank custody account before the AGM in order to receive New Class B Shares and to benefit from the advantages of bank custody (such as higher security in case of loss or theft, shares can be traded on the stock exchange, automatic information and interest-preserving actions of your bank in case of capital market transactions, periodic reporting by means of custody account statements).

### 1.7. What will be the required majority to approve the Reverse Stock Split?

According to Swiss law, the approval of the Reverse Stock Split will require (i) with respect to Class B Shares, the affirmative vote two-thirds of the votes and the majority of the aggregate nominal value of the Class A Shares and the Class B Shares, each as represented at the AGM, and (ii) with respect to Class A Shares, the consent of all holders of Class A Shares.

### 1.8. When will the Reverse Stock Split be effected?

If the Reverse Stock Split is approved by the AGM, we expect to effect the Reverse Stock Split to be implemented end of June 2023. WISeKey will communicate the final timeline in advance through a release after the AGM.

## 2. Technical Aspects

### 2.1. Can I trade my Class B Shares at any time without interruption?

Yes. During the trading hours of SIX, you will be able to trade your Class B Shares without interruption. This applies before, on and after the Ex-Date (cut-off date) of the Reverse Stock Split.

### 2.2. What are fractions and how will they be compensated?

The Reverse Stock Split will result in fractions if shareholders hold an amount of Class A Shares or Class B Shares not divisible by 50 or a multiple thereof. Only whole New Class A Shares and whole New Class B Shares will be "allotted" to holders of Class A Shares and Class B Shares (i.e., fractional shares will be rounded down the next integral number of shares). Shareholders entitled to fractions of New Class A Shares or New Class B Shares resulting from the the 50-to-1 Split Ratio (respectively, the **Entitled Class A Shareholders** and the **Entitled Class B Shareholders**) will be compensated as follows:

- (i) Holders of Class A Shares who would have a fractional New Class A Share entitlement will not receive any New Class A Share for such entitlement, and accordingly, all fractional entitlements to New Class A Shares resulting from the Reverse Stock Split will be rounded down. Any excess New Class A Shares resulting from fractional entitlements of holders of Class A Shares will be allotted to WISeKey, holding such shares on trust for the Entitled Class A Shareholders for subsequent allotment to the Entitled Class A Shareholders by reference to the highest fractional share entitlements, ranked in descending order; and
- (ii) all fractional entitlements to New Class B Shares will be rounded down, and each Entitled Class B Shareholder will receive from WISeKey or one of its subsidiaries as compensation for its fractional entitlement a cash payment (in CHF) (the **Cash Consideration**). The Cash Consideration will be based on the volume weighted average price (VWAP) of WISeKey's shares for three trading days preceding the ex-date of the Reverse Stock Split (i.e., the date on which the New Class B Shares will first be traded on the SIX (the **Ex-Date**)).

Other than the Cash Consideration, Entitled Class B Shareholders will not receive any other compensation.

**2.3. As an existing shareholder, do I have to do anything to receive the Cash Consideration?**

No. The Cash Consideration will be made available by WISeKey or one of its subsidiaries to Entitled Class B Shareholders on or about the Ex-Date of the Reverse Stock Split.

**2.4. How would the cash necessary to compensate fractions be financed?**

The Cash Consideration will be financed by WISeKey and/or through the sale on behalf of the Entitled Class B Shareholders into the open market of aggregated fractions that Entitled Class B Shareholders would be entitled to receive. The Cash Consideration will be based on the volume weighted average price (VWAP) of WISeKey's shares for three trading days preceding the Ex-Date of the Reverse Stock Split.

**2.5. What will a shareholder who holds at least a number of Class B Shares divisible by 50 receive?**

Any shareholder who holds a number of Class B Shares divisible by 50 will receive one New Class B Share for every 50 Class B Shares held immediately prior to the effectiveness of the Reverse Stock Split.

*Example:* A shareholder holds 100 Class B Shares immediately prior to the effectiveness of the Reverse Stock Split. If the Reverse Stock Split is approved, such shareholder will receive two New Class B Shares.

**2.6. What will a shareholder who holds 49 Class B Shares or less receive?**

Any shareholder who holds 49 Class B Shares or less immediately prior to the effectiveness of the Reverse Stock Split will not receive any New Class B Share, but the Cash Consideration.

**2.7. What will a shareholder who holds a number of Class B Shares higher than 50 but not divisible by 50 receive?**

Any shareholder who holds a number of Class B Shares higher than 50 but not divisible by 50 will receive one New Class B Share for every 50 Class B Shares held immediately prior to the effectiveness of the Reverse Stock Split and otherwise a Cash Consideration.

*Example:* A shareholder holds 503 Class B Shares immediately prior to the effectiveness of the Reverse Stock Split. If the Reverse Stock Split is approved, such shareholder will receive 10 New Class B Shares and the Cash Consideration for the remaining 3 Class B Shares.

**2.8. What can I do to avoid being rounded down for fractions?**

If you hold a number of Class B Shares not divisible by 50 and want to avoid being rounded down and receiving any Cash Consideration as a result of the rounding down of fractions, you may consider adjusting your shareholding prior to the effectiveness of the Reverse Stock Split accordingly upwards or downwards to ensure you are holding a number of Class B Shares divisible by 50. Please note the usual costs and expenses charged by your custodian bank may apply (e.g., order fees).

**2.9. I am currently registered in WISeKey's share register. Will I have to re-register my New Class B Shares after the Reverse Stock Split?**

Yes. For technical reasons, all previous entries in the share register will be deleted. The New Class A Shares and the New Class B Shares will be credited as non-registered shares. Shareholders must re-register in the share register after the Reverse Stock Split. In the Swiss market and at the major Swiss custodian banks, re-registration generally occurs automatically, depending on the agreement with your custodian bank. However, we recommend that you contact your custodian bank directly to ensure re-registration.

**2.10. What should I do if I have not received the New Class B Shares or the Cash Consideration?**

The custodian banks are instructed to carry out the Reverse Stock Split as described here. Please contact your custodian bank directly if you have any queries.

**2.11. Will I incur any costs as a result of the Reverse Stock Split?**

The custodian banks are instructed to carry out the Reverse Stock Split without charging any costs or expenses to shareholders. Please contact your custodian bank directly if you have any queries. The Swiss federal stamp duty, if any, imposed on the Reverse Stock Split, will be borne by WISeKey.

**2.12. What are the tax consequences of the Reverse Stock Split for shareholders?**

The Swiss federal stamp duty, if any, imposed on the capital increase in connection with the Reverse Stock Split, will be borne by WISeKey.