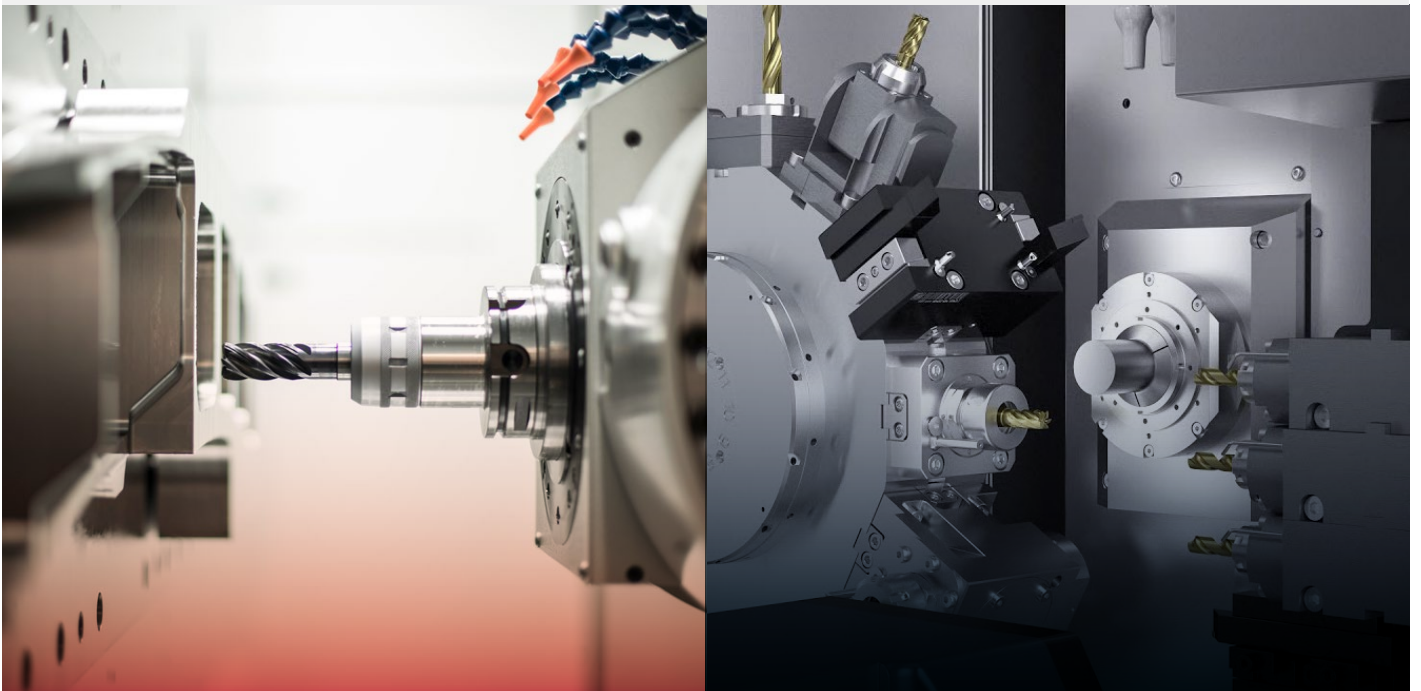


BUILDING THE FUTURE TOGETHER

Information on the planned merger
between Starrag Group Holding AG
and Tornos Holding Ltd.



starrag

TORNOS



François Frôté and Michael Hauser

DEAR SHAREHOLDERS,

Starrag and Tornos – two Swiss-based specialists for precision machine tools are gearing up for the future. Both groups of companies are active worldwide. They are each extremely well positioned in their target markets and have a portfolio that excellently covers the corresponding customer needs.

At the end of May this year, we informed you of our intention to examine a merger of our two industrial groups. It was clear from the beginning that we intended to retain the well-established brands of the two companies, Starrag and Tornos, in the event of a merger.

Today, we are convinced that joining forces is the right strategic response to current and future challenges. The “Rooted in Switzerland” technologies and solutions of Starrag and Tornos are world leaders. By combining our technical know-how in the field of precision machine tools and our complementary technologies, we are creating the prerequisites for new innovations and technological progress.

A merger of Starrag and Tornos to form the new StarragTornos Group also gives us the opportunity to significantly increase our market presence globally. Together, we can further expand attractive customer segments. Geographically, this applies in particular to the regions of America and Asia. We are also strengthening our position in promising, growing customer industries such as medical technology or luxury goods.

Finally, we also want to increase our operational efficiency by joining forces. With the merger, we are creating the conditions for an optimized value-adding structure. Complementary infrastructures can be shared. This applies, for example, to the mechanical manufacturing at both companies in Europe as well as to the production facilities of Starrag and Tornos in Asia. Synergies from joint procurement management will also have a positive impact on profitability.

The merger of the two companies and their joint future offer promising prospects for all stakeholders: customers benefit from technical innovations, new products and expanded services. Employees will gain new opportunities for personal development. And for you, our valued shareholders, we are creating an excellent foundation for sustainable shareholder value with a larger company.

Starrag plus Tornos: this is a merger from a position of strength. Let's write a new chapter in Swiss corporate history together! The Boards of Directors and management teams of Starrag and Tornos are convinced that the planned merger will create a new, strong StarragTornos Group, which will play a major role in shaping the future of the global metal-cutting machine tool industry.

The Boards of Directors of Starrag and Tornos therefore propose that the merger of the two companies by means of an absorption merger be approved. The Extraordinary General Meetings required for this decision will be held on November 29, 2023, for Starrag and on November 30, 2023, for Tornos. In connection with the planned merger, the Board of Directors of Starrag Group Holding AG also proposes a capital increase from CHF 28 560 000.00 to CHF 46 436 528.50.

In this shareholders' brochure, you will learn more about the opportunities of the merger and the process involved. We thank you for your trust and support on the way to a successful joint future for Starrag and Tornos.



MICHAEL HAUSER

Chairman of the Board of Directors
Starrag Group Holding AG



FRANÇOIS FRÔTÉ

Chairman of the Board of Directors
Tornos Holding Ltd.

Strategic background and advantages of the merger

INCREASED INNOVATIVE STRENGTH AND MORE PRESENCE IN KEY SALES MARKETS: THE BASIS FOR JOINT SUSTAINABLE GROWTH

Starrag and Tornos, two companies with tradition and a joint future. What are the arguments in favour of this merger?

1

The world is changing, we are changing the world

The two technology groups Starrag and Tornos are operating in an environment of increasingly complex influencing factors. The major challenges include geopolitical developments with their impact on global supply chains and increasing competitive dynamics. At the same time, recent technological developments and rising demand in the attractive target markets of both companies offer major opportunities.

Megatrends include demographic change, globalization and sustainability. Added to these are digitalization and interconnectedness, but also society's changing expectations with regard to sustainability. For Starrag and Tornos, these megatrends mean attractive development opportunities.

Together, we can make better use of these opportunities – tailored to the changing needs of our customers. For sustainable shareholder value.

2

We are strengthening our innovative power

We achieve growth and performance through differentiation and innovation in technology and digitalization. The competencies of Starrag and Tornos in milling, turning and complete machining complement each other perfectly. Tornos is a leading global manufacturer of Swiss-type automatic lathes and multispindle turning machines, Starrag is a leader in precision machine tools for milling, drilling, grinding and complete machining of workpieces.

Machine tools for maximum precision and productivity – together we take our innovative strength to a new level.

3

We are expanding our presence in important markets

Starrag and Tornos are a good fit in terms of geography, too. By merging, we are setting the course for further growth in promising target markets. In Europe, both companies have a very good market position; the merger will make the future StarragTornos Group the fourth-largest manufacturer of metal-cutting machine tools with focus on turning and milling. Together, we will also be able to significantly increase our footprint in the USA and Asia.

At the same time, we are strengthening our presence in promising growth markets.

Together, we are even closer to our customers in terms of geography and applications than each company on its own. With a strong offering and as a driving force for forward-looking technology solutions.

	MedTech & Dental	Luxury Goods	Aerospace	Energy	Transport & Industrial
Market segments StarragTornos					
Growth drivers	<ul style="list-style-type: none"> • Demographic change • Technical progress • Leisure sports accidents • Cost pressure 	<ul style="list-style-type: none"> • Rising incomes and the pursuit of wealth • Financial investments 	<ul style="list-style-type: none"> • Globalization • Desire for mobility (travel) • Increasing environmental demands • Satellite technology • Space travel • Defense 	<ul style="list-style-type: none"> • Substitution of fossil energy • Growing global energy demand • Compliance with international standards 	<ul style="list-style-type: none"> • Increasing urbanization • Increasing demand for food • Stricter environmental regulations • Changing customer preferences
Our sectors (examples)	<ul style="list-style-type: none"> • Orthopedics • Dental Industry • Medical instruments 	<ul style="list-style-type: none"> • Watchmaking industry • Luxury goods 	<ul style="list-style-type: none"> • Civil and military OEMs • Suppliers to the aircraft industry 	<ul style="list-style-type: none"> • Wind turbines • Steam and gas turbines • Oil & gas 	<ul style="list-style-type: none"> • Construction and agricultural machinery • Trucks & buses • Large mold manufacturing and automotive suppliers

4

We are placing our comprehensive services on a broader basis

Meeting customer needs with foresight – the merger takes us to a higher level here as well: with the enlarged product range, we are addressing the diverse needs and opportunities of our customers on a much broader basis. However, services are also becoming increasingly important – in line with sustainability and the circular economy.

Let’s take advantage of the high demand for excellent services together. For keeping ahead of the competition in the after-sales business.

5

Operational excellence – we’re tapping into attractive synergy potential

The merger will open up further operational synergies, particularly in the areas of research and development, procurement, logistics and sales.

Sharing resources and streamlining processes will increase our efficiency. We are strengthening our position through the targeted use of operational synergies.

Merger from a position of strength

“With the merger of Starrag and Tornos to form the StarragTornos Group, we want to shape technological progress from a position of strength – innovative, customer-oriented, sustainable and economically successful.”

DESCRIPTION OF THE TRANSACTION

On October 25, 2023, the two companies Starrag and Tornos signed a merger agreement. The Boards of Directors of Starrag Group Holding AG and of Tornos Holding Ltd. will propose the approval of the merger agreement and the merger of Starrag and Tornos by absorption merger at their Extraordinary General Meetings on November 29 and 30, 2023, respectively. In addition, the Board of Directors of Starrag Group Holding AG will propose renaming the company StarragTornos Group Ltd.

The merger is to proceed as follows:

1. Increase in the share capital of Starrag from CHF 28 560 000.00 to CHF 46 436 528.50 by issuing 2 103 121 new fully paid registered shares of Starrag Group Holding AG. The capital increase will be carried out under exclusion of subscription rights on the part of the existing shareholders of Starrag and will be paid by the surplus of assets resulting from the transfer of assets and liabilities from Tornos to Starrag.
2. The new registered shares of Starrag Group Holding AG to be issued will be used to exchange the existing shares of Tornos Holding Ltd. The appropriateness of the exchange ratio was confirmed by an independently prepared fairness opinion of IFBC AG, Zurich.
3. Starrag Group Holding AG absorbs Tornos Holding Ltd. As a result of the merger, Tornos Holding Ltd. will be dissolved, with all assets and liabilities being transferred in their entirety to Starrag Group Holding AG.
4. The registered shares of Tornos Holding Ltd. will be delisted.
5. The newly issued registered shares of Starrag Group Holding AG (after change of company name: StarragTornos Group Ltd.) will be listed at SIX Swiss Exchange.

Transaction structure

	Current structure	Capital increase / exchange	Structure after merger
starrag	Share capital CHF 28 560 000.00 divided into 3 360 000 registered shares with a par value of CHF 8.50 each	Capital increase CHF 17 876 528.50 by issuing 2 103 121 registered shares with a par value of CHF 8.50 each	Share capital CHF 46 436 528.50 divided into 5 463 121 registered shares with a par value of CHF 8.50 each
TORNOS	Share capital CHF 19 877 671.00 divided into 19 877 671 registered shares with a par value of CHF 1.00 each	Exchange ratio: 0.1059 Starrag shares for 1 Tornos share	

Note: Treasury shares held by Tornos will not be exchanged but canceled as part of the transaction.

EFFECTS OF THE ABSORPTION MERGER

As a result of the merger, the existing shareholder base of Starrag will be supplemented by the former Tornos shareholders. After the merger, the existing Starrag shareholders will hold 61.5% of the StarragTornos Group Ltd. (formerly: Starrag Group Holding AG); the share of the former Tornos shareholders will be 38.5%.

Starrag and Tornos jointly generated sales revenue of CHF 499.0 million, an operating result (EBIT) of CHF 29.6 million and a net result of CHF 20.8 million on a pro forma basis in the past financial year 2022.

Starrag has a free float of approximately 29% and Tornos of approximately 37% prior to the merger. We expect that the transaction will therefore result in an increase in market capitalization, free float and market liquidity.

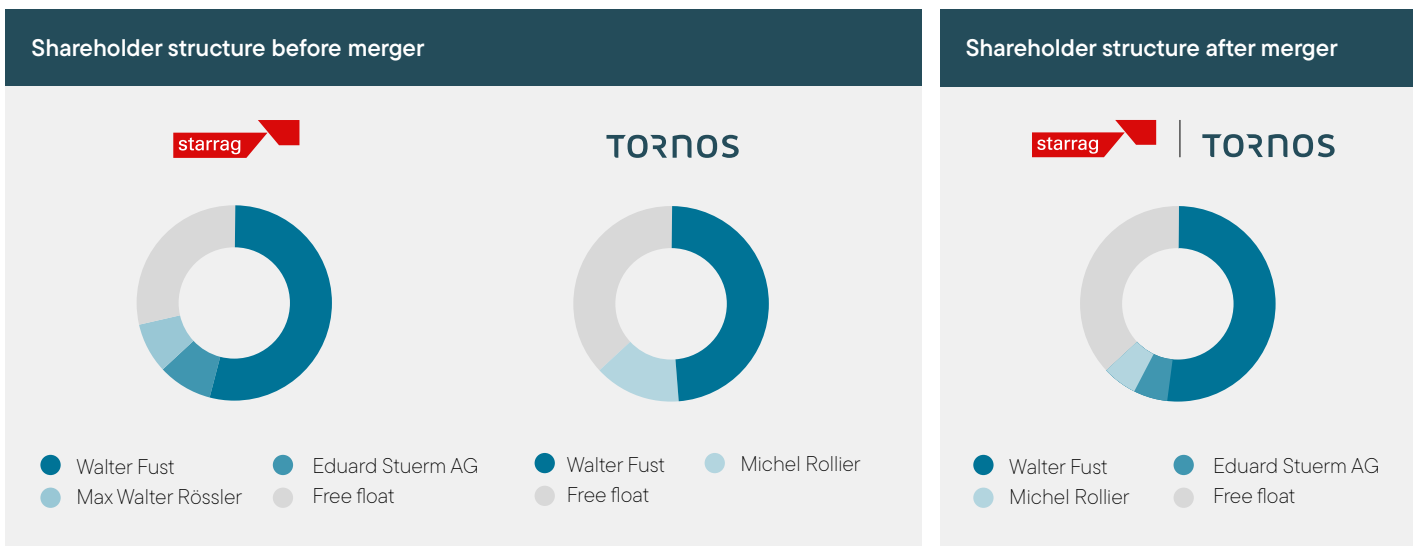
Financial year 2022

In CHF million

		TORNOS	StarragTornos combined Pro forma basis
Incoming orders	395.8	194.1	589.9
Sales revenue	317.6	181.4	499.0
Operating result EBIT	18.6	16.5	29.6
<i>in % of sales revenue</i>	5.8%	9.1%	5.9%
Net result	11.1	14.1	20.8
<i>in % of sales revenue</i>	3.5%	7.8%	4.2%
Equity ratio	51.7%	67.5%	57.6%

For definitions of Non-GAAP financial measures, see Annual Reports 2022.

Shareholder structure – free float



INDICATIVE TIMELINE

October 26, 2023

- Announcement of the merger
- Conference call for media, analysts and investors
- Publication of invitations to the extraordinary general meetings
- Publication of pro forma financial figures and fairness opinion

November 29, 2023

- Extraordinary General Meeting of Starrag Group Holding AG
 - Approval of merger and merger agreement
 - Approval of the ordinary capital increase in the context of the merger
 - Introduction of a conditional share capital for the exercise of option rights existing under the employee stock option plan of Tornos Holding Ltd.
 - Change of the company name to StarragTornos Group Ltd. in the context of the merger
 - Election of current members of the Tornos Board of Directors to the Board of Directors of StarragTornos Group Ltd.
 - Amendments to the Articles of Association and further resolutions

November 30, 2023

- Extraordinary General Meeting of Tornos Holding Ltd.
 - Approval of merger and merger agreement

December 7, 2023

- Legal completion of the merger
- Last trading day of Tornos Holding Ltd. on SIX Swiss Exchange
- Publication of the prospectus

December 8, 2023

- First trading day of the new registered shares of StarragTornos Group Ltd. on SIX Swiss Exchange

FURTHER INFORMATION FOR OUR SHAREHOLDERS

How will I benefit from this merger as a shareholder?

The new StarragTornos Group Ltd. will create a globally active and powerful group that will significantly impact and contribute to shaping the future of the global machine tool industry. From the point of view of the capital market, the attractiveness of the shares will also increase, as the merged StarragTornos Group Ltd. with its larger market capitalization will rank as a mid-cap in the Swiss stock market and will probably also enjoy higher trading volumes.

How was the appropriateness of the exchange ratio and price reviewed by the Boards of Directors?

The Boards of Directors of the two companies each formed a committee consisting of independent members of the respective Board of Directors. The two independent committees negotiated and agreed the exchange ratio on the basis of a large amount of valuation-relevant information. They had a fairness opinion prepared by IFBC AG, Zurich. This confirmed that the exchange is appropriate and fair from a financial point of view.

Why will Tornos be delisted from the stock exchange? How will Tornos shares be exchanged for StarragTornos Group shares?

Provided that the Extraordinary General Meetings of Starrag Group Holding AG and Tornos Holding Ltd. approve the planned merger, the Board of Directors of Starrag Group Holding AG proposes to change the name of the company to StarragTornos Group Ltd. and to create new shares by way of an ordinary capital increase by CHF 17 876 528.50 from CHF 28 560 000.00 to CHF 46 436 528.50 through the issuance of 2 103 121 fully paid-up registered shares at a par value of CHF 8.50 each. The capital increase will be carried out under exclusion of subscription rights on the part of the existing Starrag shareholders. The new shares will be used to exchange the existing shares of Tornos Holding Ltd. Through the exchange transaction, Tornos shareholders will thus receive 0.1059 registered shares in StarragTornos Group Ltd. with a par value of CHF 8.50 for each Tornos share with a nominal value of CHF 1.00 held. The registered shares of Tornos Holding Ltd. are to be delisted and the newly issued

registered shares of StarragTornos Group Ltd. will be listed on the SIX Swiss Exchange. These will then be entitled to dividends for the first time for the financial year ending December 31, 2023.

What will happen to my Starrag shares?

The existing Starrag shares will automatically become registered shares of StarragTornos Group Ltd. after the approval of the merger and the change of company name by the Extraordinary General Meeting as well as the corresponding entry in the registry of commerce.

As a Tornos shareholder, do I have to be entered in the share register of StarragTornos Group or does this happen automatically?

You do not have to do anything. The entry in the share register of StarragTornos Group Ltd. is done automatically via your custodian bank in accordance with your deposited registration instructions.

What happens to the fractions arising from the exchange of Tornos shares for Starrag shares?

The fractions arising from the exchange will be settled in cash.

What do Tornos shareholders who hold less than ten shares have to consider?

Tornos shareholders who hold less than ten shares and who wish to become shareholders of StarragTornos Group Ltd., are kindly requested to increase their holdings of Tornos shares by making purchases on the stock exchange to bring their holding up to at least ten shares by December 7, 2023, at the latest.

What will the dividend policy of StarragTornos Group Ltd. be like?

StarragTornos Group Ltd. wants to offer its shareholders an attractive dividend. A payout ratio of 35 to 50% of the annual net profit is planned.

How will the Board of Directors and the Group Management of StarragTornos Group Ltd. be constituted?

The elected members of the Board of Directors of Starrag Group Holding AG will remain in office until the Annual General Meeting in 2024, regardless of the merger. In addition to the election to the Board of Directors of StarragTornos Group Ltd. at the Extraordinary General Meeting on November 29, 2023, the following incumbent members of the Board of Directors of Tornos Holding Ltd. will be proposed: François Frôté, Till Fust, Michel Rollier. As members of the Executive Board of the new StarragTornos Group are intended: Michael Hauser (CEO), Stéphane Pittet (CFO), Martin Buyle (Division CEO Starrag) and Jens Thing (Division CEO Tornos).

Where can I find further detailed documents regarding the merger?

The merger agreement, the joint merger report, the report of the joint merger auditor, the pro forma figures and the fairness opinion, all dated October 25, 2023, will be available at the registered office of Starrag Group Holding AG and at the registered office of Tornos Holding Ltd. as of October 26, 2023. As will the annual reports of Starrag Group Holding AG and Tornos Holding Ltd. for the last three years. All documents can also be viewed and downloaded from the websites of the two companies.

Disclaimer

This shareholder brochure contains forward-looking statements such as projections, forecasts and estimates. Such forward-looking statements involve certain risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in this brochure. The forward-looking statements contained in this brochure are based on the current views and assumptions of Starrag Group Holding AG and Tornos Holding Ltd. respectively. The pro forma financial information contained herein has not been audited, certified or otherwise covered by any report of independent accountants. Starrag Group Holding AG and Tornos Holding Ltd. do not assume any obligation to update or supplement this brochure. This brochure does not constitute an advertisement, offer, recommendation or invitation to purchase shares in any jurisdiction. It is for information purposes only. It does not constitute a prospectus within the meaning of Art. 35 et seq. of the Federal Financial Services Act (FinSA).

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Imprint

Responsible for the content

Starrag Group Holding AG, Rorschacherberg
Tornos Holding Ltd., Moutier

Rorschacherberg/Moutier, October 25, 2023

starrag



TORNOS

