Report to fiscal year 2019

MEYER BURGER

Key Figures

Consolidated income statement

in TCHF	2019	2018 restated
Net sales	262 013	406 967
Operating income after costs of products and services[1]	129 893	201 841
in % of net sales	49.6%	49.6%
EBITDA[2]	–13 471	26 784
in % of net sales	–5.1%	6.6%
EBIT[3]	–28 635	2 438
in % of net sales	–10.9%	0.6%
Net result for the year	–39 650	–59 437

[1] "Operating income after costs of products and services" corresponds to total income including other operating income, e.g. gain from sale of group companies less changes in inventories or finished and semi-finished products and machines before acceptance, cost of products and work in progress and capitalised goods and services.

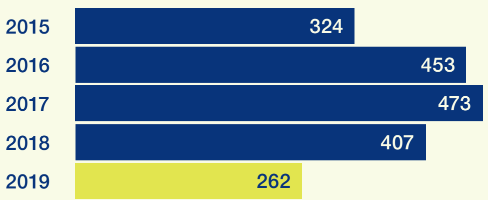
[2] "EBITDA" corresponds to the operating result (EBIT) before depreciation on tangible fixed assets and amortization on intangible assets, the financial result, the result from investment in associates, the non-operating result and income taxes.

[3] "EBIT" corresponds to the operating result, before the financial result, the result from investment in associates, the non-operating result and income taxes.

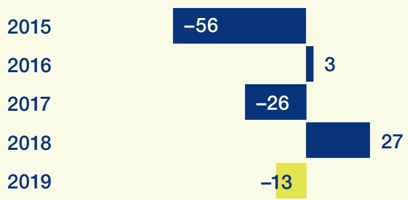
Consolidated balance sheet

in TCHF	31.12.2019	31.12.2018
Total assets	274 610	349 153
Current assets	182 666	226 669
Non-current assets	91 944	122 485
Current liabilities	93 638	108 747
Non-current liabilities	4 812	58 695
Equity	176 160	181 711
Equity ratio	64.1%	52.0%

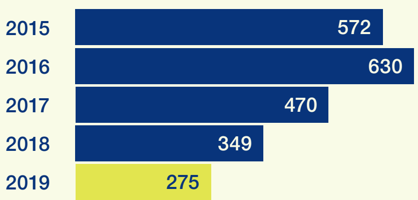
Net sales in CHF million



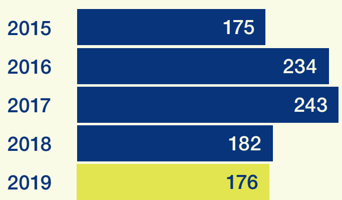
EBITDA restated in CHF million



Total balance sheet in CHF million



Equity in CHF million



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Annual Report 2019

The Annual Report 2019 is available on the company website:
https://www.meyerburger.com/en/investors/financial-reports-publications/

Letter to Shareholders

Dear Shareholders

The annual result for 2019 is disappointing. Both sales and profit margin in the mainstream business remained unsatisfactory and below expectations. In the 2019 reporting year, Meyer Burger recorded incoming orders amounting to CHF 188.3 million (–24.3% on a like-for-like basis). This reflects the difficult market environment due to increasingly strong Chinese competition and the Chinese government's goals set out in the "Made in China 2025" strategic plan. Orders on hand as at 31 December 2019 totaled CHF 105.1 million.

Net sales amounted to CHF 262.0 million (–22.1% on a like-for-like basis). EBITDA fell to CHF –13.5 million and the result at the EBIT level stood at CHF –28.6 million. The net loss amounted to CHF –39.7 million. As at 31 December 2019, Meyer Burger had equity of CHF 176.2 million, which corresponded to an equity ratio of 64.1%.

Sustained growth in the solar industry

Renewable energy sources, especially solar energy, will play a vital role in the energy revolution. This means that the solar industry remains an attractive, long-term growth market worldwide; an annual growth rate of around 9% in installed solar panels is anticipated between now and 2050, by which time installed solar capacity would be around 8.5 TW compared to 0.6 TW today, and provide more than 40% of global generation capacity (IRENA, Future of Solar PV, November 2019). Annual investment in solar energy as a whole currently exceeds 100 billion US dollars and is expected to continue growing despite further cost reductions. In the coming years, we anticipate an increase in non-subsidised solar energy installations, geographical diversification and rising competitiveness vis-à-vis conventional energy sources. In particular, the demand for decentralised solar systems will grow at an above-average rate.

The 2020 Global Photovoltaic Demand Forecast (IHS Markit) envisages the installation of 142 GW of additional solar panels this year, corresponding to a growth rate of 14% compared to 2019. While China continues

Sehr geehrte Aktionärinnen, sehr geehrte Aktionäre

Das Jahresergebnis 2019 ist enttäuschend. Absatz und Marge im Mainstream-Geschäft blieben ungenügend und unter den Erwartungen. Meyer Burger erzielte im Berichtsjahr 2019 einen Auftragseingang von CHF 188,3 Millionen (–24,3% auf vergleichbarer Basis). Dies widerspiegelt das schwierige Marktumfeld durch stärker werdenden chinesischen Wettbewerb und die Ziele der chinesischen Regierung im Rahmen des strategischen Plans «Made in China 2025». Der Auftragsbestand per 31. Dezember 2019 lag bei CHF 105,1 Millionen.

Der Nettoumsatz belief sich auf CHF 262,0 Millionen (–22,1% auf vergleichbarer Basis). Das EBITDA sank auf CHF –13,5 Millionen und das Resultat auf Stufe EBIT lag bei CHF –28,6 Millionen. Der Nettoverlust lag bei CHF –39,7 Millionen. Meyer Burger verfügte über Eigenkapital von CHF 176,2 Millionen, was einer Eigenkapitalquote per 31. Dezember 2019 von 64,1% entsprach.

Anhaltendes Wachstum der Solarindustrie

Die erneuerbaren Energien, insbesondere die Solarenergie, werden in der Energiewende eine entscheidende Rolle spielen. Damit bleibt die Solarindustrie weltweit langfristig ein attraktiver Wachstumsmarkt; bis 2050 wird ein jährliches Wachstum der installierten Solarpanels von rund 9% erwartet, die installierte Solarleistung würde dann rund 8,5 TW betragen, im Vergleich zu 0,6 TW heute, und über 40% der weltweiten Generationskapazität bereitstellen (IRENA, Future of Solar PV, November 2019). Die jährlichen Investitionen in die gesamte Solarenergie liegen derzeit über USD 100 Milliarden und dürften trotz weiterer Kostenreduktionen weiter steigen. Wir erwarten in den kommenden Jahren die Zunahme nicht subventionierter Solarenergie-Installationen, die geografische Diversifizierung und die zunehmende Wettbewerbsfähigkeit gegenüber konventionellen Energiequellen. Gerade die Nachfrage nach dezentralen Solaranlagen wird überdurchschnittlich zulegen.

Der 2020 Global Photovoltaik Demand Forecast (IHS Markit) erwartet dieses Jahr die Installation von 142 GW

Dr Remo Lütolf and Dr Hans Brändle
Chairman and Chief Executive Officer
Meyer Burger Technology AG

to be the largest producer and purchaser of solar panels despite restructuring its solar market, growth in the end markets outside China, especially in Europe and North America, is expected to be considerably higher. Also in terms of geographical spread, there is going to be substantial growth. In the coming years, we expect the development of further new markets in South-East Asia, Latin America and the Middle East. The importance of markets outside China is thus steadily increasing.

At the present time, China still accounts for around 80% of global production capacity for solar cells and solar modules. This concentration is driven primarily by volumes, economies of scale and the pursuit of market share, as well as local subsidies. The intense competition is putting sustained pressure on selling prices, with the result that many companies lack the cash flow for investment in new technologies.

The current PERC technology has become the industry standard sooner than expected; its market share in production capacity was around 65% end of 2019 and is still growing. Prices for PERC modules reached another low end of 2019, nearly 20% less than 12 months ago. Still, prices for PERC equipment are coming under further pressure due to the intense Chinese competition. The resulting inadequate margins mean that this business is no longer attractive for Meyer Burger.

Whereas PERC modules have become a commodity, Meyer Burger offers a quantum leap in the form of its heterojunction/SmartWire connection technologies. Our approach enables a substantial increase in cell and module efficiency of up to two percentage points. REC, our strategic customer in Singapore, is demonstrating

zusätzlicher Solarpanels, was einem Wachstum von 14% im Vergleich zu 2019 entspricht. Während China trotz Restrukturierung seines Solarmarktes weiterhin der grösste Produzent und Abnehmer von Solarpanels bleibt, soll das Wachstum der Endmärkte ausserhalb Chinas, insbesondere in Europa und Nordamerika, deutlich höher ausfallen. Auch in Bezug auf die geografische Reichweite ist das Wachstum beachtlich. In den kommenden Jahren erwarten wir die Entwicklung weiterer neuer Märkte in Südostasien, Lateinamerika und dem Mittleren Osten. Damit steigt die Bedeutung der Märkte ausserhalb Chinas kontinuierlich.

Heute befinden sich immer noch rund 80% der globalen Produktionskapazität für Solarzellen und Solarmodule in China. Diese Konzentration ist primär getrieben durch Volumen, Skaleneffekte und das Streben nach Marktanteilen sowie durch lokale Förderung. Aufgrund des harten Wettbewerbs sind die Verkaufspreise unter anhaltendem Druck, so dass bei vielen Unternehmen der Cashflow für Investitionen in neue Technologien fehlt.

Schneller als erwartet hat sich die aktuelle PERC-Technologie zum Industriestandard entwickelt; ihr Marktanteil an der Produktionskapazität lag Ende 2019 bei rund 65% und wächst weiter. Die Preise für PERC-Module hatten Ende 2019 erneut einen Tiefststand erreicht, fast 20% tiefer als noch vor 12 Monaten. Aufgrund des intensiven chinesischen Wettebewerbs bleiben die Preise für PERC-Anlagen weiter unter Druck. Mit den daraus resultierenden ungenügenden Margen ist dieses Geschäft für Meyer Burger nicht mehr attraktiv.

Während PERC-Module zur Commodity geworden sind, bietet Meyer Burger mit der Heterojunction/SmartWire this with its new Alpha modules. Along with competitive production costs and convincing technical performance data, this opens up opportunities to achieve higher selling prices and thus provides attractive incentives for new investment in this promising technology. We expect heterojunction technology to steadily gain market shares – the VDMA association is projecting a rise from approx. 3% at the present time to 12% in 2026 and 15% by 2029 (VDMA: International Roadmap for Photovoltaic 2019).

Strategic realignment

Against the backdrop of these market dynamics, we resolved, in the reporting year, to undertake a strategic realignment of Meyer Burger. That is to say, we are focusing on the marketing and ongoing development of our own heterojunction/SmartWire connection technologies as well as the highly promising tandem cell technology, a combination of heterojunction and perovskite. We are withdrawing from the low-margin bulk business. As a result of our strategic refocusing, we have sold or restructured companies that no longer form part of our core business, thereby further reducing our fixed cost base and boosting the efficiency of the organisation.

We assume that our own heterojunction/SmartWire connection technologies give us a head start of several years over our competitors. In order to maintain this lead, we will protect our technologies and the production facilities based on them more strongly and rely on partnerships. Within the framework of partnership agreements, we plan to participate commensurately in the success of utilizing our heterojunction/SmartWire connection technologies.

2019 milestones

In March 2019, we established a strategic partnership with Oxford PV (Great Britain), the technology leader in the field of high-efficiency crystalline silicon/perovskite tandem solar cells. Perovskite/silicon-based tandem solar cells have been developed using heterojunction technology and promise another significant increase in efficiency. Our investment secures us direct access to this new technology. Working in close cooperation with Oxford PV, we are pressing ahead with the industrialization of perovskite solar cells.

At the end of 2019, REC Group started mass production of its new Alpha modules. This new module generation is being produced on Meyer Burger heterojunction/SmartWire production lines and is regarded as the most powerful 60-cell solar module in the world with an output of up to 380 Wp. This places the Alpha module among the most efficient solar panels on the market, at 21.7% module efficiency, which is equivalent to 217 watts per square meter and an improvement of 10% compared to mainstream PERC solar panels. All in all,

Technologie einen Quantensprung. Unser Ansatz ermöglicht eine markante Steigerung der Zell- und Moduleffizienz von bis zu zwei Prozentpunkten. Unser strategischer Kunde REC in Singapur beweist dies mit seinen neuen Alpha-Modulen. Zusammen mit wettbewerbsfähigen Produktionskosten und überzeugenden technischen Leistungsdaten eröffnet dies Chancen für höhere Verkaufspreise und damit attraktive Anreize für Neuinvestitionen in diese zukunftsträchtige Technologie. Wir erwarten, dass die Heterojunction-Technologie stetig Marktanteile gewinnen wird – der VDMA geht von aktuell ca. 3% auf 12% 2026 und 15% bis 2029 aus (VDMA: International Roadmap for Photovoltaic 2019).

Strategische Neuausrichtung

Vor dem Hintergrund dieser Marktdynamik haben wir uns im Berichtsjahr für eine strategische Neuausrichtung von Meyer Burger entschieden. Das heisst, wir konzentrieren uns auf die Vermarktung und Weiterentwicklung unserer eigenen Heterojunction/SmartWire-Technologie sowie die vielversprechende Tandemzelltechnologie, eine Kombination von Heterojunction und Perowskit. Aus dem margenschwachen Mainstream-Geschäft ziehen wir uns zurück. Im Zuge unserer strategischen Fokussierung haben wir nicht mehr zum Kerngeschäft zählende Unternehmensteile verkauft oder restrukturiert. Damit reduzieren wir unsere Fixkostenbasis weiter und steigern die Effizienz der Organisation.

Wir gehen davon aus, dass wir mit unserer eigenen Heterojunction/SmartWire-Technologie über einen Vorsprung gegenüber unseren Wettbewerbern von einigen Jahren verfügen. Um diesen Vorsprung zu bewahren, werden wir unsere Technologien und die darauf basierenden Produktionsanlagen stärker schützen und uns auf Partnerschaften stützen. Über die Nutzung unserer Heterojunction/SmartWire-Technologie planen wir, im Rahmen von Partnerschaftsvereinbarungen am gemeinsamen Erfolg angemessen zu partizipieren.

Meilensteine 2019

Im März 2019 haben wir eine strategische Partnerschaft mit Oxford PV aus Grossbritannien abgeschlossen, dem Technologieführer von hocheffizienten kristallinen Silizium/Perowskit-Tandemsolarzellen. Perowskit/Silizium-basierte Tandemsolarzellen sind eine Weiterentwicklung der Heterojunction-Technologie und versprechen nochmals einen deutlichen Sprung im Wirkungsgrad. Unser Investment ermöglicht uns den direkten Zugang zu dieser neuen Technologie. In enger Zusammenarbeit mit Oxford PV treiben wir die Industrialisierung der Perowskit-Solarzellen voran.

Die REC Group hat Ende 2019 mit der Serienproduktion ihrer neuen Alpha-Module begonnen. Diese neue Modulgeneration wird auf Meyer Burger Heterojunction/SmartWire-Fertigungslinien hergestellt und gilt als das weltweit the joint development project with REC progresses better than expected: We are set to achieve the ambitious common objectives, in terms of both panel efficiency and the performance and profitability of the production lines. The successful launch of the Alpha modules is attracting a great deal of attention in the industry and substantiates our optimism.

Changes in the Board of Directors and the Executive Board

The changes at the Board of Directors and Executive Board level announced at the time of publication of the transformation program were completed in the first half of 2019. At the General Meeting on 2 May 2019, Dr Remo Lütolf and Andreas R. Herzog were elected to the Board of Directors as Chairman and Board Member respectively. At the same time, the body was reduced to four persons. The Executive Board, too, was reduced, from five members to three (Dr Hans Brändle, CEO; Manfred Häner, CFO; Dr Gunter Erfurt, CTO).

A message of thanks

The rapid changes in our industry and in our company were challenging for us all in 2019. The Board of Directors and the Executive Board would like to thank each and every employee for their tireless commitment to Meyer Burger. Our thanks also go to our customers, suppliers and business partners for their support.

And to you, our valued shareholders, we would like to express our thanks for your loyalty to Meyer Burger. We are aware that in the past, we have often failed to meet your expectations. We are also aware that we still have much work ahead of us before we reach the profitability threshold again on a sustainable basis. However, we are confident that we will soon achieve this goal thanks to the strategic realignment we have initiated.

leistungsstärkste 60-Zellen-Solarmodul mit einer Leistung von bis zu 380 Wp. Somit gehört das Alpha-Modul zu den effizientesten Solarpanels auf dem Markt mit 21,7% Moduleffizienz, was 217 Watt pro Quadratmeter und einer Steigerung um 10% gegenüber Standard PERC Solarpanels entspricht. Insgesamt entwickelt sich das gemeinsame Entwicklungsprojekt mit REC besser als erwartet: Wir sind auf dem besten Weg die ambitionierten gemeinsamen Ziele zu erreichen, sowohl bezüglich Effizienz der Panels, der Leistungsfähigkeit und Wirtschaftlichkeit der Produktionslinien. Die erfolgreiche Lancierung der Alpha-Module sorgt für Aufmerksamkeit in der Branche und stimmt uns zuversichtlich.

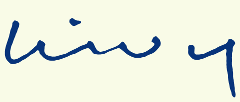
Veränderungen im Verwaltungsrat und in der Geschäftsleitung

Die bei der Veröffentlichung des Transformationsprogramms angekündigten Änderungen auf Stufe Verwaltungsrat und Geschäftsleitung waren im ersten Halbjahr 2019 abgeschlossen. An der Generalversammlung am 2. Mai 2019 wurden Dr. Remo Lütolf als Präsident und Andreas R. Herzog als Mitglied des Verwaltungsrats gewählt. Gleichzeitig wurde das Gremium auf vier Personen verkleinert. Verkleinert wurde auch die Geschäftsleitung – von fünf auf drei Mitglieder (Dr. Hans Brändle, CEO; Manfred Häner, CFO; Dr. Gunter Erfurt, CTO).

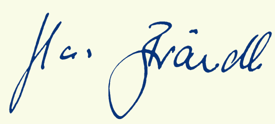
Dank

Die raschen Veränderungen in unserer Branche und in unserem Unternehmen waren 2019 für uns alle herausfordernd. Der Verwaltungsrat und die Geschäftsleitung danken allen Mitarbeiterinnen und Mitarbeitern für ihr unermüdliches Engagement für Meyer Burger. Unseren Kunden, Lieferanten und Geschäftspartnern danken wir für die Unterstützung.

Ihnen, sehr geehrte Aktionärinnen und Aktionäre, danken wir für Ihre Verbundenheit mit Meyer Burger. Wir sind uns bewusst, dass wir Ihre Erwartungen in der Vergangenheit oft enttäuscht haben. Wir wollen nicht verschweigen, dass noch ein grosses Stück Arbeit vor uns liegt, bis wir nachhaltig wieder die Gewinnschwelle erreichen. Doch wir sind zuversichtlich, dies dank der eingeleiteten strategischen Neuorientierung in Kürze zu erreichen.



Dr Remo Lütolf
Chairman of the Board
of Directors



Dr Hans Brändle
Chief Executive Officer

Management Report 2019

Markets and customers

Worldwide PV installations grew to a new record level in 2019, despite a significant demand slowdown in China. About 125 GW of solar systems were installed globally during last year, a 20% growth over the 104 GW added in 2018, when the market had increased by 4% from about 100 GW in 2017. Total global installed PV capacity reached about 625 GW by the end of 2019. The world's largest solar market, China, is still suffering from regulatory uncertainty as it transitions from a lucrative feed-in tariff scheme to tenders and subsidy-free installations. As a result, installations dropped by 36% to around 28 GW in 2019 from 44 GW a year earlier, a decline even pessimists had not forecast. However, Chinese PV manufacturing exceeded the 2018 output by more than 30% to satisfy strong demand abroad. About 70% of PV modules made in China were exported. The market growth outside China of about 53% stems from continuing cost reductions, making solar increasingly the lowest-cost power generation source in many regions. Another solar growth factor were favorable regulatory schemes, propelling demand in particular in the EU and the US: While the EU solar market grew over 100% to around 20 GW, as it needed to comply with the 2020 renewable energy targets, the US was up 14% at 12 GW, experiencing a run on larger PV systems to benefit from an attractive 30% solar tax credit that is starting to decline as of 2020.

On the technology side, PERC has replaced Al-BSF as the new standard technology for solar cells. The PERC market segment is increasingly dominated by Chinese equipment manufacturers because their competition has led to significantly lower equipment prices. While the race to lower equipment prices continued in China in 2019, we are developing high-quality equipment that offers the lowest total cost of ownership but requires higher initial investment. As a result, our margins have come under pressure and we have lost market share in the standard cell technology equipment segment.

TOPCon cell technology can be implemented by upgrading a PERC line, which improves efficiency by 1 to 1.5 percentage points. The market for upgrading existing PERC lines to TOPCon is not expected to take off before 2021.

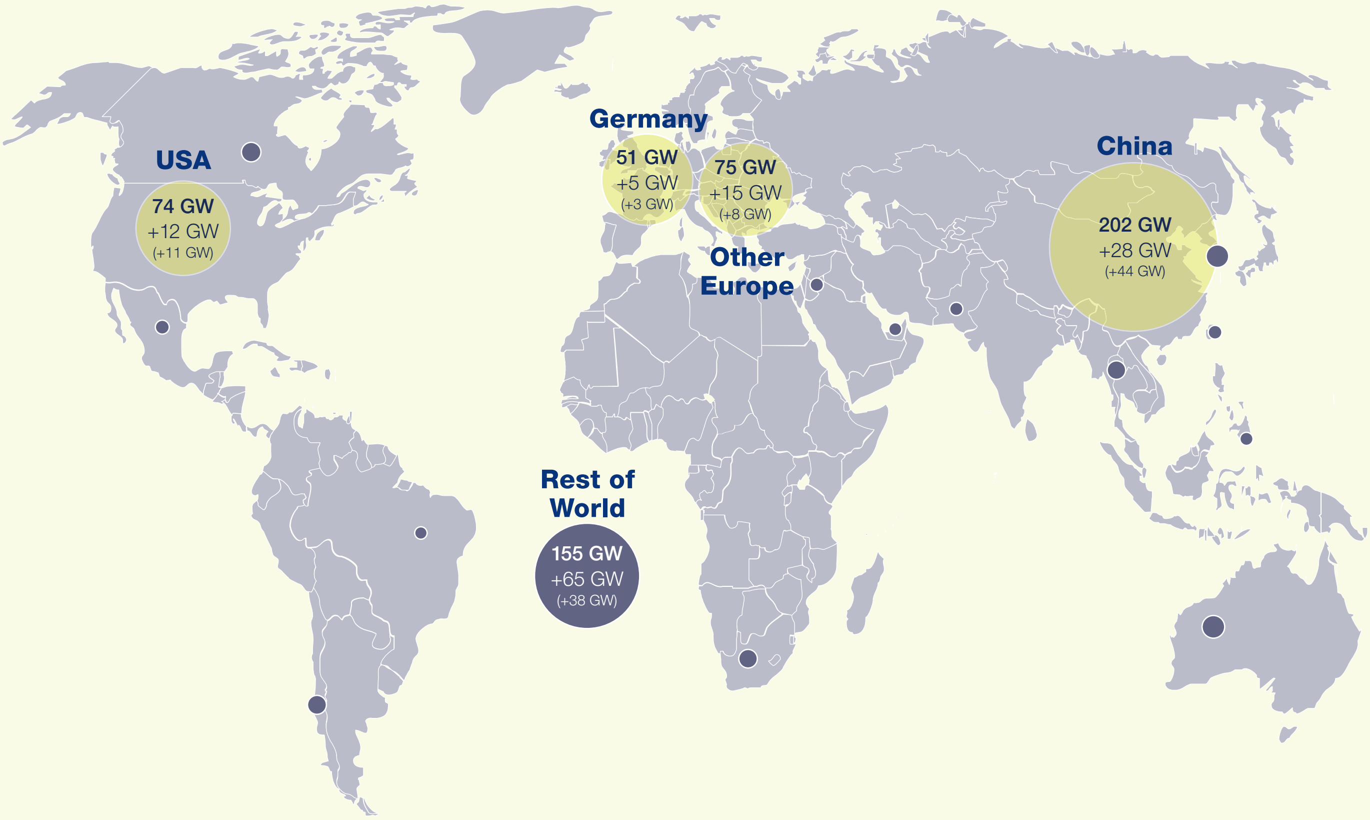
There is a great deal of market interest in heterojunction (HJT) technology, and our project pipeline is promising. We achieved a breakthrough in late 2018 with a CHF 74 million order from REC for our HJT/SmartWire connection technologies. In October 2019, shortly after the start of the installation phase, REC Group started mass production of its new Alpha Series. This new generation of modules is manufactured on Meyer Burger HJT/SmartWire core equipment and features the world's most powerful 60-cell solar panel and best-in-class power output of 380 Wp, representing 217 w/m^2.

China currently dominates global production capacity for PV solar cells and solar modules. This dominance is primarily driven by volumes and economies of scale and correspondingly tough competition, as well as local subsidies. As a result, selling prices are under pressure and many potential customers lack the cash flow for investments in new technologies. The country's strategic plan "Made in China 2025" focuses not only on growing the share of renewable power generation but also on developing its own Chinese equipment production footprint. Intellectual property protection remains a major obstacle to successful business development in China.

Strategic realignment

Against this backdrop, the Board of Directors and the Executive Board have decided on a strategic realignment of Meyer Burger. We are withdrawing from low-margin bulk business and will concentrate on the marketing of our proprietary HJT/SmartWire connection technologies as well as the promising next-generation perovskite cell technology. We are confident that these technologies will give Meyer Burger a head start of several years over our competition, and we are pushing ahead with our HJT/SmartWire connection technologies roadmap in order to maintain our global leadership position.

Globally installed PV capacity (end-market)



Note: Nominal GW as at year-end 2019
Delta reflects change in 2019 compared to previous year; numbers in brackets reflect change in 2018
Sources: Meyer Burger estimates

To maintain this competitive edge, we will protect our technologies and the associated production equipment more effectively and place greater emphasis on partnerships. By controlling the dissemination of our technology, we can rigorously protect our intellectual property. We intend to tie the utilization of our HJT/SmartWire connection technologies to a profit-sharing model.

This new business model is designed to safeguard the interests of Meyer Burger and to allow Meyer Burger a larger share in the success of our technologies. We are conducting contractual negotiations for additional orders of HJT/SmartWire core equipment in line with this model together with the solar module manufacturer REC Solar as a pilot customer, as well as other potential customers worldwide.

In March 2019, we entered into a strategic partnership with the United Kingdom's Oxford PV, the technology leader in the field of high-efficiency crystalline silicon/perovskite tandem solar cells. Perovskite/silicon-based tandem solar cells have been developed using HJT technology and promise a significant increase in efficiency. Oxford PV holds the world record in efficiency, at 28%, with its perovskite tandem solar cells. Our investment assures Meyer Burger's access to this new technology. In close cooperation with Oxford PV, we are driving forward the industrialization of perovskite solar cell production by combining our HJT/SmartWire connection technologies with Oxford PV's perovskite solar cell technology.

As a direct result of our strategic refocusing, we have sold or restructured businesses that are no longer part of our core business (sale of the wafering business, sale of corporate real estate, sale of the software business, announcement of sale of the printing business and announcement of concentration of production in Hohenstein-Ernstthal, Germany, with closure of the Zülpich, Germany, site), thereby reducing our fixed cost base and increasing efficiency. Net proceeds of divestment resulted in a cash inflow of about CHF 96.5 million in 2019.

Incoming orders

Business development in 2019 was disappointing. Sales and margins in the bulk business remained below our expectations. Financial key figures reflect the ongoing transformation of the Group and the divestments. Meyer Burger achieved incoming orders of CHF 188.3 million in the fiscal year 2019, compared to CHF 326.8 million in 2018. Adjusted for divestments, incoming orders decreased by 24.3%. Orders on hand as at 31 December 2019 amounted to CHF 105.1 million (31 December 2018: CHF 240.5 million). The book-to-bill ratio was 0.72 for the fiscal year 2019 (0.80 for 2018).

As part of the cooperation with Oxford PV, we have received orders totaling CHF 38 million for HJT production lines, including the upgrade for perovskite tandem cell production. In addition, we have received two major orders from Asian customers for our MAiA® cell coating equipment totaling CHF 25 million.

Net sales

Net sales reached CHF 262.0 million (2018: CHF 407.0 million). Adjusted for divestments and currency effects, the organic decline in sales for the continuing operations was 22.1%. Sales development accelerated in the second half of 2019 to CHF 139.4 million from CHF 122.6 million in the first half of 2019. The regional sales mix has changed slightly from the previous year, although Asia remains the most important sales region for Meyer Burger: Asia accounted for 72% of net sales in 2019 (71% in 2018), while Europe accounted for 23% (25% in 2018) and the Americas for 5% (4% in 2018).

Operating income after cost of products and services

The operating income after cost of products and services was CHF 129.9 million (CHF 201.8 million in 2018), reflecting a margin of 49.6% (2018: 49.6%). The operating income in 2019 includes gains of CHF 29.7 million from the divestments of the business unit wafering and the subsidiary AIS. Excluding the divestments, the operating income after cost of products and services would have been CHF 100.2 million, reflecting a margin of 38.2%.

Operating expenses

Personnel expenses declined by 17.4% to CHF 104.4 million. This decline is the result of divestments, restructuring of the organisation and strict cost management. We continue to increase the flexibility of the organisation and to reduce the fixed cost base. Other operating expenses in the fiscal year 2019 amounted to CHF 39.0 million, a decline of 20.0% compared to 2018. Personnel and operating expenses include provisioned restructuring cost of approx. CHF 7 million in conjunction with closure of the Zülpich (Germany) site.

EBITDA

Due to the decline in sales, under-utilization of capacities and restructuring cost, EBITDA was below the level achieved in the previous year and totaled CHF –13.5 million in the fiscal year 2019 (CHF +26.8 million in 2018, restated). The EBITDA margin was –5.1% compared to 6.6% a year earlier.

EBIT

Depreciation and amortisation totaled CHF 15.2 million (CHF 24.3 million in 2018). This decline can be attributed to the fact that the amortisation of certain key technologies was finished during the previous year. The result at the EBIT level amounted to CHF –28.6 million (CHF +2.4 million in 2018 restated).

Financial result and result from investment in associates

The financial result, net, was CHF –7.9 million (2018: CHF –9.8 million). Financial expense in the fiscal year 2019 included interest expense for the convertible bond of CHF –2.0 million (2018: CHF –2.0 million). The valuation of intercompany loans to foreign subsidiaries led to financial loss from unrealised negative foreign currency translation effects of CHF –4.2 million (2018: CHF –2.7 million). In addition there were other unrealised currency translation effects of CHF 0.9 million (2018: CHF –2.1 million), interest expense for mortgage loans and other interest expense of CHF –1.0 million (2018: CHF –1.5 million), other financial expense of CHF –1.7 million (2018: CHF –1.5 million) and interest income of CHF +0.1 million (2018: CHF +0.1 million). The proportionate result from investments in associates due to the acquired interest in Oxford PV amounted to CHF –3.0 million.

Non-operating result

The company building in Thun was sold during 2019 and accordingly the gain from the sale of the investment property portion of CHF 4.0 million is shown as non-operating result.

Taxes

Tax expenses for the fiscal year 2019 were CHF 4.1 million (2018: CHF 52.1 million). Tax expenses related to current income taxes on profits for the fiscal year 2019 were CHF 0.1 million and deferred income taxes were CHF –4.3 million.

Net result

Meyer Burger generated a Group result of CHF –39.7 million in the fiscal year 2019 (2018: CHF –59.4 million). The net result per share was CHF –0.06 (2018: CHF –0.10).

Balance sheet as at 31 December 2019

The balance sheet total declined compared to the previous year, mainly because of the divestments and due to the lower order intake resulting in lower customer prepayments. The balance sheet total stood at CHF 274.6 million (31 December 2018: CHF 349.2 million). Cash and cash equivalents stood at CHF 35.5 million (31 December 2018: CHF 89.8 million). In addition, the Group holds CHF 26.3 million of restricted cash, which is pledged for the guarantee facilities used for customer prepayments. Property, plant and equipment decreased after selling corporate real estate to CHF 32.9 million (31 December 2018: CHF 82.3 million). Total liabilities declined to CHF 98.5 million (31 December 2018: CHF 167.4 million) due to the repayment of the mortgage on corporate real estate and lower customer prepayments reflecting lower order volumes. Equity stood at CHF 176.2 million (31 December 2018: CHF 181.7 million). The equity ratio was 64.1% as at 31 December 2019 (31 December 2018: 52.0%).

Cash flow

Cash flow from operations was CHF –83.5 million (2018: CHF –23.4 million). The negative cash flow from operations is mainly attributable to an increase in net working capital. Cash flow from investing activities was CHF +59.6 million (2018: CHF –5.1 million). This positive cash flow is the result of selling the wafering business, the company building and the software business AIS. The number also includes regular net investments into property, plant and equipment of CHF 6.9 million. Cash flow from financing activities was CHF –29.5 million (2018: CHF –5.1 million) and includes the repayment of financial liabilities.

R&D investments

Meyer Burger invested a total of CHF 32.7 million or about 12% of net sales in R&D during 2019 (2018: CHF 44.8 million; about 11% of net sales). Research and development expenses are not capitalised in the balance sheet but recognised as expenses. The strategic focus on HJT/SmartWire connection technologies entails the divestment of non-core activities and a concentration of future R&D activities on the most promising products. Meyer Burger expects to keep its annual R&D expenses at a steady level.

Currencies

In 2019, 2% of net sales were generated in Swiss Francs (2018: 13%), 81% in Euros (2018: 76%), 9% in US dollars (2018: 5%), whereas other currencies amounted to 8% (2018: 6%). To maintain a natural hedge, Meyer Burger strives to have as great a share of sales as possible in the currencies in which subsidiaries provide their services. To hedge against residual currency risks, the company uses forward currency contracts where necessary. It does not hedge against foreign currency risks on the carrying amounts of foreign subsidiaries or on the conversion of the earnings of these subsidiaries, however.

Workforce

Employees (FTE)	2019	2018[1]	2017	2016[2]	2016	2015
Total at year-end	**805**	1 191	1 276	1 435	1 505	1 525
Operations	304	481	587	605	643	613
Research, Development	213	281	232	297	307	338
Sales, Services	189	281	322	345	359	367
Finance, Administration	99	148	135	188	196	207

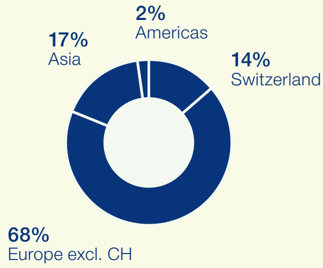
[1] Definitions of certain individual functions were changed in accordance with new company HR policies. As a result, transfers from Operations (formerly Production, Logistics) to Research/Development and Finance/Administration functions occurred in 2018.
[2] Number of FTEs as at 31 December 2016, adjusted by 70 people who had already left the company by the end of 2016 in connection with a structural program.

Employees

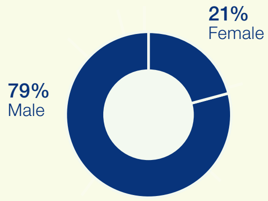
At the end of 2019, Meyer Burger employed about 840 people (or 805 full time equivalents [FTEs]), with permanent working contracts (end of 2018: 1,191 FTEs). In addition, the Group employed 48 temporary full-time workers (2018: 76 temporary full-time employees) and 27 apprentices (2018: 38 apprentices). The change in the number of employees during the fiscal year 2019 is mainly a result of divesting the wafering business and the software business, as well as the transformation program announced in October 2018. The average number of full-time employees in 2019 was 998 FTEs (2018: 1,236 FTEs).

→ For more information on Human Resources issues see page 14.

Employee structure by region in 2019 in %



Employee structure by gender in 2019 in %



Risk management

Meyer Burger uses various risk management instruments to manage its strategic, financial and operational risks. The Board of Directors has primary responsibility for evaluating strategic risks. Financial and operational risks are mainly assessed by the Executive Board. The results are submitted to the Board of Directors at regular intervals and any necessary countermeasures determined. Risk management is integrated within the company's management processes and involves Planning, Finance & Controlling, Internal Audit, Production & Logistics, Research & Development, Product Management, Sales, IT, Corporate Communications, Human Resources, and external Tax and Legal Consulting.

→ For information about financial risk management see Note 3 on page 89.
→ For information about the identified risk regarding going concern see Note 4.9 on page 95.

Occupational safety is of major importance to Meyer Burger. Risks are minimised and a high degree of process safety is achieved through careful analysis of operating procedures and the provision of employee training.

→ For information about employees see the next section and the corresponding part of the Sustainability Report on page 12.

Innovation and technology

Solar cells and modules

Our main R&D activities in 2019 focused on the development of our leading proprietary HJT/SmartWire cell and module technologies as well as on future HJT/perovskite and SmartWire cell and module technologies.

As Meyer Burger's HJT customer projects at REC, ENEL and Ecosolifer progress, the technology has gained maturity. These projects have delivered the proof of concept regarding the financial viability and performance of HJT technology in mass production. We have demonstrated the competitive cost structure of our HJT/SmartWire solution compared to mainstream PERC.

Our new generation of SmartWire equipment in combination with our HJT cell technology provides the solid foundation for the successful Alpha-module series of our customer REC Solar. The Alpha solar module provides best-in-class module efficiency of up to 21.7% and power output of up to 380 Wp for a 60-cell panel.

We made substantial progress in the development of our proprietary HJT/SmartWire solution, which has the potential to further increase module efficiency. We anticipate that our HJT/SmartWire connection technologies will help to boost module efficiencies. Average cell efficiencies exceeding 24% could be achieved in mass production, with even higher figures recorded on our in-house R&D demo line. A roadmap targeting 25% efficiency for HJT solar cells has been developed and was announced in March 2019 during the PV CellTech conference in Penang (Malaysia). Furthermore, several independent analysts listed module powers based on Meyer Burger's technologies as best in class, both for 60-cell and for 72-cell module sizes.

Technology cooperation with Oxford PV has started. Oxford PV ordered all equipment needed for the pilot manufacturing of HJT/perovskite tandem cells in its factory in Brandenburg/Havel (Germany). Research and development work specifically for the perovskite equipment has progressed so far in accordance with the goal of installing the equipment in 2020 and starting the production ramp-up in 2021.

We have continued the development of our TOPCon solution CAiA and achieved remarkable results. TOPCon cell efficiencies with CAiA reached an average of 23%, with 23.5% at the upper end. We believe that TOPCon could be a financially attractive development of PERC production lines. Still, it remains to be seen if TOPCon is the technology of choice for the cell and panel manufacturers in the future.

We continue the development of solar cell and module measurement technologies and products. Our R&D work at Pasan site in Neuchâtel (Switzerland) contributes to the Oxford PV project and develops new cell and module measurement technologies required to reliably measure HJT/perovskite tandem cells.

In 2019, Meyer Burger continued its long-term cooperation with world-leading solar research institutes including CEA INES (France), CSEM (Switzerland), Fraunhofer ISE (Germany), HZB (Germany), ISFH (Germany), SERIS (Singapore) and UNSW (Australia).

Specialised technology

Muegge GmbH, a 100% subsidiary of Meyer Burger, is a market leader and provider of customised plasma solutions for a number of applications. In 2019, R&D work at Muegge focused on new plasma electronic systems, the plasma-assisted growth of jewelry diamonds as well as first feasibility studies regarding the use of plasma technologies for Power-to-X applications.

We worked on Industry 4.0 and digitization solutions embedded in Meyer Burger products such as monitoring systems, MES in cloud solutions, etc. In spite of divesting our software company AIS Automation GmbH, we will continue our efforts to develop Industry 4.0 solutions for best customer performance.

Outlook

The medium- and long-term growth outlook for the solar industry has continued to improve against the backdrop of current concerns over climate change. Solar power is already the most affordable technology in many regions today, offering a uniquely wide range of applications and the greatest potential for cost reduction among relevant electricity generation technologies.

After a lull in growth during the last 12 months due to restructuring of funding for China's solar market, significant expansion in global installed solar power output is now forecast to return in 2020 and beyond. We believe that more than half of this solar power capacity will be installed outside China. Growth in new and established western markets, as it is forecast for the coming years, will also result in new local PV production capacities.

As a high-tech company, Meyer Burger will continue to make substantial investments in research and development in order to maintain our market lead in the premium segment. With our focus on developing high-efficiency industrial HJT production solutions, we have achieved record cell efficiency of over 24.7% in commercialised HJT systems. We are already working on a roadmap for HJT cells with even higher levels of efficiency. The collaboration with REC has led to a quantum leap in the manufacture of HJT/SmartWire modules. The strategic partnership with Oxford PV enables us to further develop and secure our technological leadership beyond HJT.

Sustainability

Sustainability in the spotlight

As a global leader in the solar industry, Meyer Burger's unique, comprehensive technology directly supports the United Nations' Sustainable Development Goal No. 7: Affordable and Clean Energy. Its innovative range of products, systems, and services, including processes for manufacturing solar cells and modules, are essential elements of the photovoltaic value chain.

Advancing sustainable innovation

Over the last decade, Meyer Burger has focused its investments in research and development, ensuring its technology leadership in the PV equipment area. By continuously improving the energy efficiency of its photovoltaic (PV) technologies, it has reduced overall manufacturing costs and the production footprint, allowing customers to achieve the lowest total cost of ownership in the photovoltaic industry. These pioneering and sustainable solutions have been developed in close cooperation with both customers and renowned research institutions.

In 2019, Meyer Burger delivered its new 600 MW heterojunction (HJT)/SmartWire connection technology production line to a large customer. Only 10 months after ordering, the customer started its mass production of highly efficient solar modules. This new generation of modules features the world's most powerful 60-cell solar panels and best-in-class power output of up to 380 Wp—a huge improvement over conventional models.

Meyer Burger also entered a strategic partnership with Oxford Photovoltaics Limited (Oxford PV) and signed an exclusive cooperation agreement to advance the technology for the mass production of perovskite on silicium heterojunction tandem cells. This cooperation ideally combines Oxford PV's innovative tandem cell technology and Meyer Burger's HJT technology as well as expertise in industrializing highly efficient PV processes. It will accelerate the industrialization of perovskite HJT tandem solar cells and define the pace for the development of this technology.

Major strategic reorientation

Over the last few years, the Passivated Emitter and Rear Cell (PERC) technology, originally established by Meyer Burger, became a standard in solar cell production. As a result, a large number of competitors and competing products appeared in the market, particularly in China—Meyer Burger's largest and most important market. Reacting to these evolved market conditions, Meyer Burger shifted its strategy significantly: it turned away from the low-margin bulk business and concentrates on the marketing of its proprietary HJT/SmartWire connection technologies as well as the promising next generation of Perovskite cell technology. In this field, Meyer Burger has a clear advantage over its competitors due to its HJT/SmartWire connection technologies. With this, Meyer Burger can support companies around the world in constructing their own photovoltaic production lines to produce highly efficient solar modules that outmatch all standard modules in performance and output. As part of this major strategic reorientation, Meyer Burger concentrated its PV-business activities and production at its German site in Hohenstein-Ernstthal. However, the site in Thun remained the headquarters and hosts the Research & Development Team for the SmartWire connection technologies.

Focus on customer satisfaction

Photovoltaics is Meyer Burger's core business, featuring a unique and comprehensive portfolio of technologies and equipment, including the manufacturing and interconnection of solar cells. This portfolio is optimally complemented with Meyer Burger's service offering, which plays an important role in fulfilling the full spectrum of customer needs.

Proximity to customers

Close proximity to customers ensures that Meyer Burger maintains an open dialogue and has access to specific knowledge of customer needs, allowing the company to continuously improve its services and products. Customer feedback is received on a daily basis through personal contact and is systematically documented so the relevant teams can follow up effectively. In 2019, customer feedback helped Meyer Burger successfully increase productivity. For example, specific customer feedback prompted an extension of Meyer Burger's service offering from purely remote support to production and service assistance. In addition, personal contact with existing and potential customers at trade fairs provides insights into current and future needs and highlights customers' interest in Meyer Burger's development and long-term strategy. In the reporting year, no systematic global customer survey across all product and service categories was carried out, but an increased number of customer visits led to an overall improvement in customer satisfaction.

Product safety and customer training

Ensuring the health and safety of employees and customers that are using Meyer Burger's technologies and solutions is a precondition for the company's long-term success. All systems and machines are manufactured in compliance with the applicable international and national laws, guidelines, and standards and are thoroughly checked before customer delivery as part of the regular quality management process. In addition, safety manuals, checklists, risk assessments, inspections, and safety reviews ensure that all internal and external rules that protect the health and safety of customers are fulfilled. Customers receive extensive technical documentation, user instructions, and optimal support through the global service organisation.

Once installed, comprehensive customer training programs ensure that the production equipment and systems are used properly and function reliably. On-site handling and maintenance trainings are mandatory before any machine starts operating. Upon request, customised, in-depth product and technology training is also available at Meyer Burger sites and on the customer's premises. All trainings are reviewed through a written evaluation and customers can access helplines and online support. In 2019, the Hohenstein-Ernstthal site updated online trainings and safety regulations as well as documentation and video trainings regarding service safety.

Work Environment

After production activities were discontinued in Thun, all production activities were concentrated in Hohenstein-Ernstthal in Germany. Thun continues to serve as the corporate headquarters and as the R&D center for SmartWire connection technology. The strategic product focus continues to be on HJT/SmartWire connection technology and the promising next generation of PV-cell and module technologies. Given this geographic reorientation, the number of employees in Thun further decreased, from 240 to 82. In Hohenstein-Ernstthal, employee headcount was reduced by roughly five percent, from 398 to 378.

Transformation in Thun

The restructuring process in Thun took place according to plan. In April 2019, Meyer Burger sold its wafering equipment and service business for photovoltaic and special materials to Precision Surfacing Solutions (PSS), a global provider of installations and services for surface refinements. With this transaction, essential parts of Meyer Burger's manufacturing installations in Thun were taken over by PSS and about 100 employees working on the wafer technology relocated to PSS.

Training and education

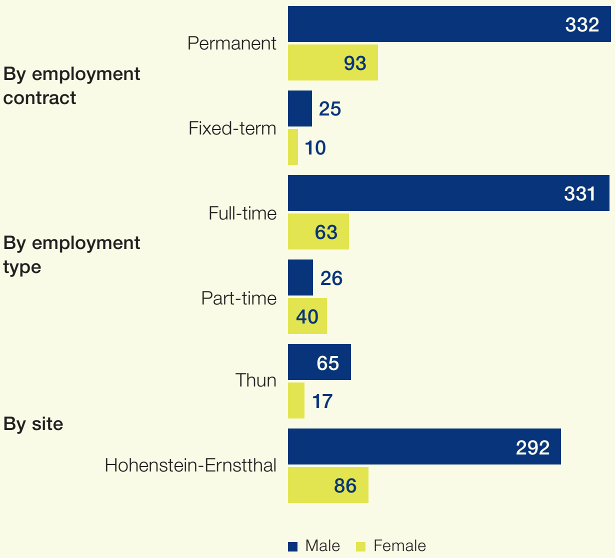
Faced with challenging situations over the last few years and major transformations affecting its employees, Meyer Burger remains convinced of the importance of investing in motivated and responsible employees to strengthen the corporate culture and support long-term economic success. The company not only invests in its current employees but is also committed to filling all apprenticeship positions with promising young talent in order to secure the next generation of skilled workers. To inspire the interest of students and future apprentices, Meyer Burger is increasing its brand awareness.

In addition to recruiting young talent, Meyer Burger is also proactively planning for the succession of experienced, long-standing employees, by enabling younger employees to build know-how and keep up with the latest technological developments to successfully face future challenges. Meyer Burger supports the professional development of its employees with diverse offerings. However, due to the recent restructuring programmes, the training and education measures for employees in Thun are focused on corporate headquarters functions. Once the restructuring ends, Meyer Burger will re-evaluate its training and educational offerings at this site.

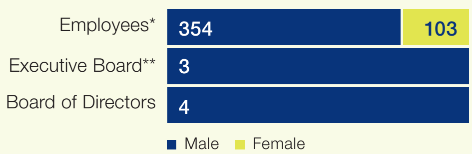
Employee ratios

Employee headcount per 31 December 2019 at the Thun and Hohenstein-Ernstthal sites*

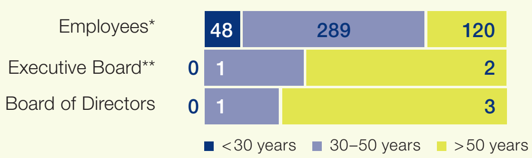
* Excluding apprentices, trainees, interns, and agency/lease workers.



Employees by gender



Employees by age group



** Only includes the Executive Board of the Meyer Burger Group. Members of the executive management at the Hohenstein-Ernstthal site are counted as permanent employees.

In Hohenstein-Ernstthal, managers can participate in external coaching programs to improve their leadership skills. Meyer Burger also offers weekly English language lessons for all employees, which are very popular. In 2019, two employees started long-term certification programs in accounting and electrical engineering. In addition, new crane and forklift operators have been trained in several areas and divisions, allowing the company to deploy employees in a more versatile manner. Implementation and results of all training measures are reviewed regularly through surveys. In 2019, 3,680 hours (2018: 3,805) were invested in training and education at Hohenstein-Ernstthal.

Currently, Meyer Burger employs ten apprentices in Hohenstein-Ernstthal. They receive training in areas such as mechatronics, electronics, industrial mechanics, and commercial professions. In addition, ten working students were employed in diverse departments such as sourcing, human resources, and global sales. Three out of four apprentices in Hohenstein-Ernstthal who finished their education in 2019 were able to continue working for Meyer Burger in Germany.

All employees discuss their further education and personal development during the yearly appraisal interviews. Goals and development plans are discussed together with their direct supervisors. The goals are reviewed mid-year and year-end.

Key figures occupational health and safety (per 100 FTEs)*

	Overall	Thun	Hohenstein-Ernstthal
Injury rate	0.8	1.8	0.6
Cases of occupational illness	0.0	0.0	0.0
Days missed (due to injuries/occupational illness)	4.6	4.4	4.7
Days of absence	948.4	513.7	1085.1

* Rates calculated using 200,000 working hours (≈ 100 FTEs). There were no fatalities.

Respectful collaboration and transparent information

The diversity of Meyer Burger's workforce directly reflects its diverse customer base. Meyer Burger considers this one of its main assets. The Code of Conduct states clearly that the company does not tolerate any form of discrimination of employees or other stakeholders due to their gender, origin, age, colour, culture, religion, marital status, political or other opinions, sexual orientation, or disability. All employees are treated fairly and equally and no form of sexual or other harassment is tolerated in the workplace. These principles of equal treatment also apply to access to training and education. The privacy and personal integrity of each employee is guaranteed. As in previous years, no cases of discrimination were reported in 2019.

All employees received an electronic or printed copy of the current Code of Conduct and Meyer Burger has a clear process in place to deal with alleged breaches of the Code of Conduct. Employees can report any violations to their direct supervisor, the compliance officer, the human resources department, or the staff association and employee representation. In Hohenstein-Ernstthal, complaints can be addressed to the head of the legal department or the direct supervisor.

In times of transformation, an active and collaborative information exchange within the company is essential. In Thun in particular, several informative meetings and newsletters helped employees keep up with the current status of the restructuring program. Employees also continued to be supported by collective bargaining agreements. In Thun, the Swissmem collective employment agreement is in place; in Hohenstein-Ernstthal all employees are part of the internal works agreement (GRI 102-41).

The employee fluctuation rate at Hohenstein-Ernstthal, which is calculated for permanent employees and includes only notices given by employees, was 1.3%. For the Thun site, the fluctuation rate cannot be compared to previous years in a meaningful way, given the significant restructuring of the workforce in the reporting year. No employee survey focusing on employee satisfaction was conducted in 2019.

Occupational health and safety

Employees are Meyer Burger's most important resource. Thus, ensuring safe work environments and the health and safety of each employee are of the highest importance. The company adheres to its proven operating process: a careful analysis of operating procedures and employee training to minimise risk and achieve high levels of process safety. New employees are informed and trained extensively about corporate security regulations and processes. In addition, all employees are obliged to report potential risks. Meyer Burger complies with all local work and safety directives at all its sites. However, Meyer Burger did not renew the occupational health and safety certifications at its Swiss sites, given the discontinuation of production activities. At Hohenstein-Ernstthal, the OHSAS 18001 certification was not renewed, since the site started following the new norm DIN ISO 45001.

In Hohenstein-Ernstthal, the thorough implementation of health and safety measures in 2019 contributed to further reducing the number of occupational accidents to two cases. The same number of work-related accidents occurred at the Thun site.

Environmental protection

Since increasing the energy efficiency of solar cells and modules helps customers make a positive environmental impact, sustainable development is literally built into Meyer Burger's innovative products and technologies. To address its own environmental footprint, the company continuously improves resource use and energy efficiency at its technology and production sites.

Resource-efficient systems and production equipment

Solar energy is affordable, clean, and available in unlimited quantities. It therefore can decrease the effects of global warming over the long term. Meyer Burger focuses on the ongoing improvement of its solar energy technologies to maintain its leading position in the industry and improve the ecological impact of its business activities, products, and services.

Meyer Burger pursues a double goal: to increase the energy efficiency of solar cells and modules while simultaneously offering its customers the lowest total cost of ownership. As innovation is key to achieving these goals, Meyer Burger invests in new technologies that permanently lower the cost per kilowatt hour of solar energy. In October 2019, the first mass production of HJT/SmartWire Solar Modules on Meyer Burger core equipment started at the site of its customer REC Group in Singapore.

The consistent further development of highly productive equipment reduces the use of resources such as energy, cooling water, and process and operation gas, as well as lowering emissions per solar module. Resource use in the area of indium tin oxide (ITO) coating was reduced by 25%, while the use of silver was continuously minimised due to technological improvements.

Continuously improving its own operations

Meyer Burger follows a comprehensive approach to energy and resource efficiency. It applies not only to the systems and production equipment, but also to every step of internal operations. The environmental management system organises the company's activities in a systematic and well-documented manner. Hohenstein-Ernstthal is ISO 9001 certified and has an ISO 50001 certified energy management system in place. At this site, production takes place in an energy-efficient building that was constructed according to the latest environmental standards. A small part of the electricity is generated by photovoltaic equipment and fed into the public grid. In addition, employees have access to an electric vehicle and charging station.

In 2019, further conversions from conventional to energy-saving LED lighting and optimisations in the creation of compressed air were implemented. In the selection of new installations, energy efficiency criteria are considered and whenever possible the most efficient installations are preferred.

Additional measures to improve the environmental footprint at Hohenstein-Ernstthal included the switch to recycled paper towels and toilet paper. By doing so, Meyer Burger avoided roughly 940 kg CO_2, the equivalent of saving 14 mid-sized trees. Waste was further separated and now features recycling categories for styrofoam and rubber hoses, among others. However, due to the lack of adequate disposal options, plastics could not be separated and recycled. Nevertheless, the proportion of total mixed waste (not reused or recycled) as part of the site's total waste generation was reduced again from 12% to 10.4%. The objective of achieving below 10% mixed waste generation remains in place.

Meyer Burger emphasises the importance of following all applicable legal requirements. In 2019, no fines or non-monetary penalties were imposed for non-compliance with environmental laws.

Meyer Burger environmental indicators[1]

	2019	2018	2017
Energy consumption [MWh]	**9395**	**10199**	**10597**
Electricity[2]	**6456**	**7194**	**7645**
Heating and cooling	**2186**	**2234**	**2265**
Total fuels for vehicles	**753**	**772**	**687**
Diesel	683	706	620
Petrol	61	63	54
LPG/propane	8	3	13
Total CO_2 emissions [tonnes of CO_2 equivalents][3]	**5152**	**5147**	**5262**
Scope 1	**660**	**677**	**660**
Fuels for heating and cooling	460	472	477
Fuels for vehicles	200	205	182
Scope 2 (electricity)[4]	**2827**	**3150**	**3348**
Scope 3 (business travel)	**1665**	**1319**	**1254**
Water use [m^3][5]	**13958**	**21090**	**13922**
Drinking water/fresh water[6]	13958	21090	13922
Ground water	–	–	–
Waste water [m^3][5]	**10057**	**14962**	**8579**
Municipal sewage treatment plant[7]	10057	14962	8579
Waste water treatment by third party	–	–	–
Waste [tonnes]			
Non-hazardous waste	**126**	**113**	**150**
Residual waste to incineration	26	32	49
Composting	–	–	15
Wood (burning)	100	81	86
Recycling	**127**	**103**	**131**
Paper and cardboard	36	26	49
Glass	1	0.1	0.1
Metal (mainly aluminum, copper, iron, steel)	81	72	74
Plastic	9	5	9
Special waste	**474**	**613**	**699**
Batteries (recycling)	<0.001	–	0.2
Waste electrical and electronic equipment (recycling)	1	3	1
Oils, fats, chemicals (mainly aqueous solutions)	472	597	696
Hazardous waste (mainly coolants and slurries)	0.2	13	2

[1] Due to the termination of production activities at the Thun site, the environmental data scope is limited to Meyer Burger's Hohenstein-Ernstthal site.
[2] PV generated electricity at the Hohenstein-Ernstthal site is directly fed into the grid (2019/2018/2017: 17/18/17 MWh).
[3] Emission categories according to the Greenhouse Gas Protocol. Scope 1: combustion in own facilities/vehicles; Scope 2: purchased electricity; Scope 3: third-party services.
[4] The emissions related to purchased electricity (Scope 2) were calculated using the "location-based approach" of the Greenhouse Gas Protocol Scope 2 Guidance.
[5] In 2019, water use and wastewater generation normalised again after higher activity in the wet chemical processing plant and the installation of an additional reverse osmosis plant caused a sharp increase in 2018.
[6] The previous report contained an estimated value for 2018. The volume of drinking water / fresh water has thus been restated for 2018.
[7] The value for 2019 is estimated. The actual value can only be determined after publication of this report. The previous report contained an estimated value for 2018. The volume of wastewater treated by municipal sewage treatment plants has thus been restated for 2018.

Economic and Social Contribution

In Hohenstein-Ernstthal, Meyer Burger is an important employer, training company, and partner for local suppliers. As the company was equally prominent in Thun, the discontinuation of production presented major challenges for the local employees. However, the divestment of the photovoltaic and specialised materials (for example, semiconductor and sapphire glass industries), wafering equipment, and service business to Precision Surfacing Solutions made it possible to secure jobs as well as retain technological know-how in Thun.

Local sourcing and efficient supplier management

Reliable and efficient sourcing of materials and goods directly from manufacturers is a key precondition in order to react flexibly to customer demand, particularly in the volatile solar industry. With its efficient supplier management, Meyer Burger can identify, assess, and develop the right partners to provide quality and flexibility, as well as cost and technology potential. Contracts are awarded based on total cost of ownership and include sustainability and corporate responsibility clauses. Meyer Burger uses a self-declaring supplier questionnaire that evaluates users on the implementation of standards such as ISO 9001, ISO 14001, OHSAS 18001, and Social Accountability 8000, as well as standards relating to human rights, ethics, and the company's Code of Conduct. Suppliers must provide corresponding documentation of their efforts in these areas.

The continued adjustments in production and operations in 2019 presented a substantial challenge to sourcing in general. Even though the purchasing volume was reduced due to the market situation, sourcing continued to face increasing complexity.

Goods and services are procured mainly from local manufacturers and suppliers, which are complemented with European and global sources. Whenever possible, local suppliers are preferred to ensure the efficiency and flexibility required in today's markets. For Meyer Burger, local sourcing is defined as taking place within the country of a specific production site. At Hohenstein-Ernstthal, approximately 85% of the purchasing volume was bought from local suppliers.

Compliance

As a globally active and publicly listed company, Meyer Burger ensures that all employees, products, and services fully adhere to applicable international, national, and local laws, regulations, and norms. Meyer Burger's Code of Conduct outlines the company's core values and provides guidance regarding business ethics, compliance, corporate governance, stakeholder engagement, and fostering an encouraging work environment. The Code of Conduct is available in German, English, and Mandarin. In 2019, Meyer Burger executed a web-based compliance training for all employees regarding cyber security and insider trading.

In addition, several steps were taken in 2019 to strengthen the intellectual property (IP) management at Meyer Burger. Employees in Research & Development functions received training on IP law and were included more actively in the assessment of competitors' patents to ensure Meyer Burger's freedom to operate and avoid possible cases of patent infringement. Newly assigned "IP delegates" in Research & Development cooperate closely with the Intellectual Property department and supervise relevant IP assessment tasks. In addition, Meyer Burger started collaborating more closely across sites on questions of IP management. Knowledge is exchanged through regular workshops and meetings under the lead of the Chief Technology Officer.

In 2019, the company was not involved in any legal proceedings on the grounds of anti-competitive conduct, nor did any cases of corruption come to light. There were also no fines or penalties for breaches of laws or regulations in 2019.

Partnerships in the solar industry

Reliability, loyalty, and respect are Meyer Burger's key values within the company and with customers, suppliers, research institutions, governments, and other business partners. Meyer Burger is actively committed to forward-looking energy strategies and smart solar and energy systems. The company is a member of Solar United, the international photovoltaic industry association, Solar Power Europe, the European photovoltaic industry association, and Swissmem. In Germany, Meyer Burger is also a member of the Innovationsverbund Maschinenbau Sachsen.

Information on sustainability reporting

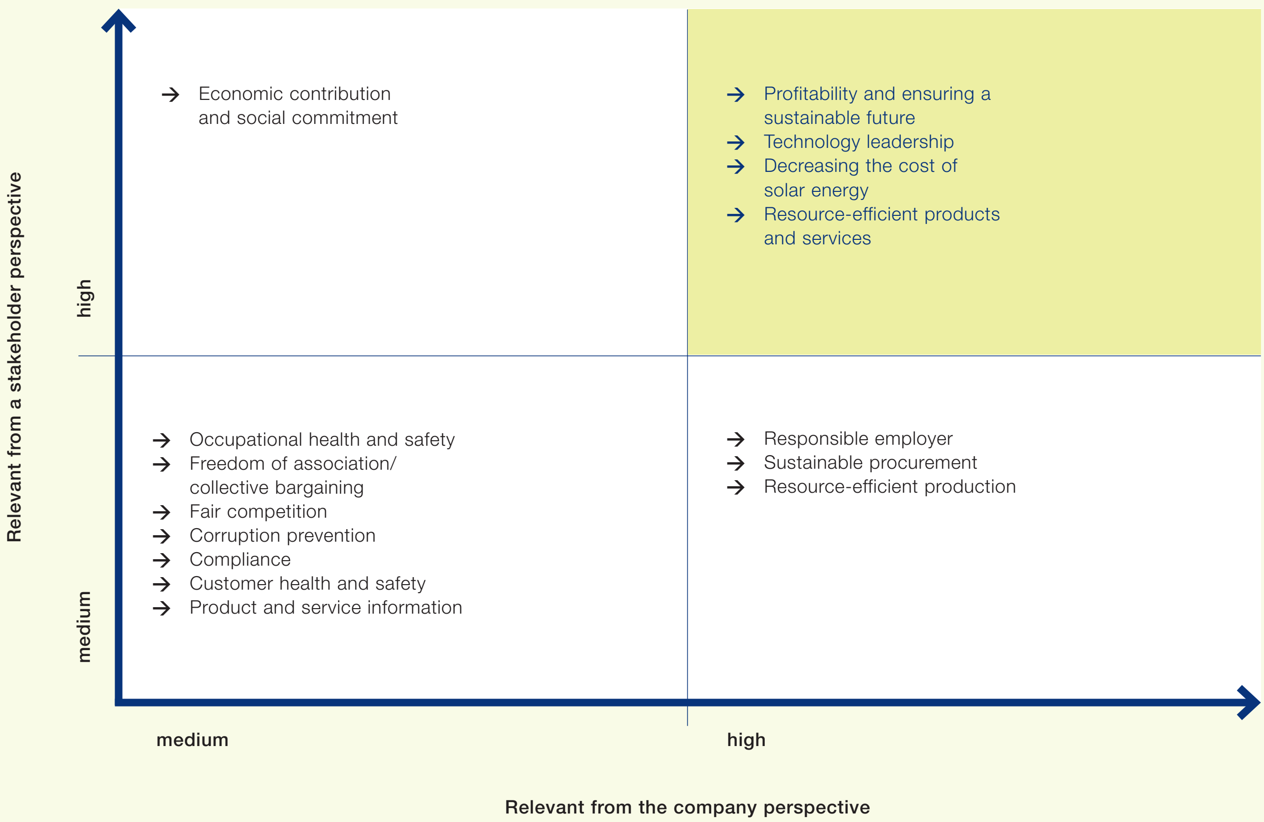
Material topics

Meyer Burger's clear focus on sustainable value creation and development is illustrated by and based on its analysis of material topics. In order to prioritise topics for inclusion in this report, Meyer Burger conducted an internal materiality analysis. During a workshop, senior managers from the Thun and Hohenstein-Ernstthal sites representing the Finance, Production, Marketing, Sales, Customer Service, Quality & Safety, IT, Supply Chain Management, Corporate Communications, and Human Resources departments identified key topics and issues from the company and stakeholder perspectives. Although external stakeholders were not directly involved in the process, management took their existing concerns into account (GRI 102-46). In particular, customer concerns that were identified in communications between Sales, Service teams, and Customer Service were incorporated (GRI 102-43, GRI 102-44). In order to clarify the business model's contribution to sustainable development, the sustainability topics identified during the materiality analysis were reviewed and given a new strategic orientation in 2016. In 2019, no adjustments were made.

In addition to technology leadership and profitability, decreasing the cost of solar energy and developing resource-efficient products and services are top priorities. The materiality matrix depicts the relevance of topics from both a stakeholder perspective (vertical axis) and from the company's perspective (horizontal axis) and is reviewed regularly. Meyer Burger has been reporting according to the guidelines of the Global Reporting Initiative (GRI) since 2011 and according to the GRI Standards since 2017. A full list of applicable GRI topics and disclosures can be found in the GRI content index, starting on page 21 of this report.

The main stakeholders who significantly influence or are influenced by the business success of Meyer Burger include customers, employees, shareholders, regional authorities, suppliers, and the public (GRI 102-40, GRI 102-42).

Materiality matrix (GRI 102-47)



Reporting practice

Sustainability is an integral part of business success at Meyer Burger. For this reason, the company reports on sustainability topics every year in its annual report. The last report, covering fiscal year 2018, was published in March 2019. The current report covers the fiscal year 2019, which runs from 1 January 2019 to 31 December 2019. This report has been prepared in accordance with the GRI Standards: “Core” option. The contents of the sustainability chapter have not been externally validated. There were no significant changes regarding material topics and topic boundaries (GRI 102-49). Retrospective adjustments have been made to the corresponding data to allow better comparability and are indicated on the respective page of the report (GRI 102-48). The scope of consolidation can be found on page 64 of this annual report (GRI 102-45). Due to the discontinuation of production in Thun, data on environmental performance is only disclosed for the Hohenstein-Ernstthal site.

→ For all questions relating to the sustainability report, please contact Nicole Borel, +41 (0)33 221 28 34, nicole.borel@meyerburger.com.

Materiality Disclosures
Meyer Burger Technology AG
Mar 2020 Service

GRI Content Index

		Pages / Reference
GRI 101: 2016	**Foundation**	
GRI 102: 2016	**General Disclosures**	
	Organisational Profile	
102-1	Name of the organisation	Back cover
102-2	Activities, brands, products, and services	https://www.meyer-burger.com/en/technology-products/
102-3	Location of headquarters	122
102-4	Location of operations	122
102-5	Ownership and legal form	24
102-6	Markets served	6
102-7	Scale of the organisation	Cover Page 2
102-8	Information on employees and other workers	10, 14
102-9	Supply chain	18
102-10	Significant changes to the organisation and its supply chain	4, 64
102-11	Precautionary Principle or approach	16
102-12	External initiatives	18
102-13	Membership of associations	18
	Strategy	
102-14	Statement from senior decision-maker	2
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behavior	18
	Governance	
102-18	Governance structure	32, 40
	Stakeholder Engagement	
102-40	List of stakeholder groups	19
102-41	Collective bargaining agreements	15
102-42	Identifying and selecting stakeholders	19
102-43	Approach to stakeholder engagement	19
102-44	Key topics and concerns raised	19
	Reporting Practice	
102-45	Entities included in the consolidated financial statements	20
102-46	Defining report content and topic boundaries	19
102-47	List of material topics	19
102-48	Restatements of information	20
102-49	Changes in reporting	20
102-50	Reporting period	20
102-51	Date of most recent report	20
102-52	Reporting cycle	20
102-53	Contact point for questions regarding the report	20
102-54	Claims of reporting in accordance with the GRI Standards	20
102-55	GRI content index	21
102-56	External assurance	20

For the Materiality Disclosures Service, the GRI Services team reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

		Pages/Reference	Reason for Ommission
GRI 200	**Economic Topics**		
GRI 201: 2016	**Economic Performance**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	6–11	
201-1	Direct economic value generated and distributed	58–62	
GRI 203: 2016	**Indirect Economic Impacts**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	18	
203-1	Infrastructure investments and services supported		Information unavailable
GRI 204: 2016	**Procurement Practices**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	18	
204-1	Proportion of spending on local suppliers	18	
GRI 205: 2016	**Anti-corruption**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	18	
205-3	Confirmed incidents of corruption and actions taken	18	
GRI 206: 2016	**Anti-competitive Behavior**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	18	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	18	
GRI 300	**Environmental Topics**		
GRI 302: 2016	**Energy**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	16	
302-1	Energy consumption within the organisation	17	
GRI 303: 2016	**Water**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	16	
303-1	Water withdrawal by source	17	
GRI 305: 2016	**Emissions**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	16	
305-1	Direct (Scope 1) GHG emissions	17	
305-2	Energy indirect (Scope 2) GHG emissions	17	
305-3	Other indirect (Scope 3) GHG emissions	17	
GRI 306: 2016	**Effluents and Waste**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	16	
306-1	Water discharge by quality and destination	17	
306-2	Waste by type and disposal method	17	
306-4	Transport of hazardous waste	17	
GRI 307: 2016	**Environmental Compliance**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	16	
307-1	Non-compliance with environmental laws and regulations	16	

		Pages/Reference	Reason for Ommission
GRI 400	**Social Topics**		
GRI 401: 2016	**Employment**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	13	
401-1	New employee hires and employee turnover	15	
GRI 403: 2016	**Occupational Health and Safety**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	15	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	14	
GRI 404: 2016	**Training and Education**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	13	
404-1	Average hours of training per year per employee	14	
404-2	Programs for upgrading employee skills and transition assistance programs	13–14	
404-3	Percentage of employees receiving regular performance and career development reviews	14	
GRI 405: 2016	**Diversity and Equal Opportunity**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	15	
405-1	Diversity of governance bodies and employees	14	
GRI 406: 2016	**Non-Discrimination**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	15	
406-1	Incidents of discrimination and corrective actions taken	15	
GRI 407: 2016	**Freedom of Association and Collective Bargaining**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	15	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not applicable*
GRI 416: 2016	**Customer Health and Safety**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	13	
416-1	Assessment of the health and safety impacts of product and service categories	13	
GRI 417: 2016	**Marketing and Labeling**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	13	
417-1	Requirements for product and service information and labeling	13	
GRI 419: 2016	**Socioeconomic Compliance**		
GRI 103: 2016 103-1/103-2/103-3	Management approach	18	
419-1	Non-compliance with laws and regulations in the social and economic area	18	

* The GRI reporting scope includes the sites in Hohenstein-Ernstthal (Germany) and Thun (Switzerland).

Corporate Governance

The Company relies on the recommendations of the Swiss Code of Best Practice for Corporate Governance by economiesuisse and adheres to the standards of the directive on information relating to Corporate Governance by SIX Swiss Exchange, if applicable and significant to Meyer Burger.

All information within this Corporate Governance Report and within the Remuneration Report refers to the Company Organisation, Internal Regulations and Articles of Association that were in effect as of 31 December 2019.

→ The current Articles of Association are published on the Company website www.meyerburger.com under section Investor Relations – Articles of Association. Website link: https://www.meyerburger.com/en/investors/annual-general-meeting/articles-of-association/

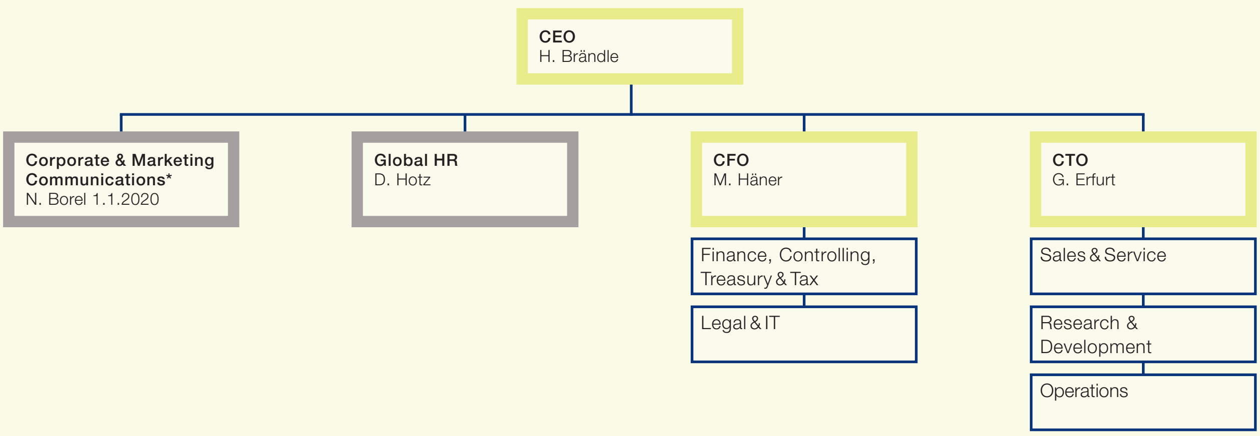
1 Group Structure and Shareholders

1.1 Group structure

Meyer Burger Technology Ltd (subsequently also referred to as "the Company") is a holding company organised in accordance with Swiss law and holds all companies belonging to the Meyer Burger group ("Meyer Burger Group" or "Meyer Burger") either directly or indirectly.

Meyer Burger is a leading technology group with a global presence, specializing in innovative systems and production equipment for the photovoltaic (solar) industry. As an internationally renowned premium brand, Meyer Burger offers its customers in the PV industry dependable precision products and innovative solutions for the manufacture of high-efficiency solar cells and solar modules. The Meyer Burger Group is operationally managed by the Executive Board. For financial reporting, the business activities in fiscal year 2019 are combined into the business segments "Photovoltaics" and "Specialised Technologies" (please also refer to Note 2.17 on page 86 in the consolidated financial statements of this Annual Report).

The responsibilities of the members of the Executive Board are aligned in functional and global line organisations. Overview of the operating corporate structure:



* as per 31.12.19: Stefan Diepenbrock, Head of Corporate & Marketing Communications a.i.

1.2 Listed companies

The shares (registered shares) of Meyer Burger Technology Ltd, headquartered in Thun, Switzerland, are listed on SIX Swiss Exchange (Valor number 10850379, ISIN number CH0108503795). The ticker symbol is MBTN. The market capitalisation of Meyer Burger Technology Ltd as of 31 December 2019 amounted to CHF 256.9 million.

1.3 Non-listed companies

→ The scope of consolidation as of 31 December 2019 includes non-listed companies, which are shown in Note 1.3 on page 64 in the financial statements of this Annual Report.

1.4 Significant shareholders

The Company is aware of the following shareholders, who according to Article 120f. FMIA (Financial Market Infrastructure Act) held more than 3% of the voting rights (based on the share capital registered in the commercial register) as of 31 December 2019:

Shareholder[1]	Participation
Sentis shareholder group[2]	11.78%
Norges Bank (the Central Bank of Norway)	3.17%

[1] Voting rights participation according to the disclosure notices received from these shareholders.
[2] The shareholder group includes Petr Kondrashev, Austria; Teutonia Opportunity Fund Ltd., Cayman Islands; Gisele Vlietstra, Switzerland; Mark Kerekes, Switzerland; Anton Karl, Switzerland; Urs Fähndrich, Monaco; Yuriy Syrtsev, Austria; Urs Schenker, Switzerland; Robert Daniel Büchel, Switzerland; Lisa Lotte Baur, Switzerland; IBH Beteiligungs- und Handelsgesellschaft m.b.H., Austria; Teunis Verkaik, The Netherlands; Rogier Verkaik, The Netherlands; Roderik Verkaik, The Netherlands, Angela Koubek, Switzerland; Daniela Büchel, Switzerland; Robert Büchel, Switzerland (as beneficial owner and/or direct shareholder) and Sentis Capital PCC (as direct shareholder with regards to Petr Kondrashev).

In addition, Meyer Burger Technology Ltd held a purchase position of 43,181 registered shares (percentage of voting rights 0.01%) and in total a sale position of 5.04% of the voting rights as of 31 December 2019. The sale position is in connection with the remaining outstanding CHF 26.8 million of the 5.5% convertible bond 2020 underlying 27,377,563 shares, corresponding to 4.00% of the voting rights registered in the commercial register as of 31 December 2019 – see also description of the convertible bond 2020 in section 2.8 on page 31) and with Restricted Share Units and Performance Share Units in connection with the share participation programs 2017, 2018 and 2019 (total of the three years 7,162,624 shares, corresponding to 1.05% of the voting rights).

→ Details on individual disclosure notices according to Article 120f. FMIA in relation to the participations of major shareholders of Meyer Burger Technology Ltd published during the financial year 2019 are available on the website of SIX Swiss Exchange: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Shareholders' agreements

On 22 July 2019 the Company was informed of a shareholder group based on an (undisclosed) shareholders' agreement. As per 31 December 2019 the shareholder group held 11.73% voting rights and consisted of Petr Kondrashev, Austria (direct shareholder: Sentis Capital PCC ([Cell 3], Jersey); Teutonia Opportunity Fund Ltd., Cayman Islands; Gisele Vlietstra, Switzerland; Mark Kerekes, Switzerland; Anton Karl, Switzerland; Urs Fähndrich, Monaco; Yuriy Syrtsev, Austria; Urs Schenker, Switzerland; Robert Daniel Büchel, Switzerland; Lisa Lotte Baur, Switzerland; IBH Beteiligungs- und Handelsgesellschaft m.b.H., Austria; Teunis Verkaik, The Netherlands; Rogier Verkaik, The Netherlands; Roderik Verkaik, The Netherlands, Angela Koubek, Switzerland; Daniela Büchel, Switzerland; and Robert Büchel, Switzerland.

1.5 Cross-shareholdings

Meyer Burger Technology Ltd did not have any cross-shareholdings with other companies as of 31 December 2019.

2 Capital Structure

2.1 Capital structure as of 31 December 2019

Ordinary share capital
CHF 34,258,691.70
(registered in the commercial register: CHF 34,258,691.70)
685,173,834 fully paid-in registered shares with a nominal value of CHF 0.05 each
(registered in the commercial register: 685,173,834 registered shares)

Conditional share capital
CHF 31,998.60
(according to Articles of Association dated 2 May 2019: CHF 31,998.60)
639,972 registered shares with a nominal value of CHF 0.05 each for exercising of option rights granted to employees and members of the Board of Directors of the Company or of group companies (in connection with the share participation programme of the Company)
(according to Articles of Association dated 2 May 2019: 639,972 registered shares)

CHF 1,368,878.15
(according to Articles of Association dated 2 May 2019: CHF 1,368,878.15)
27,377,563 registered shares with a nominal value of CHF 0.05 each for exercising of conversion and/or option rights in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies
(according to Articles of Association dated 2 May 2019: 27,377,563 registered shares)

Authorised share capital
CHF 1,535,579.00
(according to Articles of Association dated 2 May 2019: CHF 1,535,579.00)
30,711,580 registered shares with a nominal value of CHF 0.05 each
Issuance possible until 2 May 2020
(according to Articles of Association dated 2 May 2019: 30,711,580 registered shares)

2.2 Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 2 May 2019, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company's Articles of Association, dated 2 May 2019, the share capital may be increased by a maximum amount of CHF 1,368,878.15 through the issuance of a maximum of 27,377,563 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies.

The subscription rights of the shareholders shall be excluded in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments, which carry conversion and/or option rights. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.

The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:

1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:

1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:

1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) the respective financial market instruments must be issued at the relevant market conditions.

The total outstanding amount of conditional capital under Article 3b (639,972 registered shares) and 3c (27,377,563 registered shares) of the Articles of Association represents 4.09% of the outstanding ordinary share capital (685,173,834 registered shares) as of 31 December 2019.

2.3 Authorised share capital

On 21 March 2019 the Company issued 62,288,420 registered shares out of its existing authorised capital to ultimately acquire 19.76% of Oxford Photovoltaics Ltd (see Note 1.3 on page 66 of the Annual Report for more information on this transaction). At the subsequent ordinary General Meeting of Shareholders on 2 May 2019, article 3d ("Authorised Capital") of the Articles of Association replaced article 3a. Article 3d details the authorisation of the Board of Directors to increase the share capital at any time until 2 May 2020 as follows.

In accordance with Article 3d of the Articles of Association, dated 2 May 2019, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 1,535,579.00, at any time until 2 May 2020, through the issuance of a maximum of 30,711,580 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:

1) for the acquisition of enterprises, parts of enterprises, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

The capital increase may occur by means of underwriting and/or partial increases. The Board of Directors is entitled to set the issue price of the shares, the type of contribution and the date of entitlement to dividends. Shares issued under these terms are subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association of the Company.

The total outstanding amount of authorised capital under Article 3d (30,711,580 registered shares) of the Articles of Association represents 4.48% of the outstanding ordinary share capital (685,173,834 registered shares) as of 31 December 2019.

2.4 Changes in capital over the past three reporting years

2.4.1 Changes in capital during 2019

As of 1 January 2019, the ordinary share capital amounted to CHF 31,144,270.70, divided into 622,885,414 fully paid-in registered shares. In addition, the Company had conditional capital of CHF 31,998.60 (639,972 registered shares) for exercising of option rights in connection with the share participation programme of the Company, and CHF 1,464,541.30 (29,290,826 registered shares) for exercising of conversion and/or option rights in connection with convertible bonds. Furthermore, the Company also had authorised capital of CHF 4,650,000.00 (109,644,432 registered shares) with issuance possible until 2 May 2020.

On 21 March 2019 the Company issued 62,288,420 registered shares out of its existing authorised capital to acquire 18.4% of Oxford Photovoltaics Ltd. The ordinary share capital thus increased to CHF 34,258,691.70, divided into 685,173,834 registered shares. At the subsequent ordinary General Meeting of Shareholders, shareholders approved the replacement of article 3a of the Articles of Association by article 3d ("Authorised Capital"). Article 3d details the authorisation of the Board of Directors to increase the share capital by a maximum amount of CHF 1,535,579.00, at any time until 2 May 2020, through the issuance of a maximum of 30,711,580 fully paid-in registered shares with a nominal value of CHF 0.05 each. The registration of this change in capital and the corresponding change of the Articles of Association was registered in the commercial register on 2 May 2019.

2.4.2 Changes in capital during 2018

As of 1 January 2018, the ordinary share capital amounted to CHF 31,048,607.55, divided into 620,972,151 fully paid-in registered shares. In addition, the Company had conditional capital of CHF 31,998.60 (93,000,000 registered shares) for exercising of option rights in connection with the share participation programme of the Company, and CHF 1,464,541.30 (29,290,826 registered shares) for exercising of conversion and/or option rights in connection with convertible bonds. Furthermore, the Company also had authorised capital of CHF 5,482,221.60 (109,644,432 registered shares) with issuance possible until 2 December 2018.

In early 2018, convertible bonds with nominal amount of CHF 1,875,000 were converted into 1,913,263 registered shares. The outstanding ordinary share capital of the Company therefore increased by CHF 95,663.15 (1,913,263 registered shares) to CHF 31,144,270.70 (622,885,414 registered shares) as of year-end 2018. The outstanding conditional capital for conversion and/or option rights which are granted in connection with convertible bonds, option bonds and other financial market instruments declined by CHF 95,663.15 (1,913,263 registered shares) and amounted to CHF 1,368,878.15 (27,377,563 registered shares) as of year-end 2018 (see also description convertible bond in section 2.8 on page 31). The registration of this change in capital and the corresponding change of the Articles of Association was registered in the commercial register on 22 March 2018.

The Ordinary General Meeting, held on 2 May 2018, followed the proposal by the Board of Directors and approved a renewal of previously existing authorised capital. The General Meeting approved authorised capital of CHF 4,650,000.00 (93,000,000 fully paid-in registered shares), issuance possible until 2 May 2020. The registration of this change in capital and the corresponding change of the Articles of Association was registered in the commercial register on 2 May 2018.

2.4.3 Changes in capital during 2017

As of 1 January 2017, the ordinary share capital amounted to CHF 27,411,108.00, divided into 548,222,160 fully paid-in registered shares. In addition, the Company had conditional capital of CHF 31,998.60 (639,972 registered shares) for exercising of option rights in connection with the share participation programme of the Company, and CHF 13,673,555.40 (273,471,108 registered shares) for exercising of conversion and/or option rights in connection with convertible bonds. Furthermore, the Company also had authorised capital of CHF 5,482,221.60 (109,644,432 registered shares) which can be issued until 2 December 2018.

The General Meeting of Shareholders on 27 April 2017 voted in favour of a modification (reduction) of the conditional capital for conversion and/or option rights which are granted in connection with convertible bonds, option bonds or other financial market instruments from the existing amount of CHF 13,673,555.40 (273,471,108 registered shares) to CHF 5,102,040.85 (102,040,817 registered shares), as proposed by the Board of Directors. Article 3c of the Articles of Association was amended accordingly.

On 27 November 2017, the Company launched an incentive offer to bondholders of the then outstanding CHF 100 million 5.5% convertible bond 2020. By the end of the acceptance period on 5 December 2017, bondholders had submitted conversion notices for a total amount of CHF 71,215,000 and received 72,668,359 fully paid registered shares of Meyer Burger Technology Ltd at the settlement date on 11 December 2017. Furthermore, an additional CHF 80,000 of convertible bonds had been converted as well for 81,632 registered shares in December 2017. The outstanding ordinary share capital of the Company therefore increased by CHF 3,637,499.55 (72,749,991 registered shares) to CHF 31,048,607.55 (620,972,151 registered shares) as of year-end 2017. The outstanding conditional capital for conversion and/or option rights which are granted in connection with convertible bonds, option bonds and other financial market instruments declined by CHF 3,637,499.55 (72,749,991 registered shares) and amounted to CHF 1,464,541.30 (29,290,826 registered shares) as of year-end 2017 (see also description convertible bond in section 2.8 on page 31). The registration of this change in capital and the corresponding change of the Articles of Association was registered in the commercial register on 22 March 2018.

2.5 Shares

The outstanding share capital of Meyer Burger Technology Ltd, as of 31 December 2019, was divided into 685,173,834 registered shares (number of registered shares reflected in the commercial register as of 31 December 2019 as 685,173,834) with a nominal value of CHF 0.05 each. All shares are fully paid-in. Each share is entitled to one vote. All shares are entitled to dividends. The Company recognises only one entitled party for each share. A share register is kept on the shares issued, in which the owners, usufructuaries and nominees of the registered shares are entered along with their name, domicile, address and nationality. The entry in the share register depends on identification by means of transfer of the ownership interest or the creation of a usufruct in the correct form and in accordance with the Articles of Association. The Company will only consider as shareholders those who are registered in the share register.

2.6 Participation or bonus certificates

The Company has neither participation nor bonus certificates outstanding.

2.7 Limitations on transferability and nominee registrations

As a matter of principle, the Articles of Association of the Company do not include any restrictions on transferability. However, the Articles do include the following registration limits:

- Acquirers of registered shares are entered into the share register upon request as shareholders with voting rights, provided that they expressly declare that they have acquired these registered shares on their own behalf and for their own account.
- The Board of Directors may enter nominees with up to a maximum of 3% of the registered share capital as recorded in the commercial register with voting rights in the share register. In accordance with this regulation, nominees are persons who do not expressly declare in the share register entry form that they hold the shares for their own account and with whom the Board of Directors has entered into an agreement to this effect.
- Beyond this limit the Board of Directors can enter registered shares of nominees with voting rights in the share register, if the nominee in question states the name, address and shareholdings of those persons for whose account it holds 0.5% or more of the registered share capital as recorded in the commercial register.
- Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restrictions are considered as one shareholder or nominee.
- The entry restrictions also apply to registered shares that were purchased or acquired through the exercising of subscription rights, options or conversion rights.

Please refer to section “Voting rights restrictions and representation” on page 43 of this Corporate Governance Report for the procedure and requirements for changes to or the cancellation of the above-listed restrictions.

2.8 Convertible bonds, options, share participation programme

Convertible bonds

As of 31 December 2019, Meyer Burger Technology Ltd had the following convertible bond outstanding:

- Total nominal amount of convertible bonds still outstanding as of 31 December 2019 was CHF 26.830 million or 26.83% of the originally issued amount of CHF 100 million
- Interest rate 5.5% p.a., payable annually on 24 September
- Listing: SIX Swiss Exchange (Valor number 25344513, ISIN number CH0253445131, Ticker Symbol MBT14)
- At the conversion price of CHF 0.98, a maximum number of 27,377,551 registered shares can be issued. As of 31 December 2019, the newly to be issued registered shares are secured by the existing conditional capital for convertible bonds and/or bonds with option rights.
- The convertible bond can be redeemed by the Company at all times, provided that more than 85% of the originally issued amount of the bonds has been converted and/or redeemed.
- In addition, the convertible bond can be redeemed by the Company on or after 9 October 2018, provided that the volume weighted average price of Meyer Burger Technology Ltd's registered shares for a period of at least 20 out of 30 consecutive trading days is at a price of at least 130% of the conversion price.

The potential exercise of the conversion rights of the outstanding CHF 26.830 million of bonds can lead to a dilution of earnings in the future. The respective 27,377,551 registered shares to be issued as a result of the conversion of the convertible bond represent 4.00% of the outstanding and listed registered shares as of 31 December 2019 (4.40% of the registered shares as registered in the commercial register as of 31 December 2018).

Options, share participation program

As of 31 December 2019, Meyer Burger Technology Ltd did not have any options outstanding.

The Company has certain share-based payments, the essentials of which are disclosed in the Remuneration Report on page 47 ff.

Number of shares as of 31 December 2019 that were offered under the share participation program (RSU and PSU plans):

Grant/ Purchase	Number of share units	Acquisition price	Vesting period
31.03.2017[1]	2290809	n/a	31.03.2017 – 30.03.2020
09.04.2018	1897925	n/a	09.04.2018 – 08.04.2021
01.04.2019[2]	2973890	n/a	01.04.2019 – 31.03.2022

[1] Shares offered for subscription under the share participation programme.
[2] Including RSUs granted to newly elected board members Remo Lütolf and Andreas Herzog with vesting periods 03.05.2019 – 02.05.2022.

The registered shares shown in the table above correspond in total to 1.12% of the outstanding and listed share capital of the Company as of 31 December 2019. Shares granted in the share participation programme are expected to be sourced from treasury shares hence no dilution is expected from the RSU/PSU awards.

Bond issued on	Outstanding amount as of 31.12.2019	Principle amount	Conversion ratio	Conversion price	Retention period
24.09.2014	CHF 26.830 million	CHF 5000.00	5102.04081	CHF 0.98[1]	24.09.2014–24.09.2020

[1] Defined at 30 January 2017 – for the changes of the convertible bonds in conjunction with the recapitalisation programme of the Company in 2016, please refer to pages 40/41 of the Annual Report 2017. The document is available on the Company website https://www.meyerburger.com/en/meyer-burger/investor-relations/financial-reports-publications/ – section Archive 2017.

3 Board of Directors

Board of Directors as of 31 December 2019

Name	Born	Position	Position since
Dr Remo Lütolf	1956	Chairman	2019
Dr Franz Richter	1955	Vice Chairman	2018
Hans-Michael Hauser	1970	Member	2017
Andreas R. Herzog	1957	Member	2019

Dr Franz Richter is Vice Chairman since 2 May 2018. He is member of the Board of Directors since 2015.

Dr Remo Lütolf

Chairman and non-executive member of the Board of Directors, Swiss citizen

Education MSc Electrical Engineering, ETH Zurich, Switzerland. PhD, ETH Zurich, Switzerland. Executive MBA, IMD Lausanne, Switzerland → **Since 2018** Consenec AG, Baden: Mandates mainly as independent Board member of Swiss companies → **2013–2018** ABB Switzerland, Baden: Country Managing Director → **1999–2012** ABB Switzerland, Turgi, and ABB China, Shanghai: Head of local business unit Power Electronics, Head of global business unit Power Electronics & Medium-voltage Drives, with additional responsibility as Regional Division Manager Automation Products China / North Asia and Regional Division Manager Automation Products Central Europe → **1987–1998** Landis & Gyr, Zug, Switzerland: Various management positions in the divisions Building Control and Energy Management

Other activities and vested interests

Current mandates: Chairman of the Board RUAG International Holding AG and member of the Board BGRB Holding AG since 2020. Chairman of the Board ewl Energie Wasser Luzern Holding AG since 2017. Chairman of the Board Erdgas Zentralschweiz AG since 2017. Chairman of the Board Venture Incubator AG since 2017. Chairman of the Board Park Innovaare AG since 2018; Board member Meter Test Equipment AG, Zug, since 1998.

Other functions:

Member of the Board of Swissmem since 2013. Member of the Board of economiesuisse since 2013. Member of the Board of University of Applied Sciences North Western Switzerland since 2018.

No other mandates at a publicly listed company, six remunerated mandates and three non-remunerated mandates at non-listed companies or organisations. No official functions or political offices. No business relationship with the Company or one of its group companies.

Dr Franz Richter

Non-executive member and Vice Chairman of the Board of Directors, German citizen

Education BsC Mechanical Engineering, Münster University of Applied Sciences, Münster, Germany. MSc Physics, University of Bielefeld, Bielefeld, Germany, and Technical University of Darmstadt, Darmstadt, Germany. PhD Mechanical Engineering, RWTH Aachen University, Aachen, Germany → **Since 2016** CEO of Süss Micro Tec SE, Garching, Germany → **2007–2016** CEO and co-founder of Thin Materials, Eichenau, Germany → **2005–2007** President of Semiconductor Equipment segment, Unaxis, at OC Oerlikon, Pfäffikon, Switzerland → **1990–2004** Various roles at Süss MicroTec, including CEO (1998–2004), COO of Süss Holding and CEO of Karl Süss Verwaltung GmbH (1997–1998), Garching, Germany → **1988–1990** Scientist at Fraunhofer Institute for Laser Technology, Aachen, Germany → **1985–1988** Scientist at Carl Zeiss, Oberkochen, Germany

Other activities and vested interests

Current mandates: Chairman of the Board of Trustees of Fraunhofer Institute IZM, Berlin, Germany, since 2009. Chairman of the Board of Directors of Scint-X Technologies AB, Kista, Sweden, since 2014 (Member since November 2014, Chairman since February 2014). Member of the Board of Directors of Comet Holding AG, Flamatt, Switzerland, since 2016.

In total one additional mandate at a publicly listed company (CEO mandate at Süss MicroTec AG) and two non-remunerated mandates.

In December 2019 the Company announced to sell its Dutch subsidiary PiXDRO to Süss MicroTec. Dr. Franz Richter, the CEO of Süss MicroTec was not involved on the side of Meyer Burger in this transaction. No other business relationship with the Company or one of its group companies.

Hans-Michael Hauser

Non-executive member of the Board of Directors, German citizen

Education Master in Physics and in Mathematics, University of Stuttgart, Stuttgart, Germany. Master in Engineering Science, Ingénieur Ecole Centrale, Paris, France. MBA from J.L. Kellogg Graduate School of Management at Northwestern University, Evanston/IL, USA → **Since 2015** Founder and Managing Director at ML Insights AG, Zug, Switzerland → **2010–2015** Partner and Managing Director at Boston Consulting Group, Zurich, Switzerland, Leader of Industrial Practice in Switzerland → **2005–2010** Partner and Managing Director at Boston Consulting Group, Munich, Germany, Leader of Technology Practice in Germany, Austria and Eastern Europe, Global Topic Leader Digital → **1995–2005** Associate, Consultant, Project Leader and Principal at Boston Consulting Group, Munich, Germany

Other activities and vested interests

Current mandates: Member of the Board of Directors of Mikron AG, Biel, Switzerland, since 2016. Chairman of the Board of Directors of Q Point AG, Langenthal, Switzerland.

In total one additional mandate at a publicly listed company, one remunerated mandate and one non-remunerated mandates at non-listed companies. No significant official functions or political offices.

No business relationship with the Company or one of its group companies.

Andreas R. Herzog

Non-executive member of the Board of Directors, Swiss citizen

Education Business Training College, Winterthur, Switzerland, University of Applied Sciences, Zurich, Switzerland. Marketing Management, Western University, London, Canada. Corporate Financial Strategy in Global Markets, INSEAD, Paris, France. Strategic Management, Harvard University, Boston, USA. International Tax Law, University of Applied Sciences, Basel, Switzerland. Leadership Management, Harvard University, Boston, USA → **Since 10/2019** General Partner, RIFF Ventures → **2002–2019** CFO, Bühler Group, Uzwil, Switzerland → **2001–2002** CFO, Eichhof Group, Lucerne, Switzerland → **1996–2001** Vice President Finance, Swarovski, Feldmeilen, Switzerland → **1990–1995** Various management positions as Senior Controller & Operational Auditor and as Co-CEO Germany SMH/SWATCH, Biel, Switzerland, Bad Soden am Taunus, Germany → **1984–1990** Various positions in finance, controlling, logistics, Ciba-Geigy, Mexico, Switzerland, Colombia and Ivory Coast

Other activities and vested interests

Current mandates: Member of Advisory Council Commerzbank, Germany (until 11/2019); Chairman of Systemcredit, Switzerland; Member of the Board of Seed Capital Invest, Switzerland; Vice Chairman of the Board of Swiss-Chinese Chamber of Commerce; Member of Advisory Council of Chinese Europe International Business School (CEIBS), Switzerland.

No other mandates at a publicly listed company, one remunerated mandate and four non-remunerated mandates at non-listed companies. No significant official functions or political offices.

No business relationship with the Company or one of its group companies.

Board of Directors

Remo Lütolf
Chairman,
non-executive

Dr Franz Richter
Vice Chairman,
non-executive

Hans-Michael Hauser
Member,
non-executive

Andreas Herzog
Member,
non-executive

Changes in the Board of Directors in fiscal year 2019

At the General Meeting of Shareholders on 2 May 2019, Dr Alexander Vogel, Wanda Eriksen-Grundbacher, Eric Meurice and Michael R. Splinter did not stand for re-election. At the same meeting, shareholders elected Dr Remo Lütolf as member and Chairman of the Board of Directors, and Andreas R. Herzog as member of the Board of Directors. Upon the request of the shareholder group around Sentis PCC, the Company held an extraordinary General Meeting of Shareholders on 30 October 2019. The candidate for election to the Board of Directors proposed by the shareholder group around Sentis PCC, Mark Kerekes, was not elected by the Company's shareholders in this extraordinary General Meeting of Shareholders.

Executive activities for the Company or one of its group companies

As of 31 December 2019, the current members of the Board of Directors have never been members of the Executive Board of the Company or one of the group companies.

In accordance with article 28 of the Articles of Association (dated 2 May 2019), members of the Board of Directors and the Executive Board may not hold or exercise more than the following number of additional activities in the highest management or administrative bodies of other legal entities which are obliged to be registered in the Commercial Register or in a comparable foreign register and which are not controlled by the Company or do not control the Company:

- → 10 mandates (for members of the Board of Directors) or 3 mandates (for members of the Executive Board) in the highest management or administrative bodies of other legal entities,
- → of which 5 mandates (for members of the Board of Directors) and 1 mandate (for members of the Executive Board) for public companies and
- → 10 (for members of the Board of Directors) or 2 (for members of the Executive Board) non-remunerated mandates with non-profit, charitable or other not-for-profit legal entities, whereby reimbursement of expenses does not count as remuneration.

Several mandates with different companies belonging to the same group count as one mandate. The above limitation does not apply to mandates held by a member of the Board of Directors or the Executive Board on behalf of the Company (e.g. joint ventures or pension funds of these legal entities or in companies in which this legal entity holds a significant [non-consolidated] interest). The acceptance of mandates/employments by members of the Executive Board outside the Meyer Burger Group requires the prior approval of the Board of Directors. The Board of Directors may refuse approval at its own discretion.

3.1 Elections and terms of office

In accordance with article 18 of the Articles of Association, dated 2 May 2019, the Board of Directors consists of one or more, but a maximum of nine members. The General Meeting of Shareholders elects annually

- the members of the Board of Directors and the Chairman of the Board
- the members of the Nomination & Compensation Committee, who must be members of the Board of Directors

The members of the Board of Directors are elected individually and for a term of office up to and including the next Annual General Meeting. Re-election is possible. The term of office of a member of the Board of Directors will, however, end irrevocably on the date of the Annual General Meeting following the 70th birthday of the particular member of the Board of Directors.

3.2 Internal organisation

The Board of Directors constitutes itself, except for the mandatory competences by the Annual General Meeting (election of the Chairman of the Board of Directors and the members of the Nomination & Compensation Committee). The Board shall choose its Vice Chairman and a Secretary, who doesn't need to be a member of the Board of Directors. As of 31 December 2019, Dr Remo Lütolf acted as Chairman, Dr Franz Richter as Vice Chairman of the Board of Directors.

The Board of Directors holds ordinary Board meetings at least four times per year (usually at least one meeting per quarter). Additional meetings are held as often as necessary. In fiscal year 2019, the Board of Directors held 35 Board meetings, of which 6 were physical meetings and 29 were held as telephone conferences. The meetings of the Board of Directors with physical attendance of the Board members usually last a full day. The telephone conferences depended on the issues discussed and lasted up to three hours. In general the Executive Board participates in the meetings of the Board of Directors.

The Board of Directors can introduce permanent or ad hoc Committees for the preparation of individual resolutions, for the performance of certain control functions, or for other special tasks. The Committees do not have decision authority in most cases (exception for example regarding decisions of execution that have been delegated by the Board of Directors in single resolutions).

As of 31 December 2019, the Board of Directors had three permanent Committees: the Risk & Audit Committee, the Nomination & Compensation Committee and the Innovation Committee. The Executive Committee was discontinued in May 2019. The duration of the Committees' meetings depends on the issues discussed.

3.2.1 Risk & Audit Committee (R&A Committee)

Committee members as of 31 December 2019: Andreas R. Herzog (Chairperson), Dr Franz Richter.

The R&A Committee mainly has the following responsibilities:

- Review of the accounting system
- Review of the annual financial statements and other financial information published
- Supervision of the assessment of risks within the Group
- Monitoring the compliance and risk management, and the effectiveness and efficiency of the internal control system ("ICS")
- Supervision of business activities regarding compliance with resolutions by the Board of Directors, internal regulations and guidelines, directives and statutory provisions, in particular also the compliance with stock exchange laws
- Review of the services, independence and fees of the external auditors as well as recommendation to the Board of Directors regarding the proposal to the General Meeting of Shareholders in respect of the auditors
- Detailed discussions of the audit letters, examination of all important conclusions and recommendations by the external auditors with the Executive Board and the auditors themselves
- Monitoring of the implementation of the recommendations by the external auditors
- Review of the services and fees regarding consulting mandates with related parties
- Periodic examination of the insurances of the Group
- Further special tasks as assigned by the Board of Directors

The Committee meets as often as business requires, but at least three times a year. The meetings usually last up to 4 hours. The Chief Financial Officer usually participates in these meetings. Other members of the Board of Directors, the Chief Executive Officer or other members of the Executive Board, representatives of the external auditors, representatives of the internal auditors or other specialists may also be invited to these meetings. The decision thereto is with the Chairperson of the R&A Committee. The appointment of assignments to third parties requires the approval of the Board of Directors or, in urgent cases, of the Chairman of the Board of Directors. The Committee meets at least twice per year with representatives of the external auditors. During the length of such a meeting with the auditors none of the members of the Executive Board shall be present.

In fiscal year 2019, the R&A Committee held 3 meetings. The external auditors participated at 3 meetings. Ernst & Young as internal auditors participated at one meeting. The Committee did not consult regularly with external advisors.

3.2.2 Nomination & Compensation Committee (N&C Committee)

Committee members as of 31 December 2019: Hans-Michael Hauser (Chairperson), Andreas R. Herzog.

The N&C Committee mainly has the following responsibilities:

- In charge of the process for the selection and proposal of new members of the Board of Directors
- In charge of the process for the selection and proposal regarding the appointment of the CEO
- Examination and approval, respectively proposals of the selection of members of the Executive Board and for management members of important group companies (including occasional interviews at the end of the selection process) as well as examination of the most important conditions of their employment contracts
- Proposal of the compensation for the members of the Board of Directors and the Board's Committees
- Review, negotiation and proposal of the remuneration of the CEO
- Review and proposal (together with the CEO) of the remuneration of the members of the Executive Board
- Review and decision on the targets and their achievement for members of the Executive Board
- Review of the targets and total remuneration of important group companies
- Preparation and proposal of the Remuneration Report
- Review, proposal and monitoring of the implementation of participation programmes for the Board of Directors, the CEO, the other members of the Executive Board and for other employees
- Examination, proposal (together with the CEO) and monitoring of the implementation of the structure and organisation of the highest level of operating management
- Planning of successors at the highest level of management
- Planning and implementation of a self-assessment of the Board of Directors
- Further special tasks as assigned by the Board of Directors in the areas of nomination, organisation and remuneration

→ Detailed information on the decision authority regarding the remuneration of the Board of Directors and to the Executive Board are included in the Remuneration Report on page 47.

The Committee meets as often as business requires (usually at least four times per year). The meetings usually last up to 4 hours. The Chairperson of the Committee can invite members of the Executive Board, members of the management of significant subsidiaries or third parties to the meetings. The appointment of assignments to third parties requires the approval of the Board of Directors or of the Chairman of the Board of Directors.

In fiscal year 2019, the N&C Committee held 8 meetings. The Committee was supported by independent external consulting service providers for professional search and compensation topics and the remuneration report.

3.2.3 Innovation Committee

Committee members as of 31 December 2019: Dr Franz Richter (Chairperson), Hans-Michael Hauser.

The Innovation Committee mainly has the following responsibilities:
- Analysis in order to ensure the innovative strength of the Group (in particular suggestions for strategic innovations as well as for prioritisation within the Group with regards to technology)
- Analysis regarding the possibility of opening new markets (in particular evaluation of synergies with regards to existing products and technologies as well as the risks and opportunities of new markets; organic and non-organic development)
- Recommendations to the Executive Board of the Group (in particular with regards to strategic orientation of innovations as well as with regards to new markets)
- Tasks assigned to the Innovation Committee include: Review of the innovation radar and support of management in identifying major technology opportunities and threads; review of the technology roadmap; review R&D resource allocation and helping to align it with the technology roadmap and strategic goals; review of the IP strategy; perform other tasks assigned by the Board of Directors.

The Committee meets as often as business requires (usually at least four times per year). The meetings usually last up to 4 hours. The Chairperson of the Committee can invite members of the Executive Board, members of the management of significant subsidiaries or third parties to the meetings. The appointment of assignments to third parties requires the approval of the Board of Directors or of the Chairman of the Board of Directors.

In fiscal year 2019, the Innovation Committee held 4 meetings. The Committee did not consult regularly with external advisors.

3.2.4 Participation of the members of the Board of Directors at Board of Directors and Committee meetings (incl. telephone conferences) in fiscal year 2019

Members	Board of Directors	R&A Committee	N&C Committee	Innovation Committee
Dr Remo Lütolf[1]	23	•	•	•
Dr Franz Richter	33	2	3	4
Hans-Michael Hauser	34	•	6	4
Andreas R. Herzog[1]	22	2	6	•
Members until AGM on 2 May 2019				
Dr Alexander Vogel	12	1	•	•
Wanda Eriksen-Grundbacher	12	1	4	•
Eric Meurice	12	1	4	•
Michael R. Splinter	10	•	•	1
Total meetings	**35**	**3**	**10**	**4**
Average attendance ratio at meetings[2] in %	**96%**	**100%**	**96%**	**90%**

• Not a member of the Committee
[1] Dr. Remo Lütolf and Andreas R. Herzog were elected to the Board of Directors at the Annual General Meeting on 2 May 2019.
[2] The average attendance ratio at the meetings of the Committees refers directly to the members of the respective Committee (additional participants who participate as guests in the Committee meetings are not included in the table above and in the percentage calculations). For the newly elected Board members, attendance ratios are calculated as of the date of their election at the Annual General Meeting 2019.

3.3 Definition of areas of responsibility

The main tasks of the Board of Directors are the determination and periodic inspection of the corporate strategy, Company policy, as well as the organisation (including controlling systems) of the Group, the control of the operative management and of the risk management. In addition, it is responsible for the periodic assessment of its own performance and that of the Executive Board.

In addition to the non-transferable and irrevocable tasks pursuant to Article 716a of the Swiss Code of Obligations, the Board of Directors has explicitly reserved the approval of various matters (see the following list). In general, the Board of Directors has delegated the operational management of the Group to the CEO and the Executive Board, respectively.

The Board of Directors explicitly reserved the approval of the following circumstances to itself:

- Incorporation/financing/closing of subsidiaries; investments into / divestments of participations, changes in participation quotas or of share-ownership ratios; purchase of a business or a company or parts thereof through the acquisition of assets or of assets and liabilities (including workforce); opening balance sheet of business parts that shall be transferred to subsidiaries as well as concept and main details of contracts between group companies
- Contracts/cancellation of contracts regarding strategic alliances that have an influence on the business scope, geographic scope or the capital structure of Meyer Burger Technology Ltd or any of its group companies
- Decisions on business affairs that are of major importance to Meyer Burger Group
- Individual expenditures, investments, divestments; sale of assets, abandonment of plants or assets, liquidation of investments, waiving of receivables; grant of sales reductions or adjustments to invoices; write-off of receivables: Above CHF 1.5 million, if included in the budget; above CHF 1 million, if not included in the budget
- Offers and contracts with customers above CHF 30 million
- Agreements to and allowance of letter of comforts and guarantees, loans and credits to third parties above CHF 5 million
- Loans and credits to members of the Board of Directors or members of the Executive Board (possible up to a maximum of TCHF 50)
- Financing transactions (bank loans, bonds issues), leasing above CHF 5 million
- Structured financing transactions
- Decisions concerning communication (identity, design, branding, communication policy, marketing communication strategy)
- Personnel and salary policy of the Group
- Wage negotiations and social plans for the Group
- Appointment, dismissal and compensation of members of the Executive Board
- Employment conditions for highest level of management positions
- Share and option programmes, including programmes of profit sharing for associates and employees
- Principles for pension plans and social benefits
- Large restructuring programmes

Members of the Board of Directors and the members of the Executive Board of the Company have joint signature authority.

3.4 Information and control instruments vis-à-vis the Executive Board

The Board of Directors monthly receives from the Executive Board a report on business development and on the key figures for all group companies as part of a structured information system. The information relates in particular to:

- Detailed monthly reports and consolidated monthly financial statements including results since the beginning of the year (year-to-date numbers, comparisons with the budget and the results of the previous year's period) and key figures for the Group
- Detailed treasury reporting with information on liquidity, debt position, currency situation and working capital
- Information on incoming orders, order backlog, situation of inventory, production data, development of number of employees
- Share register

The members of the Board of Directors additionally receive the following information prior to Board meetings:

- Interim reports on the course of business
- Information about business and market developments
- Appropriate information with regard to events, which concern the internal control system and the risk management, respectively

At those Board of Directors' meetings, at which financial results are discussed, both the CEO and the CFO participate.

→ Detailed information regarding the participation of members of the Executive Board at the meetings of the Board of Directors and of the Committees are included in the comments to section 3.2 “Internal organisation” and the descriptions of the different Committees on page 35 ff.

During Board meetings, each member of the Board of Directors can request information from the other members of the Board, as well as from the members of the Executive Board on all affairs of the Company. Outside of Board meetings, each member of the Board of Directors can request information on the course of business or important business transactions from the CEO, the CFO or from other members of the Executive Board. Members of the Board of Directors can also contact other associates (in agreement with members of the Executive Board).

Risk management

As part of the risk assessment process, the probability of occurrence and the extent of the loss are considered. The Company uses both quantitative and qualitative methods for this process, applying these on a uniform basis across the Group as a whole and thereby enabling risk assessments to be compared across different areas of the Company. Based on the results for probability of occurrence and expected implications, a clear risk assessment matrix is drawn up.

→ For further information regarding risk management please refer to the consolidated financial statements Note 3 on page 89.

Internal control system

The Board of Directors approved an optimised internal control system (“ICS”), which has become effective as of 1 January 2009. The ICS applies a risk-oriented approach (focused on major risks and control). The scope of the ICS depends on the size and risks of each subsidiary within the group. Each subsidiary of Meyer Burger is classified as a “Full Scope” or “Limited Scope” company. This classification is reviewed once per year.

For the Full Scope companies, the key risks are continuously monitored and every three years, all control measures of the major processes that are relevant for the financial reporting will be reviewed with regards to their effectiveness. For the Limited Scope companies, the controls shall be executed in accordance to a plan that will be defined on a yearly basis. On the group level, controls are implemented with regards to the consolidated financial statements of the group.

The following processes were defined as financially relevant: Sales, materials management, production, fixed assets, payroll accounting, finance department, information technology. For each of these processes, a particular ICS person has been defined as the responsible person for the process. For an evaluation of the company-wide controls in accordance with the scope, the Executive Board of each group subsidiary executes a self-assessment each year during the first half of the year. Measures that result out of the evaluation are implemented until the end of the respective year.

The Board of Directors receives a detailed reporting about the risks of the Company on a half-yearly basis and a report about the ICS once per year. In fiscal year 2019, the R&A Committee discussed the risk portfolio during two of its meetings and the Board of Directors discussed it at one of the Board meetings. The external auditors also audit the compliance of ICS regulations as part of their annual audit and report their conclusions directly to the Risk & Audit Committee as well as to the Board of Directors.

Internal audit

The Company mandated Ernst & Young, Zurich, as internal auditors (beginning of the mandate was 1 July 2011, the Company had used an own internal audit prior to that date). The E&Y mandate was agreed upon with a term of three years and was renewed by the R&A Committee in April 2014 and January 2017, respectively. The mandate ran until 31 December 2019.

The internal audit reported in writing about the audits it had carried out, the findings resulting from the audits and, if necessary, gave recommendations to improve systems and processes. The internal audit is obliged to immediately report possible irregularities or fundamental shortcomings to the Risk & Audit Committee and to the Chairman of the Board of Directors. Ernst & Young executed 3 internal audits during fiscal year 2019 and issued detailed reports on each of the audits. No material irregularities or shortcomings were reported by the internal auditors. The Risk & Audit Committee held one meeting with Ernst & Young in 2019.

4 Executive Board

Executive Board as of 31 December 2019

Name	Born	Position	Member Executive Board
Dr Hans Brändle	1961	Chief Executive Officer	since 2017
Manfred Häner	1956	Chief Financial Officer	since 2018
Dr Gunter Erfurt	1973	Chief Operating Officer	since 2017

Dr Hans Brändle

Chief Executive Officer, Swiss citizen

Education Doctor of natural science in physics (Dr. sc. nat.), ETH Zurich, Switzerland, Executive MBA, University of St. Gallen, Switzerland, Executive Development Seminars, IMD Lausanne, Switzerland → **Since 2017** Chief Executive Officer (CEO) and member of the Executive Board of the Company → **2015–2017** Chairman of the Board of Directors of Liechtensteinische Post, Schaan, Liechtenstein → **2005–2014** Chief Executive Officer at Oerlikon Coating (today Oerlikon Surface Solutions), Balzers, Liechtenstein. **1998–2005** General Manager (Managing Director) at Oerlikon Balzers, Bingen, Germany → **1995–1998** Global Head of Research and Development at Oerlikon Balzers, Liechtenstein → **1992–1995** Project Manager, Research & Development at Oerlikon Balzers, Liechtenstein → **1991–1992** Post-Doc / Visiting Scientist, IBM Almaden Research Center, San Jose/CA, USA → **1986–1990** Research Associate, ETH Zurich, Switzerland

Other activities and vested interests

Former mandates: Member of the Board of Directors, Supervisory Board and/or of the Executive Board of different subsidiaries of Meyer Burger Technology Ltd.; Member of the Board of Directors of Oxford PV Ltd. (associate company of Meyer Burger) since 2019. Chairman of the Board of Liechtensteinische Post AG (2015–2017). Member of the Board of the Chamber of Commerce and Industry Liechtenstein, Vaduz, Liechtenstein (2013–2014). Elected Delegate and Member of the Chamber of Commerce and Industry Rhein-Hessen, Mainz, Germany (2003–2005).

Current mandates: No mandates for Board memberships or consulting activities for important Swiss or foreign organisations. No significant official functions or political offices.

Manfred Häner

Chief Financial Officer, Swiss citizen

Education Swiss Federal Diploma as Accounting & Controlling Specialist → **Since 2018** Chief Financial Officer (CFO) and member of the Executive Board of the Company → **2016–2018** Independent business consultant → **2012–2016** Group Chief Financial Officer, Investor Relations, Real Estate & IT at CPH Chemie + Papier Holding AG, Perlen, Switzerland → **1999–2010** Group Chief Financial Officer, Deputy Chief Executive Officer, Secretary to the Board of Directors at Micronas Semiconductor Holding AG, Zurich, Switzerland → **1991–1998** Division Chief Financial Officer and Deputy Chief Executive Officer at Sulzer International AG, Winterthur, Switzerland → **1988–1991** Head Finance, Administration and Human Resources at Sulzer España SA, Madrid, Spain → **1985–1988** Head Finance and Administration, Country Controller at Sulzer Bros. Inc., New York/NY, USA → **1976–1985** Various positions in finance and controlling at Sulzer Group, Winterthur, Switzerland

Other activities and vested interests

Current mandates: Member of the Board of Directors, Supervisory Board and/or of the Executive Board of different subsidiaries of Meyer Burger Technology Ltd. Co-owner and Chairman of the Board of Directors of Toro Holding AG (remunerated mandate at a non-listed company). No further mandates for Board memberships or consulting activities for important Swiss or foreign organisations. No significant official functions or political offices.

Dr Gunter Erfurt

Chief Technology Officer, German citizen

Education Degree in Engineering Physics from the Westsächsische Hochschule Zwickau, Zwickau, Germany. Degree in Physics, Technische Universität Bergakademie Freiberg, Freiberg, Germany. PhD in Physics from Technische Universität Bergakademie Freiberg, Germany → **Since 2017** Chief Operating Officer (COO) and member of the Executive Board of the Company (February to August 2017). Chief Technology Officer (CTO) and member of the Executive Board of the Company since September 2017 → **2015–2017** Managing Director and Member of the Management Board of Meyer Burger (Germany) AG, Hohenstein-Ernstthal, Germany → **2011–2015** Managing Director, Solarworld Innovations GmbH, Freiberg, Germany. Responsible for global strategic technology development → **2009–2011** Global Head Planning and Investment/ Technology Transfer, Solarworld AG, Bonn, Germany. Staff position to the COO → **2006–2009** Head of Planning and Investment, Solarworld Industries America LLC, Hillsboro, USA → **2005–2006** Project manager planning and investments, Deutsche Solar AG, Freiberg, Germany. Project manager for building a factory for solar cell production → **2003–2005** Development engineer/laboratory manager, Deutsche Solar AG, Freiberg, Germany. Establishment and management material- and module test laboratory → **1999–2003** Research Associate, Sächsische Akademie der Wissenschaften zu Leipzig, Leipzig, Germany

Other activities and vested interests

Current mandates: Member of the Board of Directors, Supervisory Board and/or of the Executive Board of different subsidiaries of Meyer Burger Technology Ltd. Member of the Board of Trustees of Fraunhofer Institute for Electron Beam and Plasma Technology, Dresden, Germany, since 2016 (non-remunerated mandate). Member of the Scientific Advisory Board of CSEM, Neuchâtel, Switzerland, since 2018 (non-remunerated mandate). Since 1 January 2019, Member of the Scientific Advisory Board of the Institute for Solar Energy Research (ISFH), Hamelin, Germany (non-remunerated mandate).

No further Board of Directors memberships or consultancy activities for important Swiss or foreign organisations. No significant official functions or political offices.

Changes in the Executive Board during fiscal year 2019

In line with the company’s focus on a strategic PV business with our successful heterojunction/SmartWire technologies as well as on promising next generation cell technologies and to reflect the structure and size of the Company, the Executive Board was re-sized from five to three members. Daniel Lippuner, COO, and Michael Escher, CCO, stepped down and left the Executive Board by the end of June 2019.

4.1 Management contracts

There are no management contracts between Meyer Burger Technology Ltd or any of the Group companies and third parties.

Mandates held by the Executive Board (outside of Meyer Burger Group) as of 31 December 2019

Mandates	Remunerated mandates at publicly listed companies	Remunerated mandates at other legal entities	Non-remunerated mandates
Limit set by Articles of Assocation	1	3	2
Dr Hans Brändle	–	–	–
Manfred Häner	–	1	–
Dr Gunter Erfurt	–	–	3

For the exact wording of Article 28 of the Articles of Association regarding the maximum number of mandates allowed outside the Meyer Burger Group please refer to page 35 of the section reporting on members of the Board of Directors.

Executive Board

Dr Hans Brändle
Chief Executive Officer

Manfred Häner
Chief Financial Officer

Dr Gunter Erfurt
Chief Technology Officer

5 Compensation, Shareholdings and Loans

→ Detailed information on compensation, shareholdings and loans to active and former members of the Board of Directors and of the Executive Board is included in the Remuneration Report (pages 47 to 55).

→ Statutory rules regarding the principles of compensation, participation plans, loans, credits and pension benefits are set in Articles 30 to 34 of the Articles of Association. The rules regarding the approval of the remuneration by the General Meeting of Shareholders are set in Article 17 of the Articles of Association.

6 Shareholders' Participation Rights

6.1 Voting rights restrictions and representation

Each share is entitled to one vote. The shareholder rights can be exercised by anyone who is registered in the share register as a shareholder 30 days prior to the General Meeting of Shareholders and who has not sold his shares until the end of the General Meeting of Shareholders.

A shareholder may be represented at the General Meeting of Shareholders by a person with written power of attorney, who does not need to be a shareholder. All shares held directly or indirectly by a shareholder can only be represented by one person. For voting rights of nominees please refer to section "Limitations on transferability and nominee registrations" on page 30 of this Corporate Governance Report. A cancellation, liberalisation or intensification of the limitations on nominee registration stipulated in the Articles of Association must be approved by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented at the Meeting of Shareholders.

Independent proxy holder

The General Meeting of Shareholders elects an independent proxy holder. Natural persons, legal entities and partnerships are eligible for election. The term of office expires with conclusion of the next Ordinary Shareholders' Meeting. Re-election is permitted.

The Annual General Meeting of Shareholders held on 2 May 2019 elected Mr lic. iur. André Weber as independent proxy holder for a term of office until the conclusion of the Ordinary Shareholders' Meeting 2020. Mr. Weber is independent and has no further mandates for Meyer Burger Technology Ltd.

The Company enables its shareholders to transfer their votes to the independent proxy holder by electronic means through the platform eComm (https://ip.computershare.ch/meyerburger) for any General Meeting. The relevant description of the procedure to register and vote through the platform is sent to shareholders who are registered in the share register together with the invitation to the Shareholders Meeting.

→ For statutory rules regarding the independent proxy holder please refer to Article 13 of the Articles of Association.

6.2 Statutory quorums

The General Meeting of Shareholders drafts its resolutions and performs its votes on the basis of the absolute majority of the voting rights represented. At least two thirds of the votes represented and the absolute majority of the nominal value of shares represented is required, among others, for resolutions in accordance with Article 704 paragraph 1 and 2 of the Swiss Code of Obligations (CO).

6.3 Convocation of a General Meeting of Shareholders

General Meetings of Shareholders are convened by the board of directors, or if necessary by the auditors, or upon request of one or more shareholders who together represent at least 10% of the share capital with voting rights. The convocation of a General Meeting of Shareholders will take place by means of the publication of an invitation in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the Meeting. In addition, shareholders who are registered in the share register will receive a written invitation from the Company to participate at the General Meeting of Shareholders. The invitation must include the motions and the proposals by the Board of Directors and of those shareholders who have requested either the convocation of a Meeting or the inclusion of a certain motion on the agenda.

6.4 Agenda
Shareholders representing shares that account for at least 3% of the voting rights or shares with a total par value of CHF 1,000,000 may request the inclusion of an item on the agenda of the General Meeting of Shareholders. Such requests must be submitted to the Board of Directors at least 45 days prior to the General Meeting of Shareholders in writing, specifying the items and proposals to appear on the agenda.

Requests with regard to motions that have not been properly announced may be permitted for discussion, if the General Meeting of Shareholders concludes to do so. It will not be possible, however, to take a decision on such a request until the next General Meeting of Shareholders. This rule does not apply for requests of an Extraordinary General Meeting or for the performance of a special audit.

No prior notice is required for requests regarding motions that are on the agenda.

6.5 Registration into the share register
No entries will be made in the share register for a period of 30 days prior to a General Meeting of Shareholders, including the day after the General Meeting.

7 Change of Control and Defence Measures

7.1 Duty to make an offer
Pursuant to the FMIA (Financial Market Infrastructure Act), any person who acquires equity securities of a company whose shares are listed on a Swiss stock exchange, whether directly or indirectly or acting in concert with third parties, and, as a result, exceeds the threshold of 33 ⅓ % of the voting rights (whether exercisable or not) of such a company, must submit a public tender offer to acquire 100% of the listed equity securities of such a company. Meyer Burger Technology Ltd's articles of association do not provide for an opting-out of this rule or opting-up of the threshold for a mandatory offer.

7.2 Clauses on changes of control
In case that a third party would acquire more than 33 ⅓ % of voting rights of Meyer Burger Technology Ltd, the vesting periods and/or retention periods for employee shares set by the Board of Directors shall be accelerated so that any unvested share shall be immediately vested in full. The vesting would take place on the first day of the grace period in case of a successful public tender offer. There are no further clauses regarding a change of control that would favour the members of the Board of Directors, members of the Executive Board or other members of management or associates.

8 Auditors

8.1 Mandate and fees of the lead auditor

The auditors of the Company have been PricewaterhouseCoopers AG since fiscal year 2003. The lead auditor, Rolf Johner, has been responsible for the audit mandate since 2013. The auditors have to be elected each year by the General Meeting of Shareholders.

The auditing fees of PricewaterhouseCoopers AG, for services related to the audit of the annual financial statements of Meyer Burger Technology Ltd and its subsidiaries, the consolidated statements of Meyer Burger Group, the review of the Half-Year Report as well as the audit of the Remuneration Report for fiscal year 2019 are as follows.

In CHF thousands	2019
Audit fees	1 154.1
Additional fees	9.0
Total	**1 163.1**

8.4 Supervisory and control instruments vis-à-vis the auditors

The Risk & Audit Committee once per year examines the auditing concept, the auditing plan and the fee structure, as well as the auditors' independence from the Company.

The external auditors at least once per year perform a detailed audit report and brief the Risk & Audit Committee extensively. The important statements and recommendations in the audit reports compiled by the external auditors are then discussed in detail with the entire Board of Directors and the Executive Board.

In fiscal year 2019, the external auditors issued two detailed audit reports (one each for the fiscal year and half year reporting). Representatives of the external auditors participated in 3 meetings of the Risk & Audit Committee. The internal auditors of Meyer Burger Technology Ltd (Ernst & Young, Zurich) issued three internal audit reports.

The Board of Directors once per year verifies the selection of potential auditors, in order to propose the preferred audit firm for election to the shareholders at the General Meeting of Shareholders. The Risk & Audit Committee evaluates the effectiveness of the auditors in accordance with the Swiss law. In this evaluation, the Risk & Audit Committee attaches great importance to the following criteria: Independence of the external auditors (personal independence of the lead auditor and independence of the audit firm in general), understanding of the Company's business areas, sufficient resources set aside by the auditors, practical recommendations for the implementation of regulations in accordance with Swiss law and Swiss GAAP FER, global network of the auditors, understanding of the specific business risks of the Company, focus of the audit within the audit programme, cooperation with the Risk & Audit Committee, as well as with the internal audit and the Executive Board.

The Board of Directors follows the regulations of the Swiss Code of Obligations with regards to the rotation intervals of the lead auditor, i.e. the lead auditor will be rotated every seven years.

The Risk & Audit Committee also examines the proportion between the auditing fee for the annual financial statements and the additional non-audit services performed by the auditors. The Committee will examine potential consequences regarding the independence of the auditors. The Executive Board is permitted to assign non-audit mandates to the auditors up to an amount of TCHF 50. For any non-audit mandates exceeding this amount, the Risk & Audit Committee or the Board of Directors, respectively, must be informed. The auditing fee for the annual audit mandate is finally approved by the entire Board of Directors.

For fiscal year 2019, the Board of Directors concluded that the independence of the auditors was fully ensured at all times.

9 Information Policy

Meyer Burger Technology Ltd communicates openly and transparently and treats shareholders, analysts, business partners, employees and the public equally when it promptly informs about any development in the Company.

→ Company website www.meyerburger.com

Meyer Burger Technology Ltd publishes its financial results in an annual report and an interim report, as well as through press releases. When the annual results are released, the Company organises a physical conference for the media and the financial community and a conference call to discuss details of the reported earnings. For the interim results, the Company organises a conference call. The Company's financial reports are available on the Company website in electronic form or can be ordered from the Company in print form and free of charge.

→ Financial reports are directly available on https://www.meyerburger.com/en/investors/financial-reports-publications/

Official notices are published in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt, SOGC). Publications in conjunction with the listing of the registered shares at SIX Swiss Exchange are made in accordance with the listing rules of SIX Swiss Exchange. The rules can be viewed under https://www.six-exchange-regulation.com/dam/downloads/regulation/admission-manual/listing-rules/03_01-LR_en.pdf

Detailed information regarding disclosure notices of major shareholders of Meyer Burger Technology Ltd is available under www.six-swiss-exchange.com, Product Search "MBTN", Overview, Major Shareholders.

Price sensitive information is published according to the ad-hoc publicity rules. The modalities for distribution of ad-hoc press releases (the so called push and pull systems) have been implemented in accordance with the ad-hoc publicity rules of SIX Swiss Exchange.

→ Press releases can be viewed under https://www.meyerburger.com/en/meyer-burger/news-service/

→ The contact form to subscribe for direct receipt of the ad hoc press releases is available under https://www.meyerburger.com/en/company/media-center/news-press-releases/registration-news-service/

Information on transactions with shares of the Company by members of the Board of Directors and members of the Executive Board are published under www.six-swiss-exchange.com, Product Search "MBTN", Overview, Management Transactions.

→ For details regarding the investor relations contacts, address details of the Company as well as an agenda of important dates for fiscal year 2020 please refer to page 121 of this Annual Report.

Remuneration Report

Letter to shareholders

Dear Shareholders

In 2019, the Nomination and Compensation Committee (NCC) was strongly involved in reorganising the Board of Directors and the Executive Board. The size of both bodies has been aligned to the size and structure of the company. The Board of Directors was reduced from six to four members at the Annual General Meeting (AGM) in May 2019. Four members stood no longer for re-election while two new members were elected, including the Chairman. The number of Board committees was reduced from four to three. During the year, the NCC interviewed several Board candidates and issued its recommendation. The Executive Board was reduced, too, from five to three members.

In addition, the Committee carried out its regular activities throughout the year, such as performance goal setting and assessment of the Executive Board, determination of the compensation of members of the Board of Directors and the Executive Board, as well as preparation of the Remuneration Report and the say-on-pay vote at the AGM.

The compensation of the Board of Directors in principle remained unchanged. 2019 was a year with a lot of additional effort due to business, organisational and shareholder demands. The compensation of the Executive Board remained unchanged in terms of pay level but the pay mix – the proportion of fixed and variable components – was re-balanced, to address issues of attraction and retention but also to reduce risks from the leverage of incentive systems.

We have responded to concerns of shareholders by reducing the aggregate maximum compensation amounts for both bodies, eliminated executive roles in the Board of Directors, reduced leverage from the compensation of the Executive Board and also enhanced the Remuneration Report by providing additional transparency. In this report, we show for the first time the effective compensation that was paid in 2019, the forward-looking target value amounts that were granted in 2019 and their market value at year-end. We have also separated the mandatory employer contributions from the actual compensation and provide an overview of all currently running equity programs. This allows shareholders to better assess the relationship between performance and remuneration.

Hans-Michael Hauser
Chairman of the NCC

With this Remuneration Report, Meyer Burger Technology Ltd meets the requirements of Art. 13 to 16 of the Ordinance against Excessive Compensation (OaEC) and para. 5 of the Annex to the Corporate Governance Directive (DCG) of SIX Swiss Exchange, governing the disclosure of remuneration systems and compensation paid to members of the Board of Directors and the Executive Board. Moreover, with regard to remuneration reporting, Meyer Burger Technology Ltd complies with economiesuisse's Swiss Code of Best Practice for Corporate Governance.

Meyer Burger's Articles of Association include rules on the principles applicable to compensation (Art. 30), participation plans (Art. 31), benefits (Art. 34), additional amounts for payments to members of the Executive Board appointed after the vote on pay at the AGM (Art. 32) and the vote on pay at the AGM (Art. 17). Details on these rules are available on our website, at the "Meyer Burger – Investors" webpage: https://www.meyerburger.com/fileadmin/user_upload/IR_others/190502-Articles-of-Association.pdf

As in previous years, the Remuneration Report 2019 will be presented for a consultative vote to the Annual General Meeting, to be held on May 13, 2020.

Compensation of the Board of Directors and the Executive Board is made up of various components, which are described in detail in this report. This section gives a summary of the following aspects for 2019:
- General principles of the compensation policy
- Setting and approving compensation
- Compensation systems and compensation paid or granted to the Board of Directors in 2019
- Compensation systems and compensation paid or granted to the Executive Board in 2019

Compensation policy

Attractive, motivating and fair compensation for all staff is the foundation of Meyer Burger's performance-based corporate culture. The compensation systems provide competitive base salaries and attractive incentive schemes which reward long-term value creation, align interests with shareholders and enhance retention. They give equal consideration to individual and company performance, reward excellence and promote an entrepreneurial attitude.

Determining compensation

The Nomination & Compensation Committee (NCC) supports the Board of Directors in all matters relating to the compensation systems in place at Meyer Burger, in particular:
- Propose compensation of the Board of Directors and its committees
- Review, negotiate and propose the remuneration of the CEO
- Review and propose (together with the CEO) the remuneration of the Executive Board
- Review and decide on the targets and their achievement for members of the Executive Board
- Review, propose and monitor the implementation of participation programs for the Board of Directors, the CEO, the other members of the Executive Board and for other employees
- Review and determine the grant of shares under the share participation program approved by the Board of Directors
- Review the targets and total remuneration of important Group companies
- Prepare and propose the Remuneration Report

The compensation policies for the Board of Directors and the Executive Board require an ongoing review of whether or not the compensation offered is:
- competitive, transparent and fair, by analyzing comparable companies and salary trends in the market;
- commensurate with the company's results and individual performance;
- consistent with Meyer Burger's values and long-term strategy.

This review is conducted by the NCC on an annual basis. NCC activities are reported to the Board of Directors following each meeting, NCC minutes are shared with all Board members and form the basis of approval by the Board of Directors, in:

November/December
- adjustments to compensation policies, if any, for the Board of Directors, the CEO and the Executive Board
- the compensation of members of the Board of Directors and the Executive Board for the following year

January/February
- the performance and variable compensation of members of the Executive Board for the past year
- the Remuneration Report for the reporting year
- the maximum total compensation of the Board of Directors and the Executive Board for the following year

March/April
- grants of restricted stock units (RSUs) and long-term incentives (LTIs), i.e., share awards allocated to participants in equity programmes

In 2019, Reward Advisory GmbH, an independent compensation advisor, provided services related to executive compensation matters.

In compliance with the OaEC, the aggregate amounts of compensation of the Board of Directors and the Executive Board are subject to approval by the AGM. Within these confines, the internal approval and decision-making processes are as follows:

The Chairman of the Board of Directors is present at the meeting when decisions are approved by the Board of Directors, including his own remuneration, but abstains when his own remuneration is decided on. Only those members of the Board of Directors who serve on the NCC participate in determining the remuneration of Directors.

The CEO is involved in determining the remuneration of members of the Executive Board and is present when it is approved by the Board of Directors, except when his own remuneration is decided on.

Approval process

Decision on	Prepared by	Proposed by	Approved by
Maximum total compensation of the Board of Directors	NCC	BoD	AGM
Compensation of Board of Directors members		NCC	BoD
Grant of RSUs to Board of Directors members		NCC	BoD
Maximum total compensation of the Executive Board	NCC	BoD	AGM
Grant of PSUs to Executive Board members		NCC	BoD
Compensation of Executive Board members other than the CEO, incl. fixed and variable compensation	CEO	NCC	BoD
Compensation of the CEO, incl. fixed and variable compensation		NCC	BoD

Board of Directors

Compensation system

The compensation system applicable to members of the Board of Directors consists of a fixed cash component and a fixed value of restricted stock units (RSUs). The cash component depends on the responsibility, complexity and requirements of the tasks assumed. Each task is remunerated differently, and compensation is accumulated according to the number of tasks assumed by each member, as per the chart below. The level of compensation for each of the tasks is set by the NCC, taking into account the work required from Board and Committee members, and approved by the Board of Directors. The members of the Board of Directors are remunerated for their services from the date of their election and for the duration of their term of office. Payment takes place on a half-yearly basis.

Compensation

in TCHF	Cash	RSU
Chairman, Board of Directors	204.0	77.5
Vice Chairman, Board of Directors	42.0	46.5
Member, Board of Directors	39.5	31.0
Chairperson, Committee	40.0	–
Member, Committee	24.0	–

Compensation is reviewed by the NCC annually and, if necessary, adjusted by the Board of Directors based on a proposal by the NCC. In 2019, the number of Directors was reduced from six to four while the number of meetings and conference calls was very high compared to previous years due to additional business and organisational requirements. For this reason, the NCC proposed to leave the cash compensation for the Board of Directors unchanged.

The RSU value is fixed and the number of RSUs is determined by the share price at grant date. A portion of the RSU value designated as compensation of the Chairman had in previous years been allocated to the delegate of the Board of Directors. Following elimination of the position of the delegate, the original RSU value for the Chairman was re-instituted in 2019 so that compensation of the Board of Directors in principle remained unchanged. RSUs are blocked from the grant date on the day of the AGM for three years, after which they are converted into Meyer Burger shares. Upon grant of RSUs, each Board member who is a Swiss resident can choose an additional blocking period of zero, three or five years. If Directors resign their mandate before the end of their term of office, their RSUs are forfeited. The RSU program is financed with treasury shares.

Compensation of members of the Board of Directors (audited)

2019 in TCHF	Board of Directors	Innovation Committee	R&A Committee	N&C Committee	Executive Committee	Cash	RSUs[1]	**Total compensation 2019**	Market value as of Dec 31, 2019[2]	Total compensation 2018
Remo Lütolf	C[3]					136	52	**188**	162	
Dr Franz Richter	V	C[3], M[4]	M[3]	C[4]		106	47	**153**	132	141
Hans-Michael Hauser	M	C[4], M[3]		C[3]		96	31	**127**	113	105
Andreas Herzog	M[3]		C[3]	M[3]		69	21	**90**	80	
Dr Alexander Vogel	C[4]				C[4]	76	18	**94**	86	283
Wanda Eriksen-Grundbacher	M[4]		C[4]			35	10	**45**	40	135
Eric Meurice	M[4]		M[4]	M[4]		29	10	**39**	35	79
Michael R. Splinter	M[4]	M[4]			M[4]	21	10	**31**	27	64
Total[5]						**568**	**199**	**767**	675	**886**
Mandatory employer contributions[6]								**38**	33	**57**

C(hairperson), V(ice Chairperson), M(ember)

[1] The fair value of RSUs at grant date was CHF 0.685 (1 April 2019) except for new members, for whom it was CHF 0.738 (3 May 2019).
[2] Market value includes the Board fee and the RSU value based on a share price on 31 December 2019 of CHF 0.375. The effective value of RSUs is determined upon vesting in 2022.
[3] From 2 May 2019.
[4] Until 2 May 2019.
[5] In 2018, two additional members were on the Board of Directors until the AGM in May 2018.
[6] The OaEC requires the disclosure of estimated mandatory employer contributions to social security. This amount was CHF 38 thousand in 2019 which in addition to the granted compensation of CHF 767 thousand resulted in a total remuneration incl mandatory contributions of CHF 805 thousand, compared to CHF 943 thousand in 2018 (CHF 886 thousand and CHF 57 thousand).

2018 in TCHF	Board of Directors	Innovation Committee	R&A Committee	N&C Committee	Executive Committee	Cash	RSUs[1]	**Total compensation 2018**
Dr Alexander Vogel	C		M		C	228	55	**283**
Dr Franz Richter	V[2]	M		C		100	41	**141**
Hans-Michael Hauser	M	C[2]				74	31	**105**
Wanda Eriksen-Grundbacher	M		C[2], M[3]	C[3], M[2]		104	31	**135**
Eric Meurice	M[2]		M[2]	M[2]		58	21	**79**
Michael R. Splinter	M	M			M	64	-	**64**
Heinz Roth	V[3]		M[3]			27	16	**43**
Konrad Wegener	M[3]	C[3]				27	10	**37**
Total[5]						**682**	**205**	**886**
Mandatory employer contributions[4]								**57**

C(hairperson), V(ice Chairperson), M(ember)

[1] The fair value of RSUs at grant date was CHF 1.104 (April 9, 2018).
[2] From May 2, 2018.
[3] Until May 2, 2018.
[4] The OaEC requires the disclosure of estimated mandatory employer contributions to social security. This amount was CHF 57 thousand in 2018 which in addition to the granted compensation of CHF 886 thousand resulted in a total remuneration incl mandatory contributions of CHF 943 thousand.

Compensation 2019

No current member of the Board of Directors served in an executive role in 2019. The Board of Directors was reduced from six to four non-executive members at the Annual General Meeting on 2 May 2019.

At the previous year's ordinary Annual General Meeting, held on 2 May 2018, a total maximum amount of compensation of the Board of Directors of CHF 980 thousand (incl. mandatory employer contributions) for the fiscal year 2019 was approved.

The total remuneration actually granted in 2019 was CHF 805 thousand (incl. mandatory employer contributions), compared to CHF 943 thousand in 2018. The lower amount is due to the reduction of the Board of Directors.

Taking into account the market value of the RSU grants, the total effective value of remuneration of the Board of Directors at year-end was CHF 708 thousand (incl. mandatory employer contributions).

Since all components are fixed, no ratio between fixed and variable compensation is presented.

The total maximum amount of compensation of the Board of Directors for the fiscal year 2020 of CHF 750 thousand (incl. mandatory employer contributions) takes into account the reduced Board of four members and was approved at the ordinary Annual General Meeting on 2 May 2019. The compensation paid in 2020 will be disclosed in the Remuneration Report 2020.

Members of the Board of Directors did not receive any fees or other remuneration for additional services to Meyer Burger Technology Ltd or its subsidiaries in the 2019 business year. Neither Meyer Burger Technology Ltd nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Board of Directors or related parties in 2019 or 2018.

No compensation was paid to any former members of the Board of Directors of Meyer Burger Technology Ltd, or a Group company, or related parties in 2019 or 2018, other than described under related party transactions.

Executive Board

Compensation system

The compensation system for the Executive Board consists of fixed and variable components. The fixed component entails a base salary commensurate with the role and local market level and, depending on local market practice, includes allowances and fringe benefits. The variable component entails a performance-related annual cash bonus (short-term incentive, STI) and a three-year performance-related equity program (long-term incentive, LTI). The mix of these components is defined by the profile, strategic impact and pay level of the role, as described below.

A review of compensation of the Executive Board was conducted based on a benchmark study provided by HCM International Ltd., a compensation advisor. The study included 19 industrial and technology companies listed at SIX Swiss Exchange that are of comparable size in terms of revenue and market capitalisation, with some further consideration given to workforce. These companies included VAT, AMS, Belimo, U Blox, Huber+Suhner, Arbonia, Bossard, Interroll, Komax, Burkhalter, Comet, Kardex, Ascom, Feintool, Phoenix Mecano, Vetropack, Gurit, Zehnder and Huegli.

The study showed that total direct compensation (comprising base salary and variable components) of the Executive Board was competitive, near the market median. However, the pay mix of ⅓ base salary, ⅓ STI and ⅓ LTI for the CEO and ½ base salary, ¼ STI and ¼ LTI for the other members of the Executive Board proved no longer competitive, posing challenges for attracting and retaining executives. This pay mix had been introduced at a time when the solar technology market was diverse and rapidly increasing, and the incentive system provided for moderate leverage. In the current market situation, a pay mix as it is used by comparable industrial companies, in terms of proportion and leverage, is more appropriate. For this reason, the NCC proposed a pay mix of 55% fixed, 25% STI and 20% LTI for the CEO and 65% fixed, 20% STI and 15% LTI for the other members of the Executive Board. This proposal was approved by the Board of Directors. The respective pay levels remained unchanged.

No members of the Executive Board were present when decisions on their respective compensation were made.

Compensation system of the Executive Board

	Vehicle	Purpose	Drivers	Performance measures
Base salary	Monthly cash salary	Attract and retain	Position, market practice, skills and experience	–
Performance bonus (STI)	Annual bonus in cash	Pay for performance	Annual performance	Net sales Earnings per share Contribution margin EBITDA margin Strategic initiatives
Long-term incentive (LTI)	PSUs with 3-year performance vesting	Reward long-term performance Align to shareholders	Business performance over 3 years	Relative total shareholder return
Benefits	Pension and insurance plans	Protect against risks Attract and retain	Market practice and position	–

Base salary

The base salary is determined primarily by the executive's tasks, responsibilities, skills and managerial experience, as well as market conditions, and is paid in cash. It was benchmarked with data from the above-mentioned study by HCM. HCM also provides other compensation-related services to Meyer Burger Technology Ltd.

Short-Term Incentive (STI) programme

The STI programme is a simple and clear annual cash bonus aimed at motivating managers and specialists to focus their efforts on achieving specific financial, strategic and individual objectives. It helps them to align their efforts, promotes initiative and boosts both individual and company performance.

Financial objectives in 2019 focused on growth and profitability, which was measured using net sales, net income, contribution margin and EBITDA margin. Net sales, EBITDA margin and net income are KPIs regularly communicated to investors. Contribution margin is particularly relevant for driving efficiency, which was a key focus in 2019. The four performance measures are equally weighted. Financial targets are based on the annual budget and the payout on the actual financial results. The payout is 100% of target bonus if the financial result is at target, 50% if it is at the lower threshold, 0% if it is below the lower threshold. At the upper threshold the payout is capped at 150%.

Strategic objectives in 2019 focused on improving the company's future profitability, which is related to delivering new technologies. The payout ranges from 0 to 150%.

Individual objectives relate to specific projects, products and markets. The payout ranges from 0 to 150%. Individual objectives are proposed by the CEO to the NCC for members of the Executive Board and by the NCC for the CEO.

The Board of Directors approves financial, strategic and individual objectives proposed by the NCC and monitors their achievement.

In 2019, the average payout for the STI 2019 was 67% for the Executive Board and 61% for the CEO. The average payout for the STI 2018 was 83% for the Executive Board and 83% for the CEO.

Objectives, performance measures and their weighting

Objectives	Performance Measures	CEO	Other members of Executive Board
Financial	Net sales Contribution margin EBITDA margin Net income	35%	30%
Strategic	Strategic initiatives focused on improving the company's future profitability	35%	30%
Individual	Project targets, product or market targets, etc.	30%	40%

Long-term incentive (LTI) program

Meyer Burger is a globally renowned technology company servicing the photovoltaic (solar) industry, aiming to transform its technological leadership into a sustainable and scalable business. To implement its strategy successfully, it is vital for Meyer Burger to attract, motivate and retain key executives. Therefore, the Board of Directors has decided to apply a long-term performance share plan which is specifically designed to reward the relative increase in total shareholder return.

Total shareholder return (TSR) is a standard indicator used for measuring stock performance. It is defined as the net change in share price plus any dividend distributions over a period of time. In this case, the performance period is three years.

TSR is measured by comparing a start value, that is the volume-weighted average share price (VWAP) over the first 60 trading days of the first year, to an end value, that is the VWAP over the last 60 trading days of the third year.

Relative TSR is measured against the MAC Solar Index (www.macsolarindex.com). A TSR of at least 25 points above the index corresponds to 150% payout, a TSR at the same level to 100% payout, a TSR of no more than 50 points below the index to 50% payout; a TSR that is more than 50 points below the index yields no payout.

The performance share units (PSUs) granted in the fiscal year 2019 had a fair value of CHF 0.73 (share price at grant date of April 1, 2019).

In case of resignation or dismissal for cause, grants are forfeited, in case of death, disability or change of control, they are vested at 100%, in case of dismissal without cause during the year of the grant, they are pro-rated, and in all other cases, grants vest at the regular vesting date.

Target, Performance and Payout per 31 December 2019 for the current programmes

LTI programme	Measure	MBTN Start	MBTN 31/12/19	MBT Total Shareholder Return 31/12/19	Index Total Shareholder Return 31/12/19	Performance 31/12/19	Payout as of 31/12/19
LTI 2017–2020	Share Price [1]	0.85	0.38			44%	**0%**
LTI 2018–2021	rTSR [2]	1.70	0.41	–76%	14%	–90%	0%
LTI 2019–2022	rTSR [2]	0.77	0.41	–46%	27%	–73%	0%

[1] Share price is measured on 1 April 2017 as the start and 31 March 2020 as the end date of the vesting period.
[2] rTSR is measured by comparing the volume-weighted average share prices (VWAPs) of 60-day periods at the beginning of the first year and the end of 2019 respectively.

The Board of Directors is authorised to amend, supplement, suspend or terminate the LTI programme at its discretion and at any point in time, including when corporate events affect the underlying shares.

In 2019, members of the Executive Board received a portion of their compensation in the form of Meyer Burger Technology Ltd stock. Grants were made to all members of the Executive Board under the LTI programme 2019. The LTI programme is financed with treasury shares.

In cases of criminal acts, fraud or misconduct, a clawback provision allows the NCC to reclaim all or part of any shares released to the participant concerned, for a period of five years after vesting.

Target, performance and payout for the current programmes are, as of Dec 31, 2019:

Benefits

The primary purpose of pension and insurance plans is to establish a level of security for employees and their dependents with respect to old age, disability and death. The level and scope of pension and insurance benefits provided are country-specific, influenced by local market practices and regulations. Meyer Burger may provide other benefits in certain countries, such as a company car or a car allowance.

Employment agreements

The employment contracts of members of the Executive Board are of unlimited duration. They provide for a notice period of 6 or 12 months. Contracts of members of the Executive Board may contain a non-competition clause for the duration of 12 months following termination of employment.

Compensation 2019

Effective compensation

The following section gives the pay components actually received in 2019, including salary and bonus payments, contributions to pension plans, fringe benefits as well as the actual value of equity plans at vesting date. This perspective reflects the income received by members of the Executive Board in 2019, which amounted to a total of CHF 2,883 thousand. The highest compensation actually received by an individual member of the Executive Board in 2019 was CHF 755 thousand.

Effective compensation of the Executive Board

2019	Fixed compensation			Variable compensation			
in TCHF	Base Salary	Pension	Other [1]	STI	LTI 2016–19 (effective value at vesting date) [2]	**Total effective compensation 2019**	Total compensation 2018
Total compensation of members of the Executive Board [3]	1 896	217	98	443	229	**2883**	2 471
Thereof highest paid to one individual: Dr Hans Brändle (CEO)	512	80	22	141	–	**755**	655

[1] Other compensation includes fringe benefits such as a car allowance or a company car.
[2] The LTI program 2016 is based on RSUs and vested in 2019.
[3] In 2019 the Executive Board was reduced to three members from previously five and a delegate of the Board of Directors. The Chief Commercial Officer and the Chief Operating Officer left the Executive Board at the end of June 2019, the delegate of the Board's function ended at the AGM in May 2019. Nevertheless, the Compensation of all members is fully reflected in the table above.

Granted compensation

The following section gives the pay components granted in 2019, including salary and bonus payments, contributions to pension plans, fringe benefits as well as the target value of equity programs at grant date. This perspective reflects the compensation potential provided to members of the Executive Board in 2019, which amounted to CHF 3,470 thousand (incl. mandatory employer contributions). The highest compensation granted to an individual member of the Executive Board in 2019 was CHF 940 thousand. The AGM in 2018 had approved a total maximum amount of compensation of the Executive Board of CHF 4,900 thousand (incl. mandatory employer contributions).

The target compensation of members of the Executive Board was not adjusted in 2019. Differences to the previous year stem from a change in the size of the Executive Board, a lower bonus payout and a lower fair value of the LTI grants.

Granted compensation of members of the Executive Board (audited)

2019	Fixed compensation			Variable compensation				
in TCHF	Base salary	Pension	Other[1]	STI	LTI 2019–22 (target value at grant date)[2]	**Total granted compensation 2019**	Total granted compensation 2019 (Market value as of Dec 31, 2019)[3]	Total granted compensation 2018
Total compensation of members of the Executive Board[4]	1 896	217	98	443	648	**3 302**	2 653	3 645
Thereof highest paid to one individual: Dr Hans Brändle (CEO)	512	80	22	141	186	**940**	754	965
Estimated mandatory employer contributions[5]						**168**	141	151

[1] Other compensation includes fringe benefits such as a car allowance or a company car.
[2] The share price at grant date in 2019 was CHF 0.69, resulting in a fair value of CHF 0.73. The performance of the LTI programme as of December 31, 2019 was 0%. The effective performance of the programme will be determined as of 1 April 2022 and disclosed as effective compensation in the remuneration report the following year.
[3] The market value at year-end is based on a share price on 1 December 2019 of CHF 0.375 and a performance of 0%.
[4] In 2019 the Executive Board was reduced to three members from previously five and a delegate of the Board of Directors. The Chief Commercial Officer and the Chief Operating Officer left the Executive Board at the end of June 2019, the delegate of the Board's function ended at the AGM in May 2019.
[5] The OaEC requires the disclosure of estimated mandatory employer contributions to social security. This amount was CHF 168 thousand in 2019 which in addition to the granted compensation of CHF 3,302 thousand resulted in a total remuneration incl mandatory contributions of CHF 3,470 thousand, compared to CHF 3,796 thousand in 2018 (CHF 3,645 thousand and CHF 151 thousand).

2018	Fixed compensation			Variable compensation		
in TCHF	Base salary	Pension	Other[1]	STI	LTI 2018–22 (target value at grant date)[2]	**Total granted compensation 2018**
Total compensation of members of the Executive Board[4]	1 445	205	57	765	1 174	**3 645**
Thereof highest paid to one individual: Dr Hans Brändle (CEO)	311	67	22	256	310	**965**
Estimated mandatory employer contributions[5]						**151**

[1] Other compensation includes fringe benefits such as a car allowance or a company car.
[2] The share price at grant date in 2018 was CHF 1.104, resulting in a fair value of CHF 1.22
[3] The OaEC requires the disclosure of estimated mandatory employer contributions to social security. This amount was CHF 151 thousand in 2018 which in addition to the granted compensation of CHF 3,645 thousand resulted in a total remuneration incl mandatory contributions of CHF 3,796 thousand.

During 2019, no compensation was paid to former members of the Executive Board or related parties, either by Meyer Burger Technology Ltd or by any other company of the Meyer Burger Group.

Current or former members of the Executive Board did not receive any fees or other remuneration for additional services to Meyer Burger or its subsidiaries in the 2019 business year.

Neither Meyer Burger nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Executive Board or related parties in 2019 or 2018.

During 2019, no compensation was paid to related parties, either by Meyer Burger Technology Ltd or by any other company of the Meyer Burger Group.

Share ownership and related instruments

The overview of share ownership as per December 31, 2019 includes the number of shares, performance stock units and restricted stock units held by the members of the Board of Directors and the Executive Board. For the disclosure required under Art. 663c Para. 3 of the Swiss Code of Obligations, please see page 114.

Share Ownership as of 31 December 2019

Name	No of shares	No of performance share units [1]	No of restricted stock units [2]
Members of the Board of Directors			
Remo Lütolf	–	–	70 009
Dr Franz Richter	21 615	–	159 441
Hans-Michael Hauser	–	–	97 649
Andreas Herzog	–	–	28 004
Total	**21 615**	**–**	**355 103**
Members of the Executive Board			
Dr Hans Brändle	100 000	873 023	182 353
Manfred Häner	–	215 452	–
Dr Gunter Erfurt	60 525	344 911	70 588
Total	**160 525**	**1 433 386**	**252 941**

[1] The fair value in 2019 was CHF 0.73, in 2018 it was CHF 1.22 and in 2017 it was CHF 0.85.
[2] The fair value in 2019 was CHF 0.685 (April 1, 2019) except for new members, for whom it was CHF 0.738 (May 3, 2019), in 2018 it was CHF 1.104 and in 2017 it was CHF 0.85.

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

Thun

We have audited the remuneration report of Meyer Burger Technology AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled 'audited' on page 50 and 54 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Meyer Burger Technology AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rolf Johner

Audit expert
Auditor in charge

Yvonne Burger

Audit expert

Bern, 12 March 2020

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Consolidated Balance Sheet

in TCHF	Notes	31.12.2019		31.12.2018	
Assets					
Current assets					
Cash and cash equivalents		35 548		89 799	
Trade receivables	2.1	14 431		26 377	
Other current receivables	2.2	46 898		14 850	
Net receivables from production contracts	2.3	35 137		6 961	
Inventories	2.4	46 795		78 564	
Prepaid expenses and accrued income	2.5	3 857		10 117	
Total current assets		**182 666**	**66.5%**	**226 669**	**64.9%**
Non-current assets					
Financial assets	2.6	10 915		591	
Investments in associates	2.7	27 158		–	
Property, plant and equipment	2.8	32 859		82 274	
Intangible assets	2.9	5 800		11 930	
Deferred tax assets	2.14	15 212		27 689	
Total non-current assets		**91 944**	**33.5%**	**122 485**	**35.1%**
Total assets		**274 610**	**100.0%**	**349 153**	**100.0%**
Liabilities and equity					
Liabilities					
Current liabilities					
Financial liabilities	2.10	26 186		331	
Trade payables		17 274		17 331	
Net liabilities from production contracts	2.3	6 774		5 794	
Customer prepayments	2.4	7 182		34 422	
Other liabilities	2.11	3 084		4 160	
Provisions	2.12	11 179		13 762	
Accrued expenses and prepaid income	2.13	21 959		32 946	
Total current liabilities		**93 638**	**34.1%**	**108 747**	**31.1%**
Non-current liabilities					
Financial liabilities	2.10	1 889		55 298	
Other liabilities	2.11	748		2 231	
Provisions	2.12	794		309	
Deferred tax liabilities	2.14	1 381		857	
Total non-current liabilities		**4 812**	**1.8%**	**58 695**	**16.8%**
Total liabilities		**98 450**	**35.9%**	**167 442**	**48.0%**
Equity					
Share capital	2.15	34 259		31 144	
Capital reserves		1 001 228		968 324	
Treasury shares	2.15	–5 610		–8 741	
Reserve for share-based payments		4 283		4 307	
Accumulated losses		–858 000		–813 324	
Total equity		**176 160**	**64.1%**	**181 711**	**52.0%**
Total liabilities and equity		**274 610**	**100.0%**	**349 153**	**100.0%**

The Notes starting on page 63 are an integral part of the consolidated financial statements.

Consolidated Income Statement

in TCHF	Notes	1.1.–31.12.2019		1.1.–31.12.2018	
				restated	
Net sales	**2.16/2.17/2.18**	**262013**	**100.0%**	**406967**	**100.0%**
Other operating income	2.19	38749		12680	
Currency translation gains and losses on trade receivables and customer prepayments	4.3	2059		3938	
Income		**302821**		**423585**	
Changes in inventories of finished and semi-finished products and machines before acceptance		–22761		–35169	
Cost of products and work in process		–152286		–187980	
Capitalised goods and services	2.8/2.9	2119		1404	
Operating income after costs of products and services	**1.1**	**129893**	**49.6%**	**201841**	**49.6%**
Personnel expenses	2.20	–104364		–126290	
Operating expenses	2.21	–39000		–48766	
Earnings before interests, taxes, depreciation and amortisation (EBITDA)	**1.1**	**–13471**	**–5.1%**	**26784**	**6.6%**
Depreciation and impairment on property, plant, equipment	2.8	–10087		–11942	
Depreciation and impairment on intangible assets	2.9	–5077		–12404	
Earnings before interests and taxes (EBIT)	**1.1**	**–28635**	**–10.9%**	**2438**	**0.6%**
Financial result	2.22	–7914		–9815	
Result from investment in associates	2.7	–2971			
Ordinary result		**–39520**	**–15.1%**	**–7377**	**–1.8%**
Non-operating result	2.23	4013		–	
Earnings before income taxes		**–35507**	**–13.6%**	**–7377**	**–1.8%**
Income taxes	2.14	–4143		–52061	
Result		**–39650**	**–15.1%**	**–59437**	**–14.6%**
Attributable to					
Shareholders of Meyer Burger Technology Ltd		–39650		–59437	
in CHF					
Earnings per share					
Basic earnings per share	4.4	–0.06		–0.10	
Diluted earnings per share	4.4	–0.06		–0.10	

The consolidated income statement for the period from 1.1.–31.12.2018 was restated as outlined in detail in note 1.6.
The Notes starting on page 63 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

in TCHF

	Attributable to shareholders of Meyer Burger Technology Ltd	
	Share capital	Capital reserves
Notes	2.15	
Equity at 1.1.2018	**31 049**	**966 460**
Result	–	–
Currency translation differences recognised in reporting period	–	–
Goodwill recycling	–	–
Conversion of convertible bond	96	1 599
Purchase of treasury shares	–	–
Sale/use of treasury shares	–	10
Share-based payments	–	–
Issuance of shares for employees and transfer to the plan participants after vesting period	–	–
Reclassification	–	255
Equity at 31.12.2018	**31 144**	**968 324**
Result	–	–
Currency translation differences recognised in reporting period	–	–
Capital increase	3 114	34 259
Costs of capital increase	–	–1 457
Goodwill recycling	–	–
Goodwill offset	–	–
Sale/use of treasury shares	–	–18
Share-based payments	–	–
Transfer of shares for employees to the plan participants after vesting period	–	–
Reclassification	–	120
Equity at 31.12.2019	**34 259**	**1 001 228**

The Notes starting on page 63 are an integral part of the consolidated financial statements.

Attributable to shareholders of Meyer Burger Technology Ltd						
Treasury shares	**Reserve for share-based payments**	Currency translation differences	Offset goodwill	Other retained earnings	**Accumulated losses**	**Total equity**
2.15			**2.9**			
–5179	**2319**	**–22912**	**–214564**	**–514215**	**–751692**	**242957**
–	–	–	–	–59437	**–59437**	**–59437**
–	–	–3205	–	–	**–3205**	**–3205**
–	–	–	1010	–	**1010**	**1010**
–	–	–	–	–	**–**	**1695**
–4124	–	–	–	–	**–**	**–4124**
122	–	–	–	–	**–**	**132**
–	2684	–	–	–	**–**	**2684**
519	–519	–	–	–	**–**	**–**
–79	–177	–	–	–	**–**	**–**
–8741	**4307**	**–26117**	**–213555**	**–573652**	**–813324**	**181711**
–	–	–	–	–39650	**–39650**	**–39650**
–	–	–1351	–	–	**–1351**	**–1351**
–	–	–	–	–	**–**	**37373**
–	–	–	–	–	**–**	**–1457**
–	–	–	5724	–	**5724**	**5724**
–	–	–	–9400	–	**–9400**	**–9400**
48	–	–	–	–	**–**	**30**
–	3180	–	–	–	**–**	**3180**
2145	–2145	–	–	–	**–**	**–**
939	–1059	–	–	–	**–**	**–**
–5610	**4283**	**–27468**	**–217231**	**–613302**	**–858000**	**176160**

Consolidated Cash Flow Statement

in TCHF	Notes	1.1.–31.12.2019	1.1.–31.12.2018
Result		**–39 650**	**–59 437**
Result from associates	2.7	2 971	–
Depreciation and amortisation	2.8/2.9	13 770	23 148
Impairment/reversal of impairment on non-current assets	2.8/2.9	2 195	1 198
Gains/losses from sale of fixed assets and business activities		–34 780	2 475
Deferred income taxes	2.14	3 963	47 679
Decrease (+) / increase (–) in other (non-current) assets		–346	1 000
Increase (+) / decrease (–) in (non-current) provisions	2.12	524	–198
Increase (+) / decrease (–) in other (non-current) liabilities		–765	–751
Decrease (+) / increase (–) in trade receivables	2.1	6 356	4 466
Decrease (+) / increase (–) in net assets from construction contracts	2.3	–28 176	–5 824
Decrease (+) / increase (–) in inventories	2.4	7 494	–419
Decrease (+) / increase (–) in other receivables and accruals	2.2	1 985	8 231
Increase (+) / decrease (–) in (current) provisions	2.12	–1 331	–1 648
Increase (+) / decrease (–) in (current) financial liabilities	2.10	–104	3
Increase (+) / decrease (–) in trade payables		579	–11 947
Increase (+) / decrease (–) in customer prepayments		–16 212	–32 184
Increase (+) / decrease (–) in other (current) liabilities and deferrals	2.11/2.13	–8 448	–6 321
Other non-cash related changes		6 482	7 162
Cash flow from operating activities		**–83 493**	**–23 369**
Investments in property, plant and equipment	2.8	–6 894	–4 986
Sale of property, plant and equipment	2.8	6 606	510
Investments in investment property	2.8	–439	–
Sale of investment property	2.8	26 292	–
Investments in intangible assets	2.9	–236	–824
Investments in associates	1.4	–2 157	–
Sale of wafering business activities	1.4	50 000	–
Sale of business activities AIS Automation Dresden GmbH	1.4	11 882	–
Sale of business activities Solar Systems	2.19	800	200
Increase in bank deposits with restricted use		–26 278	–
Cash flow from investment activities		**59 576**	**–5 100**
Purchase of treasury shares		–	–4 124
Cost of increase in share capital		–1 457	–
Repayment of (current) financial liabilities		–1	–
Increase of (non-current) financial liabilities		2 001	–
Repayment of (non-current) financial liabilities		–30 066	–994
Cash flow from financing activities		**–29 523**	**–5 118**
Change in cash and cash equivalents		**–53 440**	**–33 587**
Cash and cash equivalents at beginning of period		**89 799**	**124 700**
Currency translation differences on cash and cash equivalents		**–811**	**–1 314**
Cash and cash equivalets at the end of the period		**35 548**	**89 799**

The Notes starting on page 63 are an integral part of the consolidated financial statements.

Cash and cash equivalents include all cash, postal and bank account balances, cheques and notes receivable as well as time deposits with an original maturity of up to 90 days. Cash and cash equivalents are measured at nominal value.

Notes to the consolidated Financial Statements

1 General information

1.1 Accounting policies

Meyer Burger Technology Ltd is a public limited company constituted in accordance with Swiss law. The address of the company's registered office is Schorenstrasse 39, 3645 Gwatt/Thun, Switzerland. Meyer Burger Technology Ltd registered shares (ticker: MBTN) are listed on the SIX Swiss Exchange in Zurich. The fiscal year of Meyer Burger Technology Ltd runs from 1 January to 31 December.

The Board of Directors approved these consolidated financial statements for issue on 11 March 2020. They will be submitted for approval to the Annual General Meeting to be held on 13 May 2020.

The Group currency (reporting currency) is the Swiss Franc (CHF). The consolidated financial statements are presented in thousands of Swiss Francs.

The consolidated annual financial statements have been prepared in accordance with the complete set of existing standards of Swiss GAAP FER and give a true and fair view of financial position, cash flows and results of operations The provisions of Swiss law have also been complied with.

Meyer Burger uses certain key figures to measure its performance that are not defined by Swiss GAAP FER. As these key figures are not defined by Swiss GAAP FER, there might be limited comparability to similar figures presented by other companies. In order to better explain these key figures, the following definitions are presented:

• "Operating income after costs of products and services" corresponds to total income including other operating income, e.g. gain from sale of group companies less changes in inventories or finished and semi-finished products and machines before acceptance, cost of products and work in progress and capitalised goods and services.

• "EBITDA" corresponds to the operating result (EBIT) before depreciation on tangible fixed assets and amortization on intangible assets, the financial result, the result from investment in associates, the non-operating result and income taxes.

• "EBIT" corresponds to the operating result, before the financial result, the result from investment in associates, the non-operating result and income taxes.

In a media release dated 13 June 2018, SIX Exchange Regulation announced that it has filed a motion with the Sanction Commission against Meyer Burger Technology Ltd in connection with the application and interpretation of Swiss GAAP FER accounting standards relating to the closing of DMT (Diamond Materials Tech, Inc.) activities and the treatment of acquired interests in the Meyer Burger 5% bond. The annual financial statements for 2016 and the half-year financial statements for 2017 were investigated. The procedure was closed by the decision of the arbitration court dated 20 January 2020. In line with this decision a restatement is made for the extraordinary profit and loss disclosed in Meyer Burger's financial statements 2018 and a corrected income statement for 2016 and 2017 is presented for comparability as detailed in note 1.6. The restatement and correction only reflect the reclassification from extraordinary items to operating items and accordingly do not impact the net result, balance sheet or cash flow statement.

1.2 Principles of consolidation

Group companies are all companies in which Meyer Burger Technology Ltd either directly or indirectly holds more than half of the voting rights or over which it has control in another form. New group companies are fully consolidated from the time at which control of the company is transferred to Meyer Burger. They are deconsolidated at the point in time at which control ceases.

Assets and liabilities as well as income and expenses of these companies are fully consolidated. All intercompany transactions, balances, and unrealised gains and losses resulting from intercompany transactions are eliminated.

Companies in which Meyer Burger Ltd has a non-controlling interest of at least 20% but less than 50%, or over which it otherwise has significant influence, are accounted for using the equity method and are included in the consolidated financial statements as investments in associates.

Preparation of the consolidated financial statements requires that the Board of Directors and management make estimates and assumptions that could affect the reported amounts of income and expenses, assets and liabilities and contingent liabilities at the time of the preparation of the accounts. If such estimates and assumptions, which were made to the best of Board of Directors and management's knowledge at the time of the preparation of the accounts, deviate from actual events, the original estimates and assumptions are updated accordingly in the reporting period in which the altered circumstances arise.

These consolidated financial statements are published in English only and therefore are the legally binding version.

1.3 Scope of consolidation

The scope of consolidation comprises of the following companies:

Consolidated companies				Participation[1]	
Company	Registered office	Currency	Share capital	31.12.2019	31.12.2018
AIS Automation Dresden GmbH[3]	Dresden, Germany	EUR	51 000	0.00%	100.00%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	100.00%	100.00%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger (Singapore) Pte. Ltd	Singapore, Singapore	SGD	1	100.00%	100.00%
MB Systems Co. Ltd	Seoul, Korea	KRW	4 371 500 000	100.00%	100.00%
MBT Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MBT Systems Ltd	Delaware, USA	USD	1	100.00%	100.00%
Meyer Burger (Germany) GmbH	Hohenstein-Ernstthal, Germany	EUR	16 207 045	100.00%	100.00%
Meyer Burger (Italy) S.r.l.	Milan, Italy	EUR	10 000	100.00%	100.00%
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	100.00%	100.00%
Meyer Burger (Switzerland) Ltd	Thun, Switzerland	CHF	500 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	100.00%	100.00%
Meyer Burger GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger India Private Ltd	Pune, India	INR	18 552 930	100.00%	100.00%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research AG	Hauterive, Switzerland	CHF	100 000	100.00%	100.00%
Meyer Burger Sdn. Bhd.	Cyberjaya, Malaysia	MYR	1 000 000	100.00%	100.00%
Meyer Burger Systems (Shanghai) Co. Ltd	Shanghai, China	CNY	37 460 922	100.00%	100.00%
Meyer Burger Technology Ltd	Thun, Switzerland	CHF	34 258 692	Parent company	
Meyer Burger Trading (Shanghai) Co. Ltd	Shanghai, China	CNY	1 655 400	100.00%	100.00%
Muegge GmbH	Reichelsheim, Germany	EUR	400 000	100.00%	100.00%
Oxford Photovoltaics Limited	London, United Kingdom	GBP	3733	19.76%	0.00%
Oxford PV Germany GmbH	Brandenburg an der Havel, Germany	EUR	25 000	19.76%	0.00%
Pasan SA	Neuchâtel, Switzerland	CHF	102 000	100.00%	100.00%
Somont GmbH	Umkirch, Germany	EUR	30 000	0.00%	100.00%

[1] The share of equity corresponds to the share of voting rights.

Changes in scope of consolidation

During the year under review, the scope of consolidation has changed as follows

Merged companies

Company	Registered office	Currency	Share capital	Participation 31.12.2019	Participation 31.12.2018
Somont GmbH[2]	Umkirch, Germany	EUR	30000	–	100.00%

[2] Somont GmbH was retrospectively merged into Meyer Burger GmbH per 1.1.2019.

Sold companies

Company	Registered office	Currency	Share capital	Participation 31.12.2019	Participation 31.12.2018
AIS Automation Dresden GmbH[3]	Dresden, Germany	EUR	51000	0.00%	100.00%

[3] AIS Automation Dresden GmbH was sold in October 2019.

Acquired companies

Company	Registered office	Currency	Share capital	Participation 31.12.2019	Participation 31.12.2018
Oxford Photovoltaics Limited[4]	London, United Kingdom	GBP	3733	19.76%	0.00%
Oxford PV Germany GmbH[4]	Brandenburg an der Havel, Germany	EUR	25000	19.76%	0.00%

[4] Oxford Photovoltaics Limited and its subsidiary Oxford PV Germany GmbH are associates consolidated at equity since its acquisition in March 2019.

Absorption of Somont GmbH

Somont GmbH, Umkirch, Germany, was merged into Meyer Burger GmbH, Zülpich, Germany as per 8 August 2019. The transaction did not lead to any changes in control over the underlying assets respectively business.

Sale of Wafering Business

On 7 February 2019, Meyer Burger announced the sale of its wafering and service business for photovoltaic and special materials (e.g. semiconductor and sapphire glass industry) to Precision Surfacing Solutions (PSS). This transaction was completed in April 2019.

Meyer Burger Wafering Technologies GmbH was founded in connection with the sale of the wafering business as a company established under Swiss law located in Gwatt/Thun, Switzerland. After the transfer of the wafering business, the company was sold and left the scope of consolidation end of April 2019. The wafering business contributed third-party sales of CHF 5.9 million and an ordinary result of CHF -1.2 million to the group result for the 4 months in 2019.

Based on the sales price of CHF 50.0 million received in cash, the gain from the sale of the wafering business is included in the line item “other operating income” and amounts to CHF 27.1 million including additional cost of CHF 0.2 million recognised in the second half year of 2019. The sales price consists of a cash receipt and a possible earn-out component. As of 30 June 2019 no additional income from the sale is expected.

Sale of AIS Automation Dresden GmbH

On 24 October 2019 Meyer Burger announced the sale of AIS Automation Dresden GmbH, Dresden, Germany. AIS offers its customers innovative, flexible and cost-effective software solutions in the area of automation technology and information technology. The transaction was completed in November 2019.

AIS Automation Dresden GmbH was deconsolidated on November 15, 2019 with sales of CHF 11.3 million and an ordinary result of CHF 0.1 million for the 10½ months in 2019. As a result of the divestment, all assets and liabilities of the formerly fully owned entity were deconsolidated.

The transaction resulted in a gain from sale of investment of CHF 2.6 million recognised in other operating income. A historic goodwill of CHF 5.7 million was recycled in the turn of the transaction and is included in the result of the transaction in the line item “other operating income”.

Acquisition of participation in Oxford Photovoltaics Limited

In March 2019, Meyer Burger acquired 67,403 shares of Oxford Photovoltaics Limited, London, United Kingdom. The transaction price was settled in Meyer Burger shares with a total value of CHF 37.3 million originating from the capital increase in March 2019 and includes directly allocated costs of CHF 1.2 million. In July 2019, Meyer Burger called its option to buy 1,729 additional shares for a cash consideration of CHF 1.0 million. As of 31 December 2019, the 69.132 shares held correspond to 19.76% of ordinary shares of Oxford Photovoltaics Limited. Oxford Photovoltaics Limited was founded in 2010 as a spin-out from University of Oxford in the United Kingdom and has developed perovskite tandem solar cells, which form the basis of the strategic partnership with Meyer Burger.

Due to the strategic partnership in the industrialisation of Oxford Photovoltaics Limited's technologies and Board membership of a Meyer Burger representative, significant influence of Meyer Burger over Oxford Photovoltaics Limited was identified and thus the investment is classified as an associated company and included in the scope of consolidation at equity since its acquisition on 28 March 2019 including its fully-owned subsidiary Oxford PV Germany GmbH. The purchase price allocation was finalized in 2019. The investment value of CHF 39.6 million was allocated to the acquired net asset value as reflected in the company's financial statements and to additionally identified intangible assets, specifically technologies, of CHF 30.2 million and included a goodwill of CHF 9.4 million.

The proportionate loss of Oxford Photovoltaics Limited recognized in 2019 amounts to CHF 3.0 million and is separately shown in the consolidated income statement as result from investments in associates.

Announced divestment of PiXDRO business:

On 20 December 2019, Meyer Burger announced the sale of the inkjet printing business (PiXDRO) located within Meyer Burger (Netherlands) B.V., Eindhoven, Netherlands. The transaction is expected to be completed in the first quarter of 2020.

The inkjet printing business (PiXDRO) generated annual sales of around CHF 8 million. A provision for onerous contracts, mainly for onerous customer contracts and rent payments, is included in these financial statements.

1.4 Foreign currency translation of financial statements of subsidiaries in foreign currencies

Individual group companies compile their financial statements in local currency (functional currency). Assets and liabilities in balance sheets prepared in foreign currencies are translated into Swiss francs at the closing rate on the reporting date. Equity is translated at historical rates and income, expenses and cash flows at the average rate for the year. Foreign currency translation differences arising from the application of this method are offset against retained earnings or accumulated losses without affecting the income statement.

Other translation differences, including those from foreign currency transactions of operating activity, are recognized in the income statement.

Intercompany loans are considered as liabilities as long as future positive cash flows are expected and no decision has been taken to convert them into equity or debt waivers. A semi-annual reassessment of the subsidiaries' capital situation is carried out and the share of intercompany loans with equity character is analysed. Foreign currency effects attributable to these long-term intercompany loans with equity character are recognised directly in equity. The currency differences recognised in equity are derecognised only in the event of a disposal or liquidation of the company.

The following translation rates into Swiss francs were used during the year under review:

Foreign currency exchange rates	Unit	Closing rate 2019	Closing rate 2018	Average rate 2019	Average rate 2018
Euro (EUR)	1	1.0854	1.1269	1.1124	1.1550
US Dollar (USD)	1	0.9662	0.9858	0.9937	0.9786
British Pound (GBP)	1	1.2757	1.2555	1.2674	1.3057
Chinese Yuan Renminbi (CNY)	100	13.8789	14.3580	14.3811	14.7996
Japanese Yen (JPY)	100	0.8901	0.8984	0.9118	0.8859
Indian Rupee (INR)	100	1.3536	1.4119	1.4111	1.4318
South-Korean Won (KRW)	100	0.0837	0.0883	0.0852	0.0889
Malaysian Ringgit (MYR)	100	23.6198	23.8545	23.9885	24.2503
Singapore Dollar (SGD)	1	0.7183	0.7232	0.7284	0.7253
Taiwan Dollar (TWD)	100	3.2265	3.2071	3.2155	3.2460

1.5 Business combinations

Capital consolidation is based on the acquisition method. For the first-time consolidation, the acquired identifiable assets and the assumed liabilities of an acquired company are measured at fair value. At the time of control being assumed, goodwill is calculated as the difference between the acquisition cost (measured at fair value) and the amount of acquired net assets. Goodwill is offset directly against equity (retained earnings) at the time of the acquisition and recycled through profit and loss upon the sale or discontinuation of the respective business activities. In accordance with Swiss GAAP FER rules, the effects of any theoretical capitalization (purchase price, residual value, useful life, and amortisation and impairment) are disclosed in the notes as a shadow account (note 2.9).

1.6 Impact of the decision of the Court of Arbitration of SIX Swiss Exchange

With the ruling of the arbitration court of the SIX Swiss Exchange dated 20 January 2020, the ongoing dissent between Meyer Burger Technology AG and the SIX Swiss Exchange AG was settled. Meyer Burger Technology AG had reported certain financial effects of the discontinuation of the wire production of diamond wires at the site of Diamond Materials Tech. Inc. (DMT) of CHF 3.1 million on an accrual basis in the 2016 consolidated financial statements and in accordance with the relevant provisions of Swiss GAAP FER as confirmed by the arbitration court of the SIX Swiss Exchange. The respective decision of the Sanctions Commission of SIX Swiss Exchange AG of 8 October 2018, came to the opposite conclusion, was revoked by the announcement of the arbitration court.

Furthermore, the arbitration court, as the Sanctions Commission, came to the conclusion that the effects of the closure and the impairment of the assets of DMT of CHF 11.9 million in total should have been reported in the ordinary result and not in the extraordinary result of the 2016 annual financial statements.

Based on the arbitration court's decision and its interpretation of the Swiss GAAP FER, Meyer Burger reconsidered the accounting policy for extraordinary items and concluded to correct and restate the classification of such items in the 2018 consolidated financial statements as shown in the table below. In addition, the table discloses the effects that the revised and corrected accounting policy would have had on the 2017 and 2016 income statements. The restatement and corrections only affected the line items reported in the income statement and had no effects on the Group's net result, balance sheet, equity and cash flow in the reporting periods under consideration.

In line with this interpretation, also other transactions previously classified as extraordinary, including restructuring initiatives from 2017 to 2019 and the result from the sale of the wafering business in 2019, would not have been deemed to be unexpected and thus not extraordinary. Accordingly, these transactions were also reclassified within the income statement to the respective line items in the operating result. The comparative amounts for the year 2018 in note 2.20 Personnel Expenses are presented in accordance to the restatement.

The restatement for the year 2018 and corrections for the years 2017 and 2016 are outlined below.

Consolidated Income Statement

in TCHF	1.1.– 31.12.2018 as reported	Restatement	1.1.– 31.12.2018 restated	1.1.– 31.12.2017 as reported	Correction	1.1.– 31.12.2017 corrected	1.1.– 31.12.2016 as reported	Correction	1.1.– 31.12.2016 corrected
Net sales	**406 967**		**406 967**	**473 256**		**473 256**	**453 105**		**453 105**
Other operating income	12 680		12 680	5 300	4 506	9 806	6 835		6 835
Currency translation gains and losses on trade receivables and customer prepayments	3 938		3 938	–14 492		–14 492	1 419		1 419
Income	**423 585**		**423 585**	**464 065**	**4 506**	**468 571**	**461 359**		**461 359**
Changes in inventories of finished and semi-finished products as well als machines before acceptance	–35 373	204	–35 169	–6 233	–7 435	–13 668	–12 932	–6 651	–19 583
Cost of products and work in process	–188 854	874	–187 980	–268 174	–7 507	–275 681	–243 494		–243 494
Capitalised services	1 404		1 404	5 161		5 161	6 326		6 326
Operating income after costs of products and services	**200 763**	**1 078**	**201 841**	**194 818**	**–10 436**	**184 382**	**211 260**	**–6 651**	**204 609**
Personnel expenses	–125 899	–391	–126 290	–135 716	–5 644	–141 360	–150 537		–150 537
Operating expenses	–48 766		–48 766	–46 738	–22 500	–69 238	–50 193	–510	–50 703
Earnings before interests, taxes, depreciation and amortisation (EBITDA)	**26 097**	**687**	**26 784**	**12 364**	**–38 580**	**–26 216**	**10 530**	**–7 161**	**3 369**
Depreciation and impairment on property, plant, equipment	–11 942		–11 942	–12 400	–7 470	–19 870	–20 332	–4 296	–24 628
Depreciation and impairment on intangible assets	–12 404		–12 404	–19 272	–2 720	–21 992	–34 554	–409	–34 963
Earnings before interests and taxes (EBIT)	**1 751**	**687**	**2 438**	**–19 308**	**–48 770**	**–68 078**	**–44 355**	**–11 866**	**–56 221**
Financial result	–9 815		–9 815	–10 346	–45	–10 391	–20 283		–20 283
Ordinary result	**–8 064**	**687**	**–7 377**	**–29 654**	**–48 815**	**–78 468**	**–64 638**	**–11 866**	**–76 504**
Non-operating result	–		–	–		–	–		–
Extraordinary result	687	–687	–	–48 834	48 834	–	–11 866	11 866	–
Earnings before taxes	**–7 377**	**–**	**–7 377**	**–78 488**	**19**	**–78 468**	**–76 504**	**–**	**–76 504**
Income taxes	–52 061		–52 061	–851	–19	–870	–20 640		–20 640
Result	**–59 437**	**–**	**–59 437**	**–79 339**	**–**	**–79 339**	**–97 144**	**–**	**–97 144**

2 Notes to the consolidated financial statements

2.1 Trade receivables

in TCHF	31.12.2019	31.12.2018
Trade receivables (gross)	21 268	37 858
Allowances	–6 837	–11 481
Trade receivables	**14 431**	**26 377**

Meyer Burger Group has not pledged any receivables to third parties as collateral. The maximum credit risk for Meyer Burger Group corresponds in every case to the carrying amount of the receivables recognised.

The allowances consist entirely of individual allowances relating to a small number of customers, estimated based on these customers’ solvency (31 December 2018: additional flat-rate adjustment of TCHF 23).

Receivables from related parties are disclosed separately in Note 4.8.

Accounting Policies

In most cases, Meyer Burger produces machines in exchange for prepayments made by its customers. At the time of delivery to customers, these prepayments generally account for around 70%–80% of the contract value. When the project is completed and the final acceptance is issued by the customer on its premises, the prepayments are offset and only the final payment due is recognised as a trade receivable. Consequently, the trade receivables recognised only include the residual receivable not covered by the prepayments made. Generally, no prepayments are received for services supplied; accordingly, receivables relating to services usually cover the full contract value.

Trade receivables are measured at nominal value less any allowances. Individual allowances are generally considered based on the specific debtor risks and other known risks. An allowance can also be made on a portfolio basis where this is deemed appropriate based on historical experience. In such cases, the risk pattern is regularly assessed and adjusted where necessary.

Changes to valuation allowances for doubtful receivables and real losses on receivables are recognised under other operating expenses.

2.2 Other current receivables

in TCHF	31.12.2019	31.12.2018
Prepayments to suppliers	7877	5478
Bank balances with restricted use	26278	–
Other receivables	12743	10429
Allowances	–	–1057
Other receivables	**46898**	**14850**

As per 31 December 2019, the balance sheet position other current receivables mainly consist of the deposit used as securitisation for Meyer Burger's guarantee line shown as bank balances with restricted use of CHF 26.3 million.

Other receivables, as per 31 December 2019 and 31 December 2018, include receivables, such as VAT receivables, receivables from social security or deposits. In addition, as per 31 December 2019, it includes the short-term portion of receivables from the sale of the headquarter building in Thun of CHF 1.0 million.

Accounting Policies

Other current receivables include receivables such as e.g. VAT credits, withholding tax credits, social security receivables, etc.. Prepayments made to suppliers are also included in this category.

Other receivables are measured at nominal value less any allowances.

2.3 Net receivables and liabilities from production contracts

in TCHF	31.12.2019	31.12.2018
Work in process	86837	66978
Customer prepayments	–58474	–65811
Net production contracts	**28363**	**1167**
thereof		
Net receivables from production contracts	35137	6961
Net liabilities from production contracts	–6774	–5794
Additional information		
Net sales from the PoC method (income statement)	65856	51332

Accounting Policies

Production contracts are contracts for the production of customer-specific assets or groups of assets that normally extend over several months.

Production contracts are measured using the percentage-of-completion (PoC) method where these contracts have a material impact on total sales or income. The stage of completion is calculated individually for each production contract and is equal to the proportion that contract costs incurred for work performed up to the reporting date to the estimated total production costs. Accrued costs and realised net revenue calculated based on the stage of completion are recognised on an ongoing basis in the income statement.

If the outcome of a production contract can be estimated reliably, a proportion of profit is realised. If the earnings cannot yet be estimated reliably, sales are recognised in the amount of the costs already incurred.

The accrued costs plus the proportion of profit (if this can be estimated reliably) minus customer prepayments are reported in the balance sheet as net assets or net liabilities from production contracts.

An allowance is considered covering the full amount of anticipated losses. If the impairment is higher than the value of the asset, a provision is created in the amount of the difference.

2.4 Inventories

in TCHF	31.12.2019	31.12.2018
Raw materials, purchased parts, goods for resale	43213	70650
Semi-finished goods and work in progress	21013	42735
Finished goods	1860	14719
Machines before acceptance	33017	52538
Customer prepayments	–25290	–48230
Value adjustment inventories	–27018	–53848
Inventories	**46795**	**78564**

Accounting Policies

Inventories

Depending on the stage of completion of the individual products and their purpose, inventories are categorised into raw materials, purchased parts and goods for resale, semi-finished goods and work in progress, finished goods and machinery before acceptance. Machinery before acceptance is recognised from the delivery of a machine to the time of final acceptance by the customer.

Raw materials, purchased parts and goods for resale are measured at the lower of weighted-average cost or net realisable value. Semi-finished goods and work in progress, finished goods as well as machinery before acceptance are measured at the lower of production cost or net realisable value. Cash discounts are treated as reductions in purchase price. Net realisable value is the estimated selling price less estimated cost of completion and direct selling cost.

Allowances are considered for overly high levels of inventories that most likely cannot be sold, for inventories where there is no or virtually no inventory turnover, and for damaged and unsellable inventories.

Customer prepayments

A prepayment is a non-interest-bearing payment made by a customer under an existing contract for production and/or delivery of products.

Customer prepayments are recognised at amortised cost, which is the nominal value.

Customer prepayments directly attributable to a machine or a long-term production contract are recognized directly as deductions in inventories or in long-term production contracts. The prepayments are only offset against inventories up to the maximum amount of the value of the goods carried in the balance sheet or the long-term production contract.

Prepayments for which no manufacturing costs have yet been incurred for the production of machinery or prepayments that exceed the value of the manufacturing costs already incurred are reported in current liabilities.

2.5 Prepaid expenses and accrued income

in TCHF	31.12.2019	31.12.2018
Prepaid expenses and accrued income	3836	9491
Receivables from current income taxes	21	626
Prepaid expenses and accrued income	**3857**	**10117**

Prepaid expenses and accrued income include positions from the due course of business, such as prepaid rent, insurance and other cost as well as accrued rental income.

Accounting Policies

Prepaid expenses and accrued income are measured at nominal value less any allowances.

2.6 Financial assets

in TCHF	31.12.2019	31.12.2018
Other non-current receivables	10915	591
Financial assets	**10915**	**591**

As per 31 December 2019, the other non-current receivables mainly comprise of the long-term portion of receivables from the sale of the headquarter building in Thun of CHF 10.2 million.

Accounting Policies

Financial assets include loan receivables and other long-term receivables from third parties.

Financial assets are initially measured at nominal value. Subsequent measurement is at nominal values less any necessary impairment. Amounts are discounted if the effect is material.

2.7 Investments in associates

The position consists of the investment in the associated company Oxford Photovoltaics Limited. In 2019, Meyer Burger acquired 69,132 shares at an investment value of CHF 39.6 million equalling 19.76% of ordinary shares of Oxford Photovoltaics Limited. Due to the strategic partnership in the industrialisation of Oxford Photovoltaics Limited's technologies and Board membership of a Meyer Burger representative, significant influence of Meyer Burger over Oxford Photovoltaics Limited was identified and thus the investment is classified as an associated company and included in the scope of consolidation at equity since its acquisition on 28 March 2019 including its fully-owned subsidiary Oxford PV Germany GmbH.

The investment value of CHF 39.6 million was allocated to the net asset value as reflected in the company's financial statements and to additionally identified assets, specifically technologies, of CHF 30.2 million and included a goodwill of CHF 9.4 million. The proportionate loss of Oxford Photovoltaics Limited recognized in 2019 amounts to CHF 3.0 million and is separately shown in the consolidated income statement as result from investments in associates. Accordingly the investment value per 31 December 2019 amounted to CHF 27.2 million.

Transactions with the associate are disclosed in note 4.8.

There are no further investments in associates.

Accounting Policies

An entity's holding of between 20% and 50% of the voting rights is normally presumed to be an investment in an associated company. Nonetheless, a holding of less than 20% of the voting rights can also represent an investment in an associated company, if the entity is able to exercise significant influence.

Investments in associated companies are accounted for using the equity method. The acquired investment is recognised at cost upon initial recognition of an investment in an associated company. A goodwill, if any, is directly offset against equity. The investment in the associated company is adjusted thereafter for post-acquisition changes in the investor's proportionate share of net assets, mainly the proportionate share of result of the associate. The accounting policies of the associate are adjusted where necessary in order to ensure consistency with the accounting policies of the Group. Material unrealised gains and losses from transactions with associated companies are eliminated to the extent of the Group's participation in the associated company.

2.8 Property, plant and equipment

in TCHF	Land and buildings	Equipments	Machines	IT	Vehicles	Assets under construction	Total Property, plant and equipment	Investment property – land and buildings	Total investment Property
Purchase price									
Balance as of 1.1.2018	**75355**	**28952**	**61407**	**3197**	**960**	**2033**	**171904**	**–**	**–**
Increase	101	695	1204	207	–	1666	3872	–	–
Capitalisation	–	312	899	–	–	55	1267	–	–
Reclassification	–	–1581	3371	–	–	–1789	–	–	–
Disposal	–1700	–530	–5649	–147	–529	–	–8556	–	–
Currency translation differences	–1259	–651	–1733	–58	–3	–51	–3754	–	–
Balance as of 31.12.2018	**72496**	**27197**	**59498**	**3200**	**428**	**1914**	**164733**	**–**	**–**
Changes in scope of consolidation	–4379	–869	–4315	–1203	–246	–	–11012	–	–
Increase	351	519	525	508	–	2754	4657	439	439
Capitalisation	–	–	1995	–	–	93	2088	–	–
Reclassification	–35047	–11662	538	–822	–	–912	–47905	47905	47905
Disposal	–6971	–3724	–10747	–579	–14	–	–22035	–48344	–48344
Currency translation differences	–1110	–564	–1575	–33	–2	–106	–3390	–	–
Balance as of 31.12.2019	**25340**	**10897**	**45919**	**1071**	**166**	**3743**	**87136**	**–**	**–**
Cumulative depreciation and impairments									
Balance as of 1.1.2018	**–20482**	**–17546**	**–39164**	**–2559**	**–893**	**–121**	**–80765**	**–**	**–**
Ordinary depreciation	–2583	–1879	–5943	–310	–30	–	–10744	–	–
Impairment	–8	–	–1189	–	–	–	–1198	–	–
Reclassification	–	1632	–1632	–	–	–	–	–	–
Disposal	1599	519	5325	147	510	–	8100	–	–
Currency translation differences	415	547	1137	42	3	5	2149	–	–
Balance as of 31.12.2018	**–21059**	**–16728**	**–41465**	**–2681**	**–410**	**–116**	**–82459**	**–**	**–**
Changes in scope of consolidation	1767	869	4149	560	246	–	7591	–	–
Ordinary depreciation	–1642	–959	–5561	–272	–8	–	–8442	–801	–801
Impairment	–919	–345	–311	–70	–	–	–1645	–	–
Reclassification	10436	4796	–	822	–	–	16054	–16054	–16054
Disposal	2105	2792	7052	579	14	–	17277	16855	16855
Currency translation differences	422	488	1139	27	2	4	2082	–	–
Balance as of 31.12.2019	**–8890**	**–9087**	**–34997**	**–1035**	**–156**	**–112**	**–54277**	**–**	**–**
Net book value									
01.01.2018	54873	11406	22243	638	66	1912	**91138**	–	–
31.12.2018	51438	10469	18034	518	17	1798	**82274**	–	–
31.12.2019	16449	1810	10923	36	9	3632	**32859**	–	–

During the financial year 2019, Meyer Burger sold its prior subsidiary AIS Automation Dresden GmbH, Dresden, Germany. The sold company held property, plant and equipment with a net value of CHF 3.2 million. Meyer Burger also sold its wafering and service business for photovoltaic and special materials including plant and equipment in the net amount of CHF 0.2 million.

A major part of Meyer Burger's headquarter building was rented out to other parties. Based on this a major percentage of the net value of CHF 31.9 million was reclassified from the land and buildings category of property, plant and equipment to investment property in May 2019. Accordingly, the rent income received net of other cost and depreciation in connection to the investment property is presented as non-operating income in the income statement. Meyer Burger sold the headquarter building as per 31 October 2019 for a total transaction price of CHF 42.5 million, of which CHF 31.3 million became due and were paid in 2019. The cash flow from this transaction is split between sale of investment property and property, plant and equipment according to the underlying classification.

Capital commitments for the acquisition of property, plant and equipment are disclosed in Note 4.5.

None of the property, plant and equipment listed above was held under a lease.

Accounting Policies

Property, plant and equipment include land, property used for operational purposes, facilities, machines, IT and vehicles, as well as assets under construction. Investment property is property held to earn rentals or for capital appreciation.

Property, plant and equipment as well as investment property are measured at cost less any cumulative depreciation and any cumulative impairment losses. Government subsidies are deducted from the cost of acquisition or production.

Depreciation is generally carried out using the straight-line method over the following expected useful lives:

	Useful life in years
Land	No depreciation
Properties used for operational purposes	10–30
Facilities	5–20
Machines	3–10
IT	3
Vehicles	4–8

The depreciation period for investment property is to be defined on an individual basis in line with the guidance for properties used for operational purposes.

Assets are tested for impairment at every reporting date. This test is carried out based on indications that individual assets may be affected by an impairment. If such indications exist, the recoverable amount must be determined.

The same method is applied to reversals of impairments as to identifying impairments, i.e. a review is carried out on each reporting date to assess whether there are indications that a reversal has occurred. If this is the case, the amount of the reversal (the difference between the recoverable amount and the maximum carrying amount excluding the original impairment) must be determined and the impairment reversed accordingly.

2.9 Intangible assets

in TCHF	Technology	Trade names	Customer relationships	Capitalised services	Other intangible assets	Total
Purchase price						
Balance as of 1.1.2018	**209 438**	**52 514**	**5 868**	**900**	**15 427**	**284 147**
Increase	–	–	–	–	562	562
Capitalisation	–	–	–	–	137	137
Disposal	–	–1 122	–	–	–444	–1 566
Currency translation differences	–6 375	–1 338	–214	–33	–249	–8 210
Balance as of 31.12.2018	**203 064**	**50 054**	**5 654**	**867**	**15 433**	**275 072**
Changes in scope of consolidation	–5 415	–1 654	–3 627	–	–1 736	–12 432
Increase	–	–	–	–	205	205
Capitalisation	–	–	–	–	31	31
Disposal	–7 576	–	–	–	–	–7 576
Currency translation differences	–5 968	–1 260	–120	–32	–221	–7 601
Balance as of 31.12.2019	**184 105**	**47 140**	**1 907**	**835**	**13 712**	**247 699**
Cumulative depreciation and impairments						
Balance as of 1.1.2018	**–202 181**	**–38 897**	**–3 765**	**–771**	**–14 154**	**–259 768**
Ordinary depreciation	–7 167	–3 786	–579	–127	–744	–12 404
Disposal	–	947	–	–	444	1 391
Currency translation differences	6 284	946	151	31	237	7 648
Balance as of 31.12.2018	**–203 064**	**–40 790**	**–4 193**	**–867**	**–14 228**	**–263 142**
Changes in scope of consolidation	5 415	1 353	2 965	–	1 698	11 430
Ordinary depreciation	–	–3 588	–471	–	–467	–4 526
Impairment	–	–	–	–	–551	–551
Disposal	7 576	–	–	–	–	7 576
Currency translation differences	5 968	1 015	94	32	204	7 313
Balance as of 31.12.2019	**–184 105**	**–42 011**	**–1 605**	**–835**	**–13 344**	**–241 899**
Net book value						
01.01.2018	7 257	13 617	2 103	129	1 273	**24 380**
31.12.2018	–	9 264	1 460	–	1 205	**11 930**
31.12.2019	–	5 129	302	–	369	**5 800**

Intangible assets mostly originate from company acquisitions and accordingly have been acquired in business combinations.

The effects from the change in scope of consolidation in 2019 are mainly due to the sale of the subsidiary AIS Automation Dresden GmbH, Dresden, Germany and the sale of the wafering and service business for photovoltaic and special materials.

The disposals in 2018 were in particular attributable to the sale of the solar systems business ("Energy Systems"). This transaction was completed in June 2018.

Furthermore, in both years group companies derecognised fully amortised intangibles no longer used. Capital commitments for the acquisition of intangible assets are disclosed in Note 4.5.

Goodwill

Goodwill is offset directly against equity (retained earnings) at the time of the acquisition. The effect on equity and income of a theoretical capitalisation of goodwill and amortisation on a straight-line basis over five years is shown in the following overview:

Goodwil offset against shareholders’ equity

in TCHF	2019	2018
Purchase price		
Balance as of 1.1.	**282832**	**291539**
Increase	9400	–
Disposal	–5724	–1010
Currency translation differences	–7560	–7697
Balance as of 31.12.	**278948**	**282832**
Cumulative amortisation		
Balance as of 1.1.	**–282709**	**–291336**
Amortisation	–1492	–81
Impairment	–	–
Disposal	5724	1010
Currency translation differences	7560	7698
Balance as of 31.12.	**–270917**	**–282709**
Theoretical net book value 31.12.	**8031**	**123**
Equity according to the balance sheet	176160	181711
Theoretical capitalisation of goodwill (net book value)	8031	123
Theoretical equity incl. net book value of goodwill	**184191**	**181834**
Equity according to the balance sheet	176160	181711
Equity ratio	64.1%	52.0%
Theoretical equity incl. net book value of goodwill	184191	181834
Theoretical equity ratio incl. net book value of goodwill	**65.2%**	**52.1%**
Result according to the income statement	–39650	–59437
Theoretical goodwill amortisation	–1492	–81
Theoretical result including goodwill amortisation	**–41142**	**–59518**

In the reporting year 2019, goodwill increased by CHF 9.4 million due to the acquisition of the investment in the associated company Oxford PV. In addition, the former subsidiary AIS Automation Dresden, Dresden, Germany, was sold in 2019 and the goodwill of CHF 5.7 million paid for this subsidiary at acquisition, was recycled and is included in the result of the transaction in the operating income.

In 2018, the solar systems business activities were sold. The goodwill of CHF 1.0 million paid for this business at acquisition of the 3S Group also was recycled through the income statement accordingly.

In equity, these goodwill recyclings have been considered in the component “offset goodwill” at historical rate. In the cash flow statement the goodwill recycling is part of the correction from sale of business.

Accounting Policies

Intangible assets relate in particular to goodwill, development costs, acquired software, patents, licenses and intangible assets from acquisitions. Intangible assets from acquisitions include technologies, customer relationships, brands and order backlogs that have been evaluated.

Goodwill is offset directly against equity (retained earnings) at the time of the acquisition. In accordance with Swiss GAAP FER rules, the effects of any theoretical capitalisation (purchase price, residual value, useful life, amortisation) as well as any impairment are disclosed in the notes as a shadow account. In the event of a sale, any goodwill acquired that was earlier offset against equity must be taken into account in determining the gain or loss recognised in the income statement.

Intangible assets from acquisitions (e.g. technology, brands) are measured at fair value at the time of acquisition and then amortised using the straight-line method over their scheduled useful lives.

Development costs are only capitalised if they relate to a project that is technically feasible, a future inflow of benefits is probable and the costs can be reliably determined. Improving, enhancing and reworking existing products as well as research costs are expensed.

Development costs and all other intangible assets are measured at cost less any cumulative amortisation and cumulative impairment charges.

Intangible assets from acquisitions are amortised over the following useful lives:

	Useful life in years
Order backlog	1–2
Technologies	6–10
Customer relationships	6–10
Tradenames	6–10

Intangible assets are amortised on a straight-line basis over their scheduled useful lives. Software is depreciated on a straight-line basis over three years. All other intangible assets are amortised over their expected useful lives, subject to a maximum of ten years.

Intangible assets are tested for impairment at every reporting date. This test is carried out based on indications that individual assets may be affected by such an impairment. If such indications exist, the recoverable amount must be determined.

The same method is applied to reversals of impairments as to identifying impairments, i.e., a review is carried out on each reporting date to assess whether there are indications that a reversal has occurred. If this is the case, the amount of the reversal (the difference between the recoverable amount and the maximum carrying amount excluding the original impairment) must be determined and the impairment reversed accordingly.

2.10 Financial liabilities

in TCHF	31.12.2019	31.12.2018
Convertible bond	26 182	–
Liabilities towards banks	4	6
Current portion of non current debts	–	325
Current financial liabilities	**26 186**	**331**
Convertible bond	–	25 298
Mortgage loans	1 889	30 000
Non-current financial liabilities	**1 889**	**55 298**
Financial liabilities	**28 075**	**55 629**

On 17 September 2014, Meyer Burger Technology Ltd issued an unsecured convertible bond in the amount of CHF 100 million. This convertible bond was restructured in 2016 by deleting the initial investor put option and raising the coupon from 4.0% to 5.5%. Following the bond's restructuring, the conversion price is now CHF 0.98 (previously: CHF 11.39). In November 2017, Meyer Burger Technology Ltd launched a voluntary incentive offer inviting bondholders to convert the bond. 71.2% of the bondholders accepted the incentive offer. Together with other bondholders that have converted their bond in 2017 and early in 2018, CHF 73.2 million of the total nominal value was converted. The outstanding nominal value as per 31 December 2019 is CHF 26.8 million (2018: CHF 26.8 million). The convertible bond matures at 100% of its nominal value on 24 September 2020, unless previously redeemed, converted or repurchased and cancelled and is therefore presented in the current financial liabilities as per 31 December 2019.

The syndicated mortgage loan of CHF 30 million outstanding per 31 December 2018 and secured by mortgage certificates was repaid during the year 2019. The promissory notes related to this liability were returned and Meyer Burger was released from the pledge liability accordingly.

The credit facility concluded with a Swiss banking syndicate for the purposes of funding working capital was extended in the third quarter of 2019. The renegotiated framework loan agreement provides a guarantee limit of CHF 60.0 million and is valid until August 2020.

The syndicated facility allows Meyer Burger to accept customer prepayments and collateralise them with bank guarantees. As of 31 December 2019, the use of this guarantee line amounted to CHF 29.2 million. Among other conditions, the credit agreement contains covenants relating to the minimum EBITDA (measured on a rolling basis), minimum liquidity and net equity. In addition, further conditions apply, as are customary in syndicated loan agreements. The convertible bond placed in the market and the syndicated credit facility are subject to cross default clauses customary in the market, according to which the outstanding amounts can be called due if the Company or one of its material subsidiaries is required to early repay another financial obligation due to non-compliance with credit terms. As of 31 December 2019, the applicable loan conditions were not breached. The value of assets collateralised amounted to the bank accounts pledged of CHF 26.3 million. As per 31 December 2018, this amount was CHF 38.2 million, the largest share of which was attributable to the pledge on the building in Thun.

In 2019, a mortgage loan in the amount of CHF 4.9 million was raised by one of the subsidiaries which also provided the corresponding promissory notes as collateral.

Accounting Policies

Financial liabilities are divided into current and non-current depending on the time to maturity and include in particular liabilities to banks, bonds and convertible bonds, liabilities from finance leases, loans and mortgages.

The convertible bond issued was split into a debt component and an equity component upon first recognition (bifurcation). The debt component was obtained by discounting the future coupon payments and the repayment of the principal amount at the maturity date by a discount rate appropriate to a comparable straight bond. This discount rate is higher than the effective interest rate for the convertible bond since the latter includes a discount for the conversion right received. The equity component, in turn, reflects the conversion right for the bond. The early conversions of a part of the convertible bond carried out have been considered by reclassifying the debt component into equity as per conversion date. The remaining convertible bond is still measured at amortised cost using the effective interest rate method.

Other financial liabilities are as a general rule carried at their fair value including transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method, which normally corresponds to the principal amount.

2.11 Other liabilities

in TCHF	31.12.2019	31.12.2018
Other liabilities	3084	4160
Current other liabilities	**3084**	**4160**
Employee benefits	734	1704
Other liabilities	14	527
Non-current other liabilities	**748**	**2231**

Other liabilities as per 31 December 2019 and 31 December 2018 as well as the respective movement in the accounts arose from the ordinary course of business. Employee benefits mainly include accruals for paid annual leave and overtime as well as short-term incentive accruals. Other liabilities mainly include VAT liabilities, liabilities for social security payments.

Accounting Policies

Other liabilities include non-interest-bearing liabilities, in particular VAT liabilities, liabilities for social security payments, current and non-current employee benefits (e.g. accrued paid annual leave and overtime, profit sharing, short-term incentives, etc.). The negative replacement values of derivative financial instruments used for hedging purposes are also recognised under this position.

Other liabilities are normally measured at cost, which is generally the nominal value. Subsequent measurement is at amortised cost, which is generally also the nominal value. Derivative financial instruments are measured at their replacement value.

2.12 Provisions

in TCHF	Warranties	Restructuring	Onerous contracts	Other provisions	Total
Balance as of 1.1.2018	**9505**	**4694**	**1774**	**1475**	**17448**
Increase	4478	4677	837	549	10540
Use	–4352	–2010	–1113	–37	–7512
Release	–2712	–2301	–720	–422	–6156
Currency translation differences	–189	–	–23	–38	–249
Balance as of 31.12.2018	**6730**	**5059**	**754**	**1528**	**14071**
Changes in scope of consolidation	–906	–	–154	–	–1060
Increase	2829	4315	2017	17	9178
Use	–2616	–1602	–372	–45	–4635
Release	–1334	–2971	–109	–939	–5353
Reclassification	104	–	–	–	104
Currency translation differences	–118	–100	–88	–26	–332
Balance as of 31.12.2019	**4689**	**4701**	**2049**	**535**	**11973**
Thereof current					
01.01.2018	7940	4694	1774	1475	**15883**
31.12.2018	6421	5059	754	1528	**13762**
31.12.2019	3895	4701	2049	535	**11179**

Warranties: Provisions for services to be rendered during the contractual warranty period. The amount of the provisions is determined from past historical data and the currently known warranty risks. The outflow of cash is expected within the term of the warranty given, which is generally one year, or a maximum of two years.

Restructuring: On 18 December 2019, Meyer Burger announced the closing of the production site in Zülpich, Germany and the relocation of the respective production activities to Meyer Burger's largest site in Hohenstein-Ernstthal, Germany. Expected restructuring cost of CHF 4.0 million have been provided for as per 31 December 2019.

On 16 October 2018, Meyer Burger communicated a transformation programme to safeguard long-term profitability including respective personnel measures. Further expected costs due to the continuation of the transformation programme led to an additional increase in restructuring provisions of CHF 0.3 million as per 31 December 2019. The costs recognised in 2018 and 2019 as a provision for restructuring for the transformation programme mainly comprise indemnifications.

Onerous contracts: Onerous contracts provisions are made for contracts under which the unavoidable costs of meeting the contractual obligations exceed the expected economic benefits. Provisions for onerous contracts increased in 2019 mainly for obligations in connection with the planned sale of the Pixdro business in Meyer Burger Netherlands B.V. mainly for onerous customer contracts and rent payments.

Other: Other provisions cover various risks arising during the normal course of business.

None of the provisions fulfilled the criteria for discounting as of 31 December 2019 and 2018.

Accounting Policies

Meyer Burger makes a distinction between the following categories of provisions: warranties, provisions for restructuring, onerous contracts, litigation and other provisions.

Provisions are only created if there is a present obligation to third parties because of a past event, a reliable estimate can be made of the amount of the obligation, and an outflow of resources is probable. If an obligation cannot be estimated with sufficient reliability, it is reported as a contingent liability but not recognised in the balance sheet. Provisions are measured using the best estimate concept, i.e., the amount recognised as a liability is the best estimate of the expenditure required to settle the present obligation on the reporting date. The amount of provisions is reviewed for appropriateness at every reporting date. Non-current provisions are discounted if they exceed CHF 5 million.

2.13 Accrued expenses and prepaid income

in TCHF	31.12.2019	31.12.2018
Accrued expenses	13080	17652
Employee benefits	6768	9550
Liabilities from current income taxes	2111	5744
Accrued income and prepaid income	**21959**	**32946**

As per 31 December 2019 and 31 December 2018, accrued expenses and prepaid income mainly include accrued expenses outstanding for payment, prepaid income (e.g. in the situation of outstanding machine acceptance), accrued interest expenses not yet paid, employee benefits earned, but not yet paid, as well as income tax liabilities.

Accounting Policies

Accrued expenses and prepaid income mainly include employee benefits payable and interest payable that have been incurred during the financial year but have not been paid yet, as well as payments received for undelivered goods and services such as rent.

Accrued expenses and prepaid income are measured at cost, which is generally the nominal value. Subsequent measurement is at amortised cost, which is generally also the nominal value. Derivative financial instruments are measured at their replacement value.

2.14 Taxes

Deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
in TCHF	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade receivables	387	18	–	78
Inventories	1397	4433	1593	1098
Financial assets	–	70	–	–
Property, plant and equipment	229	75	68	540
Intangible assets	1	3371	1538	3182
Other assets	25	26	–	–
Tax loss carry-forwards	15103	27982	–	–
Financial liabilities	90	109	1	7
Trade payables	93	764	718	3619
Provisions	938	66	795	1813
Other liabilities	281	256	–	–
Subtotal	**18544**	**37170**	**4713**	**10338**
Netting	–3332	–9481	–3332	–9481
Deferred income taxes in the balance sheet	**15212**	**27689**	**1381**	**857**

Deferred income taxes on trade receivables, inventories and trade payables are of a short-term nature.

The change in deferred tax assets on tax loss carry-forwards is mainly due to the changes in scope of consolidation, reduced differences between the statutory and group accounts and derecognitions of tax loss carry-forwards.

The capitalised tax losses carry-forwards mainly result from realised losses at Meyer Burger (Germany) GmbH. In order to use the capitalised tax loss carry-forwards in the amount of CHF 15.2 million, future taxable profits of approximately CHF 51.8 million are required in the various companies.

On the basis of the current estimation of the market, the existing technology portfolio and the present multi-year plans, management assumes that it can achieve these results and that it will be possible to use the tax loss carry-forwards for future tax purposes.

Deferred income taxes are shown net for each taxable entity in the balance sheet and deferred income tax assets mostly exceed deferred income tax liabilities. The deferred income tax liabilities released in 2019 and 2018 largely resulted from the scheduled amortisation of intangible assets.

Tax loss carry-forwards not recognised

in TCHF	31.12.2019	31.12.2018
Expiry in 1 year	61 700	8 419
Expiry in 2–3 years	711 083	212 638
Expiry in 4–5 years	120 649	727 693
Expiry in more than 5 years	755 615	620 500
Tax loss carry-forwards not recognised	**1 649 046**	**1 569 250**

The increase in unrecognised tax loss carry-forwards is mainly due to operational losses in the group companies and limited use of accumulated tax loss position as well as derecognition of tax loss carry forwards.

The total income tax claim on the unrecognised tax loss carry-forwards amounts to CHF 218.7 million. This takes into account the fact that CHF 813.4 million of the total unrecognised tax loss carry-forwards originate from losses of Meyer Burger Technology Ltd, which are taxed at a reduced rate. Also, due to the Swiss tax reform, certain tax loss carry-forwards in Switzerland will lose its usability on the level of cantons and communes.

Income taxes

in TCHF	2019	2018
Current income taxes	147	–4 365
Deferred income taxes	–4 290	–47 696
Income taxes	**–4 143**	**–52 061**

Reconciliation from expected to effective income taxes

in TCHF	2019	2018
Earnings before taxes (EBT)	–35 507	–7 377
Expected average weighted tax rate (%)	24.95%	25.74%
Expected income taxes	**8 859**	**1 899**
Cause for variance:		
Derecognition of tax loss carry-forwards	–10 151	–48 997
Waive of capitalisation of tax losses incurred in reporting period	–20 627	–6 885
Deviation from tax rate to expected tax rate of the Group	6 866	3 998
Deviation tax-deductible expenses	141	–1 948
Income tax in other accounting periods and corrections of prior years	–207	–1 358
Subsequent recognition/use of tax loss carry forwards from previous years	10 846	644
Non-taxable income	–	470
Change of deferred income tax rate in comparison to previous year	–39	17
Other effects	169	100
Effective income taxes	**–4 143**	**–52 061**
Effective income taxes (%)	**11.67%**	**705.8%**

The expected tax rate of 24.95% in 2019 and 25.74% in 2018 has been calculated on the basis of the weighted operating results of the group companies.

Due to reassessments in the year 2018, various group companies had to derecognise capitalised tax loss carry-forwards of CHF 49.0 million. Reasons for these derecognitions were particularly the difficult market development in 2018 especially China 531 – substantial subsidy cuts in the solar industry – and the trade dispute between the USA and China. In the year 2019, an additional CHF 10.2 million of capitalised tax loss carry forwards were derecognised.

The tax loss carry-forwards that cannot be capitalised for the period relate to companies whose tax loss carry-forwards are, according to the currently available forecasts, unlikely to be realised through sufficient taxable profits before the statute of limitations.

Accounting Policies

Deferred income taxes are recognised using the liability method on all temporary differences (valuation differences) between the tax bases of assets and liabilities and their carrying amounts in the financial statements under Swiss GAAP FER. Deferred income taxes are measured using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary difference or a loss carry-forward can be utilised. Deferred income tax assets are offset against deferred income tax liabilities provided they relate to the same entity.

Income taxes comprise current and deferred income taxes.

Current income taxes are the expected taxes payable on the taxable income for the year of the group companies in question including any adjustment to taxes payable in respect of previous years. Current income taxes are accrued in the year to which they relate and are recognised in accrued or prepaid expenses.

2.15 Equity

Share capital

	Number of shares	in CHF
Balance as of 1.1.2018	**620972151**	**31048608**
Conversion bond	1913263	95663
Balance as of 31.12.2018	**622885414**	**31144271**
Capital increase	62288420	3114421
Balance as of 31.12.2019	**685173834**	**34258692**

The share capital of Meyer Burger Technology Ltd as at 31 December 2019 was divided into 685,173,834 registered shares with a nominal value of CHF 0.05 each. In 2019, Meyer Burger carried out a capital increase related to the acquisition of the participation in Oxford Photovaltics Limited. The capital increase in 2019 led to an increase by 62,288,420 registered shares based on the 622’885’414 registered shares outstanding as per 31 December 2018.The share capital is fully paid-up.

No dividend was paid in the reporting period or in the previous year.

As at the end of 2019, non-distributable reserves in Group equity totalled CHF 39.7 million (2018: CHF 14.5 million). These are largely attributable to the capital reserves of Meyer Burger Technology Ltd arising from the capital increases. In accordance with the provisions of Art. 680 Swiss Code of Obligations, these may not be distributed within one calendar year (there is a prohibition on the return of capital contributions).

Conditional share capital

In accordance with Article 3b of the Company’s Articles of Association, dated 2 May 2019, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company’s Articles of Association, dated 2 May 2019, the share capital may be increased by a maximum amount of CHF 1,368,878.15 through the issuance of a maximum of 27,377,563 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies.

The subscription rights of the shareholders shall be excluded in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments, which carry conversion and/or option rights. The current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.

The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:

1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of companies, divisions thereof or participations or of newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:

1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) the respective financial market instruments must be issued at the relevant market conditions.

Authorised share capital

In accordance with Article 3d of the Articles of Association, dated 2 May 2019, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 1,535,579.00 at any time until 2 May 2020, through the issuance of a maximum of 30,711,580 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:

1) for the acquisition of companies, parts of companies, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners or for the purpose of broadening the shareholder constituency in certain investment markets; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

The capital increase may occur by means of underwriting and/or partial increases. The Board of Directors is entitled to set the issue price of the shares, the type of contribution and the date of entitlement to dividends. Shares issued under these terms are subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association of the Company.

Treasury shares

Treasury shares held by Meyer Burger Technology Ltd

	Number of shares	Price/share in CHF	Value treasury shares in TCHF
1.1.2018	**895 815**	**0.86**	**770**
Purchase/additions	5 212 224	1.11	5 795
Grant/use	–3 826 558	1.08	–4 140
31.12.2018	**2 281 481**	**1.06**	**2 425**
Purchase/additions	529 754	0.90	477
Grant/use	–2 768 054	1.04	–2 867
31.12.2019	**43 181**	**0.79**	**34**

Treasury shares held by subsidiaries

	Number of shares	Price/share in CHF	Value treasury shares in TCHF
1.1.2018	**6 063 088**	**0.73**	**4 409**
Increase share plan 2018[1]	2 810 889	1.14	3 191
Decrease share plan 2016[3]	–428 998	0.61	–263
Decrease share plan 2017[3]	–827 596	0.85	–703
Decrease share plan 2018[3]	–288 003	1.10	–318
31.12.2018	**7 329 380**	**0.86**	**6 316**
Increase share plan 2019[4]	2 728 206	0.69	1 884
Decrease share plan 2016[2]	–1 844 221	0.50	–926
Decrease share plan 2017[3]	–671 464	0.85	–571
Decrease share plan 2018[3]	–624 961	1.10	–685
Decrease share plan 2019[3]	–642 218	0.69	–443
31.12.2019	**6 274 722**	**0.89**	**5 575**

[1] Share plan 2018: The shares have been allocated at a price of CHF 1.104 (market price at the time of allocation). However, the allocation for the Executive Board (incl. Delegate) was made at the fair value of CHF 1.22. All shares are subject to a three-years' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 1.104) or at the fair value respectively (CHF 1.22)

[2] In March 2019, the three-years' vesting period of share plan 2016 ended and the shares granted have been transferred to the plan participants.

[3] If a plan participant gives notice to the employment contract during the vesting period, the shares allocated are returned to Meyer Burger Technology Ltd. In some particular cases (i.e. if Meyer Burger terminates an employment contract for economical reasons or if a group company is sold), the leaving participant is entitled to keep the shares, i.e., an early vesting is performed.

[4] Share plan 2019: The shares have been allocated at a price of CHF 0.69 (market price at the time of allocation). However, the allocation for the Executive Board and newly elected Board members was made at the fair value of CHF 0.74. All shares are subject to a three-years' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (3'616'108 shares at grant date) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.69) or at the fair value respectively (CHF 0.74).

All treasury shares that are held in conjunction with the employee share plans are held by subsidiaries of Meyer Burger Technology Ltd. These are therefore reserved in full and will be transferred to employees upon expiry of the vesting period.

Meyer Burger Technology Ltd does not hold any treasury shares in connection with the employee share plan, and no treasury shares held by Meyer Burger Technology Ltd are reserved.

Meyer Burger Group is not aware of any shares in the Company being held by the external pension fund.

Accounting Policies

Equity includes share capital, capital reserves, treasury shares, the reserve for share-based payments, retained earnings or cumulative losses.

Share capital is the nominal value of all outstanding shares.

Capital reserves contain payments by shareholders in excess of the nominal value. This is the premium, reduced by the excess value over the nominal value of cancelled treasury shares. Gains and losses realised on the sale of treasury shares are also recognised directly in capital reserves. In addition, the reserves for share-based payment are reallocated to the capital reserves upon expiry of the vesting period. Any difference between the purchase price and the acquired minority interests is also recognised in capital reserves.

Treasury shares comprise shares in Meyer Burger Technology Ltd held by Meyer Burger Technology Ltd itself or indirectly through a Group company. Treasury shares are recognised at cost and are not remeasured as at the reporting date. Any gains or losses realised on the sale of treasury shares are transferred to capital reserves. The reserve for share-based payments includes the fair value of shares issued to the Board of Directors, the Executive Board, and key employees and recognised over the vesting period.

Retained earnings or cumulative losses are undistributed gains and losses of Meyer Burger Group that are freely available for the most part. They include the legal, statutory and free reserves. Goodwill arising from the acquisition of a company is offset directly against retained earnings at the time of the acquisition. Foreign currency translation differences from the translation of annual financial statements prepared by foreign subsidiaries are also recognised in retained earnings. Foreign currency effects on non-current intercompany loans with an equity character are also recognised directly in equity.

2.16 Net sales

in TCHF	2019	2018
Net sales from sales of goods	182 568	339 409
Net sales from rendering of services	13 589	16 226
Net sales from production contracts	65 856	51 332
Net sales	**262 013**	**406 967**

Accounting Policies

Revenue corresponds to the fair value of the consideration received or receivable from the sale of goods and services. Revenue is recognised net of sales or transaction taxes, deductions of credit notes, returns and discounts.

Appropriate provisions are created for expected warranty claims arising from the sale of goods and services.

Revenue is recognised when the amount of revenue can be measured with reliability, when it is probable that the future economic benefits associated with the transaction will flow to the company, and the following specific criteria are fulfilled:

Net revenue from the sale of machinery is recognised after deduction of discounts at the time of the sale to the customer once the risks and rewards of ownership of the product are transferred to the buyer. At Meyer Burger, net revenue from the sale of machinery is generally not realised until a final acceptance test has been signed by the customer at the destination.

Revenue from production contracts is recognized in line with the POC method as outlined in note 2.3. Net revenue from service agreements is recognised on the basis of the proportion of services performed by the reporting date.

2.17 Segment reporting

The activities of Meyer Burger Group are divided into the reportable business segments “Photovoltaics” and “Specialised Technologies”.

Net sales by segments 2019

in TCHF	Photovoltaics	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales third parties	210 568	51 445	**262 013**	–	**262 013**
Net sales intercompany	408	8 972	**9 380**	–9 380	**–**
Net sales	**210 976**	**60 417**	**271 393**	**–9 380**	**262 013**

Net sales by segments 2018

in TCHF	Photovoltaics	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales third parties	330 302	76 665	**406 967**	–	**406 967**
Net sales intercompany	2 000	12 538	**14 538**	–14 538	**–**
Net sales	**332 302**	**89 203**	**421 505**	**–14 538**	**406 967**

Photovoltaics

The Photovoltaics segment largely comprises the core business of photovoltaics and covers solar cells, modules and systems as well as related services. The wafering business was sold as of 30 April 2019 and thus is included in the above figures up until this date. Meyer Burger pursues the strategically long-term technology approach of considering core technologies of the photovoltaic value chain and optimally harmonising the technologies along the different processes (cells, modules, solar systems).

Specialised Technologies

With Specialised Technologies, Meyer Burger uses technologies that are successfully deployed in photovoltaics, particularly in the field of applying or removing layers on different substrates and materials, in a wide range of other high-tech markets. Muegge’s microwave and plasma technologies are used in biotechnology and environmental technology. The segment also included the software development business of AIS, until it was sold in 2019.

As outlined above, Meyer Burger currently manages its operations in different operating business units, which are grouped into the reporting business segments “Photovoltaics” and “Specialised Technologies”. Disclosure of the segment results would lead to much higher transparency in terms of our cost and margin structure than that of our relevant competitors, and we would be the only company to present detailed information on segment profitability. Most of our relevant competitors are companies without publicly available financial information or are large companies with large reporting segments in which comparable information is diluted accordingly. The disclosure of segment results would therefore lead to a considerable competitive disadvantage for Meyer Burger compared to its competitors. In addition, such information may have negative impacts on the company’s negotiating position with customers and suppliers. For this reason, Meyer Burger Group does not disclose segment results.

2.18 Segmentation of net sales by geographic market

in TCHF	2019	2018
Switzerland	6399	7762
Germany	29355	32318
Rest of Europe	25144	61196
Asia	187189	290775
USA	13913	13740
Rest of world	13	1176
Net sales	**262013**	**406967**

2.19 Other operating income

in TCHF	2019	2018
Gain from sale of property, plant and equipment	882	527
Gain on disposal of investments and associated companies	29696	–
Other income	8171	12153
Other operating income	**38749**	**12680**

For 2019, other operating income includes the gain from the sale of the wafering of CHF 27.1 million, including additional cost of CHF 0.2 million recognised in the second half-year of 2019, as well as the gain from the sale of AIS Automation Dresden GmbH of CHF 2.6 million.

Accounting Policies

Other operating income results from regularly conducted secondary business that has an indirect connection with the main purpose and business of the company.

Other operating income is recognized when the amount of income can be measured with reliability and when it is probable that the future economic benefits associated with the transaction will flow to the company, e.g. when a specific amount of rent is due or a sale transaction of property, plant and equipment or an investment is completed.

2.20 Personnel expenses

in TCHF	2019	2018
		restated
Wages and salaries	–67324	–87366
Social security	–10853	–13322
Pension benefit expenses	–2104	–3168
Share-based payment expenses	–2717	–2602
Temporary personnel	–7822	–7516
Other personnel expenses	–13544	–12317
Personnel expenses	**–104364**	**–126290**

Personnel expenses of the subsidiaries sold amounted to CHF 2.9 million for 4 months for the wafering business and CHF 9.2 million for 10½ months for AIS Automation Dresden GmbH in 2019.

The comparative numbers as per 31 December 2018 were restated in line with note 1.6.

2.21 Operating expenses

in TCHF	2019	2018
Rental costs	–3966	–3632
Maintenance and repair	–1842	–2818
Vehicles and transportation expenses	–2696	–2983
Property insurance, fees and contributions	–1632	–1650
Energy and waste disposal expenses	–2611	–3413
Administration expenses	–9674	–10348
IT expenses	–3527	–3776
Marketing expenses	–2215	–3253
Loss on sale of property, plant and equipment	–10	–11
Expenses for research and development	–5368	–8918
Other operating expenses	–5459	–7963
Operating expenses	**–39000**	**–48766**

Operating expenses of the subsidiaries sold amounted to CHF 1.6 million for 4 months for the wafering business and CHF 1.8 million for 10½ months for AIS Automation Dresden GmbH in 2019. The result of both transactions is included in other operating income.

For the year 2018, other operating expenses included the loss of CHF 4.3 million from the sale of the solar systems activities (“Energy Systems”), which was announced on 14 May 2018 and completed in June 2018. The loss includes the goodwill recycling of around CHF 1.0 million. The selling price consists of a cash payment and an earn-out component, which led to realised earn-out payments of CHF 0.8 million in 2019.

2.22 Financial result

in TCHF	2019	2018
Interests received		
Cash and cash equivalents	101	57
Financial income	**101**	**57**
Interest paid		
Liabilities towards banks	–581	–594
Loans	–11	–25
Mortgage loans	–434	–913
Convertible bond/straight bond	–2031	–2007
Currency translation differences (net)	–3290	–4853
Other financial expenses	–1668	–1480
Financial expenses	**–8015**	**–9872**
Financial result (net)	**–7914**	**–9815**

2.23 Non-operating result

in TCHF	2019	2018
Income from investment property	4013	–
Non-operating result	**4013**	**–**

The non-operating result includes the result of the sale of and the rent income from the headquarter building in Thun classified as investment property for the period from the reclassification to investment property up to the date of the sale. Cost incurred in connection with the investment property are also included in this position as well as depreciation on investment property of CHF 0.8 million as disclosed in the note 2.8.

3 Risk management

In its capacity as an international group, Meyer Burger Group is exposed to various financial and non-financial risks that are inextricably linked to its business activities. In the broadest sense, the risks are defined as the threat that it might not be possible for the Group to achieve its financial, operational or strategic aims as planned. In order to secure the company's long-term success, it is therefore crucial to effectively identify and analyse risk and to eliminate or limit it by means of appropriate steering mechanisms.

Clearly defined management information and control systems are used to measure, monitor and control the risks to which Meyer Burger is exposed. A duly detailed report is drawn up on a semi-annual basis and submitted to the Board of Directors. In 2019, the Board of Directors discussed the risk portfolio at two Board meetings.

For the purposes of guaranteeing effective risk management, transparency and the aggregation of risks in risk reporting, Meyer Burger has opted for a uniform and integrated approach to corporate risk management across the Group as a whole.

The probability of occurrence and the extent of the loss are considered as part of the risk assessment process. Meyer Burger uses both quantitative and qualitative methods for this process, applying these on a uniform basis across the Group as a whole and thereby enabling risk assessments to be compared across different areas of the company. A clear risk assessment matrix is drawn up based on the results in terms of probability of occurrence and the expected implications.

3.1 Foreign currency risks

Meyer Burger Group is exposed mainly to exchange rate fluctuations in connection with operating expenses and loans denominated in a currency other than the local currencies (functional currency) of the group companies concerned. The extent of the risk exposure of revenue denominated in a foreign currency is lower. At a consolidated level, the Group is also exposed to exchange rate fluctuations between the Swiss franc and the respective local currencies of the group companies. The major foreign currencies relevant to Meyer Burger Group are the Euro, US Dollar and Chinese Yuan Renminbi.

Group Treasury is responsible for the management of foreign currency risks on the basis of Treasury policy issued by the executive bodies. According to this policy, derivative financial instruments such as forward currency contracts or currency options may be used for hedging purposes. Meyer Burger Group uses forward currency contracts to hedge against exchange rate risks. Most of the hedge transactions have a term of up to 12 months. As of 31 December 2019 there existed no open contracts. Foreign exchange rate risks relating to the carrying amount of the net investment in a foreign entity or to the conversion of results posted by foreign entities are not currently hedged.

3.2 Interest rate risks

Meyer Burger Group's non-current financial liabilities can generally bear both fixed and variable interest rates. The variable-rate mortgage-backed loan that was repaid in 2019 was based on a variable interest rate, which was not hedged for cost-benefit reasons and in the background of the persistently low CHF interest rate environment. The outstanding portion of the convertible bond bears a fixed interest rate.

A low interest rate risk due to fluctuations in interest rates on the capital market also exists for cash and cash equivalents, which are subject to the risk of interest rate fluctuations with a corresponding potential impact on cash flow.

Overall, the risks arising from interest rate fluctuations have no material direct impact on the Group's cash flows and results. This risk is therefore not currently measured.

3.3 Other financial price risks

Meyer Burger Group does not currently hold any financial instruments with equity character and is therefore not exposed to any related price risks. A commodity is a physical substance, generally a basic resource such as iron ore, nickel, aluminium, copper or other metals, crude oil, natural gas, coal, etc. Meyer Burger Group is generally only indirectly exposed to fluctuations in commodity prices through the products it acquires. The actual price risk arises from the time difference between cost increases implemented by suppliers due to the rise in commodities prices and the opportunity for group companies to increase their prices. Each group company is responsible for identifying and quantifying its commodity price risks. Meyer Burger Group did not trade in any such derivatives during the 2019 and 2018 reporting years.

3.4 Credit risks

Meyer Burger Group is exposed through its operating activities to various credit risks. The Group has guidelines in place to ensure that products and services are only sold to customers with a good credit rating. Outstanding debts are also permanently monitored as part of ongoing operations. Due account is taken of credit risks in relation to trade receivables and prepayments by means of individual valuation allowances and general valuation allowances. Default risks are minimised wherever possible by customer prepayments and credit commitments from banks. The Group's counterparties in securities transactions, derivative financial instruments and financial investments are carefully selected financial institutions with a minimum rating of A- (S&P) or A3 (Moody's), which are constantly monitored within defined limits. For significant current third-party financial investments maturing in less than six months, the companies ensure that the counterparty has a minimum rating of A-1 (S&P) or P-1 (Moody's). This guideline ensures that the credit risk from financial institutions is properly monitored. The present limits in respect of banks are subject to continuous monitoring and duly reallocated where necessary.

With regard to financial assets that were neither impaired nor in arrear as at the reporting date, there are no signs that the debtors concerned will be unable to meet their payment obligations. Based on its debtors' credit ratings, Meyer Burger Group does not expect to incur any losses on account of the non-performance of contracts.

3.5 Liquidity risks

Liquidity risk is the risk that Meyer Burger Group might be unable to meet its financial obligations as and when they fall due. The availability of sufficient liquidity is monitored permanently and reported weekly to the management and the Board of Directors.

Per 31 December 2019, the framework credit agreement with a Swiss banking syndicate provided a guarantee line of CHF 60.0 million. In 2019, Meyer Burger repaid the outstanding mortgage-backed loan with the same Swiss banking syndicate of CHF 30.0 million.

Based on the cash and cash equivalents of CHF 35.5 million as well as the bank balances with restricted use of CHF 26.3 million as of the balance sheet date, the expected future cash flow from operating activities and on the upcoming maturity of the outstanding convertible bond which will fall due in 2020, the liquidity risk as per 31 December 2019 has increased. Accordingly, Meyer Burger intends to take further measures to address this risk as outlined in note 4.9.

4 Other disclosures

4.1 Pension plans

Meyer Burger provides pension benefits for its employees for retirement, invalidity and death. In 2019, Meyer Burger Group has joined a new collective insurance foundation and now maintains a defined benefit pension plan for the entities in Switzerland, contrary to the full benefit coverage of the prior plan. From a legal point of view autonomous pension funds carry the risks relating to the defined benefits. An obligation beyond the payment of its contributions exists for the employer in the event of restructuring measures.

The defined benefit pension plan is a collective pension plan. Due to its joint and several nature, the information to be disclosed cannot be determined on the basis of the individual participation agreement. The level of coverage of the collective plan as a whole amounted to 112.9% at the end of 2019. Accordingly, the table below shows the changes in pension benefit expenses only.

The full benefit insurance in the previous years meant that Meyer Burger Group was not the risk carrier and therefore subject to no economic obligation apart from the normal contributions. Consequently, there were no employer contribution reserves and the Group therefore had no capitalisable economic benefits arising from pension plans.

The employees of group companies outside Switzerland are members of the state pension plans of the respective countries in accordance with local legislation. Consequently, neither an economic benefit nor an economic obligation arises therefrom, with the exception of the payments of contributions recognised in expenses.

As at 31 December 2019, contributions of CHF 0.2 million were outstanding to be paid (31 December 2018: all the contributions have been paid).

The economic benefit or obligation and the pension expenses are as follows:

Pension institutions 31.12.2019

Economical benefit/economical obligation and pension benefit expenses in TCHF	Surplus/deficit 31.12.2019	Economical part of the organisation 31.12.2019	Economical part of the organisation 31.12.2018	Change to prior-year period or recognised in the current result of the period	Contributions concerning the business period	Pension benefit expenses within personnel expenses 2019
Pension schemes without funding surplus/deficit Switzerland (Sammelstiftung)	–	–	–	–	1 250	1 250
Unfunded pension schemes abroad	–	–	–	–	854	854
Total	**–**	**–**	**–**	**–**	**2 104**	**2 104**

Pension institutions 31.12.2018

Economical benefit/economical obligation and pension benefit expenses in TCHF	Surplus/deficit 31.12.2018	Economical part of the organisation 31.12.2018	Economical part of the organisation 31.12.2017	Change to prior-year period or recognised in the current result of the period	Contributions concerning the business period	Pension benefit expenses within personnel expenses 2018
Pension schemes without funding surplus/deficit Switzerland (Vollversicherung)	–	–	–	–	2 114	2 114
Unfunded pension schemes abroad					1 054	1 054
Total	**–**	**–**	**–**	**–**	**3 168**	**3 168**

4.2 Share-based payment

The Company has a share participation programme as a long-term incentive for the members of the Board of Directors and members of the Executive Board as well as for other selected employees within the Group. The Board of Directors determines the individual participants of the plan, based on recommendation of the Executive Board, at its reasonable discretion. Shares may only be allocated to employees with an employment contract of indefinite term and in positions not under notice, and to serving members of the Board of Directors who have not submitted their resignation. Each participant receives an individual offer letter, stipulating the number of share units being offered, the acquisition price per share (if any), the payment conditions, the period within which the participant has to declare acceptance of the offer, as well as the (optional) retention periods. The entitlements to share units, which the Board of Directors has allocated, generally have a vesting period of three years and an optional fiscal retention period (Switzerland only) that can be selected by the participant of either zero, three or five years (following the end of the vesting period). The participants do not receive title of ownership to the restricted shares during the vesting period. During the vesting period and the optional retention period, the participants can therefore not sell (in part or entirely), assign, transfer, pledge or debit the shares in any form or exercise voting rights. If notice is given, the right to acquire ownership of the shares conditionally allocated under this plan lapses without payment. The amount of the share-based payment is calculated using the rate on the day on which the recipients of the shares are informed of the allocation and of the applicable terms and conditions.

Share plan

	2019	2018
Number of shares granted	3616108	2810889
Date of grant	01.04.2019	09.04.2018
Share price / fair value at date of grant in CHF	0.69 / 0.73	1.104 / 1.22
Fair value of the granted shares in CHF	2524093	3191267

For the 2019 and 2018 LTI Share Plan, the actual vesting ratio (actual number of shares) that a member of the Executive Board receives after expiration of the three year vesting period will depend on the relative development of the share price of the Company compared to the MAC Solar Index in the period between the grant date of the shares and the end of the vesting period. The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period can vary between a minimum of 0% and a maximum of 150%.

Accounting Policies

A share-based payment is a transaction in which an entity receives or acquires goods or services as consideration for its equity instruments or by incurring liabilities to the supplier of those goods or services for amounts that are based on the price of the entity's shares or other equity instruments of the entity. The accounting treatment of share-based payments depends on how the transaction is settled, namely whether it is settled by equity instruments or in cash. The fair value at the time of the granting of conditional rights, shares or options is recognised in personnel expenses at the time of being granted or, where appropriate, over the vesting period.

4.3 Currency translation differences

in TCHF	2019	2018
Currency translation gains on trade receivables and customer prepayments	2 059	3 938
Currency translation differences in cost of products and services	709	664
Currency translation differences on other operating expenses	49	23
Currency translation differences on financial expenses/income	–3 290	–4 853
Currency translation differences	**–473**	**–228**

The effect from the unrealised currency translation differences arising from the translation of Group loans in foreign currencies at the reporting date is recognised in the financial result. The currency loss on Group loans with equity character totalled CHF 8.5 million, of which CHF 4.2 million were recognised in the income statement and CHF 4.3 million in equity. In 2018, unrealised foreign exchange losses totalled CHF 7.2 million, of which CHF 3.3 million was recognised in the income statement and CHF 3.9 million in equity.

4.4 Earnings per share

	2019	2018
Basic		
Net result attributable to shareholders of Meyer Burger Technology Ltd (in TCHF)	–39 650	–59 437
Weighted average number of ordinary shares (in 1 000)	669 444	621 639
Basic earnings per share	**–0.06**	**–0.10**
Diluted		
Diluted earnings per share	**–0.06**	**–0.10**

Basic earnings per share are calculated by dividing net profit for the reporting period by the average number of outstanding shares.

Diluted earnings per share take into account the impact of own shares held as well as the convertible bond issued in September 2014, restructured in 2016 and partially converted in reporting periods 2017 and 2018. In 2019, there was no dilution effect from the convertible bond as the average share price during 2019 was below the conversion price of the convertible bond of CHF 0.98. Also, as the net result attributable to shareholders of Meyer Burger Technology Ltd is negative in both years, the dilutive effects are ignored.

4.5 Off-balance sheet liabilities

	2019	2018
Investment obligations from contracts already signed	–	609

No outstanding investment obligations or other capital commitments existed as per 31 December 2019.

Capital commitments as at 31 December 2018 in the amount of CHF 0.6 million were related to the acquisition of property, plant and equipment. There were no commitments to purchase intangible assets.

4.6 Future liabilities from operating leases

in TCHF	31.12.2019	31.12.2018
Due date in the following financial year	3124	3727
Due date from 2 to 5 years	6351	4796
Due date more than 5 years	5174	9720
Future liabilities from operating lease	**14649**	**18243**

Obligations arising from operating leases mainly relate to rental agreements. Proceeding the sale of the headquarter in Thun, Meyer Burger rents its offices in Switzerland and a rent obligation of CHF 6.1 million will come due for the years 2020 to 2029.

As per 31 December 2018, the main future liability concerned the building right agreement of Meyer Burger (Switzerland) Ltd for the company premises in Thun. The original agreement had a term of 99 years. The lease obligations for future building right interest amounted to CHF 7.3 million. Due to the sale of the building these amounts are no longer included in future liabilities from operating leases as per 31 December 2019.

Accounting Policies

A fundamental distinction is made between finance leases and operating leases. Meyer Burger Group does not have any finance leases, only operating leases. Operating leases are treated in the same way as normal rents, i.e., the resultant payments are recognised as an expense.

4.7 Contingent liabilities

in TCHF	2019	2018
Guarantees (not product-related)	10200	–
Other	782	–
Contingent liabilities	**10982**	**–**

During 2019 Meyer Burger entered into the sales contract for the building in Thun. With the contract, Meyer Burger guarantees a minimum level of annual rent payments to the buyer. The guarantee is limited to CHF 10 million over its duration until 30 June 2024 and Meyer Burger has the right to take over any defaulted rent contract and sublet the respective space during this time. Meyer Burger also carries the external costs, should any court proceeding against tenants be taken during this time. Such payments are secured by a retention in the amount of CHF 0.2 million. Meyer Burger assesses the likelihood of such defaults as low and accordingly presents them as contingent liabilities.

The other contingent liabilities of CHF 0.8 million relate to unlikely customer claims.

As at 31 December 2018, Meyer Burger Group had no contingent liabilities.

4.8 Transactions with related parties

Balances and transactions between companies within the scope of consolidation (see Note 1.3) were eliminated on consolidation and are not included in this note. The related parties consist primarily of shareholders, members of the Board of Directors and the Executive Board, and associated companies.

Information on the allocation of shares to the Board of Directors and the Executive Board is disclosed in detail in the remuneration report.

Meyer Burger procures advisory services from attorneys Meyerlustenberger Lachenal Ltd., among others. Dr. Alexander Vogel, who was the appointed Chairman of the Board of Directors until the general assembly on 2 May 2019, is a partner in this law firm. The amount of services received came to CHF 0.6 million in 2019 until May 2 and CHF 0.5 million in 2018. Of the transactions with related parties described above, the full amounts had been paid as at 31 December 2019. As per 31 December 2018, CHF 0.2

million were unpaid and accordingly recognised as a liability. As at both 31 December 2019 and 31 December 2018, there were no receivables due from related parties.

Since the acquisition of the equity share of Oxford Photovoltaics Limited, the company is also an identified related party. Meyer Burger has entered into a formal collaboration agreement with Oxford Photovoltaics Limited which forms the basis of the collaboration and future transactions. In 2019, Meyer Burger received orders in the amount of CHF 38.6 million from Oxford PV Germany GmbH for the delivery and installation of HJT / Perovskite equipment and on this basis conducted sales transactions with the associated company in the amount of CHF 8.5 million. Prepayments received per 31 December 2019 amounted to CHF 15.1 million.

As of 31 December 2019, no other transactions were conducted or receivables or liabilities outstanding towards other related parties or associated companies. All business relations with related parties are conducted at arm's length. No unusual transactions were effected with either the main shareholders or other related parties.

4.9 Going concern

During the year ended 31 December 2019, the Meyer Burger Group has incurred a net result of CHF –39.7 million (2018: CHF –59.4 million) and negative cash flows from operating activities of CHF –83.5 million (2018: CHF –23.4 million). The disappointing performance reflected the continued difficult market conditions suffered by the PV manufacturing business caused by higher international competitiveness, the preference for local sourcing in China as well as less political support for the PV industries in Meyer Burger's main markets. The lower order volumes, accordingly the low order backlog and the slow turnover of the order book reflect this downturn.

On 17 September 2014, Meyer Burger Technology Ltd issued an unsecured convertible bond maturing in September 2020. The outstanding nominal value of the bond as per 31 December 2019 is CHF 26.8 million (31 December 2018: CHF 26.8 million) with a coupon of 5.5% and a conversion price of CHF 0.98. Accordingly, Meyer Burger will face increased capital requirements in the likely event of repayment of the convertible bond.

The continuing viability of Meyer Burger Group and its ability to continue as a going concern is dependent upon new order entries, the success of measures taken by Meyer Burger in its continuing efforts in making sustainable profits and/or selling assets, as well as in improving its capital basis and liquidity. These measures align to Meyer Burger's business strategy and its focus on shareholder value creation and include financing measures.

As a result, a material uncertainty that may cast significant doubt regarding the going concern capability of Meyer Burger Group exists. However, the Board of Directors assumes that Meyer Burger Technology Ltd. will be successful in the above matters and, accordingly, has prepared the consolidated financial statements on a going concern basis.

4.10 Events after the reporting date

In January 2020, the outbreak of the corona virus in China and circulation in other countries led to major impacts on the global economy. The impact on Meyer Burger's key end markets and its measures to improve the Group's capital basis and liquidity are too early to assess. Meyer Burger closely monitors the situation and potential impacts on its business and will take actions as required.

No other event occurred between 31 December 2019 and 11 March 2020 that would have a material effect on the recognised carrying amounts of assets and liabilities of the Group or would otherwise have to be disclosed at this point.

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

Thun

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Meyer Burger Technology AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 58 to 95) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 4.9 to the consolidated financial statements, which states that the Group is dependent upon new order entries, the success of measures taken by Meyer Burger in its continuing efforts in making sustainable profits and/or selling assets, as well as in improving its capital basis and liquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

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Our audit approach

Overview

Overall Group materiality: CHF 2,600,000

We concluded full scope audit work at three Group companies in two countries. Our audit scope addressed 65% of the Group’s net sales.

In addition, we performed a review of the reporting packages at four companies in three countries and specified procedures on one reporting unit, which addressed a further 20% of the Group's net sales.

We performed analytical procedures at all other companies.

As key audit matters, the following areas of focus were identified:

- Valuation of deferred tax assets
- Recognition and valuation of the investment in Oxford Photovoltaics Limited

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 2,600,000
How we determined it	1.0% of net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is a key benchmark and the Meyer Burger Group has had volatile results in the past.

We agreed with the Risk & Audit Committee that we would report to them misstatements above CHF 130,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We identified three Group companies that, in our view, required a full scope audit and one Group company that required specified procedures due to the size and or risk characteristics. The full scope audits of Group companies addressed over 65% of the Group’s net sales, while the specified procedures at one Group company and reviews at four companies addressed 20% overall.

Where the work was performed by component auditors, we determined, in addition to our instructions, the necessary level of our involvement in the audit work. This consisted of conducting calls on the status of the work, visiting component audit teams, inspecting the work they performed and reviewing their final reporting.

Further, the Group audit team performed specific audit procedures on central service functions, the Group consolidation process and areas of significant judgement (including taxation, impairment testing and treasury).

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of deferred tax assets

Key audit matter	How our audit addressed the key audit matter
We consider the valuation of the deferred tax assets as a key audit matter because of the significance of the amount recognised (CHF 15.2 million) and because the utilisation of these assets depends on future taxable profits of each tax entity concerned. In addition, some countries limit the periods in which tax loss carry-forwards can be utilised. Please refer to note 2.14 'Taxes' in the notes to the consolidated financial statements. Further, the forecasting of future cash flows involves significant scope for Management judgement concerning sales and market growth, price changes and the future structure of the taxable entities within the Group.	We have assessed the forecasted taxable results of Group companies holding significant deferred tax assets on the basis of the revised 2020 budget and the 2021/2022 Mid-Range Plan. We performed the following audit procedures: • We reviewed the budget and the Mid-Range Plan and assessed the likelihood of achieving future taxable profits based on the future business model. • We compared the key expectations (sales, costs of materials, operating expenses) of the 2020 budget and the forecast with sales prices and contribution margins of the current order backlog and potential new orders. • We looked at external market research and assessed how the Solar market is expected to develop in the future. • We discussed with Management representatives the planned organisational changes that could affect future taxable profits. • We assessed the extent to which taxable profits can be achieved before tax loss carry-forwards expire. • We discussed the results of our audit procedures with Management representatives and with the Risk & Audit Committee of the Board of Directors. We consider the approach taken and the assumptions made by the Board of Directors and Management in relation to the deferred tax assets to be appropriate.

Recognition and valuation of the investment in Oxford Photovoltaics Limited

Key audit matter	How our audit addressed the key audit matter
In 2019, Meyer Burger acquired 69,132 shares in Oxford Photovoltaics Limited, London (GB), for CHF 39.6 million. As of 31 December 2019, the shareholding corresponds to 19.76% of the share capital of Oxford Photovoltaics Limited. The purchase price was paid in Meyer Burger shares, which were created through a capital increase in March 2019. Based on a comprehensive assessment of the possibility of exercising significant influence, the investment is classified as an associated company. Technologies in the amount of CHF 19.8 million were identified during the purchase price allocation process. We consider the recognition and valuation of the investment in Oxford Photovoltaics Limited to be a key audit matter because: • The scope for judgement with regard to the application of the equity method and in carrying out the purchase price allocation, • the estimation uncertainty in assessing the future cash flows from the recognised perovskite solar technology, and • the significance of the balance sheet items in the consolidated financial statements (note 2.7 'Investments in associates').	We assessed Management's assessment of the treatment and presentation of the investment in Oxford Photovoltaics Limited in accordance with Swiss GAAP FER. We performed the following audit procedures: • We analysed the purchase agreement and agreements with Oxford Photovoltaics Limited and its shareholders on which the transaction is based, in particular to assess the possibility of exercising significant influence. • We assessed the method for the identification and valuation of intangible assets (especially for technology). • We assessed whether a generally accepted valuation method was used to determine net assets. • We assessed the adequacy of the accounting and disclosure in the consolidated financial statements in accordance with Swiss GAAP FER. • We analysed Management's assessment with regard to possible indicators of impairment. • We discussed the results of our audit procedures with Management representatives and with the Risk & Audit Committee of the Board of Directors. We consider the approach taken by the Board of Directors and Management in relation to the accounting treatment and presentation of the investment in Oxford Photovoltaics Limited to be appropriate.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner	Yvonne Burger
Audit expert Auditor in charge	Audit expert

Bern, 12 March 2020

Financial Statements Meyer Burger Technology Ltd

Balance Sheet

in TCHF	Notes	31.12.2019	31.12.2018
Assets			
Current assets			
Cash and cash equivalents		6 786	38 014
Other receivables			
intercompany		9 015	24 437
thirds		13 180	359
Accrued income and deferred expenses		50	235
Total current assets		**29 031**	**63 045**
Non-current assets			
Financial assets	**2.1**	105 193	130 857
Investments	**2.2**	154 322	204 573
Total non-current assets		**259 515**	**335 430**
Total assets		**288 546**	**398 475**
Liabilities and equity			
Current liabilities			
Current financial liabilities thirds	**2.3**	26 830	–
Other payables			
intercompany		4 883	201
thirds		719	777
Accrued expenses and deferred income & current provisions		2 516	5 485
Total current liabilities		**34 948**	**6 463**
Non-current liabilities			
Non-current financial liabilities thirds	**2.3**	–	26 830
Provisions		150	276
Total non-current liabilities		**150**	**27 106**
Equity			
Share capital	**2.4**	34 259	31 144
Legal capital reserves			
Capital contribution reserves	**2.5**	723 670	687 487
Other capital reserves		199	1 613
Legal retained earnings			
General legal retained earnings		140	140
Reserve for treasury shares	**2.6**	6 238	6 316
Accumulated losses		–511 024	–359 369
Treasury shares	**2.7**	–34	–2 425
Total equity		**253 448**	**364 906**
Total liabilities and equity		**288 546**	**398 475**

Income Statement

in TCHF	Notes	1.1.–31.12.2019	1.1.–31.12.2018
Other operating income	**2.8**	13773	14253
Other operating expenses	**2.9**	–12659	–
Personnel expenses		–8479	–11320
Administration expenses		–6640	-8998
Impairments on intercompany loans and investments	**2.10**	–139485	–162679
Earnings before interests and taxes		**–153490**	**–168744**
Financial costs			
Interest expenses	**2.11**	–2031	–1971
Other financial expenses		–1700	–40
Loss from currency translations	**2.13**	–7234	–7214
Financial income			
Interest income	**2.12**	12845	20685
Earnings before taxes		**–151610**	**–157284**
Income taxes		–46	–68
Net result		**–151656**	**–157352**

Notes to the financial statements

1 Principles

1.1 General
These annual financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations (32nd Title of the Code of Obligations). The significant valuation policies employed that are not prescribed by the Code are described below.

1.2 Financial assets
Financial assets consist of non-current loans. Loans granted in foreign currencies are measured at the rate on the actual reporting date, with unrealised losses being reported but not unrealised gains (prudence concept).

1.3 Investments
Meyer Burger applies the principle of individual valuation while, however, aggregating group companies where close business interrelationships exist.

1.4 Interest-bearing liabilities
Interest-bearing liabilities are recognised at nominal value. Financial liabilities are divided into current and non-current depending on their time to maturity and include in particular liabilities from bonds.

The convertible bond issue was initially recognised at fair value including transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

1.5 Provisions and contingent liabilities
Provisions are only created if there is a present obligation to third parties as a result of a past event, a reliable estimate can be made of the amount of the obligation, and an outflow of resources is probable. If an obligation cannot be estimated with sufficient reliability, it is reported as a contingent liability but not recognised.

Provisions are measured at the best estimate, i.e. the amount recognised as a liability is the best estimate of the expenditure required to settle the present obligation on the reporting date. The amount of provisions is reviewed for its appropriateness at every reporting date.

1.6 Equity

Equity includes share capital, capital reserves, retained earnings, treasury shares and accumulated losses. Share capital is the nominal value of all outstanding shares.

Capital reserves contain payments by shareholders in excess of the nominal value. This is the premium, reduced by the excess value over the nominal value of cancelled treasury shares. Gains and losses realised on the sale of treasury shares are also recognised directly in capital reserves. In addition, the reserves for share-based payment are reallocated to the capital reserves upon expiry of the vesting period. Costs related to capital increases are charged to the income statement.

Treasury shares comprise shares in Meyer Burger Technology Ltd held by Meyer Burger Technology Ltd itself. Treasury shares are recognised at cost and are not remeasured as at the reporting date.

The reserve for treasury shares contains shares of Meyer Burger Technology Ltd that were created for share-based payments and are indirectly held through group companies.

The retained earnings or accumulated losses are undistributed gains and losses.

1.7 Share-based payments

A share-based payment is a transaction in which an entity receives or acquires goods or services as consideration for its equity instruments or by incurring liabilities to the supplier of those goods or services for amounts that are based on the price of the entity's shares or other equity instruments of the entity. The accounting treatment of share-based payments depends on how the transaction is settled, namely whether it is settled by equity instruments or in cash. Under the current share participation programme, Meyer Burger Technology Ltd makes an individual offer to every plan participant in an offer letter stipulating the number of conditional rights to purchase shares, the acquisition price per share (if any), the payment conditions, the acceptance period and the (optional) retention periods. The fair value at the time of the granting of conditional rights, shares or options is recognised in personnel expenses over the vesting period.

1.8 Leases

A fundamental distinction is made between finance leases and operating leases. Meyer Burger Technology Ltd does not have any finance leases, only operating leases. Operating leases (lease and rental agreements) are recognised according to legal ownership, i.e. the resulting payments are recognised as an expense by the lessee or tenant in the period to which they relate, although the leased or rented assets themselves are not recognised.

1.9 Cash flow statement and additional disclosures not included in the Notes

Since Meyer Burger Technology Ltd prepares consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), in compliance with the statutory provisions, it has neither included disclosures in the Notes on interest-bearing liabilities and audit fees, presented a cash flow statement nor prepared a report on the financial year in these annual financial statements.

2 Disclosures relating to items in the balance sheet and income statement

2.1 Financial assets

Financial assets consist solely of loans to participations (investments) aimed at financing their ordinary business activity.

2.2 Investments

Meyer Burger Technology Ltd holds the following direct and indirect investments:

Companies

Company	Registered office	Currency	Share capital	Participation[1] 31.12.2019	31.12.2018
AIS Automation Dresden GmbH	Dresden, Germany	EUR	51 000	0.00%	100.00%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	100.00%	100.00%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger (Singapore) Pte. Ltd	Singapore, Singapore	SGD	1	100.00%	100.00%
MB Systems Co. Ltd	Seoul, Korea	KRW	4 371 500 000	100.00%	100.00%
MBT Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MBT Systems Ltd	Delaware, USA	USD	1	100.00%	100.00%
Meyer Burger (Germany) GmbH	Hohenstein-Ernstthal, Germany	EUR	16 207 045	100.00%	100.00%
Meyer Burger (Italy) S.r.l.	Milan, Italy	EUR	10 000	100.00%	100.00%
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	100.00%	100.00%
Meyer Burger (Switzerland) Ltd	Thun, Switzerland	CHF	500 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	100.00%	100.00%
Meyer Burger GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger India Private Ltd	Pune, India	INR	18 552 930	100.00%	100.00%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research AG	Hauterive, Switzerland	CHF	100 000	100.00%	100.00%
Meyer Burger Sdn. Bhd.	Cyberjaya, Malaysia	MYR	1 000 000	100.00%	100.00%
Meyer Burger Systems (Shanghai) Co. Ltd	Shanghai, China	CNY	37 460 922	100.00%	100.00%
Meyer Burger Technology Ltd	Thun, Switzerland	CHF	34 258 692	Parent company	
Meyer Burger Trading (Shanghai) Co. Ltd	Shanghai, China	CNY	1 655 400	100.00%	100.00%
Muegge GmbH	Reichelsheim, Germany	EUR	400 000	100.00%	100.00%
Oxford Photovoltaics Ltd	London, United Kingdom	GPB	3 733	19.76%	0.00%
Oxford PV Germany GmbH	Brandenburg an der Havel, Germany	EUR	25 000	19.76%	0.00%
Pasan SA	Neuchâtel, Switzerland	CHF	102 000	100.00%	100.00%
Somont GmbH	Umkirch, Germany	EUR	30 000	0.00%	100.00%

[1] The share of equity corresponds to the share of voting rights.

Absorption of Somont GmbH

Somont GmbH, Umkirch, Germany was merged into Meyer Burger GmbH, Zülpich, Germany, as per 8 August 2019. The transaction was purely structural and did not lead to any changes in control over the underlying assets respectively business.

Sale of AIS Automation Dresden GmbH

AIS Automation Dresden GmbH was sold as per 15 November, 2019. As the investment was held indirectly, no gain or loss from sale of investment is recognized in the financial statements of Meyer Burger Technology Ltd.

Acquisition of Oxford Photovoltaics Limited

In 2019, Meyer Burger acquired 69 132 shares of Oxford Photovoltaics Limited, London, United Kingdom equaling a 19.76% share in the company, including its fully-owned subsidiary Oxford PV Germany GmbH. The transaction price was settled in Meyer Burger shares with a total value of CHF 37.3 million originating from the capital increase in March 2019, directly allocated costs of CHF 1.2 million and a cash consideration paid in July 2019 of CHF 1.0 million.

2.3 Current and non-current financial liabilities

Convertible bond

In September 2014, Meyer Burger Technology Ltd issued an unsecured convertible bond in the amount of CHF 100 million, maturing in 2020 and with an investor put option in 2018. This convertible bond was restructured in 2016 by deleting the investor put option and raising the coupon from 4% to 5.5%. Following the bond's restructuring, the conversion price is now CHF 0.98 (previously: CHF 11.39). In November 2017, Meyer Burger Technology Ltd launched a voluntary incentive offer inviting bondholders to convert the bond. 71.2% of the bondholders accepted the incentive offer. Together with other bondholders that have converted their bond in 2017 and early in 2018, CHF 73.2 million of the total nominal value was converted. The convertible bond matures at 100% of its nominal value of 26.8 million on 24 September 2020 unless previously redeemed, converted or repurchased and cancelled and is therefore presented in the current financial liabilities as per 31 December 2019.

2.4 Share capital

The share capital of Meyer Burger Technology Ltd as at 31 December 2019 was divided into 685,173 ,834 registered shares with a nominal value of CHF 0.05 each. In 2019, Meyer Burger Technology Ltd carried out a capital increase related to the acquisition of the participation in Oxford Photovaltics Limited. The capital increase in 2019 led to an increase by 62,288,420 registered shares based on the 622,885,414 registered shares outstanding as per 31 December 2018. The share capital is fully paid-up.

No dividend was paid in the reporting period or in the previous year.

Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 2 May 2019, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company's Articles of Association, dated 2 May 2019, the share capital may be increased by a maximum amount of CHF 1,368,878.15 through the issuance of a maximum of 27,377,563 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies.

The subscription rights of the shareholders shall be excluded in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments, which carry conversion and/or option rights. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.

The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:

1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction. If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:
   1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
   2) the respective financial market instruments must be issued at the relevant market conditions.

Authorised share capital

In accordance with Article 3d of the Articles of Association, dated 2 May 2019, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 1,535,579.00 at any time until 2 May 2020, through the issuance of a maximum of 30,711,580 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:

1) for the acquisition of enterprises, parts of enterprises, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners or for the purpose of broadening the shareholder constituency in certain investment markets; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

The capital increase may occur by means of underwriting and/or partial increases. The Board of Directors is entitled to set the issue price of the shares, the type of contribution and the date of entitlement to dividends. Shares issued under these terms are subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association of the Company.

Significant shareholders

The Company is aware of the following shareholders, who according to Article 120f. FMIA (Financial Market Infrastructure Act) held more than 3% of the voting rights (based on the share capital registered in the commercial register) as of 31 December 2019 respectively 31 December 2018. The disclosure notices are published on the website of the disclosure office.[1]

Shareholder[2]	Registered shares[3]	
	31.12.2019	31.12.2018
Credit Suisse Funds AG, CH-Zurich	<3%	4.99%
Kondrashev Petr, A-Thomasberg[4]	–	5.39%
Sentis Capital PCC (Cell 3) Shareholder Group[2]	11.78%	–
Norges Bank (the Central Bank of Norway)	3.17%	<3%

[1] https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=MEYER
[2] Voting rights participation according to the latest disclosure notice received from the shareholder.
[3] Registered shares held in Meyer Burger Technology Ltd according to the disclosure notice.
[4] The direct shareholder was Sentis Capital PCC (Cell 3), St. Heller, Jersey JE24QB (previously disclosed under Elbogross SA and Brustorm SA, respectively, both CH-Zug). The beneficial owner was Petr Kondrashev, A-Thomasberg.

2.5 Capital contribution reserves

Out of the total amount of CHF 723.7 million as at 31 December 2019, CHF 672.3 million was approved by the Federal Tax Administration and is available for distribution free of withholding tax. The increase of CHF 36.2 million compared to 31 December 2018 corresponds to the capital increase of CHF 34.2 million and the vesting of the share plan 2016 (CHF 1.9 million). These premiums are again reported to the Federal Tax Administration for approval for potential distribution free of withholding tax.

In the capital contribution reserves as at 31 December 2019 there are capital transaction costs of CHF 15.1 million included that are not yet approved as reserves from capital contribution by the Swiss federal tax administration (FTA). This practice may be changed in the future.

2.6 Reserve for treasury shares

The current share participation programmes set up in accordance with 1.7 above resulted in holdings of treasury shares in Meyer Burger Technology Ltd at the subsidiaries involved up to the end of the vesting period. The law stipulates that a special reserve for treasury shares has to be created for these allocated shares during the retention period in the amount of the number of allocated shares multiplied by the share value at the time of allocation (share price on grant date).

2.7 Treasury shares

Treasury shares held by Meyer Burger Technology Ltd

	No. of shares	Price/share in CHF	Value treasury shares in TCHF
01.01.2018	**895 815**	**0.86**	**770**
Purchase/additions	5 212 224	1.11	5 795
Grant/use	–3 826 558	1.08	–4 140
31.12.2018	**2 281 481**	**1.06**	**2 425**
Purchase/additions	529 754	0.90	477
Grant/use	–2 768 054	1.04	–2 867
31.12.2019	**43 181**	**0.79**	**34**

Treasury shares held by subsidiaries

	No. of shares	Price/share in CHF	Value treasury shares in CHF
01.01.2018	**6 063 088**	**0.73**	**4 409**
Increase share plan 2018[1]	2 810 889	1.14	3 191
Decrease share plan 2016[3]	–428 998	0.61	–263
Decrease share plan 2017[3]	–827 596	0.85	–703
Decrease share plan 2018[3]	–288 003	1.10	–318
31.12.2018	**7 329 380**	**0.86**	**6 316**
Increase share plan 2019[4]	2 728 206	0.69	1 884
Decrease share plan 2016[2]	–1 844 221	0.50	–926
Decrease share plan 2017[3]	–671 464	0.85	–571
Decrease share plan 2018[3]	–624 961	1.10	–685
Decrease share plan 2019[3]	–642 218	0.69	–443
31.12.2019	**6 274 722**	**0.89**	**5575**

[1] Share plan 2018: The shares have been allocated at a price of CHF 1.104 (market price at the time of allocation). However, the allocation for the Executive Board was made at the fair value of CHF 1.22. All shares are subject to a three-years' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 1.104) or at the fair value respectively (CHF 1.22).

[2] In March 2019, the three-years' vesting period of share plan 2016 ended and the shares granted have been transferred to the plan participants.

[3] If a plan participant gives notice to the employment contract during the vesting period, the shares allocated are returned to Meyer Burger Technology Ltd. In some particular cases (i.e. if Meyer Burger terminates an employment contract for economical reasons or if a group company is sold), the leaving participant is entitled to keep the shares, i.e. an early vesting is performed.

[4] Share plan 2019: The shares have been allocated at a price of CHF 0.69 (market price at the time of allocation). However, the allocation for the Executive Board and new Board members was made at the fair value of CHF 0.74. All shares are subject to a three-years' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.69) or at the fair value respectively (CHF 0.74).

All treasury shares that are held in conjunction with the employee share plans are held by subsidiaries of Meyer Burger Technology Ltd. These are therefore reserved in full and will be transferred to employees upon expiry of the vesting period.

Meyer Burger Technology Ltd does not hold any treasury shares in connection with the employee share plan and no treasury shares held by Meyer Burger Technology Ltd are reserved.

Meyer Burger Group is not aware of any shares in the Company being held by the pension fund.

2.8 Other operating income

Other operating income mainly includes management fees that were invoiced to the group companies and dividends received. In 2019, a dividend of CHF 2.4 million was received from subsidiaries (2018: no dividends were received).

2.9 Other operating expenses

Other operating expenses reflect losses on bad debts from group companies.

2.10 Impairments on investments and financial assets

The valuation of investments and loans to Group companies is reviewed at least annually. As per 31 December 2019, additional impairments on investments and loans to Group companies were deemed necessary based on expected future cash flows. The impairments to the initial valuation reflect this critical assessment.

2.11 Interest expenses

In the year under review and in the previous year, interest and fees for the convertible bond issued as well as the commitment fee related to provision of the credit facility agreement with the banking syndicate were recognised as interest expenses in accordance with note 2.3.

2.12 Interest income

The interest income reported includes the interests received for loans granted to group companies as well as interest income from banks and interest from short-term money market instruments.

2.13 Loss from currency translation

The currency translation rates of the main foreign currencies EUR and USD decreased between 2% and 4% in the reporting year. This resulted in a loss from currency translation. In 2018, the decline of the EUR was the main reason for the losses from currency translation.

3 Other disclosures

3.1 Full-time emplyees
The average number of full-time employees for both the reporting period and the previous year did not exceed 50.

3.2 Liabilities to pension funds
As of 31 December 2019, contributions to pension funds of CHF 0.2 million were outstanding to be paid (31 December 2018: all contributions were paid).

3.3 Lease obligations not recorded in the balance sheet

in TCHF	31.12.2019	31.12.2018
Up to 1 year	–	13
Total	**–**	**13**

These amounts comprise the rental or lease payments due by the end of the agreement or the expiry of the notice period.

3.4 Contingent liabilities (guarantees and pledged assets)
As at 31 December 2019, Meyer Burger Technology Ltd provided a guarantee of an amount of up to CHF 72.0 million for the framework loan agreement with a Swiss banking consortium. This credit facility matures at the end of August 2020. The framework loan agreement contains a guarantee limit of CHF 60.0 million, of which CHF 24.7 million was cash collateralized by Meyer Burger Technology Ltd and one of its subsidiaries (2018: no cash-collateral). Bank guarantees in the amount of CHF 29.2 million had been drawn down as at 31 December 2019 (31 December 2018: CHF 34.1 million).

Meyer Burger Technology Ltd is the borrower of a credit facility from a German financial institution. The credit line amounted to CHF 3.3 million as at 31 December 2019 (2018: CHF 10.1 million), of which CHF 1.6 million was cash collateralized (2018: no cash-collateral). The credit facility can be drawn by subsidiaries by way of guarantees for advance payments, warranty bonds or other types of guarantees. It cannot be used for the collateralization of loans. A total of CHF 1.7 million of this credit facility had been drawn down as at 31 December 2019 (31 December 2018: CHF 1.5 million).

In 2017 Meyer Burger Technology Ltd concluded a guarantee facility with a Swiss insurance institution. The credit line amounted to CHF 5.4 million and was drawn with a total of CHF 3.6 million as at 31 December 2018. The facility was duly terminated in 2019 when the underlying project was completed.

Meyer Burger Technology Ltd had provided a guarantee for the loan secured by mortgage certificates for the building in Thun. This credit agreement was concluded between Meyer Burger (Switzerland) Ltd and a consortium of Swiss banks in March 2013, maturing in April 2015, under which Meyer Burger (Switzerland) Ltd received proceeds of CHF 30.0 million. Meyer Burger Technology Ltd provided a guarantee (promissory note) for this contract of an amount of up to CHF 33.0 million. The loan contract was prolonged several times since 2015. With the sale of the Thun building and the full repayment of the loan in October 2019, Meyer Burger Technology Ltd was discharged from the obligation of the debt instrument.

In addition, there were several guarantees of Meyer Burger Technology Ltd for group companies in favor of third parties for a maximum amount of CHF 17.3 million as at 31 December 2019 (31 December 2018: CHF 20.5 million). These mainly relate to guarantees to customers and suppliers of group companies.

3.5 Letters of comfort and liquidity commitments in favour of group companies

Meyer Burger Technology Ltd has issued liquidity commitments in favor of several group companies. This enables the group companies in question to settle their accounts payable to creditors on time.

3.6 Shares allocated to the Board of Directors, Executive Board and employees

In the years 2019 and 2018, participation rights were allocated to members of the Board of Directors and employees as follows:

Name	No. of shares	Price/share in CHF	Value of allocated shares in TCHF
2019			
Allocated to the Board of Directors	304 910	0.685/0.738[1]	210
Allocated to the Executive Board	789 044	0.685	576
Allocated to employees	254 564	0.685	174
Total	**1 348 518**		**960**
2018			
Allocated to the Board of Directors	185 540	1.104	205
Allocated to the Executive Board	961 886	1.220	1 174
Allocated to employees	240 843	1.104	266
Total	**1 388 269**		**1 644**

[1] The fair value in 2019 was CHF 0.685 (1 April 2019) except for new members for whom it was CHF 0.738 (3 May 2019).

The actual vesting ratio (actual number of shares) that a member of the Executive Board and the Delegate of the Board of Directors receive after expiration of the three year vesting period will depend on the relative development of the share price of the Company compared to MAC Solar Index in the period between the grant date of the shares and the end of the vesting period. The actual number of shares that a member of the Executive Board and the Delegate of the Board of Directors will receive after the expiration of the vesting period can vary between a minimum of 0% and a maximum of 150%.

3.7 Share ownership by the Board of Directors and the Executive Board

2019

The members of the Board of Directors and of the Executive Board (including related parties) held the following participations in Meyer Burger Technology Ltd at 31 December 2019:

Name	Position	Registered shares (number)	RSU/PSU/ restricted shares under share plan[1] (number)	Total participation[2] (in % of outstanding shares)
Dr. Remo Lütolf	Chairman of the Board of Directors		70009	0.01%
Dr. Franz Richter	Vice Chairman of the Board of Directors	21615	159441	0.02%
Hans-Michael Hauser	Member of the Board of Directors		97649	0.01%
Andreas R. Herzog	Member of the Board of Directors		28004	0.00%
Dr. Hans Brändle	Chief Executive Officer	100000	1055376	0.17%
Manfred Häner	Chief Financial Officer		215452	0.03%
Dr. Gunter Erfurt	Chief Technology Officer	60525	415499	0.07%
Total as of 31 December 2019		**182140**	**2041430**	**0.32%**

[1] In the participation table, the number of restricted registered shares under RSU/PSU plans for the Executive Board includes the maximum potential amount of shares that could be vesting from the LTI Share Plan 2017 (i.e. 150%) and 100% of the shares of the LTI Plans 2018/2019. The final vesting ration of the LTI 2018 depends on the relative share price performance of the registered shares of the Company compared to the MAC Solar Index in the period between the grant date of the shares and the end of the vesting period, as described in the footnotes to the compensation tables for the Executive Board (potential maximum amount of shares can be 150% at vesting). Details of shares not yet vested are in the table below:

Grant/Purchase date	Number of shares	Vesting period until
01.04.2019/03.05.2019	786195	31.03.22
09.04.2018	417979	08.04.21
31.03.2017	837256	30.03.20

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2019 (685,173,834 shares).

2018

The members of the Board of Directors and of the Executive Board (including related parties) held the following participations in Meyer Burger Technology Ltd at 31 December 2018:

Name	Position	Registered shares (non-restricted) (Number)	Restricted registered shares[1] (Number)	Total participation[2] (in % of outstanding shares)
Dr Alexander Vogel	Chairman of the Board of Directors	2310719	157758	0.40%
Dr Franz Richter	Vice Chairman of the Board of Directors	–	113173	0.02%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	103813	0.02%
Hans-Michael Hauser	Member of the Board of Directors	–	52394	0.01%
Eric Meurice	Member of the Board of Directors	–	18720	0.00%
Michael R. Splinter	Member of the Board of Directors, Delegate	–	629185	0.10%
Dr Hans Brändle	Chief Executive Officer	100000	801157	0.14%
Manfred Häner	Chief Financial Officer	–	–	0.00%
Dr Gunter Erfurt	Chief Technology Officer	–	370651	0.06%
Michael Escher	Chief Commercial Officer	–	527114	0.08%
Daniel Lippuner	Chief Operating Officer	200000	131148	0.05%
Total as of 31 December 2018		**2610719**	**2905113**	**0.89%**

[1] In the participation table, the number of restricted registered shares under RSU/PSU plans for the Executive Board and the Delegate includes the maximum potential amount of shares that could be vesting from the LTI Share Plan 2017 (i.e. 150%) and 100% of the shares for the LTI Plan 2018. The final vesting ratio of the LTI 2018 depends on the Total Shareholder Return (TSR) of the registered shares of the Company compared to the MAC Solar Index in the period between the grant date of the shares and the end of the vesting period, as described in the footnotes to the compensation tables for the Executive Board (potential maximum amount of shares can be 150% vesting). Details of shares not yet vested are in the table below:

Grant/Purchase date	Number of shares	Vesting period until
09.04.2018	971566	08.04.2021
31.03.2017/03.01.2017	1220786/426316	30.03.2020/02.01.2020
22.03.2016/20.12.2016	286445	21.03.2019

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2018 (622,885,414 shares).

3.8 Going Concern

During the year ended 31 December 2019, Meyer Burger Technology Ltd has incurred a net loss of CHF –151.7 million (2018: CHF –157.4 million). The disappointing performance was mainly due to impairments on intercompany loans and investments. This is based on the continued difficult market conditions suffered by the PV manufacturing business caused by higher international competitiveness, the preference for local sourcing in China as well as less political support for the PV industries in Meyer Burger's main markets that affects Meyer Burger Technology and its subsidiaries. The lower order volumes, accordingly the low order backlog and the slow turnover of the order book reflect this downturn.

On 17 September 2014, Meyer Burger Technology Ltd. issued an unsecured convertible bond maturing in September 2020. The outstanding nominal value of the bond as per 31 December 2019 is CHF 26.8 million (31 December 2018: CHF 26.8 million) with a coupon of 5.5% and a conversion price of CHF 0.98. Accordingly, Meyer Burger will face increased capital requirements in the likely event of repayment of the convertible bond.

The continuing viability of Meyer Burger Technology Ltd and its ability to continue as a going concern is dependent upon the viability of its subsidiaries that is affected by new order entries, the success of measures taken by Meyer Burger in its continuing efforts in making sustainable profits and/or selling assets, as well as in improving its capital basis and liquidity. These measures align to Meyer Burger's business strategy and its focus on shareholder value creation and include financing measures.

As a result, a material uncertainty that may cast significant doubt regarding the going concern capability of Meyer Burger Technology Ltd. exists. However, the Board of Directors assumes that Meyer Burger Technology Ltd. will be successful in the above matters and, accordingly, has prepared the consolidated financial statements on a going concern basis

3.9 Significant events after the reporting date

In January 2020, the outbreak of the corona virus in China and circulation in other countries led to major impacts on the global economy. The impact on Meyer Burger's key end markets and its measures to improve the Company's capital basis and liquidity are too early to assess. Meyer Burger closely monitors the situation and potential impacts on its business and will take actions as required.

No other event occurred between 31 December 2019 and 11 March 2020 that would have a material effect on the recognised carrying amounts of assets and liabilities of the Meyer Burger Technology Ltd or would otherwise have to be disclosed at this point.

Proposed appropriation of capital reserves to the Annual General Meeting of Shareholders

The Board of Directors proposes that:

in TCHF	2019 Proposal by the Board of Directors	2018 Resolution by the General meeting of Shareholders
For decision by the General Meeting		
Balance carried forward from the previous year	–359 369	–202 017
Net loss for period	–151 656	–157 352
Total accumulated losses	**–511 025**	**–359 369**
Proposal by the Board of Directors		
Allocation capital contribution reserves	–300 000	–
Balance to be carried forward	**–211 025**	**– 359 369**

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

Thun

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Meyer Burger Technology AG (the Company), which comprise the balance sheet as at 31 December 2019, the income statement for the year then ended and the notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 102 to 115) as at 31 December 2019 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 3.8 to the financial statements, which states that the Company is dependent upon new order entries, the success of measures taken by Meyer Burger in its continuing efforts in making sustainable profits and/or selling assets, as well as in improving its capital basis and liquidity. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Our opinion is not qualified in respect of this matter.

Our audit approach

Overview

Overall materiality: CHF 2,400,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the business activities of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter, the following area of focus has been identified:

- Impairment testing of investments in Group companies and of intercompany loans and receivables

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 2,400,000
How we determined it	0.85% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because the Company primarily holds investments in and grants loans to Group companies.

We agreed with the Risk & Audit Committee that we would report to them misstatements above CHF 120,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material uncertainty related to going concern” section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment testing of investments in Group companies and of intercompany loans and receivables

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2019, Meyer Burger Technology AG recognised investments in Group companies (CHF 154.3 million) and intercompany loans (CHF105.2 million, non-current) and receivables (CHF 9.0 million, current). Investments in Group companies and intercompany loans and receivables are recognised at historical cost less impairment in accordance with the requirements of the Code of Obligations. The Board of Directors and Management have tested the valuations of these of these investments and of the intercompany loans and receivables based on the shareholders' equity as at 31 December 2019 of the Group companies concerned, their past results and budgets. Where necessary, impairment charges have been booked. We considered the assessment of the valuations of the investments in Group companies and current and non-current intercompany loan and receivables (please refer to	We assessed the need for impairment of the investments in Group companies and of intercompany loans and receivables. We performed the following audit procedures: • We checked the results of Management's valuations against the basic data. • We checked for plausibility the budget and the Mid-Range Plan. • We compared the market capitalisation with the book value of the shareholders' equity of Meyer Burger Technology AG.

pwc 3 Meyer Burger Technology AG | Report of the statutory auditor to the General Meeting

note 2.10 'Impairments on investments and financial assets' in the notes to the financial statements) to be a key audit matter because of: • the significant scope for judgement involved in performing the impairment tests, • the operating results of certain companies, and • the significant amount that these assets represent.	• We assessed the completeness and correct booking of the necessary impairment charges. We consider the valuation process applied by the Board of Directors and Management to be an appropriate and adequate basis to support the valuation of the investments in Group companies and intercompany loans and receivables.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of capital reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Furthermore, we draw attention to the fact that half of the share capital and legal reserves is no longer covered (article 725 para. 1 CO).

PricewaterhouseCoopers AG

Rolf Johner
Audit expert
Auditor in charge

Yvonne Burger
Audit expert

Bern, 12 March 2020

Information for investors and the media

Registered shares Meyer Burger Technology Ltd

Swiss valor number	10850379
ISIN	CH0108503795
Listing	SIX Swiss Exchange
Ticker symbol	MBTN
Reuters	MBTN.S
Bloomberg	MBTN SW
Nominal value per registered share	CHF 0.05
Number of outstanding shares	685 173 834 as of 31 December 2019
Share price high/low 2019	CHF 0.95/0.3172
Closing price as of 31 December 2019	CHF 0.375

Convertible Bond 2014–2020

Swiss valor number	25344513
ISIN	CH0253445131
Listing	SIX Swiss Exchange
Ticker symbol	MBT14
Reuters	MBTN
Bloomberg	MBTN SW
Coupon	5.50% per annum
Outstanding amount	CHF 26 830 000
Conversion price	CHF 0.98
Maturity	24 September 2020
Bond price high/low 2018	107.55%/84.25%
Closing price as of 31 December 2019	98.0%

Other information

Accounting Standard	Swiss GAAP FER
Auditors	PricewaterhouseCoopers AG
Share Register	Computershare Switzerland Ltd

Important dates

12 March 2020	Publication Fiscal Year Results 2019, Analyst and Media Conference, Widder Hotel, Zurich
13 May 2020	Ordinary Annual General Meeting, Kultur- und Kongresszentrum, Thun
13 August 2020	Publication Half-Year Results 2020, Conference call for analysts and investors

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Addresses

Interesting and useful product portfolio information and background knowledge about the entire technology company can be found on the corporate homepage www.meyerburger.com.

All companies within the Meyer Burger Group can be reached using the email address mbtinfo@meyerburger.com.

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Declaration on forward-looking statements

This Meyer Burger Ltd Annual Report 2019 contains statements that constitute “forward-looking statements”, relating to the Company. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments.
All forward-looking statements are based only on data available to Meyer Burger at the time of preparing the Annual Report 2019. Meyer Burger does not undertake any obligation to update any forward-looking statements contained in these documents as a result of new information, future events or otherwise.

The Annual Report 2019 is also available in electronic form. The Meyer Burger Annual Report 2019 is published in English only and is therefore the binding version.

The Annual Report 2019 is available on the internet:
www.meyerburger.com

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