# Report to fiscal year 2018

MEYER BURGER

# Key Figures

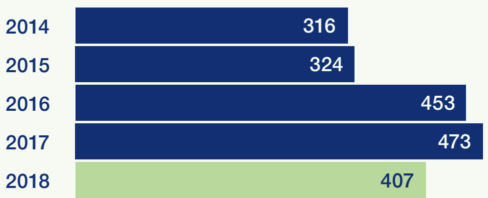
## Consolidated income statement

| in TCHF | 2018 | 2017 |
|---|---|---|
| Net sales | 406 967 | 473 256 |
| Operating income after costs of products and services | 200 763 | 194 818 |
| in % of net sales | 49.3% | 41.2% |
| EBITDA | 26 097 | 12 364 |
| in % of net sales | 6.4% | 2.6% |
| EBIT | 1 751 | –19 308 |
| in % of net sales | 0.4% | –4.1% |
| Net result for the year | –59 437 | –79 339 |

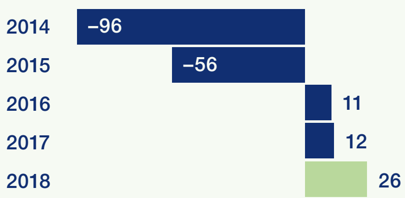
## Consolidated balance sheet

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Total assets | 349 153 | 469 983 |
| Current assets | 226 669 | 275 930 |
| Non-current assets | 122 485 | 194 052 |
| Current liabilities | 108 747 | 163 938 |
| Non-current liabilities | 58 695 | 63 088 |
| Equity | 181 711 | 242 957 |
| Equity ratio | 52.0% | 51.7% |

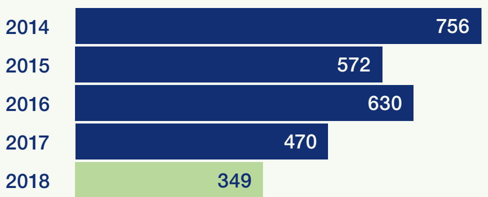
## Net sales
## in CHF million



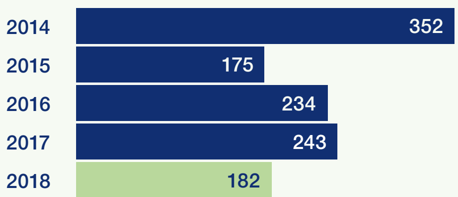

## EBITDA
## in CHF million




## Total balance sheet
## in CHF million




## Equity
## in CHF million



# Contents

## Report to Fiscal Year 2018



## Corporate Profile





**Annual Report 2018**

The Annual Report 2018 consists of two parts: Company Profile and Report to Fiscal Year 2018. Both documents are available on the company website: https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/financial-reports-publications/

# Management Report 2018

## Markets and customers

Photovoltaic (PV) installations had another substantial year in 2018, with newly installed PV capacity at private and commercial end users reaching about 104 GW compared to about 100 GW that was added in 2017. Total installed PV capacity worldwide therefore reached about 500 to 515 GW by the end of 2018. Although year-on-year growth in 2018 was flat due to the Chinese government's 531 announcement (see below), the long-term outlook for solar as a renewable source of energy remains intact with renowned and independent industry experts (such as SolarPower Europe) expecting end installed PV capacity to reach over 1,000 GW by the year 2022.

### Chinese/USA politics impact investment behaviour of Meyer Burger's customers

For the PV manufacturing industry, 2018 turned out to be a challenging year. It started with the announcement by the US president in January 2018 that steep tariffs on imported solar panels would be introduced, followed by an intensifying trade dispute between the USA and China which over the course of the year had a negative effect on many companies and industries worldwide. On top of that, the Chinese government announced substantial subsidy cuts for the solar industry on 31 May 2018, which had taken the market and the industry by complete surprise. These facts combined have created a lot of uncertainties and led to a significant reluctance by Meyer Burger's PV customers regarding new investments in PV manufacturing equipment. The market started to show signs of recovery only at the end of the year.

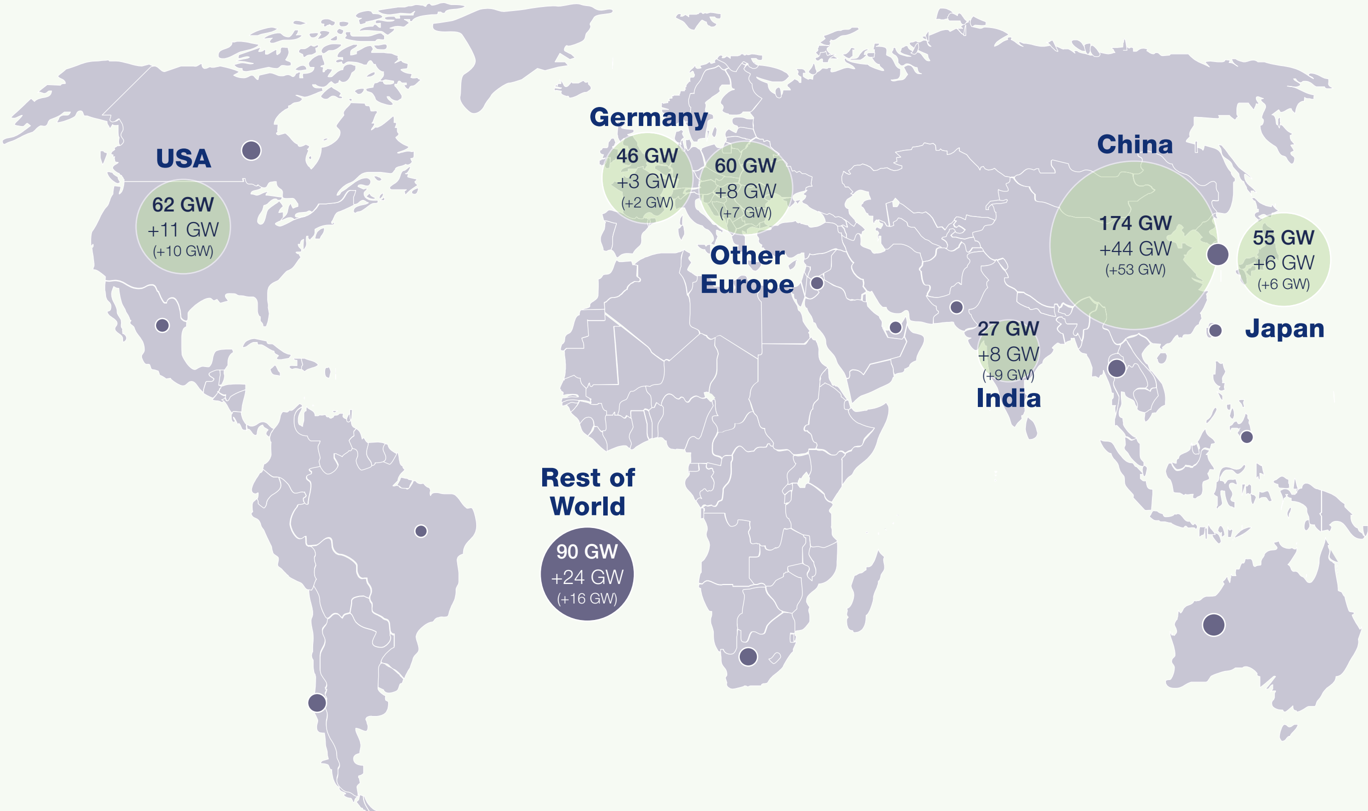
Furthermore, after a very successful 2017 with strong order intake for Meyer Burger's PERC technologies, the Company has made the experience that Chinese customers seem to put additional emphasis on buying PV manufacturing equipment locally, if at all possible. Meyer Burger has a leading position regarding „Cost of Ownership" and its products enable mass production as well as highest efficiency in solar cells and modules (see also section Innovation and technology). Despite this technological leadership position, the discussion on "CAPEX per GW" has intensified, putting pressure on selling prices for manufacturing equipment while at the same time higher throughput has to be guaranteed.

## Transformation programme announced in October 2018

The reorganisation of the production site in Thun that was announced in November 2017 has largely been completed by the end of 2018. However, during the year it became more and more apparent that Meyer Burger needs to reposition its standard PV business solutions and move a significant part of the global sales and services functions for this business from Europe to Asia (mainly to China), in order to further increase customer proximity and to regain cost competitiveness. As a result, the company launched a transformation programme on 16 October 2018 which will be fully executed by 2020.

On 7 February 2019, the Company announced that it will divest its photovoltaic and specialised materials wafering equipment and service business to Precision Surfacing Solutions (PSS), a global supplier of equipment and services for surface enhancement technology. As part of the transaction, significant parts of Meyer Burger's production facilities in Thun as well as about 100 employees involved in the wafering technology portfolio in Thun and relevant service locations worldwide will also be transferred to PSS. The closing of the transaction is expected to be completed towards the end of Q1 2019. The agreed purchase price is CHF 50 million in cash, which represents approximately one times annual net sales of the wafering equipment business. The contract further includes an earn-out component based on certain revenue levels in 2019. PSS intends to use the know-how of Meyer Burger's local workforce and to continue product development as well as manufacturing activities in non-PV wafering applications in Thun, where it has entered into a long-term rental agreement with Meyer Burger. The Thun manufacturing location, which is owned by Meyer Burger, is now fully occupied and includes long-term leasing contracts with PSS and with 3S Solar Plus AG.

## Globally installed PV capacity (end-market)




Note: Nominal GW as at year-end 2018
Delta reflects change in 2018 compared to previous year; numbers in brackets reflect change in 2017
Sources: SolarPower Europe, ASIACHEM, Meyer Burger estimates

## Strategic focus on Heterojunction, SWCT™ and next generation cell/module technologies

Going forward, Meyer Burger will concentrate its strategic focus on the existing cell/module technologies business, especially its successful Heterojunction (HJT) and SmartWire Connection Technology (SWCT™), and on promising next generation cell/module technologies.

# CHF 74 m order for HJT/ SWCT™ equipment received in December 2018.

A major strategic contract signed for Heterojunction and SWCT™ technologies, in an amount of CHF 74 million was announced on 14 December 2018. The customer, REC Group, a leading solar company, ordered core equipment for a 600 MW Heterojunction/SWCT™ integrated production line. Initial delivery began at the end of Q1 2019 and the start of the cell and module production at the customer's site is planned for the second half of 2019. The total manufacturing capacity is scheduled to be in full production by Q1 2020.

## Management discussion and analysis of results

### Incoming orders

Against the background of the political environment and the margin pressure seen for standard PV business solutions as described above, Meyer Burger achieved a total volume in new orders of CHF 326.8 million in fiscal year 2018, compared to a record level of CHF 560.7 million in 2017.

The total order backlog was CHF 240.5 million as at 31 December 2018 (31.12.2017: CHF 343.8 million). The book-to-bill ratio (incoming orders to net sales) was 0.80 (2017: 1.18). Book-to-bill ratio improved during the second half of 2018 to 1.08 compared to 0.59 in the first half of 2018.

## Net sales

Net sales reached CHF 407.0 million (2017: CHF 473.3 million). Compared to the previous year, the divestment of the Solar Systems business to 3S Solar Plus AG in June 2018 had a negative effect of about CHF 10.2 million, compensated by positive currency effects (mainly EUR) of MCHF 15.2 million. On a comparable basis, the continuing business declined by CHF 71.3 million or 15% in 2018.

The sales breakdown in net sales changed as follows compared to the previous year: Asia remained by far the most important market with 71% of net sales (2017: 77%), Europe reflected 25% (2017: 19%), USA 3% (2017: 3%) and the rest of the world 0.3% (2017: 1%) of net sales 2018.

## Operating income after costs of products and services

Operating income after costs of products and services reached CHF 200.8 million (2017: CHF 194.8 million), reflecting a margin of 49.3% (2017: 41.2%).

## Operating expenses

Personnel expenses declined by CHF 9.8 million or 7% compared to the previous year and were CHF 125.9 million (2017: CHF 135.7 million), as Meyer Burger continued to flexibilise its organisation and to significantly reduce its fixed cost base.

Other operating expenses amounted to CHF 48.8 million, including one-time charges of CHF 4.3 million in conjunction with the divestment of the Solar Systems business activities (2017: CHF 46.7 million). Without this one-time charge, other operating expenses would also have declined by about 5%.

## EBITDA

EBITDA reached CHF 26.1 million in fiscal year 2018 (2017: CHF 12.4 million), resulting in an EBITDA margin of 6.4% (2017: margin of 2.6%).

## EBIT

Depreciation and amortisation came to a total of CHF 24.3 million (2017: CHF 31.7 million) and have declined in line with expectations. The division is as follows: CHF 10.7 million for scheduled depreciation of property, plant and equipment, CHF 1.2 million for impairment of property, plant and equipment, and CHF 12.4 million for scheduled amortisation of intangible assets, which resulted mainly from the M&A activities in 2011 and previous years. The result at EBIT level amounted to CHF 1.8 million (2017: CHF –19.3 million).

## Financial result

The financial result, net, was CHF –9.8 million (2017: CHF –10.3 million). Financial expenses in fiscal year 2018 include interest expenses for the convertible bond of CHF –2.0 million (2017: convertible bond and the meanwhile redeemed straight bond CHF –9.5 million). The valuation of intercompany loans to foreign subsidiaries led to financial loss from unrealised negative foreign currency translation effects of CHF –2.7 million (2017: CHF +5.7 million). In addition, there were other unrealised foreign currency translation effects of CHF –2.1 million (2017: CHF +1.0 million), interest expenses for mortgage loans and other interest expenses in a total amount of CHF –1.5 million (2017: CHF –1.7 million), other financial expenses of CHF –1.5 million (2017: CHF –6.4 million) and interest income of CHF +0.1 million (2017: CHF +0.6 million).

## Extraordinary result

The extraordinary result amounted to CHF +0.7 million, mainly in conjunction with revaluations of inventory provisions connected to the closure of manufacturing activities in Thun (2017: CHF –48.8 million, mainly in conjunction with the divestment of DMT and related goodwill recycling as well as costs in relation to the reorganisation and discontinuation of manufacturing activities in Thun).

## Taxes

Tax expenses were CHF 52.1 million (2017: tax expenses of CHF 0.9 million). The tax expenses in 2018 include value adjustments on deferred tax assets in a total amount of CHF 49.0 million. Tax expenses in 2018 related to current income taxes on profits for the period were CHF –4.4 million and deferred income taxes CHF +1.3 million.

## Net result

Due to the highly negative impact of the adjustments on deferred tax assets (CHF 49.0 million), the net loss for fiscal year 2018 was only slightly reduced to CHF –59.4 million (2017: CHF –79.3 million). The net result per share was CHF –0.10 (2017: CHF –0.14).

### Balance sheet as at 31 December 2018

The balance sheet total declined compared to the previous year, mainly because of lower customer prepayments due to the reduced order intake and the value adjustments on deferred tax assets. The balance sheet amounted in total to CHF 349.2 million as at 31 December 2018 (31.12.2017: CHF 470.0 million). Cash and cash equivalents were CHF 89.8 million, inventories CHF 78.6 million, property, plant and equipment CHF 82.3 million, intangible assets CHF 11.9 million and deferred tax assets CHF 27.7 million.

Total liabilities came to CHF 167.4 million, of which trade payables were CHF 17.3 million, customer prepayments CHF 34.4 million, provisions CHF 14.1 million and financial liabilities CHF 55.6 million. The financial liabilities include a loan secured by mortgage certificates in an amount of CHF 30.0 million (on building in Thun), a value of CHF 25.3 million for the remaining convertible bonds that have not been converted yet and CHF 0.3 million of other loans.

## Equity ratio of 52.0% as at 31 December 2018.

Equity stood at CHF 181.7 million as at 31 December 2018 (31.12.2017: CHF 243.0 million). The equity ratio at year-end 2018 was 52.0% (31.12.2017: 51.7%).

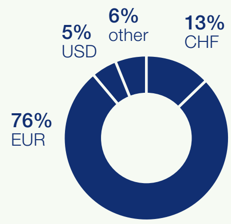
### Cash flow

Cash flow from operating activities was CHF –23.4 million (2017: CHF +12.8 million). The change in the operating cash flow is mainly due to an increase in net working capital.

Cash flow from investing activities amounted to CHF –5.1 million (2017: CHF +2.5 million) and includes normal net investments into property, plant and equipment of CHF –5.0 million.

Cash flow from financing activities was CHF –5.1 million (2017: CHF –139.0 million), and includes the purchase of registered shares for the share participation plan in an amount of CHF 4.1 million.

### Net sales by currencies in 2018




### R&D investments

Meyer Burger invested a total of CHF 44.8 million or about 11% of net sales in R&D during 2018 (2017: CHF 43.4 million; about 9% of net sales). Research and development expenses are not capitalised in the balance sheet, but recognised as an expense in Meyer Burger's income statement.

With the repositioning of its standard PV business, the sale of the wafering business, the reinforced focus on cell/module technologies and a concentration of future R&D activities on most promising products (as part of the transformation programme announced in October 2018 and to be completed by 2020), Meyer Burger expects to keep its annual R&D expenses at a steady ratio of about 10% of its future net sales.

### Currencies

In 2018, 13% of net sales were generated in Swiss Francs (2017: 19%), 76% in Euro (2017: 70%), 5% in US Dollars (2017: 5%), whereas other currencies reflected 6% (2017: 6%). 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 foreign companies, however.

## Workforce

| Employees (FTE) | 2018[1] | 2017 | 2016[2] | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Total at year-end** | **1 191** | 1 276 | 1 435 | 1 505 | 1 525 | 1 752 |
| Operations | 481 | 587 | 605 | 643 | 613 | 661 |
| Research, Development | 281 | 232 | 297 | 307 | 338 | 395 |
| Sales, Services | 281 | 322 | 345 | 359 | 367 | 475 |
| Finance, Administration | 148 | 135 | 188 | 196 | 207 | 221 |

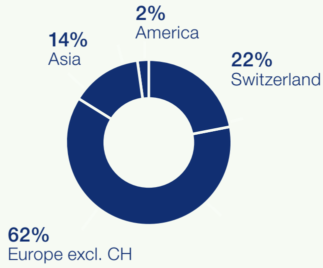
[1] Definitions of certain individual functions have been changed in accordance with new Company HR policies. As a result, transfers from Operations (formerly Production, Logistics) to Research/Development and Finance/Administration functions have occurred in 2018.
[2] Number of FTE as at 31 December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

## Risk management

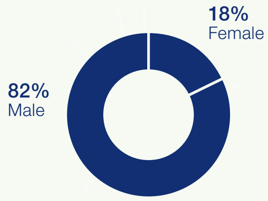
Meyer Burger uses various risk management instruments to manage the strategic, financial and operational risks facing the Group. The Board of Directors has primary responsibility for evaluating strategic risks. Financial and operational risks are mainly assessed by the Executive Board of Meyer Burger Technology Ltd. The results are submitted to the Board of Directors at regular intervals and any necessary counter-measures determined. Risk management is integrated within the company's management processes and involves, in particular, 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 97.

Occupational safety is also of importance to Meyer Burger. Risks are minimised and a high degree of process safety 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 13.

### Employee structure by region in 2018 in %




### Employee structure by gender in 2018 in %




## Employees

At the end of 2018, Meyer Burger employed about 1,250 people. The number of employees with permanent working contracts was 1,191 FTE at year-end 2018 (2017: 1,276 FTE). In addition, the Group employed 76 temporary full-time workers (2017: 175 temporary employees). The change in the number of employees during fiscal year 2018 is mainly due to the measures taken as part of the reorganisation in Thun (announced November 2017) and the transformation programme (announced October 2018). Overall there will still be about 200 FTE affected by the sale of the wafering business to Precision Surfacing Solutions and by various measures initiated in the transformation programme.

The average number of full-time employees in 2018 was 1,236 FTE (2017: 1,341 FTE).
→ For more information on Human Resources issues see page 13.

## Innovation and technology

### Wafering

The main focus in the 2018 reporting period was on the product launch of the new DW291 PV diamond wire saw. The new saw uses wires with a standard diameter of 50 µm, which enables markedly higher cutting speeds of approx. 1 hour per 6" silicon crystal. The result significantly increased productivity of up to 50% for our customers. The DW291 saw was presented to the market and to customers at the SNEC, the largest photovoltaics industry trade fair in Shanghai in May 2018.

Further development of diamond wire slicing technologies for multi-crystalline silicon was discontinued in favor of process development for mono-crystalline silicon, which is increasingly dominating the market.

In the area of wire slicing technologies for applications in the semiconductor electronics and optical industries, a new model of the DW288 wire saw was developed which, with its significantly longer loading lengths and consequent higher productivity, has already succeeded in winning customers. Another development project for a diamond wire saw for the slicing of wafers from 12" silicon mono-crystals for the semiconductor industry was also completed as planned in 2018 with the launch scheduled for the following year.

In February 2019, Meyer Burger announced that it will sell its photovoltaic and specialised materials Wafering equipment and service business to Precision Surfacing Solutions (PSS), a global supplier of equipment and services for surface enhancement technology (see also second paragraph of section "Transformation programme" at the beginning of the Management Report).

In the field of wafer inspection systems, Meyer Burger was able to defend its high market share by successfully launching a new generation of inspection systems with a throughput of 8,000 wafers per hour.

### Solar cells

For the 2018 reporting period, the R&D activities for production systems and technologies for the manufacture of solar cells can be separated into PERC, passivated back surface contacts and HJT, heterojunction technologies.

In 2018, Meyer Burger's successful PERC technology was facing increased competition from Asian equipment manufacturers, as the discussion on "CAPEX per GW" intensified, putting pressure on selling prices for manufacturing equipment while at the same time higher throughput has to be guaranteed. From a technology standpoint, Meyer Burger was able to respond by developing new products such as the MAiA® 6.1 production equipment with an increased productivity of 6,000 wafers/hour throughput and by launching the new FABiA® 4.1 coating platform. FABiA® 4.1 is the world's only deposition system that combines all necessary coating processes for the front and back surfaces of solar cells in a single unit, thereby enabling lower production costs in comparison with the competition.

PERC solar cell efficiencies were increased by manufacturers up to an average of 22%. However, further major increases in efficiency are not expected for PERC technology because of its limited electrical passivation effect. For this reason, a new technology trend in the direction of improved back surface passivation – so-called passivated contacts (also known by the name "TOPCon" and originally developed by the Fraunhofer Institute for Solar Energy Systems (ISE)) – is emerging in the solar industry. During the reporting period, Meyer Burger achieved remarkable results from this process development (23% solar cell efficiency, with an increase in the reporting period of 1.3% absolute) and was able to press ahead with the corresponding development of the CAiA® technology platform. These process developments were carried out together with the Solar Energy Research Institute of Singapore (SERIS) in a very collaborative partnership. The new process equipment enables customers to extend their existing production facilities in such a way as to overcome the limitations of PERC technology and to achieve higher solar cell (and thus also module) efficiencies. These TOPCon cells can also be processed further using Meyer Burger's SmartWire Connection Technology (SWCT™) (see Solar module section below).

Meyer Burger's leading solar cell technology is heterojunction technology; it already enables markedly higher efficiencies with comparable costs in mass production, something that the TOPCon solar cell technology is now aiming for. In addition to higher efficiencies and simplified production process, heterojunction has a clear time advantage when comparing technologies. In order to maintain or even extend this lead, further product improvements and cost reductions were successfully applied to the HELiA® product family (PECVD as well as PVD) in 2018. A strategically very important order for heterojunction technology was won with REC in December 2018 (see references to this order at the beginning of the Management Report). During the reporting period, heterojunction solar cell efficiencies were increased to a peak of 24.3% on industry-standard silicon wafers. Meyer Burger also achieved significant success in the development of so-called IBC-HJT solar cells (interdigitated back contact – heterojunction) in 2018, with a laboratory efficiency of 24.8%. An important factor for the successful development of heterojunction technology at Meyer Burger is the close and highly effective cooperation with the research institutes CEA INES (Chambéry, France) and CSEM (Neuchâtel, Switzerland).

In addition to improvements to existing products and related cost optimisations, Meyer Burger was able to move forward as planned in the development of new machine generations for the HELiA® product family that will enable further productivity gains and performance increases for our customers.

All product families within the solar cell area were also improved with regard to their Industry 4.0 capabilities and they are now standardly equipped with a status and diagnostic system – either stationary or cloud-based, according to customer preference – that has been developed in conjunction with Meyer Burger's subsidiary, AIS Automation GmbH in Dresden, Germany. Research on other projects focusing on methods of artificial intelligence and predictive maintenance continued in 2018 and the results are expected to find practical applications in future system generations.

During the reporting year, Meyer Burger further accelerated the optimisation and development of solar cell metrology. A measurement system for standard solar cells was customized for the Asian market, and the systems for heterojunction solar cells were further improved and cost-optimised.

Meyer Burger maintains 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).

### Solar module

The main development focus for solar module manufacturing technology in 2018 was on completing the new generation SmartWire Connection Technology (SWCT™). In May 2018, the CEA INES team, in collaboration with Meyer Burger, achieved a new heterojunction 72 cell module performance record at 410W. The record module integrates heterojunction cells manufactured on industrial 2,400 wph Meyer Burger cell manufacturing equipment on the CEA INES pilot line with an average HJT cell efficiency of 23.4%.

In addition to focusing on the application of SWCT™ technology for heterojunction solar cells, further application development for future TOPCon cell technology was also expedited in 2018. A module output of 322W was achieved, greatly exceeding the current industry level.

### Specialised Technologies

Alongside the increased interest in Meyer Burger's wire slicing solutions for semiconductor and optical applications (see section Wafering), the ongoing development of plasma source applications enabled Meyer Burger's subsidiary, Muegge GmbH, to consolidate its market position through product improvements and new developments.

Projects in the field of hard coating of glass and plastics using the modular MAiA® product group resulted in a first order from a European customer.

The use of Meyer Burger's microwave technology in the area of pasteurisation and sterilisation of foodstuffs underwent further development and optimisation and was also translated into initial customer projects.

In the area of software products, Meyer Burger's subsidiary, AIS Automation GmbH, further developed its EquipmentCloud product group, which translated into initial customer projects. In the light of the positive feedback for this product, further technology developments were executed in close collaboration with customers in the Industry 4.0 sector. In 2018, more emphasis was placed on the closer integration of Meyer Burger's expertise in mechanical engineering with its Industry 4.0 and intelligent software systems in order to respond to industry trends and to drive forward product solutions in a manner befitting our market position.

## Outlook

Meyer Burger expects 2019 to become a difficult year, due to political uncertainties, such as trade tariffs, energy policies and the announced subsidy cuts under "China 531" last year. The announced and planned divestment of the wafering business will, once the transaction is completed by the end of Q1 2019, lead to lower net sales for fiscal year 2019 (unit with annual sales of about CHF 60 million), but also to an expected one-off accounting profit from the sale of this business (estimated to be in an amount of about CHF 30 million).

Meyer Burger remains confident in relation to the development of the heterojunction and SmartWire Connection equipment business, which has been validated by the order from and joint roadmap development with REC Group. On the back of China's new energy policies and demand from outside China, management expects 2019 to be the inflection point for these new technologies with attractive gross margins starting to replace PERC. Meyer Burger as the leader in HJT and SmartWire Connection technologies is expected to be the main beneficiary of such advanced technology buys.

PERC, enabled by Meyer Burger, is meanwhile the new mainstream cell technology. However, increased Chinese competition resulted in decreasing market share and lower margins for Meyer Burger. The mainstream players in PV are trying to enhance PERC performance with Paco (Passivated Contacts; also known under TOPCon and monoPoly®). But this upgrade technology requires an industrialised production solution to become widely adopted in the PV industry. MB achieved a breakthrough end of 2018 with the CAiA® solution based on their well-known MAiA® platform and won a first pilot customer to speed up industrialisation beginning of 2019.

# Sustainability

## Dear reader

Creating sustainable value for our customers, employees and shareholders is what Meyer Burger aspires to through its entrepreneurial activities. Sustainability is an important factor for us as we continue our return to profitability. As a technology leader in the photovoltaic (PV) industry, sustainability is at the core of our business model. We use our knowledge to drive technological progress and optimise the value chain within the PV industry.

Our industrially proven innovations, which sustainably decrease the cost per kilowatt hour of solar energy, are the foundation which we consistently work on, and we are proud of the results. They made it possible for Meyer Burger to premier a record 72-cell Heterojunction solar module connected with SmartWire Connection Technology in May 2018 that achieved an output of 410 Watt under standard test conditions. We also announced a major strategic contract for Heterojunction, the most promising technology for coating solar cells with potential efficiency levels of over 24%, which confirms our technology leadership.

The milestones in our technology development, which we accomplish each year, underscore our strategic focus on the newest generation PV technologies. In order to achieve long-term profitability, organisational and structural changes have been necessary in the past year. During the planned closure of production in our Thun location, we also launched a comprehensive transformation programme in October 2018. The programme aims to increase our proximity to our customers and optimise our global manufacturing footprint. During this process, Meyer Burger's production activities will focus on our locations in Hohenstein-Ernstthal (Germany) and Wuxi/Shanghai (China). Unfortunately, this programme also resulted in the decrease of up to an additional 100 positions; largely in the Thun location. The resulting personnel measures were again coordinated in a fair and respectful atmosphere between the management board and the employee representatives. Fortunately, with the announcement of the sale of our wafering business to Precision Surfacing Solutions on 7 February 2019, around 70 positions in Thun can be maintained.

Within Meyer Burger, we are aiming to strengthen our commitment to sustainability within our corporate culture. Despite diverse challenges and a demanding market environment, it is important to us that environmental and social responsibility is part of our business activities. In this sustainability report, we not only explain these developments but also further activities and results in economic, environmental and social topics at our two main locations in Thun and Hohenstein-Ernstthal.

Dr Hans Brändle
Chief Executive Officer

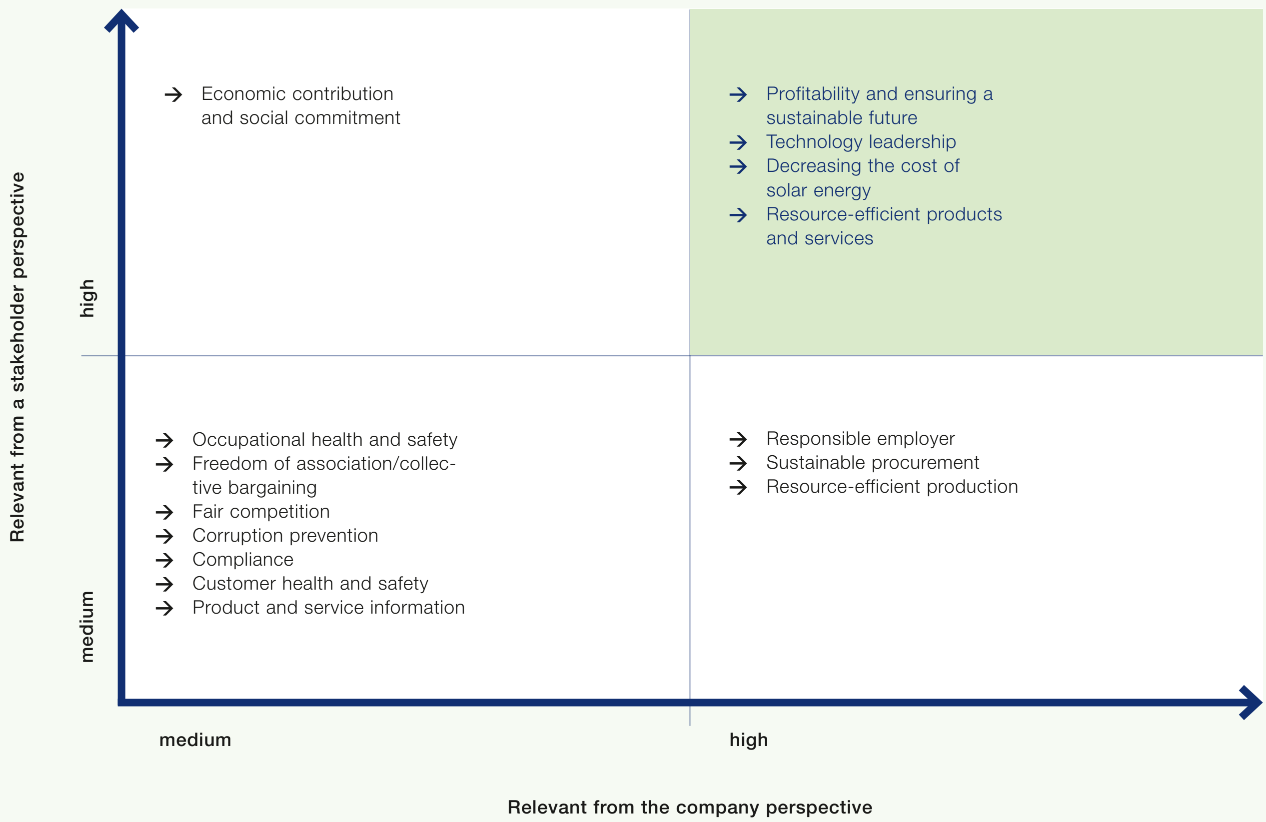
## Focus on Sustainability

Meyer Burger—a global leader in the solar industry—supports sustainable development by offering unique, comprehensive technology across the photovoltaic value chain. Its pioneering products, systems, and services, including processes for the manufacture of solar cells and modules, directly support the United Nations Sustainable Development Goal No. 7: Affordable and Clean Energy.

### Technology leadership through innovation

Meyer Burger is committed to continuously improving the energy efficiency of its photovoltaic (PV) technologies, while also reducing overall manufacturing costs and the production footprint. This enables customers to achieve the lowest total cost of ownership in the photovoltaic industry. To reach this goal, Meyer Burger has maintained a focussed investment in research and development over the last decade, ensuring its technology leadership in the PV equipment market. The company works closely with customers and renowned research institutions to develop innovative and sustainable solutions.

### Materiality matrix (GRI 102-47)



In cooperation with Meyer Burger, French research institute CEA INES (Institut National de L'Energie Solaire), produced a new heterojunction (HJT) 72-solar cell module that reached a record module performance of 410 Watt. The record module integrated HJT cells, which were manufactured on the industrial 2,400 wph Meyer Burger cell production equipment within CEA INES' pilot line and were connected together in Thun on Meyer Burger's SmartWire Technology (SWCT™) equipment. In 2018, the company presented the bifacial version of this module as a glass/glass modular composition at the international photovoltaic trade fair, Intersolar, in Munich. Assuming an average solar reflection of 17% (Albedo) from the backside of the bifacial module, the new optimum value of 480 Wp was achieved. The market potential of this technology was underlined by the order of a 600 MW Heterojunction/SmartWire Connection Technology (SWCT™) production line in December 2018 by a customer interested in the most advanced industrial photovoltaic production platform available to manufacture solar modules capable of achieving highest watt performance.

### Focusing on material topics

In 2016, Meyer Burger reviewed its material topics for sustainable value creation to set a clear focus for the company's sustainable development initiatives. In addition to technology leadership and profitability, decreasing the costs of solar energy and developing resource-efficient products and services are Meyer Burger's top priorities. The materiality matrix depicts the relevance of topics from both a stakeholder perspective (y-axis) and from the company's perspective (x-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 on page 23 of this report.

## Customer satisfaction at the core

Photovoltaics is Meyer Burger's core business. The company offers a unique and comprehensive portfolio of technologies and equipment to customers along the photovoltaic value chain, including manufacturing processes for solar cells and modules. However, to fulfill customer needs, its service offering plays an equally important role.

### Proximity to customers

To ensure an open dialogue and up-to-date knowledge of customer needs, close proximity to customers is of paramount importance to Meyer Burger. The company leverages customer insights to continuously improve all services and products. Customer feedback received on a daily basis through personal contacts is systematically documented, allowing the respective teams to follow up effectively with the customers concerned. In 2018, Meyer Burger successfully used customer feedback to improve productivity. For example, a quick-change plasma source was developed, which significantly reduced waiting times and relieved the ergonomic burden of the maintenance staff. Personal contacts with existing and potential customers for example at trade fairs, also provides insights on current and future needs. In the reporting year, no systematic global customer survey across all product and service categories was carried out.

### Product safety and customer training

To guarantee Meyer Burger's sustainable and long-term success, ensuring the health and safety of customers using the company's technologies and solutions is of utmost importance. All systems and machines are manufactured in compliance with the applicable international and national laws, guidelines, and standards and are thoroughly checked before delivery to the customers as part of quality management. Safety manuals, checklists, risk assessments, inspections, and safety reviews further ensure that all internal and external rules regarding the protection of customers' health and safety are fulfilled. Customers receive extensive technical documentation, user instructions, and optimal support through the global service organisation.

Once installed, extensive customer training programmes 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 available at Meyer Burger sites or on the customer's premises. All trainings are evaluated through a written evaluation survey. In addition, all customers have access to helplines and online support. In 2018, the Meyer Burger site in Hohenstein-Ernstthal rolled out additional online trainings and safety instructions, as well as documentation and video trainings regarding maintenance safety.

## Work Environment

In November 2017, Meyer Burger took the difficult decision to initiate a cost efficiency programmes in order to optimise its manufacturing costs and further concentrate its product portfolio. As a result, its production site in Thun/Switzerland, which, at the time, manufactured wafer and module production equipment as well as building integrated photovoltaics applications for the Swiss market, was reorganised and all manufacturing activities in Thun were to be discontinued by the end of 2018. Although many long-term Meyer Burger employees in Thun were affected by this decision, the impact on them is somewhat mitigated by the sale of the building-integrated PV business to 3S Solar Plus AG and the sale of the wafer equipment business for PV and non-PV applications to Precision Surfacing Solutions. In total around 100 highly qualified Meyer Burger employees in Thun were/will be transferred to these two companies, both of whom entered into long-term rental contracts with Meyer Burger in order to maintain their manufacturing activities in Thun.

In October 2018, Meyer Burger announced a transformation programme as well as structural changes aimed at further increasing customer proximity, optimising the global production footprint and existing fixed cost base and improving the company's robustness against market volatilities. With the manufacturing industry for PV cells and modules predominantly located in Asia, Meyer Burger decided to move a significant part of its global sales and services functions for the standard PV business solutions from Europe to Asia, largely to China. The majority of the transformation is expected to be completed by the end of 2019.

With the closure of manufacturing activities in Thun and repositioning of Meyer Burger's standard PV business solutions to Asia, the company's future PV business activities will be concentrated in Hohenstein-Ernstthal (Germany) and Wuxi-Shanghai (China). The company's strategic focus in PV will remain mainly on Heterojunction, SmartWire Connection Technology (SWCT™) and on promising next generation PV cell/module technologies.

### Transformation in Thun

During these major change processes at the Thun site, Meyer Burger is committed to supporting all employees to the best of its ability throughout the transition. Together with the employee representatives (MAV) in Thun, the company developed and implemented a social plan to ensure a fair and socially acceptable transition for all affected employees. In addition to early retirement arrangements, Meyer Burger offered the services of an outplacement agency to support all affected employees with the search for new employment.

The company's human resources department also referred and recommended its employees to other local companies and helped staff organise and transmit their application documents to interested employers. As a result, in 2018 more than 60 local companies expressed their interest in recruiting skilled and qualified employees from Meyer Burger.

### Training and education

Retaining motivated and responsible employees who support the corporate culture and contribute to the long-term business success remains vitally important for Meyer Burger, particularly in the face of current challenges. Due to the recent restructuring and transformation programmes, the employee infrastructure in Thun is more focused on headquarter functions now. Meyer Burger will thus re-evaluate training and continuing education opportunities after completion of these programmes. Meyer Burger continues to offer internal "Business English" language courses at its Thun site, which 26 employees successfully completed in 2018. In addition, team leaders can participate in courses focusing on management, leadership, and leadership values; technical professionals can increase their core competencies in equipment construction with technical and methodological trainings; and project managers who pursue a project management professional qualification can receive external training through the Project Management Institute. Through continuing education agreements, Meyer Burger also supports employees who participate in multi-year external educational trainings pursuing a Master or federal diploma. At the Thun site in 2018, 23 employees benefitted from these educational opportunities and Meyer Burger invested 3,567 hours in training and education.

# Employees

**René Fröhlich,** 44, Specialist Mechanical Component Manufacture, Hohenstein-Ernstthal (Germany)

**Andrea Gehre,** 35, Assistant to CTO/ Management Board, Hohenstein-Ernstthal (Germany)

**Edwin Su,** 35, Repair & Overhaul Manager, Shanghai (China)

**Andreas Vogel,** 45, Logistiker, Hohenstein-Ernstthal (Germany)

**Liu Xiaofei,** 34,
Bearing Repair
Engineer, Shanghai
(China)

**Dr. Egbert Vetter,** 64,
Head of Research &
Development,
Hohenstein-Ernstthal
(Germany)

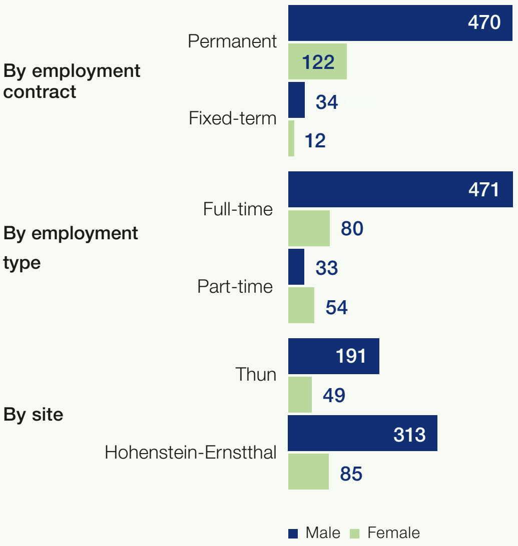
**Anne Eibisch,** 28,
Development Engineer
Plasma Processes,
Hohenstein-Ernstthal
(Germany)

**Zhang Yijin,** 39,
Repair & Overhaul
Technician,
Shanghai (China)

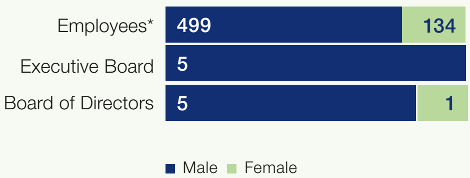
## Employee ratios

### Employee headcount as at 31 December 2018 at the Thun and Hohenstein-Ernstthal sites*

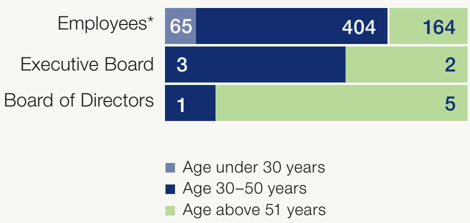
* excluding apprentices, trainees, interns and agency/lease workers




### Employees by gender




### Employees by age group




In Hohenstein-Ernstthal, external coaching was offered to line managers who wanted to improve their individual leadership skills and employees were encouraged to participate in weekly English language courses. One employee successfully completed his training as a certified industrial foreman. Impact and implementation of all training options are continuously examined through surveys conducted by the human resources department. At Hohenstein-Ernstthal, a total of 3,805 hours were invested in training and educational activities in 2018.

All apprentices in Hohenstein-Ernstthal who finished their education in 2018 were able to continue their employment with Meyer Burger in Germany. Currently, 13 apprentices are employed in Hohenstein-Ernstthal following professional education in fields such as mechatronics, electronics, industry mechanics, or a commercial apprenticeship. In addition, Meyer Burger employs two working students in finance and controlling.

On an annual basis, training and education is discussed with every employee globally. Up to the Executive Management level, all employees complete their performance targets and development plan with their direct managers. The employee targets are reviewed mid- and end-year.

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

| | Overall | Thun | Hohenstein-Ernstthal |
|---|---|---|---|
| Injury rate | 2.7 | 3.5 | 2.1 |
| Cases of occupational illness | 3.4 | 8.4 | 0.0 |
| Days missed (due to injuries/occupational illness) | 11.7 | 16.4 | 8.6 |
| Days of absence | 971.7 | 718.6 | 1143.3 |

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

## Respectful collaboration and transparent information

Meyer Burger values the diversity of its workforce, which reflects its diverse customer base. As the new Code of Conduct clearly states, the company does not tolerate any form of discrimination of employees or other stakeholders due to their gender, origin, age, race, 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 at 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 2018.

All employees with access to computers received an online training regarding the new Code of Conduct in 2018, while those employees without access to computers received face-to-face trainings by their supervisors. In addition, all employees received an electronic or printed copy of the Code of Conduct. Any violation of the Code can be reported to the line managers, 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.

Meyer Burger encourages the active participation of its employees in decision-making processes. At the sites in Thun and Hohenstein-Ernstthal, employees elect representatives to put forward concerns of the workforce to local management. This representation complies with local rules and legislation. In Thun, an open and transparent dialogue between management and employees took place regularly in 2018 to support and help mitigate the challenges presented by the restructuring and transformation projects. Several round-table meetings provided management with the opportunity to update employee representatives on the advancement of the projects and to answer questions from the workforce. As a result of this consultative process, Research and Development activities for non-photovoltaic wire saws did not move to Hohenstein-Ernstthal as planned but remained in Thun. Fourteen full-time employees in Thun benefitted from this decision. In Thun, the Swissmem collective employment agreement is in place. While no collective agreement applies at Hohenstein-Ernstthal, all employees are part of the internal works agreement. (GRI 102-41)

The employee fluctuation rate at the Thun site was 18.3% in 2018 and 5.3% at Hohenstein-Ernstthal. Fluctuation is calculated for permanent employees and includes only notices given by employees. A staff survey was not carried out in 2018.

## Occupational health and safety

The workforce is Meyer Burger's most important asset. Ensuring a safe work environment and protecting the health and safety of every employee is thus vitally important for the company. Meyer Burger adheres to its standard operating process: a careful analysis of operating procedures and employee training to minimise risk and achieve high levels of process safety. New employees are fully briefed and sensitised to the safety regulations and processes, and all employees are required to urgently report any potential sources of danger they identify to the person responsible. Meyer Burger complies with all local work and safety directives at all its sites. Meyer Burger production sites in Switzerland and Germany have ISO 9001 certification and meet the OHSAS 18001 guidelines. In Hohenstein-Ernstthal, the thorough implementation of health and safety measures in 2018 effectively reduced the number of occupational accidents to five notifiable and four non-notifiable cases. The company also offers free flu vaccinations to all employees and plans to install back-friendly rotary tables for certain production steps.

## Caring for the Environment

Meyer Burger's main contribution to sustainable development is inherent in its innovative products and technologies: increasing the energy efficiency of solar cells and modules helps customers make a positive environmental impact. By improving resource use and energy efficiency at its technology and production sites, the company also continuously reduces its own environmental footprint.

### Resource-efficient systems and production equipment

Available in unlimited quantities, solar energy is affordable, inexhaustible, clean, and therefore possesses long-term benefits in decreasing the effects of global warming. To maintain a leading position in the solar energy industry, Meyer Burger focuses on the ongoing improvement of its solar energy technologies. It strives to constantly improve the ecological impact of its business activities, products, and services.

Meyer Burger pursues a double goal: to sustainably increase the energy efficiency of solar cells and modules while simultaneously offering its customers the lowest total cost of ownership. Since these goals can only be achieved through innovation, Meyer Burger invests in industry-tested technological innovations that permanently lower the cost per kilowatt hour of solar energy. In 2018, an important strategic order was received for the most promising future technology, heterojunction cells (HJT).

The consistent further development of highly productive equipment reduces the use of energy, cooling water, process and operation gas, as well as emissions per solar module. For example, in the area of ITO coating, the resource use could be reduced by 25%. In addition, the use of silver has been minimised continuously due to technology improvements and is now less than 100 mg per solar cell.

### Continuously improving own operations

Meyer Burger follows a smart and comprehensive approach to energy and resource efficiency that applies not only to the systems and production equipment, but also to every step of internal operations. The environmental management system strives to organise the company's activities in a comprehensive, systematic, and well documented manner. Both sites, Thun and Hohenstein-Ernstthal, possess ISO 14001 environmental management certifications, while the latter additionally has an ISO 50001-certified energy management system. With the goal of assessing the company's ecological impact and evaluating areas of improvement, data collected covers energy, emissions, water, waste water, and waste.

Both production sites covered in this report are located in energy-efficient buildings that were constructed according to the most recent environmental standards. Thun is operated with electricity from 100% renewable sources: 90% of the certified renewable power comes from Swiss hydro, 7.5% from local hydro from Thun, and 2.5% from solar, wind, and biomass. The site also takes advantage of the energy created by its own photovoltaic equipment and the photovoltaic building façade.

Additionally, two electric vehicles and a charging station are provided in Thun. In Hohenstein-Ernstthal, the electricity generated by photovoltaic equipment is fed into the public grid. One electric vehicle and a charging station are available for employee use. Further measures to improve energy efficiency at the Hohenstein-Ernstthal site in 2018 included installing LED lights in the entire building and optimising the generation of compressed air.

## Meyer Burger environmental indicators[1]

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| **Energy consumption [MWh]** | **13474** | **13835** | **14654** |
| **Electricity** | **10063** | **10582** | **10765** |
| of which own production (photovoltaic)[2] | 106 | 43 | 87 |
| **Heating and cooling** | **2234** | **2265** | **2531** |
| **Total fuels for vehicles** | **1177** | **988** | **1358** |
| Diesel | 1103 | 905 | 1224 |
| Petrol | 71 | 69 | 103 |
| LPG/propane | 3 | 13 | 30 |
| **Total $CO_2$ emissions [tonnes of $CO_2$ equivalents][3]** | **6048** | **6219** | **6858** |
| **Scope 1** | **786** | **740** | **893** |
| Fuels for heating and cooling | 472 | 477 | 532 |
| Fuels for vehicles | 314 | 263 | 360 |
| **Scope 2 (electricity)[4]** | **3150** | **3348** | **3417** |
| **Scope 3 (business travel)** | **2113** | **2131** | **2283** |
| Air travel | 2102 | 2111 | 2255 |
| Rental cars and train[5] | 10.31 | 19.53 | 27.60 |
| **Water use [$m^3$]** | **702143** | **569474** | **597002** |
| Drinking water/fresh water | 21652 | 17177 | 19417 |
| Ground water[6] | 680491 | 552297 | 577585 |
| **Waste water [$m^3$]** | **15590** | **12451** | **17340** |
| Municipal sewage treatment plant[7] | 15244 | 11834 | 16307 |
| Waste water treatment by third party | 346 | 617 | 1033 |
| **Waste [tonnes]** | | | |
| **Non-hazardous waste** | **259** | **328** | **327** |
| Residual waste to incineration | 100 | 115 | 79 |
| Residual waste to unknown treatment[8] | – | – | 52 |
| Composting | – | 15 | 7 |
| Wood (burning) | 159 | 198 | 189 |
| **Recycling** | **457** | **447** | **419** |
| Paper and cardboard | 58 | 87 | 115 |
| Glass | 42 | 46 | 11 |
| Metal (mainly aluminum, copper, iron, steel) | 349 | 302 | 231 |
| Plastic | 8 | 10 | 60 |
| PET[9] | 1 | 1 | 2 |
| **Special waste** | **734** | **827** | **728** |
| Batteries (recycling) | 0.6 | 0.4 | 0.5 |
| Waste electrical and electronic equipment (recycling) | 84 | 60 | 47 |
| Oils, fats, chemicals (mainly aqueous solutions) | 598 | 696 | 621 |
| Hazardous waste (mainly coolants and slurries) | 51 | 71 | 60 |

[1] Thun and Hohenstein-Ernstthal sites
[2] PV generated electricity at the Hohenstein-Ernstthal site is directly fed into the grid (2018/2017/2016: 18/17/18 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 with updated emission factors for all the years displayed in the table, leading to a minor restatement of the respective figures for 2016 and 2017
[5] Includes diesel consumption of rental cars in Thun
[6] Drawn at the Thun site for heating/cooling and then returned to the ground water reservoir.
[7] The previous report contained an estimated value for 2017 from the Hohenstein-Ernstthal site. The total volume of waste water treated by municipal sewage treatment plants has thus been restated for 2017
[8] Formerly classified "Residual waste to unknown treatment" at the Hohenstein-Ernstthal site is being incinerated since 2017.
[9] PET recycling data for the Thun site are estimated

With the electricity consumption in 2018, the Thun site was subject to the provisions of the "Large consumer article of the Canton of Bern". The article obliges Meyer Burger to reduce its main electricity consumption by up to 15% in the coming years. However, due to the announced discontinuation of all manufacturing activities at the end of 2018, the provision will no longer apply in the future.

With the enhancement of production in Hohenstein-Ernstthal, water usage is expected to increase. To support the health and wellbeing of its employees and to better preserve the environment, drinking water for the employees is now provided by water dispenser, allowing the site to reduce its waste generation. Due to several additional measures, total mixed waste (not reused or recycled) was reduced from 15% to 12% of the site's total waste generation. The goal for 2019 is to further reduce the number to 10%.

Meyer Burger places great importance on following all applicable legal requirements. In 2018, no fines or non-monetary penalties were imposed for non-compliance with environmental laws.

## Economic and Social Contribution

As an important employer, training company, and partner for local suppliers in Hohenstein-Ernstthal and Thun, the discontinuation of the production in Thun and the announced transformation programme present a major challenge for the local employees and the regional socio-economic environment. The future photovoltaic activities will be concentrated at the Hohenstein-Ernstthal site in Germany and Wuxi-Shanghai in China. Meyer Burger in Thun continues to participate in round-table discussions with the Canton of Berne and the representatives of the local social partners to minimise the social impact as much as possible. With the sale of the building-integrated PV business to 3S Solar Plus AG and the wafering business to Precision Surfacing Solutions, both jobs and technology know-how could be secured in Thun.

### Local sourcing and efficient supplier management

The volatile solar industry demands quick and proactive responses. Reliable and efficient sourcing of materials and goods directly from manufacturers are key. With efficient supplier management, Meyer Burger can identify, assess, further develop, and integrate the right partners to provide quality, flexibility, as well as cost and technology potential. Contracts are awarded on the basis of total cost of ownership and include sustainability and corporate responsibility factors. Meyer Burger uses a self-declaring supplier questionnaire that includes questions on the implementation of standards such as ISO 9001, ISO 14001, OHSAS 18001, and Social Accountability 8000, as well as standards relating to a code of conduct, human rights, and ethics. Suppliers have to provide corresponding documentation of their efforts in these areas.

Meyer Burger consistently informed its suppliers and partners in an open and transparent dialogue about the discontinuation of production in Thun and the progress in the move to China. In May 2018, the production of building-integrated solar modules for the Swiss market was sold to 3S Solar Plus AG, which will maintain its production in Thun. This presents an opportunity for local suppliers to continue delivering goods for this manufacturing process, even though this made renegotiation of contracts and supply conditions with the new business partner necessary. In 2018, no Meyer Burger Supplier Day took place.

Whenever possible, Meyer Burger prefers local suppliers, as they ensure the efficiency and flexibility required in today's markets. Local means that the sourcing takes place within the country of a specific production site. Local Swiss suppliers will therefore not continue to supply the new production site in China. The global purchasing project that had been launched in 2017 was continued in 2018, aiming to harmonise global sourcing activities and integrate Chinese supply chain structures. Since the beginning of 2018, Meyer Burger has focused on recruiting Chinese staff to strengthen the supply chain management and evaluation of suppliers and materials in Asia.

In 2018, the production sites of Thun and Hohenstein-Ernstthal were responsible for more than 80% of Meyer Burger's production volume. While around 89% of the purchasing volume was bought from local suppliers in Hohenstein-Ernstthal, approximately 54% was sourced locally in Thun. The remaining suppliers are largely located in other parts of Europe.

## Compliance

Meyer Burger, as a globally active and publicly listed company, ensures that its employees and its products and services fully adhere to all international, national, and local laws and regulations. The company's Code of Conduct was revised and approved by the Board of Directors in 2017 and all employees received either web-based or face-to-face trainings in 2018. The 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. It is available in English, German, and Mandarin.

Meyer Burger does not tolerate any form of corruption or granting or accepting undue advantage. It provides clear guidelines to ensure that all employees react appropriately to situations that could compromise Meyer Burger's integrity. In 2018, Meyer Burger introduced a web-based compliance training, which covers topics such as the Code of Conduct, insider trading, IT security, and data protection. The training will take place on a yearly basis.

In 2018, Meyer Burger also put a strong focus on intellectual property management, particularly in light of the relocation of many business processes to China. For the site in China, local guidelines regarding the reception and handover of gifts and favours have been implemented. Meyer Burger is committed to free and fair competition and complies with the respective national anti-trust and fair competition laws. The company was not involved in any legal proceedings on the grounds of anti-competitive conduct in 2018, nor did any cases of corruption come to light. There were also no fines or penalties for breaches of laws or regulations in 2018.

## Active commitment

Reliability, loyalty, and respect are Meyer Burger's key values within the company and with customers, suppliers, research institutes, 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, of Solar Power Europe, the European photovoltaic industry association, and Swissmem. All other Swiss memberships were transferred to 3S Solar Plus AG in 2018. In Germany, Meyer Burger extended its membership with the Innovationsverbund Maschinenbau Sachsen and plans to increase its activities in 2019.

### Local sponsoring

In view of current restructuring and transformation programmes, Meyer Burger is reviewing its global sponsoring strategy and plans to realign its relevant activities accordingly. In Hohenstein-Ernstthal, two students of the University of Applied Sciences Zwickau are supported within the "Deutschlandstipendium". In addition, Meyer Burger (Germany) GmbH is a sponsor of TUC Racing, the Formula Student Racing team of the Technical University Chemnitz. With this engagement, the company aims to increase its publicity and position itself as an attractive employer to motivated and qualified students.

## Information on sustainability reporting

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 (GRI 102-52). The last report, covering fiscal year 2017, was published in March 2018. The current report covers the fiscal year 2018, which runs from 1 January 2018 to 31 December 2018 (GRI 102-50/51). This report has been prepared in accordance with the GRI Standards: Core option (GRI 102-54). The contents of the sustainability chapter have not been externally validated (GRI 102-56). There were no significant changes regarding material topics and topic boundaries (GRI 102-48). Retrospective adjustments have been made to the corresponding data to allow better comparability (GRI 102-49). The scope of consolidation can be found on page 76 of this annual report (GRI 102-45).

Principles for defining report content and quality have been applied throughout the information collection and report development process. In order to prioritise topics for inclusion in this report, Meyer Burger conducted an internal materiality analysis in 2015. During a workshop, senior managers from the Thun and Hohenstein-Ernstthal sites representing the departments of Finance, Production, Marketing, Sales, Customer Service, Quality & Safety, IT, Supply Chain Management, Corporate Communications, and Human Resources 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 2018, no adjustments were made. The resulting list of material topics can be found on page 11 of this report. The main stakeholders who significantly influence or are influenced by the business success of Meyer Burger comprise customers, employees, shareholders, regional authorities, suppliers, and the public (GRI 102-40, GRI 102-42).

For all questions relating to the sustainability report, please contact Ingrid Carstensen, +41 (0)33 221 28 34, ingrid.carstensen@meyerburger.com (GRI 102-53).

GRI Materiality Disclosures Meyer Burger Technology AG Mar 2019 Service

# GRI Content Index

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For the Materiality Disclosures Service, GRI Services 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. The GRI Materiality Disclosures Service was performed on the English version of the report.

| | | Pages/Reference | Reason for Ommission |
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| **GRI 200** | **Economic Topics** | | |
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| **GRI 206: 2016** | **Anti-competitive Behavior** | | |
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| **GRI 300** | **Environmental Topics** | | |
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| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 18 | |
| 302-1 | Energy consumption within the organization | 19 | |
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| **GRI 306: 2016** | **Effluents and Waste** | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 18 | |
| 306-1 | Water discharge by quality and destination | 19 | |
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| **GRI 307: 2016** | **Environmental Compliance** | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 20 | |
| 307-1 | Non-compliance with environmental laws and regulations | 20 | |

| | | Pages/Reference | Reason for Ommission |
|---|---|---|---|
| **GRI 400** | **Social Topics** | | |
| **GRI 401: 2016** | **Employment** | | |
| GRI 103: 2016<br>103-1/103-2/103-3 | Management approach | 13 | |
| 401-1 | New employee hires and employee turnover | 17 | |
| **GRI 403: 2016** | **Occupational Health and Safety** | | |
| GRI 103: 2016<br>103-1/103-2/103-3 | Management approach | 17 | |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 16 | |
| **GRI 404: 2016** | **Training and Education** | | |
| GRI 103: 2016<br>103-1/103-2/103-3 | Management approach | 13 | |
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| **GRI 405: 2016** | **Diversity and Equal Opportunity** | | |
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| 405-1 | Diversity of governance bodies and employees | 16 | |
| 405-2 | Ratio of basic salary and remuneration of women to men | | Information unavailable |
| **GRI 406: 2016** | **Non-Discrimination** | | |
| GRI 103: 2016<br>103-1/103-2/103-3 | Management approach | 17 | |
| 406-1 | Incidents of discrimination and corrective actions taken | 17 | |
| **GRI 407: 2016** | **Freedom of Association and Collective Bargaining** | | |
| GRI 103: 2016<br>103-1/103-2/103-3 | Management approach | 17 | |
| 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** | | |
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| GRI 103: 2016<br>103-1/103-2/103-3 | Management approach | 12 | |
| 417-1 | Requirements for product and service information and labeling | 12 | |
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| GRI 103: 2016<br>103-1/103-2/103-3 | Management approach | 21 | |
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* 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 2018.

**“Meyer Burger is fully committed to good Corporate Governance.”**

→ 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/meyer-burger/investor-relations/articles-of-association/

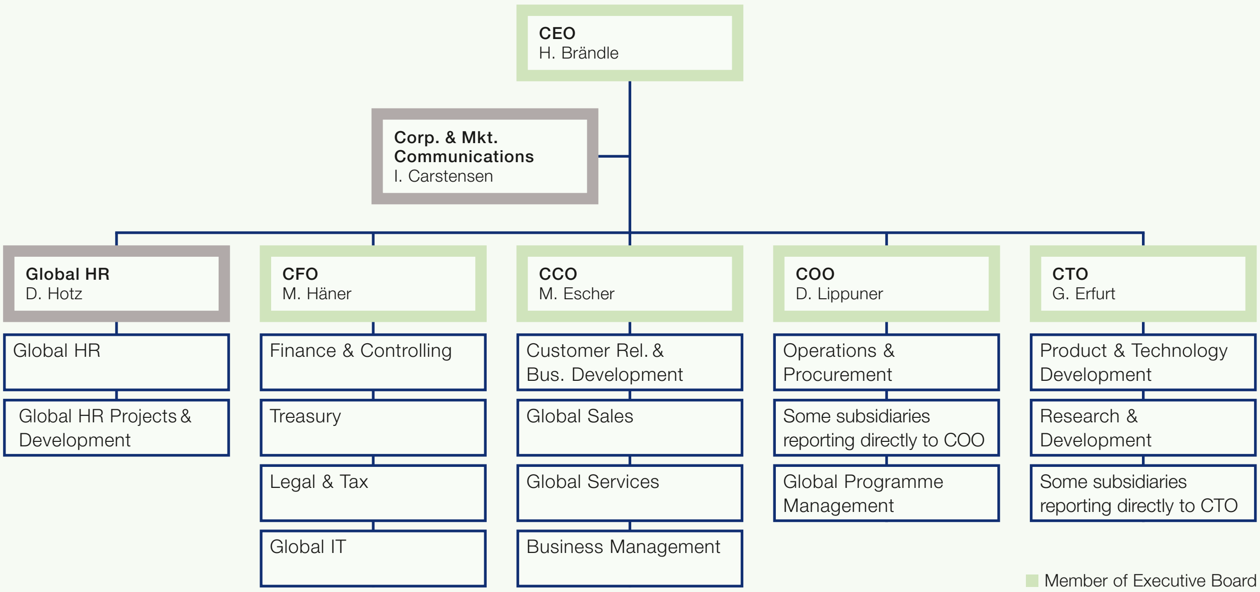
## 1 Group Structure and Shareholders

### 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 either directly or indirectly.

Meyer Burger Group is a leading global technology company specialising in innovative systems and processes based on semiconductor technologies. The entire Group is operationally managed by the Executive Board. For financial reporting, the business activities in fiscal year 2018 are combined into the business segments “Photovoltaics” and “Specialised Technologies” (please also refer to Note 2.15 on page 94 in the 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:



## 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.

As of 31 December 2018, Meyer Burger Group held through Meyer Burger Technology Ltd and other consolidated group companies in total 9,610,861 treasury shares, including 7,329,380 registered shares, which are held by group companies in connection with the share participation programme and are reserved for the plan participants. In addition, the Company has in conjunction with the capital increase 2016 (which was completed on 20 December 2016) exercised subscription rights of registered shares which were granted and restricted from the share participation programme. The then acquired registered shares are subject to the same vesting periods as the underlying share plans at that time. For the business year 2018, this refers to the share plan 2016 that will vest on 22 March 2019. The number of shares held as a result of the described exercising of subscription rights amounted to 1,324,946 registered shares as of 31 December 2018, and these shares are also included in the total number of shares of 7,329,380 mentioned above. The participation held by the entire Group therefore amounts to 1.54% based on the number of shares outstanding as of 31 December 2018 (1.54% based on the number of shares registered in the commercial register).

**The company's market capitalisation was CHF 373.7 million as of 31 December 2018.**

## 1.3 Non-listed companies

→ The scope of consolidation as of 31 December 2018 includes non-listed companies, which are shown in Note 1.4 on page 76 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 2018:

| Shareholder[1] | Participation |
|---|---|
| Credit Suisse Funds AG, CH-Zurich | 4.99% |
| Kondrashev Petr, A-Thomasberg[2] | 5.39% |

[1] Voting rights participation according to the latest disclosure notice received from this shareholder.
[2] The direct shareholder is Sentis Capital PCC (Cell 3), St. Heller, Jersey JE24QB (previously disclosed under Elbogross SA and Brustorm SA, respectively, both CH-Zug). The benefical owner is Petr Kondrashev, A-Thomasberg.

In addition, Meyer Burger Technology Ltd holds a purchase position of 2,281,481 registered shares (percentage of voting rights 0.37%) and in total a sale position of 5.57% of the voting rights as of 31 December 2018 (disclosure notice dated 09.12.2017: purchase position of 765,630 registered shares (0.14% of voting rights) and sale position totaling 6.49% of voting rights). The sale position is in connection with the remaining outstanding CHF 26.830 million of the 5.5% convertible bond 2020 (underlying 27,377,563 shares, corresponding to 4.40% of the voting rights registered in the commercial register as of 31 December 2018 – see also description of the convertible bond 2020 in section 2.8 on page 32) and with Restricted Share Units and Performance Share Units in connection with the share participation programmes 2016, 2017 and 2018 (total of the three years 7,329,380 shares, corresponding to 1.18% 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 are available on the website of SIX Swiss Exchange: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

**The free float was 100% as of 31 December 2018.**

### Shareholders' agreements

The Company is not aware of any shareholders' agreements.

### 1.5 Cross-shareholdings

Meyer Burger Technology Ltd did not have any cross-shareholdings with other companies as of 31 December 2018.

## 2 Capital Structure

### 2.1 Capital structure as of 31 December 2018

**Ordinary share capital**
CHF 31,144,270.70
(registered in the commercial register: CHF 31,144,270.70)
622,885,414 fully paid-in registered shares with a nominal value of CHF 0.05 each
(registered in the commercial register: 622,885,414 registered shares)

**Conditional share capital**
CHF 31,998.60
(according to Articles of Association dated 2 May 2018: 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 2018: 639,972 registered shares)

CHF 1,368,878.15
(according to Articles of Association dated 2 May 2018: 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 2018: 27,377,563 registered shares)

**Authorised share capital**
CHF 4,650,000.00
(according to Articles of Association dated 2 May 2018: CHF 4,650,000.00)
93,000,000 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 2018: 93,000,000 registered shares)

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 52.

### 2.2 Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 2 May 2018, 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 2018, 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.

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 4.50% of the outstanding ordinary share capital (622,885,414 registered shares) as of 31 December 2018.

## 2.3 Authorised share capital

In accordance with Article 3a of the Articles of Association, dated 2 May 2018, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 4,650,000.00, at any time until 2 May 2020, through the issuance of a maximum of 93,000,000 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.

The total outstanding amount of authorised capital under Article 3a (93,000,000 registered shares) of the Articles of Association represents 14.93% of the outstanding ordinary share capital (622,885,414 registered shares) as of 31 December 2018.

## 2.4 Changes in capital over the past three reporting years

### 2.4.1 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 (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 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 32). 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.

### 2.4.2 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) with issuance possible 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. 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.

### 2.4.3 Changes in capital during 2016

As of 1 January 2016, the ordinary share capital amounted to CHF 4,525,516.60, divided into 90,510,332 registered shares. In April 2016, the ordinary share capital increased by CHF 43,001.40 through the grant of 860,028 shares in connection with the share plan of the Company in fiscal year 2016, and amounted thereafter to CHF 4,568,518.00, divided into 91,370,360 registered shares. The conditional share capital for exercising of option rights granted to employees and members of the Board of Directors that existed at the beginning of April 2016, decreased by the same amount to CHF 31,998.60 (639,972 registered shares). The registration of this change in capital and the corresponding change of the Articles of Association was registered in the commercial register on 20 October 2016.

In conjunction with the recapitalisation programme of the Company, which has been implemented in November/December 2016, the Extraordinary General Meeting, held on 2 December 2016, followed the proposal by the Board of Directors and approved an increase of the ordinary share capital in the amount of CHF 22,842,590.00 by issuance of 456,851,800 new registered shares with a nominal value of CHF 0.05 each. Following the capital increase (closing of the capital increase as of 20 December 2016), the ordinary share capital amounted to CHF 27,411,108.00, divided into 548,222,160 registered shares.

The Extraordinary General Meeting, held on 2 December 2016, also followed the proposal by the Board of Directors and approved an increase of the conditional capital for the exercise of conversion and/or option rights in connection with convertible bonds, bonds with option rights or similar financial market instruments from previously CHF 440,000.00 (8,800,000 registered shares) to a maximum of CHF 13,673,555.40 (273,471,108 fully paid-in registered shares). The increase of the conditional capital for conversion and/or option rights in connection with convertible bonds became necessary to ensure the full cover of the conversion rights of the CHF 100 million 5.5% convertible bond (date of maturity in 2020) after the reduction of the conversion price (fixed at CHF 0.98 as of 30 January 2017).

The Extraordinary General Meeting, held on 2 December 2016, also followed the proposal by the Board of Directors and approved an increase of the authorised share capital from previously CHF 240,000.00 to CHF 5,482,221.60 (109,644,432 fully paid-in registered shares), issuance possible until 2 December 2018.

The registration of the respective capital increase and the changes in the Articles of Association was registered in the commercial register on 19 December 2016.

### 2.5 Shares

The outstanding share capital of Meyer Burger Technology Ltd, as of 31 December 2018, was divided into 622,885,414 registered shares (number of registered shares reflected in the commercial register as of 31 December 2018 also 622,885,414) 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.

## Meyer Burger Technology Ltd applies the one share – one vote principle.

### 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.

## 2.8 Convertible bonds, options, share participation programme

### Convertible bonds

As of 31 December 2018, Meyer Burger Technology Ltd had the following convertible bond outstanding:
- Total nominal amount of convertible bond still outstanding as of 31 December 2018 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 2018, 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 4.40% of the outstanding and listed registered shares as of 31 December 2018 (4.40% of the registered shares as registered in the commercial register as of 31 December 2018).

### Options

As of 31 December 2018, 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 section "share participation programme" below and in the Remuneration Report on page 53 ff.

### Share participation programme

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. Within this acceptance period, the participant has to
1) declare acceptance of the offer,
2) declare, which retention period that was set by the Board of Directors he/she wishes to be applied in acquiring the shares.

| Bond issued on | Outstanding amount as of 31.12.2018 | Principle amount | Conversion ratio | Conversion price | Retention period |
|---|---|---|---|---|---|
| 24.09.2014 | CHF 26.830 million | CHF 5,000.00 | 5,102.04082 | 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 page 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.

The Company grants Restricted Share Units (RSU) to the members of the Board of Directors and to selected employees within the Group. Members of the Executive Board are granted Performance Share Units (PSU) as of fiscal year 2018. For the calculation of the number of shares granted, the determined compensation amount in Swiss Francs is divided by the relevant value of the RSUs or PSUs, respectively. For the grant of RSUs to the members of the Board of Directors and selected employees within the Group, the grant value equals the closing price of the shares at the date of the grant (vesting at 100%). For the grant of PSUs (since fiscal year 2018) to the members of the Executive Board, a fair value calculation is applied as the PSUs have a vesting range of between 0% and 150%, and the final pay-out after the vesting period is linked to the Total Shareholder Return (TSR) performance of Meyer Burger shares relative to the MAC Solar Index.

The Restricted Share Units (RSU) as well as the Performance Share Units (PSU) generally have a vesting period of three years and an optional retention period 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 for the restricted shares during the vesting period yet. 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. The right of ownership for the RSUs or PSUs is forfeited without compensation in the event that the employee gives his/her notice or the Company ends the employment relationship prior to expiration of the vesting period (subject to special situations such as retirement, death, permanent incapacity for work due to invalidity, company ends employment relationship for economic reasons, etc.; also subject to differing rules for the members of the Executive Board, based on their employment contracts – see Remuneration Report). The same rule applies in the event of the voluntary resignation of a member of the Board of Directors (or de-selection by shareholders at a Meeting of Shareholders) prior to expiration of the vesting period.

The Board of Directors is entitled to set different modalities from the above mentioned conditions concerning the RSUs for participants domiciled outside of Switzerland. It will thereby aim for equal treatment of the RSU participants taking into account the tax differences within the different states of domicile. Slightly modified conditions are currently applied for employees in Germany and the USA (no retention period after vesting period), and in all other countries outside of Switzerland and Germany (employees are offered so-called phantom shares).

Number of shares as of 31 December 2018 that were offered under the share participation programme (RSU and PSU plans) as well as shares, which were allotted through the exercise of subscription rights on allotted and restricted shares in connection with the capital increase in 2016:

| Grant/ Purchase | Number of share units | Acquisition price | Vesting period |
|---|---|---|---|
| 22.03.2016[1] | 524,955 | CHF 0.05 | 22.03.2016 – 21.03.2019 |
| 20.12.2016[2] | 1,324,946 | n/a | 20.12.2016 – 21.03.2019 |
| 03.01.2017[3] | 426,316 | n/a | 03.01.2017 – 02.01.2020 |
| 31.03.2017[1] | 2,997,377 | n/a | 31.03.2017 – 30.03.2020 |
| 09.04.2018 | 2,590,602 | n/a | 09.04.2018 – 08.04.2021 |

[1] Shares offered for subscription under the share participation programme.
[2] In conjunction with the capital increase in 2016, the Company has used or exercised the subscription rights of the registered shares, which were granted and restricted from the share participation programme, by selling approximately half of the subscription rights in the market and by exercising the remaining subscription rights with the proceeds. The newly acquired registered shares are subject to the same vesting periods as the underlying share participation programmes.
[3] Shares granted to Michael R. Splinter for his executive function as Delegate.

The registered shares shown in the table above correspond in total to 1.26% of the outstanding and listed share capital of the Company as of 31 December 2018 (1.26% of the capital registered in the commercial register as of 31 December 2018). Shares granted in the share participation programme are expected to be sourced from treasury shares held by the Company, hence no dilution is expected from the RSU/PSU awards.

# 3 Board of Directors

### Board of Directors as of 31 December 2018

| Name | Born | Position | Position since |
|---|---|---|---|
| Dr Alexander Vogel | 1964 | Chairman | 2016 |
| Dr Franz Richter | 1955 | Vice Chairman | 2018 |
| Wanda Eriksen-Grundbacher | 1967 | Member | 2015 |
| Hans-Michael Hauser | 1970 | Member | 2017 |
| Eric Meurice | 1956 | Member | 2018 |
| Michael R. Splinter | 1950 | Member, Delegate | 2017 |

Dr Alexander Vogel holds the position as Chairman since 2 December 2016. Dr Franz Richter is Vice Chairman since 2 May 2018. They are members of the Board of Directors since 1999 and 2015, respectively.

## Dr Alexander Vogel, LL.M.

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

**Education** Studies in business administration and law at the University St. Gallen, CH-St. Gallen. Dissertation in the area of company and group law. Postgraduate studies (LL.M.) at Northwestern/Kellogg University in Chicago, USA-Chicago → **Since 2000** Partner at law firm Meyerlustenberger Lachenal AG (previously meyerlustenberger) in Zurich, Geneva, Zug, Lausanne and Brussels, various publications and lectures in Corporate Governance, M&A, corporate and financial market law → **Since 2003** Head of the Department Corporate & Finance at Meyerlustenberger Lachenal AG → **2005–2015** Member of the Management Committee of Meyerlustenberger Lachenal AG

### Other activities and vested interests

**Current mandates:** Member of the Board of Directors of various medium-sized companies and Group subsidiaries in Switzerland and member of the Board and Secretary of the Swiss Association of Investment Companies (SAIC) (in total thirteen remunerated mandates at non-listed companies and five non-remunerated mandates). No significant official functions or political offices.

The Company obtains consultancy services in legal cases from various law firms, including Meyerlustenberger Lachenal AG, in which Dr Vogel is one of about 175 employees and of 38 partners. The Executive Board decides on awarding individual mandates without consulting the Board of Directors.

→ Further details are available in the Remuneration Report under section “Compensation to related parties” on page 65.

## Dr Franz Richter

### Vice Chairman, non-executive member of the Board of Directors, German citizen

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

### Other activities and vested interests

**Former mandates:** Member of the Board of Directors of Albis Optoelectronics AG, CH-Rüschlikon, from 2006 until 2007. Member of the Board of Directors of “SEMI”, the global industry association for the semiconductor industry, from 2000 until 2011. Member of the advisory committee of Mück Management Partners AG, CH-Schindellegi, from 2009 until 2016. Member of the advisory board of Amicra Technologies GmbH, DE-Regensburg, from 2014 until 2016. Member of the Board of Directors of Siltronic AG, DE-Munich, from 2008 until April 2018.

**Current mandates:** Chairman of the Board of Trustees of Fraunhofer Institute IZM, DE-Berlin, since 2009. Chairman of the Board of Directors of Scint-X Technologies AB, SE-Kista, since 2014 (Board member since November 2014, Chairman since February 2015). Member of the Board of Directors of Comet Holding AG, CH-Flamatt, since 2016 (mandate at a publicly listed company). In total two mandates at publicly listed companies (including the CEO mandate at Süss MicroTec SE) and two non-remunerated mandates as of 31 December 2018. No significant official functions or political offices.

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

## Wanda Eriksen-Grundbacher

### Non-executive member of the Board of Directors, Swiss and US American citizen

**Education** Bachelor of Science in Accounting, University of Illinois, USA-Urbana-Champaign IL. Master of Science in Accounting, University of Illinois, USA-Urbana-Champaign IL. Swiss Certified Accountant, CH. Certified Public Accountant, USA → **1990–2011** Activities as Audit Partner (1999–2011) and as auditor (1990–1999) at PricewaterhouseCoopers Ltd., CH and USA → **Since 2011** Independent consultant for strategy, governance and financial matters

### Other activities and vested interests

**Former mandates:** Chairperson of the Board of Directors at à ma chère AG, Zurich, from 2011 until 2015.

**Current mandates:** Vice President of the Board of Directors of Arnold AG, CH-Wangen an der Aare, since 2012. Member of the Board of Directors of group companies of AXA Switzerland (also Chairwoman of the Audit and Risk Committee since 2016), CH-Winterthur, since 2012 and 2018, respectively. Member of the Board of Directors of the Federal Audit Oversight Authority FAOA since 2016 and Chairwoman since January 2018. Member of the Board of Directors of Aquila AG, CH-Zurich, since 2016. In total four remunerated mandates at non-listed companies. No other significant official functions or political offices.

No significant 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 (Dipl.), Master in Mathematics (Dipl.), both from University of Stuttgart, DE-Stuttgart. Master in Engineering Science, Ingénieur Ecole Centrale, FR-Paris. MBA from J.L. Kellogg Graduate School of Management at Northwestern University, USA-Evanston/IL → **1995–2005** Associate, consultant, project leader and principal at Boston Consulting Group, DE-Munich → **2005–2010** Partner and Managing Director at Boston Consulting Group, DE-Munich, Leader of Technology Practice in Germany, Austria and Eastern Europe, Global Topic Leader Digital → **2010–2015** Partner and Managing Director at Boston Consulting Group, CH-Zurich, Leader of Industrial Practice in Switzerland → **Since 2015** Founder and Managing Director at ML Insights AG, CH-Zug. Delivering consulting services and Digital Machine Learning solutions

### Other activities and vested interests

**Former mandates:** Co-founder and Chairman of the Board of Directors at LoyaltyCoin AG, CH-Zug.

**Current mandates:** Member of the Board of Directors of Mikron AG, CH-Biel, since 2016 (one mandate at a publicly listed company). Chairman of the Board of Directors of Q Point AG, CH-Langenthal (mandate at a non-public company). Founder and Managing Director at The Boom GmbH, DE-Pullach, since 2018. In total one mandate at a publicly listed company, one remunerated mandate and one non-remunerated mandate at a non-listed company. No significant official functions or political offices.

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

## Eric Meurice

### Non-executive member of the Board of Directors, French citizen

**Education** Master in Mechanics and Energy Generation, Ecole Centrale de Paris, FR-Paris. Master in Economics, Pantheon-Sorbonne University, FR-Paris. MBA Stanford University Graduate School of Business, USA-Stanford/CA → **1984–1989** Automotive Marketing Manager at Intel, USA-Chandler/AZ → **1989–1995** Sales and Marketing Director at ITT Semiconductors, DE-Freiburg → **1995–2001** Vice President and General Manager for Southern Europe, Eastern Europe and Middle East/Africa Divisions at Dell Computer Corp., UK-Bracknell → **2001–2004** Executive Vice President of Thomson Television, FR-Paris → **2004–2013** CEO and Chairman of the Management Board at ASML Holding NV, NL-Veldhoven → **Since 2014** Mandates as member of Boards of Directors

### Other activities and vested interests

**Former mandates:** Member of the Board of Directors of Verigy LTD, USA-Cupertino/CA, from 2007 to 2011. Member of the Board of Directors of ARM Holdings plc, UK-Cambridge, from 2013 to 2014.

**Current mandates:** Member of the Board of Directors of IPG Photonics Corporation, USA-Oxford/MA, since 2014; member of the Board of Directors of NXP Semiconductors N.V., NL-Eindhoven, since 2014; member of the Board of Directors of Umicore S.A., BE-Bruxelles, since 2015; member of the Board of Directors of Soitec S.A., FR-Bernin, since 2018; member of the Board of Directors of Global Blue Group/SA (a non-listed company), CH-Eysins, since 2018. In total, four mandates at listed companies, and one remunerated mandate with a non-listed company. No significant official functions or political offices.

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

# Board of Directors

**Dr Alexander Vogel**
Chairman,
non-executive

**Dr Franz Richter**
Vice Chairman,
non-executive

**Hans-Michael Hauser**
Member,
non-executive

**Wanda Eriksen-Grundbacher**
Member,
non-executive

**Eric Meurice**
Member,
non-executive

**Michael R. Splinter**
Member, Delegate,
executive function

## Michael R. Splinter

### Delegate of the Board of Directors (executive function), US American citizen

**Education** Honorary PhD in Electrical and Electronics Engineering, University Wisconsin, USA-Wisconsin/WI. Bachelor and Master of Science in Electrical Engineering, University Wisconsin, USA-Wisconsin/WI → **1974–1984** Rockwell International Manager of Semiconductor Fabrication Operations in the Electronics Research Center at Rockwell International, USA-Anaheim/CA and USA-Newport Beach/CA → **1984–2003** Intel Corporation: Various management positions, including Executive Vice President and Director of Sales and Marketing Group, Executive Vice President and General Manager of Technology and Manufacturing Group, USA-Santa Clara/CA → **2003–2013** Chief Executive Officer at Applied Materials Inc., USA-Santa Clara/CA → **2009–2015** Chairman of the Board at Applied Materials Inc., USA-Santa Clara/CA → **Since 2015** Co-Founder and General Partner at WISC Partners, LLC, USA-Madison/WI

### Other activities and vested interests

**Former mandates:** Various business and industry councils and non-profit organisations such as Semiconductor and Equipment Manufacturing Industry Association (2005–2015), Silicon Valley Leadership Group (2004–2015), US India Business Council (2010–2015), Santa Clara University Board of Regents (2004–2010), President's Council on Semiconductor Technology (2016).

**Current mandates:** Chairman of the Board of Directors of NASDAQ Inc., member of the Board of Directors at TSMC – Taiwan Semiconductor Manufacturing Company (two mandates at publicly listed companies). Member of the Board of Directors at non-listed Pica8, Tigo Energy, Inc. and Murfie Music. Member of the University of Wisconsin Foundation Board and President of 49 Black Sands Beach Homeowners Association. In total two mandates at listed companies, three remunerated mandates with non-listed companies and two non-remunerated mandates. No significant official functions or political offices.

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

## Changes in the Board of Directors in fiscal year 2018

Heinz Roth (previously Vice Chairman) and Prof Dr Konrad Wegener (previously Member) stepped down from the Board of Directors as of the General Meeting of Shareholders on 2 May 2018. Eric Meurice was elected as a new member of the Board of Directors at the same Shareholders' Meeting.

## Executive activities for the Company or one of its group companies

As of 31 December 2018, the acting members of the Board of Directors have never been members of the Executive Board of the Company or one of the group companies. The Company considers the services and support by Michael R. Splinter in his function as Delegate as an executive function.

## Upcoming 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 and Michael R. Splinter will not stand for re-election. At the same meeting, the Board of Directors will propose the election of Dr Remo Lütolf as member and Chairman of the Board of Directors, and Andreas R. Herzog as member of the Board of Directors.

Summaries of the curricula vitae of Dr Remo Lütolf and Andreas R. Herzog are available in the following two paragraphs.

### Dr Remo Lütolf, nominated for election as member and Chairman the Board of Directors at the General Meeting of Shareholders on 2 May 2019

Dr Remo Lütolf (Swiss citizen, born 1956) spent the past 20 years of his career with ABB. He was Country Managing Director of ABB Switzerland 2013–2018, Head of global business unit Power Electronics & Medium Voltage Drives at ABB Group 2003–2012, Head of the regional division for Automation Products at ABB North Asia in China 2005–2008, Head of the local business unit for Power Electronics at ABB Switzerland 1999–2002. Before that, he held various management positions in the Building Control and Energy Management divisions at Landis & Gyr 1987–1998.

Remo Lütolf is Dipl. El. Ing. and Dr. sc. techn. from ETH Zurich, and holds an Executive MBA from IMD Lausanne. He is Chairman of the Board of Directors of RUAG Holding Ltd, Chairman of the Board of Directors of EWL Energie Wasser Luzern Holding AG and of its subsidiary Erdgas Zentralschweiz AG, and Chairman of the Board of Directors of Venture Incubator AG and of innovAARE AG.

### Andreas R. Herzog, nominated for election as member of the Board of Directors at the General Meeting of Shareholders on 2 May 2019

Andreas R. Herzog (Swiss citizen, born 1957) has been Chief Financial Officer of Bühler Group, Uzwil, since 2002. Prior senior management positions include CFO and member of Group Management Board at Eichhof Holding 2001–2002, Vice President Finance at Swarovski 1996–2001, various management positions at SMH Holding (today Swatch Group) 1990–1995 and at Ciba-Geigy 1984–1990.

Andreas Herzog holds a BA in Economics/Business Administration from HWV Zurich and studied Corporate Financial Strategy in Global Markets, at INSEAD in France. He is a member of the Board of Directors of SeedCapital Invest AG, Venture Incubator AG and the Swiss-Chinese Chamber of Commerce as well as a member of the advisory Board of Commerzbank in Germany.

### Articles of Association in connection with the number of permitted mandates outside Meyer Burger Group

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 52.

In accordance with Article 28 of the Articles of Association (dated 2 May 2018), the members of the Board of Directors and of the Management may not hold or carry out more than the following additional activities in the highest management or governing bodies of other legal entities, which are obliged to register themselves with the commercial register or a comparable foreign register and which are not controlled by the Company or do not control the Company:

- 5 mandates (members of the Board of Directors) and 1 mandate (members of the Management) at publicly listed companies, whereby several mandates at different companies of the same group qualify as one mandate; and
- 15 mandates (members of the Board of Directors) and 3 mandates (members of the Management) that are remunerated at other legal entities, whereby several mandates at different companies of the same group qualify as one mandate; and
- 10 (members of the Board of Directors) and 2 (members of the Management) non-remunerated mandates, whereby the imbursement of expenses is not considered as compensation and several mandates at different companies of the same group qualify as one mandate.

Mandates which a member of the Board of Directors or of the Management takes up at the request of the Company (e.g. joint ventures or pension fund of such legal entity or in companies, in which the Company has a substantial (non-consolidated) interest) are not subject to the above-mentioned limitations.

The acceptance of mandates/appointments outside the Meyer Burger Group by members of the Management requires the pre-approval of the Board of Directors.

### 3.1 Elections and terms of office

In accordance with the Articles of Association, dated 2 May 2018, 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 and 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.

At the General Meeting of Shareholders, held on 2 May 2018, Dr Alexander Vogel, Dr Franz Richter, Wanda Eriksen-Grundbacher, Hans-Michael Hauser and Michael R. Splinter were re-elected and Eric Meurice was elected as new member of the Board of Directors, all according to the proposals by the Board of Directors. Dr Alexander Vogel was re-elected as Chairman of the Board of Directors. Dr Franz Richter, Wanda Eriksen-Grundbacher and Eric Meurice were elected as members of the Nomination and Compensation Committee.

### 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 and 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 2018, Dr Alexander Vogel acted as Chairman, Dr Franz Richter as Vice Chairman and Michael R. Splinter as Delegate 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 2018, the Board of Directors held eighteen Board meetings, of which twelve were held as telephone conferences. The meetings of the Board of Directors with physical attendance of the Board members usually last between half a day and an entire day. The telephone conferences depended on the issues discussed and lasted up to three hours. In fiscal year 2018, the following members of the Executive Board participated at meetings of the Board of Directors: CEO eighteen, CFO sixteen, CCO seven, COO four, CTO four meetings.

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). In 2018, the Board of Directors took in certain projects decisions in principle and delegated the specific decisions of execution to the respective Committee (this refers in particular to various decisions of execution by the Nomination & Compensation Committee, and by the Executive Committee with regard to the implementation of important strategic projects).

The Board of Directors had four permanent Committees throughout 2018: the Risk & Audit Committee, the Nomination & Compensation Committee, the Innovation Committee and the Executive Committee. 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 2018: Wanda Eriksen-Grundbacher (Chairperson), Dr Alexander Vogel, Eric Meurice.

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 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 2018, the R&A Committee held six meetings, of which three meetings were held as telephone conferences. The R&A meetings with physical attendance of its members lasted up to four hours. The telephone conferences depended on the issues discussed and lasted about one hour each. Members of the Executive Board participated at meetings of the R&A Committee as follows: CEO four, CFO six meetings. The external auditors participated at five meetings. Ernst & Young as internal auditors participated at one meeting. The Committee did not consult regularly with other external advisors.

### 3.2.2 Nomination & Compensation Committee (N&C Committee)

Committee members as of 31 December 2018: Dr Franz Richter (Chairperson), Wanda Eriksen-Grundbacher, Eric Meurice.

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
- Examination, negotiation and proposal of the remuneration of the CEO

– Examination and proposal (together with the CEO) of the remuneration of the members of the Executive Board as well as examination of mandates by members of the Executive Board outside the Group
– Examination and resolution of the annual targets for the members of the Executive Board and of the ratio by which such targets were achieved
– Examination of the targets and total remuneration of important group companies
– Preparation and proposal of the Remuneration Report
– Examination, 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 and resolution on the grant of shares (RSUs or PSUs) under the share participation programme approved by the Board of Directors
– 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 53.

The Committee meets as often as business requires (usually at least four times per year). 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 2018, the N&C Committee held twelve meetings, all were held as telephone conferences. In 2018, the N&C Committee interviewed candidates for new membership to the Board of Directors, and interviewed and evaluated application documents for management levels at the Company and at certain subsidiaries. The telephone conferences depended on the issues discussed and lasted up to two hours. Members of the Executive Board participated at meetings of the N&C Committee as follows: CEO three, CFO one meetings. The Committee consulted an external Executive Search specialist for candidates regarding new membership to the Board of Directors as well as an external governance and compensation specialist for remuneration matters. Both consultants have no other mandates with Meyer Burger Group.

### 3.2.3 Innovation Committee

Committee members as of of 31 December 2018: Hans-Michael Hauser (Chairperson), Dr Franz Richter, Michael R. Splinter.

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 threats; review of the technology roadmap; review of the 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 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 2018, the Innovation Committee held four meetings, of which one was held as a telephone conference. The meetings with physical attendance of its members lasted between four and six hours, the telephone conference about one hour. Members of the Executive Board participated at the meetings of the Innovation Committee as follows: CEO four meetings, CTO four meetings. The Committee did not consult regularly with external advisors.

### 3.2.4 Executive Committee

Committee members as of 31 December 2018:
Dr Alexander Vogel (Chairperson), Michael R. Splinter.

The Executive Committee mainly has the following responsibilities:

- Assist the Board in fulfilling its oversight responsibilities relating to the medium- and long-term strategic direction and development of the Group
- Review and evaluate the Company's business strategies and make recommendations to the Board of Directors with respect to potential changes in strategy
- Review and evaluate strategies regarding growth opportunities, marketing, sales, operations and make recommendations to the Board of Directors with respect thereto
- Provide advice, challenge and expertise so that the strategic options may be explored fully before submitting to the Board of Directors for deliberation and approval
- Supervision as well as, insofar as it is reasonable, guidance and support of the Executive Management with the preparation and, if applicable, the implementation of the mid-term plan of the Group
- Preliminary examination of the material investments (particularly mergers and acquisitions) and divestments based on the relevant documents and reports as well as the preparation of recommendations for the attention of the Board of Directors
- Decisions on proposals of the Executive Management regarding the invitation, continuation or termination of material investment/divestment projects (subject to fundamental decisions of the Board of Directors concerning the realisation of respective investments/divestments) and the decisions regarding the execution of the key terms of such transactions (e.g. structure of the transaction, price range, etc.)
- Supervision as well as, insofar as it is reasonable, guidance and support of the Executive Management with the preparation, evaluation and pricing and, if applicable, negotiations in connection with investments/divestments.

The Chairman, the Delegate and the Chief Executive Officer attend the meetings of the Executive Committee (usually at least on a bi-weekly basis). Other members of the Board of Directors, members of the Executive Management, executive staff or other professional experts may be invited to attend the meetings. The decision thereto is with the Chairman.

In fiscal year 2018, the Executive Committee held 42 meetings and telephone conferences, respectively. Members of the Executive Board participated at the meetings of the Innovation Committee as follows: CEO 42 meetings. The Committee did not consult regularly with external advisors.

### 3.2.5 Participation of the members of the Board of Directors at Board of Directors' and Committee meetings (incl. telephone conferences) in fiscal year 2018

| Members | Board of Directors | R&A Committee | N&C Committee | Innovation Committee | Executive Committee |
|---|---|---|---|---|---|
| Dr Alexander Vogel | 18 | 6 | • | • | 42 |
| Dr Franz Richter | 17 | • | 12 | 4 | • |
| Wanda Eriksen-Grundbacher | 18 | 6 | 12 | • | • |
| Hans-Michael Hauser | 18 | • | • | 4 | • |
| Eric Meurice[1] | 9 | 2 | 4 | • | • |
| Michael R. Splinter | 18 | • | 5 | 2 | 42 |
| **Members until AGM on 2 May 2018** | | | | | |
| Heinz Roth | 6 | 3 | • | • | • |
| Prof Dr Konrad Wegener | 7 | • | • | 1 | • |
| **Total meetings** | **18** | **6** | **12** | **4** | **42** |
| **Average attendance ratio at meetings[2] in %** | **96%** | **94%** | **92%** | **92%** | **100%** |

• Not a member of the Committee
[1] Eric Meurice was elected to the Board of Directors at the Annual General Meeting on 2 May 2018.
[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 percentage calculations). For the newly elected Board member Eric Meurice, his attendance ratios are calculated as of the date of his election at the Annual General Meeting 2018.

## 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 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 typically relates 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 39 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 Financial Statements Note 3 on page 97.

### 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 companywide 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-year basis and a report about the ICS once per year. In fiscal year 2018, the R&A Committee discussed the risk portfolio during two of its meetings and the Board of Directors discussed it at two 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 (begin 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 current mandate runs until 31 December 2019.

The Risk & Audit Committee regularly monitors the scope of internal audit and once per year (usually in the 4th quarter) approves a plan for internal audit projects, which will be executed by Ernst & Young. The audits mainly concentrate on financial, operational, compliance or management audits. The internal audit can conduct audits, review any document and demand that all information it asks for is provided, in order to ensure that it can fulfil its audit tasks.

The internal audit reports in writing about the audits it has carried out, the findings resulting from the audits and, if necessary, gives 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 five internal audits during fiscal year 2018 and issued detailed reports on each of the audits. It also prepared one combined report about all audits that were carried out in 2018. No material irregularities or shortcomings were reported by the internal auditors. The Risk & Audit Committee held one meeting with Ernst & Young in 2018.

# 4 Executive Board

## Executive Board as of 31 December 2018

| Name | Born | Position | Member Executive Board |
|---|---|---|---|
| Dr Hans Brändle | 1961 | Chief Executive Officer | since 2017 |
| Manfred Häner | 1956 | Chief Financial Officer | since 2018 |
| Michael Escher | 1971 | Chief Commercial Officer | since 2014 |
| Dr Gunter Erfurt | 1973 | Chief Technology Officer | since 2017 |
| Daniel Lippuner | 1969 | Chief Operating Officer | since 2017 |

### Dr Hans Brändle

#### Chief Executive Officer, Swiss citizen

**Education** Doctor of Physics (Dr. sc. nat.), ETH Zurich, CH-Zurich. Executive MBA, University of St. Gallen, CH-St. Gallen. Executive Development Seminars, IMD Lausanne, CH-Lausanne → **1976–1990** Research Associate, ETH Zurich, CH-Zurich → **1991–1992** Post-Doc / Visiting Scientist, IBM Almaden Research Center, USA-San Jose/CA → **1992–1995** Project Manager, Research & Development at Oerlikon Balzers, LI-Balzers → **1995–1998** Global Head of Research and Development at Oerlikon Balzers, LI-Balzers → **1998–2005** General Manager (Managing Director) at Oerlikon Balzers, DE-Bingen → **2005–2014** Chief Executive Officer at Oerlikon Coating (today Oerlikon Surface Solutions), LI-Balzers. 2006/2007 was the sector Solar part of Oerlikon Coating, before it has been separated into an independent division → **2015–2017** Chairman of the Board of Directors of Liechtensteinische Post, LI-Schaan → **Since 2017** Chief Executive Officer (CEO) and member of the Executive Board of the Company

#### Other activities and vested interests

**Former mandates:** Chairman of the Board of Liechtensteinische Post AG (2015–2017). Member of the Board of the Chamber of Commerce and Industry Liechtenstein, LI-Vaduz (2013–2014). Elected Delegate and Member of the Chamber of Commerce and Industry Rhein-Hessen, DE-Mainz (2003–2005).

**Current mandates:** Founding Member and Member of the Board of Directors of G-ray Industries SA, CH-Hauterive (Start-up in the sector X-ray defectors and wafer to wafer direct bonding technology), since 2016, Member of the Advisory Board of G-ray Switzerland SA, CH-Hauterive. Non-remunerated mandate.

No further 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 → **1976–1985** Various positions in finance and controlling at Sulzer Group, CH-Winterthur → **1985–1988** Head Finance and Administration, Country Controller at Sulzer Bros. Inc., USA-New York/NY → **1988–1991** Head Finance, Administration and Human Resources at Sulzer España SA, ES-Madrid → **1991–1998** Division Chief Financial Officer and Deputy Chief Executive Officer at Sulzer International AG, CH-Winterthur → **1999–2010** Group Chief Financial Officer, Deputy Chief Executive Officer, Secretary to the Board of Directors at Micronas Semiconductor Holding AG, CH-Zurich → **2012–2016** Group Chief Financial Officer, Investor Relations, Real Estate & IT at CPH Chemie + Papier Holding AG, CH-Perlen → **2016–2018** Independent business consultant → **Since 2018** Chief Financial Officer (CFO) and member of the Executive Board of the Company

#### 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.

# Executive Board

**Dr Hans Brändle**
Chief Executive Officer

**Manfred Häner**
Chief Financial Officer

**Michael Escher**
Chief Commercial Officer

**Daniel Lippuner**
Chief Operating Officer

**Dr Gunter Erfurt**
Chief Technology Officer

## Michael Escher

### Chief Commercial Officer, Swiss citizen

**Education** Bachelor of Business Administration & Finance (University of applied sciences Valais). Master of Science (University College London). Executive Master of Business Administration (London Business School) → **1996–1999** Controlling / Head of cost accounting at Lonza, CH-Visp → **2000–2001** Senior Business Analysis Manager at Lonza, UK-Slough → **2002–2003** Head Global Supply Chain & Strategic Sourcing Lonza Biologics Sector, UK-Slough → **2003–2004** Director Business Technology Development and Licensing at Lonza Biologics, UK-Slough → **2004–2006** Head of Corporate Strategic Planning at Syngenta, CH-Basel → **2006–2009** Global Business Manager Bisamides at Syngenta, CH-Basel → **2009–2010** Head Seed Care Europe, Africa and Middle East (EAME) at Syngenta, CH-Basel → **2010–2014** Managing Director Germany/Austria at Syngenta, DE-Maintal → **Since 2014** Chief Commercial Officer (CCO) and member of the Executive Board of the Company

### Other activities and vested interests

**Current mandates:** Member of the Board of Directors of Cave Fin Bec SA, CH-Sion, since 2006; member of the advisory board of ESIM Chemicals, A-Linz, since 2016 (one remunerated, one non-remunerated mandate at non-listed companies).

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

### Other activities and vested interests

**Current mandates:** Member of the Board of Trustees of Fraunhofer Institute for Electron Beam and Plasma Technology, DE-Dresden, since 2016 (one remunerated mandate at non-listed company). Member of the Scientific Advisory Board of CSEM, CH-Neuchâtel, since 2018 (non-remunerated mandate at non-listed company). Since 1 January 2019, also Member of the Scientific Advisory Board of the Institute for Solar Energy Research (ISFH), DE-Hamelin (non-remunerated too).

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

## Daniel Lippuner

### Chief Operating Officer, Swiss citizen

**Education** Bachelor in Economics & Business Administration, Controlling, University of Applied Science, St. Gallen → **1988–1990** Accountant & Purchaser, Bonyf AG, LI-Vaduz → **1991** Senior Accountant, Präsidialanstalt, LI-Vaduz → **1994–1998** Plant Controller/Business Development Manager / VP Commercial, Rieter Automotive, CH-Winterthur → **1999–2006** Chief Financial Officer Northern & Central Europe / Chief Financial Officer Asia / General Manager Thailand, Indonesia, Vietnam / Business Development Manager, Hilti Group, LI-Schaan → **2006–2013** Executive Vice President Controlling & IT / Chief Executive Officer Business Unit Oerlikon Textile Components, OC Oerlikon, CH-Pfäffikon → **2013–2015** Group Chief Executive Officer & Member of the Board of Directors, Saurer Group, CH-Wattwil and CN-Shanghai → **2017** Project Management Consultant, Meyer Burger Technology Ltd, CH-Thun (February to August 2017) → **Since 2017** Chief Operating Officer (COO) and member of the Executive Board of the Company since September 2017

### Other activities and vested interests

**Current mandates:** Member of the Board of Directors of Bossard Group, CH-Zug, since 2015 (one mandate at publicly listed company). Member of the Board of Directors of Amsler Tex AG, CH-Aesch/ZH, since 2016; member of the Board of Directors of 3S Solar Plus AG, CH-Thun (one remunerated, one non-remunerated mandate at non-listed companies).

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 2018

Manfred Häner joined the Executive Board as the new CFO as of 1 October 2018. He replaced Michel Hirschi, who had decided to step down from the Executive Board as per 30 September 2018.

## Mandates held by the Executive Board (outside of Meyer Burger Group) as of 31 December 2018

| 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 | – | – | 1 |
| Manfred Häner | – | 1 | – |
| Michael Escher | – | 1 | 1 |
| Dr Gunter Erfurt | – | 1 | 1 |
| Daniel Lippuner | 1 | 1 | 1 |

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 39 of the section reporting on members of the Board of Directors.

### 4.1 Management contracts

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

## 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 53 to 66).

→ 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. The Articles of Association are available under https://www.meyerburger.com/en/meyer-burger/investor-relations/articles-of-association/

## 6 Shareholders' Participation Rights

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 52.

### 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 31 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 Ordinary General Meeting of Shareholders held on 2 May 2018 elected Mr lic. iur. André Weber as independent proxy holder for a term of office until the conclusion of the Ordinary Shareholders' Meeting 2019. 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 (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

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 10% of the voting rights 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

There are no statutory regulations with regard to opting-out (Article 125 Financial Market Infrastructure Act FMIA) or opting-up (Article 135 paragraph 1 FMIA).

### 7.2 Clauses on changes of control

In case that a third party would acquire more than 33⅓% 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 additional offer 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 Duration of the mandate and term of office 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.

### 8.2 Auditing fees

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 amount to a total of TCHF 975 for fiscal year 2018.

### 8.3 Additional fees

Additional fees of PricewaterhouseCoopers for further services during fiscal year 2018:

| | |
|---|---|
| Tax consulting | TCHF 10 |
| Other consulting services | TCHF 21 |
| **Total** | **TCHF 31** |

The additional fees charged by PricewaterhouseCoopers AG represented 3.2% of the audit fees for fiscal year 2018.

### 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 2018, 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 five meetings of the Risk & Audit Committee. Representatives of the internal audit of Meyer Burger Technology Ltd (Ernst & Young, Zurich) participated at one of these Risk & Audit Committee meetings.

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 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 2018, 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 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/meyer-burger/investor-relations/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 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/media/

→ The contact form to subscribe for direct receipt of the ad hoc press releases is available under
https://www.meyerburger.com/en/meyer-burger/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.

→ The Articles of Association of the Company are available under
https://www.meyerburger.com/en/meyer-burger/investor-relations/articles-of-association/

→ For details regarding the investor relations contacts, address details of the Company as well as an agenda of important dates for fiscal year 2019 please refer to page 129 of this Annual Report.

# Remuneration Report

This Remuneration Report provides information on the remuneration system and the compensation paid to the members of the Board of Directors and of the Executive Board of Meyer Burger Technology Ltd for fiscal year 2018. The content and amount of information provided is in line with the provisions of the "Ordinance against Excessive Compensation at stock exchange listed companies" (OaEC), which was issued by the Federal Council and has become effective as of 1 January 2014, as well as the Corporate Governance directive issued by SIX Swiss Exchange and the Swiss Code of Best Practice by economiesuisse.

The Remuneration Report 2018 will be presented to the General Meeting of Shareholders, to be held on 2 May 2019, for a consultative vote as in the previous years.

## Remuneration principles

Meyer Burger Group offers all of its employees a compensation system that is competitive, performance oriented and aligned to sustainable value creation. The compensation is based on the following principles:

- Fair and competitive compensation that fosters entrepreneurial behaviour
- Total compensation that aligns the Company's long-term strategy and the interests of employees, Executive Board, Board of Directors and shareholders
- Attract and retain highly qualified and motivated employees, specialists and executives
- Performance oriented compensation to support the short-term and long-term corporate targets
- Share participation programme, depending on hierarchy level, which allows direct financial participation in the mid-term and long-term development of the value of Meyer Burger shares

### Share participation programme as long-term incentive

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 own 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.

The Board of Directors considers the grant of shares as a part of the total compensation and therefore the direct, long-term participation in the Company as an important instrument to focus the share plan participants on the mid- and long-term success of the Company.

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 following the vesting of shares. Within this acceptance period, the participant has to declare acceptance of the offer and declare, which retention period that was set by the Board of Directors he/she wishes to be applied following the vesting of the shares.

The Company grants Restricted Share Units (RSU) to the members of the Board of Directors and to selected employees within the Group. Members of the Executive Board are granted Performance Share Units (PSU) as of fiscal year 2018. For the calculation of the number of shares granted, the determined compensation amount in Swiss Francs is divided by the relevant value of the RSUs or PSUs, respectively. For the grant of RSUs to the members of the Board of Directors and selected employees within the Group, the grant value equals the closing price of the shares at the date of the grant (vesting at 100%). For the grant of PSUs to the members of the Executive Board, a fair value calculation is applied as the PSUs have a vesting range of between 0% and 150%, and the final vesting ratio after the vesting period is linked to the Total Shareholder Return (TSR) performance of Meyer Burger share relatives to the MAC Solar Index.

The Restricted Share Units as well as the Performance Share Units generally have a vesting period of three years and an optional fiscal retention period 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 Share Units or to the Performance Share Units 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.

The Board of Directors is entitled to set different modalities from the above mentioned conditions concerning the allotments from the share participation plan for participants domiciled outside of Switzerland. It will thereby aim for equal treatment of all participants taking into account the tax differences within the different states of domicile. Slightly modified conditions are currently applied for employees in Germany and the USA (no retention period after vesting period). In all other countries outside of Switzerland and Germany, employees are offered so-called phantom shares.

## Changes in the remuneration system for fiscal year 2018

The Board of Directors, upon proposal by the Nomination & Remuneration Committee, decided to adapt the short-term and long-term incentive plans for the members of the Executive Board in 2018. The changes applied as compared to the prior year are as follows:

### Short-term incentive (STI)

The previous targets “Absolutely reached Net sales and Net result versus budget; Change in Net sales and EBITDA versus previous year against a peer group”, were replaced by Group targets consisting of:

- Financial targets with four Key Performance Indicators (KPIs): Absolutely reached Net sales and Earnings per share versus budget; Contribution margin and EBITDA margin versus budget.
- Strategic initiatives: Introduction of strategic initiative targets focussed on additional improvements of the Company’s future profitability.

The previously used Obermatt index was discontinued for the short-term incentive plan, but an industry comparison was introduced into the long-term incentive plan with the MAC Solar Index. In the Board of Directors’ view, the adapted STI with the four KPIs and strategic initiative targets mentioned above better incentivises the Company’s performance and its continuous and imperative strive for increased profitability. For further details see section “Short-term incentive STI” in compensation to the members of the Executive Board below.

### Long-term incentive (LTI)

The actual vesting ratio of the Performance Share Units (PSU) for the LTI 2018 after expiration of the 3-year vesting period is linked to the Total Shareholder Return of Meyer Burger registered shares and can vary between a minimum of 0% and a maximum of 150%. The Total Shareholder Return performance will be measured against the MAC Solar Index (www.macsolarindex.com). The previous vesting ratio of the LTI 2017 was linked to the share price performance of Meyer Burger shares over the 3-year vesting period without a peer comparison and varied between a minimum of 50% and a maximum of 150%. For the 2018 LTI plan, the minimum vesting of 50% was cancelled (minimum vesting ratio of 0% now) and the index comparison was introduced. For further details see section “Long-term incentive LTI” in compensation to the members of the Executive Board below.

## Governance

The overall responsibility for defining the compensation principles at Meyer Burger Group is with the Board of Directors. Since the ordinary General Meeting of Shareholders in 2015, the General Meeting has to approve separately the total maximum compensation of the members of the Board of Directors and of the Executive Board for the business year that follows the General Meeting. The vote at the General Meeting of Shareholders has a binding effect for these total maximum amounts of compensation. Thereafter, the approval of the individual compensation of the members of the Board of Directors and of the Executive Board (within the approved limits by the General Meeting) is directly with the Board of Directors.

The approval process for compensation is set in Article 17, the forms and criteria of compensation, participation plans, loans, credits and pension benefits are set in Articles 30 to 34 of the Articles of Association.

→ The Articles of Association are available on the Company’s website
https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

## Nomination & Compensation Committee

The Board of Directors had four Committees during fiscal year 2018 (unchanged compared to fiscal year 2017): Nomination & Compensation Committee (N&C), Risk & Audit Committee (R&A), Innovation Committee and Executive Committee.

→ For details regarding the members and the responsibilities of the Committees please also refer to the Corporate Governance Report page 26 ff.

The Nomination & Compensation Committee (N&C Committee) consists of at least two members of the Board of Directors. They are individually elected by the General Meeting of Shareholders each year. The term of office is one year and expires at the end of the following ordinary General Meeting of Shareholders. Re-election is possible. If the Nomination & Compensation Committee is not complete, the Board of Directors may appoint the lacking members for the remaining term of office. At the ordinary General Meeting of Shareholders on 2 May 2018, Dr Franz Richter, Wanda Eriksen-Grundbacher and Eric Meurice were elected as members of the N&C Committee. Dr Franz Richter is Chairperson of the N&C Committee since 2 May 2018 (previously Wanda Eriksen-Grundbacher). The N&C Committee held twelve meetings during fiscal year 2018.

The N&C Committee mainly has the following responsibilities regarding subjects concerning compensation:

– Proposal of the compensation for the members of the Board of Directors and the Board's Committees
– Examination, negotiation and proposal of the remuneration of the CEO
– Examination and proposal (together with the CEO) of the remuneration of the members of the Executive Board as well as examination of mandates by members of the Executive Board outside the Group
– Examination and resolution of the annual targets for the members of the Executive Board and of the ratio by which such targets were achieved
– Examination of the targets and total remuneration of important group companies
– Preparation and proposal of the Remuneration Report
– Examination, 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 and resolution on the grant of shares under the share participation programme approved by the Board of Directors
– Further special tasks as assigned by the Board of Directors in the areas of nomination, organisation and compensation

### Levels of decision authority

| Compensation | CEO | N&C Committee | Board of Directors | General Meeting |
|---|---|---|---|---|
| Maximum total compensation of the Board of Directors for the business year following the ordinary General Meeting of Shareholders | – | Recommendation | Proposal to the General Meeting | Approval |
| Individual compensation to the members of the Board of Directors in the reporting year | – | Proposal | Approval | – |
| Grant of shares (RSUs) to the members of the Board of Directors in connection with the share participation programme in the reporting year | – | Proposal | Approval | – |
| Maximum total compensation of the Executive Board (including the compensation for the executive function of the Delegate of the Board of Directors) for the business year following the ordinary General Meeting of Shareholders | – | Recommendation | Proposal to the General Meeting | Approval |
| Individual compensation to the members of the Executive Board (without CEO) (base salary, variable component STI, compensation in kind, social benefits) in the reporting year | Proposal | Review, recommendation | Approval | – |
| Individual compensation CEO (base salary, variable component STI, compensation in kind, social benefits) in the reporting year | – | Proposal | Approval | – |
| Individual compensation for the executive function of the Delegate of the Board of Directors in the reporting year | – | Proposal | Approval | – |
| Grant of shares (PSUs) to the members of the Executive Board (without CEO) in connection with the share participation programme LTI in the reporting year | Proposal | Review, recommendation | Approval | – |
| Grant of shares (PSUs) to the CEO in connection with the share participation programme LTI in the reporting year | – | Proposal | Approval | – |
| Grant of shares (PSUs) for the executive function of the Delegate of the Board of Directors in connection with the share participation programme in the reporting year | – | Proposal | Approval | – |

## Members of the Committees as of 31 December 2018

| Members of the Board of Directors | N&C Committee | R&A Committee | Innovation Committee | Executive Committee |
|---|---|---|---|---|
| Dr Alexander Vogel, Chairman | – | • | – | • (Chairperson) |
| Dr Franz Richter, Vice Chairman | • (Chairperson) | – | • | – |
| Wanda Eriksen-Grundbacher | • | • (Chairperson) | – | – |
| Hans-Michael Hauser | – | – | • (Chairperson) | – |
| Eric Meurice | • | • | – | – |
| Michael R. Splinter, Delegate | – | – | • | • (Delegate) |

• Member of the Committee

### Changes in the Board of Directors in fiscal year 2018

Heinz Roth and Prof Dr Konrad Wegener stepped down from the Board of Directors as of the General Meeting of Shareholders on 2 May 2018. Eric Meurice was elected as a new member of the Board of Directors at the same Shareholders' Meeting.

## Compensation to the members of the Board of Directors

The compensation of the members of the Board of Directors is based on the exposure and responsibilities of each individual member for their Board functions (Board of Directors: Chairman, Vice Chairman, Member; Committees: Chairperson, Member). The total compensation includes the following elements:

– Fixed Board of Directors fee (usually paid in cash)
– Grant of shares as long-term incentive (share participation programme)
– Social security costs

The compensation structure with a fixed Board of Directors' fee and a certain amount of shares granted as long-term incentive ensures the focus of the Board of Directors on the long-term success of the Company. The Nomination & Compensation Committee usually proposes the Board and Committee fees as well as compensation through the grant of shares (RSU) once per year. The entire Board of Directors then decides on this proposal using dutiful judgment. The compensation to the members of the Board of Directors is not bound to specific targets of the Company.

For fiscal year 2018, the Board of Directors has set the fixed fee for its members (as Board members and Committee members, respectively) as follows:

| Capacity/Responsibility | 2018[1] CHF | 2017[1] CHF |
|---|---|---|
| Chairman of the Board of Directors | 204 000 | 204 000 |
| Vice Chairman of the Board of Directors | 42 000 | 42 000 |
| Member of the Board of Directors | 39 500 | 39 500 |
| Chairperson in Committees | 40 000 | 40 000 |
| Member in Committees | 24 000 | 24 000 |

[1] The members of the Executive Committee of the Board of Directors, Dr Alexander Vogel and Michael R. Splinter, do not receive additional Board fees for serving on such committee.

The Board and Committee membership fees are paid-out on a half-year basis.

The Restricted Share Units, granted as part of the share participation programme, which represent the second, fix portion of the compensation to the members of the Board of Directors, were granted to the members of the Board of Directors on 9 April 2018. The Restricted Share Units granted to Eric Meurice as new member of the Board of Directors have been allocated after his election by the General Meeting of Shareholders on 2 May 2018. The right of ownership for all these shares is deferred during the vesting period from 9 April 2018 to 8 April 2021. Afterwards, each Board member can choose the fiscal retention period of zero, three or five years (the retention period has to be chosen already at the date of acceptance of the offer; this only applies for Swiss residents).

Michael R. Splinter has been active as Delegate of the Board of Directors. In this additional special function he strongly supports the Executive Board, and especially the Chief Executive Officer. Mr Splinter is a member of the Executive Committee whose members are Hans Brändle in his function as CEO and Dr Alexander Vogel in his function as Chairman of the Board of Directors. Mr Splinter receives separate compensation for his work as Delegate.

→ For details to the Delegate compensation of Michael R. Splinter (cash compensation and PSUs granted for his executive Delegate function in 2018) please refer to the information in the table with the compensation to the members of the Executive Board.

The other members of the Board of Directors are non-executive members.

The difference in the total compensation to the members of the Board of Directors compared to the previous year 2017 is mainly due to the changes in the Board of Directors (Hans-Michael Hauser and Michael R. Splinter were elected as Board members at the General Meeting of Shareholders on 27 April 2017; Heinz Roth and Prof Dr Konrad Wegener stepped down from the Board at the General Meeting of Shareholders on 2 May 2018; Eric Meurice was elected as Board member at the General Meeting of Shareholders on 2 May 2018) and in the Board Committees.

The ordinary General Meeting of Shareholders, held on 27 April 2017, approved a total maximum amount of compensation of the Board of Directors of TCHF 1,080 for fiscal year 2018. Total actual compensation 2018 for the members of the Board of Directors was TCHF 943.

The ordinary General Meeting of Shareholders, held on 2 May 2018, approved a total maximum amount of compensation for the Board of Directors of TCHF 980 for fiscal year 2019. The compensation 2019 will be disclosed in detail in the Remuneration Report 2019.

## Overview of the compensation to the members of the Board of Directors (Audited)

### 2018

| Name | Position in the Board of Directors | Honorarium[1] (CHF) | Share-based compensation[2] (number) | Share-based compensation[2] (CHF) | Social security[3] (CHF) | Total (CHF) |
|---|---|---|---|---|---|---|
| **Member as of 31.12.2018** | | | | | | |
| Dr Alexander Vogel | Chairman | 228 000 | 49 819 | 55 000 | 17 114 | 300 114 |
| Dr Franz Richter | Vice Chairman | 99 833 | 37 440 | 41 334 | – | 141 167 |
| Wanda Eriksen-Grundbacher | Member | 103 500 | 28 080 | 31 000 | 7 986 | 142 486 |
| Hans-Michael Hauser | Member | 74 167 | 28 080 | 31 000 | 5 723 | 110 889 |
| Eric Meurice[4] | Member | 58 333 | 18 720 | 20 667 | 4 501 | 83 501 |
| Michael R. Splinter | Member, Delegate | 63 500 | – | – | 3 754 | 67 254 |
| **Member until 2.5.2018** | | | | | | |
| Heinz Roth[5] | Vice Chairman | 27 333 | 14 040 | 15 500 | 10 026 | 52 859 |
| Prof Dr Konrad Wegener[5] | Member | 26 500 | 9 361 | 10 334 | 8 155 | 44 989 |
| **Total** | | **681 167** | **185 540** | **204 835** | **57 259** | **943 261** |

[1] Fees as a member of the Board of Directors and as a member of the Committees. The compensation for the function of Delegate is included in the table "Compensation to the members of the Executive Board".
[2] The shares (RSUs) were granted on 9 April 2018. The shares granted to Eric Meurice have been allocated on 3 May 2018 after his election as member of the Board of Directors by the General Meeting of Shareholders held on 2 May 2018. For the calculation of the number of shares, the determined compensation amount in Swiss Francs was divided by the grant value of the shares. The grant value of the 2018 shares (RSUs) equals the closing share price of the registered shares on 9 April 2018. The grant value was CHF 1.104 for the shares granted in 2018. The shares have a vesting period of 3 years. The shares granted in 2018 were sourced from treasury shares held by the Company. For additional information see the table with the participations on page 66 and Note 4.2 in the consolidated financial statements.
[3] Contains governmental social security (AHV, IV, ALV and FAK) on honorarium for Board members and on shares under the share plan for which the vesting period ended during the reporting period. These social costs are not paid out to the members of the Board of Directors.
[4] Member of the Board of Directors since the General Meeting of Shareholders on 2 May 2018.
[5] Member of the Board of Directors until the General Meeting of Shareholders on 2 May 2018.

### 2017

| Name | Position in the Board of Directors | Honorarium[1] (CHF) | Share-based compensation[2] (number) | Share-based compensation[2] (CHF) | Social security[3] (CHF) | Total (CHF) |
|---|---|---|---|---|---|---|
| **Member as of 31.12.2017** | | | | | | |
| Dr Alexander Vogel | Chairman | 241 333 | 64 706 | 55 000 | 19 268 | 315 601 |
| Heinz Roth | Vice Chairman | 82 000 | 54 706 | 46 500 | 7 500 | 136 000 |
| Wanda Eriksen-Grundbacher | Member | 98 167 | 54 118 | 46 000 | 7 575 | 151 742 |
| Hans-Michael Hauser[4] | Member | 42 333 | 24 314 | 20 667 | 3 266 | 66 266 |
| Dr Franz Richter | Member | 87 500 | 54 118 | 46 000 | – | 133 500 |
| Michael R. Splinter[4] | Member, Delegate | 42 333 | – | – | 2 801 | 45 134 |
| Prof Dr Konrad Wegener | Member | 79 500 | 36 471 | 31 000 | 7 307 | 117 807 |
| **Total** | | **673 166** | **288 433** | **245 168** | **47 716** | **966 050** |

[1] Fees as a member of the Board of Directors and as a member of the Committees. The compensation for the function of Delegate is included in the table "Compensation to the members of the Executive Board".
[2] The shares (RSUs) were granted on 31 March 2017. The shares granted to Hans-Michael Hauser have been allocated after the election as member of the Board of Directors by the General Meeting of Shareholders on 27 April 2017. For the calculation of the number of shares, the determined compensation amount in Swiss Francs was divided by the grant value of the shares. The grant value of the 2017 shares (RSUs) equals the closing share price of the registered shares on 31 March 2017.The grant value was CHF 0.85 for the shares granted in 2017. The shares have a vesting period of 3 years. The shares granted in 2017 were sourced from treasury shares held by the Company. For additional information see the table with the participations on page 66 and Note 4.2 in the consolidated financial statements.
[3] Contains governmental social security (AHV, IV, ALV and FAK) on honorarium for Board members and on shares under the share plan for which the vesting period ended during the reporting period. These social costs are not paid out to the members of the Board of Directors.
[4] Member of the Board of Directors since the General Meeting of Shareholders on 27 April 2017.

## Compensation to the members of the Executive Board

The compensation to the members of the Executive Board includes a fixed portion (yearly base salary, compensation in kind), a variable component as Short-term Incentive (STI) (variable performance oriented component), a Long-term Incentive (LTI) in form of performance share units (share participation programme) as well as social benefits. The amount of the Short-term Incentive – the variable performance oriented component – depends on the achievement of Group targets (financial targets and strategic initiative targets) as well as on the achievement of individual targets. The grant of shares (PSU) as Long-term Incentive enables a direct participation in Meyer Burger and ensures the focus of the Executive Board on mid- and long-term value creation of the Company. It also ensures the focus on shareholders' interests.

The amounts of the base salaries, the STI performance-related component as well as the LTI compensation for the members of the Executive Board are verified and proposed to the Board of Directors by the Nomination & Compensation Committee together with the Chief Executive Officer (except for the CEO's own compensation), using dutiful judgement, and are finally approved by the entire Board of Directors. The total compensation is decided upon by the entire Board of Directors, usually once a year. The CEO is not included in the discussion when his own compensation is being discussed by the Board of Directors. The other members of the Executive Board usually do not participate during the time of the Board meeting, when the Board of Directors discusses their compensation. The compensation for the executive function as Delegate is proposed by the Nomination & Compensation Committee and decided upon by the entire Board of Directors, usually once a year (Delegate participating in this meeting, but without voting right). The compensation for the executive Delegate function (basic salary and share-based compensation LTI) is not tied to specific short-term company targets. However, the LTI 2018 component of the Delegate function is equal to the LTI component for the members of the Executive Board (i.e. also based on the Total Shareholder Return of Meyer Burger shares compared to the MAC Solar Index over a vesting period of three years with a vesting ratio of between 0% and a maximum of 150%).

**Compensation components for members of the Executive Board (excl. Delegate function)**

| | | Form of compensation | Purpose | Influenced by |
|---|---|---|---|---|
| Fixed pay and benefits | Base salary | → Basic compensation<br>→ Paid in cash on monthly basis | → Attract and retain Executive Board members | → Market practice<br>→ Position and experience of person |
| Fixed pay and benefits | Compensation in kind, Social benefits | → Social insurance and pension fund costs<br>→ Private use of company car or alternatively reimbursement of car expenses | → Protection against risks<br>→ Attract and retain Executive Board members | → Local market practice and position<br>→ Stipulated by law/ regulations |
| Variable pay – performance-related | Short-term incentive (STI) Variable performance-related component | → Paid in cash | → Pay for performance | → Achievement of Group objectives (financial targets with four KPIs and strategic initiatives targets) and individual targets over a one-year period |
| Variable pay – performance-related | Long-term incentive (LTI) Share-based compensation | → Grant of shares (PSU for members of the Executive Board)<br>→ Vesting period 3 years | → Long-term compensation to put focus on mid- to long-term development of the Company<br>→ Align to shareholders' interests | → Vesting ratio depending on Total Shareholder Return (TSR) of Meyer Burger registered shares compared to MAC Solar Index over the vesting period of three years |

### Weighting of the STI targets in fiscal year 2018

| Compensation | | | CEO | CFO, CCO, COO, CTO |
|---|---|---|---|---|
| **Group targets** | **Financial targets** | Absolute Net Sales and Earnings per Share vs. Budget Contribution and EBITDA Margin vs. Budget | 35% | 30% |
| | **Strategic initiatives** | Strategic initiatives focussed on additional improvements of the Company's future profitability | 35% | 30% |
| **Total Group targets** | | | 70% | 60% |
| **Individual targets** | | Project targets, product or market targets, etc. | 30% | 40% |
| Total | | | 100% | 100% |

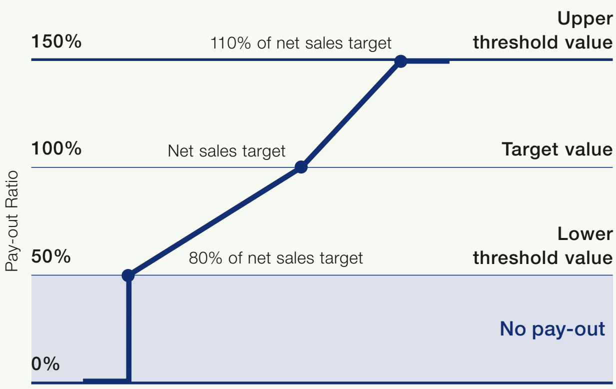
## Base salary

The members of the Executive Board receive an annual base salary that reflects the position and responsibilities of each member. The base salary is usually fixed at the beginning of the year and will not be changed during the reporting period. The base salary is paid out in cash on a monthly basis.

## Short-term Incentive (STI)

A target amount of STI as a variable, performance related component is defined for each member of the Executive Board. This target amount forms the basis for the calculation of the effective amount of STI, which is usually paid in cash. The target STI for fiscal year 2018 amounted to 100% of the base salary for the CEO and to between 49% and 67% of the base salary for the other members of the Executive Board (2017: 100% for the CEO and between 38% and 67% for the other members of the Executive Board). The criteria that determine the amount of STI for each member of the Executive Board are financial and strategic initiative targets of the Group and individual, mainly "non-financial" targets. The STI is capped at a maximum of 150% of the individually set target STI for each of the members of the Executive Board.

### Illustration of pay-out curve for net sales achievement (as example for the KPIs)




## Targets in fiscal year 2018

Targets in fiscal year 2018 include Group targets, consisting of financial targets and strategic initiative targets, as well as individual targets (see table above). Four Key Performance Indicators (KPIs) were set for the financial targets in fiscal year 2018: Absolutely reached net sales and Earnings per share versus budget; and Contribution margin and EBITDA margin versus budget. The four KPIs are equally weighted (each 25% of the financial targets). The achievement/pay-out ratios are calculated and limited for each KPI separately. Pay-out ratios based on the achievement of financial targets can vary between 0% and the maximum cap at 150%. For each KPI, the Board of Directors defined a target value and a certain scope with upper and lower threshold values. Achievement at target value will trigger a 100% pay-out ratio. An achievement ratio between the lower threshold value and the target value will trigger a 50%–99% pay-out ratio. An achievement ratio between the target and upper threshold value will trigger a 101–150% pay-out ratio. No pay-out (0%) will occur, if the achievement is below the lower threshold value. The maximum pay-out is capped at 150%.

The achievement ratio for the strategic initiative targets (strategic initiatives focussed on additional improvements of the Company's future profitability) as well as for the individual targets (project targets, product or market targets, etc.) is verified and proposed to the Board of Directors by the Nomination & Compensation Committee together with the CEO. The resulting proportions of bonus can be between 0% and the cap at 150%.

For fiscal year 2018, the allotment of the performance oriented component (STI) as a percentage of the base salary was 82% for the CEO (2017: 99%) and between 39% and 59% for the other members of the Executive Board (2017: between 35% and 66%).

## Long-term Incentive (LTI) – Share-based compensation

The Board of Directors grants Performance Share Units (PSUs) as a long-term incentive to the members of the Executive Board and to the Delegate. This enables the retaining of key management and reinforces the focus of the share plan participants on the mid- to long-term success of the Company.

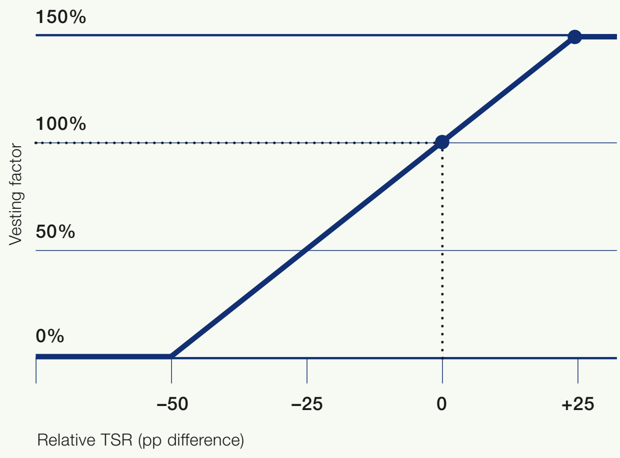
In fiscal year 2018, the Board of Directors decided to link the vesting ratio (after expiration of the three year vesting period) of the PSU 2018 to the relative share price performance (Total Shareholder Return – TSR) of Meyer Burger shares. The vesting ratio can vary between a minimum of 0% and a maximum of 150%. The relative performance will be measured against the MAC Solar Index (www.macsolarindex.com).

The previous LTI vesting ratio in fiscal year 2017 was linked to the share price performance over the three year vesting period without a peer comparison and varied between a minimum of 50% and a maximum of 150%. For the 2018 PSU plan, the minimum vesting of 50% was reduced to 0% and the peer group comparison with the MAC Solar Index was introduced.

The PSUs granted in fiscal year 2018 were valued at a fair value of CHF 1.22 (share price at grant date of CHF 1.104). The determined compensation amount in Swiss Francs was then divided by this fair value for the calculation of the number of shares. The actual vesting ratio (actual number of shares) after the expiration of the three year vesting period will depend on the relative development of the Total Shareholder Return (TSR) of the Company 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 under consideration of the relative TSR in comparison to the MAC Solar Index is calculated as the percentage points difference and can vary between a minimum of 0% and a maximum of 150%.

### Vesting curve of the LTI 2018

At target (relative TSR of the Company is equal to the relative TSR of the MAC Solar Index) the PSUs granted in 2018 will vest at 100%. The lower threshold with a vesting factor of 0% was set at –50 percentage point difference and the maximum threshold with a vesting factor of 150% at +25 percentage point difference. Linear interpolation will occur between the stated points.




The calculation of the Company's TSR relative to the MAC Solar Index will be calculated by an external governance and compensation specialist (HCM Hostettler & Company; www.hcm.com). Other than in remuneration matters, this company has no other business relationships with Meyer Burger.

In fiscal year 2018, the share-based compensation was TCHF 310 for the CEO and between TCHF 0 and TCHF 186 for the other members of the Executive Board (corresponding to 100% of the base salary for the CEO and between 0% and 80% of the base salary for the other members of the Executive Board). In 2017, the share-based remuneration was TCHF 310 for the CEO and between TCHF 0 and TCHF 186 for the other members of the Executive Board (corresponding to 100% of the base salary for the CEO and between 0% and 80% of the base salary for the other members of the Executive Board).

The amounts of compensation for the share-based remuneration and the corresponding grant of shares for fiscal year 2018 have been decided by the Nomination & Compensation Committee (decision on execution), based on a special decision by the Board of Directors, and were finally approved by the Board of Directors. For the calculation of the number of shares to be allocated, the determined compensation amount in Swiss Francs was divided by the fair value of the Performance Share Units. Meyer Burger expects to source the share-based compensation from treasury shares, so that no dilutive effect is expected from the LTI.

## Compensation in kind and social benefits

Compensation in kind includes the payment for private use of a company car or alternatively reimbursement of car expenses. The members of the Executive Board are like all employees (with domicile in Switzerland) insured under a pension fund scheme in Switzerland. The compensation for social benefits contains the social security payments to the state provided social insurance schemes (AHV, IV, ALV and FAK) and the amounts paid by the Company to the pension fund.

## Compensation to the members of the Executive Board

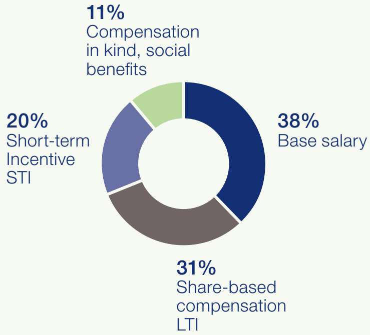
The graphs of the right side of this page show the actual compensation to the Executive Board for fiscal year 2018 compared to the potential compensation if 100% of the target STI were reached, as well as the maximum amount with the 150% cap of the STI payment. The LTI share-based payment is reflected according to the fair value calculation. The mix of compensation for fiscal year 2018 is shown in the pie chart.

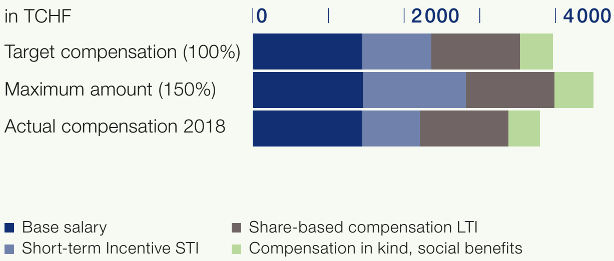
The difference in the total compensation to the members of the Executive Board is mainly due to the additional remuneration of the new CFO, but also to the management changes that occurred in the previous year 2017 (see also footnotes below the compensation tables for the length of time that the compensation for each member is included in the respective table).

The ordinary General Meeting of Shareholders, held on 27 April 2017, approved a total maximum amount of compensation for the members of the Executive Board (including Delegate) of TCHF 4,700 for fiscal year 2018. Total actual compensation 2018 for the members of the Executive Board was TCHF 3,795.

The ordinary General Meeting of Shareholders, held on 2 May 2018, approved a total maximum amount of compensation for the members of the Executive Board (including Delegate) of TCHF 4,900 for fiscal year 2019. The compensation 2019 will be disclosed in detail in the Remuneration Report 2019.

## Structure of compensation of members of the Executive Board in fiscal year 2018 (including Delegate function)



## Overview of the compensation to the members of the Executive Board including Delegate (Audited)

### 2018

| Name | Position | Basic salary (CHF) | Short-term Incentive STI (CHF) | Share-based compensation LTI[1] (number) | Share-based compensation LTI[1] (CHF) | Compensation in kind[2] (CHF) | Social security (CHF) | Total (CHF) |
|---|---|---|---|---|---|---|---|---|
| Dr Hans Brändle | CEO | 310 700 | 256 277 | 254 098 | 310 000 | 21 600 | 111 946 | **1 010 523** |
| Other members of the Executive Board incl. Delegate[3] | | 1 134 269 | 507 846 | 707 788 | 863 500 | 35 714 | 243 587 | **2 784 916** |
| **Total** | | **1 444 969** | **764 123** | **961 886** | **1 173 500** | **57 314** | **355 533** | **3 795 439** |

[1] The Performance Share Units (PSUs) were granted to the members of the Executive Board and the Delegate on 9 April 2018. The fair value of these PSUs was calculated at CHF 1.22, based on a fair value calculation using a Monte Carlo simulation. The following parameters were used for the fair value calculation: Share price of CHF 1.104 at grant date, volatility of 56.6%, dividend yield 0%, correlation with MAC Solar Index 31.3%, risk-free rate 0.1%. The PSUs have a vesting period of 3 years. For the calculation of the number of PSUs, the determined compensation amount in Swiss Francs was divided by the fair value of the PSUs. For the 2018 LTI Share Plan, the actual vesting ratio (actual number of shares) that a member of the Executive Board and the Delegate receives after expiration of the three year period is linked to the relative Total Shareholder Return (TSR) of the registered shares of the Company in the period between the grant date of the shares and the end of the vesting period compared to the performance of the MAC Solar Index. The actual vesting ratio can vary between a minimum of 0% and a maximum of 150%. All shares granted in 2018 are expected to be sourced from treasury shares held by the Company. For more information see the table with the participations on page 66 and Note 4.2 in the consolidated financial statements.

[2] Compensation in kind includes the payment for private use of a company car or alternatively reimbursement of car expenses. The relevant amounts declared in the salary statement of filing a tax return were applied as a component of the compensation in kind.

[3] The line "Other members of the Executive Board incl. Delegate" includes for fiscal year 2018 compensation to the current CFO Manfred Häner (3.5 months), former CFO Michel Hirschi (12 months), CCO Michael Escher (12 months), CTO Dr Gunter Erfurt (12 months), COO Daniel Lippuner (12 months), and the Delegate function of Michael R. Splinter (12 months). Mr Splinter received for his Delegate function in 2018 TCHF 94.5 basic salary and share-based compensation of TCHF 247.5 through the grant of 202,869 shares (PSUs) at fair value of CHF 1.22, social security costs amounted to TCHF 5.6, the total compensation therefore was TCHF 347.6 in fiscal year 2018.

### 2017

| Name | Position | Basic salary (CHF) | Short-term Incentive STI (CHF) | Share-based compensation LTI[1] (number) | Share-based compensation LTI[1] (CHF) | Compensation in kind[2] (CHF) | Social security (CHF) | Total (CHF) |
|---|---|---|---|---|---|---|---|---|
| Dr Hans Brändle | CEO | 310 700 | 306 218 | 364 706 | 310 000 | 21 600 | 115 548 | **1 064 067** |
| Other members of the Executive Board incl. Delegate[3] | | 1 010 276 | 485 655 | 1 045 138 | 832 948 | 29 166 | 260 174 | **2 618 219** |
| **Total** | | **1 320 976** | **791 873** | **1 409 844** | **1 142 948** | **50 766** | **375 723** | **3 682 286** |

[1] The shares granted to the members of the Executive Board were granted on 31 March 2017. The grant value of these shares (RSUs) was CHF 0.85. The shares have a vesting period of 3 years. For the calculation of the number of shares, the determined compensation amount in Swiss Francs was divided by the grant value of the shares. For the 2017 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 development of the share price of the Company in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period under consideration of the share price development is calculated linearly and can vary between a minimum of 50% and a maximum of 150%. All shares granted in 2017 are expected to be sourced from treasury shares held by the Company. The shares granted to Michael R. Splinter for his function as Delegate were granted on 3 January 2017. The grant value of these shares was CHF 0.72. The shares have a vesting period of 3 years. They vest at 100% and do not have the vesting ratio conditions like the shares granted to the members of the Executive Board. For more information see the table with the participations on page 66 and Note 4.2 in the consolidated financial statements.

[2] Compensation in kind includes the payment for private use of a company car or alternatively reimbursement of car expenses. The relevant amounts declared in the salary statement of filing a tax return were applied as a component of the compensation in kind.

[3] The line "Other members of the Executive Board incl. Delegate" includes for fiscal year 2017 compensations to CFO Michel Hirschi (12 months), CCO Michael Escher (12 months), CTO Dr Gunter Erfurt (11 months), COO Daniel Lippuner (4 months), former CIO Dirk Habermann (8 months) and the Delegate function of Michael R. Splinter (12 months). Mr Splinter received for his Delegate function in 2017 TCHF 94.5 basic salary and share-based compensation of TCHF 306.9 through the grant of 426,316 shares (at grant value CHF 0.72), social security costs amounted to TCHF 23.7, the total compensation therefore was TCHF 425.2.

### Compensation to former members of the Board of Directors or the Executive Board (Audited)

No compensation was paid to former members of the Board of Directors or of the Executive Board during fiscal year 2018.

In the previous fiscal year 2017, in compliance with their employment contracts, the former CEO Peter Pauli (remaining 11 months of termination period in 2017) and former COO Thomas Kipfer (remaining 4 months of termination period in 2017) received total combined compensation of TCHF 1,148.5 (including TCHF 158.0 of social security costs).

### Supplement amount for members of the management in accordance with Art. 32 of the Articles of Association (Audited)

A supplement amount in accordance with Article 19 of the OaEC is available for members of the management who join after the maximum overall amount has been approved by the Annual General Meeting. In the case of a new CEO and/or CFO, the supplement amount may not be higher than 20% above the amount which the previous CEO or CFO, respectively, was entitled to, based on the approval by the Shareholders' Meeting for the respective business year. In the case of a new member of the management, such supplement may not be higher than 20% above the average overall amount of a member of the management (excluding CEO and CFO) for the respective business year.

In fiscal year 2018, no supplement amount had to be used at all.

In the previous fiscal year 2017, the following amounts were used: The ordinary General Meeting of Shareholders, held on 3 May 2016, approved a total maximum amount of compensation for the Executive Board of TCHF 3,800 for fiscal year 2017. Total compensation to the members of the Executive Board, who were active during fiscal year 2017, amounted to TCHF 3,682.3. Including the compensation paid to former members of the Executive Board of TCHF 1,148.5, the total amounted to TCHF 4,830.8. A supplement amount of TCHF 1,030.8 was used in 2017 for the new CEO Dr Hans Brändle, as reported in the Annual Report 2017. The Annual Report 2017 is available under https://www.meyerburger.com/de/meyer-burger/investor-relations/berichte-publikationen/ – Section Archive.

### Benefits, contractual terms on leaving the Company

Fixed employment and mandate agreements with members of the Board of Directors and of the Executive Board may be concluded for a period of up to one year. The termination period of unlimited employment or mandate agreements, respectively, with members of the Board of Directors and of the Executive Board may not exceed twelve months to the end of a month. The employment contracts (as of 31 December 2018) with the members of the Executive Board contain termination periods of six months (four employment contracts) and twelve months (one employment contract), respectively.

All employment contracts with the members of the Executive Board contain a non-competition clause for a period of 24 months after the employment relationship has ended. The non-competition clauses are valid globally. The members of the Executive Board do not receive compensation during the period of the non-competition clause. If a member of the Executive Board violates the non-competition clause, such member has to pay a penalty to the Company for breaching the contract.

The Performance Share Units and the Restricted Share Units (granted out of the share participation programme) generally have a vesting period of three years. In the event that the working relationship with a member of the Executive Board ends due to the Executive giving his notice or that the employer (Company) gives notice, the member of the Executive Board will keep the right of ownership for his Performance Share Units (before fiscal year 2018: Restricted Share Units) – contrary to the rules that apply for the members of the Board of Directors or other participants in the share participation programme (unless the contract of the Executive is terminated for cause). However, even if the working relationship with a member of the Executive Board is ended during a vesting period (since 2016: 3 years), the delivery of the shares will only take place after the end of the corresponding vesting period, i.e. no early vesting will take place. The members of the Executive Board have the right to forego the optional additional retention period (which they have chosen) once the vesting period has passed (potential tax implications have to be accepted by such respective member).

Change of control clause regarding employee shares: In case that a third party would acquire more than 33⅓% 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 additional offer period in case of a successful public tender offer. There are no further clauses regarding a change of control.

Members of the Board of Directors, members of the Executive Board and employees are in general treated equally with regards to the conditions of the share participation programme. The exception is the rules mentioned above with regards to members of the Executive Board for a) in case they leave the Company, b) the specific link of the LTI to the TSR performance over the time span of the vesting period (three years).

### Loans and credits to the members of the Board of Directors or the Executive Board

As of 31 December 2018 and 31 December 2017, there were no company loans or credits outstanding to the current members of the Board of Directors or the Executive Board. There were also no loans or credits outstanding to former members of the Board of Directors or of the Executive Board or of any related party.

### Compensation to related parties

All compensation that the Company has made to related parties during fiscal years 2018 and 2017 was market-compliant.

→ Further information in Note 4.8 on page 103 "Transactions with related parties" in the financial statements.

### Participations in the Company (Audited)

The members of the Board of Directors and of the Executive Board (including related parties) held a total participation of 0.89% of the outstanding registered shares as of 31 December 2018 (2017: 0.96%). This participation includes registered shares purchased as well as restricted shares, RSU or PSU allocated in connection with the share participation programme.

## Overview of the participations in the Company by the members of the Board of Directors and of the Executive Board (Audited)

### 31.12.2018

| Name | Position | Registered shares (non-restricted) (number) | RSU/PSU/ restricted shares under share plans[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).

### 31.12.2017

| 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 | 2239460 | 179198 | 0.39% |
| Heinz Roth | Vice Chairman of the Board of Directors | 341116 | 83527 | 0.07% |
| Wanda Eriksen-Grundbacher | Member of the Board of Directors | – | 75733 | 0.01% |
| Hans-Michael Hauser | Member of the Board of Directors | – | 24314 | 0.00% |
| Dr Franz Richter | Member of the Board of Directors | – | 75733 | 0.01% |
| Michael R. Splinter | Member of the Board of Directors, Delegate | – | 426316 | 0.07% |
| Prof Dr Konrad Wegener | Member of the Board of Directors | 211309 | 68085 | 0.04% |
| Dr Hans Brändle | Chief Executive Officer | 100000 | 547059 | 0.10% |
| Michel Hirschi | Chief Financial Officer | 84526 | 535384 | 0.10% |
| Dr Gunter Erfurt | Chief Technology Officer | – | 272290 | 0.04% |
| Michael Escher | Chief Commercial Officer | 100000 | 404163 | 0.08% |
| Daniel Lippuner | Chief Operating Officer | 200000 | – | 0.03% |
| **Total as of 31 December 2017** | | **3276411** | **2691802** | **0.96%** |

[1] In the participation table, the number of restricted registered shares includes the maximum potential amount of shares that could be vesting from the LTI Share Plan 2017 for the members of the Executive Board (i.e. maximum of 150% of the granted shares in 2017; the final vesting ratio depends on the relative share price performance of the registered shares of the Company 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 table for the Executive Board). Details of shares not yet vested are in the table below:

| Grant/Purchase date | Number of shares | Vesting period until |
|---|---|---|
| 31.03.2017/03.01.2017 | 1640198/426316 | 30.03.2020/02.01.2020 |
| 22.03.2016/20.12.2016 | 517014 | 21.03.2019 |

The remaining restricted registered shares are subject to an optional retention period.

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2017 (620,972,151 shares).

# Report of the Statutory Auditor

## *Report of the statutory auditor*

***to the General Meeting of Meyer Burger Technology Ltd***

***Thun***

We have audited the remuneration report of Meyer Burger Technology AG for the year ended 31 December 2018. 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 and sections labeled 'audited' on pages 58 and 63 to 66 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.

*PricewaterhouseCoopers AG, Bahnhofplatz 10, Postfach, CH-3001 Bern, Switzerland*
*Telefon: +41 58 792 75 00, Telefax: +41 58 792 75 10, www.pwc.ch*

***Opinion***
In our opinion, the remuneration report of Meyer Burger Technology AG for the year ended 31 December 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

| | |
|---|---|
| Rolf Johner | René Jenni |
| Audit expert<br>Auditor in charge | Audit expert |

Bern, 15 March 2019

# Contents

## Financial Statements

# Consolidated Financial Statements

## Consolidated Balance Sheet

| in TCHF | Notes | 31.12.2018 | | 31.12.2017 | |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | | 89 799 | | 124 700 | |
| Trade receivables | 2.1 | 26 377 | | 32 633 | |
| Other receivables | 2.2 | 14 850 | | 25 407 | |
| Net receivables from construction contracts | 2.3 | 6 961 | | 1 137 | |
| Inventories | 2.4 | 78 564 | | 83 314 | |
| Prepaid expenses and accrued income | 2.5 | 10 117 | | 8 739 | |
| **Total current assets** | | **226 669** | **64.9%** | **275 930** | **58.7%** |
| **Non-current assets** | | | | | |
| Other non-current receivables | 2.2 | 591 | | 1 624 | |
| Property, plant and equipment | 2.6 | 82 274 | | 91 138 | |
| Intangible assets | 2.7 | 11 930 | | 24 380 | |
| Deferred tax assets | 2.12 | 27 689 | | 76 910 | |
| **Total non-current assets** | | **122 485** | **35.1%** | **194 052** | **41.3%** |
| **Total assets** | | **349 153** | **100.0%** | **469 983** | **100.0%** |
| **Liabilities and equity** | | | | | |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Financial liabilities | 2.8 | 331 | | 328 | |
| Trade payables | | 17 331 | | 29 970 | |
| Net liabilities from construction contracts | 2.3 | 5 794 | | 12 666 | |
| Customer prepayments | | 34 422 | | 67 065 | |
| Other liabilities | 2.9 | 4 160 | | 5 004 | |
| Provisions | 2.10 | 13 762 | | 15 883 | |
| Accrued expenses and prepaid income | 2.11 | 32 946 | | 33 020 | |
| **Total current liabilities** | | **108 747** | **31.1%** | **163 938** | **34.9%** |
| **Non-current liabilities** | | | | | |
| Financial liabilities | 2.8 | 55 298 | | 57 128 | |
| Other liabilities | 2.9 | 2 231 | | 3 031 | |
| Provisions | 2.10 | 309 | | 1 565 | |
| Deferred tax liabilities | 2.12 | 857 | | 1 364 | |
| **Total non-current liabilities** | | **58 695** | **16.8%** | **63 088** | **13.4%** |
| **Total liabilities** | | **167 442** | **48.0%** | **227 026** | **48.3%** |
| **Equity** | | | | | |
| Share capital | 2.13 | 31 144 | | 31 049 | |
| Capital reserves | | 968 324 | | 966 460 | |
| Treasury shares | 2.13 | –8 741 | | –5 179 | |
| Reserve for share-based payments | | 4 307 | | 2 319 | |
| Accumulated losses | | –813 324 | | –751 692 | |
| **Total equity excl. minority interests** | | **181 711** | **52.0%** | **242 957** | **51.7%** |
| Minority interests | | – | | – | |
| **Total equity incl. minority interests** | | **181 711** | **52.0%** | **242 957** | **51.7%** |
| **Total liabilities and equity** | | **349 153** | **100.0%** | **469 983** | **100.0%** |

The Notes starting on page 75 are an integral part of the consolidated financial statements.

# Consolidated Income Statement

| in TCHF | Notes | 1.1.–31.12.2018 | | 1.1.–31.12.2017 | |
|---|---|---|---|---|---|
| **Net sales** | 2.14/2.15/2.16 | **406 967** | **100.0%** | **473 256** | **100.0%** |
| Other operating income | | 12 680 | | 5 300 | |
| Currency translation gains and losses on trade receivables and customer prepayments | 4.3 | 3 938 | | –14 492 | |
| **Income** | | **423 585** | | **464 065** | |
| Changes in inventories of finished and semi-finished products as well as machines before acceptance | | –35 373 | | –6 233 | |
| Cost of products and work in process | | –188 854 | | –268 174 | |
| Capitalised services | 2.6/2.7 | 1 404 | | 5 161 | |
| **Operating income after costs of products and services** | | **200 763** | **49.3%** | **194 818** | **41.2%** |
| Personnel expenses | 2.17 | –125 899 | | –135 716 | |
| Operating expenses | 2.18 | –48 766 | | –46 738 | |
| **Earnings before interests, taxes, depreciation and amortisation (EBITDA)** | | **26 097** | **6.4%** | **12 364** | **2.6%** |
| Depreciation and impairment on property, plant, equipment | 2.6/2.7 | –11 942 | | –12 400 | |
| Depreciation and impairment on intangible assets | 2.6/2.7 | –12 404 | | –19 272 | |
| **Earnings before interests and taxes (EBIT)** | | **1 751** | **0.4%** | **–19 308** | **–4.1%** |
| Financial result | 2.19 | –9 815 | | –10 346 | |
| **Ordinary result** | | **–8 064** | **–2.0%** | **–29 654** | **–6.3%** |
| Extraordinary result | 2.20 | 687 | | –48 834 | |
| **Earnings before taxes** | | **–7 376** | **–1.8%** | **–78 488** | **–16.6%** |
| Income taxes | 2.12 | –52 061 | | –851 | |
| **Result** | | **–59 437** | **–14.6%** | **–79 339** | **–16.8%** |
| **Attributable to** | | | | | |
| Shareholders of Meyer Burger Technology Ltd | | –59 437 | | –79 214 | |
| Minority interests | | – | | –125 | |
| in CHF | | | | | |
| **Earnings per share** | | | | | |
| Basic earnings per share | 4.4 | –0.10 | | –0.14 | |
| Diluted earnings per share | 4.4 | –0.10 | | –0.14 | |

The Notes starting on page 75 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 | 2.13 | |
| **Equity at 1.1.2017** | **27 411** | **904 194** |
| Result | – | – |
| Currency translation differences recognised in reporting period | – | – |
| Goodwill recycling | – | – |
| Conversion of convertible bond | 3 638 | 60 402 |
| Capital increases (follow-up costs capital increase December 2016) | – | –199 |
| Purchase Meyer Burger (Germany) GmbH shares after change in control | – | 1 245 |
| Purchase of trasury shares | – | – |
| Sale/use of treasury shares | – | –64 |
| Share-based payments | – | – |
| Transfer of shares for employees to the plan participants after vesting period | – | – |
| Reclassification | – | 882 |
| **Equity at 31.12.2017** | **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 | – | – |
| Transfer of shares for employees to the plan participants after vesting period | – | 255 |
| **Equity at 31.12.2018** | **31 144** | **968 324** |

The Notes starting on page 75 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 excl. minority interests | Minority interests | Total equity incl. minority interests |
| 2.13 | | | | | | | | |
| **–2 947** | **2 651** | **–28 911** | **–237 677** | **–430 668** | **–697 256** | **234 053** | **372** | **234 424** |
| – | – | – | – | –79 214 | **–79 214** | **–79 214** | –125 | **–79 339** |
| – | – | 5 999 | – | – | **5 999** | **5 999** | –1 677 | **4 322** |
| – | – | – | 21 140 | 1 036 | **22 176** | **22 176** | – | **22 176** |
| – | – | – | – | – | **–** | **64 040** | – | **64 040** |
| – | – | – | – | – | **–** | **–199** | – | **–199** |
| – | – | – | – | –3 397 | **–3 397** | **–2 152** | 1 431 | **–721** |
| –3 822 | – | – | – | – | **–** | **–3 822** | – | **–3 822** |
| 142 | – | – | – | – | **–** | **77** | – | **77** |
| – | 1 998 | – | – | – | **–** | **1 998** | – | **1 998** |
| 1 052 | –1 052 | – | – | – | **–** | **–** | – | **–** |
| 396 | –1 278 | – | 1 973 | –1 973 | **–** | **–** | – | **–** |
| **–5 179** | **2 319** | **–22 912** | **–214 564** | **–514 215** | **–751 692** | **242 957** | **–** | **242 957** |
| – | – | – | – | –59 437 | **–59 437** | **–59 437** | – | **–59 437** |
| – | – | –3 205 | – | – | **–3 205** | **–3 205** | – | **–3 205** |
| – | – | – | 1 010 | – | **1 010** | **1 010** | – | **1 010** |
| – | – | – | – | – | **–** | **1 695** | – | **1 695** |
| –4 124 | – | – | – | – | **–** | **–4 124** | – | **–4 124** |
| 122 | – | – | – | – | **–** | **132** | – | **132** |
| – | 2 684 | – | – | – | **–** | **2 684** | – | **2 684** |
| 519 | –519 | – | – | – | **–** | **–** | – | **–** |
| –79 | –177 | – | – | – | **–** | **–** | – | **–** |
| **–8 741** | **4 307** | **–26 117** | **–213 555** | **–573 652** | **–813 324** | **181 711** | **–** | **181 711** |

# Consolidated Cash Flow Statement

| in TCHF | Notes | 1.1.–31.12.2018 | 1.1.–31.12.2017 |
|---|---|---|---|
| **Result** | | **–59 437** | **–79 339** |
| Depreciation and amortisation | **2.6/2.7** | 23 148 | 31 341 |
| Impairment / reversal of impairment on non-current assets | **2.6/2.7** | 1 198 | 10 522 |
| Gains / losses from sale of fixed assets and business activities | | 2 475 | –4 667 |
| Deferred income taxes | **2.12** | 47 679 | –1 712 |
| Decrease (+) / increase (–) in other (non-current) assets | | 1 000 | 238 |
| Increase (+) / decrease (–) in (non-current) provisions | **2.10** | –198 | –187 |
| Increase (+) / decrease (–) in other (non-current) liabilities | | –751 | 835 |
| Decrease (+) / increase (–) in trade receivables | **2.1** | 4 466 | 5 797 |
| Decrease (+) / increase (–) in net assets from construction contracts | **2.3** | –5 824 | –458 |
| Decrease (+) / increase (–) in inventories | **2.4** | –419 | 13 529 |
| Decrease (+) / increase (–) in other receivables and accruals | **2.2/2.5** | 8 231 | –3 909 |
| Increase (+) / decrease (–) in (current) provisions | **2.10** | –1 648 | 7 600 |
| Increase (+) / decrease (–) in (current) financial liabilities | **2.8** | 3 | –30 |
| Increase (+) / decrease (–) in trade payables | | –11 947 | 650 |
| Increase (+) / decrease (–) in customer prepayments | | –32 184 | 7 715 |
| Increase (+) / decrease (–) in other (current) liabilities and deferrals | **2.9/2.11** | –6 321 | 4 737 |
| Other non-cash related changes | | 7 162 | 20 099 |
| **Cash flow from operating activities (operative cash flow)** | | **–23 369** | **12 761** |
| Investments in securities | | – | –15 065 |
| Sale of securities | | – | 18 125 |
| Investments in property, plant and equipment | **2.6** | –4 986 | –7 053 |
| Sale of property, plant and equipment | **2.6** | 510 | 611 |
| Investments in intangible assets | **2.7** | –824 | –378 |
| Sale of intangible assets | **2.7** | – | 296 |
| Sale of business activities Solar Systems | | 200 | – |
| Sale of business activities Diamond Materials Tech, Inc. | | – | 5 927 |
| **Cash flow from investing activities** | | **–5 100** | **2 464** |
| Capital increase (follow-up costs capital increase December 2016) | | – | –199 |
| Issue tax on conversion of bond | | – | –674 |
| Purchase of treasury shares | | –4 124 | –3 822 |
| Purchase of shares of Meyer Burger (Germany) GmbH after change in control | | – | –3 151 |
| Repayment of (non-current) financial liabilities | | –994 | –131 180 |
| **Cash flow from financing activities** | | **–5 118** | **–139 026** |
| **Change in cash and cash equivalents** | | **–33 587** | **–123 801** |
| **Cash and cash equivalents at beginning of period** | | **124 700** | **246 427** |
| Currency translation differences on cash and cash equivalents | | –1 314 | 2 075 |
| **Cash and cash equivalents at end of period** | | **89 799** | **124 700** |

The Notes starting on page 75 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 Content and structure

The content and structure of the notes to the 2018 consolidated financial statements have been fundamentally revised compared with the previous year in order to make the information more transparent for the addressees of the financial report. These adjustments include the following:
– Adjustment of the structure of the notes
– Elimination of irrelevant and insignificant information

### 1.2 Basis of 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.

These consolidated financial statements were approved for publication by the Board of Directors on 15 March 2019. They will be submitted for approval to the Annual General Meeting to be held on 2 May 2019.

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 standards of Swiss GAAP FER and give a true and fair view of the net assets, financial position and results of operations. The provisions of Swiss law have also been complied with.

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 are being investigated. The procedure is still pending at the time of the release of these consolidated financial statements. Meyer Burger Technology Ltd expects the proceedings to be completed in 2019.

### 1.3 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. Minority interests are presented separately in the balance sheet and income statement. All material intercompany transactions, balances, and unrealised gains and losses resulting from intercompany transactions are eliminated.

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 German and English. The German original version is the binding version.

## 1.4 Scope of consolidation

**The scope of consolidation consists of the following companies:**

| | | | | Participation[1] | |
|---|---|---|---|---|---|
| Company | Registered office | Currency | Nominal value | 31.12.2018 | 31.12.2017 |
| AIS Automation Dresden GmbH | Dresden, Germany | EUR | 51 000 | 100.00% | 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 | 50 000 000 | 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 Ltd | 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 | 31 144 271 | 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% |
| Pasan SA | Neuchâtel, Switzerland | CHF | 102 000 | 100.00% | 100.00% |
| Somont GmbH | Umkirch, Germany | EUR | 30 000 | 100.00% | 100.00% |

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

## 1.5 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 recognised to 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 redefined. 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:

| | | Closing rate | | Average rate | |
|---|---|---|---|---|---|
| Foreign currency exchange rates | Unit | 2018 | 2017 | 2018 | 2017 |
| Euro (EUR) | 1 | 1.1269 | 1.1696 | 1.1550 | 1.1116 |
| US Dollar (USD) | 1 | 0.9858 | 0.9763 | 0.9786 | 0.9846 |
| Chinese Yuan Renminbi (CNY) | 100 | 14.3580 | 14.9980 | 14.7996 | 14.5704 |
| Japanese Yen (JPY) | 100 | 0.8984 | 0.8666 | 0.8859 | 0.8779 |
| Indian Rupee (INR) | 100 | 1.4119 | 1.5324 | 1.4318 | 1.5121 |
| South-Korean Won (KRW) | 100 | 0.0883 | 0.0916 | 0.0889 | 0.0871 |
| Malaysian Ringgit (MYR) | 100 | 23.8545 | 24.0639 | 24.2503 | 22.9062 |
| Singapore Dollar (SGD) | 1 | 0.7232 | 0.7305 | 0.7253 | 0.7131 |
| Taiwan Dollar (TWD) | 100 | 3.2071 | 3.2913 | 3.2460 | 3.2356 |

### 1.6 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 net amount of the acquired assets. 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) and impairment are disclosed in the Notes as a shadow account.

## 2 Notes to the consolidated financial statements

### 2.1 Trade receivables

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Trade receivables (gross) | 37 858 | 44 961 |
| Allowances | –11 481 | –12 328 |
| **Trade receivables** | **26 377** | **32 633** |

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 almost entirely of individual allowances relating to a small number of customers, estimated on the basis of these customers' solvency. The flat-rate value adjustments, at TCHF 23 (2017: TCHF 13), accounted for a very small part of these allowances. The flat-rate value adjustment on receivables is based on historical data.

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 account for around 70%–80% of the contract value. When the project is completed and the final acceptance 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. Prepayments are not generally made for services, with the result that receivables relating to services cover the full contract value.*

*Trade receivables are measured at nominal value less any allowances. Individual allowances are generally set aside 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 on the basis of 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 posted under other operating expenses.*

## 2.2 Other receivables

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Prepayments to suppliers | 5 478 | 12 232 |
| Derivative financial instruments | – | 9 |
| Other receivables | 11 020 | 15 847 |
| Allowances | –1 057 | –1 057 |
| **Other receivables** | **15 441** | **27 031** |
| Thereof non-current | 591 | 1 624 |

### *Accounting Policies*

*This item includes all other receivables that do not arise from trade (e.g. VAT credits, withholding tax credits, social security receivables, etc.). Prepayments made to suppliers are also included under this item. The positive replacement values of derivative financial instruments used for hedging purposes are recognised under this position.*

*Other receivables are measured at nominal value less any allowances. Subsequent measurement is at amortised cost less allowances.*

## 2.3 Net assets from construction contracts

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Work in process | 66 978 | 16 599 |
| Customer prepayments | –65 811 | –28 129 |
| **Net construction contracts** | **1 167** | **–11 530** |
| thereof | | |
| Net receivables from construction contracts | 6 961 | 1 137 |
| Net liabilities from construction contracts | 5 794 | 12 666 |
| **Additional information** | | |
| Net sales from the PoC method (income statement) | 51 332 | 1 725 |

### *Accounting Policies*

*Construction contracts are contracts for the construction of customer-specific assets or groups of assets that normally extend over several months.*

*Construction 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 construction contract and is equal to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total construction costs. Accrued costs and realised net revenue calculated on the basis of the stage of completion are recognised on an ongoing basis in the income statement.*

*If the outcome of a construction 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 construction contracts.*

*An allowance is set aside 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 | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Raw materials, purchased parts and goods for resale | 70 650 | 81 494 |
| Semi-finished goods and work in progress | 42 735 | 53 899 |
| Finished goods | 14 719 | 31 989 |
| Machines before acceptance | 52 538 | 66 584 |
| Customer prepayments | –48 230 | –77 420 |
| Value adjustment inventories | –53 848 | –73 232 |
| **Inventories** | **78 564** | **83 314** |

### *Accounting Policies*

***Inventories***

*Depending on the stage of completion of the individual products and their purpose, inventories are broken down 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 cost of production or net realisable value. Discounts for cash are treated as reductions in purchase price. Net realisable value is the estimated selling price less direct selling costs and where applicable any costs of completion.*

*Allowances are set aside for overly high levels of inventories that in all probability 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 construction and/or delivery of products and services.*

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

*Customer prepayments directly attributable to a machine or a long-term construction contract are recognised directly as deductions in inventories or in long-term construction 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 construction 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 | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Prepaid expenses and accrued income | 9491 | 8657 |
| Receivables from current income taxes | 626 | 82 |
| **Prepaid expenses and accrued income** | **10117** | **8739** |

## 2.6 Property, plant and equipment

| in TCHF | Land and buildings | Equipments | Machines | IT | Vehicles | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Purchase price** | | | | | | | |
| **Balance as of 1.1.2017** | **74899** | **28827** | **84804** | **3008** | **1103** | **436** | **193076** |
| Changes in scope of consolidation | – | – | – | – | – | – | – |
| Increase | 456 | 374 | 793 | 285 | – | 107 | 2016 |
| Capitalisation | – | 437 | 2854 | – | – | 1746 | 5037 |
| Reclassification within property, plant and equipment | 141 | –40 | 159 | 99 | – | –359 | – |
| Disposal | –2789 | –2075 | –30078 | –314 | –146 | –6 | –35408 |
| Currency translation differences | 2648 | 1428 | 2875 | 119 | 3 | 110 | 7182 |
| **Balance as of 31.12.2017** | **75355** | **28952** | **61407** | **3197** | **960** | **2033** | **171904** |
| Changes in scope of consolidation | – | – | – | – | – | – | – |
| Increase | 101 | 695 | 1204 | 207 | – | 1666 | 3872 |
| Capitalisation | – | 312 | 899 | – | – | 55 | 1267 |
| Reclassification within property, plant and equipment | – | –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** |
| **Cumulative depreciation and impairments** | | | | | | | |
| **Balance as of 1.1.2017** | **–15814** | **–15222** | **–58154** | **–2425** | **–886** | **–117** | **–92618** |
| Changes in scope of consolidation | – | – | – | – | – | – | – |
| Ordinary depreciation | –2721 | –1949 | –7021 | –281 | –133 | – | –12105 |
| Impairment | –4025 | –1335 | –2390 | – | –15 | – | –7765 |
| Reclassification within property, plant and equipment | – | 74 | 10 | –84 | – | – | – |
| Disposal | 2760 | 2055 | 29543 | 313 | 142 | – | 34813 |
| Currency translation differences | –682 | –1169 | –1152 | –82 | –2 | –4 | –3090 |
| **Balance as of 31.12.2017** | **–20482** | **–17546** | **–39164** | **–2559** | **–893** | **–121** | **–80765** |
| Changes in scope of consolidation | – | – | – | – | – | – | – |
| Ordinary depreciation | –2583 | –1879 | –5943 | –310 | –30 | – | –10744 |
| Impairment | –8 | – | –1189 | – | – | – | –1198 |
| Reclassification within property, plant and equipment | – | 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** |
| **Net book value** | | | | | | | |
| 1.1.2017 | 59085 | 13604 | 26650 | 583 | 217 | 318 | **100458** |
| 31.12.2017 | 54873 | 11406 | 22243 | 638 | 66 | 1912 | **91138** |
| 31.12.2018 | 51438 | 10469 | 18034 | 518 | 17 | 1798 | **82274** |

As a result of the decision in 2017 to discontinue all the production activities in Thun, the value of the assets of Meyer Burger (Switzerland) Ltd was reassessed. This analysis led to impairments of CHF 7.5 million in 2017 which were reported in the extraordinary result. The subsequent valuation of fixed assets in the year 2018 had no effect on the result.

A loan secured by mortgage certificates of CHF 30 million for the building in Thun was concluded with a Swiss banking syndicate on 7 March 2013. The funds were drawn in the first quarter of 2013. In this connection, mortgage notes totalling CHF 33 million were raised on this building and pledged to the syndicate. The agreement with the banking syndicate was extended in 2015 and 2016 and early 2019. The agreement terminates in May 2020.

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 finance leases.

***Accounting Policies***

*Property, plant and equipment include land, property used for operational purposes, facilities, machines, IT and vehicles, as well as assets under construction.*

*Property, plant and equipment 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 |

*Assets must be tested for impairment at every reporting date. This test is carried out on the basis of 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.*

## 2.7 Intangible assets

| in TCHF | Technology | Trade names | Customer relationships | Capitalised services | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **Purchase price** | | | | | | |
| **Balance as of 1.1.2017** | **238 428** | **56 487** | **5 388** | **970** | **15 648** | **316 921** |
| Changes in scope of consolidation | – | – | – | – | – | – |
| Increase | – | – | – | – | 254 | 254 |
| Capitalisation | – | – | – | – | 124 | 124 |
| Disposal | –41 812 | –7 119 | – | –144 | –1 119 | –50 193 |
| Currency translation differences | 12 821 | 3 146 | 480 | 74 | 520 | 17 041 |
| **Balance as of 31.12.2017** | **209 438** | **52 514** | **5 868** | **900** | **15 427** | **284 147** |
| Changes in scope of consolidation | – | – | – | – | – | – |
| Increase | – | – | – | – | 562 | 562 |
| Capitalisation | – | – | – | – | 137 | 137 |
| Disposal | – | –1 122 | – | – | –444 | –1 566 |
| Currency translation differences | –6 375 | –1 338 | –214 | –33 | –249 | –8 209 |
| **Balance as of 31.12.2018** | **203 064** | **50 054** | **5 654** | **867** | **15 433** | **275 072** |
| **Cumulative depreciation and impairments** | | | | | | |
| **Balance as of 1.1.2017** | **–220 341** | **–36 304** | **–2 918** | **–569** | **–12 983** | **–273 115** |
| Changes in scope of consolidation | – | – | – | – | – | – |
| Ordinary depreciation | –11 824 | –5 070 | –558 | –293 | –1 491 | –19 236 |
| Impairment | – | –2 688 | – | – | –68 | –2 757 |
| Disposal | 41 812 | 7 119 | – | 144 | 824 | 49 898 |
| Currency translation differences | –11 827 | –1 954 | –289 | –52 | –436 | –14 558 |
| **Balance as of 31.12.2017** | **–202 181** | **–38 897** | **–3 765** | **–771** | **–14 154** | **–259 768** |
| Changes in scope of consolidation | – | – | – | – | – | – |
| Ordinary depreciation | –7 167 | –3 786 | –579 | –127 | –744 | –12 404 |
| Impairment | – | – | – | – | – | – |
| Disposal | – | 947 | – | – | 444 | 1 391 |
| Currency translation differences | 6 284 | 946 | 151 | 31 | 227 | 7 639 |
| **Balance as of 31.12.2018** | **–203 064** | **–40 790** | **–4 193** | **–867** | **–14 228** | **–263 142** |
| **Net book value** | | | | | | |
| 1.1.2017 | 18 087 | 20 182 | 2 469 | 401 | 2 666 | **43 806** |
| 31.12.2017 | 7 257 | 13 617 | 2 103 | 129 | 1 273 | **24 380** |
| 31.12.2018 | – | 9 264 | 1 460 | – | 1 205 | **11 930** |

Intangible assets mostly stem from company acquisitions in earlier years and have therefore been purchased.

As a result of the decision in 2017 to discontinue the production activities in Thun and the related product portfolio streamlining, an impairment on trade names was recognised in 2017. This value adjustment in the amount of CHF 2.7 million was reported in the extraordinary result.

The disposals in the 2018 reporting year are in particular attributable to the sale of the solar systems business ("Energy Systems"). This transaction was announced on 14 May 2018 and completed in June. Disposals in 2017 mainly relate to the derecognition of assets of Diamond Materials Tech, Inc. in December 2017. Furthermore, some group companies derecognised fully adjusted intangibles no longer used.

Capital commitments for the acquisition of intangible assets are disclosed in Note 4.5.

Under Swiss GAAP FER, 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 | 2018 | 2017 |
|---|---|---|
| **Purchase price** | | |
| **Balance as of 1.1.** | **291 539** | **296 820** |
| Increase | – | – |
| Disposal | –1 010 | –22 176 |
| Currency translation differences | –7 697 | 16 895 |
| **Balance as of 31.12.** | **282 832** | **291 539** |
| **Cumulative amortisation** | | |
| **Balance as of 1.1.** | **–291 336** | **–296 523** |
| Amortisation | –81 | –82 |
| Impairment | – | – |
| Disposal | 1 010 | 22 176 |
| Currency translation differences | 7 698 | –16 907 |
| **Balance as of 31.12.** | **–282 709** | **–291 336** |
| **Theoretical net book value 31.12.** | **123** | **202** |
| Equity according to the balance sheet incl. minority interests | 181 711 | 242 957 |
| Theoretical capitalisation of goodwill (net book value) | 123 | 202 |
| **Theoretical equity incl. net book value of goodwill and incl. minority interests** | **181 834** | **243 159** |
| Equity according to the balance sheet incl. minority interests | 181 711 | 242 957 |
| Equity ratio | 52.0% | 51.7% |
| Theoretical equity incl. net book value of goodwill and incl. minority interests | 181 834 | 243 159 |
| **Theoretical equity ratio incl. net book value of goodwill and incl. minority interests** | **52.1%** | **51.7%** |
| Result according to the income statement incl. minority interests | –59 437 | –79 339 |
| Theoretical goodwill amortisation | –81 | –82 |
| **Theoretical result incl. minority interests and goodwill amortisation** | **–59 518** | **–79 421** |

The solar systems business activities were sold in the reporting year 2018. The goodwill of TCHF 1,010 paid for this business segment in the course of the acquisition of the 3S Group therefore had to be recycled in the income statement and transferred to equity accordingly.

In the reporting year 2017, the operational activities of Diamond Materials Tech, Inc. were closed down and the assets of the company were sold. Therefore, the goodwill paid and offset against equity at acquisition had to be recycled through profit and loss at average rate of the period (CHF 22.2 million).

In equity, these goodwill recyclings have been considered in the component "offset goodwill" at historical rate and the resulting difference in "other retained earnings". In the cash flow statement, the goodwill recycling – translated at the average rate of the period – is included in other non-cash related changes.

### *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. If no customer relationships have as yet been booked at the time of the acquisition, they are not re-measured but offset directly against equity (retained earnings) as part of the goodwill.*

*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 |
| Trade names | 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.*

*Assets must be tested for impairment at every reporting date. This test is carried out on the basis of 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.*

## 2.8 Financial liabilities

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Liabilities towards banks | 6 | 6 |
| Current portion of non-current debts | 325 | 322 |
| Other current financial liabilities | – | – |
| **Current financial liabilities** | **331** | **328** |
| Convertible bond | 25 298 | 26 121 |
| Loans | – | 1 007 |
| Mortgage loans | 30 000 | 30 000 |
| **Non-current financial liabilities** | **55 298** | **57 128** |
| **Financial liabilities** | **55 630** | **57 456** |

On 17 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. The convertible bond was issued at 100% of the principal amount. 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 convertible 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, finally CHF 73.2 million of the total nominal value was converted. The outstanding nominal value as per 31 December 2018 is CHF 26.8 million (2017: CHF 28.7 million). The convertible bond matures at 100% of its nominal value on 24 September 2020, unless previously redeemed, converted or repurchased and cancelled.

The loan concluded with a Swiss banking syndicate for the purposes of funding acquisitions and working capital was extended in the first quarter of 2019. The renegotiated framework loan agreement provides a guarantee limit of CHF 60 million and is valid until May 2020.

In addition to this negotiated guarantee limit, Meyer Burger (Switzerland) Ltd extended the existing agreement on a loan of CHF 30 million secured by mortgage certificates with the same banking syndicate up to May 2020. The interest rate is Libor plus a spread based on a given spread table and the trend in EBITDA and is set quarterly. The interest rate was 2.75% as at 31 December 2018 (31.12.2017: 3.25%).

The syndicated loan allows Meyer Burger to accept customer prepayments and collateralise them with bank guarantees. On the balance sheet date, the use of this guarantee line amounted to CHF 34.1 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 loan 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. At the balance sheet date, the applicable loan conditions were not breached.

The value of assets pledged was CHF 38.2 million as at 31 December 2018, the largest share of which was attributable to the pledge on the building in Thun. As at 31 December 2017, CHF 39.9 million of assets were pledged.

***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 straight bond issued and meanwhile redeemed was initially recognised at fair value including transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.*

*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.*

## 2.9 Other liabilities

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Employee benefits | 1 704 | 2 509 |
| Derivative financial instruments | – | 55 |
| Other liabilities | 4 687 | 5 472 |
| **Other liabilities** | **6 391** | **8 035** |
| Thereof non-current | 2 231 | 3 031 |

### *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, bonuses, 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.*

## 2.10 Provisions

| in TCHF | Warranties | Restructuring | Onerous contracts | Legal cases | Other provisions | Total |
|---|---|---|---|---|---|---|
| **Balance as of 1.1.2017** | **6 469** | **–** | **3 306** | **–** | **1 591** | **11 366** |
| Changes in scope of consolidation | – | – | – | – | – | – |
| Increase | 10 617 | 4 694 | 1 103 | – | 500 | 16 914 |
| Use | –7 287 | – | –1 310 | – | –720 | –9 317 |
| Release | –642 | – | –1 348 | – | – | –1 989 |
| Currency translation differences | 348 | – | 22 | – | 104 | 474 |
| **Balance as of 31.12.2017** | **9 505** | **4 694** | **1 774** | **–** | **1 475** | **17 448** |
| Changes in scope of consolidation | – | – | – | – | – | – |
| Increase | 4 478 | 4 677 | 837 | – | 549 | 10 540 |
| Use | –4 352 | –2 010 | –1 113 | – | –37 | –7 512 |
| Release | –2 712 | –2 301 | –720 | – | –422 | –6 156 |
| Currency translation differences | –189 | – | –23 | – | –38 | –249 |
| **Balance as of 31.12.2018** | **6 730** | **5 059** | **754** | **–** | **1 528** | **14 072** |
| **Thereof current** | | | | | | |
| 1.1.2017 | 4 717 | – | 3 306 | – | 1 591 | **9 614** |
| 31.12.2017 | 7 940 | 4 694 | 1 774 | – | 1 475 | **15 883** |
| 31.12.2018 | 6 421 | 5 059 | 754 | – | 1 528 | **13 762** |

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: the decision communicated on 2 November 2017 to cease production activities in Thun and to cut back staff has led to liabilities for Meyer Burger. On 16 October 2018, Meyer Burger communicated another transformation programme to safeguard long-term profitability. This programme again included personnel measures. The costs recognised in 2017 and 2018 as a provision for restructuring mainly comprise indemnifications related to the social plan as well as retention payments.

Onerous contracts: provisions for contracts under which the unavoidable costs of meeting the contractual obligations exceed the expected economic benefits.

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

There were no non-current provisions that fulfilled the criteria for discounting in either 2018 or 2017.

### *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 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 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.*

## 2.11 Accrued expenses and prepaid income

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Accrued expenses thirds | 17652 | 17699 |
| Employee benefits | 9550 | 11581 |
| Liabilities from current income taxes | 5744 | 3740 |
| **Accrued income and prepaid income** | **32946** | **33020** |

## 2.12 Taxes

### Deferred tax assets and liabilities

| | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| in TCHF | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| Trade receivables | 18 | 601 | 78 | 74 |
| Inventories | 4433 | 3093 | 1098 | 1150 |
| Financial assets | 70 | 44 | – | – |
| Property, plant and equipment | 75 | 75 | 540 | 3521 |
| Intangible assets | 3371 | 6751 | 3182 | 6573 |
| Other assets | 26 | 27 | – | – |
| Tax loss carry-forwards | 27982 | 77982 | – | – |
| Financial liabilities | 109 | 67 | 7 | 15 |
| Trade payables | 764 | 798 | 3619 | 1829 |
| Provisions | 66 | 34 | 1813 | 845 |
| Other liabilities | 256 | 110 | – | 30 |
| **Subtotal** | **37170** | **89582** | **10338** | **14037** |
| Netting | –9481 | –12673 | –9481 | –12673 |
| **Deferred income taxes in the balance sheet** | **27689** | **76910** | **857** | **1364** |

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

The weighted average applicable tax rate on the basis of the operating result was 25.74% in 2018 (2017: 27.51%).

The change in deferred tax assets on tax loss carry-forwards is mainly due to the fact that substantial derecognition had to be made especially for the group companies that are particularly affected by the difficult market developments in the standard PV business in 2018 (especially China 531 – substantial subsidy cuts in the solar industry – and the trade dispute between the USA and China). The most significant derecognition was made at Meyer Burger (Germany) GmbH and Meyer Burger (Switzerland) Ltd and amounted to CHF 49.0 million in total.

The capitalised tax loss carry-forwards mainly result from realised losses at Meyer Burger (Germany) GmbH and at Meyer Burger (Switzerland) Ltd. In order to use the capitalised tax loss carry-forwards in the amount of CHF 28.0 million, future taxable profits of approximately CHF 147.6 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.

## Development of deferred tax liabilities

| in TCHF | Deferred tax liabilities |
|---|---|
| **As of 1.1.2017** | **1 747** |
| Increase | 138 |
| Release | –642 |
| Currency translation differences | 121 |
| **As of 31.12.2017** | **1 364** |
| Increase | 86 |
| Release | –560 |
| Currency translation differences | –34 |
| **As of 31.12.2018** | **857** |

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 2018 and 2017 largely resulted from the scheduled amortisation of intangible assets.

## Tax loss carry-forwards not recognised

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Expiry in 1 year | 8 419 | 31 986 |
| Expiry in 2–3 years | 212 638 | 81 648 |
| Expiry in 4–5 years | 727 693 | 716 586 |
| Expiry in more than 5 years | 620 500 | 394 227 |
| **Tax loss carry-forwards not recognised** | **1 569 250** | **1 224 448** |

The increase in unrecognised tax loss carry-forwards is partly due to the fact that the tax losses incurred by some group companies in the year under review were not recognised or only partially recognised as deferred income tax assets (CHF 183.9 million). On the other hand, value adjustments were made in the reporting period for tax loss carry-forwards taken into account in the previous year (CHF 187.0 million). The other reasons for the change in the unrecognised tax loss carry-forwards are the offsetting of tax loss carry-forwards against taxable profits, the expiry of tax loss carry-forwards, corrections from previous years and foreign currency translation differences.

The total income tax claim on the unrecognised tax loss carry-forwards amounts to CHF 238.1 million. This takes into account the fact that CHF 661.8 million of the total unrecognised tax loss carry-forwards originate from losses of Meyer Burger Technology Ltd, which are taxed at a reduced rate.

### Income taxes

| in TCHF | 2018 | 2017 |
|---|---|---|
| Current income taxes | –4 365 | –2 623 |
| Deferred income taxes | –47 696 | 1 772 |
| **Income taxes** | **–52 061** | **–851** |

### Reconciliation from expected to effective income taxes

| in TCHF | 2018 | 2017 |
|---|---|---|
| Earnings before taxes (EBT) | –7 376 | –78 488 |
| Expected average weighted tax rate (%) | 25.74% | 27.51% |
| **Expected income taxes** | **1 899** | **21 592** |
| Cause for variance: | | |
| Derecognition of tax losses carry-forwards | –48 997 | – |
| Waive of capitalisation of tax losses incurred in reporting period | –6 885 | –13 315 |
| Deviation from tax rate to expected tax rate of the Group | 3 998 | –7 496 |
| Deviation tax-deductible expenses | –1 948 | –1 966 |
| Income tax in other accounting periods and corrections of prior years | –1 358 | –198 |
| Subsequent recognition/use of tax loss carry-forwards from previous years | 644 | – |
| Non-taxable income | 470 | – |
| Change of deferred income tax rate in comparison to previous year | 17 | 358 |
| Other effects | 100 | 174 |
| **Effective income taxes** | **–52 061** | **–851** |
| **Effective income taxes (%)** | **–705.8%** | **–1.1%** |

The expected tax rate of 25.74% in 2018 and 27.51% in 2017 has been calculated on the basis of the weighted operating results of the group companies.

Derecognition of deferred tax assets (incl. tax loss carry-forwards): Due to reassessments in the year under review, various group companies had to derecognise capitalised tax loss carry-forwards of CHF 49.0 million. Reasons for these write-offs are particularly the difficult market developments in 2018 (especially China 531 – substantial subsidy cuts in the solar industry – and the trade dispute between the USA and China).

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.*

## 2.13 Equity

### Share capital

| | Number of shares | in CHF |
|---|---|---|
| **Balance as of 1.1.2017** | **548 222 160** | **27 411 108** |
| Conversion bond | 72 749 991 | 3 637 500 |
| **Balance as of 31.12.2017** | **620 972 151** | **31 048 608** |
| Conversion bond | 1 913 263 | 95 663 |
| **Balance as of 31.12.2018** | **622 885 414** | **31 144 271** |

The share capital of Meyer Burger Technology Ltd as at 31 December 2018 was divided into 622,885,414 registered shares with a nominal value of CHF 0.05 each. 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 2018, non-distributable reserves in Group equity totalled CHF 14.5 million (2017: CHF 80.6 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 2018, 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 2018, 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 3a of the Articles of Association, dated 2 May 2018, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 4,650,000.00, at any time until 2 May 2020, through the issuance of a maximum of 93,000,000 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.

## Treasury shares

### Treasury shares held by Meyer Burger Technology Ltd

| | Number of shares | Price/share in CHF | Value treasury shares in TCHF |
|---|---|---|---|
| **1.1.2017** | **96153** | **5.81** | **559** |
| Purchase/additions | 4874177 | 0.85 | 4167 |
| Grant/use | –4074515 | 0.97 | –3956 |
| **31.12.2017** | **895815** | **0.86** | **770** |
| Purchase/additions | 5212224 | 1.11 | 5795 |
| Grant/use | –3826558 | 1.08 | –4140 |
| **31.12.2018** | **2281481** | **1.06** | **2425** |

### Treasury shares held by subsidiaries

| | Number of shares | Price/share in CHF | Value treasury shares in TCHF |
|---|---|---|---|
| **1.1.2017** | **3718679** | **0.64** | **2389** |
| Increase share plan 2017 [1] | 4009986 | 0.85 | 3408 |
| Decrease share plan 2015 [2] | –1268991 | 0.83 | –1058 |
| Decrease share plan 2016 [3] | –176469 | 0.81 | –143 |
| Decrease share plan 2017 [3] | –220117 | 0.85 | –187 |
| **31.12.2017** | **6063088** | **0.73** | **4409** |
| Increase share plan 2018 [4] | 2810889 | 1.14 | 3191 |
| Decrease share plan 2016 [3] | –428998 | 0.61 | –263 |
| Decrease share plan 2017 [3] | –827596 | 0.85 | –703 |
| Decrease share plan 2018 [3] | –288003 | 1.10 | –318 |
| **31.12.2018** | **7329380** | **0.86** | **6316** |

[1] Share plan 2017: the shares have been allocated at a price of CHF 0.85 (market price at the time of allocation). After allocation, the shares are subject to a thirty-six-months' 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 (1,994,708 shares per grant date) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.85).

[2] In March 2017, the two-years' vesting period of share plan 2015 ended and the shares granted as well as the shares from the sale and exercise of the subscription rights of December 2016 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 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 thirty-six months' 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 (1,289,908 shares per grant date) 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).

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.

### *Accounting Policies*

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

*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 the 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.*

*The minority interests in equity include the part of Group company equity that is attributable directly or indirectly to third-party shareholders.*

## 2.14 Net sales

| in TCHF | 2018 | 2017 |
|---|---|---|
| Net sales from sales of goods | 339 409 | 453 297 |
| Net sales from rendering of services | 16 226 | 18 235 |
| Net sales from construction contracts | 51 332 | 1 725 |
| **Net sales** | **406 967** | **473 256** |

### *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 and 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 posted and realised until a final acceptance test has been signed by the customer at the destination.*

*Net revenue from service agreements is recognised on the basis of the proportion of services performed by the reporting date.*

*Net revenue from long-term construction contracts is measured using the percentage-of-completion (PoC) method (see Note 2.3).*

## 2.15 Segment reporting

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

### Net sales by segments 2018

| in TCHF | Photovoltaics | Specialised Technologies | **Total** | Consolidation | **Total after consolidation** |
|---|---|---|---|---|---|
| Net sales thirds | 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** |

### Net sales by segments 2017

| in TCHF | Photovoltaics | Specialised Technologies | **Total** | Consolidation | **Total after consolidation** |
|---|---|---|---|---|---|
| Net sales thirds | 406 102 | 67 155 | **473 256** | – | **473 256** |
| Net sales intercompany | 1 274 | 20 238 | **21 512** | –21 512 | **–** |
| **Net sales** | **407 376** | **87 393** | **494 768** | **–21 512** | **473 256** |

### Photovoltaics

The Photovoltaics segment largely comprises the core business of photovoltaics and covers the processes of wafering, solar cells, solar modules and solar systems with its portfolio of systems, production equipment and services.

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 (wafers, cells, modules, solar systems). Significant efficiency improvements in wafers, cells and modules can be achieved by using the latest technologies, which will continue to substantially reduce our customers’ production costs (Total Cost of Ownership).

### 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 as well as for slicing crystalline and other hard and brittle materials, in a wide range of other high-tech markets. Muegge’s microwave and plasma technologies are used in biotechnology and environmental technology. PiXDRO inkjet print technology is used in the semiconductor industry as a pioneering technology. As a software development specialist, AIS manufactures control systems for factory automation, the automotive industry and other complex industrial processes. With this extensive portfolio, Meyer Burger is perfectly positioned and can efficiently take an active approach to new trends in other industries on the basis of its existing core technologies.

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.

## 2.16 Segmentation of net sales by geographic market

| in TCHF | 2018 | 2017 |
|---|---|---|
| Switzerland | 7 762 | 17 782 |
| Germany | 32 318 | 21 868 |
| Rest of Europe | 61 196 | 50 424 |
| Asia | 290 775 | 362 772 |
| USA | 13 740 | 16 285 |
| Rest of world | 1 176 | 4 126 |
| **Net sales** | **406 967** | **473 256** |

## 2.17 Personnel expenses

| in TCHF | 2018 | 2017 |
|---|---|---|
| Wages and salaries | –87 158 | –91 686 |
| Social security | –13 176 | –13 852 |
| Pension benefit expenses | –3 168 | –3 607 |
| Share-based payment expenses | –2 565 | –2 681 |
| Temporary personnel | –7 516 | –11 250 |
| Other personnel expenses | –12 317 | –12 639 |
| **Personnel expenses** | **–125 899** | **–135 716** |

## 2.18 Other operating expenses

| in TCHF | 2018 | 2017 |
|---|---|---|
| Rental costs | –3 632 | –4 632 |
| Maintenance and repair | –2 818 | –2 734 |
| Vehicles and transportation expenses | –2 983 | –3 513 |
| Property insurance, fees and contributions | –1 650 | –1 966 |
| Energy and waste disposal expenses | –3 413 | –3 865 |
| Administration expenses | –10 348 | –9 088 |
| IT expenses | –3 776 | –4 503 |
| Marketing expenses | –3 253 | –2 835 |
| Loss on sale of property, plant and equipment | –11 | –13 |
| Expenses for research and development | –8 918 | –7 544 |
| Other operating expenses | –7 963 | –6 044 |
| **Other operating expenses** | **–48 766** | **–46 738** |

In the year under review, 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 million. The selling price consists of a cash payment and an earn-out component.

## 2.19 Financial result

| in TCHF | 2018 | 2017 |
|---|---|---|
| Interests received | | |
| Cash and cash equivalents | 57 | 559 |
| Currency translation differences (net) | – | 6 749 |
| **Financial income** | **57** | **7 307** |
| Interest paid | | |
| Liabilities towards banks | –594 | –797 |
| Loans | –25 | –24 |
| Mortgage loans | –913 | –928 |
| Convertible bond/straight bond | –2 007 | –9 494 |
| Currency translation differences (net) | –4 853 | – |
| Other financial expenses | –1 480 | –6 411 |
| **Financial expenses** | **–9 872** | **–17 653** |
| **Financial result (net)** | **–9 815** | **–10 346** |

## 2.20 Extraordinary result

| in TCHF | 2018 | 2017 |
|---|---|---|
| Transaction Diamond Materials Tech, Inc. | – | –18 247 |
| Restructuring Meyer Burger (Switzerland) Ltd | 687 | –30 587 |
| **Extraordinary result** | **687** | **–48 834** |

The extraordinary result for 2018 includes the subsequent costs and effects of the change in estimates in connection with the discontinuation of production activities at the Thun site announced in 2017. In the previous year, extraordinary expenses were incurred in the same context for personnel costs, inventory write-downs and impairment losses on assets. In addition, the extraordinary result for 2017 included the effects of the sale of the remaining business activities of Diamond Materials Tech, Inc. to the Thermo-compact Group announced on 13 November 2017. The transaction was completed in December 2017 and the sale price was approximately USD 6 million, resulting in a gain on the transaction. The goodwill offset against equity was charged against this gain. This goodwill recycling resulted in an extraordinary non-cash expense of USD 22.5 million (CHF 22.2 million).

### *Accounting Policies*

*Expenses and income which arise extremely rarely in the context of the ordinary operations and which are not predictable are considered as extraordinary.*

## 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 2018, 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 2018 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 bear both fixed and variable interest rates. The variable-rate mortgage-backed loan is based on the CHF Libor reference interest rate plus an interest margin, which depends on the EBITDA figure for the last four quarters. A floor of zero percent applies to the CHF LIBOR reference interest rate. The variable interest rate is not hedged for cost-benefit reasons and against the background of the persistently low CHF interest rate environment. The outstanding portion of the convertible bond bears a fixed interest rate.

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. 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.

### 3.3 Other 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 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 2018 and 2017 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 arrears 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 monthly to the Board of Directors.

The framework credit agreement extended in the fourth quarter of 2016 with a Swiss banking syndicate with a guarantee line of CHF 60 million would have expired in December 2019. In the first quarter of 2019, the agreement was extended ahead of schedule until May 2020.

At the same time, Meyer Burger (Switzerland) Ltd was able to extend the existing credit agreement with the same banking syndicate for a mortgage-backed loan of CHF 30 million also until May 2020.

Based on the cash and cash equivalents of around CHF 90 million as of the balance sheet date, the expected cash flow from operating activities and the prolongation of the credit agreements, the management and the Board of Directors assume from today's perspective that the liquidity situation is secured for the foreseeable future.

# 4 Other disclosures

## 4.1 Pension plans

Meyer Burger Group has joined a collective insurance foundation providing full benefit coverage for its pension plans in Switzerland. This full benefit insurance means that Meyer Burger Group is not the risk carrier and is subject to no economic obligation apart from the normal contributions. Consequently, there are no employer contribution reserves and the Group therefore has no capitalisable economic benefits arising from pension plans.

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

As at 31 December 2018, all the contributions have been paid (2017 not paid contributions: TCHF 900).

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

### 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 institutions of Meyer Burger Technology Ltd without surplus/deficit | – | – | – | – | 399 | 399 |
| Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit | – | – | – | – | 2769 | 2769 |
| **Total** | **–** | **–** | **–** | **–** | **3168** | **3168** |

### Pension institutions 31.12.2017

| Economical benefit/economical obligation and pension benefit expenses in TCHF | Surplus/deficit 31.12.2017 | Economical part of the organisation 31.12.2017 | Economical part of the organisation 31.12.2016 | 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 2017 |
|---|---|---|---|---|---|---|
| Pension institutions of Meyer Burger Technology Ltd without surplus/deficit | – | – | – | – | 492 | 492 |
| Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit | – | – | – | – | 3115 | 3115 |
| **Total** | **–** | **–** | **–** | **–** | **3607** | **3607** |

## 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 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 or the employment is ended by the employee or the employer before the end of the vesting period, 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

| | 2018[1] | 2017[2] |
|---|---|---|
| Number of shares granted | 2810889 | 3547443 |
| Date of grant | 09.04.2018 | 31.03.2017 |
| Share price/fair value at date of grant in CHF | 1.104/1.22 | 0.85 |
| Fair value of the granted shares in CHF | 3191267 | 3015327 |
| Grant price (nominal value) in CHF | – | – |

[1] For the 2018 LTI Share Plan, 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 the MAC Solar Index in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). 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%.
The shares allocated to the Board of Directors and to key employees are vested at 100%.

[2] For the 2017 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 development of the share price of the Company in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period under consideration of the share price development is calculated linearly and can vary between a minimum of 50% and a maximum of 150%.
The shares allocated to the Board of Directors and to key employees are vested at 100%.

### *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 | 2018 | 2017 |
|---|---|---|
| Currency translation gains and losses on trade receivables and customer prepayments | 3938 | –14492 |
| Cost of products and services | 664 | –631 |
| Other operating expenses | 23 | 280 |
| Financial expenses/income | –4853 | 6749 |
| **Currency translation differences** | **–228** | **–8094** |

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 totalled CHF 7.2 million, of which CHF 3.3 million were recognised in the income statement and CHF 3.9 million in equity. In 2017, unrealised foreign exchange gains totalled CHF 13.0 million, of which CHF 5.7 million was recognised in the income statement and CHF 7.3 million in equity.

## 4.4 Earnings per share

| | 2018 | 2017 |
|---|---|---|
| Basic | | |
| Net result attributable to shareholders of Meyer Burger Technology Ltd (in TCHF) | –59437 | –79214 |
| Weighted average number of ordinary shares (in 1,000) | 621639 | 553002 |
| **Basic earnings per share (in CHF)** | **–0.10** | **–0.14** |
| Diluted | | |
| **Diluted earnings per share (in CHF)** | **–0.10** | **–0.14** |

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 the convertible bond issued in September 2014, restructured in 2016 and partially converted in reporting periods 2017 and 2018. There was a dilution effect in 2018, as the average share price during 2018 was above the conversion price of the convertible bond of CHF 0.98. This positive effect in 2018 taking into account the net result except interests (TCHF –57,430) as well as adjusted number of shares (increase of number of shares by 27,377,562) is ignored as a diluted result cannot be better than the basic earnings per share. In 2017, there was a dilution effect with identical impact as the one in 2018 (net result except interests TCHF –72,018 and increase of shares by 29,290,825).

## 4.5 Off-balance sheet liabilities

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Investment obligations from contracts already signed | 609 | 362 |

Capital commitments as at 31 December 2018 in the amount of TCHF 609 were related to the acquisition of property, plant and equipment. There were no commitments to purchase intangible assets. Capital commitments totalling TCHF 362 as at 31 December 2017 are related to the acquisition of intangible assets in the amount of TCHF 354 and property, plant and equipment of about TCHF 8.

## 4.6 Future liabilities from operating leases

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Due date in the following financial year | 3727 | 4374 |
| Due date from 1 to 5 years | 4796 | 5830 |
| Due date more than 5 years | 9720 | 9949 |
| **Future liabilities from operating lease** | **18243** | **20154** |

Obligations arising from operating leases mainly relate to obligations for non-cancellable building rights and rental agreements. The largest item is 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 decision that was taken and communicated in 2017 to assign part of the area originally included in the building rights is included in the calculation of future liabilities. The lease obligations for future building right interest totalled about CHF 7.3 million as at 31 December 2018 (31 December 2017: CHF 7.4 million).

### *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

As at 31 December 2018 and 31 December 2017, Meyer Burger Group had no external contingent liabilities.

## 4.8 Transactions with related parties

Balances and transactions between companies within the scope of consolidation (see Note 1.4) were eliminated on consolidation and are not discussed in this Note. Details of transactions between a Meyer Burger company and other related parties are provided below.

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

The Company and Meyer Burger (Switzerland) Ltd procure advisory services from attorneys Meyerlustenberger Lachenal Ltd., among others. Dr Alexander Vogel, Chairman of the Board of Directors, is a partner in this law firm. The amount of services received came to TCHF 457 in 2018 and TCHF 483 in 2017.

Of the transactions with related parties described above, TCHF 219 had not been paid as at 31 December 2018 and were recognised as a liability (31 December 2017: TCHF 178). As at both 31 December 2018 and 31 December 2017, there were no receivables due from related parties.

No unusual transactions were effected with either the main shareholders or other related parties.

## 4.9 Events after the reporting date

On 7 February 2019, Meyer Burger Technology Ltd announced the sale of its wafer and service business for photovoltaic and special materials (e.g. semiconductor and sapphire glass industry) to Precision Surfacing Solutions (PSS). As the contract was signed and settled after the balance sheet date, its effects are not recognised in the 2018 financial statements. The sale will lead to a one-off positive effect in the 2019 financial statements in the amount of about CHF 30 million. On the other hand, Meyer Burger Group will lose approximately CHF 60 million in revenues and about CHF 9 million in EBITDA annually. Meyer Burger (Switzerland) Ltd and the Group's service companies are particularly affected by the decision to sell this part of the Photovoltaics segment. The affected market is a global market, with a significant part of sales generated in Asia, particularly in China.

No other events occurred between 31 December 2018 and 15 March 2019 that would have a material effect on the recognised carrying amounts of assets and liabilities of the Meyer Burger Group or would have to be disclosed at this point.

# Report of the Statutory Auditor

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## *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 2018 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 70 to 103) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 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.

***Our audit approach***

***Overview***


Overall Group materiality: CHF 4,000,000

We concluded full scope audit work at three reporting units in two countries. Our audit scope addressed 71% of the Group's revenue.

In addition, we performed specified procedures on one reporting unit and statutory audits and a review of the reporting packages at three companies in three countries, which addressed a further 15% of the sales of the Group.

For all other companies, we performed analytical procedures.

As key audit matters the following areas of focus have been identified:

- Assessment of liquidity and availability of banking facility
- Valuation of deferred tax assets

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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 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.

Based on 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 4,000,000 |
| *How we determined it* | 1% of net sales, rounded |
| *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 200,000 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 consolidated 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.

We identified three reporting units that, in our view, required a full scope audit and one reporting unit that required specified procedures due to the size and risk characteristics. The full scope audits addressed over 71% of the Group's revenue, while the specified procedures addressed 10% of the Group's revenue.

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, which consisted of conducting status calls, visiting component audit teams, inspecting their work 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.

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**Assessment of liquidity and availability of banking facility**

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| We consider the assessment of liquidity and the availability of banking facility to be a key audit matter for the following reasons:<br>• The Group incurred a cash outflow of CHF 33.6 million in 2018.<br>• The order backlog as of 31 December 2018 decreased to CHF 240.5 million (prior year CHF 343.8 million). The Group initiated various measures to improve profitability and the liquidity situation.<br>• The extension of the loan agreement concluded in Q1 2019 is linked to the achievement of financial indicators (covenants). If these covenants are not achieved, the loan of CHF 30 million secured by mortgage certificates, the convertible bond with a nominal value of CHF 26.8 million and the bank guarantees used may become due for payment.<br>• For budgeting and liquidity planning purposes, Management and the Board of Directors have considerable scope for judgement in forecasting market and sales growth, expenses and margins. These are key for the forecasts of the future cash flows and results and for complying with the covenants. Regarding the covenants, please refer to note 2.8 'Financial liabilites' in the notes to the consolidated financial statements. | We assessed whether the measures initiated by the Board of Directors and Management are suitable for the availability of the banking facility and liquidity to ensure going concern of the Group.<br>The main audit procedures we performed for our assessment were as follows:<br>• We assessed the liquidity in relation to the order backlog, potential new orders in 2019 and the restructuring measures.<br>• We discussed with the Risk & Audit Committee and Management representatives the results of the period under review, the budget, the forecast and the liquidity plan.<br>• We checked the consistency of the assumptions used in liquidity planning, in the budget and in the forecast by inspecting the minutes of the meetings of the Board of Directors and its committees.<br>• We examined external research and compared the forecasted growth in the solar industry with the assumptions made for budgeting purposes.<br>• We compared the key expectations (sales, costs of materials, operating expenses) of the budget 2019 and the forecast with sales prices and contribution margins of current order backlog and potential new orders.<br>• We assessed - based on the budget 2019, the forecast and the liquidity plan - the extent to which the Group can achieve its covenants in the next 12 months.<br>Our audit procedures did not result in reportable findings with respects to the estimates made by the Board of Directors and Management, relating to liquidity and maintaining the banking facility. |

**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 27.7 mil- | We have assessed the forecasted taxable results of the principal companies holding deferred tax assets on the basis of the 2019 budget as approved |

lion) and because the utilisation of these assets depends on the 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 2.12 'Taxes' in the notes to the consolidated financial statements.

Further, the forecasting of future cash flows involves significant scope for judgement concerning sales and market growth, price changes and the future structure of the taxable entities of the Meyer Burger Group.

by the Board of Directors and forecasted growth for the years ahead.

We performed the following audit procedures:

- We checked the budget and the forecasted growth and assessed the likelihood of achieving future taxable profits.
- We compared the key expectations (sales, costs of materials, operating expenses) of the budget 2019 and the forecast with sales prices and contribution margins of current order backlog and potential new orders.
- We examined external research and compared the forecasted growth in the solar industry with the assumptions made for budgeting purposes.
- We discussed with Management representatives the planned organisational changes that could have an effect on future taxable profits.
- We assessed the extent to which taxable profits occur 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.

Our audit results support the valuation of the deferred tax assets performed by Management and the Board of Directors.

***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 control.
- 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.
- 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 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.

pwc

## *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 | René Jenni |
| Audit expert<br>Auditor in charge | Audit expert |

Bern, 15 March 2019

# Financial Statements Meyer Burger Technology Ltd

## Balance Sheet

| in TCHF | Notes | 31.12.2018 | 31.12.2017 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 38 014 | 65 054 |
| Other receivables | | | |
| intercompany | | 24 437 | 23 265 |
| thirds | | 359 | 88 |
| Accrued income and deferred expenses | | 235 | 292 |
| **Total current assets** | | **63 045** | **88 699** |
| **Non-current assets** | | | |
| Financial assets | 2.1 | 130 857 | 263 337 |
| Investments | 2.2 | 204 573 | 204 573 |
| **Total non-current assets** | | **335 430** | **467 910** |
| **Total assets** | | **398 475** | **556 609** |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Other payables | | | |
| intercompany | | 201 | 651 |
| thirds | | 777 | 1 169 |
| Accrued expenses and deferred income & current provisions | | 5 485 | 5 074 |
| **Total current liabilities** | | **6 463** | **6 895** |
| **Non-current liabilities** | | | |
| Non-current financial liabilities thirds | 2.3 | 26 830 | 28 705 |
| Provisions | | 276 | 391 |
| **Total non-current liabilities** | | **27 106** | **29 096** |
| **Equity** | | | |
| Share capital | 2.4 | 31 144 | 31 049 |
| Legal capital reserves | | | |
| Capital contribution reserves | 2.5 | 687 487 | 685 531 |
| Other capital reserves | | 1 613 | 2 276 |
| Legal retained earnings | | | |
| General legal retained earnings | | 140 | 140 |
| Reserve for treasury shares | 2.6 | 6 316 | 4 409 |
| Accumulated losses | | –359 369 | –202 017 |
| Treasury shares | 2.7 | –2 425 | –770 |
| **Total equity** | | **364 906** | **520 618** |
| **Total liabilities and equity** | | **398 475** | **556 609** |

# Income Statement

| in TCHF | Notes | 1.1.–31.12.2018 | 1.1.–31.12.2017 |
|---|---|---|---|
| Other operating income | 2.8 | 14 253 | 16 838 |
| Personnel expenses | | –11 320 | –10 071 |
| Administration expenses | | –8 998 | –9 086 |
| Impairments on intercompany loans and investments | 2.9 | –162 679 | –5 220 |
| **Earnings before interests and taxes** | | **–168 744** | **–7 540** |
| Financial costs | | | |
| Interests paid | 2.10 | –1 971 | –8 147 |
| Other financial expenses | | –40 | –555 |
| Loss from currency translations | 2.12 | –7 214 | – |
| Financial income | | | |
| Interests received | 2.11 | 20 685 | 19 984 |
| Gain from currency translations | 2.12 | – | 15 088 |
| **Ordinary result before taxes** | | **–157 284** | **18 829** |
| Extraordinary expenses | 2.13 | – | –3 391 |
| **Earnings before taxes** | | **–157 284** | **15 438** |
| Income taxes | | –68 | –67 |
| **Net result** | | **–157 352** | **15 371** |

# 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 (32$^{nd}$ 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 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 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 not included disclosures in the Notes on interest-bearing liabilities and audit fees, presented a cash flow statement or 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

| | | | | Participation[1] | |
|---|---|---|---|---|---|
| Company | Registered office | Currency | Nominal value | 31.12.2018 | 31.12.2017 |
| AIS Automation Dresden GmbH | Dresden, Germany | EUR | 51 000 | 100.00% | 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 | 50 000 000 | 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 Ltd | 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 | 31 144 271 | 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% |
| Pasan SA | Neuchâtel, Switzerland | CHF | 102 000 | 100.00% | 100.00% |
| Somont GmbH | Umkirch, Germany | EUR | 30 000 | 100.00% | 100.00% |

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

### 2.3 Current and non-current interest-bearing liabilities

#### Straight bond

Meyer Burger Technology Ltd issued a straight bond in the amount of CHF 130 million in May 2012. The coupon was 5%. The redemption of the bond was due in May 2017. Because of the complete redemption of the straight bond in May 2017, no liability is reported as at 31 December 2017 as well as at 31 December 2018.

#### Convertible bond

In September 2014, Meyer Burger Technology Ltd issued a convertible bond in the amount of CHF 100 million, maturing in 2020 and with an investor put option in 2018. The convertible bond carried a coupon of 4% and the conversion price was CHF 11.39. The convertible bond was issued at 100% of the principal amount. This convertible bond was restructured in the fourth quarter of 2016, by deleting the investor put and raising the bond's coupon to 5.5% retrospectively with effect from 24 September 2016. The convertible price was reset at CHF 0.98.

In November 2017, Meyer Burger submitted a voluntary incentive offer to the bondholders. In case of acceptance, the incentive offer proposed to the bondholders the payment of CHF 250 in cash per CHF 5,000 nominal value of the convertible bond. After expiry of the acceptance period, bondholders holding 71.2% of the outstanding nominal value (CHF 71,215,000) had accepted the incentive offer. Further bondholders holding CHF 1,955,000 of the nominal value have converted their bonds into Meyer Burger shares during December 2017 and early in 2018. Finally, CHF 73,170,000 of the total nominal value has been converted. Therefore, the outstanding nominal value amounts to CHF 26,830,000 as per 31 December 2018 (31 December 2017: CHF 28,705,000).

The convertible bond matures at 100% of its principal value on 24 September 2020, unless previously redeemed, converted or repurchased and cancelled.

### 2.4 Share capital

The share capital of Meyer Burger Technology Ltd as at 31 December 2018 was divided into 622,885,414 registered shares with a nominal value of CHF 0.05 each. The share capital is fully paid-up.

#### Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 2 May 2018, 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 2018, 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 3a of the Articles of Association, dated 2 May 2018, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 4,650,000.00, at any time until 2 May 2020, through the issuance of a maximum of 93,000,000 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

### 31.12.2018

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 at 31 December 2018. The disclosure notices are published on the website of the Disclosure Office.[1]

| Shareholder[2] | Purchase positions | | Sale positions |
|---|---|---|---|
| | Registered shares[3] | Financial market instruments[4] | Financial market instruments[4] |
| Credit Suisse Funds AG, CH-Zurich | 4.99% | – | – |
| Kondrashev Petr, A-Thomasberg[5] | 5.39% | – | – |

[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 this shareholder.
[3] Registered shares held in Meyer Burger Technology Ltd according to the disclosure notice.
[4] Purchase positions and sale positions, respectively, in conversion and/or purchase rights and sales rights (e.g. positions due to holdings in the convertible bond 2020, call or put options/warrants, equity swaps or financial instruments that provide for or permit cash settlement, or contracts for difference) all according to the disclosure notice by the shareholder.
[5] The direct shareholder is Sentis Capital PCC (Cell 3), St. Heller, Jersey JE24QB (previously disclosed under Elbogross SA and Brustorm SA, respectively, both CH-Zug). The benefical owner is Petr Kondrashev, A-Thomasberg.

### 31.12.2017

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 at 31 December 2017. The disclosure notices are published on the website of the Disclosure Office.[1]

| Shareholder[2] | Purchase positions | | Sale positions |
|---|---|---|---|
| | Registered shares[3] | Financial market instruments[4] | Financial market instruments[4] |
| BlackRock, Inc., USA-New York[5] | 3.44% | | 0.000004% |
| Credit Suisse Funds AG, CH-Zurich | 5.01% | – | – |
| Henderson Global Investors Limited, UK-London | 3.12% | – | – |
| HSBC Holdings plc, UK-London[6] | 3.098% | 0.05% | – |
| Kondrashev Petr, A-Thomasberg[7] | 5.49% | 0.74% | – |

[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 this shareholder.
[3] Registered shares held in Meyer Burger Technology Ltd according to the disclosure notice.
[4] Purchase positions and sale positions, respectively, in conversion and/or purchase rights and sales rights (e.g. positions due to holdings in the convertible bond 2020, call or put options/warrants, equity swaps or financial instruments that provide for or permit cash settlement, or contracts for difference) all according to the disclosure notice by the shareholder.
[5] Different fund companies of BlackRock, Inc. 1% of the purchase positions are held in connection with securities lending and similar transactions. 0.06% of the purchase positions are from a third party which transferred the voting rights to BlackRock.
[6] The direct shareholder is Internationale Kapitalanlagegesellschaft mbH, DE-Duesseldorf, the beneficial owner is HSBC Holdings plc, UK-London.
[7] The direct shareholder is Brustorm SA, CH-Zug, the benefical owner is Petr Kondrashev, A-Thomasberg.

## 2.5 Capital contribution reserves

Out of the total amount of TCHF 687,487 as at 31 December 2018, TCHF 670,415 was approved by the Federal Tax Administration and is available for distribution free of withholding tax. The increase of TCHF 1,956 compared to 31 December 2017 corresponds to the capital increase concerning the current convertible bond and the employee share plans in 2018. 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 2018 there are capital transaction costs of TCHF 15,116 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 CHF |
|---|---|---|---|
| **1.1.2017** | **96 153** | **5.81** | **559** |
| Purchase/additions | 4 874 177 | 0.85 | 4 167 |
| Grant/use | –4 074 515 | 0.97 | –3 956 |
| **31.12.2017** | **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** |

### Treasury shares held by subsidiaries

| | No. of shares | Price/share in CHF | Value treasury shares in CHF |
|---|---|---|---|
| **1.1.2017** | **3 718 679** | **0.64** | **2 389** |
| Increase share plan 2017[1] | 4 009 986 | 0.85 | 3 408 |
| Decrease share plan 2015[2] | –1 268 991 | 0.83 | –1 058 |
| Decrease share plan 2016[3] | –176 469 | 0.81 | –143 |
| Decrease share plan 2017[3] | –220 117 | 0.85 | –187 |
| **31.12.2017** | **6 063 088** | **0.73** | **4 409** |
| Increase share plan 2018[4] | 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** |

[1] Share plan 2017: the shares have been allocated at a price of CHF 0.85 (market price at the time of allocation). After allocation, the shares are subject to a thirty-six-months' 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 (1,994,708 shares per grant date) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.85).

[2] In March 2017, the two-years' vesting period of share plan 2015 ended and the shares granted as well as the shares from the sale and exercise of the subscription rights of December 2016 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 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 thirty-six months' 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 (1,289,908 shares per grant date) 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).

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.

### 2.9 Impairments on non-current assets

The value adjustments on investments and loans to Group companies made in previous years were reviewed and adjusted in the reporting year 2018. In particular, the analysis of the recoverability of the individual assets raised significant doubts about the recoverability of loans to group companies that are no longer operating and to companies that are particularly affected by the difficult market developments in the standard PV business in 2018 (such as the 531 announcement by the chinese government or the trade dispute between the USA and China) or the transformation programme communicated on 16 October 2018 to secure the long-term profitability of Meyer Burger Group. The market outlook and the programme will lead to lower expected results in individual companies, while others will be strengthened by the transformation. The analysis of the valuation of the loans has led to significant impairments of the loans to Meyer Burger (Switzerland) Ltd, Pasan SA and Somont GmbH.

### 2.10 Interest expenses

In the year under review and in the previous year, interest and fees for the convertible bond issued were recognised as interest expenses in accordance with 2.3 as well as the commitment fee related to provision of the credit facility agreement with the banking syndicate. In 2017, interest expenses for the straight bond until the redemption in May 2017 (refer to 2.3) were also recognised under this item.

### 2.11 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.

### 2.12 Gain and loss from currency translation

The decline in the value of the EUR in 2018 is the main reason for the losses from currency translations in 2018, resulting from devaluated foreign currency loans to foreign subsidiaries. These losses have been partly compensated by the slight recovery of the USD. In 2017 the EUR recovered significantly, especially in the second half of the year and the USD felt slightly. The net effect resulted in 2017 was a significant gain resulting from currency translations in 2017.

### 2.13 Extraordinary expenses

In 2018 no extraordinary expenses have been recognised. In 2017 the extraordinary expenses contained the effects from the premature conversion of the convertible bond.

## 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

There are no liabilities to pension funds.

### 3.3 Lease obligations not recorded in the balance sheet

| in TCHF | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Up to 1 year | 13 | 59 |
| 1–5 years | – | 34 |
| **Total** | **13** | **93** |

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 2018, Meyer Burger Technology Ltd provided a guarantee up to an amount of CHF 72 million for the framework loan agreement with a Swiss banking consortium. This credit facility matures at the end of May 2020. The framework loan agreement contains a guarantee limit of CHF 60 million. Bank guarantees in the amount of TCHF 34,058 had been drawn down as at 31 December 2018 (31 December 2017: TCHF 44,464).

Meyer Burger Technology Ltd is the borrower of a guaranteed credit from a German financial institution. The credit line amounted to TCHF 10,142 as at 31 December 2018 (2017: TCHF 10,527). The guaranteed credit can be drawn by subsidiaries by way of pledged assets/guarantees for advance payments, warranties or the clearance of debt. It cannot be used for the collateralisation of loans. A total of TCHF 1,542 of this guaranteed credit had been drawn down as at 31 December 2018 (31 December 2017: TCHF 1,780).

In 2017 Meyer Burger Technology Ltd concluded a bank guarantee line with a Swiss insurance institution. The credit line amounted to TCHF 5,353 as at 31 December 2018 (2017: TCHF 5,556). Meyer Burger Technology Ltd is entitled to apply advance payment bonds for one of its subsidiaries. If agreed by the insurance company, the credit line can be used for other types of bank guarantees. A total of TCHF 3,617 of this bank guarantee line had been drawn down as at 31 December 2018 (31 December 2017: TCHF 3,755).

Meyer Burger Technology Ltd 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 million. Meyer Burger Technology Ltd provided a guarantee for this contract up to an amount of CHF 33 million. The contract was concluded in the first quarter of 2015 until April 2017, in the fourth quarter of 2016 until December 2019 and in the first quarter 2019 until May 2020.

In addition, there were several guarantees of Meyer Burger Technology Ltd for group companies in favour of third parties for a maximum amount of TCHF 20,519 as at 31 December 2018 (31 December 2017: TCHF 28,772). They mainly concern guarantees to customers and suppliers of group companies.

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

Meyer Burger Technology Ltd issued a letter of comfort in favour of Meyer Burger (Germany) GmbH and its subsidiaries that secures the allocation of liquidity by Meyer Burger Technology Ltd up to a maximum amount of EUR 110 million, should such need arise. The letter of comfort expired on 26 February 2018 and was not prolonged but is replaced by an extention of the terms of the intercompany loan contracts.

In addition, Meyer Burger Technology Ltd has issued several liquidity commitments in favour of group companies to ensure the provision of liquidity. This enables the group companies in question to settle their accounts payable to creditors on time.

### 3.5 Shares allocated to the Board of Directors, Executive Board and employees

In the years 2018 and 2017, 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 CHF |
|---|---|---|---|
| **2018**[1] | | | |
| 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** |
| **2017**[2] | | | |
| Allocated to the Board of Directors and Executive Board | 1 710 043 | 0.818 | 1 398 |
| Allocated to employees | 425 099 | 0.850 | 361 |
| **Total** | **2 135 142** | | **1 759** |

[1] For the 2018 LTI Share Plan, 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 (vesting ratio at 100% is reflected in the table above). 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%. The shares allocated to the Board of Directors and to key employees are vested at 100%.

[2] For the 2017 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 development of the share price of the Company in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period under consideration of the share price development is calculated linearly and can vary between a minimum of 50% and a maximum of 150%. The shares allocated to the Board of Directors and to key employees are vested at 100%.

## 3.6 Holdings held by the Board of Directors and the Executive Board

### 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) | RSU/PSU/ restricted shares under share plans[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).

**2017**

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 2017:

| 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 | 2 239 460 | 179 198 | 0.39% |
| Heinz Roth | Vice Chairman of the Board of Directors | 341 116 | 83 527 | 0.07% |
| Wanda Eriksen-Grundbacher | Member of the Board of Directors | – | 75 733 | 0.01% |
| Hans-Michael Hauser | Member of the Board of Directors | – | 24 314 | 0.00% |
| Dr Franz Richter | Member of the Board of Directors | – | 75 733 | 0.01% |
| Michael R Splinter | Member of the Board of Directors, Delegate | – | 426 316 | 0.07% |
| Prof Dr Konrad Wegener | Member of the Board of Directors | 211 309 | 68 085 | 0.04% |
| Dr Hans Brändle | Chief Executive Officer | 100 000 | 547 059 | 0.10% |
| Michel Hirschi | Chief Financial Officer | 84 526 | 535 384 | 0.10% |
| Dr Gunter Erfurt | Chief Technology Officer | – | 272 290 | 0.04% |
| Michael Escher | Chief Commercial Officer | 100 000 | 404 163 | 0.08% |
| Daniel Lippuner | Chief Operating Officer | 200 000 | – | 0.03% |
| **Total as of 31 December 2017** | | **3 276 411** | **2 691 802** | **0.96%** |

[1] In the participation table, the number of restricted registered shares includes the maximum potential amount of shares that could be vesting from the LTI Share Plan 2017 for the members of the Executive Board (i.e. maximum of 150% of the granted shares in 2017; the final vesting ratio depends on the relative share price performance of the registered shares of the Company 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 table for the Executive Board). Details of shares not yet vested are in the table below:

| Grant/Purchase date | Number of shares | Vesting period until |
|---|---|---|
| 31.03.2017/03.01.2017 | 1 640 198/426 316 | 30.03.2020/02.01.2020 |
| 22.03.2016/20.12.2016 | 517 014 | 21.03.2019 |

The remaining restricted registered shares are subject to an optional retention period.

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2017 (620,972,151 shares).

## 3.7 Significant events after the reporting date

No significant events took place between the reporting date and the approval of the annual financial statements by the Board of Directors of Meyer Burger Technology Ltd on 15 March 2019.

# Report of the Statutory Auditor

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## 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, which comprise the balance sheet as at 31 December 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 110 to 123) as at 31 December 2018 comply with Swiss law and the company's 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.

*Our audit approach*

**Overview**


Overall materiality: CHF 4,000,000

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 structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus have been identified:

- Assessment of liquidity and availability of banking facility
- Valuation of investments in Group companies and 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.

Based on 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 4,000,000 |
| *How we determined it* | 1% of total assets, rounded |
| *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 200,000 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.

**Assessment of liquidity and availability of banking facility**

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| We consider the assessment of liquidity and availability of banking facility of Meyer Burger Technology AG to be a key audit matter for the following reasons: | We assessed whether the measures initiated by the Board of Directors and Management are suitable for the availability of banking facility and liquidity to ensure going concern of the Company. |

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| | |
|---|---|
| • Meyer Burger Technology AG and its subsidiaries incurred a cash outflow of CHF 33.6 million in 2018.<br>• The order backlog as of 31 December 2018 decreased to CHF 240.5 million (prior year CHF 343.8 million). The Company initiated various measures to improve profitability and the liquidity situation.<br>• The extension of the loan agreement concluded in Q1 2019 is linked to the achievement of financial indicators (covenants). If these covenants are not achieved, the loan of CHF 30 million secured by mortgage certificates, the convertible bond with a nominal value of CHF 26.8 million and the bank guarantees used may become due for payment.<br>• For budgeting and liquidity planning purposes, Management and the Board of Directors have considerable scope for judgement in forecasting market and sales growth, expenses and margins. These are key for the forecasts of the future cash flows and results and for complying with the covenants.<br>• Meyer Burger Technology AG, as the holding company, has issued binding letters of comfort and liquidity commitments in favour of Group companies. Please refer to note 3.4 in the notes to the financial statements of Meyer Burger Technology AG. | The main audit procedures we performed for our assessment were as follows:<br>• We assessed the liquidity in relation to the order backlog, potential new orders in 2019 and the restructuring measures.<br>• We discussed with the Risk & Audit Committee and Management representatives the results of the period under review, the budget, the forecast and the liquidity plan.<br>• We checked the consistency of the assumptions used in liquidity planning, in the budget and in the forecast by inspecting the minutes of the meetings of the Board of Directors and its committees.<br>• We examined external research and compared the forecasted growth in the solar industry with the assumptions made for budgeting purposes.<br>• We compared the key expectations (sales, cost of materials, operating expenses) of the budget 2019 and the forecast with sales prices and contribution margins of current order backlog and potential new orders.<br>• We assessed - based on the budget 2019, forecast and the liquidity plan - the extent to which Meyer Burger Technology AG can achieve its covenants in the next 12 months.<br>• We assessed the extent to which Meyer Burger Technology AG is likely to incur liabilities arising from binding letters of comfort and liquidity commitments and whether it would be able to meet these liabilities.<br>Our audit procedures did not result in reportable findings with respect to the estimates made by the Board of Directors and Management relating to liquidity and maintaining the banking facility. |

**Valuation of investments in Group companies and intercompany loans and receivables**

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| As at 31 December 2018, Meyer Burger Technology AG recognised investments in Group companies (CHF 204.6 million), intercompany loans (non-current: CHF 130.9 million) and intercom- | We tested the investments in Group companies and intercompany loans and receivables for impairment needs. Specifically, we: |

pany receivables (current: CHF 24.4 million). Investments in Group companies and intercompany loans and receivables are recognised at historical cost less impairment in accordance with the requirements of the Swiss Code of Obligations. The Board of Directors and Management have tested the valuation of these investments, loans and receivables based on actual shareholders' equity, past results and the company's budget. Where necessary, impairment charges have been booked.

We considered the assessment of the valuation of the investments in Group companies and the current- and non-current intercompany loans and receivables to be a key audit matter because of:

- the significant scope for judgement involved in performing impairment tests;
- the use of aggregate valuation for investments in Group companies where close business interrelationships exist;
- the operating results of certain companies; and
- the significant amount these asset categories represent.

- reconciled the valuation results of Management with the basic data;
- assessed for plausibility the future outlook based on the budget, which the Board of Directors approved, and the forecast prepared by Management;
- tested the correct application of Group valuation for investments where close business interrelationships exist;
- compared the market capitalization of Meyer Burger Technology AG with the book value of the shareholders' equity of Meyer Burger Technology AG, and
- examined the completeness and correct booking of necessary impairment charges.

We consider the valuation process applied by the Board of Directors and Management as appropriate and adequate 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 either intends 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 control.

- 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 entity'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 recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

| | |
|---|---|
| Rolf Johner | René Jenni |
| Audit expert<br>Auditor in charge | Audit expert |

Bern, 15 March 2019

# 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 | 622 885 414 as of 31 December 2018 |
| Share price high/low 2018 | CHF 2.25/0.45 |
| Closing price as of 31 December 2018 | CHF 0.60 |

## 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 | 221.00%/100.10% |
| Closing price as of 31 December 2018 | 100.55% |

## Other information

| | |
|---|---|
| Accounting Standard | Swiss GAAP FER |
| Auditors | PricewaterhouseCoopers AG |
| Share Register | Computershare Switzerland Ltd |

## Important dates

| | |
|---|---|
| 21 March 2019 | Publication Fiscal Year Results 2018, Analyst and Media Conference, Metropol, Zurich |
| 2 May 2019 | Ordinary Annual General Meeting, Kultur- und Kongresszentrum, Thun |
| 15 August 2019 | Publication Half-Year Results 2019, 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.

## Group Companies

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## Sales & Service Companies

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## Declaration on forward-looking statements

This Company Profile and the Report to Fiscal Year 2018 are integral parts of the Meyer Burger Technology Ltd Annual Report 2018. Both documents contain statements that constitute “forward-looking statements”, relating to Meyer Burger. 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 2018. 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 Company Profile and Report to Fiscal Year 2018 are also both available in electronic form and in German. The original German language version is binding.

The Company Profile and Report to Fiscal Year 2018 are available on the internet: www.meyerburger.com

## Publishing details

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