

# 19 Annual Report

We Enable Energy



## Key Facts

**71.9%**

Equity ratio

CHF **9.8** million  
EBIT

CHF **3.3** million  
Group earnings after taxes



CHF **291.6** million  
Net sales

## Product portfolio



Composites



Resins



Electrical  
insulation materials



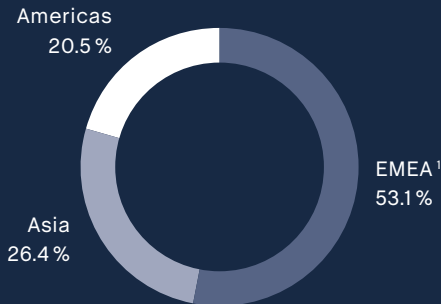
Wires

# vonRoll

World-leading manufacturer of electrical and thermal insulation systems and advanced composites for industrial applications

## Sales split by region

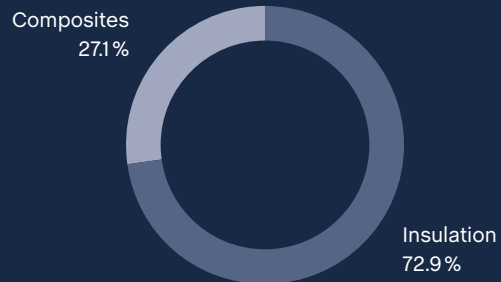
Share of total sales



<sup>1</sup> Europe, Middle East and Africa

## Sales split by segment

Share of total sales



## Von Roll in 2019 | 2

Letter to shareholders	2
Business development	4
New business areas	8

## Corporate Governance | 11

Group structure and shareholders	11
Capital structure	11
Board of Directors	16
Executive Management	24
Compensation, shareholdings and loans	25
Shareholder's participation rights	26
Changes of control and defense measures	27
Auditor	27
Information policy	28

## Remuneration Report | 29

Philosophy and basic principles of remuneration	29
Remuneration in the financial year	32
Report on the audit of the remuneration report	35

## Financial Reporting | 37

<b>Consolidated financial statements</b>	
Consolidated income	38
Consolidated balance sheet	39
Consolidated cash flow statement	40
Consolidated statement of changes in equity	41
Notes to the consolidated financial statements	42
Report on the audit of the consolidated financial statements	73
<b>Statutory financial statements of Von Roll Holding AG</b>	
Income statement	76
Balance sheet	77
Notes to the statutory financial statements	78
Appropriation of available earnings	84
Report on the audit of the statutory financial statements	85

## Glossary | 87

## Dear shareholders,

The 2019 financial year was marked by a particularly challenging market environment. The continuing trade conflicts between China and the USA, the uncertainties around Brexit and the noticeable slowdown in the global economy have significantly impacted demand on our core markets.

Thanks to the optimization measures introduced in previous years and consistently implemented consolidation steps, the Von Roll Group nevertheless succeeded in further improving its net profit and financial structure.

### Positive net result and EBIT margin > 3%

In the past financial year, Von Roll generated a positive net result of CHF 3.3 million for the first time in eight years (2018: CHF -6.8 million). Earnings before interest and taxes (EBIT) rose to CHF 9.8 million (2018: CHF 2.5 million), which corresponds to an EBIT margin of 3.4%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled CHF 21.5 million (2018: CHF 24.9 million). The operating cash flow amounted to CHF 12.6 million (2018: CHF 18.6 million). The positive Group result in combination with the balance sheet contraction resulting from the change of the financial reporting standard to Swiss GAAP FER led to an improvement in the equity ratio to 71.9% (2018: 63.9%).

### Milestones in 2019

Important steps were also taken in 2019 to further modernize the company. The following milestones were of particular importance:

- » Product innovations for the aerospace market, presented for the first time at the JEC fair in Paris
- » Introduction of an improved generation of our CDM® product line
- » Market launch of a new high-temperature insulation system
- » Start of production of complete coil components in India
- » Increase in nomination revenue by our automotive unit in the double-digit million range
- » EN 9100 certification for the production and distribution of composites for the aerospace industry
- » Global rollout of our new CRM system
- » Change of the financial reporting standard from IFRS to Swiss GAAP FER



### Future direction

The optimization measures of the past three years allowed us to significantly increase not only productivity but also, in particular, our equity as well as all key financial figures. In terms of its financial structure, Von Roll now has a strong balance sheet. From an operational perspective, however, we believe that further adjustments to our heterogeneous production environment will become inevitable. This is the only way to sustainably increase our competitiveness and earning power in our tight markets. Based on our renewed financial strength, we are determined to take this step in the near future, without regard to any extraordinary expenses that may affect earnings.

In addition to internal optimization and improved product diversity, we are intensely focused on finding potential acquisition targets. Despite extensive market screening with a focus on the resins and composites product areas, we have, however, not yet been able to identify suitable targets at acceptable conditions. We will continue this process in the coming financial year and will further expand our search radius.

### Thank you

On behalf of the Board of Directors and the Executive Management, we would like to thank our shareholders for their trust and our business partners for the fruitful cooperation.

We would also like to thank our over 1,200 employees worldwide this year for their enormous dedication and loyalty.

Breitenbach, March 2020

*P. Kalantzis*

Dr. Peter Kalantzis  
Chairman of the  
Board of Directors

*Ch. Hennerkes*

Dr. Christian Hennerkes  
Chief Executive Officer



## Business development

In the 2019 financial year, Von Roll generated net sales in the amount of CHF 291.6 million (2018: CHF 322.2 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled CHF 21.5 million (2018: CHF 24.9 million). Earnings before interest and taxes (EBIT) rose to CHF 9.8 million (2018: CHF 2.5 million).

Since the middle of the year, our core markets have been impacted by a sharp economic slowdown, especially in Europe and Asia. Persisting global trade conflicts also inhibited our key customers' investment propensity. Adjusted for currency effects and the disposal of loss-making business units in 2018, sales declined by -6.5%.

Despite a difficult market environment, Von Roll was able to achieve a positive net result after tax of CHF 3.3 million (2018: CHF -6.8 million).

The operating cash flow amounted to CHF 12.6 million (2018: CHF 18.6 million), while the equity ratio stood at 71.9% (2018: 63.9%).

In addition to the ongoing optimization of organization and productivity, the focus of our activities in the past financial year was on regional market development, in particular in India and the USA. In order to drive ahead the development of new business activities, especially automotive and aerospace, we have increased our investments in the recruitment of qualified personnel.

We have changed our financial reporting system from IFRS to Swiss GAAP FER, with the goal to make the Group's financial reporting more efficient. The 2019 Annual Report was therefore, for the first time, prepared in accordance with Swiss GAAP FER principles. We will, of course, continue to apply the previously used accounting principles in order to ensure transparent reporting in accordance with the "true and fair" principle in the future.

However, disclosure of earnings before interest and taxes for individual segments will be more restricted in future. The target markets within these segments are predominantly market niches with a relatively homogeneous product range. Our key competitors in the markets relevant to us are either unlisted or also choose not to disclose comparable segment information. Disclosing our earnings positions in these segments could therefore lead to significant competitive disadvantage.

### Von Roll Insulation

With a share of about two thirds, this segment continues to be the main driver of the Group's sales. The Insulation segment includes the product areas "electrical insulation materials," "resins and varnishes" and "insulated wires." These products offer electrical, mechanical and thermal protection, primarily for electrical applications in generators, transformers, motors as well as high- and low-voltage equipment.



### Key figures Von Roll Group

in CHF 1,000	2019	2018
Order intake	296,944	335,890
Net sales	291,581	322,187
Earnings before interest, taxes, depreciation and amortization (EBITDA)	21,540	24,918
Operating profit (EBIT)	9,795	2,517
Net income for the period	3,261	-6,801
Cash flow from operating activities	12,625	18,573
Capital expenditures	5,370	7,798
Equity	199,018	198,542
Equity ratio (%)	71.9 %	63.9 %
Number of employees (FTEs)	1,203	1,264

Here, our core competency lies not only in the production but also in the development and technical design of all core components. In this regard, highly developed flat and fluid insulation materials as well as wire products are offered as integrated and customized insulation systems.

Our key markets and customers mainly comprise producers of generators, electrical drives, various electronic applications, transformers as well as power transmission networks and fire-resistant cables. Von Roll is the global pioneer and technology leader for electrical insulation systems and is also involved in numerous interdisciplinary research projects.

Due to the weak state of the economy, Insulation segment sales declined by 7.6% to CHF 212.7 million compared to the previous year (2018: CHF 230.2 million). With respect to the market, the Insulation segment can be divided into two areas: high-voltage and low-voltage.

### HV Insulation

The HV Insulation segment comprises all operating activities of Von Roll that focus on high-voltage applications. Despite the generally weak economic situation, demand for products used in high-voltage applications has remained stable. In the area of large generators (hydro- and turbogenerators), the recent period of low volumes seems to have been overcome. Positive impulses are coming from the globally growing market for wind generators.

Overall, we were able to achieve slight growth at a global level with our insulation tape products. Our HV resin business grew slightly in 2019. This applies in particular to casting applications as well as solvent-free polyester-imide resins.

The production of complete coil components, launched in our wire factories in India in 2018, was received very well by the market. The strong demand in this area offers an attractive solution to phase out and replace the decreasing round-wire commodity business.

Our new high-temperature insulation system (Samicabond® Plus) was introduced to the market with great success in collaboration with our customers. This system offers unique advantages for the construction of high-performance generators with a compact design.

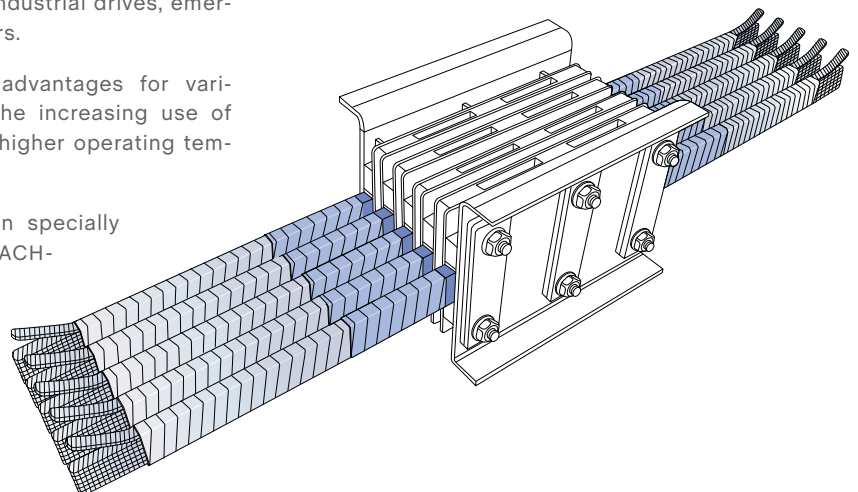
---

### New insulation system for class 180 (H) rotating electrical machines – Samicabond® Plus

Samicabond® Plus allows for higher thermal loads on the machine, which, in turn, results in a more compact design and higher levels of efficiency. Thanks to these advantages, this insulation system is suitable not only for generators used in decentralized power supply applications but also for highly demanding industrial drives, emergency power units and wind power generators.

Samicabond® Plus also offers particular advantages for variable-speed high-voltage machines where the increasing use of modern inverter technologies leads to ever higher operating temperatures.

The Samicabond® Plus system is based on specially matched components, such as a REACH-compliant single-component epoxy resin system, thermally robust strand insulation, a micaceous main insulation with increased electrical service life and new CoronaShield® materials for corona protection.



### LV Insulation

The LV Insulation segment comprises all operating activities of Von Roll that focus on low-voltage applications. Von Roll is one of the world's largest producers of reactive electrical and fluid insulation materials. These materials are predominantly based on internally developed formulations and are, for the most part, distributed globally under the renowned brand "Dolph's." Another core product of our LV product range is insulation paper, which is used to insulate electric motors.

Our products are manufactured in our global production network with sites in the USA, France, Italy, India and China, and are sold in more than 80 countries.

The weak global economy in the financial year resulted in decreasing resin and varnish sales. This was particularly noticeable in the European markets. In Asia, we were able to record slight growth despite the prevailing trade conflicts.

Our strategic focus is on increasing the added value provided to our customers with respect to functional properties, customer-specific adaptations, simple processability as well as maximum environmental friendliness.

Resins that do not contain any hazardous CMR<sup>1</sup> substances and, at the same time, only release a marginal quantity of emissions into the environment, are considered to be especially environmentally friendly. This objective not only is in line with our credo of sustainable and responsible corporate development but also meets the increasing demand on the market for environmentally friendly resins.

From a functional perspective, the challenge here is in the symbiosis of the desired product properties, simple processability as well as competitive product costs. Thanks to our many years of experience and global industry expertise, we were once again able to successfully complete numerous project-related new developments in the past financial year.

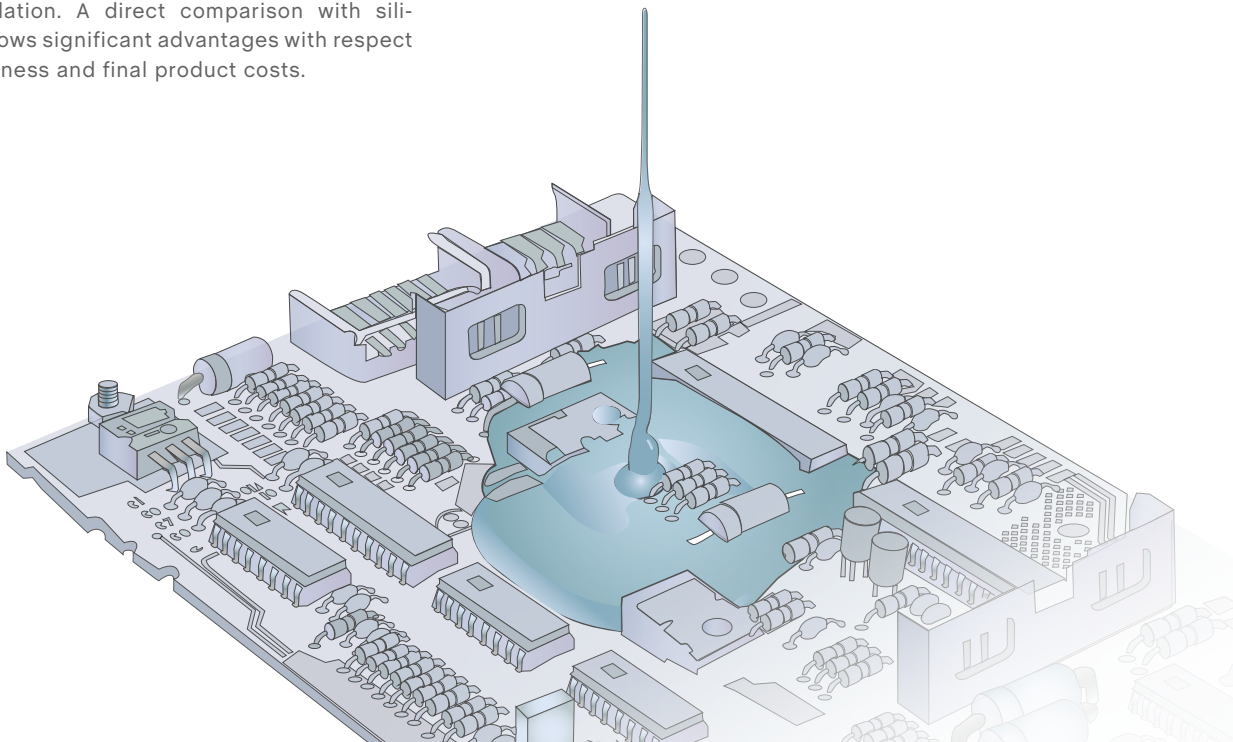
<sup>1</sup> CMR = Carcinogenic, mutagenic or toxic to reproduction

---

### Polybutadiene casting resin for cost-efficient protection of electronic control units

For the protection of electronic control units, we developed a silicone-free casting resin that features impressive properties with regard to thermal conductivity and mechanical resistance.

In contrast to other solutions currently on the market, the newly developed product by Von Roll is based on a silicone-free polybutadiene-based formulation. A direct comparison with silicone-based products shows significant advantages with respect to environmental friendliness and final product costs.





### Von Roll Composites

The Composites segment comprises composites that are offered as semi-finished products, prepregs or machined parts. The perfect interaction of mechanical, thermal and sometimes also electrical properties is very important for the respective application areas.

The fiber-reinforced plastics developed and produced by Von Roll are used in power generation, power transmission and power storage systems. In addition, Von Roll offers specific solutions for a wide range of industrial applications, for example for industrial presses and ovens, the consumer goods, electronics, paper and textile industries as well as for hydraulic applications and ball bearings.

We introduced numerous new products for the automotive and aviation industry markets in the reporting year; these products are currently in the approval phase with pilot customers.

The Composites segment was particularly hard hit by the weak global economy in the past financial year. Revenues declined by 12.1% to CHF 78.9 million compared to the previous year (2018: CHF 92.0 million), adjusted for effects arising from the divestment of the Luhe business unit in China in 2018.

The overall market for composites is highly fragmented, with niche applications and customized solutions. In almost all market segments sales remained stagnant or declined due to market conditions.

Our new generation of CDM® composite panels for the production of solder frames was received extremely well by the market and provided some growth momentum. Business with high-grade, mica-based sealing materials for the automotive industry delivered growth against the market trend, and from a technical perspective, use in other applications should become more widespread. Increased demand was also seen for our products from the ballistics market segment that offer protection for people and vehicles.

---

### Extended CDM® product line for the electronics industry

Demand for electronic devices continues to grow not only in the telecommunications, computer and medical technology sector but also in application areas in the aerospace, automotive, defense and consumer goods industries.

In the circuit board industry, Von Roll is known globally as the original producer of CDM® composites for solder masks and frames on which circuit boards are held in place during processing in assembly and soldering lines.

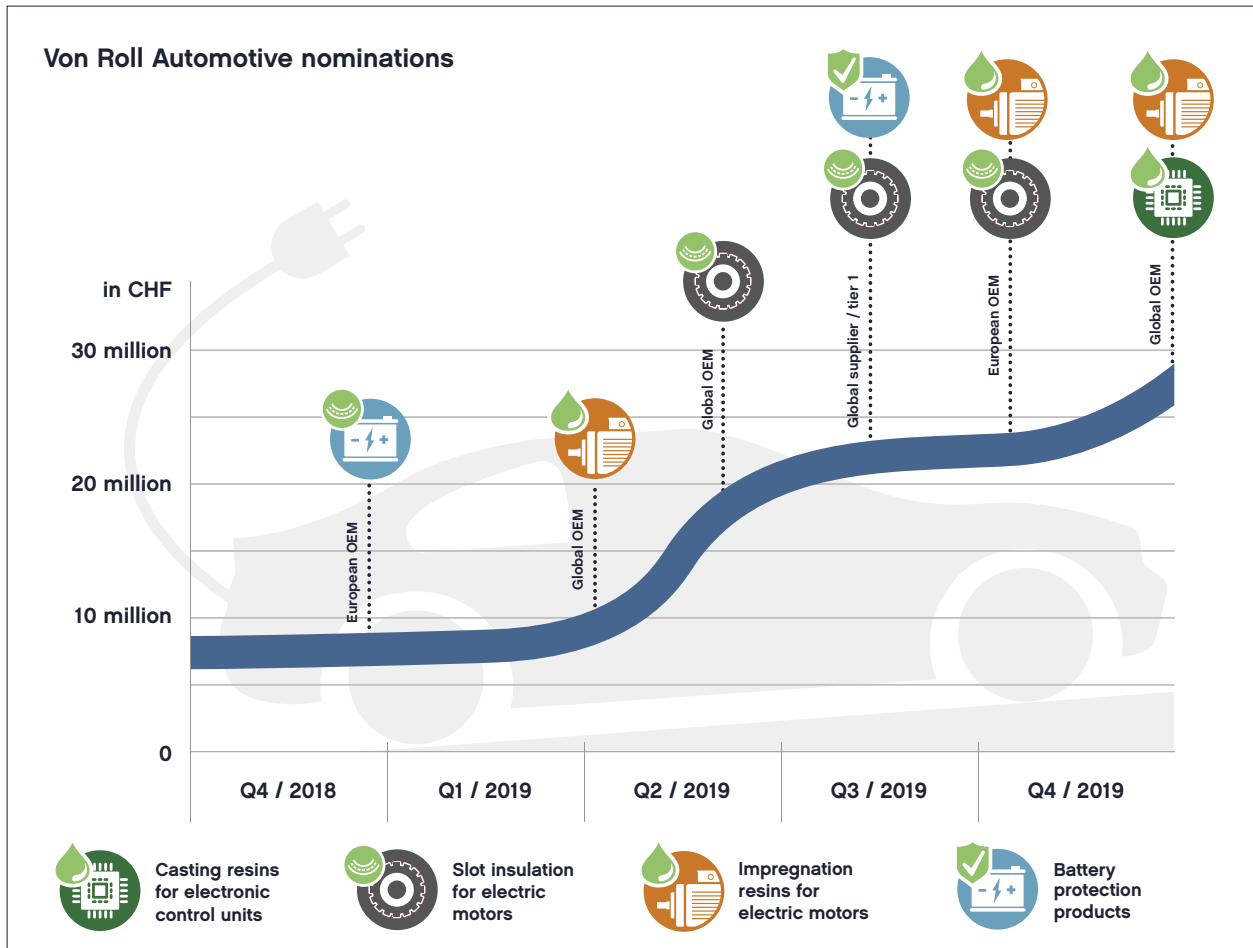
New CDM® products by Von Roll have been significantly improved in all relevant dimensions. The goal here was to further increase the thermal, chemical and mechanical resistance of the material, as it is subjected to great stresses during industrial processing and often undergoes thousands of cycles in the subsequent soldering process. The improvements made allow for accelerated processability and a significantly longer service life with respect to the number of soldering cycles that can be achieved.



## Automotive

One year after entering the market, the Von Roll Automotive team achieved important milestones in a dynamic market environment with innovative insulation solutions for electric drive motors and high-voltage batteries.

Successful quality inspections and audits of the Von Roll production sites in Germany, Great Britain and China were followed by various project nominations by international automotive manufacturers and suppliers.



Apart from expanding the existing product portfolio, the Von Roll Automotive R&D team is collaborating closely with international automotive manufacturers and research institutions. The deep involvement of our Von Roll Institute for High-Voltage Insulation at our location in Breitenbach, Switzerland, has proved very beneficial in this regard.

In the past year, the institute was able to initiate several research projects with international automotive manufacturers. Here, the testing and consulting expertise of the institute makes an important contribution to the development of innovative insulation and drive systems.

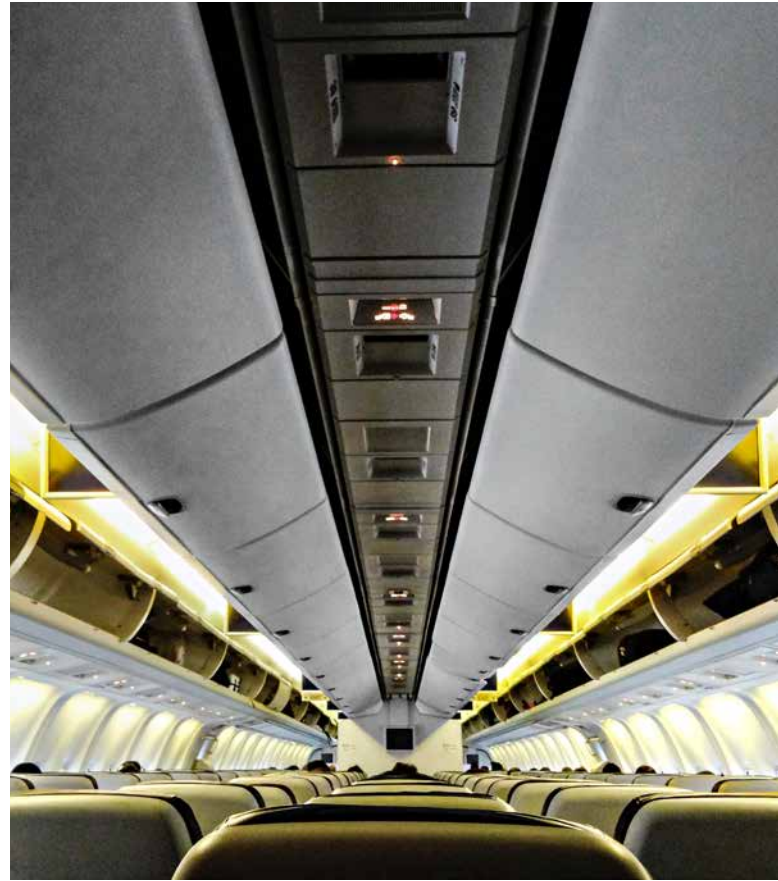
## Aerospace

In 2019, Von Roll presented several innovations for aircraft cabin interiors at the JEC World trade show in Paris, which were very well received by the audience of experts. Well-known major manufacturers from the aviation industry have already started evaluating and validating the new epoxy-based FST<sup>1</sup> prepregs and core filler materials.

Compared to other solutions currently on the market, our innovations feature better process capability and long-term stability at room temperature as well as maximum environmental friendliness.

At the end of 2019, the Von Roll Group achieved EN 9100 certification for the production and distribution of innovative composites for the aerospace industry for its Augsburg site for the first time. Preparations for production certifications at additional sites are underway.

<sup>1</sup> FST = Fire, smoke and toxicity



### Prepregs for aircraft cabin interiors



Thanks to the numerous combination options of material properties and their particularly low weight, composites are especially suited for use in aircraft interiors.

Based on our newly developed resin system, we offer, among other things, innovative FST<sup>1</sup> prepregs for aircraft manufacturers (see illustration), which are used to manufacture cabin panels, window panels and luggage compartments.

# VonRoll

## Worldwide



### PRODUCTION & SALES

- CH Breitenbach
- DE Augsburg
- FR Delle
- FR Meyzieu
- FR Valdoie
- GB Bradford
- IT Trofarello
- BR Currais Novos
- BR Maracanaú
- IN Bangalore
- IN Bhopal
- US Cleveland
- US Schenectady
- CN Shanghai
- SG Singapore
- RU Moscow

The Von Roll distribution network and service locations extend across the globe and are supplemented by representatives and authorized distributors in the countries where we do not have our own organization. Our specialized production and development centers are strategically located in the major regional markets.

- Electrical insulation materials
- Resins
- Composites
- Wires

# Corporate Governance

Von Roll Holding AG is organized in accordance with Swiss law and complies with the current Directive on Information relating to Corporate Governance of SIX Swiss Exchange Regulation AG dated June 20, 2019. Unless specified otherwise, the disclosures are made as at the balance sheet date of December 31, 2019.

## 1. Group structure and shareholders

### 1.1 Group structure

#### Operating group structure

The operating activities of Von Roll Holding AG and its subsidiaries are divided into the “Von Roll Insulation” and “Von Roll Composites” segments. Further details are available in the “Financial Reporting” section (see Note 6 on page 54 of this Annual Report).

#### Listed companies

Since August 11, 1987, Von Roll Holding AG, with its registered office in Breitenbach and its domicile at Passwangstrasse 20, CH-4226 Breitenbach, has been listed on the SIX Swiss Exchange (symbol: ROL, valor number: 324.535, ISIN: CH0003245351). As at December 31, 2019, it had a market capitalization of CHF 311,620. There are no other listed companies within the scope of consolidation of Von Roll Holding AG.

#### Non-listed companies

A list of significant unlisted consolidated companies is disclosed in Note 15 of the “Financial Reporting” section on page 63 of this Annual Report.

### 1.2 Significant shareholders

As at November 20, 2008, the von Finck group of shareholders (comprising August von Finck, Francine von Finck, August François von Finck, Maximilian von Finck and Maria Theresia von Finck, together with Von Roll Holding AG [treasury shares]) declared a shareholding of 66.75%, which corresponds to 123,334,009 bearer shares (out of a total of 184,778,889 bearer shares issued as at November 20, 2008).

There were no disclosure notifications regarding shareholdings of other significant shareholders or groups of shareholders in the reporting year. For details about the disclosure notifications, please refer to the SIX Exchange Regulation website ([www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)).

### 1.3 Cross-shareholdings

There are no cross-shareholdings with other companies. Possible cross-shareholdings may result from disclosed significant shareholder structure.

## 2. Capital structure

### 2.1 Capital

The ordinary share capital listed in the commercial register has a par value of CHF 35,654,480.40 as at December 31, 2019, which corresponds to 356,544,804 fully paid-up bearer shares, each with a par value of CHF 0.10. As at December 31, 2019, the issued share capital amounts to a nominal CHF 35,655,880.40, which corresponds to 356,558,804 fully paid-up bearer shares, each with a par value of CHF 0.10.

The Articles of Association of Von Roll Holding AG provide for an increase of share capital as a component of the conditional capital by up to CHF 365,077.00, which corresponds to up to 3,650,770 fully paid-up bearer shares, each with a par value of CHF 0.10. As a result of partial conversion of the 1.00% convertible bond CHF 150,000,000

2016 – 2022 (see page 14 section 2.7) in the reporting year, this amount was reduced to a maximum limit of CHF 363,677.00 as at December 31, 2019, which corresponds to up to 3,636,770 fully paid-up bearer shares, each with a par value of CHF 0.10.

The Articles of Association of Von Roll Holding AG permit the Board of Directors to increase the share capital, as a component of the authorized capital, by a maximum of CHF 2,245,725.80, which corresponds to a maximum of 22,457,258 fully paid-up bearer shares, each with a par value of CHF 0.10. This amount did not change during the reporting year.

## 2.2 Conditional and authorized capital

The Board of Directors is entitled to increase the company's share capital by up to CHF 363,677.00 by issuing a maximum of 3,636,770 fully paid-up bearer shares with a par value of CHF 0.10 per share by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. The holders of conversion rights at that time are entitled to acquire the new shares. Shareholders' subscription rights are excluded. Shareholders' advance subscription rights can be restricted or excluded by a resolution of the Board of Directors to finance or refinance the acquisition of companies, parts of companies or shareholdings, or new investments planned by the company or to issue convertible bonds on national or international capital markets. If advance subscription rights are excluded, the bonds are to be placed at market conditions, the period for exercising the conversion rights is to be set at a maximum of 10 years from bond issuance and, when conversion rights are exercised, new shares are to be issued at conditions which take the market price of the shares into account (see Section ("Abschnitt") 2 Article 5a of the Articles of Association, which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/)).

The Board of Directors is authorized to increase the share capital of the company at any time until April 24, 2020, by up to CHF 2,245,725.80 by issuing a maximum of 22,457,258 fully paid-up bearer shares, each with a par value of CHF 0.10. Increases by means of firm underwriting (by a bank, a banking syndicate or a third party) and increases by partial amounts are permitted. The Board of Directors determines the time of issue, the issue price, the type of contribution to be made and the timing of dividend entitlement. The Board of Directors is entitled to enable, restrict or prohibit trading in subscription rights. The Board of Directors is entitled to place subscription rights which are not exercised, or shares for which subscription rights are granted but not exercised, at market conditions or to otherwise employ them in the company's interest. The Board of Directors is entitled to restrict or suspend shareholders' subscription rights in order to use the shares in connection with mergers and acquisitions (including takeovers) of companies, parts of companies or shareholdings or with new investments planned by the company and/or Group companies, financing or refinancing such mergers, acquisitions or planned new investments or converting loans or financial liabilities (see Section ("Abschnitt") 2 Article 5b of the Articles of Association, which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/)).

Under the conditional capital, up to CHF 363,677.00 can be issued by the Board of Directors, which equates to 1.02% of the existing share capital of CHF 35,655,880.40. Under the authorized capital, up to CHF 2,245,725.80 can be issued by the Board of Directors, which equates to 6.3% of the existing share capital of CHF 35,655,880.40.

## 2.3 Changes in capital

### In the reporting year:

As some of the 1.00% convertible bond CHF 150,000,000 2016–2022 (see page 14 section 2.7) was converted, the share capital was increased by a par value of CHF 1,400.00 from CHF 35,654,480.40 to CHF 35,655,880.40 in the reporting year. The amount up to CHF 365,077.00 as at December 31, 2018, by which the Board of Directors may increase the share capital as a component of the conditional capital was reduced in the reporting year due to the partial conversion of the 1.00% convertible bond CHF 150,000,000 2016–2022 (see page 14 section 2.7) by CHF 1,400.00 to up to CHF 363,677.00. The amount as at December 31, 2018, with a maximum value of CHF 2,245,725.80, by which the Board of Directors may increase the share capital as a component of the authorized capital, did not change during the reporting year.

### In 2018:

As some of the 1.25% convertible bond CHF 61,000,000 2014–2020 and the 1.00% convertible bond CHF 150,000,000 2016–2022 (see page 14 f. section 2.7) was converted, the share capital was increased by a par value of CHF 15,477,624.90 from CHF 20,176,855.50 to CHF 35,654,480.40 in 2018. The amount up to CHF 7,539,977.80 as at December 31, 2017, by which the Board of Directors may increase the share capital as a component of the conditional capital was increased by the ordinary General Meeting on April 24, 2018, by CHF 2,548,449.90 to a maximum of CHF 10,088,427.70 and was then reduced in 2018 through the partial conversion of the 1.25% convertible bond CHF 61,000,000 2014–2020 and the 1.00% convertible bond CHF 150,000,000 2016–2022 (see page 14 f. section 2.7) by CHF 9,273,350.70 to a maximum of CHF 365,077.00. The Board of Director's authorization to increase the share capital by the amount as at December 31, 2017, with a maximum value of CHF 9,238,944.40 as a component of the authorized capital expired on April 13, 2018. The ordinary General Meeting of April 24, 2018, authorized an amount with a maximum value of CHF 8,000,000.00 by which the Board of Directors can increase the share capital as a component of the authorized capital. Due to the partial conversion of the 1.00% convertible bond CHF 150,000,000 2016–2022 (see page 14 section 2.7) in 2018, this amount was then reduced by CHF 5,754,274.20 to a maximum limit of CHF 2,245,725.80.

### In 2017:

As some of the 1.00% convertible bond CHF 150,000,000 2016–2022 (see page 14 section 2.7) was converted, the share capital was increased by a par value of CHF 32,300.00 from CHF 20,144,555.50 to CHF 20,176,855.50 in 2017. The amount up to CHF 7,572,277.80 as at December 31, 2016, by which the Board of Directors may increase the share capital as a component of the conditional capital was reduced in 2017 due to the partial conversion of the 1.00% convertible bond CHF 150,000,000 2016–2022 (see page 14 section 2.7) by CHF 32,300.00 up to CHF 7,539,977.80. The amount up to CHF 9,238,944.40 as at December 31, 2016, by which the Board of Directors may increase the share capital as a component of the authorized capital did not change in 2017.

The changes in share capital in the last three reporting years are shown in the table below:

Type of capital (in CHF) / reporting date	31.12.2019	31.12.2018	31.12.2017
Ordinary capital (issued capital)	35,655,880.40	35,654,480.40	20,176,855.50 <sup>1</sup>
Ordinary capital (capital registered in the commercial register)	35,654,480.40	35,654,480.40	20,144,555.50
Conditional capital	363,677.00	365,077.00	7,539,977.80
Authorized capital	2,245,725.80	2,245,725.80	9,238,944.40

<sup>1</sup> The issued capital was registered in the Swiss commercial register as at January 29, 2018.

## 2.4 Shares and participation certificates

As at December 31, 2019, 356,558,804 bearer shares with a par value of CHF 0.10 had been issued and were fully paid up. One bearer share carries one voting right. Each shareholder possesses statutory membership and proprietary rights, in particular the entitlement to receive dividends and voting rights. No participation certificates were outstanding.

## 2.5 Dividend-rights certificates

Von Roll Holding AG has not issued any dividend-rights certificates.

## 2.6 Limitations on transferability and nominee registrations

There are no limitations on transferability or nominee registrations.

## 2.7 Convertible bonds and options

### 1.00% convertible bond CHF 150,000,000 2016 – 2022

On April 11, 2016, Von Roll Holding AG issued an unsecured convertible bond (valor symbol: ROL16; valor number: 31954490; ISIN: CH0319544901) amounting to CHF 150 million, due in 2022. This bond is convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll Holding AG. The shares to be delivered upon conversion will be made available through the provision of new shares from the conditional capital and, as far as necessary, from the authorized capital.

The conversion price is set at CHF 1.00. The issue and redemption prices are set at 100% each. The convertible bond carries a coupon rate of 1.00% per annum, payable annually in arrears. Existing shareholders have been granted subscription rights to subscribe for the convertible bond in proportion to their current shareholding. Through the conversion of the convertible bond, one new share is created for one existing share. Accordingly, based on an issue total of CHF 150 million, each shareholder had the right to purchase a bond with a nominal amount of CHF 1,000 for every 1,185 shares held on March 22, 2016, at close of trading. Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after May 2, 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days (see also Note 18 on page 66 f. and Note 7 on page 79 f.).

A par value of CHF 1,093,000 of this convertible bond was still outstanding on December 31, 2019. If this remaining outstanding share of the convertible bond were also to be fully converted, the share capital would increase by CHF 109,300, which equates to 0.31% of the existing share capital as at December 31, 2019.



#### 1.25% convertible bond CHF 61,000,000 2014 – 2020

On June 18, 2014, Von Roll Holding AG issued an unsecured convertible bond (valor symbol: ROL14; valor number: 24523928; ISIN: CH0245239287) amounting to CHF 61 million, due in 2020. This bond is convertible into 25,416,870 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll Holding AG. The shares to be delivered upon conversion will be made available through the provision of new shares from the conditional capital.

The conversion price is set at CHF 2.40. The issue and redemption prices are set at 100% each. The convertible bond carries a coupon rate of 1.25% per annum, payable annually in arrears. Existing shareholders have been granted subscription rights to subscribe for the convertible bond in proportion to their current shareholding. Through the conversion of the convertible bond, one new share is created for seven existing shares. Accordingly, based on an issue total of CHF 61 million, each shareholder had the right to purchase a bond with a nominal amount of CHF 1,000 for every 2,913 shares held on June 2, 2014, prior to the start of trading. Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after July 9, 2016, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days (see also Note 18 on page 66 ff. and Note 7 on page 80).

A par value of CHF 6,105,000 of this convertible bond was still outstanding on December 31, 2019. If this remaining outstanding share of the bond were also to be fully converted, the share capital would increase by CHF 254,375, which equates to 0.71% of the existing share capital as at December 31, 2019.

#### Share capital increase at full conversion of the convertible bonds

If the two aforementioned convertible bonds were to be fully converted, the share capital would increase by CHF 17,541,687.00 (subject to any adjustments due to the dilution protection clause), which equates to 94.93% of the share capital of 184,778,889 bearer shares existing before the aforementioned convertible bonds were issued.

#### Options

Von Roll Holding AG has not issued any options.

### 3. Board of Directors

#### 3.1 Members of the Board of Directors

As at December 31, 2019, the Board of Directors of Von Roll Holding AG comprises the following members:

Name	Nationality	Born in	Member since	Position
Dr. Peter Kalantzis	CH/GR	1945	2007	Chairman, <sup>1</sup> non-executive
Guido Egli	CH	1951	2007	Vice-Chairman, non-executive
Gerd Amtstätter	D	1943	2007	Member, non-executive
Gerd Peskes	D	1944	2000	Member, non-executive
August François von Finck	CH	1968	2010	Member, non-executive
Dr. Christian Hennerkes	D	1971	2016	Delegate, executive

<sup>1</sup> Chairman since 12/2010

#### Dr. Peter Kalantzis

Chairman of the Board of Directors

#### Education

Dr. rer. pol., University of Basel, Switzerland

#### Professional career

1971 – 1990:

Various management positions, last position as Delegate of the Board of Directors of Lonza AG, Basel, Switzerland

1991 – 2000:

General Director and Member of the Executive Management of the Alusuisse-Lonza Group AG, Zurich, Switzerland; from 1991 to 1996 Head of the Chemistry division and subsequently responsible for Group development from 1997 to 2000

#### Other activities and vested interests

Chairman of the Board of Directors of SGS SA, Geneva, Switzerland; Chairman of the Board of Directors of Clair AG, Cham, Switzerland; Chairman of the Board of Directors of Degussa Sonne/Mond Goldhandel AG, Cham, Switzerland; Chairman of the Board of Directors of HARDSTONE SERVICES SA, Geneva, Switzerland; Member of the Board of Directors of Paneuropean Oil and Industrial Holding SA, Luxembourg; Member of the Board of Directors of Consolidated Lamda Holdings Ltd., Luxembourg; President of the Foundation Board of John S. Latsis Public Benefit Foundation, Vaduz, Principality of Liechtenstein; President of the Foundation Board of Gnosis Foundation, Vaduz, Principality of Liechtenstein.

**Guido Egli**

Vice-Chairman of the Board of Directors

**Education**

Degree from University of Applied Sciences, Switzerland  
Degree from the London Business School, UK

**Professional career**

1977 – 1996:

Various management positions, e.g. as Director of Sales and Marketing with the Emmi Group, CEO and Delegate of the Board of Directors of Hero, Lenzburg, Switzerland

1996:

Foundation of own consulting company “ifm Food Marketing,” Lucerne, Switzerland, with various consultancy mandates in Switzerland and abroad since then

2001 – 2014:

Mövenpick Foods Switzerland Ltd., Baar, Switzerland, Chairman of the Board of Directors and CEO

2006 – 2014:

Mövenpick Holding AG, Baar, Switzerland, CEO

**Other activities and vested interests**

Chairman of the Board of Directors of Kursaal-Casino AG, Lucerne, Switzerland; Chairman of the Board of Directors of Grand Casino Luzern AG, Lucerne, Switzerland; Chairman of the Board of Directors of Casino Online AG, Lucerne, Switzerland; Chairman of the Board of Directors of Parkhaus Casino-Palace AG, Lucerne, Switzerland; Chairman of the Board of Directors of Meyerhans Mühlen AG, Weinfelden, Switzerland; Vice-Chairman of the Board of Directors of PROVINS société coopérative, Sion, Switzerland; Vice-Chairman of the Board of Directors of Valais Mundi SA, Ayent, Switzerland; Member of the Board of Directors of Remimag Holding AG, Zug, Switzerland; Member of the Board of Directors of Remimag Gastronomie AG, Rothenburg, Switzerland; Member of the Board of Directors of Remimag AG, Rothenburg, Switzerland; Member of the Board of Directors of REITZEL S.A., Fribourg, Switzerland; Member of the Board of Directors of Gamag Management AG, Rothenburg, Switzerland; Member of the Board of Directors of Riviera Restaurants AG, Bern, Switzerland; Member of the Foundation Board of the Foundation of the Pontifical Swiss Guard in the Vatican, Fribourg, Switzerland; Member of the Advisory Board of J. Bauer & Co. KG, Wasserburg, Germany

**Gerd Amtstätter**

Member of the  
Board of Directors

**Education**

Degree in law from the University of Munich, Germany

**Professional career**

1971 – 1975:

Member of the management team of a medium-sized company

1975 – 1998:

Government of the Free State of Bavaria, Germany, most recently as Assistant Secretary of State (Ministerialdirektor) at the Ministry of Finance

Since 1998:

General Manager of von Finck'sche Hauptverwaltung

**Other activities and vested interests**

Supervisory Board Chairman of Nymphenburg Immobilien AG, Munich, Germany; Supervisory Board Chairman of Amira Verwaltungs AG, Munich, Germany; Supervisory Board Chairman of Custodia Holding SE, Munich, Germany; Supervisory Board Chairman of Staatliche Mineralbrunnen AG, Bad Brückenau, Germany; Supervisory Board Chairman of Oppmann Immobilien AG, Würzburg, Germany; Member of the Advisory Board of FidesSecur Versicherungsmakler, Munich, Germany

**Gerd Peskes**

Member of the  
Board of Directors

**Education**

Business degree from Bochum University of Applied Sciences, Germany, professional auditor

**Professional career**

Since 1978:

Managing Director of Gerd Peskes GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany

**Other activities and vested interests**

Member of the Board of Directors of Mövenpick Holding AG, Baar, Switzerland; Member of the Board of Directors of Clair AG, Cham, Switzerland; Member of the Board of Directors of Carlton Holding AG, Schaan, Principality of Liechtenstein; Supervisory Board Chairman of ARAG SE, Düsseldorf, Germany; Supervisory Board Chairman of Substantia AG, Munich, Germany; Vice-Chairman of the Supervisory Board of Apetito AG, Rheine, Germany; Vice-Chairman of the Supervisory Board of Nymphenburg Immobilien AG, Munich, Germany; Member of the Supervisory Board of Claas KGaA, Harsewinkel, Germany; Chairman of the Advisory Board of Katjes Holding & Co. KG, Emmerich, Germany; Member of the Advisory Board of LK Mahnke & Co. KG, Mühlheim, Germany

**August François  
von Finck**

Member of the  
Board of Directors

**Education**

Master of Business Administration (MBA), Georgetown University, USA  
Bachelor of Science (BSc), Georgetown University, USA  
Banking degree, Swiss Bank Corporation, Basel, Switzerland

**Professional career**

Entrepreneur

**Other activities and vested interests**

Vice-Chairman of the Board of Directors of Bank von Roll AG, Zurich, Switzerland; Member of the Board of Directors of SGS SA, Geneva, Switzerland; Member of the Supervisory Board of Custodia Holding SE, Munich, Germany; Member of the Supervisory Board of Staatliche Mineralbrunnen AG, Bad Brückenau, Germany

**Dr. oec. Christian  
Hennerkes**

Delegate of the  
Board of Directors,  
Chief Executive Officer  
(CEO)

**Education**

Doctorate in Economics from the University of Hohenheim, Germany  
Law degree including legal traineeship (Constance, Stuttgart, San Francisco)

**Professional career**

**2001 – 2005:**

Worked at The Boston Consulting Group, most recently as Manager/Principal  
2005 – 2015:

Managing Director and partner of various companies in the consumer and industrial goods sector (including Unternehmensgruppe Theo Müller, Travel IQ GmbH, Menerga GmbH)

Since 2015:

Managing Director of Primus Ventures GmbH, Stuttgart, Germany

Since October 1, 2016:

Chief Executive Officer (CEO) of Von Roll Holding AG, Breitenbach, Switzerland

**Other activities and vested interests**

Member of the Supervisory Board of Interstuhl Büromöbel & Co. KG, Messstetten-Tieringen, Germany

None of the non-executive Members of the Board of Directors belonged to either the Executive Management of Von Roll Holding AG or to one of its subsidiaries, nor did they have significant business relations with the latter during the reporting year or the three financial years preceding it.

### 3.2 Other activities and vested interests

Information on the other activities and vested interests of Members of the Board of Directors is shown in section 3.1.

### 3.3 Statutory regulations regarding the permissible number of activities in accordance with Article 12 Paragraph 1 Section 1 of the Swiss Ordinance against Excessive Remuneration in Listed Companies (“ERCO”)

The permissible number of external offices is determined with binding effect in Section (“Abschnitt”) 3 B Article 24, Para. 1 and 3 of the Articles of Association, which may be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/):

Members of the Board of Directors may not simultaneously hold more than 20 offices in top-tier management or administrative bodies of legal entities outside the Group which are subject to entry in the Swiss commercial register or a similar register in another country. Of these offices, no more than 15 may be held in listed legal entities. Multiple offices within the same group and offices exercised on behalf of a group or legal entity (including offices in care institutions, joint ventures and legal entities in which a significant stake is held) count as one office. Offices in nonprofit or charitable legal entities such as clubs, associations and foundations are not subject to the above restrictions but must not exceed 15.

### 3.4 Elections and terms of office

The Chairman of the Board of Directors, the other Members of the Board of Directors and the Members of the People & Remuneration Committee are each elected by the General Meeting for a one-year term, which runs until the end of the next ordinary General Meeting. The Members of the Audit Committee are elected by the full Board of Directors. Re-election is permitted without restrictions. There is no age limit.

The Vice-Chairman of the Board of Directors and the Chairmen of the Audit Committee and the People & Remuneration Committee are elected by the full Board of Directors.

### 3.5 Internal organization

The organization, tasks and scope of the competences of the Board of Directors and its committees are detailed in the organizational regulations. These can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/). The following paragraphs summarize the essential elements of the organizational regulations.

#### Allocation of tasks within the Board of Directors

The individual functions (Chairman, Vice-Chairman and Delegate) are listed in section 3.1.

The Chairman's responsibilities and competences particularly include setting and preparing the agenda items for the General Meeting and (together with the Delegate of the Board of Directors/CEO) for meetings of the Board of Directors, convening meetings of the Board of Directors, chairing the General Meeting and meetings of the Board of Directors, ordering and monitoring the implementation of resolutions of the General Meeting, monitoring compliance with resolutions of the meetings of the Board of Directors and the guidelines and regulations on business policy approved by the Board of Directors, supervising and monitoring the business development and activities of the Executive Management on an ongoing basis, submitting motions to the Board of Directors for appointing and dismissing the CEO, CFO and any other members of the Executive Management, observing ad hoc notification requirements in collaboration with the Executive Management and making executive resolutions in urgent and unavoidable cases. The Vice-Chairman represents the Chairman if he is prevented from exercising his function.

The Delegate of the Board of Directors manages the Von Roll Group in the role of CEO. He decides on all matters that are not non-transferable duties of the Board of Directors in accordance with Article 716a of the Swiss Code of Obligations (CO) or Article 22 of the Articles of Association (which can be viewed under Section (“Abschnitt”) 3 B Article 22 at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/)) and do not fall under the decision-making power of the Board of Directors (see page 22 f. section 3.6). He helps the Chairman to prepare for the meetings of the Board of Directors. He also makes resolutions in consultation with the Chairman in urgent cases.

### **Membership of all committees of the Board of Directors, their responsibilities and the scope of their competences**

The Board of Directors has the following committees:

#### **Audit Committee**

The Audit Committee is a standing committee of the Board of Directors. It supports the Board of Directors in the assumption of its responsibility for the Group in the area of financial reporting, the application of accounting standards and systems, and the external audit. The activities of the Audit Committee do not release the Board of Directors from its legal obligations, and the decision-making power remains with the full Board of Directors. The Audit Committee comprises Members of the Board of Directors Gerd Peskes (Chairman), Gerd Amtstätter and Dr. Peter Kalantzis.

#### **People & Remuneration Committee**

The People & Remuneration Committee is a standing committee of the Board of Directors. It assists the Board of Directors with setting and reviewing the company’s remuneration strategy and guidelines and qualitative and quantitative remuneration criteria as well as with preparing motions for the General Meeting relating to the maximum remuneration of the Board of Directors and the maximum fixed and variable remuneration of the Executive Management. The People & Remuneration Committee can make suggestions and recommendations to the Board of Directors regarding other remuneration issues. The People & Remuneration Committee can call in external specialists. The activities of the People & Remuneration Committee do not release the Board of Directors from its legal obligations, and the decision-making power remains with the full Board of Directors, with the exception of the decisions regarding the actual remuneration of the Board of Directors and the actual fixed remuneration of the Executive Management as well as the approval of the bonus model for employees below the level of executive management, which are solely decided by the People & Remuneration Committee. The People & Remuneration Committee comprises Members of the Board of Directors Gerd Amtstätter (Chairman), Guido Egli and August François von Finck.

### **Working methods of the Board of Directors and its committees**

The Board of Directors shall constitute a quorum when the majority of its members are present. If such an attendance-based quorum is not reached, the Board of Directors shall constitute a quorum provided that all absent members subsequently consent to the relevant motion in writing. No attendance-based quorum is required for the Board of Directors to make resolutions on a capital increase report or for resolutions that require public certification. The Board of Directors makes its resolutions and decides its elections with an absolute majority of the votes submitted. The Chairman participates in the vote and has the casting vote in the event of a tie. Resolutions may also be made by circular letter insofar as no member requests an oral debate. If an oral debate is requested, the resolution shall not be made in writing. All Members of the Board of Directors are to be asked for their opinion for resolutions made by circular

letter. Resolutions of this kind require the absolute majority of all Members of the Board of Directors and are to be included in the minutes of the next meeting. At least two members must be present for the Audit Committee and People & Remuneration Committee to make resolutions. Decisions are made by an absolute majority of the delivered votes. The respective Chairman has the casting vote.

In the reporting year, the CFO participated in an advisory capacity without voting rights in meetings of the Board of Directors for the agenda items relating to business activities. The Delegate of the Board of Directors/CEO and the CFO regularly attended meetings of the Audit Committee and the People & Remuneration Committee in an advisory capacity without voting rights in the reporting year. An external consultant was brought in during the reporting year for one meeting of the Board of Directors. The auditor Deloitte AG took part in all meetings of the Audit Committee in the reporting year.

The invitation letters to a meeting show all the agenda items that a Member of the Board of Directors, a committee or a Member of the Executive Management wishes to discuss. The dates for the ordinary meetings are set with due advance notice so that all members are able to attend in person. For all motions, the participants of the meeting receive detailed written documentation in advance. The Chairmen of the committees report to the Board of Directors on the committee's activities. The minutes of the committee meetings are provided to the Members of the Board of Directors. As a rule, the Chairman convenes the Board of Directors approximately every two months, or as often as business operations require, and also when a member submits a request in writing specifying the desired agenda items. The Board of Directors met eight times during the reporting year. Meetings lasted 18 hours in total, which reflects an average of 2 hours and 15 minutes per session. Two resolutions were also made by circular letter. The Audit Committee and the People & Remuneration Committee gather as often as business operations require and at least twice annually. During the reporting year, the Audit Committee met three times. Meetings lasted 4 hours and 35 minutes in total, which reflects an average of roughly 1 hour and 30 minutes per session. The People & Remuneration Committee met twice during the reporting year. Meetings lasted 1 hour and 15 minutes in total, which reflects an average of roughly 40 minutes per session.

### 3.6 Definition of areas of responsibility

The areas of responsibility and nature of cooperation between the Board of Directors and the Executive Management are stipulated in the organizational regulations. These can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/). The Board of Directors has delegated responsibility for business operations to the Delegate of the Board of Directors/CEO. However, the Board of Directors makes decisions regarding the following in particular:

- » Non-transferable duties in accordance with Article 716a of the Swiss Code of Obligations (CO) and Article 22 of the Articles of Association (see [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/) under Section ("Abschnitt") 3 B.)
- » Group strategy, Group medium-term plan and Group budget
- » Investments in companies and involvement in joint ventures
- » Partnerships and licensing agreements with financial commitments exceeding CHF 5 million
- » Acquisition and divestment of companies
- » Internal restructuring of the Group
- » Human resources principles
- » Basic principles of salary and bonus systems



- » Introduction of and major changes to company retirement plans
- » Purchase and sale of real estate over CHF 2 million
- » Real estate rental agreements with a term of more than five years or costs of over CHF 5 million

### 3.7 Information and instruments for monitoring the Executive Management

The Delegate of the Board of Directors/CEO forms the link between the Board of Directors and the Executive Management. He ensures that the Chairman is regularly updated on business activities and all important issues and events. Each Member of the Board of Directors receives the detailed monthly financial statements plus comments and semiannual and annual financial statements. The Delegate of the Board of Directors/CEO and the CFO report to the meetings of the Board of Directors on a regular basis regarding business activities, key transactions and all matters relevant to the Group. The Delegate of the Board of Directors/CEO and the CFO regularly attend the meetings of the Audit Committee and the People & Remuneration Committee. Site visits serve to complete the information at hand. Each year, based on the proposals of the Executive Management, the Board of Directors discusses and approves the following year's budget, which it then regularly reviews. Once a year, the Board of Directors reviews the strategic direction of the Group.

In the reporting year, the Executive Management established an efficient management concept based on key figures for the ongoing monitoring and management of the individual production sites. In monthly performance reviews of all Group companies, the ongoing development of the business and the risks and opportunities arising in the course of business operations are validated. A business intelligence solution introduced in the reporting year supports management with the supply of management-related company data from across the Group.

The Board of Directors and Executive Management attach a great deal of importance to dealing carefully with risk and operate a system for monitoring and managing the risks associated with business activities. This process includes identifying, analyzing and managing risk, as well as risk reporting.

The Von Roll Group compliance program manages compliance with laws, regulations and guidelines for proper company management and introduces any activities required for preventing breaches and identifying them at an early stage.

## 4. Executive Management

### 4.1 Members of the Executive Management

As at December 31, 2019, the Executive Management of Von Roll Holding AG comprises the following members:

Name	Nationality	Born in	Term of office	Position
Dr. Christian Hennerkes	D	1971	since 2016	Delegate of the Board of Directors and CEO
Artur Lust	D	1982	since 2017	CFO

#### Dr. oec. Christian Hennerkes

Delegate of the Board of Directors, Chief Executive Officer (CEO)

#### Education

Doctorate in Economics from the University of Hohenheim, Germany  
Law degree including legal traineeship (Constance, Stuttgart, San Francisco)

#### Professional career

2001 – 2005:

Worked at The Boston Consulting Group, most recently as Manager/Principal

2005 – 2015:

Managing Director and partner of various companies in the consumer and industrial goods sector (including Unternehmensgruppe Theo Müller, Travel IQ GmbH, Menerga GmbH)

Since 2015:

Managing Director of Primus Ventures GmbH, Stuttgart, Germany

Since October 1, 2016:

Chief Executive Officer (CEO) of Von Roll Holding AG, Breitenbach, Switzerland

#### Other activities and vested interests

Member of the Supervisory Board of Interstuhl Büromöbel & Co. KG, Messstetten-Tieringen, Germany

#### Artur Lust

Chief Financial Officer (CFO)

#### Education

Degree in business administration from the University of Applied Sciences for Economics and Management, Essen, Germany

Certified accountant (Chamber of Commerce and Industry)

#### Professional career

2004 – 2012:

Various management positions in family-owned medium-sized companies and large listed corporations in the consumer and industrial goods sector, most recently as Company Controlling Manager at Ericsson GmbH, Düsseldorf, Germany

2012 – 2015:

Commercial Director and Authorized Representative at Menerga GmbH, Mülheim an der Ruhr, Germany

2016 – 2017:

Head of Corporate Development of Von Roll Management AG, Breitenbach, Switzerland

Since October 1, 2017:

Chief Financial Officer (CFO) of Von Roll Holding AG, Breitenbach, Switzerland

#### Other activities and vested interests

No other activities or interests.

#### 4.2 Other activities and vested interests

Information on the other activities and vested interests of Executive Management Members is shown in section 4.1.

#### 4.3 Statutory regulations regarding the permissible number of activities in accordance with Article 12 Paragraph 1 Section 1 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (“ERCO”)

The permissible number of external offices is determined with binding effect in Section (“Abschnitt”) 3 B Article 24, Para. 2 and 3 of the Articles of Association, which may be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/):

Subject to the approval of the Board of Directors, Executive Management Members may hold simultaneously a maximum of five offices in top-tier management or administrative bodies of legal entities outside the Group which are subject to entry in the Swiss commercial register or a similar register in another country. Of these offices, no more than two may be exercised in listed legal entities. Multiple offices within the same group and offices exercised on behalf of a group or legal entity (including offices in care institutions, joint ventures and legal entities in which a significant stake is held) count as one office. Offices in nonprofit or charitable legal entities such as clubs, associations and foundations are not subject to the above restrictions but must not exceed 15.

#### 4.4 Management contracts

There are no management or service contracts with third parties.

## 5. Remuneration, shareholdings and loans

#### 5.1 Content and method of determining the remuneration and the shareholding programs

The relevant information can be found on page 21 section 3.5 under “People & Remuneration Committee”, in sections 1.4 – 1.6 of the Remuneration Report (see page 29 ff.) and in Articles 29 – 32 of the Articles of Association, which can be found at <https://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/> in Section (“Abschnitt”) 4. The following is also stipulated: The maximum amounts of remuneration for the Board of Directors and Executive Management to be approved by the General Meeting are discussed by the People & Remuneration Committee in advance and proposed to the General Meeting for approval by the Board of Directors with the participation and input of all Members of the Board of Directors and the Executive Management. The actual amount to be paid to the Members of the Board of Directors is approved annually by the People & Remuneration Committee with the participation and input of all Members of the Board of Directors. The actual amount of fixed compensation to be paid to the Members of the Executive Management is agreed in the employment contract and is subject to annual review by the People & Remuneration Committee. No variable remuneration is paid. The decisions to determine these remunerations are discretionary decisions, which is why no explanation is given in this regard. The Delegate of the Board of Directors/CEO merely receives remuneration for his role as CEO, not as a Member of the Board of Directors. The remuneration of the Executive Management remained unchanged in the reporting year.

#### 5.2 Information on issuers subject to the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (“ERCO”)

The regulations in the Articles of Association concerning the principles of performance-related remuneration, the allocation of equity securities and conversion rights and options, the additional amount for the remuneration of Members of the Executive Management appointed following the vote of the General Meeting on remuneration, and the vote of the General Meeting on remuneration can be found in Section (“Abschnitt”) 4 Article 30 ff. of the Articles of Association, which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-in-](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-in-)

corporation/, with the exception of the regulations on loans, credits and retirement benefits outside the occupational pension scheme granted to Members of the Board of Directors and Executive Management, which have not been included in the Articles of Association.

## 6. Shareholder's participation rights

### 6.1 Voting rights restrictions and representation

The company's Articles of Association do not contain any voting right restrictions and do not deviate from Swiss law with regard to the representation of voting rights. The General Meeting adopts resolutions and conducts elections with a simple majority of the votes cast at the meeting, excluding any abstentions or invalid votes. This regulation applies unless stipulated otherwise by mandatory legal provisions or provisions set out in the Articles of Association (see page 26 section 6.2). Each share carries one vote at the General Meeting. Each shareholder can be represented at the General Meeting by the independent voting representative or a third party. The independent voting representative is obliged to exercise the voting rights he represents in accordance with the instructions he has received. If he has not received any instructions, he abstains from voting. The Board of Directors ensures that shareholders can also give powers and instructions to the independent voting representative electronically. It may also lay down the details in this regard.

The independent voting representative is elected by the General Meeting for a one-year term, which runs until the end of the next ordinary General Meeting. Independent voting representative may be re-elected.

### 6.2 Quorums required by the Articles of Association

In accordance with Art. 703 of the Swiss Code of Obligations (CO), resolutions of the General Meeting are to be passed with an absolute majority of the votes represented as a basic principle. The resolutions cited in Art. 704 CO and Section ("Abschnitt") 3 Article 17 of the Articles of Association are exceptions to this rule as they require at least two thirds of the votes represented and an absolute majority of the par value of the shares represented. The Articles of Association can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/).

### 6.3 Convocation of the General Meeting

The ordinary General Meeting is held annually within six months of the close of the business year. Extraordinary General Meetings are convened as necessary. Extraordinary General Meetings are also convened by decision of the General Meeting or when requested by one or more shareholders with a total shareholding of no less than one tenth of the share capital in a petition signed by the respective shareholder(s) citing the agenda item and proposals. Extraordinary General Meetings must take place within 90 days of receipt of such a request.

The convocation of the General Meeting stating the agenda items and the proposals of the Board of Directors or the shareholders is issued by the Board of Directors, if necessary through the auditor or another body designated by law, no later than 20 days before the General Meeting by means of a one-time announcement in the "Swiss Official Gazette of Commerce" (SOGC).

### 6.4 Agenda items

Shareholders who together represent at least 3% of the share capital, or shares with a par value of CHF 1 million, may ask for an item to be included on the agenda for discussion. The agenda item must be requested at least 40 days prior to the day of the meeting in a submission signed by the relevant shareholders specifying the agenda item and the motions submitted.

### 6.5 Entries in the share register

The share capital of the company is exclusively comprised of bearer shares, and consequently no share register is kept.

## 7. Changes of control and defense measures

### 7.1 Duty to make a public offer

In accordance with Article 4a (“Opting out”) of the Articles of Association (which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/) in Section (“Abschnitt”) 1), parties purchasing shares in the company are exempt from the obligation to make a public offer to purchase in accordance with Art. 135 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of June 19, 2015.

### 7.2 Change of control clauses

There are no contractual agreements with the Board of Directors or the Executive Management in the event of a change of control. The Articles of Association do not contain any change of control clauses in favor of Members of the Board of Directors and/or Executive Management.

## 8. Auditor

### 8.1 Duration of mandate and term of office of the auditor in charge

#### Time of assumption of the current audit mandate

Deloitte AG, Zurich, was registered in the commercial register as the auditor for Von Roll Holding AG on June 11, 2004.

#### Assumption of office of the auditor in charge who is responsible for the current audit mandate

The auditor is appointed by the General Meeting for one financial year, and the same auditor may be reappointed in the next financial year. The applicable statutory maximum term of office for an auditor in charge of seven years (Art. 730a Para. 2 CO) is not limited by the Articles of Association. Mr. Patrick Fawer has been appointed auditor in charge for the fourth year.

### 8.2 Auditing fee

The fee paid to the auditor (including the auditors belonging to the network of the statutory auditor) for the audit of the 2019 financial statements was TCHF 368 in total (2018: TCHF 395).

### 8.3 Additional fees

During the reporting period, additional fees of approximately TCHF 6 (2018: TCHF 60) were paid for tax (TCHF 2) and compliance (TCHF 4).

### 8.4 Information instruments pertaining to the external audit

The auditor submits a written report to the Audit Committee of the Board of Directors for each scheduled meeting concerning relevant audit activities and other important processes in connection with the company. Representatives of the auditor participate in individual agenda items of the meetings of the Audit Committee, explain their activities and take questions. The auditor attended all three meetings of the Audit Committee in the reporting year. Further discussions were also held between the auditor and the Executive Management.

The activities of the auditors are monitored by the Audit Committee of the Board of Directors. This committee annually assesses the performance, remuneration, independence and scope of the audit as well as the relevant procedures.

## 9. Information policy

Von Roll Holding AG pursues a policy of proactive, transparent and timely information. Notifications to shareholders of Von Roll Holding AG are published in the Swiss Official Gazette of Commerce. Shareholders also receive information about all important business through the Annual Report, Semiannual Report and media releases. Von Roll Holding AG publishes events relevant to the stock quotation under the disclosure obligation (ad hoc notifications) of SIX Swiss Exchange.

### Agenda 2020

#### March 11, 2020:

Publication of results for the year 2019

#### April 30, 2020:

197th ordinary General Meeting in Lucerne

#### August 20, 2020:

Publication of results for the first half of 2020

All regularly updated information is also available on the Internet at [www.vonrollgroup.com/en/](http://www.vonrollgroup.com/en/) under "Media & Investor Relations". Upon request, shareholders can receive media releases from the press office by email. These can be ordered from Von Roll Holding AG, Passwangstrasse 20, 4226 Breitenbach, via the Internet at [www.vonrollgroup.com/en/media--investor-relations/press-releases/order-service/](http://www.vonrollgroup.com/en/media--investor-relations/press-releases/order-service/). Further information can be requested at [www.vonrollgroup.com/en/contact1/contacts/contact/](http://www.vonrollgroup.com/en/contact1/contacts/contact/) or by telephone +41 61 785 52 36, fax +41 61 785 58 92 or via email at [investor@vonroll.com](mailto:investor@vonroll.com).

# Remuneration Report 2019

## 1. Remuneration philosophy and basic principles

**1.1 General information** The Remuneration Report lays down the remuneration principles and the governance framework for the remuneration of the Board of Directors and the Members of the Executive Management of Von Roll Holding AG. It also includes details of remuneration policy and the remuneration paid to the aforesaid bodies in the financial year 2019.

Unless indicated otherwise, all information provided in this report relates to the financial year that ended on December 31, 2019. The report is in line with Art. 13 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO); the "Swiss Code of Best Practice for Corporate Governance" issued by Economiesuisse; section 5.1 of the Annex to the SIX Swiss Exchange's Directive on Information relating to Corporate Governance; and the Swiss Code of Obligations.

**1.2 Corporate governance as the basis for compensation policy**

The principles of our remuneration system for the Board of Directors and the Executive Management are included in the Articles of Association.

**1.3 ERCO**

The remuneration system and employment contracts with Members of the Executive Management comply with the ERCO.

**1.4 Responsibilities**

### Board of Directors

The Board of Directors is responsible for the Group's remuneration system and for drafting corresponding motions for the Annual General Meeting.

### People & Remuneration Committee

The People & Remuneration Committee comprises three Members of the Board of Directors. Each Member of the People & Remuneration Committee is elected by the Annual General Meeting for a one-year term, which runs until the end of the next regular General Meeting. Re-election is permissible. The Chairman of the Remuneration Committee is elected by the entire Board of Directors. The People & Remuneration Committee assists the Board of Directors with setting and reviewing the company's remuneration strategy and guidelines and the qualitative and quantitative remuneration criteria, as well as with preparing motions for the Annual General Meeting relating to the remuneration of the Board of Directors and the Executive Management. The People & Remuneration Committee can make suggestions and recommendations to the Board of Directors regarding other remuneration issues. The People & Remuneration Committee can call in external specialists.

The People & Remuneration Committee is made up of Gerd Amtstätter (Chairman of the People & Remuneration Committee), Guido Egli and August François von Finck, all of whom are Members of the Board of Directors. The Delegate of the Board of Directors/CEO and the CFO regularly attend People & Remuneration Committee meetings in an advisory capacity without voting rights. The People & Remuneration Committee met twice during the financial year. The Chairman of the People & Remuneration Committee reports to the Board of Directors with regard to the committee's activities. The minutes of the committee meetings are provided to Members of the Board of Directors.

### CEO and the Executive Management

Headed by the CEO, the Executive Management reviews the targets set for the management team's performance-related bonus scheme based on the People & Remuneration Committee's specifications.

## 1.5 Principles and components of remuneration

### General principles

The Board of Directors may decide whether remuneration is paid wholly or partially in cash, restricted company shares or future subscription rights to shares. The Board of Directors determines the timing of the allocation, the length of the restricted period and any discount, bearing in mind the length of the restricted or vesting period. The restricted or vesting period shall be at least three years, whereby the Board of Directors may agree on a shorter period in justified cases. The Board of Directors may stipulate that, should a certain event specified in advance ultimately occur, such as the termination of an employment or mandate relationship or a change of control, then restricted or vesting periods shall continue to apply, be shortened or be canceled, or remuneration shall be paid out (assuming targets have been met) or forfeited.

If shares or future subscription rights to shares are to be allocated or other remuneration components granted, the remuneration amount shall correspond to the value accorded to these remuneration components at the time of their allocation in accordance with generally recognized valuation methods.

In respect of duties performed in legal entities of the Group or on behalf of a legal entity of the Group, these entities may grant remuneration to the Members of the Board of Directors and the Executive Management insofar as the amounts concerned do not exceed the limit approved by the Annual General Meeting or the additional limit in accordance with article 32 paragraph 6 of the Articles of Association.

Within the scope permissible by law, the company may compensate Members of the Board of Directors and the Executive Management for losses incurred in conjunction with lawsuits, proceedings or settlements related to their activities for the company. It may also advance relevant sums or take out insurance policies. Compensation, advances and insurance policies of this kind are not considered remuneration.

### Components of the Board of Directors' remuneration

Members of the Board of Directors receive fixed remuneration for their activities. Their expenses are also reimbursed. Reimbursed expenses, including lump-sum expenses, are not deemed to be remuneration. Supplements may be paid for serving as a member of a committee or for undertaking specific duties or projects.

### Components of the Executive Management's compensation

Members of the Executive Management receive a fixed compensation for their activities. Their expenses are also reimbursed. Reimbursed expenses, including lump-sum expenses, are not deemed to be remuneration.

## 1.6 Approval procedure

### General information

The Annual General Meeting approves the maximum remuneration for Members of the Board of Directors with binding effect when the regular General Meeting convenes each year, with this remuneration limit then applying until the next regular General Meeting.

The Annual General Meeting shall approve the maximum amount for fixed remuneration components for the following financial year for Members of Executive Management with binding effect when the regular General Meeting convenes each year.

The Annual General Meeting shall approve the total variable remuneration components for the previous financial year for Members of the Executive Management with binding effect when the regular General Meeting convenes each year.



The Annual General Meeting can approve a retrospective increase in a total amount already approved at any time.

If the Annual General Meeting withholds its approval, the Board of Directors may submit new motions for approval at the same Annual General Meeting. If the Board of Directors does not submit any new motions or if the Annual General Meeting rejects the new motions as well, the Board of Directors can convene a new General Meeting.

For the appointment of new members of the Executive Management made after the Annual General Meeting has given its approval, the additional limit for each new member shall be 150% of the highest remuneration amount paid to a Member of the Executive Management at the last regular General Meeting in the previous financial year. This additional remuneration does not need to be approved by the Annual General Meeting.

#### **Appointment of Members of the Executive Management**

The Board of Directors appoints the Members of the Executive Management.

#### **Number of external offices and positions**

The number of external offices and positions is stipulated with binding effect in the Articles of Association.

#### **Contracts with Members of the Board of Directors and the Executive Management**

Contracts with Members of the Board of Directors and the Executive Management, which provide the foundation for their remuneration, may be temporary or permanent. The maximum term of a temporary contract is one year. Contracts may be renewed. Notice periods for permanent contracts may not exceed one year.

The notice period for the CEO and the other Members of the Executive Management is 12 months. All employment contracts with Members of the Executive Management comply with the legislation and the provisions of the ERCO.

#### **Severance pay**

The employment contracts concluded with Members of the Executive Management do not provide for any severance pay. Similarly, the contracts of the Members of the Board of Directors and the Executive Management do not include any "golden parachutes" or any other special benefits in the event of a change of control.

## 2. Remuneration in the financial year

### 2.1 Remuneration of the Board of Directors (audited)

#### Board of Directors' fee

The following remuneration was paid to Members of the Board of Directors for the financial year 2019:

in CHF 1,000	Position	Fixed fee <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Retirement benefits <sup>3</sup>	Total	
	Dr. Peter Kalantzis	Chairman	294	–	–	14	308
	Guido Egli	Vice-Chairman	144	–	–	7	151
	Gerd Amtstätter	Member	94	–	–	–	94
	Gerd Peskes	Member	94	–	–	–	94
	August François von Finck	Member	94	–	–	6	100
	Dr. Christian Hennerkes	Delegate	–	–	–	–	–
	<b>Total</b>		<b>720</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>747</b>

1 Gross salary, i.e., before the deduction of social security contributions, withholding taxes, etc.

2 Other compensation does not include any lump-sum expenses.

3 Statutory charges, e.g., contributions to old-age and survivors' insurance, unemployment, pension funds or executive insurance.

The following remuneration was paid to Members of the Board of Directors for the previous financial year, 2018:

in CHF 1,000	Position	Fixed fee <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Retirement benefits <sup>3</sup>	Total	
	Dr. Peter Kalantzis	Chairman	294	–	–	14	308
	Guido Egli	Vice-Chairman	144	–	–	7	151
	Gerd Amtstätter	Member	94	–	–	–	94
	Gerd Peskes	Member	94	–	–	–	94
	August François von Finck	Member	94	–	–	6	100
	Dr. Christian Hennerkes	Delegate	–	–	–	–	–
	<b>Total</b>		<b>720</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>747</b>

1 Gross salary, i.e., before the deduction of social security contributions, withholding taxes, etc.

2 Other compensation does not include any lump-sum expenses.

3 Statutory charges, e.g., contributions to old-age and survivors' insurance, unemployment, pension funds or executive insurance.

#### Other remuneration

Apart from the amounts disclosed here, no Member of the Board of Directors received any additional fees or remuneration in 2019 or 2018 for services provided to Von Roll. In particular, no additional remuneration was paid for serving as a member of a committee or undertaking specific duties or projects in the financial years 2019 and 2018.

## 2.2 Remuneration of the Executive Management (audited)

### Short-term remuneration

The Members of the Executive Management received remuneration totaling CHF 1.3 million in the financial year 2019 (2018: CHF 1.3 million). This sum comprises fixed basic salaries of CHF 1.1 million (2018: CHF 1.1 million), short-term performance bonuses of CHF 0 (2018: CHF 0) and social security contributions of CHF 0.2 million (2018: CHF 0.2 million).

The following remuneration was paid to Members of the Executive Management for the financial year 2019:

in CHF 1,000	Function	Basic salary <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Pension benefits <sup>3</sup>	Total
Dr. Christian Hennerkes	CEO	660	–	19	120	799
Artur Lust	CFO	440	–	12	75	527
<b>Total</b>		<b>1,100</b>	<b>–</b>	<b>31</b>	<b>195</b>	<b>1,327</b>

- 1 Gross salary, i.e., before the deduction of social security contributions, withholding taxes, etc.
- 2 The other compensation comprises lump-sum compensation (TCHF 24) and child allowances (TCHF 7).
- 3 Statutory charges, e.g., contributions to old-age and survivors' insurance, unemployment, pension funds or executive insurance.

The following remuneration was paid to Members of the Executive Management for the previous financial year, 2018:

in CHF 1,000	Function	Basic salary <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Pension benefits <sup>3</sup>	Total
Dr. Christian Hennerkes	CEO	660	–	19	115	794
Artur Lust	CFO	440	–	12	73	525
<b>Total</b>		<b>1,100</b>	<b>–</b>	<b>31</b>	<b>188</b>	<b>1,319</b>

- 1 Gross salary, i.e., before the deduction of social security contributions, withholding taxes, etc.
- 2 The other compensation comprises lump-sum compensation (TCHF 24) and child allowances (TCHF 7).
- 3 Statutory charges, e.g., contributions to old-age and survivors' insurance, unemployment, pension funds or executive insurance.

### Long-term remuneration

No long-term remuneration is planned.

### Other remuneration

Apart from the amounts disclosed here, no Member of the Executive Management received any additional fees or remuneration in the financial years 2019 or 2018 for services provided to Von Roll.

## 2.3 Remuneration of former Members of the Board of Directors and the Executive Management (audited)

No remuneration was due to former Members of the Executive Management in the financial years 2019 and 2018. Former Members of the Executive Management received remuneration totaling CHF 0.3 million in the previous year. This comprises the total remuneration due by the end of the contractual term following a termination of contract. This sum comprises fixed basic salaries of CHF 0.2 million and social security contributions of CHF 0.1 million.

No remuneration was due to former Members of the Board of Directors in the financial years 2019 and 2018.

## 2.4 Loans (audited)

### Board of Directors

No Members of the Board of Directors were granted loans in the financial years 2019 and 2018. No loans were outstanding at the end of the financial years 2019 and 2018.

## 2.5 Remuneration and loans to related parties (audited)

### Executive Management

No Members of the Executive Management were granted any loans in the financial years 2019 and 2018. No loans were outstanding at the end of 2019 and 2018.

### Former Members of the Board of Directors and the Executive Management

No former Members of the Board of Directors or the Executive Management were granted any loans diverging from standard market terms during the financial years 2019 and 2018. Neither are any such loans outstanding.

No remuneration diverging from standard market practice was granted either directly or indirectly to any related parties in the financial years 2019 and 2018. In addition, no related parties were granted any loans diverging from standard market terms. Neither are any such loans outstanding.

## 2.6 Shareholdings

### Shares held by Members of the Board of Directors

The Members of the Board of Directors held the following number of shares as at December 31 of the respective financial year:

Number of shares	2019	2018
Dr. Peter Kalantzis	1,333	1,333
Guido Egli	1,067	1,067
Gerd Amtstätter	466,667	466,667
Gerd Peskes	0	0
August François von Finck	46,328,166	46,328,166
Dr. Christian Hennerkes	3,600,000	3,600,000
<b>Total</b>	<b>50,397,233</b>	<b>50,397,233</b>

### Shares held by Members of the Executive Management

The Members of the Executive Management held the following number of shares as at December 31 of the respective financial year:

Number of shares	2019	2018
Dr. Christian Hennerkes, CEO	3,600,000	3,600,000
Artur Lust, CFO	2,400,000	2,400,000
<b>Total</b>	<b>6,000,000</b>	<b>6,000,000</b>

## 2.7 Convertible bonds

### Convertible bonds held by Members of the Board of Directors

No convertible bonds of Von Roll Holding AG were held by Members of the Board of Directors at the end of the financial years 2019 and 2018.

### Convertible bonds held by Members of Executive Management

No convertible bonds of Von Roll Holding AG were held by Members of Executive Management at the end of the financial years 2019 and 2018.

## Report of the statutory auditor

To the general meeting of  
VON ROLL HOLDING AG, BREITENBACH

### Report of the statutory auditor in relation to the remuneration report

We have audited the remuneration report dated March 2, 2020, of Von Roll Holding AG, pages 32 – 34, for the year ended December 31, 2019.

### Responsibility of the Board of Directors

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

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

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

### Opinion

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

DELOITTE AG



Patrick Fawer  
Licensed Audit Expert  
Auditor in Charge



Thomas Dettwiler  
Licensed Audit Expert

Zurich, March 2, 2019



# Financial Reporting

## **Consolidated financial statements**

Consolidated income statement	38
Consolidated balance sheet	39
Consolidated cash flow statement	40
Consolidated statement of changes in equity	41
Notes to the consolidated financial statements	42
Report on the audit of the consolidated financial statements	73

## **Statutory financial statements of Von Roll Holding AG**

Income statement	76
Balance sheet	77
Notes to the statutory financial statements	78
Appropriation of available earnings	84
Report on the audit of the statutory financial statements	85

## Consolidated income statement for the financial year 2019

in CHF 1,000	Note	2019	2018 Continued	Discontinued	Total
Net sales	7a	291,581	321,399	788	322,187
Other operating income	7b	6,053	8,250	95	8,345
<b>Total income</b>		<b>297,634</b>	<b>329,649</b>	<b>883</b>	<b>330,532</b>
Change in inventory of unfinished and finished goods		-1,838	1,277	-	1,277
Material cost		-141,832	-164,054	-323	-164,377
<b>Gross profit</b>		<b>153,964</b>	<b>166,872</b>	<b>560</b>	<b>167,432</b>
Personnel expenses	7c	-88,300	-96,144	-389	-96,533
Depreciation of tangible and intangible assets	7d	-12,613	-20,103	-203	-20,306
Other operating expenses	7e	-43,256	-46,695	-1,381	-48,076
<b>Operating income (EBIT)</b>		<b>9,795</b>	<b>3,930</b>	<b>-1,413</b>	<b>2,517</b>
Financial result	7f	-2,361	-7,439	-19	-7,458
<b>Ordinary profit</b>		<b>7,434</b>	<b>-3,509</b>	<b>-1,432</b>	<b>-4,941</b>
Non-operating result	7g	-1,519	1,458	-19	1,439
<b>Earnings before taxes (EBT)</b>		<b>5,915</b>	<b>-2,052</b>	<b>-1,451</b>	<b>-3,503</b>
Income taxes	8	-2,654	-3,298	-	-3,298
<b>Earnings after taxes (EAT)</b>		<b>3,261</b>	<b>-5,350</b>	<b>-1,451</b>	<b>-6,801</b>
Of which attributable to:					
- Shareholders of Von Roll Holding AG		3,239	-5,350	-1,425	-6,775
- Non-controlling interests		22	-	-26	-26
Basic earnings after taxes (EAT) per share (in CHF)	9a	0.0093			-0.0338
Diluted earnings after taxes (EAT) per share (in CHF)	9b	0.0093			-0.0338



## Consolidated balance sheet as at December 31, 2019

### Assets

in CHF 1,000	Note	31.12.2019	in %	31.12.2018	in %
<b>Current assets</b>					
Cash and cash equivalents		55,218		71,418	
Trade receivables	10	48,900		52,125	
Other receivables	11	12,216		11,203	
Inventories	12	42,044		46,589	
Accrued income and prepaid expenses		2,523		2,649	
<b>Total current assets</b>		<b>160,901</b>	<b>58.1%</b>	<b>183,984</b>	<b>59.2%</b>
<b>Non-current assets</b>					
Property, plant and equipment	13	98,591		107,316	
Financial assets		351		355	
Intangible assets	14	9,218		11,348	
Other assets		3,052		2,631	
Deferred tax assets	8c	4,649		5,158	
<b>Total non-current assets</b>		<b>115,861</b>	<b>41.9%</b>	<b>126,808</b>	<b>40.8%</b>
<b>Total assets</b>		<b>276,762</b>	<b>100.0%</b>	<b>310,792</b>	<b>100.0%</b>

### Equity and liabilities

in CHF 1,000	Note	31.12.2019	in %	31.12.2018	in %
<b>Liabilities</b>					
<b>Current liabilities</b>					
Financial liabilities	18	5,905		23,056	
Trade payables	16a	15,351		16,785	
Other liabilities	16b	8,437		10,446	
Provisions	17	4,574		5,671	
Accrued expenses and deferred income	16c	12,495		14,561	
<b>Total current liabilities</b>		<b>46,762</b>	<b>16.9%</b>	<b>70,519</b>	<b>22.7%</b>
<b>Non-current liabilities</b>					
Financial liabilities	18	1,035		6,907	
Post-employment benefit obligations	19	22,850		25,585	
Provisions	17	6,821		8,977	
Deferred tax liabilities	8c	276		262	
<b>Total non-current liabilities</b>		<b>30,982</b>	<b>11.2%</b>	<b>41,731</b>	<b>13.4%</b>
<b>Total liabilities</b>		<b>77,744</b>	<b>28.1%</b>	<b>112,250</b>	<b>36.1%</b>
<b>Equity</b>					
Share capital	20	35,655		35,654	
Capital reserves	20	592,884		592,873	
Treasury shares	20	- 31,912		- 35,281	
Retained earnings	20	- 396,971		- 394,039	
<b>Equity attributable to shareholders of the parent company</b>		<b>199,656</b>	<b>72.1%</b>	<b>199,207</b>	<b>64.1%</b>
Non-controlling interests		- 638	- 0.2%	- 665	- 0.2%
<b>Total equity</b>		<b>199,018</b>	<b>71.9%</b>	<b>198,542</b>	<b>63.9%</b>
<b>Total equity and liabilities</b>		<b>276,762</b>	<b>100.0%</b>	<b>310,792</b>	<b>100.0%</b>

## Consolidated cash flow statement for the financial year 2019

in CHF 1,000	Note	2019	2018
<b>Cash flow from operating activities</b>			
<b>Earnings after taxes (EAT)</b>		<b>3,261</b>	<b>-6,801</b>
Adjustment for non-cash items		18,279	31,718
- Income taxes	8	2,654	3,298
- Financial result	7f	2,361	7,458
- Depreciation and impairments (operational and non-operational)	7d	13,264	20,962
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>21,540</b>	<b>24,918</b>
Profit (-) / loss (+) from disposal of fixed assets		1,068	1,497
Interests received and other financial income		426	234
Interests paid and other financial expenses		-1,015	-2,273
Income taxes paid		-2,308	-2,030
Increase (+) / decrease (-) in provisions		-1,904	-5,435
Increase (-) / decrease (+) in trade receivables		1,286	1,160
Increase (-) / decrease (+) in inventories		3,572	373
Increase (+) / decrease (-) in trade payables		-1,888	-5,172
Increase (-) / decrease (+) in other net current assets		-8,153	5,301
<b>Total cash flow from operating activities</b>		<b>12,625</b>	<b>18,573</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment and intangible assets	13/14	-5,370	-7,798
Sale of property, plant and equipment		430	150
Sale of Group companies	5	-	8,438
<b>Total cash flow from investing activities</b>	<b>13/14</b>	<b>-4,940</b>	<b>790</b>
<b>Cash flow from financing activities</b>			
Decrease in current financial liabilities	18	-23,016	-15,736
Increase in current financial liabilities		-	23,056
Purchase of treasury shares		-1,304	-1,754
Sale of treasury shares		1,167	1,697
<b>Total cash flow from financing activities</b>		<b>-23,153</b>	<b>7,263</b>
<b>Increase (+) / decrease (-) in cash and cash equivalents</b>		<b>-15,468</b>	<b>26,626</b>
Cash and cash equivalents at January 1		71,418	45,977
Change in cash and cash equivalents		-15,468	26,626
Currency effects on cash and cash equivalents		-732	-1,185
Cash and cash equivalents at December 31		55,218	71,418

## Consolidated statement of changes in equity for the financial year 2019

In the financial year 2019, consolidated equity changed as follows:

in CHF 1,000	Equity attributable to shareholders of Von Roll Holding AG							Non-controlling interests	Total equity
	Share capital	Capital reserves	Treasury shares	Offsetting goodwill	Currency effects	Other retained earnings	Total		
<b>Balance as at January 1, 2019</b>	<b>35,654</b>	<b>592,873</b>	<b>-35,281</b>	<b>-10,968</b>	<b>-6,097</b>	<b>-376,974</b>	<b>199,207</b>	<b>-665</b>	<b>198,542</b>
Earnings after taxes (EAT)	-	-	-	-	-	3,239	3,239	22	3,261
Conversion of convertible bond	1	11	-	-	-	-	12	-	12
Purchase/sale of treasury shares	-	-	3,369	-	-	-3,506	-137	-	-137
Currency effects	-	-	-	-	-2,665	-	-2,665	5	-2,660
<b>Balance as at December 31, 2019</b>	<b>35,655</b>	<b>592,884</b>	<b>-31,912</b>	<b>-10,968</b>	<b>-8,762</b>	<b>-377,241</b>	<b>199,656</b>	<b>-638</b>	<b>199,018</b>

In the financial year 2018, consolidated equity changed as follows:

in CHF 1,000	Equity attributable to shareholders of Von Roll Holding AG							Non-controlling interests	Total equity
	Share capital	Capital reserves	Treasury shares	Offsetting goodwill	Currency effects	Other retained earnings	Total		
<b>Balance as at January 1, 2018 IFRS</b>	<b>20,177</b>	<b>459,093</b>	<b>-40,658</b>	<b>-</b>	<b>-85,153</b>	<b>-245,656</b>	<b>107,803</b>	<b>-652</b>	<b>107,151</b>
Change to FER	-	-	-	-10,968	85,153	-119,109	-44,924	-	-44,924
<b>Balance as at January 1, 2018 FER</b>	<b>20,177</b>	<b>459,093</b>	<b>-40,658</b>	<b>-10,968</b>	<b>-</b>	<b>-364,765</b>	<b>62,879</b>	<b>-652</b>	<b>62,227</b>
Earnings after taxes (EAT)	-	-	-	-	-	-6,775	-6,775	-26	-6,801
Conversion of convertible bond	15,477	134,138	-	-	-	-	149,615	-	149,615
Issue costs associated with 2018 conversion	-	-1,635	-	-	-	-	-1,635	-	-1,635
Tax effect on conversion	-	1,277	-	-	-	-	1,277	-	1,277
Purchase/sale of treasury shares	-	-	5,377	-	-	-5,434	-57	-	-57
Currency effects	-	-	-	-	-6,097	-	-6,097	13	-6,084
<b>Balance as at December 31, 2018</b>	<b>35,654</b>	<b>592,873</b>	<b>-35,281</b>	<b>-10,968</b>	<b>-6,097</b>	<b>-376,974</b>	<b>199,207</b>	<b>-665</b>	<b>198,542</b>

# Notes to the consolidated financial statements as at December 31, 2019

## 1. General information

Von Roll Holding AG (the “company”) and its subsidiaries (together “Von Roll”) is an international manufacturing and service company. Its primary activities are outlined in the notes on the business segments (Note 6). The company is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange). Its registered office is in Breitenbach, Switzerland. Its domicile is at Passwangstrasse 20, 4226 Breitenbach, Switzerland.

## 2. Significant accounting policies

### Principles

The consolidated financial statements present a true and fair view of the financial position, the cash flows and the result of operations. The statements have been prepared in accordance with all current guidelines set out in the Swiss GAAP FER Accounting and Reporting Recommendations.

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements refer to thousands of CHF (TCHF). Immaterial rounding differences may occur due to the chosen presentation method. The use of the year in connection with the presentation of the balance sheet relates in principal to December 31 of the stated year unless specified otherwise (financial year).

The consolidated financial statements have been prepared on a going concern assumption under the principle of historic acquisition cost.

### Adjustments due to conversion to Swiss GAAP FER accounting

In implementing its resolution of August 20, 2019, the Board of Directors transitioned its financial reporting standards from IFRS to Swiss GAAP FER, effective January 1, 2019. The prior-year figures have been adjusted accordingly. The primary reasons for the change in financial reporting standards are as follows:

- » The scope of IFRS rules is steadily expanding, and the number of detailed, formal regulations of a complex nature is ever increasing.
- » Swiss GAAP FER accounting standards are tailored to meet the needs of mid-sized enterprises like Von Roll.
- » The change allows to better reflect planned growth, such as through joint ventures.

These standards ensure that shareholders will continue to receive transparent reporting in line with the “true and fair view” principle.

The effects of the change on figures for the financial year 2018 are outlined in Note 3.

### Scope and principles of consolidation

The consolidated financial statements encompass Group companies directly or indirectly controlled by Von Roll Holding AG. “Control” here is defined as the ability to direct the financial and operational business activities of the respective company in order to obtain a corresponding benefit. This is typically the case if Von Roll holds more than 50 % of the voting rights in a company’s share capital. Such Group companies are fully consolidated. Assets and equity and liabilities as well as income and expenses are fully included under application of the full consolidation method; intragroup transactions (receivables and payables, income and expenses) are eliminated and minority interests in equity and the net profit of consolidated companies are reported separately but as part of Group equity and Group income statement.

Group companies are consolidated from the date on which control passes to Von Roll.

Intercompany profits on intragroup transactions and holdings are eliminated with an impact on income.

Capital consolidation is based on the purchase method. Applying uniform Group-wide principles, the amortized cost of an acquired Group company is offset against the net assets measured at fair value at the time of acquisition. The difference is then recognized as goodwill, which is offset against Group equity.

See Note 15 for an overview of significant Group companies.

### Changes in accounting principles

There were no changes in Swiss GAAP FER standards during the financial year.

### Currency translation

Foreign currency transactions of the subsidiaries are translated at the monthly average exchange rate. Monetary items in foreign currency are translated at the reporting date with the closing rate. Exchange differences arising from monetary items are recorded in the income statement and shown in the net financial result insofar as they are not to be regarded as part of a net investment in a foreign business.

The individual Group companies prepare their financial statements in the respective local currency (functional currency).

Assets and liabilities from balance sheets prepared in foreign currency are translated at the exchange rate on the balance sheet date.

Equity is translated at historical rates, while income, expenses and cash flows are translated at the average rate for the year. Translation differences resulting from application of this method are offset against retained earnings/loss carried forward in equity. Intragroup loans are recognized as liabilities as long as positive future cash flows are expected and there is no decision to convert them into equity or waive the debts. On a semiannual basis, the capital situation of the subsidiaries is reassessed and the percentage of Group loans with equity characteristics is redetermined. Foreign currency effects resulting from these long-term intragroup loans with equity characteristics are recognized directly in equity. Foreign currency differences recorded in equity are only released through profit and loss when the company is sold or liquidated.

The primary exchange rates applied are:

Currency	Average rates		Closing rates	
	2019	2018	31.12.2019	31.12.2018
EUR	1.114	1.156	1.085	1.123
USD	0.994	0.977	0.966	0.980
GBP	1.264	1.308	1.276	1.244
INR	0.014	0.014	0.013	0.014
BRL	0.253	0.271	0.240	0.253
CNY	0.144	0.148	0.139	0.142

### Revenue recognition

Net sales include inflows of economic benefits from the sale of goods and services in the course of ordinary business activity during the financial year. Early payment discounts, rebates and other price reductions as well as payments to third parties such as commissions are deducted from the net sales reported.

The products sold or the services rendered are recorded as soon as the goods or services have been delivered and risk and reward has been transferred. Accruals for rebates and discounts are recognized in the same period as the related revenues in accordance with the relevant terms and conditions of sale.

### Cash and cash equivalents

The balance sheet item cash and cash equivalents includes cash on hand and bank deposits. These are recorded at nominal value.

### Trade receivables and other receivables

Trade receivables and other receivables have been reported at their nominal value. An impairment is charged on receivables for which specific risks have been identified. Additionally, overdue receivables are adjusted by applying internal Group guidelines to reflect the specific default risk. Both allowances for doubtful accounts and bad debt losses are recorded as sales deductions.

### Inventories

Raw materials and purchased finished goods are valued at acquisition cost or at the lower net market value. Unfinished and finished products are valued at production cost including the corresponding production-related overheads. The valuation of inventories in the balance sheet, or the records of the cost in the income statement, is made at standard cost, taking account of normal capacity utilization. Valuations are reviewed regularly and, if necessary, adjusted in line with current circumstances. Unsaleable and expired goods are written off in full. Valuation allowances are also recognized based on inventory turnover and coverage analyses.

### Property, plant and equipment

Property, plant and equipment (including investment property) are reported at acquisition or production cost minus accumulated depreciation and recognized impairments. They are depreciated in the income statement on a straight-line basis in accordance with their useful economic lives.

- » Land: not depreciated
- » Solid buildings: 25 years
- » Lightweight structures: 10–20 years
- » Technical installations and machinery: 10–20 years
- » Plant and office equipment: 5–10 years
- » Computer equipment: 3–10 years
- » Vehicles: 3–8 years

Investment property principally comprises undeveloped land as well as separable rented offices and production buildings and is held for the purposes of generating long-term rental yields. These properties are not used by Von Roll. Current market values are periodically determined by independent experts and are disclosed in the notes.

### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired company and the fair value of the acquiring party's previously held equity interest in the acquired company (if applicable) over the net of the acquisition-date amounts of the identifiable acquired assets and assumed liabilities.

Goodwill resulting from acquisitions is offset against Group equity at the time of acquisition. The effects of a theoretical capitalization and amortization of goodwill are disclosed in the notes to the consolidated financial statements.

On disposal, acquired goodwill previously offset against equity must be recognized at original cost in order to determine the effect on net income.

### Intangible assets

Acquired licenses, trademarks and similar rights as well as other intangible assets have a determinable useful life, which is estimated in each case. They are recorded at historical cost minus amortization. Amortization is calculated using the straight-line method over the estimated useful life, which ranges between 5 and 12 years.

Reliably measurable costs for internally developed licenses, trademarks and similar rights as well as for product development are capitalized only if these assets are identifiable and it is probable that the expected future economic benefits attributable to each intangible asset will flow to Von Roll.

Internally developed intangible assets are only capitalizable if future net cash inflow is probable and the costs can be reliably determined.

### Asset impairment

All assets are tested for impairment at each balance sheet date. Given indications of lasting impairment, the difference between carrying value and recoverable amount is recognized as an impairment loss. The recoverable amount is the higher of the net selling price and the value in use. The value in use is based on future expected discounted cash flows. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

If the factors considered in determining the recoverable amount have improved significantly, an impairment recorded in previous periods is to be reversed, in part or in full, via income statement.

### Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the liability using the effective interest method.

Fair value at initial recognition is typically equivalent to the redemption amount. Fair value only deviates from the redemption amount in the case of convertible bonds, because a conversion right implies an equity instrument. The difference between the

debt component of a convertible bond and the redemption amount is thus recorded in equity at initial recognition. Von Roll applies IFRS (IAS 32) in this case, as there is no corresponding rule under Swiss GAAP FER.

### Provisions

Provisions for environmental restoration, contingencies and commitments, restructurings and legal claims are only recognized if Von Roll has an existing legal or constructive obligation resulting from past events and if it is more likely than not that an outflow of resources will be required to settle the obligation and if the amount can be reliably estimated.

Provisions also include employee benefits in the form of anniversary bonuses paid by a number of Von Roll Group companies. Entitlement to such benefits is generally dependent on length of service with the company. Estimated costs for these benefits are recorded on the income statement in the period of their accrual and are calculated for the significant benefit plans applying the projected unit credit method.

### Contingent liabilities

Contingent liabilities are measured based on the information available and on a realistic estimate of the expected cash outflow.

### Trade payables and other current liabilities

Trade payables and other current liabilities are reported at their nominal value.

### Income taxes

Tax expenses for the financial year is the total of current income taxes and deferred taxes. Taxes are recorded on the income statement unless they are associated with items recorded directly in equity. In such case, the taxes are likewise recorded directly in equity.

#### Current income taxes

Current tax liabilities and tax receivables are recorded based on the estimated amount owed or estimated refund due from the tax authorities.

#### Deferred taxes

Deferred income taxes are provided in full, using the comprehensive liability method, on temporary differences arising between the tax bases of assets and their liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted by the balance sheet date and that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liability is settled.

Deferred income tax assets for temporary differences are recognized to the extent that realizable temporary differences can be expected.

Deferred tax assets are not capitalized for tax loss carryforwards.

Tax assets and tax liabilities are netted if they relate to the same tax object in the same tax jurisdiction. Deferred tax assets or tax liabilities are reported as non-current assets or liabilities.

### Pension and other post-employment benefits

Von Roll Group companies have various pension plans in place which conform with the laws and regulations of the respective country of residence. The actual financial effects of pension plans on the Group are calculated as of the balance sheet date. A liability is



recorded for a financial obligation if the conditions for recording a provision are met. An economic benefit is capitalized if doing so is permitted and the benefit's use for future contributions to Group pension plans is intended. Freely disposable employer contribution reserves are recognized as assets. Employees of the Swiss companies are insured pension plan participants of "Pensionskasse SIB." This is a legally independent pension fund funded by employer and employee contributions. Any surplus or deficit is determined on the basis of the interim financial statements of the pension fund prepared in accordance with Swiss GAAP FER 26. The pension plan expenses of the Group include the employer contributions deferred for the period and any financial effects arising from surpluses or deficits. Some foreign-registered subsidiary companies have fully funded pension plans. For accounting purposes these are treated the same as the Swiss plan; i.e., as a rule, the amounts paid are expensed. There are also pension plans without own assets in some countries. The corresponding pension provisions are recorded directly on the balance sheet and changes thereto are recorded on the income statement.

## Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

### 3. Adjustments due to change to Swiss GAAP FER

The figures from the financial year 2018 have been retroactively adjusted to reflect the change from IFRS to Swiss GAAP FER standards. The impact of these adjustments on equity and net income can be summarized as follows:

Effects on equity as at January 1, 2018, and December 31, 2018:

in CHF 1,000	31.12.2018	01.01.2018	Remarks
Equity IFRS	232,984	107,151	
Goodwill offset	- 10,428	- 10,968	(1)
IAS 19 adjustment	- 18,486	- 27,304	(2)
Deferred taxes on IAS 19 adjustment	4,445	6,722	(3)
Effect of non-recognition of deferred taxes relating to tax loss carryforwards	- 9,973	- 13,374	(4)
<b>Equity Swiss GAAP FER</b>	<b>198,542</b>	<b>62,227</b>	

Effects on 2018 net income:

in CHF 1,000	2018	Remarks
Net income 2018 IFRS	- 10,712	
IAS 19 adjustment	1,137	(2)
Deferred taxes on IAS 19 adjustment	- 637	(3)
Effect of non-recognition of deferred taxes relating to tax loss carryforwards	3,018	(4)
Accumulated exchange rate difference due to disposal of Group companies	393	(5)
<b>Earnings after taxes (EAT) 2018 according to Swiss GAAP FER</b>	<b>- 6,801</b>	

#### (1) Goodwill from acquisitions

In accordance with the option per Swiss GAAP FER 30 "Consolidated financial statements," goodwill from acquisitions (at the time of acquisition) is offset against equity. Under IFRS rules, goodwill was capitalized and annually tested for impairment. Assets and liabilities remeasured at the time of acquisition were not reassessed; i.e., the purchase price allocation at that time was transferred unchanged for Swiss GAAP FER. Goodwill under IFRS rules was recorded in the following amounts as at December 31, 2018:

	CHF 1,000	Time of acquisition
Albesiano Sisa Vernici S.r.l., Italy	440	05.31.2013
Von Roll USA, Inc., USA	5,323	Q3/1995
Von Roll India Pvt Ltd, India	4,665	Q1/1998

Pursuant to Swiss GAAP FER 30.16, if goodwill is offset against equity, the effects of theoretical capitalization are to be presented in the notes. If Von Roll had applied Swiss GAAP FER at the time of acquisition, the goodwill for Von Roll USA, Inc. and Von Roll (India) Pvt. Ltd would already have been fully amortized assuming an useful live of five years. For Albesiano Sisa Vernici S.r.l., final amortization in the amount of approximately TCHF 40 would have been shown in 2018. In accordance with Swiss GAAP FER 30.16, for reasons of materiality a table delineating this information is not provided.

## (2) IAS 19 (Employee benefits)

In accordance with Swiss GAAP FER 16, “Pension benefit obligations,” financial obligations/benefits under Swiss pension plans are measured on the basis of the financial statements prepared in accordance with Swiss GAAP FER 26, “Accounting of pension plans.” Financial effects arising from the pension plans of foreign subsidiaries are measured using the locally applicable valuation methods. Under IFRS rules, defined benefit pension plans were calculated using the projected unit credit method and recognized in accordance with IAS 19. The values previously recorded in other comprehensive income that result from revaluation gains and losses on defined benefit plans were offset against the retained earnings as at January 1, 2018. Any changes in the financial year 2018 have been released through profit and loss.

The most significant adjustment was for the Swiss plan, which showed an economic benefit to be capitalized as calculated under IAS 19 rules. Under Swiss GAAP FER, this surplus is not considered an economic benefit because Von Roll is not entitled to reimbursement and cannot show any employer contribution reserves. Accordingly, this surplus is not capitalized under Swiss GAAP FER.

Further significant adjustments occurred for the plans in Germany (reversal of pension liabilities in the amount of TCHF 663 as at December 31, 2018). For other countries with pension plans (France, Italy, India, USA), the previously stated values were applied.

## (3) Deferred taxes on IAS 19 items

Deferred taxes are recognized for temporary differences between IFRS and tax balance sheet. These are relevant to the adjustments to employee-benefit balance sheet items described above (assets and liabilities). Under IAS 19, the change is partially recorded through profit and loss and partially through other comprehensive income. In accounting for the change between January 1 and January 31, 2018, in addition to the deferred tax expense, the amounts recorded in other comprehensive income must also be factored in.

## (4) No capitalization of deferred taxes on loss carryforwards

Under IFRS, deferred tax assets connected with tax loss carryforwards must be capitalized if certain conditions are met. Under Swiss GAAP FER, an option is available in this regard. As allowed under Swiss GAAP FER, Von Roll has elected not to capitalize future tax savings from offsettable tax loss carryforwards and list them in the notes (Note 8d).

## (5) Cumulative exchange rate differences due to translation of foreign currency financial statements of subsidiaries and reclassification in equity

In connection with the change to Swiss GAAP FER, cumulative translation differences were reset as at January 1, 2018, respectively offset against retained earnings. The income from the sale of Mica Electrical (Luhe) Co. Ltd. in 2018 under Swiss GAAP FER therefore only contains the exchange rate difference accrued after January 1, 2018.

Further income statement effects of changing to Swiss GAAP FER are as follows:

- » Under Swiss GAAP FER, exceptional and non-operating items are shown separately. Under IFRS, such items are shown as part of earnings before interest and taxes (EBIT).
- » Swiss GAAP FER does not stipulate that profit or loss from discontinued operations be shown below earnings before interest and taxes. IFRS, in contrast, requires that it be shown separately below the earnings before interest and taxes. In the interest of transparency, Von Roll has presented profit or loss from the discontinued business unit BHU Umwelttechnik (water business) in a separate column.
- » The income statement is now organized to provide a breakdown using the nature of expense method. Under IFRS, Von Roll opted for the cost-of-sales method.

Further balance sheet effects of changing to Swiss GAAP FER are as follows:

- » Investment properties, assets under construction and undeveloped land are shown separately.
- » Intangible assets have been expanded to include internally developed intangible assets.

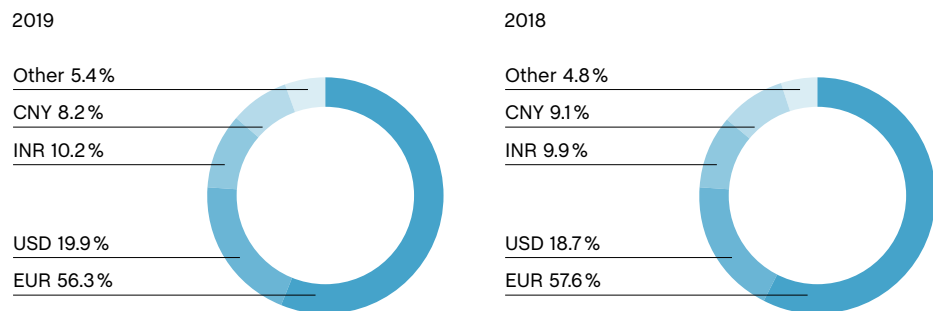
## 4. Financial risk factors

As an internationally active company, the activities of Von Roll are exposed to a variety of financial risks, namely: market risks (currency, interest rate and price risks), credit risks and liquidity risks. Company management constantly monitors and manages these risks and seeks to minimize potential adverse effects on the financial performance of Von Roll. Financial risk management is carried out within the Group according to the principles and guidelines issued by the Board of Directors and Executive Management. Risk management is monitored by Corporate Finance and continually reconciled with each operational entity.

### Foreign exchange risks

Foreign exchange risks arise when commercial transactions of a business unit are not denominated in the functional currency of the respective operation but in another currency.

Von Roll sales breakdown by currency as follows:



Due to the respective financial currency risks, Von Roll earnings would be affected by a 5% appreciation of the Swiss franc versus all other currencies as follows:

in 1,000	Currency risk Receivables (+) / liabilities (-)	Earnings after taxes (EAT)
		in TCHF at CHF +5% Profit (+) / loss (-)
Currency		
in EUR	27,782	-1,389
in USD	14,460	-723
Other currencies	-16,353	818
Total	25,890	-1,294

### Price risks

Von Roll is exposed to price risks relating to raw materials, particularly copper. To minimize this risk, the determination of sales prices is based on prevailing copper prices at the time of the transactions.

### Interest rate risks

Von Roll is exposed to interest rate risks on cash and cash equivalents and financial liabilities. The only interest-bearing assets of Von Roll are its cash and cash equivalents. These are only exposed to minor interest rate risk. As of the reporting date, the financial liabilities predominantly consist of two convertible bonds. As these have a fixed interest rate, the short-term interest rate risk for Von Roll is low. Further details on the interest rates of financial liabilities are provided in Note 18 "Financial liabilities."

Von Roll is also exposed to interest rate risk arising from pension obligations. Further details, are provided in Note 19 “Post-employment benefit obligations.”

### Credit risk

Von Roll has no significant concentration of credit risks. The management team establishes credit limits to ensure that sales of products are made to customers with an appropriate credit rating. Credit limits are continually monitored and adjusted. In addition, certain customer receivables are covered by credit insurance.

### Liquidity risk

Liquidity risk is limited by maintaining sufficient cash on hand and bank deposits as well as investments with a maturity of 90 days or less, and through the availability of sufficient credit lines.

The following tables detail the contractual residual term for Von Roll’s financial liabilities. The tables have been drawn up on the basis of undiscounted cash flows of financial liabilities based on the earliest date on which Von Roll can be obliged to pay. The tables contain interest and principal payments.

The due dates are as follows as at December 31, 2019:

in CHF 1,000	Effective interest rate	Within 1 year	1 – 5 years	Total
Convertible bond 2014 – 2020	4.0 %	6,143	–	6,143
Convertible bond 2016 – 2022	3.9 %	11	1,108	1,119
Trade payables		15,351	–	15,351
<b>Total financial liabilities</b>		<b>21,505</b>	<b>1,108</b>	<b>22,613</b>

The due dates as at December 31, 2018, had the following structure:

in CHF 1,000	Effective interest rate	Within 1 year	1 – 5 years	Total
Convertible bond 2014 – 2020	4.0 %	76	6,181	6,257
Convertible bond 2016 – 2022	3.9 %	11	1,140	1,151
Trade payables		16,785	–	16,785
Financial liabilities	1.5 %	23,056	–	23,056
<b>Total financial liabilities</b>		<b>39,928</b>	<b>7,322</b>	<b>47,250</b>

Von Roll’s capital management objective is to keep its equity base as strong as possible. The equity ratio at the end of the financial year was 71.9% (2018: 63.9%). A credit line of CHF 40.0 million that was unutilized as of the reporting date contains financial covenants on net debt and the equity ratio. All of the aforesaid financial metrics were met by December 31, 2019.

## 5. Changes in the scope of consolidation and discontinuation of business units

### 5.1 Changes in the scope of consolidation

The contract of sale for the shares held in Mica Electrical (Luhe) Co., Ltd., registered in Luhe, China, was signed on May 12, 2018. Luhe primarily served the production of mica paper and pressed mica sheets. The transaction was completed on May 22, 2018. The sale of the company's shares resulted in a loss of CHF 1.5 million, which was reported under other operating expenses. After purchase price reductions, Von Roll received cash and cash equivalents totaling CHF 8.4 million from the sale. The carrying values of the net assets sold and the cash flow from the transaction are as shown below.

in CHF 1,000	22.05.2018
Cash and cash equivalents	1,392
Trade receivables	2,759
Inventories	846
Other receivables and accrued income and prepaid expenses	348
Property, plant and equipment	4,542
Intangible assets	23
Deferred tax assets	1,950
Trade payables	- 249
Other liabilities and accruals	- 329
<b>Net assets</b>	<b>11,283</b>
Received in cash	9,830
Cash and cash equivalents sold	- 1,392
<b>Net cash flow</b>	<b>8,438</b>
Loss from the sale of Mica Electrical (Luhe) Co., Ltd.	- 1,453

### Merger of Von Roll India Pvt Ltd with Pearl Insulations Pvt Ltd

In the financial year 2019, Von Roll India Pvt Ltd, Bangalore, merged with Pearl Insulations Pvt Ltd, Bangalore.

### 5.2 Discontinued business units

As announced on February 8, 2018, the partial sale of the water business of Von Roll BHU Umwelttechnik GmbH, Germany, which had been reported as a "discontinued business unit" as at December 31, 2017, was realized in a management buyout.

This partial sale principally involved the water business in the Chinese market. The municipal drinking water business in Germany was also sold to W.E.T. Wasser, Energie, Technologie GmbH on March 16, 2018 in the scope of a further partial sale.

The sales involved the customer projects existing on the date of sale, including the associated assets and liabilities. The sale does not affect profit and loss. In the transaction, the relevant assets and liabilities were transferred to the buyer at carrying value.

The discontinued business unit generated net sales of TCHF 788 in 2018 and earnings before interest and taxes of TCHF -1,451.

## 6. Segment information

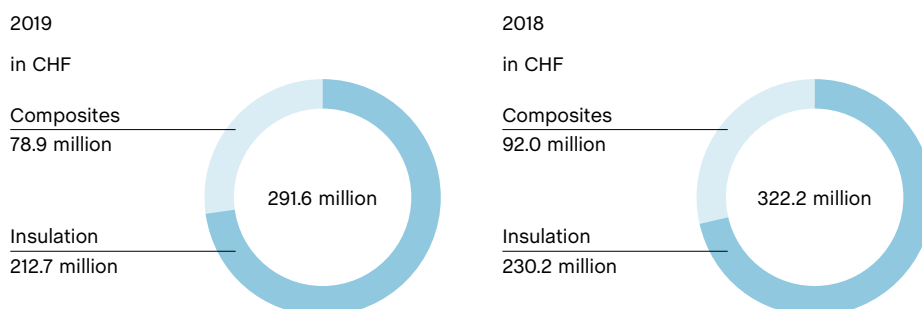
The reportable segments are determined on the basis of the relevant business management approach. External segment reporting is then carried out on the basis of the organizational and management structure within the Group as well as internal financial reporting to the Board of Directors of Von Roll Holding AG. The Board of Directors of Von Roll Holding AG is the highest governing body of Von Roll.

### Business segments

The primary operating activities of Von Roll have been organized into the two segments Von Roll Insulation and Von Roll Composites since 2014. These form the basis for segment reporting. The Von Roll business segments encompass all activities relating to production processes. The primary activities are as follows:

- » Von Roll Insulation – production and distribution of electrical insulation materials, winding wires, resins and varnishes
- » Von Roll Composites – production and distribution of composites

The information on the business segments is outlined below.



Disclosure of the financial operating results per segment has been waived, as continuing disclosure entails the risk of incurring significant competitive disadvantage. The target markets within these segments are predominantly market niches with a relatively homogeneous product range. The key competitors in the markets relevant for Von Roll either are unlisted companies or do not disclose comparable segment information.

### Geographical information by location of customer

The table below provides a breakdown of net sales by geographic market.

in CHF 1,000	2019	in %	2018	in %	Variation
EMEA	154,918	53.1 %	174,615	54.2 %	-11.3 %
America	59,679	20.5 %	59,824	18.6 %	-0.2 %
Asia	76,984	26.4 %	87,748	27.2 %	-12.3 %
<b>Von Roll</b>	<b>291,581</b>	<b>100.0 %</b>	<b>322,187</b>	<b>100.0 %</b>	<b>-9.5 %</b>

Net sales of TCHF 3,497 are included in the financial year 2018 that are attributable to the company Mica Electrical (Luhe) Co., Ltd., China, which was sold in May 2018.



## 7. Income and expenses

### a) Analysis of net sales

In the financial year net sales, adjusted for changes in the scope of consolidation, developed as follows compared with the previous year:

in CHF 1,000	2019	in %	2018	in %
<b>Net sales</b>	<b>291,581</b>	<b>100.0 %</b>	<b>322,187</b>	<b>100.0 %</b>
– Net sales Von Roll BHU Umwelttechnik GmbH, Germany	–		788	
– Net sales Mica Electrical (Luhe) Co., Ltd. (sold)	–		3,497	1.1 %
Net sales adjusted by changes in the scope of consolidation	291,581		317,902	
Total changes	– 26,321	– 8.3 %		
– Currency effects	– 5,528			
<b>Total changes adjusted for currency effects</b>	<b>– 20,793</b>	<b>– 6.5 %</b>		

### b) Other operating income

in CHF 1,000	2019	2018
Gain from sale of property, plant and equipment	561	167
Other operating income	5,492	8,178
<b>Total other operating income</b>	<b>6,053</b>	<b>8,345</b>

In the 2019 financial year, other operating income principally consists of revenue from sales of trademark rights, customer lists and emission certificates. In the 2018 financial year, other operating income primarily includes the reversal of an environmental restoration provision.

### c) Personnel expenses

in CHF 1,000	2019	2018
Wages and salaries	– 64,427	– 68,103
Pension plan and other social contributions	– 16,055	– 17,373
Agency staff	– 5,392	– 7,093
Other personnel costs	– 2,426	– 3,964
<b>Total personnel expenses</b>	<b>– 88,300</b>	<b>– 96,533</b>

The table below shows the change in number of employees (FTEs = full-time equivalents):

in CHF 1,000	2019	2018
Average number of employees	1,237	1,339
FTEs at December 31	1,203	1,264

## d) Depreciation

in CHF 1,000	2019	2018
Investment properties	- 651	- 656
Land and buildings	- 3,038	- 3,120
Technical installations and machinery	- 7,011	- 7,853
Plant and office equipment	- 1,111	- 1,409
<b>Total regular depreciation tangible fixed assets</b>	<b>- 11,811</b>	<b>- 13,038</b>
Intangible assets	- 2,251	- 2,373
<b>Total regular depreciation</b>	<b>- 14,062</b>	<b>- 15,411</b>
Appreciation of property, plant and equipment (+)	798	-
Impairments on property, plant and equipment (-)	-	- 5,551
<b>Total impairments (-) / appreciation (+)</b>	<b>798</b>	<b>- 5,551</b>
<b>Total depreciation and impairments / appreciation</b>	<b>- 13,264</b>	<b>- 20,962</b>
- Operating depreciation	- 12,613	- 20,306

## e) Other operating expenses

in CHF 1,000	2019	2018
Loss from the sale of tangible and intangibles assets	- 1,629	- 1,697
Freight expenses	- 6,262	- 6,914
Third-party services	- 3,176	- 3,536
Energy expenses	- 9,107	- 9,743
Maintenance and repair	- 8,965	- 8,469
Other expenses	- 14,117	- 17,717
<b>Total other operating expenses</b>	<b>- 43,256</b>	<b>- 48,076</b>

Other expenses consist primarily of expenditures connected with rent, insurance, patents and IT infrastructure as well as consulting fees and legal costs.

## f) Financial result

in CHF 1,000	2019	2018
Interest income	426	234
<b>Total financial income</b>	<b>426</b>	<b>234</b>
Interest expenses on bonds	- 696	- 4,838
Exchange rate losses from foreign currencies	- 1,770	- 2,504
Other financial expenses	- 321	- 350
<b>Total financial expenses</b>	<b>- 2,787</b>	<b>- 7,692</b>
<b>Total financial result</b>	<b>- 2,361</b>	<b>- 7,458</b>

### g) Non-operating result

Non-operating result includes income and expenses from investment properties.

in CHF 1,000	2019	2018
Rental income of investment properties	861	3,587
Other expenses for investment properties	-1,717	-1,426
Depreciation on investment properties	-651	-656
Result from the sale of investment properties	-12	-66
<b>Total non-operating result</b>	<b>-1,519</b>	<b>1,439</b>

The change of the result in the financial year versus the previous year was mainly the result of lost rental income from a major tenant as at December 31, 2018, in connection with which renovation-related compensation was also received in 2018.

No extraordinary income was recorded for the financial year or the preceding year.

## 8. Income taxes

### a) Income tax expenses

in CHF 1,000	2019	2018
Current income taxes	-2,209	-2,915
Deferred income taxes	-445	-383
<b>Total income taxes</b>	<b>-2,654</b>	<b>-3,298</b>

### b) Effective tax expenses of the Group

Because Von Roll has international operations, the income tax expense by the Group is dependent on many different tax laws. The income tax rate under Swiss tax laws is the income tax rate applicable for the operating Group companies officially registered at the headquarters. The fluctuation in the line item "Difference between local tax rates and Swiss tax rate" depends primarily on the distribution of earnings between the international subsidiaries and various international tax jurisdictions.

in CHF 1,000	2019	2018
Earnings after taxes (EAT)	5,915	-3,503
Average tax burden Von Roll	24.0 %	24.6 %
<b>Expected income tax expenses</b>	<b>-1,420</b>	<b>862</b>
Difference between tax rates of profitable and loss-making business units	-1,824	-1,664
Non-tax-deductible expenses	-395	-1,617
Non-taxable income	440	946
Increase in unrecognized tax losses	-1,425	-2,858
Utilization of unrecognized tax losses	1,517	3,365
Income taxes from the previous period and other effects	453	-2,332
<b>Income taxes</b>	<b>-2,654</b>	<b>-3,298</b>

The effective tax rate based on net ordinary income was 44.7% in the financial year (2018: not specified due to negative Group earnings).

### c) Deferred tax assets and liabilities

Deferred taxes are composed of temporary differences between tax values and carrying values under financial accounting for the following items:

in CHF 1,000	2019	2018
Non-current assets	435	2,287
Current assets	858	1,027
Non-current liabilities	5,791	3,638
Current liabilities	249	251
<b>Total deferred tax assets (gross)</b>	<b>7,333</b>	<b>7,203</b>
Offsetting with deferred tax liabilities	-2,684	-2,045
<b>Deferred tax assets recognized in the balance sheet</b>	<b>4,649</b>	<b>5,158</b>
Non-current assets	2,740	1,968
Current assets	65	29
Non-current liabilities	56	82
Current liabilities	99	228
<b>Total deferred tax liabilities (gross)</b>	<b>2,960</b>	<b>2,307</b>
Offsetting with deferred tax assets	-2,684	-2,045
<b>Deferred tax liabilities recognized in the balance sheet</b>	<b>276</b>	<b>262</b>
<b>Net deferred tax assets (+) / deferred tax liabilities (-)</b>	<b>4,373</b>	<b>4,896</b>

### d) Tax losses

Expiry dates for tax losses carried forward are as follows:

in CHF 1,000	31.12.2019	31.12.2018
In 1 year	59,214	25,983
In 2 years	16,102	59,360
In 3 years	236,827	16,249
In 4 years	30,425	254,151
In 5 years	36,991	35,934
In 6 years	33,681	33,921
In 7 years	61,503	31,945
In more than 8 years	40,307	11,943
No expiry date	73,214	68,372
<b>Total tax losses</b>	<b>588,264</b>	<b>537,858</b>

The previous-year figures have been adjusted to reflect the tax return figures. The loss carryforwards result in a theoretical (unrecognized) tax asset of CHF 62.6 million (2018: CHF 61.6 million).

## 9. Earnings per share

### a) Basic

	31.12.2019	31.12.2018
Earnings after taxes (EAT) attributable to shareholders in CHF 1,000	3,239	- 6,775
Weighted average number of shares outstanding	349,404,485	200,295,546
<b>Basic earnings after taxes (EAT) per share (in CHF)</b>	<b>0.0093</b>	<b>- 0.0338</b>

### b) Diluted

The convertible bonds issued on June 18, 2014, and April 11, 2016, created the possibility of a dilutive effect should conversion rights be exercised. However, because these convertible bonds are anti-dilutive, diluted Group earnings after tax per share correspond to basic Group earnings after tax per share. For further explanations and information see Note 18 “Financial liabilities.”

## 10. Trade receivables

in CHF 1,000	31.12.2019	31.12.2018
Trade receivables (gross)	49,931	52,906
Individual and general allowances	- 1,031	- 781
<b>Total trade receivables</b>	<b>48,900</b>	<b>52,125</b>

Specific valuation allowances for trade receivables are recorded based on risk experience and management estimates of default risk.

Flat-rate valuation allowances are applied as follows based on the number of days outstanding:

91 – 120 days: 10 %  
 121 – 180 days: 20 %  
 181 – 360 days: 50 %  
 over 360 days: 100 %

The ageing structure of trade receivables is as follows:

in CHF 1,000	31.12.2019	31.12.2018
Not due	34,047	43,407
Overdue less than 1 month	11,362	7,114
Between 1 and 3 month(s) overdue	2,191	1,963
Overdue between 3 and 12 months	1,517	399
Overdue more than 1 year	814	23
Bad debt allowance	- 1,031	- 781
<b>Total trade receivables</b>	<b>48,900</b>	<b>52,125</b>

## 11. Other receivables

in CHF 1,000	31.12.2019	31.12.2018
Receivables from VAT and other excise duties	6,793	7,615
Downpayments to suppliers	865	852
Other receivables	4,558	2,736
<b>Total other receivables</b>	<b>12,216</b>	<b>11,203</b>

Other receivables mainly consist of receivables from the sale of trademark rights and customer lists.

## 12. Inventories

in CHF 1,000	31.12.2019	31.12.2018
Raw materials and supplies	24,631	27,326
Work in progress and unfinished goods	5,254	6,906
Finished goods	16,206	16,726
Impairments	- 4,047	- 4,369
<b>Total inventories</b>	<b>42,044</b>	<b>46,589</b>

### 13. Property, plant and equipment

in CHF 1,000	Investment properties	Land and buildings	Undeveloped land	Technical installations and machinery	Plant and office equipment	Assets under construction	Total
<b>Cost</b>							
Balance as at January 1, 2018 IFRS	–	160,468	–	221,466	21,274	–	403,208
Change to FER	43,498	–148	148	–12,507	–	12,507	43,498
<b>Balance as at January 1, 2018 FER</b>	<b>43,498</b>	<b>160,320</b>	<b>148</b>	<b>208,959</b>	<b>21,274</b>	<b>12,507</b>	<b>446,706</b>
Additions	–	282	–	2,795	896	3,779	7,752
Disposals	–48	–451	–	–7,937	–3,432	–	–11,868
Changes in the scope of consolidation (Note 5)	–	–4,635	–	–6,004	–297	–21	–10,957
Reclassifications	–	2,609	–	12,692	1,099	–11,987	4,413
Currency effects	–	–2,895	–7	–7,527	–824	–228	–11,481
<b>Balance as at December 31, 2018</b>	<b>43,450</b>	<b>155,230</b>	<b>141</b>	<b>202,978</b>	<b>18,716</b>	<b>4,050</b>	<b>424,565</b>
Balance as at January 1, 2019	43,450	155,230	141	202,978	18,716	4,050	424,565
Additions	–	405	–	1,412	654	2,874	5,345
Disposals	–76	–2,385	–	–12,484	–2,609	–349	–17,903
Reclassifications	–	335	–	3,836	508	–4,801	–122
Currency effects	–	–1,802	–	–4,154	–274	4	–6,226
<b>Balance as at December 31, 2019</b>	<b>43,374</b>	<b>151,783</b>	<b>141</b>	<b>191,588</b>	<b>16,995</b>	<b>1,778</b>	<b>405,659</b>
<b>Accumulated depreciation</b>							
Balance as at January 1, 2018 IFRS	–	–107,962	–	–155,648	–18,145	–	–281,755
Change to FER	–37,291	62	–62	–	–	–	–37,291
<b>Balance as at January 1, 2018 FER</b>	<b>–37,291</b>	<b>–107,900</b>	<b>–62</b>	<b>–155,648</b>	<b>–18,145</b>	<b>–</b>	<b>–319,046</b>
Depreciation (Note 7d)	–656	–3,120	–	–7,853	–1,409	–	–13,038
Impairments (Note 7d)	–	–	–	–5,515	–36	–	–5,551
Disposals	–	837	–	7,117	3,410	–	11,364
Changes in the scope of consolidation (Note 5)	–	2,326	–	3,881	208	–	6,415
Reclassifications	–	366	–	–4,617	–46	–	–4,297
Currency effects	–	1,958	–	4,970	–24	–	6,904
<b>Balance as at December 31, 2018</b>	<b>–37,947</b>	<b>–105,533</b>	<b>–62</b>	<b>–157,665</b>	<b>–16,042</b>	<b>–</b>	<b>–317,249</b>
Balance as at January 1, 2019	–37,947	–105,533	–62	–157,665	–16,042	–	–317,249
Depreciation (Note 7d)	–651	–3,038	–	–7,011	–1,111	–	–11,811
Appreciation (Note 7d)	–	–	–	798	–	–	798
Disposals	63	2,091	–	11,294	2,568	–	16,016
Reclassifications	–	–	–	6	–6	–	–
Currency effects	–	1,178	–1	3,704	297	–	5,178
<b>Balance as at December 31, 2019</b>	<b>–38,535</b>	<b>–105,302</b>	<b>–63</b>	<b>–148,874</b>	<b>–14,294</b>	<b>–</b>	<b>–307,068</b>
<b>Net carrying amounts as at December 31, 2018</b>	<b>5,503</b>	<b>49,697</b>	<b>79</b>	<b>45,313</b>	<b>2,674</b>	<b>4,050</b>	<b>107,316</b>
<b>Net carrying amounts as at December 31, 2019</b>	<b>4,840</b>	<b>46,481</b>	<b>78</b>	<b>42,714</b>	<b>2,701</b>	<b>1,778</b>	<b>98,591</b>

Non-current assets on the cash-generating unit level are tested for impairment if there are indications that the carrying values may have been negatively affected by events or changed circumstances. The present values of investment properties are appraised periodically (every five years) by independent qualified experts. The last appraisal reports were prepared in December 2018. These indicate a recoverable amount of TCHF 17,270.

Impairment testing did not indicate any need to record impairments in the financial year. An impairment charge of TCHF 5,551 had been recorded in the previous year on technical systems as well as operating and office equipment. After a significant multiyear customer order was secured in the financial year, a valuation adjustment of TCHF 798 was made for a portion of the equipment.

## 14. Intangible assets

in CHF 1,000	Trademarks, licences and similar rights	Other intangible assets	Internally developed intangible assets	Total
<b>Cost</b>				
Balance as at January 1, 2018 IFRS	25,927	23,292	–	49,219
Change to FER	– 4,595	–	5,640	1,045
<b>Balance as at January 1, 2018 FER</b>	<b>21,332</b>	<b>23,292</b>	<b>5,640</b>	<b>50,264</b>
Additions	46	–	183	229
Disposals	– 184	–	–	– 184
Changes in the scope of consolidation (Note 5)	– 124	– 2,130	–	– 2,254
Reclassifications	524	– 4,895	–	– 4,371
Currency effects	– 182	– 363	–	– 545
Balance as at December 31, 2018	21,412	15,904	5,823	43,139
<b>Balance as at January 1, 2019</b>	<b>21,412</b>	<b>15,904</b>	<b>5,823</b>	<b>43,139</b>
Additions	25	–	–	25
Disposals	–	–	–	–
Reclassifications	122	–	–	122
Currency effects	– 60	– 274	3	– 331
<b>Balance as at December 31, 2019</b>	<b>21,499</b>	<b>15,630</b>	<b>5,826</b>	<b>42,955</b>
<b>Accumulated depreciation</b>				
Balance as at January 1, 2018 IFRS	– 13,477	– 22,677	–	– 36,154
Change to FER	1,134	–	– 2,022	– 888
<b>Balance as at January 1, 2018 FER</b>	<b>– 12,343</b>	<b>– 22,677</b>	<b>– 2,022</b>	<b>– 37,042</b>
Depreciation (Note 7d)	– 1,756	– 22	– 595	– 2,373
Disposals	180	–	–	180
Changes in the scope of consolidation (Note 5)	101	2,130	–	2,231
Reclassifications	–	4,895	–	4,895
Currency effects	57	261	–	318
Balance as at December 31, 2018	– 13,761	– 15,413	– 2,617	– 31,791
<b>Balance as at January 1, 2019</b>	<b>– 13,761</b>	<b>– 15,413</b>	<b>– 2,617</b>	<b>– 31,791</b>
Depreciation (Note 7d)	– 2,161	– 25	– 65	– 2,251
Reclassifications	419	–	– 419	–
Currency effects	52	253	–	305
<b>Balance as at December 31, 2019</b>	<b>– 15,451</b>	<b>– 15,185</b>	<b>– 3,101</b>	<b>– 33,737</b>
<b>Net carrying amounts as at December 31, 2018</b>	<b>7,651</b>	<b>491</b>	<b>3,206</b>	<b>11,348</b>
<b>Net carrying amounts as at December 31, 2019</b>	<b>6,048</b>	<b>445</b>	<b>2,725</b>	<b>9,218</b>

As in the previous year, impairment testing did not indicate the need to record any impairments in the financial year.



## 15. List of subsidiaries

The significant consolidated subsidiaries as at December 31, 2019 are listed as follows:

Name and registered office	Percentage investment held	Country	Share capital currency	Share capital amount (in 1,000)	Main activity
<b>EMEA</b>					
Von Roll Schweiz AG, Breitenbach	100.00 %	CH	CHF	16,000	Production and sales
Von Roll Management AG, Breitenbach	100.00 %	CH	CHF	1,500	Administration
Von Roll Umwelttechnik Holding AG, Breitenbach	97.50 %	CH	CHF	100	Holding
Von Roll Finance AG, Breitenbach	100.00 %	CH	CHF	1,000	Financing
Von Roll Insulation & Composites Holding AG, Breitenbach	100.00 %	CH	CHF	1,000	Holding
Von Roll Deutschland Holding GmbH, Augsburg	100.00 %	DE	EUR	125	Holding
Von Roll Deutschland GmbH, Augsburg	100.00 %	DE	EUR	9,000	Production and sales
Von Roll Automotive GmbH, Augsburg	100.00 %	DE	EUR	1,000	Sales
Von Roll REACH GmbH, Augsburg	100.00 %	DE	EUR	25	Administration
Von Roll France S.A., Delle	100.00 %	FR	EUR	5,925	Production and sales
Von Roll Isola France S.A., Delle	100.00 %	FR	EUR	4,928	Production and sales
Von Roll UK Ltd, Bradford <sup>1</sup>	100.00 %	GB	GBP	4,000	Production and sales
Albesiano Sisa Vernici S.r.l., Trofarello	100.00 %	IT	EUR	2,300	Production and sales
OOO Von Roll, Moscow	100.00 %	RU	RUB	10	Sales
<b>Americas</b>					
Von Roll do Brasil Ltda., Fortaleza	100.00 %	BR	BRL	22,929	Production and sales
Von Roll USA, Inc., Schenectady / New York	100.00 %	US	USD	250	Production and sales
John C. Dolph Company, Schenectady / New York	100.00 %	US	USD	434	Administration
Von Roll USA Holding, Inc., Wilmington / Delaware	100.00 %	US	USD	–	Holding
<b>Asia</b>					
Von Roll (India) Pvt Ltd., Bangalore	100.00 %	IN	INR	24,459	Production and sales
Von Roll Asia Pte Ltd., Singapore	100.00 %	SG	SGD	850	Sales
Von Roll Shanghai Co. Ltd., Shanghai	100.00 %	CN	CNY	45,714	Production and sales
Von Roll Trading (Shanghai) Co., Ltd., Shanghai	100.00 %	CN	CNY	1,000	Sales
Von Roll Hong Kong Holding Ltd., Hong Kong	100.00 %	CN	HKD	10	Holding

<sup>1</sup> Of which GBP 3.750 million paid in.

Companies count as significant if their operational or financial performance significantly impacts the financial position and the net result.

## 16. Liabilities, accrued expenses and deferred income

### a) Trade payables

Trade payables are outstanding with the following maturities:

in CHF 1,000	31.12.2019	31.12.2018
Due in less than 1 month	8,541	9,663
Due between 1 and 3 months	6,486	4,069
Due between 3 and 12 months	273	3,053
Due in more than 1 year	51	–
<b>Total trade payables</b>	<b>15,351</b>	<b>16,785</b>

### b) Other liabilities

in CHF 1,000	31.12.2019	31.12.2018
Advances from customers	3,864	4,263
VAT and other excise duties payables	571	862
Social security payables	959	1,200
Payables to employees	348	420
Other liabilities	2,695	3,701
<b>Total other liabilities</b>	<b>8,437</b>	<b>10,446</b>

Other liabilities include liabilities for insurance, services and IT infrastructure.

### c) Accrued expenses and deferred income

in CHF 1,000	31.12.2019	31.12.2018
Accruals for personnel-related costs	4,961	5,244
Other accruals	5,913	7,533
Accruals for current income taxes	1,621	1,784
<b>Total accrued expenses and deferred income</b>	<b>12,495</b>	<b>14,561</b>

Other accruals are mainly accruals for purchased goods and services.

## 17. Provisions

in CHF 1,000	Personnel-related	Environmental restoration	Contingency and commitments	Legal claims	Restructuring	Other	Total
<b>Balance as at January 1, 2018 IFRS</b>	<b>1,794</b>	<b>8,554</b>	<b>492</b>	<b>862</b>	<b>2,251</b>	<b>2,699</b>	<b>16,652</b>
Change to FER	-	-	-	-	-	224	224
<b>Balance as at January 1, 2018 FER</b>	<b>1,794</b>	<b>8,554</b>	<b>492</b>	<b>862</b>	<b>2,251</b>	<b>2,923</b>	<b>16,876</b>
Adjustment due to the change in 2018	-	-	-	-	-	227	227
Additions	106	-	597	179	2,285	812	3,979
Dissolution	-57	-3,100	-202	-	-1,134	-20	-4,513
Utilized	-36	-	-392	-71	-451	-767	-1,717
Currency effects	-52	-9	-16	-45	-42	-40	-204
<b>Balance as at December 31, 2018</b>	<b>1,755</b>	<b>5,445</b>	<b>479</b>	<b>925</b>	<b>2,909</b>	<b>3,135</b>	<b>14,648</b>
- Current	-	-	186	585	2,387	2,513	5,671
- Non-current	1,755	5,445	293	340	522	622	8,977
<b>Balance as at January 1, 2019</b>	<b>1,755</b>	<b>5,445</b>	<b>479</b>	<b>925</b>	<b>2,909</b>	<b>3,135</b>	<b>14,648</b>
Additions	476	-	606	866	-	1,718	3,666
Dissolution	-50	-	-	-	-712	-13	-775
Utilized	-396	-859	-534	-536	-1,704	-2,071	-6,100
Reclassifications	-	-	-	-	-	-	-
Currency effects	-36	13	40	-29	-16	-15	-43
<b>Balance as at December 31, 2019</b>	<b>1,749</b>	<b>4,599</b>	<b>591</b>	<b>1,226</b>	<b>477</b>	<b>2,754</b>	<b>11,396</b>
- Current	924	-	245	331	477	2,598	4,574
- Non-current	825	4,599	346	895	-	156	6,821

### a) Personnel-related

Personnel-related provisions mainly include contributions for employee anniversary benefits and partial retirement.

### b) Environmental restoration

Future requirements for Von Roll to take action in compliance with environmental laws and regulations to remediate the environmental impact of the prior storage or emission of chemical substances caused by Von Roll or third parties, as well as the associated costs, are inherently difficult to estimate. The material components of environmental provisions constitute the costs of completely cleaning and restoring contaminated sites or of treating and containing contamination at sites where the environmental exposure is less severe. The environmental provisions are reviewed and assessed regularly by Group management based on the information available at the time of the evaluation.

On the basis of an analysis and given the information currently available, Von Roll has concluded that its total environmental provision is adequate. However, given the inherent difficulties, the necessary funds and the timing of the cash flow cannot be reliably estimated.

### c) Contingency and commitments

Contingency and commitments consist mainly of provisions for customer claims, guarantees and warranties.

### d) Legal claims

Legal claims consist mainly of provisions for ongoing legal proceedings.

**e) Restructuring**

Restructuring expenses totaling TCHF 1,704 have been utilized in the financial year. An amount of TCHF 183 was reversed. These are in connection with the transfer of the activities for machining composites located in France to the production sites in Great Britain and Germany. In the future, all European composite machining activities will be pooled at our centers of excellence in Great Britain and Germany.

**f) Other**

Other provisions consist of provisions that could not be allocated to any other categories, for example take-back obligations for coils, tax disputes or obligations arising from unfavorable contracts.

**18. Financial liabilities**

in CHF 1,000	Fair value		Book value	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Convertible bonds	6,154		5,893	
Other financial liabilities	12	23,056	12	23,056
<b>Current financial liabilities</b>	<b>6,166</b>	<b>23,056</b>	<b>5,905</b>	<b>23,056</b>
Convertible bonds	1,140	7,336	1,025	6,899
Loans and other financial liabilities	10	8	10	8
<b>Non-current financial liabilities</b>	<b>1,150</b>	<b>7,344</b>	<b>1,035</b>	<b>6,907</b>
<b>Financial liabilities</b>	<b>7,316</b>	<b>30,400</b>	<b>6,940</b>	<b>29,963</b>

In the previous year, Von Roll had a fully utilized credit line of CHF 23 million. In the financial year, the credit line amounted to CHF 40 million and was not utilized.

**Convertible bonds**

A convertible bond is a compound financial instrument, into which a conversion right is embedded for the investor. Convertible bonds are split into a liability and an equity component. On initial recognition of the convertible bond, the liability and equity components were split as follows: In a first step, the fair value of the liability component was determined. This corresponds to the present value of future payments from the convertible bond (interest and nominal amount). They were discounted at an interest rate that would apply to an identical bond with no conversion right. The difference between the fair value of the liability component calculated in this manner and the nominal amount was recognized as the equity component. The issuance costs were divided pro rata between the liability and equity components. The equity component remains unchanged until bonds are converted into equity. The difference between the carrying amount of the liability component and the redemption amount will be amortized over the residual term of the convertible bond using the effective interest method. Deferred tax liabilities are recognized on the difference between the taxable value of the convertible bond and the carrying amount of the liability component at the holding tax rate and released through profit and loss over the term of the convertible bond. Any exercise of conversion rights can have a dilutive effect on the shares.

The Group has two convertible bonds outstanding:

in CHF 1,000	1.00% conv. bond 2016–22	1.25% conv. bond 2014–20
Liability component upon issue	127,695	52,816
Less proportional issue costs	– 560	– 712
Amortization of difference between liability component/ redemption amount	9,511	4,385
Conversion of bond into bearer shares	– 135,621	– 50,596
<b>Net liability component (carrying amount at balance sheet date)</b>	<b>1,025</b>	<b>5,893</b>
Open par value	<b>1,093</b>	<b>6,105</b>
Carrying amount of equity component upon issue	22,305	8,184
Less proportional issue costs	– 98	– 111
Less deferred taxes	– 1,935	– 747
<b>Net equity component upon issue</b>	<b>20,272</b>	<b>7,326</b>
Increase in equity through conversion until 2018	135,608	50,596
Increase in equity through conversion 2019	12	–
Reversal of deferred tax upon conversion	1,152	365
<b>Equity component conversions</b>	<b>136,772</b>	<b>50,961</b>
Provisions for deferred tax upon issue	1,935	756
Cumulative reversal for deferred tax in income statement	– 774	– 385
Reversal for deferred tax conversion against equity	– 1,152	– 365
<b>Deferred tax liability</b>	<b>9</b>	<b>6</b>

#### 1.00% convertible bond CHF 150,000,000 2016–2022

On April 11, 2016, Von Roll Holding AG issued an unsecured convertible bond (Swiss stock symbol: ROL16; Swiss security number: 31954490; ISIN: CH0319544901) in the amount of CHF 150 million, due in 2022. It is convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll Holding AG. The shares to be delivered upon conversion of the bond will be new shares made available from the conditional capital and, as far as necessary, from the authorized capital (see Note 20 “Equity”). The conversion price is set at CHF 1.00. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after May 2, 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days. Bonds with a nominal value of CHF 14,000 were converted during the financial year, meaning that 14,000 new bearer shares were created (2018: nominal value of CHF 148,570,000 / 148,570,000 new bearer shares). The income statement shows interest owed of TCHF 11 (2018: TCHF 428) and a further TCHF 28 (2018: TCHF 3,445) due to compounding, which equates to an effective interest rate of 3.898%.

#### 1.25% convertible bond CHF 61,000,000 2014–2020

On June 18, 2014, Von Roll Holding AG issued an unsecured convertible bond (Swiss stock symbol: ROL14; Swiss security number: 24523928; ISIN: CH0245239287) in the amount of CHF 61 million, due in 2020. It is convertible into 25,416,870 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll Holding AG. The shares to be delivered upon conversion will be made available through the provision of new shares from the conditional capital (see Note 20 “Equity”). The conversion price is set at CHF 2.40. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after July

9, 2016, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130 % or more of the conversion price over a period of 20 out of 30 consecutive trading days. No bonds were converted during the financial year (2018: bonds converted with a nominal value of CHF 14,895,000, creating 6,206,249 new bearer shares). The income statement includes interests owed of TCHF 76 (2018: TCHF 163) and expenses of TCHF 135 (2018: TCHF 531) due to compounding, which equates to an effective interest rate of 4.035%.

## 19. Post-employment benefit obligations

Von Roll has a number of employee pension plans in place in Switzerland and other countries which meet the applicable conditions for inclusion. The tables below show the economic benefits and obligations arising from these pension plans and the corresponding change in pension expense:

in CHF 1,000	Economic benefit or economic liability of the benefit plan 31.12.2018	Financial share of the Group assets (provision)		Changes in 2019		
		31.12.2019	31.12.2018	Recognized through profit or loss	Currency effects	Regular contributions 2019
Pension plan with economic benefit						
Switzerland	39,081	-	77	77	-	1,918
Pension plan with economic liability						
USA (pension plan), India	-9,375	-9,450	-9,375	75	-149	1,319
Pension plans without own assets						
Germany, Italy, France, USA (medical plan)	-16,287	-13,400	-16,287	-2,887	-381	939
<b>Total</b>	<b>13,419</b>	<b>-22,850</b>	<b>-25,585</b>	<b>-2,735</b>	<b>-530</b>	<b>4,176</b>

in CHF 1,000	Total pension costs (without currency effects)	
	Total 2019	Total 2018
Pension plan with economic benefit		
Switzerland	1,995	2,014
Pension plan with economic liability		
USA (pension plan), India	1,543	1,771
Pension plans without own assets		
Germany, Italy, France, USA (medical plan)	-1,567	-1,030
<b>Total</b>	<b>1,971</b>	<b>2,755</b>

### a) Pension plans in Switzerland

Von Roll operates three different pension plans for employees in Switzerland, two of which are the company's own pension foundations, the other being an affiliation with a collective foundation belonging to an insurance company. The company's own pension foundations have large funding surpluses.

Pension benefits are generally paid based on the pension account balance, which grows through annual pension credits and interest. At the point of entering pension, the insured members can choose whether to take lifelong pension benefits or a lump-sum payment. In addition to pension benefits, the plan also includes disability and death benefits. On leaving the company, the vested termination benefits will be transferred to the pension institution of the new employer or to a vested benefits institution.

When defining the benefits, the minimum requirements of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG) and its implementing provisions must be observed.

### b) Pension plans in the USA

Von Roll operates a pension plan and a medical plan in the USA.

The pension plan is financed through an employer trust and employee contributions. At the point of entering pension, payment occurs in the form of lifelong pension benefits. The insured member can also opt for a lump-sum payment. Legal minimum funding requirements apply for this plan. This pension plan is principally funded by its own assets but exhibits a deficit.

The medical plan makes it possible for participants to receive, from age 60 to 65, the same benefits they would receive as employees. This plan is not funded through assets of its own.

### c) Other pension plans

In Germany, the Group operates different company pension plans. These plans are based on different regulations and agreements between the employer and employees. Individual agreements apply to certain executive employees. The most significant pension plans are funded directly by the employer and not by their own assets. The plans are regulated by the German Occupational Retirement Act (“Betriebsrentengesetz”).

Further plans exist in France, India and Italy. These plans are based on local legal requirements. The benefits of these plans are usually distributed as a one-time lump-sum payment.

## 20. Equity

	Number of shares		in CHF 1,000	
	2019	2019	2018	2018
<b>Share capital</b>				
Balance as at January 1	356,544,804	35,654	201,768,555	20,177
Conversion of convertible bond	14,000	1	154,776,249	15,477
<b>Balance as at December 31</b>	<b>356,558,804</b>	<b>35,655</b>	<b>356,544,804</b>	<b>35,654</b>
<b>Treasury shares</b>				
Balance as at January 1	7,057,464	35,281	7,014,048	40,658
Purchase/sale of treasury shares	124,000	- 3,369	43,416	- 5,377
<b>Balance as at December 31</b>	<b>7,181,464</b>	<b>31,912</b>	<b>7,057,464</b>	<b>35,281</b>

### Share capital

The share capital is divided into 356,558,804 bearer shares with a nominal value of CHF 0.10 per share. In the financial year, the share capital was increased by a nominal value of TCHF 1 (2018: TCHF 15,478) through the conversion of convertible bonds. The amount by which the carrying amount of the pro rata liability component exceeds the nominal value of the new shares was credited to capital reserves (see Note 18 “Financial liabilities”).



## Treasury shares

As at December 31, 2019, Von Roll holds 7,181,464 (2018: 7,057,464) treasury shares. This represents a shareholding of 2.01% (2018: 1.98%) of the share capital issued.

	2019		2018	
	Numbers	in TCHF	Numbers	in TCHF
As at January 1	7,057,464	35,281	7,014,048	40,657
Purchases	1,115,957	1,305	1,359,358	1,691
Sales	- 991,957	- 4,674	- 1,315,942	- 7,067
<b>As at December 31</b>	<b>7,181,464</b>	<b>31,912</b>	<b>7,057,464</b>	<b>35,281</b>

During the financial year, 1,115,957 treasury shares with an average transaction value of CHF 1.17 were purchased on the stock exchange and 991,957 treasury shares with an average transaction value of CHF 1.18 were sold on the stock exchange.

## Conditional capital

The Annual General Meeting on April 24, 2018, increased the existing conditional capital, with a maximum value of TCHF 7,540 as at December 31, 2017, by TCHF 2,548 to a maximum of TCHF 10,088. Through the conversion of the 1.00% convertible bond CHF 150,000,000 2016 – 2022 in the financial year (see Note 18 “Financial liabilities”), the amount of conditional capital was reduced by TCHF 1 to a maximum limit of TCHF 364 in the financial year.

The Board of Directors is entitled to increase the company’s share capital by a maximum of TCHF 364 by issuing up to 3,636,770 fully paid-up bearer shares to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. This represents 1.02% of the existing share capital. The holders of conversion rights at that time are entitled to acquire the new shares.

Further explanation of the capital structure is found in section 2 of the chapter on corporate governance. The exact provisions are specified in Section 2 Article 5b of the Articles of Association, which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/).

## Authorized capital

The Articles of Association of Von Roll Holding AG permit the Board of Directors to increase the share capital as a component of the authorized capital by up to CHF 2,245,725.80, which corresponds to a maximum of 22,457,258 fully paid-up bearer shares, each with a nominal value of CHF 0.10. This remained unchanged during the financial year.

Further explanation of the capital structure is found in section 2 of the chapter on corporate governance. The exact provisions are specified in Section 2 Article 5b of the Articles of Association, which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/).

## Composition of the major shareholders

The composition of the major shareholders is presented in the notes to the statutory financial statements of Von Roll Holding AG.

## 21. Obligations and contingent liabilities

### a) Guarantees and warranties

As at December 31, 2019, guarantee obligations and warranties totaled TCHF 844 (2018: TCHF 1,092).

### b) Leasing

The obligations incurred for non-cancelable operating leases are stated as at December 31, with the following maturities:

in CHF 1,000	31.12.2019	31.12.2018
Within 1 year	376	312
In 2 – 5 years	279	705
<b>Total lease commitments of future minimum lease payments</b>	<b>655</b>	<b>1,017</b>

## 22. Pledged assets

Buildings and land have been pledged in the amount of CHF 43.0 million to secure the CHF 40.0 million credit line, which had not been utilized as of the reporting date. In the previous year, land and buildings were pledged in the amount of CHF 44.8 million.

## 23. Related party transactions

Related companies and persons include associated companies and persons holding voting rights, either directly or indirectly, who could exercise a decisive influence on company management, as well as their closest relatives, Group managers and their relative and companies subject to uniform management or decisive influence by the cited persons.

No loans, advances or guarantee obligations were granted to members of the Board of Directors and/or Executive Management or major shareholders of Von Roll Holding AG. Members of the Board of Directors, members of management and their respective related parties held 52,797,233 shares of Von Roll Holding AG as at December 31, 2019 (2018: 52,797,233). For detailed information, please refer to the notes to the statutory financial statements of Von Roll Holding AG.

## 24. Events after the balance sheet date

There were no significant events between the balance sheet date and the approval of the report by the Board of Directors.

## 25. Authorization of the consolidated financial statements

The Board of Directors approved the consolidated financial statements for publication on March 2, 2020. They will be recommended for approval at the Annual General Meeting on April 30, 2020.

# Statutory Auditor's Report

To the General Meeting of  
VON ROLL HOLDING AG, BREITENBACH

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Von Roll Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2019, and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows 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 38 – 72) give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and its consolidated results of operations 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.

### 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 judgment, 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.

---

## Change of accounting standard from IFRS to Swiss GAAP FER

---

### Key audit matter

According to the resolution at its meeting on August 20, 2019, the Board of Directors decided to change the accounting standard for the preparation of the consolidated financial statements of Von Roll Holding AG from IFRS to Swiss GAAP FER. The conversion was completed as at December 31, 2019, and as such the comparative figures as at December 31, 2018, are also presented in accordance with Swiss GAAP FER. As the change of the accounting standard is a one-off transaction, there is the risk that the first-time adoption guidelines of Swiss GAAP FER regarding disclosures and supplementary explanations are not correct or complete.

In the first-time adoption of Swiss GAAP FER, there are adjustments, which are mandatory to convert from IFRS to Swiss GAAP FER; however, there are also options, which can be chosen. We deem the transition from IFRS to Swiss GAAP FER considering the required adjustments, the options and the necessary disclosures to be a key audit matter. In this context, we refer to Notes 2 and 3, which describe the main adjustments and selected options.

### How the scope of our audit responded to the key audit matter

We performed the following audit procedures in order to evaluate the adjustments made, the options selected and the correct and complete initial application and disclosures of Swiss GAAP FER:

- » Tested, if the required adjustments made by management are complete, in accordance with Swiss GAAP FER and that they were appropriately reflected in the opening balance as at January 1, 2018.
- » Verified, if the options selected are sufficiently disclosed in the consolidated financial statements and applied in accordance with Swiss GAAP FER.
- » Verified, if the required disclosures in accordance with Swiss GAAP FER are complete; in particular if the provisions of FER 30 (consolidated financial statements) and FER 31 (complementary recommendation for listed companies, including the first-time adoption of Swiss GAAP FER) are completely and correctly applied.

### Responsibility 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.


A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### 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.

DELOITTE AG



Patrick Fawer  
Licensed Audit Expert  
Auditor in Charge



Thomas Dettwiler  
Licensed Audit Expert

Zurich, March 2, 2020

## Income statement of Von Roll Holding AG for the year 2019

in CHF 1,000	Note	2019	2018
Operating income	3	1,690	1,717
Personnel expense		-1,271	-1,545
Operating expense	3	-8,259	-13,489
<b>Net operating result</b>		<b>-7,840</b>	<b>-13,317</b>
Impairment on investments held		-30,555	-574
Income from investment		-	125
Other financial income		2,643	1,305
Other financial expense		-1,871	-1,023
<b>Net operating result before taxes</b>		<b>-37,623</b>	<b>-13,484</b>
Extraordinary income	4	-	3,100
<b>Result before taxes</b>		<b>-37,623</b>	<b>-10,384</b>
Income taxes		-39	-39
<b>Result after taxes</b>		<b>-37,662</b>	<b>-10,423</b>

## Balance sheet of Von Roll Holding AG as at December 31, 2019

### Assets

in CHF 1,000	Note	31.12.2019	31.12.2018
<b>Current assets</b>			
Cash and cash equivalents	5	10,105	20,324
Receivables from Group companies		3,539	2,818
Receivables from third parties		614	471
Accrued income and prepaid expenses		55	27
<b>Total current assets</b>		<b>14,313</b>	<b>23,640</b>
<b>Non-current assets</b>			
Loans with Group companies		55,157	63,409
Securities		270	270
Investments in Group companies	6	214,131	260,687
<b>Total non-current assets</b>		<b>269,558</b>	<b>324,366</b>
<b>Total assets</b>		<b>283,871</b>	<b>348,005</b>

### Equity and liabilities

in CHF 1,000	Note	31.12.2019	31.12.2018
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables to Group companies		6,443	29,209
Payables to third parties		254	435
Current financial liabilities	7	6,105	2,000
Provisions	8	533	513
Accrued expenses and deferred income		806	2,312
<b>Total current liabilities</b>		<b>14,141</b>	<b>34,469</b>
<b>Non-current liabilities</b>			
Financial liabilities	7	1,093	7,212
Provisions	8	4,597	4,597
<b>Total non-current liabilities</b>		<b>5,690</b>	<b>11,809</b>
<b>Total liabilities</b>		<b>19,831</b>	<b>46,278</b>
<b>Equity</b>			
Share capital	9	35,655	35,654
Statutory capital reserves			
– General legal reserves (from capital contribution)		60,102	60,102
– Capital contribution reserves		470,562	470,550
Statutory retained earnings			
– General legal reserves		11,124	11,124
Voluntary capital reserves			
– General reserves		3,490	3,490
Net loss (-) / profit (+)			
– Accumulated loss (-) / profit (+)		- 270,163	- 259,740
– Result after tax		- 37,662	- 10,423
Treasury shares	9	- 9,068	- 9,030
<b>Total equity</b>		<b>264,040</b>	<b>301,727</b>
<b>Total equity and liabilities</b>		<b>283,871</b>	<b>348,005</b>

# Notes to the statutory financial statements 2019 of Von Roll Holding AG

## 1. Introduction

The statutory financial statements of Von Roll Holding AG, with registered office in Breitenbach, Switzerland, comply with the provisions of Swiss accounting law under the Swiss Code of Obligations (CO).

Von Roll Holding AG prepares consolidated financial statements in accordance with SWISS GAAP FER. Therefore, these financial statements and their notes do not contain any additional disclosures or a cash flow statement or management report.

## 2. Accounting policies

### Investments in Group companies

Investments in Group companies are reported at acquisition cost minus valuation adjustments.

### Financial liabilities

Financial liabilities are included in the balance sheet at their nominal value. Financial liabilities are described in Note 7.

### Treasury shares

Treasury shares are reported at cost at the time of acquisition as negative items in equity and are not valued subsequently. If they are disposed of at a later date, the resulting gain or loss is recognized in the income statement.

## 3. Operating income and operating expense

The operating income in the financial year consists largely of Group-internal invoicing. The operating expenses in the financial year consist mainly of Group-internal invoicing of CHF 5.7 million (2018: CHF 9.2 million). Included in the financial year 2018 are issuance costs in connection with the conversion of convertible bonds in the amount of CHF 1.6 million.

## 4. Extraordinary income and extraordinary expense

There was no extraordinary income in the financial year. The extraordinary income in 2018 comprises the release of the environmental provision for two sites formerly owned by Von Roll. As the reasons for recognizing a provision became invalid in 2018, management released the existing provisions for these sites of CHF 3.1 million to income.

No extraordinary expenses were incurred in the financial year or in the previous year, although value adjustments on investments are now shown as a separate item in the income statement. Consequently, a reclassification was made in the income statement for the financial year 2018.



## 5. Cash and cash equivalents

Cash and cash equivalents are held in the following currencies:

in CHF 1,000	31.12.2019	31.12.2018
CHF	322	8,607
EUR	630	2,470
GBP	–	571
USD	9,153	8,676
<b>Total</b>	<b>10,105</b>	<b>20,324</b>

## 6. Investments in Group companies

Name and registered office	Share capital currency	Share capital amount (in 1,000)		Capital and voting rights (in %)	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Von Roll Management AG, Breitenbach (CH)	CHF	1,500	1,500	100.00 %	100.00 %
Von Roll Umwelttechnik Holding AG, Breitenbach (CH)	CHF	100	100	97.50 %	97.50 %
Von Roll Finance AG, Breitenbach (CH)	CHF	1,000	1,000	100.00 %	100.00 %
Von Roll Insulation & Composites Holding AG, Breitenbach (CH)	CHF	1,000	1,000	100.00 %	100.00 %
Von Roll Solar AG in Liquidation, Breitenbach (CH)	CHF	180	180	95.00 %	95.00 %
Von Roll Deutschland Holding GmbH, Augsburg (DE)	EUR	125	125	20.00 %	20.00 %
Von Roll Schweiz AG, Breitenbach (CH)	CHF	16,000	16,000	100.00 %	100.00 %
OOO Von Roll, Moscow (RU)	RUB	10	10	20.00 %	20.00 %
Von Roll (India) Pvt. Ltd, Bangalore (IN)	INR	24,459	–	31.87 %	0.00 %
Pearl Insulations Pvt. Ltd, Bangalore (IN)	INR	–	23,126	0.00 %	36.75 %

## 7. Financial liabilities

### 1.00% convertible bond CHF 150,000,000 2016 – 2022

On April 11, 2016, Von Roll Holding AG issued an unsecured convertible bond (Swiss stock symbol: ROL16; Swiss security number: 31954490; ISIN: CH0319544901) in the amount of CHF 150 million, due in 2022. This bond is convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll. The shares to be delivered upon conversion will be made available through the provision of new shares from the conditional capital and, as far as necessary, from the authorized capital.

The conversion price is set at CHF 1.00. The offering and redemption prices are set at 100% each. The convertible bond carries a coupon rate of 1.00% per annum, payable annually in arrears. Existing shareholders have been granted subscription rights to subscribe for the convertible bond in proportion to their current shareholding. Through the conversion of the convertible bond, one new share is created for one existing share. Accordingly, based on an issue total of CHF 150 million, each shareholder had the right to purchase a bond of CHF 1,000 nominal amount for every 1,185 shares held on March 22, 2016, at close of trading.

Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after May 2, 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days.

Bonds with a nominal value of CHF 14,000 in total were converted during the financial year, meaning that 14,000 new bearer shares were created (2018: nominal value of CHF 148,570,000/148,570,000 new bearer shares).

### 1.25% convertible bond CHF 61,000,000 2014 – 2020

On June 18, 2014, Von Roll Holding AG issued an unsecured convertible bond (Swiss stock symbol: ROL14; Swiss security number: 24523928; ISIN: CH0245239287) in the amount of CHF 61 million, due in 2020. It is convertible into 25,416,870 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll Holding AG. The shares to be delivered upon conversion will be made available through the provision of new shares from the conditional capital.

The conversion price is set at CHF 2.40. The offering and redemption prices are set at 100% each. The convertible bond carries a coupon rate of 1.25% per annum, payable annually in arrears. Existing shareholders have been granted subscription rights to subscribe for the convertible bond in proportion to their current shareholding. Through the conversion of the convertible bond, one new share is created for seven existing shares. Accordingly, based on an issue total of CHF 61 million, each shareholder had the right to purchase a bond with a nominal amount of CHF 1,000 for every 2,913 shares held on June 2, 2014, prior to the start of trading. Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after July 9, 2016, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days.

No bonds were converted during the financial year (2018: nominal value of CHF 14,895,000/6,206,249 new bearer shares).

## 8. Provisions

The provisions include mainly provisions for environmental restoration. Current provisions amount to TCHF 533 (2018: TCHF 514) and the content remains unchanged. Non-current provisions remain the same as the previous year (2018: CHF 4.6 million).

## 9. Equity and treasury shares

	31.12.2019	31.12.2018
Number of issued shares	356,558,804	356,544,804
Nominal value in CHF	0.10	0.10
<b>Share capital in CHF</b>	<b>35,655,880</b>	<b>35,654,480</b>

### Share capital

The share capital is divided into 356,558,804 bearer shares with a nominal value of CHF 0.10 per share.

In the financial year, the share capital was increased by a nominal value of TCHF 1 (2018: TCHF 15,478). The amount by which the carrying amount of the pro rata liability component exceeds the nominal value of the new shares was credited to capital reserves.

### Treasury shares

As at December 31, 2019, Von Roll Holding AG holds 7,181,464 (2018: 7,057,464) treasury shares. This represents a shareholding of 2.01% (2018: 1.98%) of the share capital issued.

As of the reporting date, Von Roll Holding AG holds 7,181,464 treasury shares (2018: 7,057,464), valued at a price of CHF 1.26 (2018: CHF 1.28). During the financial year Von Roll Holding AG acquired 1,115,957 (2018: 1,359,358) treasury shares at an average price of CHF 1.17 per share (2018: CHF 1.29). The highest price for the purchased shares was CHF 1.37 (2018: CHF 1.46). The lowest price at which treasury shares were acquired was CHF 0.83 (2018: CHF 1.00). In 2019, 991,957 (2018: 1,315,942) treasury shares were sold at an average price of CHF 1.18 per share (2018: CHF 1.29). This figure includes sales at the highest price of CHF 1.37 (2018: CHF 1.48) and the lowest price of CHF 0.85 (2018: CHF 1.03).

### Conditional capital

The Annual General Meeting on April 24, 2018, increased the existing conditional capital, with a maximum value of TCHF 7,540 as at December 31, 2017, by TCHF 2,548 to a maximum of TCHF 10,088. As a result of the conversion of the 1.00% convertible bond CHF 150,000,000 2016–2022 in the 2018 financial year, the conditional capital was reduced to TCHF 365 as at December 31, 2018. Through the conversion of the 1.00% convertible bond CHF 150,000,000 2016–2022 in the financial year, the amount of conditional capital was reduced by TCHF 1 to a maximum limit of TCHF 364 in the financial year.

The Board of Directors is thus entitled to increase the company's share capital by up to TCHF 364 by issuing a maximum of 3,636,770 fully paid-up bearer shares, to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. This represents 1.02% of the existing share capital. The holders of conversion rights at that time are entitled to acquire the new shares.

Further explanation of the capital structure is found in section 2 of the chapter on corporate governance.

The exact provisions are specified in Section 2 Article 5a of the Articles of Association, which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/).

### Authorized capital

The Articles of Association of Von Roll Holding AG permit the Board of Directors to increase the share capital as a component of the authorized capital by up to CHF 2,245,725.80, which corresponds to a maximum of 22,457,258 fully paid-up bearer shares, each with a nominal value of CHF 0.10. This remained unchanged during the financial year.

Further explanation of the capital structure is found in section 2 of the chapter on corporate governance.

The exact provisions are specified in Section 2 Article 5b of the Articles of Association, which can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/).

## 10. Major shareholders (Art. 663c CO)

As at November 20, 2008, the von Finck group of shareholders (comprising August von Finck, Francine von Finck, August François von Finck, Maximilian von Finck and Maria Theresia von Finck, together with Von Roll Holding AG [treasury shares]) declared a shareholding of 66.75%, which corresponds to 123,334,009 bearer shares (out of a total of 184,778,889 bearer shares issued as at November 20, 2008).

There were no disclosure notifications regarding shareholdings of other significant shareholders or groups of shareholders in the financial year. For details about disclosure notifications, please refer to the SIX Swiss Exchange website at: [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

## 11. Contingent liabilities to third parties

in CHF 1,000	31.12.2019	31.12.2018
Guarantees	546	983

## 12. Disclosures relating to the Board of Directors and management

Board of Directors and management remuneration are shown in the Remuneration Report.

On December 31, members of the Board of Directors, members of the management team and parties related to them held the following bearer shares:

Number	31.12.2019	31.12.2018
Dr. Peter Kalantzis Chairman of the Board of Directors	1,333	1,333
Guido Egli Vice-Chairman of the Board of Directors	1,067	1,067
Gerd Amtstätter Member of the Board of Directors	466,667	466,667
August François von Finck Member of the Board of Directors	46,328,166	46,328,166
Dr. Christian Hennerkes Delegate of the Board of Directors	3,600,000	3,600,000
Artur Lust CFO	2,400,000	2,400,000
<b>Total</b>	<b>52,797,233</b>	<b>52,797,233</b>

As at December 31, 2019, and December 31, 2018, no convertible bonds of Von Roll Holding AG were held by the Board of Directors or the above-mentioned management.

## 13. Further information

### Full-time positions

In the financial year, as in the previous year, less than 10 members of staff were employed by Von Roll Holding AG.

### Events after the balance sheet date

There were no significant events between the balance sheet date and the approval of the report by the Board of Directors.

## Appropriation of available earnings

in CHF 1,000	31.12.2019	31.12.2018
Accumulated loss (-) / profit (+)	- 270,163	- 259,740
Result after tax	- 37,662	- 10,423
<b>Net loss</b>	<b>- 307,825</b>	<b>- 270,163</b>
Balance to be carried forward	- 307,825	- 270,163

After the appropriation of available earnings, the equity is composed as follows:

in CHF 1,000	31.12.2019	31.12.2018
Share capital	35,655	35,654
General legal reserves (from capital contribution)	60,102	60,102
Capital contribution reserves	470,562	470,550
Statutory retained earnings	11,124	11,124
Voluntary capital reserves	3,490	3,490
Accumulated loss	- 307,825	- 270,163
Treasury shares	- 9,068	- 9,030
<b>Total equity</b>	<b>264,040</b>	<b>301,727</b>

Breitenbach, March 2, 2020

Von Roll Holding AG  
For the Board of Directors:

*P. Kalantzis*

Dr. Peter Kalantzis  
Chairman of the Board of Directors

# Statutory Auditor's Report

To the General Meeting of  
VON ROLL HOLDING AG, BREITENBACH

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Von Roll Holding AG, which comprise the balance sheet as at December 31, 2019, and the income statement and notes for the year then ended.

In our opinion the accompanying financial statements as at December 31, 2019 (pages 76 – 83) 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.

### 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 judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Responsibility 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.

### Report on Other Legal and Regulatory Requirements

#### 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

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.

DELOITTE AG



Patrick Fawer  
Licensed Audit Expert  
Auditor in Charge



Thomas Dettwiler  
Licensed Audit Expert

Zurich, March 2, 2020



# Financial glossary

## Cash flow from operating activities

EBITDA less gains/losses on the disposal of fixed assets, changes in non-current provisions, and changes in current assets and liabilities plus income taxes paid.

## Cash flow from financing activities

Cash flow from equity contributions minus payments to owners plus cash flow from raising financial liabilities minus repayments of financial liabilities.

## Cash flow from investing activities

Cash flow for investments and loans plus revenue from the disposal of fixed assets.

## EAT

Earnings after taxes.

## EBT

Earnings before taxes.

## EBIT

Earnings before interest and taxes.

## EBITDA

Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets.

## EBIT margin

Ratio of EBIT to sales.

## EPS (earnings per share)

Earnings after taxes, divided by the average weighted number of outstanding shares.

## Equity ratio

Percentage share of equity to total capital.

## Gross margin

Percentage share of gross profit (sales less cost of goods sold) to total sales.

## Market capitalization

Share price multiplied by the total number of shares.

## Net cash position

Cash and cash equivalents less interest-bearing financial liabilities.

## Net Debt-to-EBITDA ratio

Ratio of net debt to EBITDA.

## Net sales

Revenue from the sale of products and/or services after deducting reductions in earnings.

# Product glossary

## Alternating current

A flow of electrical current whose strength and direction change periodically. Abbreviated to AC.

## Ampere

Unit of electrical current, named after the French physicist André-Marie Ampère (1775 – 1820).

## Baekeland

Leo Hendrik Baekeland was a Belgian chemist who invented Bakelite, the thermosetting plastic based on phenol resin, in the early 20th century, thus laying the foundation for the production of the first composites (sheets, tubes and molded parts) by Von Roll a few years later.

## Composite

A combination of two or more materials that have different properties than their individual components. For fiber composites, glass or carbon fibers, for example, are embedded in a matrix such as resin.

## Direct current (DC)

A flow of electrical current whose strength and direction do not change. It is generated in galvanic solar or fuel cells or produced from alternating current by means of a commutator, and is used in electronics, galvanization and in the supply of energy to railway systems.

## Duroplasts

Duroplasts, also called duromers, are plastics that can no longer be molded after hardening. Duroplasts are hard, glasslike polymer materials that are linked in a rigid 3D structure by chemical primary valency bonds. The bonds are created when preliminary products chemically react with molecular chains through the application of heat or pressure, usually with the help of catalysts.

## Electrical generators

An electrical generator (from the Latin “generare”: to beget, produce) is an electrical machine that converts kinetic energy or rotational energy into electrical energy and is therefore the reverse of the principle of the electric motor, which converts electrical energy into kinetic energy.

## FST (fire, smoke and toxicity)

Fire, smoke and toxicity (FST) properties play an important role in the design and manufacture of cabin interior components. FST-tested insulation products and filler materials meet industry standards for fire resistance, flammability, smoke density and toxicity for aircraft interior applications.

## High-voltage current

High-voltage current is used for regional and nationwide electrical power transmission. The voltage level is defined as being between 60 and 150 kV, but the most common is 110 kV. In contrast, rotating high-voltage machines such as motors and generators normally use between 1 and 30 kV.

## High-voltage insulation

The HV Insulation (high-voltage) area comprises all operational activities of Von Roll that focus on applications in the high-voltage field. The main markets include large industrial drives, power generation and railway technology.

## Insulation

Insulation refers to the process of keeping two things separate or isolating them. The verb “isolate” derives from the French “isoler.” In electrical engineering, insulation is used to protect the live components against contact, short circuits and unwanted residual current.

## Iodine

A chemical element, often used as a catalyst in chemical reactions such as polymerization.

## Laminate

A laminate (from the Latin “lamina”, or layer) is a multilayer duroplastic material made by compressing and sticking together at least two layers of the same or different materials. Joining the materials can complement the properties of the individual constituents.

## Low-voltage current

Used for local power supply. Defined as up to 1,000 volts (1 kV), but normally 230 to 400 volts.

**Low-voltage insulation**

The LV Insulation (low-voltage) area comprises all operational activities of Von Roll that focus on low-voltage applications. The main markets include all electrical and electronic applications that operate on low voltage.

**Mica**

The term “mica” covers a group of sheet silicates whose properties make them especially suitable for use in high-voltage insulation materials, particularly the minerals muscovite and phlogopite belonging to the mica group. Their more noteworthy properties include high levels of electrical, heat and chemical resistance. Mica is resistant to the corona discharge invariably associated with high-voltage equipment. The English term “mica” is derived from the Latin “micare”, meaning to sparkle or shine.

**Motor**

A motor (from the Latin “motor”, or mover) is a device that performs mechanical work by converting thermal, chemical, electrical or other forms of energy. Motors normally rotate a shaft that drives machines, tools and means of transport.

**Prepreg**

Short for preimpregnated. A combination of glass fiber mat or glass fiber filament fabric, nonwoven material or roving with resin, usually cured to the B-stage, ready for molding.

**Primary energy**

Primary energy is an unconverted energy form that produces electricity and heat. Examples include oil, coal, natural gas and hydroelectric power.

**Quality assurance**

In today’s industrial companies, the quality of manufactured products is guaranteed through quality assurance systems and periodically checked using ISO certification (e.g. ISO 9001, ISO 14001).

**Rotational energy**

Rotational energy is the kinetic energy of a rigid body – such as a wind turbine – rotating on a fixed axis. This energy depends on the body’s moment of inertia and its angular velocity. Wind turbine generators use rotational energy to produce electric current in the stator coils through electromagnetic induction.

**Stator**

A stator is the stationary part of a machine, for example in an electric motor, generator, hydromotor or pump. It often also serves as the housing, and in the case of electric motors and generators, consists primarily of sheet steel and the stator coils.

**Surface resistance**

The voltage required to cause a specific current to flow across the surface of a material. This is an important parameter for the surface leakage resistance and anti-static properties of materials used to make printed circuits (soldering and assembly frames).

**Traction motor**

A traction motor is an electric motor that drives a rail-borne vehicle. It is usually housed in the chassis and connected to the wheel axle via a reduction gear.

**Underwriters Laboratories (UL)**

US organization, founded over 100 years ago, that inspects and certifies products for their usage properties and safety.

**Volt**

Unit of electromotive force named after the Italian physicist Alessandro Volta (1745–1827), the inventor of the battery.

**Xenon**

A chemical element and noble gas used in gas discharge lamps, for example in car headlights.

**Yttrium**

A chemical element and rare earth metal. It plays an important role in ceramic high-temperature superconductors.

## Our product portfolio

We Enable Energy – As one of Switzerland's longest-established industrial companies, Von Roll focuses on products and systems for electrical power generation, power transmission and industrial applications.

Von Roll's portfolio is divided into the following businesses:



### **Mica**

Mica is a base material for high-voltage insulation. Von Roll's commitment to mica is extensive and covers all stages in the manufacturing process.



### **Wires**

Insulated round, flat and litz wires for high- and low-voltage markets and electronic applications.



### **Cables**

Mica tapes for fire-resistant cables. Von Roll provides a wide range of products that are ideally suited to all commonly used standards.



### **Resins**

Impregnation and potting resins as well as encapsulating and conformal coatings for high- and low-voltage applications.



### **Flexibles**

Insulating flexible materials suited for low-voltage applications such as flexible laminates.

Von Roll Insulation offers electrical insulation products, systems and services for generators, high- and low-voltage motors, transformers and other applications.

Von Roll Composites produces composite materials and machined parts for numerous branches of industry.



### **Composites**

Engineered materials made from a resin and a support structure with distinct physical, thermal and electrical properties. They can be molded, machined or semi-finished.



### **Defense & security**

High-quality systems for security and protection based on thermoset/thermoplastic products in single use or tailored combinations.



### **Testing**

Von Roll provides electrical, thermal and mechanical testing of individual materials as well as complete insulating systems in accordance with UL and IEC standards.



### **Training**

The Von Roll Insulation Training program provides training in high- and low-voltage insulation to its customers.

# Five-year overview

in CHF 1,000	2019	2018	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>
Order intake	296,944	335,890	336,141	326,869	356,603
Net Sales	291,581	321,387	332,357	319,192	354,806
Number of employees (FTE)	1,203	1,264	1,536	1,703	2,002
EBITDA from continuing operations	21,540	24,918	20,415	4,119	-6,051
Depreciation, amortisation and impairments	-13,264	-20,962	-15,940	-21,448	-16,984
Operating profit (EBIT)	9,795	2,517	4,475	-17,329	-23,035
Group profit after taxes (EAT)	3,261	-6,801	-4,771	-30,290	-34,875
Geldfluss aus Betriebstätigkeit	12,625	18,573	5,307	-10,453	-14,359
Capital expenditures	5,370	7,798	9,258	27,674	29,499
Total current assets	160,901	183,984	174,267	138,280	217,540
Total assets	276,762	310,792	379,561	370,043	412,093
Current liabilities	46,762	70,519	68,696	70,632	227,593
Non-current liabilities	30,982	41,731	203,714	202,424	112,502
Equity	199,018	198,542	107,151	96,987	71,998
Equity ratio (%)	71.9 %	63.9 %	28.0 %	26.0 %	18.0 %
Number of issued shares	356,558,804	356,544,804	201,768,555	201,445,555	184,778,889
EBITDA per share <sup>2</sup>	0.06	0.12	0.10	0.02	-0.03
EBIT per share <sup>3</sup>	0.03	0.01	0.02	-0.10	-0.13
Cash flow from operating activities per share <sup>4</sup>	0.04	0.09	0.03	-0.06	-0.08
Equity per share (CHF) <sup>5</sup>	0.57	0.99	0.55	0.54	0.41
Dividends per share (CHF)	-	-	-	-	-

- 1 Since 2019, the consolidated financial statements have been prepared in accordance with Swiss GAAP FER. The 2018 figures have been adjusted accordingly. The years 2017, 2016 and 2015 are presented according to IFRS.
- 2 EBITDA/weighted average number of shares outstanding
- 3 EBIT/weighted average number of shares outstanding
- 4 Cash flow from operating activities/weighted average number of shares outstanding
- 5 Consolidated equity/weighted average number of shares outstanding

## Listing information

[[TAB\_IR\_1]]

Stock exchange listing	SIX Swiss Exchange Symbol: ROL
Security number	324.535
ISIN	CH0003245351
Reuters	ROL.S
Bloomberg	ROL SW

## Stock market data

[[TAB\_IR\_2]]

in CHF

	2019
Number of issued shares	356,558,804
Price high (in CHF)	1.38
Price low (in CHF)	0.81
Price on balance sheet date (in CHF)	0.87
Market capitalization (units of CHF 1,000)	311,620
Trading volume (daily average)	73,479

## Financial calendar

March 11, 2020:  
Announcement of  
results for the year 2019

April 30, 2020:  
Annual General Meeting,  
Lucerne, Switzerland

August 20, 2020:  
Announcement of  
results for the first half of  
2020

## Von Roll contact

Claudia Güntert  
Corporate Communications  
Phone +41 61 785 52 36  
Fax +41 61 785 58 92  
E-mail investor@vonroll.com

www.vonroll.com

#### **Business address and domicile**

Von Roll Holding AG  
Passwangstrasse 20  
4226 Breitenbach SO  
Switzerland  
Phone +41 61 785 51 11  
Fax +41 61 785 58 92  
www.vonroll.com

#### **Stock exchange listing**

SIX Swiss Exchange (symbol: ROL)  
Security number: 324.535  
ISIN: CH0003245351

#### **For publications and further information, please contact**

Claudia Güntert  
Phone +41 61 785 52 36  
Fax +41 61 785 58 92  
investor@vonroll.com

Von Roll Holding AG  
Passwangstrasse 20  
4226 Breitenbach SO  
Switzerland

#### **Imprint**

Publisher: Von Roll Holding AG, Breitenbach  
Content/text: Von Roll Holding AG, Breitenbach  
Design/artwork:  
gateB AG, Transforming Digital into Value, Steinhausen/Zug

Created and printed in Switzerland  
© Von Roll Holding AG, 2019

The Von Roll Annual Report is originally prepared in German and translated into English.  
In the event of any discrepancy, the printed German version prevails.

The Annual Report is available on the Internet at [www.vonroll.com](http://www.vonroll.com)

Von Roll Holding AG with registered office in CH-4226 Breitenbach (canton Solothurn) has been listed on the SIX Swiss Exchange (symbol: ROL, security number: 324.535 ISIN: CH0003245351) since August 11, 1987.



**MIX**  
Paper from  
responsible sources  
**FSC® C116073**