Contents

Financial Statements

Consolidated Financial Statements

Consolidated Balance Sheet

in TCHF	Notes	31.12.2018		31.12.2017	
Assets					
Current assets					
Cash and cash equivalents		89799		124700	
Trade receivables	2.1	26377		32633	
Other receivables	2.2	14850		25407	
Net receivables from construction contracts	2.3	6961		1137	
Inventories	2.4	78564		83314	
Prepaid expenses and accrued income	2.5	10117		8739	
Total current assets		**226669**	**64.9%**	**275930**	**58.7%**
Non-current assets					
Other non-current receivables	2.2	591		1624	
Property, plant and equipment	2.6	82274		91138	
Intangible assets	2.7	11930		24380	
Deferred tax assets	2.12	27689		76910	
Total non-current assets		**122485**	**35.1%**	**194052**	**41.3%**
Total assets		**349153**	**100.0%**	**469983**	**100.0%**
Liabilities and equity					
Liabilities					
Current liabilities					
Financial liabilities	2.8	331		328	
Trade payables		17331		29970	
Net liabilities from construction contracts	2.3	5794		12666	
Customer prepayments		34422		67065	
Other liabilities	2.9	4160		5004	
Provisions	2.10	13762		15883	
Accrued expenses and prepaid income	2.11	32946		33020	
Total current liabilities		**108747**	**31.1%**	**163938**	**34.9%**
Non-current liabilities					
Financial liabilities	2.8	55298		57128	
Other liabilities	2.9	2231		3031	
Provisions	2.10	309		1565	
Deferred tax liabilities	2.12	857		1364	
Total non-current liabilities		**58695**	**16.8%**	**63088**	**13.4%**
Total liabilities		**167442**	**48.0%**	**227026**	**48.3%**
Equity					
Share capital	2.13	31144		31049	
Capital reserves		968324		966460	
Treasury shares	2.13	–8741		–5179	
Reserve for share-based payments		4307		2319	
Accumulated losses		–813324		–751692	
Total equity excl. minority interests		**181711**	**52.0%**	**242957**	**51.7%**
Minority interests		–		–	
Total equity incl. minority interests		**181711**	**52.0%**	**242957**	**51.7%**
Total liabilities and equity		**349153**	**100.0%**	**469983**	**100.0%**

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

Consolidated Income Statement

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

in CHF	Notes	1.1.–31.12.2018	1.1.–31.12.2017
Earnings per share			
Basic earnings per share	4.4	–0.10	–0.14
Diluted earnings per share	4.4	–0.10	–0.14

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

Consolidated Statement of Changes in Equity

in TCHF

		Attributable to shareholders of Meyer Burger Technology Ltd
	Share capital	Capital reserves
Notes	2.13	
Equity at 1.1.2017	**27 411**	**904 194**
Result	–	–
Currency translation differences recognised in reporting period	–	–
Goodwill recycling	–	–
Conversion of convertible bond	3 638	60 402
Capital increases (follow-up costs capital increase December 2016)	–	–199
Purchase Meyer Burger (Germany) GmbH shares after change in control	–	1 245
Purchase of trasury shares	–	–
Sale/use of treasury shares	–	–64
Share-based payments	–	–
Transfer of shares for employees to the plan participants after vesting period	–	–
Reclassification	–	882
Equity at 31.12.2017	**31 049**	**966 460**
Result	–	–
Currency translation differences recognised in reporting period	–	–
Goodwill recycling	–	–
Conversion of convertible bond	96	1 599
Purchase of treasury shares	–	–
Sale/use of treasury shares	–	10
Share-based payments	–	–
Issuance of shares for employees	–	–
Transfer of shares for employees to the plan participants after vesting period	–	255
Equity at 31.12.2018	**31 144**	**968 324**

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

Attributable to shareholders of Meyer Burger Technology Ltd								
Treasury shares	**Reserve for share-based payments**	Currency translation differences	Offset goodwill	Other retained earnings	**Accumulated losses**	**Total equity excl. minority interests**	**Minority interests**	**Total equity incl. minority interests**
2.13								
–2 947	**2 651**	**–28 911**	**–237 677**	**–430 668**	**–697 256**	**234 053**	**372**	**234 424**
–	–	–	–	–79 214	**–79 214**	**–79 214**	–125	**–79 339**
–	–	5 999	–	–	**5 999**	**5 999**	–1 677	**4 322**
–	–	–	21 140	1 036	**22 176**	**22 176**	–	**22 176**
–	–	–	–	–	**–**	**64 040**	–	**64 040**
–	–	–	–	–	**–**	**–199**	–	**–199**
–	–	–	–	–3 397	**–3 397**	**–2 152**	1 431	**–721**
–3 822	–	–	–	–	**–**	**–3 822**	–	**–3 822**
142	–	–	–	–	**–**	**77**	–	**77**
–	1 998	–	–	–	**–**	**1 998**	–	**1 998**
1 052	–1 052	–	–	–	**–**	**–**	–	**–**
396	–1 278	–	1 973	–1 973	**–**	**–**	–	**–**
–5 179	**2 319**	**–22 912**	**–214 564**	**–514 215**	**–751 692**	**242 957**	**–**	**242 957**
–	–	–	–	–59 437	**–59 437**	**–59 437**	–	**–59 437**
–	–	–3 205	–	–	**–3 205**	**–3 205**	–	**–3 205**
–	–	–	1 010	–	**1 010**	**1 010**	–	**1 010**
–	–	–	–	–	**–**	**1 695**	–	**1 695**
–4 124	–	–	–	–	**–**	**–4 124**	–	**–4 124**
122	–	–	–	–	**–**	**132**	–	**132**
–	2 684	–	–	–	**–**	**2 684**	–	**2 684**
519	–519	–	–	–	**–**	**–**	–	**–**
–79	–177	–	–	–	**–**	**–**	–	**–**
–8 741	**4 307**	**–26 117**	**–213 555**	**–573 652**	**–813 324**	**181 711**	**–**	**181 711**

Consolidated Cash Flow Statement

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

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

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

Notes to the consolidated Financial Statements

1 General information

1.1 Content and structure

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

– Adjustment of the structure of the notes
– Elimination of irrelevant and insignificant information

1.2 Basis of accounting policies

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

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

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

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

In a media release dated 13 June 2018, SIX Exchange Regulation announced that it has filed a motion with the Sanction Commission against Meyer Burger Technology Ltd in connection with the application and interpretation of Swiss GAAP FER accounting standards relating to the closing of DMT (Diamond Materials Tech, Inc.) activities and the treatment of acquired interests in the Meyer Burger 5% bond. The annual financial statements for 2016 and the half-year financial statements for 2017 are being investigated. The procedure is still pending at the time of the release of these consolidated financial statements. Meyer Burger Technology Ltd expects the proceedings to be completed in 2019.

1.3 Principles of consolidation

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

Assets and liabilities as well as income and expenses of these companies are fully consolidated. Minority interests are presented separately in the balance sheet and income statement. All material intercompany transactions, balances, and unrealised gains and losses resulting from intercompany transactions are eliminated.

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

These consolidated financial statements are published in German and English. The German original version is the binding version.

1.4 Scope of consolidation

The scope of consolidation consists of the following companies:

				Participation [1]	
Company	Registered office	Currency	Nominal value	31.12.2018	31.12.2017
AIS Automation Dresden GmbH	Dresden, Germany	EUR	51 000	100.00%	100.00%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	100.00%	100.00%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger (Singapore) Pte. Ltd	Singapore, Singapore	SGD	1	100.00%	100.00%
MB Systems Co. Ltd	Seoul, Korea	KRW	50 000 000	100.00%	100.00%
MBT Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MBT Systems Ltd	Delaware, USA	USD	1	100.00%	100.00%
Meyer Burger (Germany) GmbH	Hohenstein-Ernstthal, Germany	EUR	16 207 045	100.00%	100.00%
Meyer Burger (Italy) S.r.l.	Milan, Italy	EUR	10 000	100.00%	100.00%
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	100.00%	100.00%
Meyer Burger (Switzerland) Ltd	Thun, Switzerland	CHF	500 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	100.00%	100.00%
Meyer Burger GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger India Private Ltd	Pune, India	INR	18 552 930	100.00%	100.00%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research Ltd	Hauterive, Switzerland	CHF	100 000	100.00%	100.00%
Meyer Burger Sdn. Bhd.	Cyberjaya, Malaysia	MYR	1 000 000	100.00%	100.00%
Meyer Burger Systems (Shanghai) Co. Ltd	Shanghai, China	CNY	37 460 922	100.00%	100.00%
Meyer Burger Technology Ltd	Thun, Switzerland	CHF	31 144 271	Parent Company	
Meyer Burger Trading (Shanghai) Co. Ltd	Shanghai, China	CNY	1 655 400	100.00%	100.00%
Muegge GmbH	Reichelsheim, Germany	EUR	400 000	100.00%	100.00%
Pasan SA	Neuchâtel, Switzerland	CHF	102 000	100.00%	100.00%
Somont GmbH	Umkirch, Germany	EUR	30 000	100.00%	100.00%

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

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

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

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

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

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

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

1.6 Business combinations

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

2 Notes to the consolidated financial statements

2.1 Trade receivables

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

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

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

Receivables from related parties are disclosed separately in Note 4.8.

Accounting Policies

In most cases, Meyer Burger produces machines in exchange for prepayments made by its customers. At the time of delivery to customers, these prepayments account for around 70%–80% of the contract value. When the project is completed and the final acceptance issued by the customer on its premises, the prepayments are offset and only the final payment due is recognised as a trade receivable. Consequently, the trade receivables recognised only include the residual receivable not covered by the prepayments made. Prepayments are not generally made for services, with the result that receivables relating to services cover the full contract value.

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

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

2.2 Other receivables

in TCHF	31.12.2018	31.12.2017
Prepayments to suppliers	5478	12232
Derivative financial instruments	–	9
Other receivables	11020	15847
Allowances	–1057	–1057
Other receivables	**15441**	**27031**
Thereof non-current	591	1624

Accounting Policies

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

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

2.3 Net assets from construction contracts

in TCHF	31.12.2018	31.12.2017
Work in process	66978	16599
Customer prepayments	–65811	–28129
Net construction contracts	**1167**	**–11530**
thereof		
Net receivables from construction contracts	6961	1137
Net liabilities from construction contracts	5794	12666
Additional information		
Net sales from the PoC method (income statement)	51332	1725

Accounting Policies

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

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

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

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

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

2.4 Inventories

in TCHF	31.12.2018	31.12.2017
Raw materials, purchased parts and goods for resale	70650	81494
Semi-finished goods and work in progress	42735	53899
Finished goods	14719	31989
Machines before acceptance	52538	66584
Customer prepayments	–48230	–77420
Value adjustment inventories	–53848	–73232
Inventories	**78564**	**83314**

Accounting Policies

Inventories

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

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

Allowances are set aside for overly high levels of inventories that in all probability cannot be sold, for inventories where there is no or virtually no inventory turnover, and for damaged and unsellable inventories.

Customer prepayments

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

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

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

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

2.5 Prepaid expenses and accrued income

in TCHF	31.12.2018	31.12.2017
Prepaid expenses and accrued income	9491	8657
Receivables from current income taxes	626	82
Prepaid expenses and accrued income	**10117**	**8739**

2.6 Property, plant and equipment

in TCHF	Land and buildings	Equipments	Machines	IT	Vehicles	Assets under construction	Total
Purchase price							
Balance as of 1.1.2017	**74899**	**28827**	**84804**	**3008**	**1103**	**436**	**193076**
Changes in scope of consolidation	–	–	–	–	–	–	–
Increase	456	374	793	285	–	107	2016
Capitalisation	–	437	2854	–	–	1746	5037
Reclassification within property, plant and equipment	141	–40	159	99	–	–359	–
Disposal	–2789	–2075	–30078	–314	–146	–6	–35408
Currency translation differences	2648	1428	2875	119	3	110	7182
Balance as of 31.12.2017	**75355**	**28952**	**61407**	**3197**	**960**	**2033**	**171904**
Changes in scope of consolidation	–	–	–	–	–	–	–
Increase	101	695	1204	207	–	1666	3872
Capitalisation	–	312	899	–	–	55	1267
Reclassification within property, plant and equipment	–	–1581	3371	–	–	–1789	–
Disposal	–1700	–530	–5649	–147	–529	–	–8556
Currency translation differences	–1259	–651	–1733	–58	–3	–51	–3754
Balance as of 31.12.2018	**72496**	**27197**	**59498**	**3200**	**428**	**1914**	**164733**
Cumulative depreciation and impairments							
Balance as of 1.1.2017	**–15814**	**–15222**	**–58154**	**–2425**	**–886**	**–117**	**–92618**
Changes in scope of consolidation	–	–	–	–	–	–	–
Ordinary depreciation	–2721	–1949	–7021	–281	–133	–	–12105
Impairment	–4025	–1335	–2390	–	–15	–	–7765
Reclassification within property, plant and equipment	–	74	10	–84	–	–	–
Disposal	2760	2055	29543	313	142	–	34813
Currency translation differences	–682	–1169	–1152	–82	–2	–4	–3090
Balance as of 31.12.2017	**–20482**	**–17546**	**–39164**	**–2559**	**–893**	**–121**	**–80765**
Changes in scope of consolidation	–	–	–	–	–	–	–
Ordinary depreciation	–2583	–1879	–5943	–310	–30	–	–10744
Impairment	–8	–	–1189	–	–	–	–1198
Reclassification within property, plant and equipment	–	1632	–1632	–	–	–	–
Disposal	1599	519	5325	147	510	–	8100
Currency translation differences	415	547	1137	42	3	5	2149
Balance as of 31.12.2018	**–21059**	**–16728**	**–41465**	**–2681**	**–410**	**–116**	**–82459**
Net book value							
1.1.2017	59085	13604	26650	583	217	318	**100458**
31.12.2017	54873	11406	22243	638	66	1912	**91138**
31.12.2018	51438	10469	18034	518	17	1798	**82274**

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

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

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

None of the property, plant and equipment listed above was held under finance leases.

Accounting Policies

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

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

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

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

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

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

2.7 Intangible assets

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

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

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

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

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

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

Goodwil offset against shareholders' equity

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

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

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

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

Accounting Policies

Intangible assets relate in particular to goodwill, development costs, acquired software, patents, licenses and intangible assets from acquisitions. Intangible assets from acquisitions include technologies, customer relationships, brands and order backlogs that have been evaluated. If no customer relationships have as yet been booked at the time of the acquisition, they are not re-measured but offset directly against equity (retained earnings) as part of the goodwill.

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

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

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

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

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

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

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

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

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

2.8 Financial liabilities

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

On 17 September 2014, Meyer Burger Technology Ltd issued an unsecured convertible bond in the amount of CHF 100 million, maturing in 2020 and with an investor put option in 2018. The convertible bond was issued at 100% of the principal amount. This convertible bond was restructured in 2016 by deleting the investor put option and raising the coupon from 4% to 5.5%. Following the bond's restructuring, the conversion price is now CHF 0.98 (previously: CHF 11.39). In November 2017, Meyer Burger Technology Ltd launched a voluntary incentive offer inviting bondholders to convert the convertible bond. 71.2% of the bondholders accepted the incentive offer. Together with other bondholders that have converted their bond in 2017 and early in 2018, finally CHF 73.2 million of the total nominal value was converted. The outstanding nominal value as per 31 December 2018 is CHF 26.8 million (2017: CHF 28.7 million). The convertible bond matures at 100% of its nominal value on 24 September 2020, unless previously redeemed, converted or repurchased and cancelled.

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

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

The syndicated loan allows Meyer Burger to accept customer prepayments and collateralise them with bank guarantees. On the balance sheet date, the use of this guarantee line amounted to CHF 34.1 million.

Among other conditions, the credit agreement contains covenants relating to the minimum EBITDA (measured on a rolling basis), minimum liquidity and net equity. In addition, further conditions apply, as are customary in syndicated loan agreements.

The convertible bond placed in the market and the syndicated loan are subject to cross default clauses customary in the market, according to which the outstanding amounts can be called due if the Company or one of its material subsidiaries is required to early repay another financial obligation due to non-compliance with credit terms. At the balance sheet date, the applicable loan conditions were not breached.

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

Accounting Policies

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

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

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

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

2.9 Other liabilities

in TCHF	31.12.2018	31.12.2017
Employee benefits	1704	2509
Derivative financial instruments	–	55
Other liabilities	4687	5472
Other liabilities	**6391**	**8035**
Thereof non-current	2231	3031

Accounting Policies

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

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

2.10 Provisions

in TCHF	Warranties	Restructuring	Onerous contracts	Legal cases	Other provisions	Total
Balance as of 1.1.2017	**6469**	**–**	**3306**	**–**	**1591**	**11366**
Changes in scope of consolidation	–	–	–	–	–	–
Increase	10617	4694	1103	–	500	16914
Use	–7287	–	–1310	–	–720	–9317
Release	–642	–	–1348	–	–	–1989
Currency translation differences	348	–	22	–	104	474
Balance as of 31.12.2017	**9505**	**4694**	**1774**	**–**	**1475**	**17448**
Changes in scope of consolidation	–	–	–	–	–	–
Increase	4478	4677	837	–	549	10540
Use	–4352	–2010	–1113	–	–37	–7512
Release	–2712	–2301	–720	–	–422	–6156
Currency translation differences	–189	–	–23	–	–38	–249
Balance as of 31.12.2018	**6730**	**5059**	**754**	**–**	**1528**	**14072**
Thereof current						
1.1.2017	4717	–	3306	–	1591	**9614**
31.12.2017	7940	4694	1774	–	1475	**15883**
31.12.2018	6421	5059	754	–	1528	**13762**

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

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

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

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

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

Accounting Policies

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

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

Provisions are measured using the best estimate concept, i.e. the amount recognised as a liability is the best estimate of the expenditure required to settle the present obligation on the reporting date. The amount of provisions is reviewed for appropriateness at every reporting date. Non-current provisions are discounted if they exceed CHF 5 million.

2.11 Accrued expenses and prepaid income

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

2.12 Taxes

Deferred tax assets and liabilities

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

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

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

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

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

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

Development of deferred tax liabilities

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

Deferred income taxes are shown net for each taxable entity in the balance sheet and deferred income tax assets mostly exceed deferred income tax liabilities. The deferred income tax liabilities released in 2018 and 2017 largely resulted from the scheduled amortisation of intangible assets.

Tax loss carry-forwards not recognised

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

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

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

Income taxes

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

Reconciliation from expected to effective income taxes

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

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

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

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

Accounting Policies

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

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

Income taxes comprise current and deferred income taxes.

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

2.13 Equity

Share capital

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

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

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

As at the end of 2018, non-distributable reserves in Group equity totalled CHF 14.5 million (2017: CHF 80.6 million). These are largely attributable to the capital reserves of Meyer Burger Technology Ltd arising from the capital increases. In accordance with the provisions of Art. 680 Swiss Code of Obligations, these may not be distributed within one calendar year (there is a prohibition on the return of capital contributions).

Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 2 May 2018, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company's Articles of Association, dated 2 May 2018, the share capital may be increased by a maximum amount of CHF 1,368,878.15 through the issuance of a maximum of 27,377,563 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies.

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

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

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:
1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:
1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) the respective financial market instruments must be issued at the relevant market conditions.

Authorised share capital
In accordance with Article 3a of the Articles of Association, dated 2 May 2018, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 4,650,000.00, at any time until 2 May 2020, through the issuance of a maximum of 93,000,000 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:
1) for the acquisition of enterprises, parts of enterprises, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners or for the purpose of broadening the shareholder constituency in certain investment markets; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

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

Treasury shares

Treasury shares held by Meyer Burger Technology Ltd

	Number of shares	Price/share in CHF	Value treasury shares in TCHF
1.1.2017	**96 153**	**5.81**	**559**
Purchase/additions	4 874 177	0.85	4 167
Grant/use	–4 074 515	0.97	–3 956
31.12.2017	**895 815**	**0.86**	**770**
Purchase/additions	5 212 224	1.11	5 795
Grant/use	–3 826 558	1.08	–4 140
31.12.2018	**2 281 481**	**1.06**	**2 425**

Treasury shares held by subsidiaries

	Number of shares	Price/share in CHF	Value treasury shares in TCHF
1.1.2017	**3 718 679**	**0.64**	**2 389**
Increase share plan 2017 [1]	4 009 986	0.85	3 408
Decrease share plan 2015 [2]	–1 268 991	0.83	–1 058
Decrease share plan 2016 [3]	–176 469	0.81	–143
Decrease share plan 2017 [3]	–220 117	0.85	–187
31.12.2017	**6 063 088**	**0.73**	**4 409**
Increase share plan 2018 [4]	2 810 889	1.14	3 191
Decrease share plan 2016 [3]	–428 998	0.61	–263
Decrease share plan 2017 [3]	–827 596	0.85	–703
Decrease share plan 2018 [3]	–288 003	1.10	–318
31.12.2018	**7 329 380**	**0.86**	**6 316**

[1] Share plan 2017: the shares have been allocated at a price of CHF 0.85 (market price at the time of allocation). After allocation, the shares are subject to a thirty-six-months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (1,994,708 shares per grant date) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.85).

[2] In March 2017, the two-years' vesting period of share plan 2015 ended and the shares granted as well as the shares from the sale and exercise of the subscription rights of December 2016 have been transferred to the plan participants.

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

[4] Share plan 2018: the shares have been allocated at a price of CHF 1.104 (market price at the time of allocation). However, the allocation for the Executive Board (incl. Delegate) was made at the fair value of CHF 1.22. All shares are subject to a thirty-six months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (1,289,908 shares per grant date) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 1.104) or at the fair value respectively (CHF 1.22).

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

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

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

Accounting Policies

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

Share capital is the nominal value of all outstanding shares.

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

Treasury shares comprise shares in Meyer Burger Technology Ltd held by Meyer Burger Technology Ltd itself or indirectly through a Group company. Treasury shares are recognised at cost and are not remeasured as at the reporting date. Any gains or losses realised on the sale of treasury shares are transferred to capital reserves.

The reserve for share-based payments includes the fair value of shares issued to the Board of Directors, the Executive Board, and key employees and recognised over the vesting period.

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

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

2.14 Net sales

in TCHF	2018	2017
Net sales from sales of goods	339409	453297
Net sales from rendering of services	16226	18235
Net sales from construction contracts	51332	1725
Net sales	**406967**	**473256**

Accounting Policies

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

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

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

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

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

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

2.15 Segment reporting

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

Net sales by segments 2018

in TCHF	Photovoltaics	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales thirds	330302	76665	**406 967**	–	**406 967**
Net sales intercompany	2000	12538	**14 538**	–14538	**–**
Net sales	**332 302**	**89 203**	**421 505**	**–14 538**	**406 967**

Net sales by segments 2017

in TCHF	Photovoltaics	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales thirds	406102	67155	**473 256**	–	**473 256**
Net sales intercompany	1274	20238	**21 512**	–21512	**–**
Net sales	**407 376**	**87 393**	**494 768**	**–21 512**	**473 256**

Photovoltaics

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

Meyer Burger pursues the strategically long-term technology approach of considering core technologies of the photovoltaic value chain and optimally harmonising the technologies along the different processes (wafers, cells, modules, solar systems). Significant efficiency improvements in wafers, cells and modules can be achieved by using the latest technologies, which will continue to substantially reduce our customers’ production costs (Total Cost of Ownership).

Specialised Technologies

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

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

2.16 Segmentation of net sales by geographic market

in TCHF	2018	2017
Switzerland	7762	17782
Germany	32318	21868
Rest of Europe	61196	50424
Asia	290775	362772
USA	13740	16285
Rest of world	1176	4126
Net sales	**406967**	**473256**

2.17 Personnel expenses

in TCHF	2018	2017
Wages and salaries	–87158	–91686
Social security	–13176	–13852
Pension benefit expenses	–3168	–3607
Share-based payment expenses	–2565	–2681
Temporary personnel	–7516	–11250
Other personnel expenses	–12317	–12639
Personnel expenses	**–125899**	**–135716**

2.18 Other operating expenses

in TCHF	2018	2017
Rental costs	–3632	–4632
Maintenance and repair	–2818	–2734
Vehicles and transportation expenses	–2983	–3513
Property insurance, fees and contributions	–1650	–1966
Energy and waste disposal expenses	–3413	–3865
Administration expenses	–10348	–9088
IT expenses	–3776	–4503
Marketing expenses	–3253	–2835
Loss on sale of property, plant and equipment	–11	–13
Expenses for research and development	–8918	–7544
Other operating expenses	–7963	–6044
Other operating expenses	**–48766**	**–46738**

In the year under review, other operating expenses included the loss of CHF 4.3 million from the sale of the solar systems activities (“Energy Systems”), which was announced on 14 May 2018 and completed in June 2018. The loss includes the goodwill recycling of around CHF 1 million. The selling price consists of a cash payment and an earn-out component.

2.19 Financial result

in TCHF	2018	2017
Interests received		
Cash and cash equivalents	57	559
Currency translation differences (net)	–	6749
Financial income	**57**	**7307**
Interest paid		
Liabilities towards banks	–594	–797
Loans	–25	–24
Mortgage loans	–913	–928
Convertible bond/straight bond	–2007	–9494
Currency translation differences (net)	–4853	–
Other financial expenses	–1480	–6411
Financial expenses	**–9872**	**–17653**
Financial result (net)	**–9815**	**–10346**

2.20 Extraordinary result

in TCHF	2018	2017
Transaction Diamond Materials Tech, Inc.	–	–18247
Restructuring Meyer Burger (Switzerland) Ltd	687	–30587
Extraordinary result	**687**	**–48834**

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

Accounting Policies

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

3 Risk management

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

Clearly defined management information and control systems are used to measure, monitor and control the risks to which Meyer Burger is exposed. A duly detailed report is drawn up on a semi-annual basis and submitted to the Board of Directors. In 2018, the Board of Directors discussed the risk portfolio at two Board meetings.

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

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

3.1 Foreign currency risks

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

Group Treasury is responsible for the management of foreign currency risks on the basis of treasury policy issued by the executive bodies. According to this policy, derivative financial instruments such as forward currency contracts or currency options may be used for hedging purposes. Meyer Burger Group uses forward currency contracts to hedge against exchange rate risks. Most of the hedge transactions have a term of up to 12 months, as of 31 December 2018 there existed no open contracts. Foreign exchange rate risks relating to the carrying amount of the net investment in a foreign entity or to the conversion of results posted by foreign entities are not currently hedged.

3.2 Interest rate risks

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

Overall, the risks arising from interest rate fluctuations have no material direct impact on the Group's cash flows and results. This risk is therefore not currently measured. A low interest rate risk due to fluctuations in interest rates on the capital market also exists for cash and cash equivalents, which are subject to the risk of interest rate fluctuations with a corresponding potential impact on cash flow.

3.3 Other price risks

Meyer Burger Group does not currently hold any financial instruments with equity character and is therefore not exposed to any related price risks. A commodity is a physical substance, generally a basic resource such as iron ore, nickel, aluminium, copper or other metals, crude oil, natural gas, coal, etc. Meyer Burger is generally only indirectly exposed to fluctuations in commodity prices through the products it acquires. The actual price risk arises from the time difference between cost increases implemented by suppliers due to the rise in commodities prices and the opportunity for Group companies to increase their prices. Each Group company is responsible for identifying and quantifying its commodity price risks. Meyer Burger Group did not trade in any such derivatives during the 2018 and 2017 reporting years.

3.4 Credit risks

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

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

3.5 Liquidity risks

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

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

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

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

4 Other disclosures

4.1 Pension plans

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

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

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

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

Pension institutions 31.12.2018

Economical benefit/economical obligation and pension benefit expenses in TCHF	Surplus/deficit 31.12.2018	Economical part of the organisation 31.12.2018	Economical part of the organisation 31.12.2017	Change to prior-year period or recognised in the current result of the period	Contributions concerning the business period	Pension benefit expenses within personnel expenses 2018
Pension institutions of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	399	399
Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	2769	2769
Total	**–**	**–**	**–**	**–**	**3168**	**3168**

Pension institutions 31.12.2017

Economical benefit/economical obligation and pension benefit expenses in TCHF	Surplus/deficit 31.12.2017	Economical part of the organisation 31.12.2017	Economical part of the organisation 31.12.2016	Change to prior-year period or recognised in the current result of the period	Contributions concerning the business period	Pension benefit expenses within personnel expenses 2017
Pension institutions of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	492	492
Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	3115	3115
Total	**–**	**–**	**–**	**–**	**3607**	**3607**

4.2 Share-based payment

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

Share plan

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

[1] For the 2018 LTI Share Plan, the actual vesting ratio (actual number of shares) that a member of the Executive Board and the Delegate of the Board of Directors receive after expiration of the three-year vesting period will depend on the relative development of the share price of the Company compared to the MAC Solar Index in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). The actual number of shares that a member of the Executive Board and the Delegate of the Board of Directors will receive after the expiration of the vesting period can vary between a minimum of 0% and a maximum of 150%.
The shares allocated to the Board of Directors and to key employees are vested at 100%.

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

Accounting Policies

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

4.3 Currency translation differences

in TCHF	2018	2017
Currency translation gains and losses on trade receivables and customer prepayments	3 938	–14 492
Cost of products and services	664	–631
Other operating expenses	23	280
Financial expenses/income	–4 853	6 749
Currency translation differences	**–228**	**–8 094**

The effect from the unrealised currency translation differences arising from the translation of Group loans in foreign currencies at the reporting date is recognised in the financial result. The currency loss on Group loans totalled CHF 7.2 million, of which CHF 3.3 million were recognised in the income statement and CHF 3.9 million in equity. In 2017, unrealised foreign exchange gains totalled CHF 13.0 million, of which CHF 5.7 million was recognised in the income statement and CHF 7.3 million in equity.

4.4 Earnings per share

	2018	2017
Basic		
Net result attributable to shareholders of Meyer Burger Technology Ltd (in TCHF)	–59 437	–79 214
Weighted average number of ordinary shares (in 1,000)	621 639	553 002
Basic earnings per share (in CHF)	**–0.10**	**–0.14**
Diluted		
Diluted earnings per share (in CHF)	**–0.10**	**–0.14**

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

4.5 Off-balance sheet liabilities

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

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

4.6 Future liabilities from operating leases

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

Obligations arising from operating leases mainly relate to obligations for non-cancellable building rights and rental agreements. The largest item is the building right agreement of Meyer Burger (Switzerland) Ltd for the company premises in Thun. The original agreement had a term of 99 years. The decision that was taken and communicated in 2017 to assign part of the area originally included in the building rights is included in the calculation of future liabilities. The lease obligations for future building right interest totalled about CHF 7.3 million as at 31 December 2018 (31 December 2017: CHF 7.4 million).

Accounting Policies

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

4.7 Contingent liabilities

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

4.8 Transactions with related parties

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

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

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

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

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

4.9 Events after the reporting date

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

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

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

Thun

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Meyer Burger Technology AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 70 to 103) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

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

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

Our audit approach

Overview

Overall Group materiality: CHF 4,000,000

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

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

For all other companies, we performed analytical procedures.

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

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

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

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

Overall Group materiality	CHF 4,000,000
How we determined it	1% of net sales, rounded
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is a key benchmark and the Meyer Burger Group has had volatile results in the past.

We agreed with the Risk & Audit Committee that we would report to them misstatements above CHF 200,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of Management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

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

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

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Assessment of liquidity and availability of banking facility

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

Valuation of deferred tax assets

Key audit matter	*How our audit addressed the key audit matter*
We consider the valuation of the deferred tax assets as a key audit matter because of the significance of the amount recognised (CHF 27.7 mil-	We have assessed the forecasted taxable results of the principal companies holding deferred tax assets on the basis of the 2019 budget as approved

lion) and because the utilisation of these assets depends on the future taxable profits of each tax entity concerned. In addition, some countries limit the periods in which tax loss carry-forwards can be utilised. Please refer to note 2.12 'Taxes' in the notes to the consolidated financial statements.

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

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

We performed the following audit procedures:

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

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

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

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

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

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

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Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Rolf Johner	René Jenni
Audit expert Auditor in charge	Audit expert

Bern, 15 March 2019

Financial Statements Meyer Burger Technology Ltd

Balance Sheet

in TCHF	Notes	31.12.2018	31.12.2017
Assets			
Current assets			
Cash and cash equivalents		38014	65054
Other receivables			
intercompany		24437	23265
thirds		359	88
Accrued income and deferred expenses		235	292
Total current assets		**63045**	**88699**
Non-current assets			
Financial assets	**2.1**	130857	263337
Investments	**2.2**	204573	204573
Total non-current assets		**335430**	**467910**
Total assets		**398475**	**556609**
Liabilities and equity			
Current liabilities			
Other payables			
intercompany		201	651
thirds		777	1169
Accrued expenses and deferred income & current provisions		5485	5074
Total current liabilities		**6463**	**6895**
Non-current liabilities			
Non-current financial liabilities thirds	**2.3**	26830	28705
Provisions		276	391
Total non-current liabilities		**27106**	**29096**
Equity			
Share capital	**2.4**	31144	31049
Legal capital reserves			
Capital contribution reserves	**2.5**	687487	685531
Other capital reserves		1613	2276
Legal retained earnings			
General legal retained earnings		140	140
Reserve for treasury shares	**2.6**	6316	4409
Accumulated losses		–359369	–202017
Treasury shares	**2.7**	–2425	–770
Total equity		**364906**	**520618**
Total liabilities and equity		**398475**	**556609**

Income Statement

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

Notes to the financial statements

1 Principles

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

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

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

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

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

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

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

1.6 Equity

Equity includes share capital, capital reserves, retained earnings, treasury shares and accumulated losses.

Share capital is the nominal value of all outstanding shares.

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

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

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

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

1.7 Share-based payments

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

1.8 Leases

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

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

Since Meyer Burger Technology Ltd prepares consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), in compliance with the statutory provisions, it has not included disclosures in the Notes on interest-bearing liabilities and audit fees, presented a cash flow statement or prepared a report on the financial year in these annual financial statements.

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

2.1 Financial assets

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

2.2 Investments

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

Companies

Company	Registered office	Currency	Nominal value	Participation[1] 31.12.2018	Participation[1] 31.12.2017
AIS Automation Dresden GmbH	Dresden, Germany	EUR	51 000	100.00%	100.00%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	100.00%	100.00%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger (Singapore) Pte. Ltd	Singapore, Singapore	SGD	1	100.00%	100.00%
MB Systems Co. Ltd	Seoul, Korea	KRW	50 000 000	100.00%	100.00%
MBT Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MBT Systems Ltd	Delaware, USA	USD	1	100.00%	100.00%
Meyer Burger (Germany) GmbH	Hohenstein-Ernstthal, Germany	EUR	16 207 045	100.00%	100.00%
Meyer Burger (Italy) S.r.l.	Milan, Italy	EUR	10 000	100.00%	100.00%
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	100.00%	100.00%
Meyer Burger (Switzerland) Ltd	Thun, Switzerland	CHF	500 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	100.00%	100.00%
Meyer Burger GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger India Private Ltd	Pune, India	INR	18 552 930	100.00%	100.00%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research Ltd	Hauterive, Switzerland	CHF	100 000	100.00%	100.00%
Meyer Burger Sdn. Bhd.	Cyberjaya, Malaysia	MYR	1 000 000	100.00%	100.00%
Meyer Burger Systems (Shanghai) Co. Ltd	Shanghai, China	CNY	37 460 922	100.00%	100.00%
Meyer Burger Technology Ltd	Thun, Switzerland	CHF	31 144 271	Parent company	
Meyer Burger Trading (Shanghai) Co. Ltd	Shanghai, China	CNY	1 655 400	100.00%	100.00%
Muegge GmbH	Reichelsheim, Germany	EUR	400 000	100.00%	100.00%
Pasan SA	Neuchâtel, Switzerland	CHF	102 000	100.00%	100.00%
Somont GmbH	Umkirch, Germany	EUR	30 000	100.00%	100.00%

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

2.3 Current and non-current interest-bearing liabilities

Straight bond

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

Convertible bond

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

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

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

2.4 Share capital

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

Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 2 May 2018, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company's Articles of Association, dated 2 May 2018, the share capital may be increased by a maximum amount of CHF 1,368,878.15 through the issuance of a maximum of 27,377,563 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies.

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

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

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:
1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:
1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) the respective financial market instruments must be issued at the relevant market conditions.

Authorised share capital

In accordance with Article 3a of the Articles of Association, dated 2 May 2018, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 4,650,000.00, at any time until 2 May 2020, through the issuance of a maximum of 93,000,000 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:
1) for the acquisition of enterprises, parts of enterprises, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners or for the purpose of broadening the shareholder constituency in certain investment markets; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

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

Significant shareholders

31.12.2018

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

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

[1] https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=MEYER
[2] Voting rights participation according to the latest disclosure notice received from this shareholder.
[3] Registered shares held in Meyer Burger Technology Ltd according to the disclosure notice.
[4] Purchase positions and sale positions, respectively, in conversion and/or purchase rights and sales rights (e.g. positions due to holdings in the convertible bond 2020, call or put options/warrants, equity swaps or financial instruments that provide for or permit cash settlement, or contracts for difference) all according to the disclosure notice by the shareholder.
[5] The direct shareholder is Sentis Capital PCC (Cell 3), St. Heller, Jersey JE24QB (previously disclosed under Elbogross SA and Brustorm SA, respectively, both CH-Zug). The benefical owner is Petr Kondrashev, A-Thomasberg.

31.12.2017

The Company is aware of the following shareholders, who according to Article 120f. FMIA (Financial Market Infrastructure Act) held more than 3% of the voting rights (based on the share capital registered in the commercial register) as at 31 December 2017. The disclosure notices are published on the website of the Disclosure Office.[1]

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

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

2.5 Capital contribution reserves

Out of the total amount of TCHF 687,487 as at 31 December 2018, TCHF 670,415 was approved by the Federal Tax Administration and is available for distribution free of withholding tax. The increase of TCHF 1,956 compared to 31 December 2017 corresponds to the capital increase concerning the current convertible bond and the employee share plans in 2018. These premiums are again reported to the Federal Tax Administration for approval for potential distribution free of withholding tax.

In the capital contribution reserves as at 31 December 2018 there are capital transaction costs of TCHF 15,116 included that are not yet approved as reserves from capital contribution by the Swiss federal tax administration (FTA). This practice may be changed in the future.

2.6 Reserve for treasury shares

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

2.7 Treasury shares

Treasury shares held by Meyer Burger Technology Ltd

	No. of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2017	**96 153**	**5.81**	**559**
Purchase/additions	4 874 177	0.85	4 167
Grant/use	–4 074 515	0.97	–3 956
31.12.2017	**895 815**	**0.86**	**770**
Purchase/additions	5 212 224	1.11	5 795
Grant/use	–3 826 558	1.08	–4 140
31.12.2018	**2 281 481**	**1.06**	**2 425**

Treasury shares held by subsidiaries

	No. of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2017	**3 718 679**	**0.64**	**2 389**
Increase share plan 2017[1]	4 009 986	0.85	3 408
Decrease share plan 2015[2]	–1 268 991	0.83	–1 058
Decrease share plan 2016[3]	–176 469	0.81	–143
Decrease share plan 2017[3]	–220 117	0.85	–187
31.12.2017	**6 063 088**	**0.73**	**4 409**
Increase share plan 2018[4]	2 810 889	1.14	3 191
Decrease share plan 2016[3]	–428 998	0.61	–263
Decrease share plan 2017[3]	–827 596	0.85	–703
Decrease share plan 2018[3]	–288 003	1.10	–318
31.12.2018	**7 329 380**	**0.86**	**6 316**

[1] Share plan 2017: the shares have been allocated at a price of CHF 0.85 (market price at the time of allocation). After allocation, the shares are subject to a thirty-six-months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (1,994,708 shares per grant date) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.85).

[2] In March 2017, the two-years' vesting period of share plan 2015 ended and the shares granted as well as the shares from the sale and exercise of the subscription rights of December 2016 have been transferred to the plan participants.

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

[4] Share plan 2018: the shares have been allocated at a price of CHF 1.104 (market price at the time of allocation). However, the allocation for the Executive Board (incl. Delegate) was made at the fair value of CHF 1.22. All shares are subject to a thirty-six months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (1,289,908 shares per grant date) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 1.104) or at the fair value respectively (CHF 1.22).

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

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

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

2.8 Other operating income

Other operating income mainly includes management fees that were invoiced to the group companies.

2.9 Impairments on non-current assets

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

2.10 Interest expenses

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

2.11 Interest income

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

2.12 Gain and loss from currency translation

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

2.13 Extraordinary expenses

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

3 Other disclosures

3.1 Full-time emplyees

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

3.2 Liabilities to pension funds

There are no liabilities to pension funds.

3.3 Lease obligations not recorded in the balance sheet

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

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

3.4 Contingent liabilities (guarantees and pledged assets)

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

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

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

Meyer Burger Technology Ltd provided a guarantee for the loan secured by mortgage certificates for the building in Thun. This credit agreement was concluded between Meyer Burger (Switzerland) Ltd and a consortium of Swiss banks in March 2013, maturing in April 2015, under which Meyer Burger (Switzerland) Ltd received proceeds of CHF 30 million. Meyer Burger Technology Ltd provided a guarantee for this contract up to an amount of CHF 33 million. The contract was concluded in the first quarter of 2015 until April 2017, in the fourth quarter of 2016 until December 2019 and in the first quarter 2019 until May 2020.

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

Letters of comfort and liquidity commitments in favour of group companies

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

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

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

In the years 2018 and 2017, participation rights were allocated to members of the Board of Directors and employees as follows:

Name	No. of shares	Price/share in CHF	Value of allocated shares in CHF
2018[1]			
Allocated to the Board of Directors	185 540	1.104	205
Allocated to the Executive Board	961 886	1.220	1 174
Allocated to employees	240 843	1.104	266
Total	**1 388 269**		**1 644**
2017[2]			
Allocated to the Board of Directors and Executive Board	1 710 043	0.818	1 398
Allocated to employees	425 099	0.850	361
Total	**2 135 142**		**1 759**

[1] For the 2018 LTI Share Plan, the actual vesting ratio (actual number of shares) that a member of the Executive Board and the Delegate of the Board of Directors receive after expiration of the three year vesting period will depend on the relative development of the share price of the Company compared to MAC Solar Index in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). The actual number of shares that a member of the Executive Board and the Delegate of the Board of Directors will receive after the expiration of the vesting period can vary between a minimum of 0% and a maximum of 150%. The shares allocated to the Board of Directors and to key employees are vested at 100%.

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

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

2018

The members of the Board of Directors and of the Executive Board (including related parties) held the following participations in Meyer Burger Technology Ltd at 31 December 2018:

Name	Position	Registered shares (non-restricted) (number)	RSU/PSU/ restricted shares under share plans[1] (number)	Total participation[2] (in % of outstanding shares)
Dr Alexander Vogel	Chairman of the Board of Directors	2310719	157758	0.40%
Dr Franz Richter	Vice Chairman of the Board of Directors	–	113173	0.02%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	103813	0.02%
Hans-Michael Hauser	Member of the Board of Directors	–	52394	0.01%
Eric Meurice	Member of the Board of Directors	–	18720	0.00%
Michael R. Splinter	Member of the Board of Directors, Delegate	–	629185	0.10%
Dr Hans Brändle	Chief Executive Officer	100000	801157	0.14%
Manfred Häner	Chief Financial Officer	–	–	0.00%
Dr Gunter Erfurt	Chief Technology Officer	–	370651	0.06%
Michael Escher	Chief Commercial Officer	–	527114	0.08%
Daniel Lippuner	Chief Operating Officer	200000	131148	0.05%
Total as of 31 December 2018		**2610719**	**2905113**	**0.89%**

[1] In the participation table, the number of restricted registered shares under RSU/PSU plans for the Executive Board and the Delegate includes the maximum potential amount of shares that could be vesting from the LTI Share Plan 2017 (i.e. 150%) and 100% of the shares for the LTI Plan 2018. The final vesting ratio of the LTI 2018 depends on the Total Shareholder Return (TSR) of the registered shares of the Company compared to the MAC Solar Index in the period between the grant date of the shares and the end of the vesting period, as described in the footnotes to the compensation tables for the Executive Board (potential maximum amount of shares can be 150% vesting). Details of shares not yet vested are in the table below:

Grant/Purchase date	Number of shares	Vesting period until
09.04.2018	971566	08.04.2021
31.03.2017/03.01.2017	1220786/426316	30.03.2020/02.01.2020
22.03.2016/20.12.2016	286445	21.03.2019

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2018 (622,885,414 shares).

2017

The members of the Board of Directors and of the Executive Board (including related parties) held the following participations in Meyer Burger Technology Ltd at 31 December 2017:

Name	Position	Registered shares (non-restricted) (Number)	Restricted registered shares[1] (Number)	Total participation[2] (in % of outstanding shares)
Dr Alexander Vogel	Chairman of the Board of Directors	2 239 460	179 198	0.39%
Heinz Roth	Vice Chairman of the Board of Directors	341 116	83 527	0.07%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	75 733	0.01%
Hans-Michael Hauser	Member of the Board of Directors	–	24 314	0.00%
Dr Franz Richter	Member of the Board of Directors	–	75 733	0.01%
Michael R Splinter	Member of the Board of Directors, Delegate	–	426 316	0.07%
Prof Dr Konrad Wegener	Member of the Board of Directors	211 309	68 085	0.04%
Dr Hans Brändle	Chief Executive Officer	100 000	547 059	0.10%
Michel Hirschi	Chief Financial Officer	84 526	535 384	0.10%
Dr Gunter Erfurt	Chief Technology Officer	–	272 290	0.04%
Michael Escher	Chief Commercial Officer	100 000	404 163	0.08%
Daniel Lippuner	Chief Operating Officer	200 000	–	0.03%
Total as of 31 December 2017		**3 276 411**	**2 691 802**	**0.96%**

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

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

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

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

3.7 Significant events after the reporting date

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

Report of the Statutory Auditor

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Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

Thun

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Meyer Burger Technology AG, which comprise the balance sheet as at 31 December 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

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

Basis for opinion

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

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

Our audit approach

Overview

Overall materiality: CHF 4,000,000

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

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

- Assessment of liquidity and availability of banking facility
- Valuation of investments in Group companies and intercompany loans and receivables

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

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

Overall materiality	CHF 4,000,000
How we determined it	1% of total assets, rounded
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because the company primarily holds investments in and grants loans to Group companies.

We agreed with the Risk & Audit Committee that we would report to them misstatements above CHF 200,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of liquidity and availability of banking facility

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

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

Valuation of investments in Group companies and intercompany loans and receivables

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

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

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

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

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

We consider the valuation process applied by the Board of Directors and Management as appropriate and adequate to support the valuation of the investments in Group companies and intercompany loans and receivables.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Rolf Johner	René Jenni
Audit expert Auditor in charge	Audit expert

Bern, 15 March 2019