

# Management Report 2023

## **Meyer Burger – the Premium Brand**

Meyer Burger has established itself as a premium solar module brand, available in 15 world markets. The higher technical performance of its modules dominates the current market standards in terms of high quality, reliability, yield, and sustainability, all made in Europe and soon in the USA too.

In 2023, the production capacity in Germany was expanded to 1.4 GW, producing 1 million solar cells and 8,500 modules per day.

With the announcement of the expansion plans in the USA on 24 July 2023, Meyer Burger strengthened its strategic focus on the high-margin business in the USA. The Meyer Burger cell plant in Colorado Springs, USA, will supply Meyer Burger's solar module production in Goodyear, Arizona, USA, with an initial capacity of 2 GW.

Meyer Burger continues to commit to sustainable entrepreneurship. In October 2023, the company signed a cooperation agreement with clean tech start-up LuxChemtech for recycling solar modules. Under the agreement, a large proportion of the waste generated in PV production will be recycled and returned to the material cycle.

Meyer Burger launched a collaboration with Otovo, Europe's leading marketplace for solar systems. This partnership brings together Meyer Burger's rich expertise in European-made, high-quality solar modules with Otovo's efficient digital sales process. This synergy allows both companies to leverage their individual strengths to better serve the European solar market and provide consumers with a more comprehensive selection.

## **Sales and Marketing**

### *The 70<sup>th</sup> Anniversary of Meyer Burger*

Seventy years ago, in 1953, Hans Meyer and Willy Burger founded Meyer Burger. Since then, the company has faced both successes and crises, responding with courage and ingenuity. To commemorate this occasion, Meyer Burger asked a well-known German journalist and writer to dig into the

archives of the company and chronicle the milestones in the history of PV. The book also represents a piece of industrial history in Switzerland and Germany.

### *Intersolar Europe 2023 – Sustainability Comes First: the Meyer Burger Booth*

At Intersolar Europe 2023, Meyer Burger introduced its latest product innovation: a module portfolio that harnesses the power of the groundbreaking glass-glass technology platform. Meyer Burger combines the advantages of heterojunction cell technology with the durability and quality of glass-glass module technology by using optimized glass on the front and back. This results in high module performance, appealing aesthetics, and a consistently light weight.

Meyer Burger's presentation at Intersolar Europe 2023 was the most sustainable yet. The company showcased a new recyclable circular design of its trade show booth, emphasizing its commitment to environmental, social, and governance (ESG) principles.

### *New Partnerships*

The company has made further investments in renewable energy production in the USA – In March 2023, Meyer Burger Technology AG and Ingka Investments, the investment arm of the largest IKEA retailer Ingka Group, signed an offtake agreement for a period of four years. The agreement with Ingka Investments covers the supply of premium solar modules produced in Goodyear and delivered between 2025 and 2029.

To strengthen the US domestic manufacturing, BayWa r.e. and Meyer Burger signed a procurement partnership. This collaboration underscores their shared commitment to supporting the growth, sustainability, and diversification of the solar supply chain.

Meyer Burger also entered into a strategic partnership with Helion Energy, one of the most innovative

energy solution companies in Switzerland. To support this, the AMAG Group will use Meyer Burger panels for all its photovoltaic plants, including the CHF 25 million new building currently under construction at its Academy in Lupfig.

## **Technology and Innovation in Motion**

### *IBC Solar Cell Technology*

With the new IBC solar cell technology based on the heterojunction platform, Meyer Burger plans to increase cell efficiency by over 26% on average. To address the rising cost and scarcity of silver, use of this material in cell production will be reduced by 80%, while continuing to avoid rare indium for sustainable solar cells. Prototypes of the machines are running at Meyer Burger R&D sites in Hohenstein-Ernstthal, Germany and in Hauterive, Switzerland.

In terms of longevity, Meyer Burger IBC modules show impressive results even under the most demanding test conditions in climate chambers, with virtually no degradation. Meyer Burger IBC modules have significantly reduced CO<sub>2</sub> emissions thanks to local production. They are free of forced labor, lead, and PFAS plastics.

### *Switching to M10 Cell Format*

The upgrade for handling M10 wafers in addition to M6 wafers has been completed for our R&D line in Hohenstein-Ernstthal, Germany, as well as for the wafer production line in Bitterfeld-Wolfen, Germany. With this transition, Meyer Burger is now able to start module production in Goodyear on an M10 cell format basis.

### *Perovskite Demo Line in Progress*

For the development of next-generation, high-performance solar cells and modules, Meyer Burger established a perovskite development team last year. Together with numerous collaborations with renowned research institutes, the company is developing a perovskite tandem technology, which is expected to allow the industrial production of solar cells with efficiencies in excess of 30 % in the future. After careful screening of materials, cell designs, and production strategies, Meyer Burger is now in a position to develop a perovskite demo line.

## **Expansion of Meyer Burger in the USA**

Meyer Burger has announced its expansion plans in the USA. With an initial capacity of 2 GW, the new solar cell production facility in Colorado Springs, Colorado will exclusively supply Meyer Burger's solar module production facility in Goodyear, Arizona, USA. Production is scheduled to start in the fourth quarter of 2024.

Meyer Burger's solar cell facility in Colorado will be the first production site fully equipped with the latest PECVD and PVD coating tools. Both machines have an increased throughput. The PECVD tool takes up less floor space than both Meyer Burger's current tool and competing tools. Additionally, the tools can process different wafer sizes without any significant loss of manufacturing performance.

Shipments of equipment and tools for the 2 GW high-performance solar module manufacturing facility in Goodyear, Arizona are underway. At full capacity, the 25,000-square-meter facility is expected to employ 630 people and produce 10,000 solar modules per day, consisting of millions of solar cells.

The long-term upsides for Meyer Burger in North America remain highly attractive as the only Western solution for high-performance heterojunction technology. The potential in the US alone is substantial with offtake agreements in place for 5.4 GW.

### *Support from the US Government*

In line with the Advanced Manufacturing Tax Credit 45X under the US Inflation Reduction Act (IRA) for the manufacturing of solar cells and modules, Meyer Burger intends to leverage a cumulative eligible amount of up to USD 1.4 billion, which can be monetized from the commencement of production in 2024 through to the conclusion of 2032. Furthermore, Meyer Burger is set to receive a financial package of USD 90 million from the City of Colorado Springs and the State of Colorado. Anticipated additional funding includes pre-payments from module offtake partners and a Department of Energy loan, totaling over USD 300 million.

## **Financial Overview**

The results of the 2023 financial year reflect the difficult market situation, especially in Europe. Net sales fell to CHF 135.0 million (2022: CHF 147.2 million), of which CHF 127.9 million stems from sales in the modules segment (2022: CHF 125.0 million). The photovoltaics segment was internalized with the exception of the completion of outstanding projects and Pasan's measurement technology business. Europe accounted for 81% (79% in 2022) of net sales, while the American market contributed 14% (15% in 2022) and the Asian market 4% (6% in 2022). Due to the market distortions in Europe and the announced strategic focus on the US market, the regional sales mix will veer further toward America with the further expansion of the two production sites there.

Personnel costs increased to CHF 94.9 million (2022: CHF 68.0 million) and operating expenses

increased to CHF 64.2 million (2022: CHF 39.6 million) due to the expansion of production capabilities at the two sites in Freiberg, Germany, and Bitterfeld-Wolfen, Germany, as well as the ramp-up of production at the site in Goodyear, USA. This mainly impacted rental costs, energy expenses, maintenance and repair expenses, and marketing expenses.

Depreciation and amortization increased based on the new fully-equipped production sites as well as the necessary impairment on machines and technology as a result of the market distortions in Europe. Accordingly, EBIT reached CHF -250.2 million (2022: CHF -53.6 million).

### Financial Result

The net financial result was CHF -42.6 million (2022: CHF -16.4 million). Financial expenses in the fiscal year included interest expenses for the syndicated loan and the green convertible bond of CHF -24.4 million (2022: CHF -12.0 million). The valuation of intercompany loans to foreign subsidiaries led to foreign currency translation effects of CHF -2.6 million (2022: CHF 0.6 million). In addition, there were other foreign currency translation effects of CHF -22.1 million (2022: CHF -4.2 million), other interest expenses of CHF -1.0 million (2022: CHF -0.3 million), and other financial expenses of CHF -2.9 million (2022: CHF -3.2 million) as well as interest income of CHF 8.0 million (2022: CHF 0.7 million) resulting from cash and cash equivalents and a loss in fair value on derivatives of CHF -0.2 million (2022: CHF 2.6 million).

### Net Result

Meyer Burger generated a Group result of CHF -291.9 million (2022: CHF -69.9 million), which equates to a net result per share of CHF -0.08 (2022: CHF -0.02).

### Balance Sheet

As at 31 December 2023, the balance sheet total decreased to CHF 681.2 million (31 December 2022: CHF 720.4 million), mainly due to the negative performance and the value adjustments in inventories and impairments in property, plant and equipment. The cash position of the Group stood at CHF 150.2 million (31 December 2022: CHF 293.2 million) and trade working capital was at CHF 109.7 million (31 December 2022: CHF 94.2 million), mainly based on higher inventories at year-end. Property, plant and equipment included investments made and capitalizations net of investment subsidies received of CHF 160.6 million (2022: CHF 112.9 million) and at 31 December 2023 amounted to CHF 271.3 million (31 December 2022: CHF 210.7 million), reflecting the successful realization of further ramp-ups. Intangible assets amounted to CHF 3.2 million as at year-end 2023 (31 December 2022: CHF 5.3 million).

### Workforce

Employees (FTE)	2023	2022	2021	2020	2019
<b>Total at year-end</b>	<b>1 294</b>	1 034	789	805	1 191
Operations	845	663	444	304	481
Research, Development	200	168	170	213	281
Sales, Services	109	91	87	189	281
Finance, Administration	140	112	88	99	148

In 2023, Meyer Burger hired 393 new employees. By year-end, the company employed approximately 1,300 people from 37 countries who worked diligently to implement the business model change. For the upcoming year, Meyer Burger aims to recruit several hundred employees for its US sites. Occupational safety is of major importance to Meyer Burger. Risks are minimized and a high degree of process safety is achieved through careful analysis of operating procedures and the provision

of employee training. For information about employees, see the section before and the corresponding part of the Sustainability Report.

For more information on human resources issues, see page 36.

### Risk Management

Meyer Burger uses various risk management instruments to manage its strategic, financial, and operational risks. The Executive Board assesses and eval-

uates the identified risks. The results of the risk assessment, including any countermeasures determined as necessary, are submitted to the Board of Directors at regular intervals. Risk management is integrated into the company's management processes and is carried out in close coordination with those responsible for the internal control system and internal audit. In 2023, two risk management reports were presented and communicated to the R&A Committee.

Risks are classified into six different groups, for which the relevant managing directors are responsible. These risk groups are Financial, Legal/Governance & Compliance, Communication, Management, Operations, and External. Different risk categories are assigned to the respective risk groups.

With the new business model, the related setup of new processes, and the changing environment, risk management has become more important than ever, including standardized risk management mechanisms within IT processes and related infrastructure.

For more detailed information about financial risk management, see Note 3 on page 130 and Going concern considerations are disclosed in the financial statements Note 1.5 on page 111.