

20

Annual Report

We Enable Energy



vonRoll

Key Facts

vonRoll

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



CHF **212.2** million
Net sales

Product portfolio



Composites



Resins



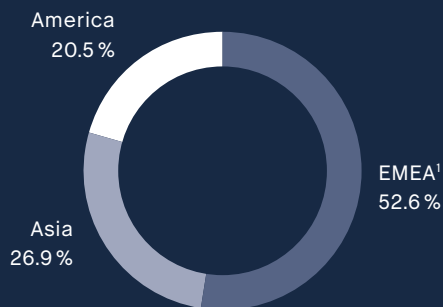
Electrical
insulation materials



Wires

Sales split by region

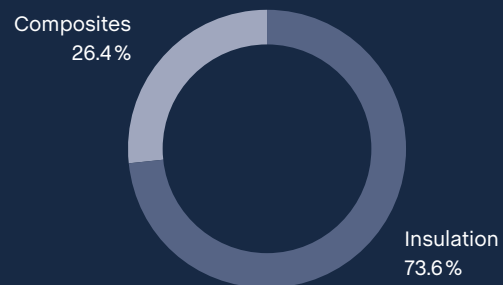
Share of total sales



¹ Europe, Middle East and Africa

Sales split by segment

Share of total sales



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Dear Shareholders,

The financial year 2020 was dominated by the COVID-19 pandemic and its negative impact on the global economy.

After a solid start in the first quarter, the rapid spread of coronavirus saw us facing government restrictions on industrial production and a sharp drop in demand.

Thanks to prompt action and our employees' exceptional commitment, we were able to largely maintain our own delivery capability. However, the difficult circumstances experienced by our customers for the remaining year led to a continuing decline in demand across nearly all product segments and regions. Both travel and normal business development activities involving personal contact with our customers were massively restricted.

Net sales in the reporting year fell to CHF 212.2 million (2019: CHF 291.6 million). Around CHF 50 million of this decrease resulted from the discontinuation of unprofitable business units in France. A further CHF 11 million was due to exchange rate fluctuations. Taking these effects and the changes in the scope of consolidation into account, the decline in sales amounts to 13.5% compared to the previous year.

In response to the pandemic, we concentrated our efforts on further organizational improvements. These included the discontinuation of two factories in France which had been unprofitable for many years, and further personnel and process adjustments at sites in Europe and Asia. These measures are expected to significantly improve productivity and profit in the new financial year.

These steps are particularly painful because the one-time charges incurred interrupt the positive earnings trend of the last three years. Nevertheless, given the exceptional market situation, we decided to use this time slot for long-term structural improvements of our company.

Operating profit was CHF -16.6 million (2019: CHF 9.8 million) and was significantly impacted by one-off effects of the aforementioned measures. The net result decreased accordingly to CHF -24.2 million (2019: CHF 3.3 million). Excluding the losses from deconsolidation as well as other one-time special charges, the Group would have been able to generate a slightly positive result.

In parallel with the optimization within the Group, we pressed ahead with the development of our new business areas. Significant progress in this financial year includes:

- » strengthening our presence in India through the expansion of local wire coil production in connection with a major order from the wind industry
- » gaining further nominations in the tens of millions range in the e-mobility market
- » positive interest in our innovations for aerospace applications reflected in the rising number of evaluation projects
- » excellent customer response to our consulting services through our Institute for High-Voltage Insulation



Cash flow from operating activities was CHF 6.8 million (2019: CHF 12.6 million). Following the successful repayment in the first half of the year of the convertible bond from 2014, Von Roll has liquid assets of around CHF 48 million. The equity ratio improved slightly to 74.5%.

As a consequence of the recent optimization measures, the company should be able to generate an EBIT margin of around 5% under normal market conditions in our core markets. To achieve our objective of significantly increasing the value of the company, we plan to expand our business activities and stimulate growth through acquisitions. Our vision for the Von Roll Group is to further extend our current position as the world leader in the market for electrical insulation and to become an innovative and diversified technology holding company.

We expect to see a return to positive financial performance and moderate sales growth in the new financial year 2021.

On behalf of the Board of Directors and the Executive Management, we would like to thank our shareholders for their trust and our business partners for the successful cooperation. We would also like to thank all our employees worldwide this year for their enormous dedication and loyalty to Von Roll.

Breitenbach, March 2021

P. Kalantzis

Dr. Peter Kalantzis
Chairman of the
Board of Directors

Ch. Hennerkes

Dr. Christian Hennerkes
Chief Executive Officer



Business development

In the 2020 financial year, Von Roll generated revenue of CHF 212.2 million (2019: CHF 291.6 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) were CHF -4.9 million (2019: CHF 21.5 million). Operating income (EBIT) was CHF -16.6 million (2019: CHF 9.8 million).

Since the second quarter, our core markets have been dominated by the rapid spread of coronavirus. Due to the timely introduction of countermeasures, we were able to largely maintain our own delivery capability. However, difficult circumstances for our clients over the course of the year led to a continuing decline in demand across nearly all product segments and regions.

Over the course of the coronavirus crisis, the Von Roll Group conducted a critical review of all global activities to ensure that our personnel and financial resources were focused on the most promising business areas within the Group. This review led to the discontinuation of our two French factories in Delle, which had been loss-making for years. The Von Roll Group continues to be represented in France with the two remaining sites in Valdoie and Meyzieu.

Adjusted for the revenue of the factories in France that have been discontinued since June, and taking into account exchange rate fluctuations. The decline in revenue was around 13.5% compared to the previous year. In reaction to the decline in revenue, we also took appropriate personnel and process adjustment measures at our sites in Europe and Asia.

Overall, the one-time charges associated with these measures resulted in an operating income (EBIT) of CHF -16.6 million (2019: CHF 9.8 million). The net result decreased by a similar extent to CHF -24.2 million (2019: CHF 3.3 million).

Cash flow from operating activities was CHF 6.8 million (2019: CHF 12.6 million). Following the successful repayment in the first half of the year of the convertible bond from 2014, Von Roll has liquid assets of around CHF 48 million. The equity ratio improved slightly to 74.5%.

In parallel with managing the COVID-19 pandemic and the structural adjustments mentioned above, the focus of our activities was the continued expansion of our new business areas.

Series production for prefinished, insulated wire coils in India was further expanded in the reporting year. Targeted new investments enabled a doubling of capacity, and process stability was significantly improved due to the increase in automation.

The newly developed resin systems for the aviation industry were extremely well received by customers, and first steps toward approval have already been taken. Once the aviation industry has overcome the consequences of COVID-19, we expect to see significant revenue growth in this area.

The automotive team doubled its volume of nominations with well-known automotive manufacturers compared to the previous year. We have further strengthened our team with industry experts for the forthcoming start of production.



Group key figures

in CHF 1,000

	2020	2019
Order intake	196,998	296,944
Net sales	212,237	291,581
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-4,920	21,540
Operating result before deconsolidation result	-5,283	9,795
Operating result (EBIT)	-16,565	9,795
Earnings after taxes (EAT)	-24,215	3,261
Cash flow from operating activities	6,831	12,625
Capital expenditures	7,061	5,370
Total equity	167,907	199,018
Equity ratio (%)	74.5 %	71.9 %
Number of employees (FTE)	973	1,203

Von Roll Insulation

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

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

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

As a result of the weak economy caused by the global pandemic, revenue in the Insulation segment fell to CHF 156.1 million (2019: CHF 212.7 million). Adjusted for the one-off effect from the business units in France that were discontinued at the end of May 2020 and for currency effects, revenue fell by around 14.1%.

The market for the insulation segment can be divided into two areas: high-voltage and low-voltage.

High-voltage insulation

The high-voltage insulation segment comprises all operating activities of Von Roll that focus on high-voltage applications. Overall, demand for products in this area is experiencing steady growth. However, regional COVID-19 measures caused some plants to be idled not only at customers' sites but also at our own sites, particularly in India and Europe, resulting in a decline in annual sales. This happened particularly in India and Europe, leading to an overall fall in annual revenue. Business relating to products for railway technology in India and fire-proof cables in the Middle East was most heavily impacted.

Business relating to products for turbogenerators remained at a low, but stable level. While gas turbine plants continue to be in demand as a stopgap technology for renewable energies, the demand for large turbogenerators for coal-fired power plants is falling. In 2020, some well-known manufacturers made the decision to withdraw from the construction of coal-fired power plants.

As part of the increasing movement toward climate protection, environmentally friendly technologies for the generation of hydro, wind and solar power are in strong demand. In China, two major hydropower projects are currently underway. Von Roll supplied the electrical insulation materials for the hydro generators for both projects.

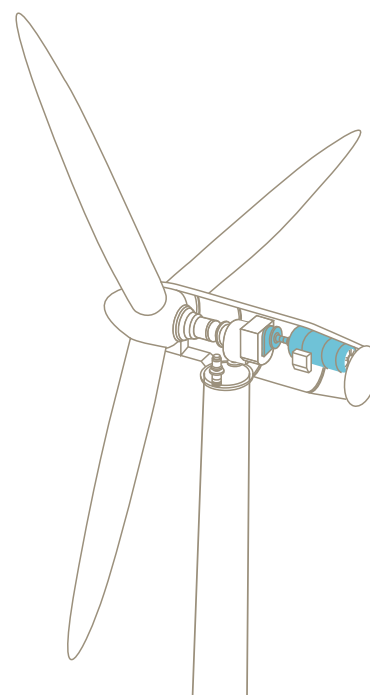
In 2020, we recorded the strongest growth in supplying materials for the construction of wind power plants, particularly for the offshore segment. We won major contracts to supply finished components for wind turbine generators. Due to the positive level of orders, the deci-

Latest-generation coils for offshore wind power generators

Offshore wind parks can generate more energy due to significantly higher wind speeds along coastlines. When the weather is tough, this equipment is particularly difficult to maintain. Due to the harsh environmental conditions, the stress on the materials is significantly higher than in onshore wind turbines.

To keep operating and maintenance costs as low as possible, manufacturers of offshore wind parks are advised to use extremely high quality, durable and corrosion-resistant components to avoid cost-intensive breakdowns of the wind turbine generators.

In 2020, Von Roll developed a new material that is more resistant to the higher thermal and mechanical loads in the coils than traditional insulation systems and guarantees that the generator will function better and be more reliable.



sion was made to expand the existing factory in India in the second half of the year with the latest manufacturing equipment.

The high-temperature insulation system (Samicabond® Plus) successfully introduced in the previous year enabled additional market share to be gained in 2020. This primarily results from the trend toward a higher thermal exploitation of motors and generators. In addition, demand has been stimulated by the increasing number of diesel generators needed to ensure the supply of emergency power as part of increasingly decentralized energy generation.

Low-voltage insulation

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

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

The consequences of the COVID-19 pandemic were also reflected in a very modest level of orders in nearly all low-voltage markets. The distribution business was also heavily impacted by the oil and gas crisis and the trade war between the USA and China, which resulted in a noticeable drop in revenue.



In contrast to the global downward trend, sales of products for generators and motors and for electronics applications in Asia showed slight growth. In addition to the more rapid market recovery in Asia, this is also due to our close positive working relationship with major original equipment manufacturers (OEMs).

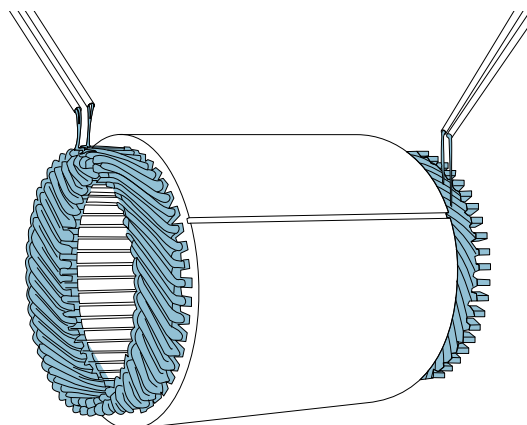
The transition to environmentally friendly resin systems has accelerated in almost all areas of application. We particularly benefited from this due to our solvent-free impregnation resins and newly developed flexible potting and impregnation systems.

Overall, our strategic focus in the low-voltage segment lies on increasing customer added value with a view to functional properties, easy workability, competitive costs and the best environmental credentials.

Crack-resistant impregnation resin for high-volume production in the industrial and automotive sectors

Working with well-known manufacturers, Von Roll developed an innovative epoxy-based Dolph's impregnation resin with excellent thermal, chemical and mechanical properties. It is particularly suitable for insulating and mechanically strengthening coils for high-load electric motors in fully electric and hybrid automobiles.

Due to its high level of reactivity and associated rapid hardening, production cycle times can be kept exceptionally short. This increases productivity across the whole process, making the impregnation resin ideal for high-volume production of virtually all types of stators in the automotive and industrial sectors.



The main challenges in this respect are to adapt the product to the customers' wishes and still achieve the best possible symbiosis of all our quality features listed before. To ensure we can provide our customers with more comprehensive, rapid support for their products, we have therefore significantly expanded the technical and personnel resources in our application and research center in Trofarello, Italy.

Von Roll Composites

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

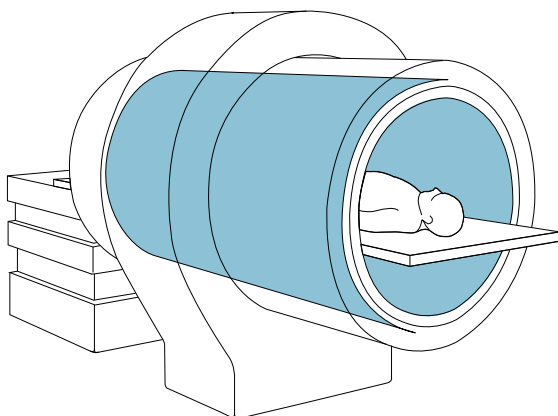
The fiber-reinforced plastics developed and produced by Von Roll are used in power generation, power transmission and power storage systems. In addition, Von Roll offers specific solutions for a wide range of industrial applications, including for industrial presses and ovens, the consumer goods, electronics,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

The Composites segment was also not spared the impact of the global coronavirus crisis over the past year. Revenue declined to CHF 56.1 million (2019: CHF 78.9 million). Adjusted for the one-off effect from the business units in France that were discontinued at the end of May 2020 and for currency effects, revenue declined by around 12.0%. In the medium term, moving away from our loss-making factories in France will strengthen the profitability of this segment.

After solid growth in revenue in the first half of the year, sales over the rest of the year were significantly impacted by the spread of the COVID-19 pandemic. Our key sales markets such as machinery and the aviation industry were disproportionately affected by the economic downturn. One positive effect of the pandemic was that qualification cycles of several new products for potential customers were significantly accelerated. We are confident that when the economy recovers, we will be able to realize additional revenue potential.



Composite materials for high-quality magnetic resonance tomography equipment



Magnetic resonance tomography (MRT) is an imaging technique used in medical diagnostics to show the structure and function of organs in the body.

We have developed a special composite material with excellent thermal conductivity for coils in high-performance MRT scanners that exceeds the stringent fire prevention safety requirements (high flame retardancy). Dissipating the excess heat prevents the equipment from overheating and protects the patient inside the scanner. Our high-tech material plays an key role in the excellent performance of MRT scanners made by major manufacturers.

New business areas



Automotive

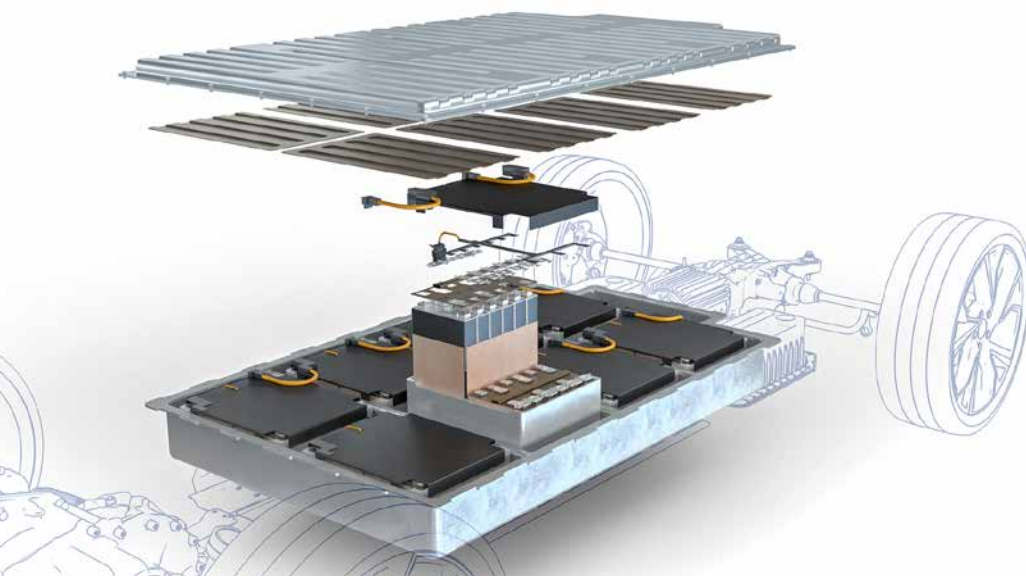
Our relatively new automotive team increased revenue and expanded its product range. It won major contracts for well-known manufacturers of thermal protection panels for high-voltage batteries and to electrical insulation materials for the latest generation of electric drives. We are expecting further growth, particularly in Europe and the USA, due to increasing sales of hybrid and electric automobiles.

Research and development

With significantly expanded resources in product development, we are able to focus on applications for thermal and electric battery protection. Our innovative solutions are in strong demand by international automotive manufacturers. Due to the long development times for battery systems, car manufacturers are today already interested in anticipating future safety requirements. Von

Roll Automotive supports this trend using its own testing technology and through capacity investments in our prototype manufacturing in order to drive forward future-proof developments. To this end, a new prototype center was opened in Augsburg in 2020, with expanded manufacturing and testing capacities that make it a leader in thermal battery protection.

In addition to expanding our product portfolio, the Von Roll Automotive R&D team is working intensively with international automotive manufacturers and our global research department on further resin and composite product developments. There is a particular focus on applications for hydrogen drives and hydrogen storage. Here, Von Roll offers a product range with a highly effective fire protection coating that prevents high-pressure hydrogen storage from bursting in the event of a fire.





Aviation and transport industry

Our newly developed epoxy-based FST¹ prepregs and core filler materials for the interior of aircraft cabins were met with great interest in the market. Compared to other solutions, our innovations feature better process capability and long-term stability at room temperature as well as maximum environmental friendliness. Several international manufacturers in the aviation industry have already started evaluating the new epoxy-based FST¹ prepregs and core filler materials.

Von Roll also started testing the evaluation process of prepregs with well-known railway manufacturers. We focused on developing a new phenol-based prepreg that offers significant advantages over traditional materials in terms of handling and health protection during

processing. This product contains minimal levels of VOCs² and meets both FAR 25.852 Aerospace and EN 45545-2 Railway fire test standards.

We successfully transferred all customers in the aerospace market who had previously been supplied by our now discontinued sites in France to our site in the UK. As part of this process, the production site in Bradford, UK obtained EN 9100 certification.

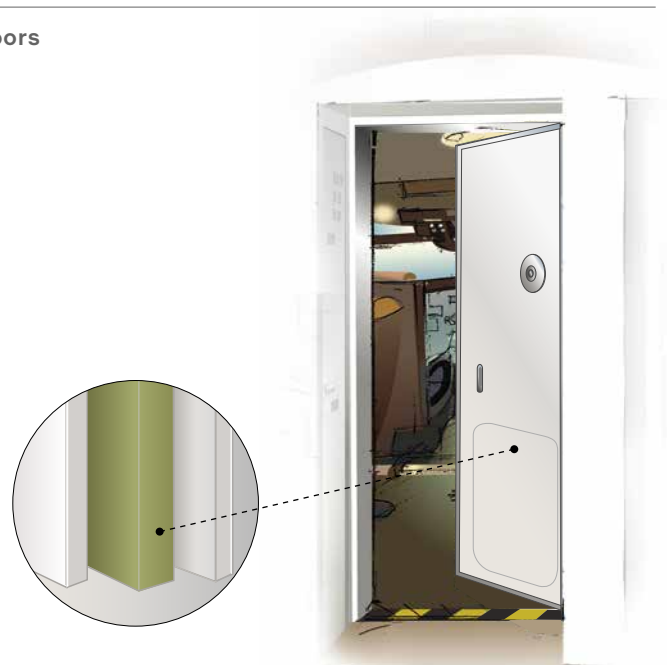
¹ FST = fire, smoke, toxicity

² VOCs = volatile organic compounds

Solution with excellent ballistic properties for cockpit doors

Security requirements for aircraft and public transport are becoming increasingly strict. This results in increasing demand for ballistic protective applications at specific key points, such as the transition area from the passenger cabin to the cockpit.

We have developed innovative Von Roll laminates to protect aircraft and train cockpit doors and will be launching this product on the market. Our lightweight material has exceptional ballistic properties and complies with fire safety requirements (high levels of protection against flames and smoke production).



VonRoll

Worldwide



PRODUCTION & SALES

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

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

Electrical insulation materials
Resins
Composites
Wires

Corporate Governance

Von Roll Holding AG is organized in accordance with Swiss law and complies with the current Directive on Information relating to Corporate Governance of SIX Swiss Exchange Regulation AG dated June 20, 2019. Unless specified otherwise, the disclosures are made as at the balance sheet date of December 31, 2020.

1. Group structure and shareholders

1.1 Group structure

Operating Group structure

The operating activities of Von Roll Holding AG and its subsidiaries are divided into the “Von Roll Insulation” and “Von Roll Composites” segments. Further details are available in the “Financial Reporting” section (see Note 5 on page 49 of this Annual Report).

Listed companies

Since August 11, 1987, Von Roll Holding AG, with its registered office in Breitenbach and its domicile at Passwangstrasse 20, 4226 Breitenbach, has been listed on the SIX Swiss Exchange (valoren symbol: ROL, valoren number: 324.535, ISIN: CH0003245351). As at December 31, 2020, it had a market capitalization of TCHF 285,247. There are no other listed companies within the scope of consolidation of Von Roll Holding AG.

Non-listed companies

A list of significant unlisted consolidated companies is disclosed in Note 14 of the “Financial Reporting” section on page 58 of this Annual Report.

1.2 Significant shareholders

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

There were no disclosure notifications regarding shareholdings of other significant shareholders or groups of shareholders in the reporting year. For details about the disclosure notifications, please refer to the SIX Exchange Regulation website (www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html).

1.3 Cross-shareholdings

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

2. Capital structure

2.1 Capital

The ordinary share capital has a par value of CHF 35,655,880.40, which corresponds to 356,558,804 fully paid-up bearer shares, each with a par value of CHF 0.10.

The Articles of Incorporation of Von Roll Holding AG provide for an increase by the Board of Directors of share capital as a component of the conditional capital by up to CHF 363,677.00, which corresponds to up to 3,636,770 fully paid-up bearer shares, each with a par value of CHF 0.10.

Under the authorized capital, the share capital cannot be increased by the Board of Directors.

2.2 Authorized and conditional capital

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

Under the conditional capital, up to CHF 363,677.00 can be issued by the Board of Directors, which equates to 1.02% of the existing share capital of CHF 35,655,880.40. Under the authorized capital, the share capital cannot be increased.

2.3 Changes in capital

In the reporting year:

No changes were made to the ordinary or conditional capital in the reporting year. As at March 12, 2020, however, the partial conversion of the 1.00% convertible bond CHF 150,000,000 2016 – 2022 (see page 13 f. section 2.7) carried out in 2019 were entered into the commercial register. The Board of Directors was authorized to increase the share capital of the company at any time until April 24, 2020, by a maximum amount of CHF 2,245,725.80 by issuing a maximum of 22,457,258 fully paid-up bearer shares, each with a par value of CHF 0.10. The Board of Directors did not make use of this authorization, and as at December 31, 2020, there is no more authorized capital.

In 2019:

In 2019, the share capital was increased by the partial conversion of the 1.00% convertible bond CHF 150,000,000 2016 – 2022 (see page 13 f. section 2.7) by a par value of CHF 1,400.00 from CHF 35,654,480.40 to CHF 35,655,880.40; the conditional capital fell accordingly to the amount listed in section 2.2 (page 12). The amount up to CHF 2,245,725.80 as at December 31, 2018, by which the Board of Directors may increase the share capital as a component of the authorized capital did not change in 2019.

In 2018:

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

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

Type of capital (in CHF)/reporting date	31.12.2020	31.12.2019	31.12.2018
Ordinary capital (issued capital)	35,655,880.40	35,655,880.40	35,654,480.40
Ordinary capital (capital registered in the commercial register)	35,655,880.40	35,654,480.40	35,654,480.40
Conditional capital	363,677.00	363,677.00	365,077.00
Authorized capital	0.00	2,245,725.80	2,245,725.80

¹ The issued capital was registered in the Swiss commercial register as at March 12, 2020.

2.4 Shares and participation certificates

As at December 31, 2020, 356,558,804 bearer shares with a par value of CHF 0.10 had been issued and were fully paid up. One bearer share carries one voting right. Each shareholder possesses statutory membership and proprietary rights, in particular the entitlement to receive dividends and voting rights. No participation certificates were outstanding.

2.5 Dividend-rights certificates

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

2.6 Limitations on transferability and nominee registrations

There are no limitations on transferability or nominee registrations.

2.7 Convertible bonds and options

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

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

The conversion price is set at CHF 1.00. The offering and redemption prices are set at 100 % each. The convertible bond carries a coupon rate of 1.00 % per annum, payable annually in arrears. In 2016, existing shareholders were granted subscription rights to subscribe for the convertible bond in proportion to their current shareholding. Accordingly, based on an issue total of CHF 150 million, each shareholder had the right to purchase a bond with a par value of CHF 1,000 for every 1,185 shares held on March 22, 2016, at close of trading. Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85 % of the original bond total is converted and/or redeemed or, after May 2, 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130 % or more of the conversion price over a period of 20 out of 30 consecutive trading days (see also Note 19 on page 65 and Note 8 on page 73 f.).

A par value of CHF 1,093,000 of this convertible bond was still outstanding on December 31, 2020. If this remaining outstanding share of the convertible bond were also to be fully converted, the share capital would increase by CHF 109,300, which equates to 0.31 % of the existing share capital as at December 31, 2020.

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

On June 18, 2014, Von Roll Holding AG issued an unsecured convertible bond (valoren symbol: ROL14; valoren number: 24523928; ISIN: CH0245239287) for the amount of CHF 61 million, due in 2020. It was convertible into 25,416,870 bearer shares of Von Roll Holding AG (subject to any adjustments due to the dilution protection clause).

After the conversion deadline expired on June 9, 2020, conversion rights amounting to a par value of CHF 6,105,000 had not been exercised, and the convertible bond was repaid in full.

Options

Von Roll Holding AG has not issued any options.

3. Board of Directors

3.1 Members of the Board of Directors

As at December 31, 2020, the Board of Directors of Von Roll Holding AG comprises the following members:

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

¹ Chairman since 12/2010

Dr. Peter Kalantzis

Chairman of the Board of Directors

Education

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

Professional career

1971 – 1990:

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

1991 – 2000:

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

Other activities and vested interests

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

Guido Egli

Vice-Chairman of the Board of Directors

Education

Degree from University of Applied Sciences, Switzerland

Degree from the London Business School, UK

Professional career

1977 – 1996:

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

1996:

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

2001 – 2014:

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

2006 – 2014:

Mövenpick Holding AG, Baar, Switzerland, CEO

Other activities and vested interests

Chairman of the Board of Directors of Kursaal-Casino AG Luzern, Lucerne, Switzerland; Chairman of the Board of Directors of Grand Casino Luzern AG, Lucerne, Switzerland; Chairman of the Board of Directors of Casino Online AG, Lucerne, Switzerland; Chairman of the Board of Directors of Parkhaus Casino-Palace AG, Lucerne, Switzerland; Chairman of the Board of Directors of Meyerhans Mühlen AG, Weinfelden, Switzerland; Member of the Board of Directors of Remimag Holding AG, Rothenburg, Switzerland; Member of the Board of Directors of Remimag Gastronomie AG, Rothenburg, Switzerland; Member of the Board of Directors of Remimag AG, Rothenburg, Switzerland; Member of the Board of Directors of REITZEL SA, Fribourg, Switzerland; Member of the Board of Directors of Riviera Restaurants AG, Bern, Switzerland; Member of the Foundation Board of the Foundation of the Pontifical Swiss Guard in the Vatican, Fribourg, Switzerland; Member of the Advisory Board of J. Bauer GmbH & Co. KG, Wasserburg, Germany.

Gerd Amtstätter

Member of the
Board of Directors

Education

Degree in law from the University of Munich, Germany

Professional career

1971 – 1975:

Member of the management team of a medium-sized company

1975 – 1998:

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

Since 1998:

General Manager of von Finck'sche Hauptverwaltung

Other activities and vested interests

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

Gerd Peskes

Member of the
Board of Directors

Education

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

Professional career

Since 1978:

Managing Director of Gerd Peskes GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany.

Other activities and vested interests

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

**August François
von Finck**

Member of the
Board of Directors

Education

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

Professional career

Entrepreneur

Other activities and vested interests

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

**Dr. oec. Christian
Hennerkes**

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

Education

Doctorate in Economics (Hohenheim)
First and second state exam in Law (Constance, Stuttgart, San Francisco)

Professional career

2001 – 2004:

The Boston Consulting Group (Manager/Principal)

2005 – 2016:

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

Since October 1, 2016:

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

Other activities and vested interests

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

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

3.2 Other activities and vested interests

Information on the other activities and vested interests of Members of the Board of Directors is shown in section 3.1 (page 15 ff.).

3.3 Statutory regulations regarding the permissible number of activities in accordance with Article 12 Paragraph 1 section 1 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO")

The permissible number of external offices is determined with binding effect in section 3 B Article 24, para. 1 and 3 of the Articles of Incorporation, which may be viewed at www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/:

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

3.4 Elections and terms of office

The Chairman of the Board of Directors, the other Members of the Board of Directors and the Members of the People & Remuneration Committee are each elected by the General Meeting for a one-year term, which runs until the end of the next ordinary General Meeting. The Vice-Chairman of the Board of Directors, the Chairman of the People & Remuneration Committee and the Chairman and Members of the Audit Committee are elected by the full Board of Directors. Re-election is permitted without restrictions. There is no age limit. The year the individual members of the Board of Directors were elected for the first time is listed under section 3.1 (page 15).

3.5 Internal organization

The organization, tasks and areas of responsibility of the Board of Directors and its committees are detailed in the organizational regulations. These can be viewed at www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/. The following paragraphs summarize the essential elements of the organizational regulations.

Allocation of tasks within the Board of Directors

The individual functions (Chairman, Vice-Chairman and Delegate) are listed in section 3.1 (page 15).

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

The Delegate of the Board of Directors manages the Von Roll Group in the role of CEO. He decides on all matters that are not non-transferable duties of the Board of Directors in accordance with Article 716a of the Swiss Code of Obligations (CO) or Article 22 of the Articles of Incorporation (which can be viewed under section (“Abschnitt”) 3 B Article 22 at www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/) and do not fall under the decision-making power of the Board of Directors (see page 21 f. section 3.6). He helps the Chairman to prepare for the meetings of the Board of Directors. He also makes resolutions in consultation with the Chairman in urgent cases.

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

The Board of Directors has the following committees:

Audit Committee

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

People & Remuneration Committee

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

Working methods of the Board of Directors and its committees

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

two members must be present for the Audit Committee and People & Remuneration Committee to make resolutions. Decisions are made by an absolute majority of the delivered votes. The respective Chairman participates in the vote and has the casting vote in the event of a tie.

In the reporting year, the CFO participated in an advisory capacity without voting rights in meetings of the Board of Directors for the agenda items relating to business activities. The Delegate of the Board of Directors/CEO and the CFO regularly attended meetings of the Audit Committee and the People & Remuneration Committee in an advisory capacity without voting rights in the reporting year. In the reporting year, external consultants were not brought in to either a meeting of the Board of Directors, the Audit Committee or the People & Remuneration Committee. The auditor Deloitte AG took part in all meetings of the Audit Committee in the reporting year.

The invitation letters to a meeting show all the agenda items that a Member of the Board of Directors, a committee or a Member of the Executive Management wishes to discuss. The dates for the ordinary meetings are set with due advance notice so that all members are able to attend in person. For all motions, the participants of the meeting receive detailed written documentation in advance. The Chairmen of the committees report to the Board of Directors on the committee's activities. The minutes of the committee meetings are provided to Members of the Board of Directors. As a rule, the Chairman convenes the Board of Directors approximately every two months, or as often as business operations require, and also when a member submits a request in writing specifying the desired agenda items. The Board of Directors met eight times during the reporting year. Meetings lasted 12 hours 55 minutes in total, which reflects an average of roughly 1 hour and 35 minutes per session. Two resolutions were also made by circular letter. The Audit Committee and the People & Remuneration Committee gather as often as business operations require and at least twice annually. During the reporting year, the Audit Committee met three times. Meetings lasted 3 hours and 5 minutes in total, which reflects an average of roughly 1 hour per session. The People & Remuneration Committee met twice during the reporting year. Meetings lasted 1 hour in total, which reflects an average of 30 minutes per session.

3.6 Definition of areas of responsibility

The areas of responsibility and nature of cooperation between the Board of Directors and the Executive Management are stipulated in the organizational regulations. These can be viewed at www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/. The Board of Directors has delegated responsibility for business operations to the Delegate of the Board of Directors/CEO. In addition to the responsibilities mentioned in the rules of organization, however, the Board of Directors also makes decisions about the following:

- » Non-transferable duties in accordance with Article 716a of the Swiss Code of Obligations (CO) and Article 22 of the Articles of Incorporation (see www.vonroll-group.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/ under section ("Abschnitt") 3 B.)
- » Investments in companies and involvement in joint ventures
- » Partnerships and licensing agreements with financial commitments exceeding CHF 5 million
- » Acquisition and divestment of companies
- » Internal restructuring of the Group
- » Human resources principles
- » Basic principles of salary and bonus systems
- » Introduction of and major changes to company retirement plans
- » Purchase and sale of real estate over CHF 2 million
- » Real estate rental agreements with a term of more than five years or costs of over CHF 5 million

3.7 Information and instruments for monitoring the Executive Management

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

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

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

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

4. Executive Management

4.1 Members of the Executive Management

As at December 31, 2020, the Executive Management of Von Roll Holding AG comprises the following members:

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

Dr. oec. Christian Hennerkes

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

Education

Doctorate in Economics (Hohenheim)
First and second state exam in Law (Constance, Stuttgart, San Francisco)

Professional career

2001 – 2004:
The Boston Consulting Group (Manager/Principal)
2005 – 2016:
Managing Director and partner of various companies in the consumer and industrial goods sector (including Unternehmensgruppe Theo Müller, Travel IQ GmbH, Menerga GmbH)
Since October 1, 2016:
Chief Executive Officer (CEO) of Von Roll Holding AG, Breitenbach

Other activities and vested interests

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

Artur Lust

Chief Financial Officer (CFO)

Education

Degree in business administration from the University of Applied Sciences for Economics and Management, Essen
Certified accountant (Chamber of Commerce and Industry)

Professional career

2004 – 2012:
Various management positions in family-owned medium-sized companies and large listed corporations in the consumer and industrial goods sector, most recently as Company Controlling Manager at Ericsson GmbH, Düsseldorf
2012 – 2015:
Commercial Director and Authorized Representative at Menerga GmbH, Mülheim an der Ruhr
2016 – 2017:
Head of Corporate Development of Von Roll Management AG, Breitenbach
Since October 1, 2017:
Chief Executive Officer (CFO) of Von Roll Holding AG, Breitenbach

Other activities and vested interests

No other activities or interests.

4.2 Other activities and vested interests

Information on the other activities and vested interests of Executive Management Members is shown in section 4.1 (page 23).

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

The permissible number of external offices is determined with binding effect in section 3 B Article 24, para. 2 and 3 of the Articles of Incorporation, which may be viewed at www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/:

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

4.4 Management contracts

There are no management or service contracts with third parties.

5. Remuneration, shareholdings and loans

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

The relevant information can be found on page 20 section 3.5 under "People Remuneration Committee", in sections 1.4 – 1.6 of the Remuneration Report (see page 28 ff.) and in Articles 29 – 32 of the Articles of Incorporation, which can be found at <https://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/> in section 4. The following is also stipulated: The maximum amount of remuneration for the Board of Directors to be approved by the General Meeting is discussed in advance by the People & Remuneration Committee, and together with the maximum amount of remuneration for the Executive Management to be approved by the Board of Directors, is proposed for approval by the Annual General Meeting with the participation and input of all Members of the Board of Directors and the Executive Management. The actual amount of fixed remuneration to be paid to the Members of the Executive Management is agreed in the employment contract. No variable remuneration is paid. The decisions to determine these remunerations are discretionary decisions, which is why no explanation is given in this regard. The Delegate of the Board of Directors/CEO merely receives remuneration for his role as CEO, not as a Member of the Board of Directors. The remuneration of the Executive Management remained unchanged in the reporting year; pension contributions increased slightly due to legal premium increases. No external consultants were consulted in determining remuneration.

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

The regulations in the Articles of Incorporation concerning the principles of performance-related remuneration, the allocation of equity securities and conversion rights and options, the additional amount for the remuneration of Members of the Executive Management appointed following the vote of the General Meeting on remuneration and the vote of the General Meeting on remuneration can be found in section 4 Article 30 ff. of the Articles of Incorporation, which can be viewed at www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/, with

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

6. Shareholder's participation rights

6.1 Voting rights restrictions and representation

The company's Articles of Incorporation do not contain any voting right restrictions and do not deviate from Swiss law with regard to the representation of voting rights. The General Meeting adopts resolutions and conducts elections with a simple majority of the votes cast at the meeting, excluding any abstentions or invalid votes. This regulation applies unless stipulated otherwise by mandatory legal provisions or provisions set out in the Articles of Incorporation (see page 25 section 6.2). Each share carries one vote at the General Meeting. Each shareholder can be represented at the General Meeting by the independent voting representative or a third party. In light of the COVID-19 pandemic, votes for the attention of the ordinary General Meeting of April 30, 2020, were cast using the independent voting representative exclusively. The independent voting representative is obliged to exercise the voting rights he represents in accordance with the instructions he has received. If he has not received any instructions, he abstains from voting. The Board of Directors ensures that shareholders can also give powers and instructions to the independent voting representative electronically. It may also lay down the details in this regard.

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

6.2 Quorums required by the Articles of Association

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

6.3 Convocation of the General Meeting

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

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

6.4 Agenda items

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

6.5 Entries in the share register

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

7. Changes of control and defense measures**7.1 Duty to make a public offer**

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

7.2 Change of control clauses

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

8. Auditor**8.1 Duration of mandate and term of office of the auditor in charge****Time of assumption of the current audit mandate**

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

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

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

8.2 Auditing fee

The fee paid to the auditor (including the auditors belonging to the network of the statutory auditor) for the audit of the 2020 financial statements was TCHF 365 in total.

8.3 Additional fees

During the reporting period, additional fees of approximately TCHF 7 were paid for compliance.

8.4 Information instruments pertaining to the external audit

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

The activities of the auditors are monitored by the Audit Committee. This committee annually assesses the performance, remuneration, independence and scope of the audit as well as the relevant procedures. To ensure their independence, the auditor in charge is replaced regularly, and always before the legal maximum term of seven years. The audit mandate is regularly put out for tender to assess the commensurability of the fee.

9. Information policy

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

Agenda 2021

March 18, 2021:

Publication of results for the year 2020

Friday, April 30, 2021:

198th ordinary General Meeting in Breitenbach (to be conducted without the shareholders being physically present)

Tuesday, August 24, 2021:

Publication of results for the first half of 2021

All regularly updated information is also available at www.vonrollgroup.com/en/ under Media & Investor Relations. Previously published press releases are available at <https://www.vonrollgroup.com/en/media--investor-relations/press-releases/actual-press-releases/>. Shareholders can receive press releases by email by registering in the press distribution list. This can be ordered from Von Roll Holding AG, Passwangstrasse 20, 4226 Breitenbach, at www.vonrollgroup.com/en/media--investor-relations/press-releases/order-service/. Further information can be requested at www.vonrollgroup.com/en/contact1/contacts/contact/ or by telephone at +41 61 785 52 36, fax at +41 61 785 58 92 or email at investor@vonroll.com.

Remuneration Report 2020

1. Remuneration philosophy and basic principles

1.1 General information

The Remuneration Report lays down the remuneration principles and the governance framework for the remuneration of the Board of Directors and the Members of the Executive Management of Von Roll Holding AG. It also includes details of remuneration policy and the remuneration paid to the aforesaid bodies in the financial year 2020.

Unless indicated otherwise, all information provided in this report relates to the financial year that ended on December 31, 2020. The report is in line with Art. 13 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO); the "Swiss Code of Best Practice for Corporate Governance" issued by Economiesuisse; section 5.1 of the Annex to the SIX Swiss Exchange's Directive on Information relating to Corporate Governance; and the Swiss Code of Obligations.

1.2 Corporate governance as the basis for compensation policy

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

1.3 ERCO

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

1.4 Responsibilities

Board of Directors

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

People & Remuneration Committee

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

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

CEO and the Executive Management

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

1.5 Principles and components of remuneration

General principles

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

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

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

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

Components of the Board of Directors' remuneration

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

Components of the Executive Management's compensation

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

1.6 Approval procedure

General information

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

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

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

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

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

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

Appointment of Members of the Executive Management

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

Number of external offices and positions

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

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

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

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

Severance pay

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

2. Remuneration in the financial year

2.1 Remuneration of the Board of Directors (audited)

Board of Directors' fee

The following remuneration was paid to Members of the Board of Directors for the financial year 2020:

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

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

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

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

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

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

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

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

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

Other remuneration

Apart from the amounts disclosed here, no Member of the Board of Directors received any additional fees or remuneration in 2020 or 2019 for services provided to Von Roll. In particular, no additional remuneration was paid for serving as a member of a committee or undertaking specific duties or projects in the financial years 2020 and 2019.

2.2 Remuneration of the Executive Management (audited)

Short-term remuneration

The Members of the Executive Management received remuneration totaling CHF 1.3 million in the financial year 2020 (2019: CHF 1.3 million). This sum comprises fixed basic salaries of CHF 1.1 million (2019: CHF 1.1 million), short-term performance bonuses of CHF 0 (2019: CHF 0) and social security contributions of CHF 0.2 million (2019: CHF 0.2 million).

The following remuneration was paid to Members of the Executive Management for the financial year 2020:

in CHF 1,000	Function	Basic salary ¹	Variable remuneration	Other remuneration ²	Pension benefits ³	Total
Dr. Christian Hennerkes	CEO	660	–	19	121	800
Artur Lust	CFO	440	–	12	76	528
Total		1,100	–	31	197	1,328

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

² The other compensation comprises lump-sum compensation (TCHF 24) and child allowances (TCHF 7).

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

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

in CHF 1,000	Function	Basic salary ¹	Variable remuneration	Other remuneration ²	Pension benefits ³	Total
Dr. Christian Hennerkes	CEO	660	–	19	120	799
Artur Lust	CFO	440	–	12	75	527
Total		1,100	–	31	195	1,326

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

² The other compensation comprises lump-sum compensation (TCHF 24) and child allowances (TCHF 7).

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

Long-term remuneration

There is no plan for long-term compensation.

Other remuneration

Apart from the amounts disclosed here, no Member of the Executive Management received any additional fees or remuneration in the financial years 2020 or 2019 for services provided to Von Roll.

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

No remuneration was due to former Members of the Executive Management or for former Members of the Board of Directors in the financial years 2020 and 2019.

2.4 Loans (audited)

Board of Directors

No Members of the Board of Directors were granted loans in the financial years 2020 and 2019. No loans were outstanding at the end of the financial years 2020 and 2019.

2.5 Remuneration and loans to related parties (audited)

2.6 Shareholdings

Executive Management

No Members of the Executive Management were granted any loans in the financial years 2020 and 2019. No loans were outstanding at the end of 2020 and 2019.

Former Members of the Board of Directors and the Executive Management

No former Members of the Board of Directors or the Executive Management were granted any loans diverging from standard market terms during the financial years 2020 and 2019. Neither are any such loans outstanding.

No remuneration diverging from standard market practice was granted either directly or indirectly to any related parties in the financial years 2020 and 2019. In addition, no related parties were granted any loans diverging from standard market terms. Neither are any such loans outstanding.

Shares held by Members of the Board of Directors

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

Number of shares	2020	2019
Dr. Peter Kalantzis	1,333	1,333
Guido Egli	1,067	1,067
Gerd Amtstätter	466,667	466,667
Gerd Peskes	0	0
August François von Finck	46,328,166	46,328,166
Dr. Christian Hennerkes	3,600,000	3,600,000
Total	50,397,233	50,397,233

Shares held by Members of the Executive Management

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

Number of shares	2020	2019
Dr. Christian Hennerkes, CEO	3,600,000	3,600,000
Artur Lust, CFO	2,400,000	2,400,000
Total	6,000,000	6,000,000

2.7 Convertible bonds

Convertible bonds held by Members of the Board of Directors

No convertible bonds of Von Roll Holding AG were held by Members of the Board of Directors at the end of the financial years 2020 and 2019.

Convertible bonds held by Members of the Executive Management

No convertible bonds of Von Roll Holding AG were held by Members of the Executive Management at the end of the financial years 2020 and 2019.

Report of the statutory auditor

To the general meeting of
VON ROLL HOLDING AG, BREITENBACH

Report of the statutory auditor in relation to the remuneration report

We have audited the remuneration report dated 12 March 2021 of Von Roll Holding AG, pages 31–33, for the year ended 31 December 2020.

Responsibility of the Board of Directors

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of Von Roll Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

DELOITTE AG

Alessandro Miolo
Licensed audit expert
Auditor in Charge

Robert Renz
Licensed audit expert

Zurich, 12 March 2021

Financial Reporting

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Consolidated income statement for the financial year 2020

in CHF 1,000	Note	2020	2019
Net sales	6a	212,237	291,581
Other operating income	6b	3,628	6,053
Total income		215,865	297,634
Change in inventory of unfinished and finished goods		-674	-1,838
Material cost		-92,662	-141,832
Gross profit		122,529	153,964
Personnel expenses	6c	-78,177	-85,103
Depreciation and impairment/reversal of an impairment of property plant and equipment (operational)	6d	-9,717	-10,362
Amortization and impairment of intangible assets	6d	-2,132	-2,251
Other operating expenses	6e	-37,786	-46,453
Operating result before deconsolidation		-5,283	9,795
Deconsolidation result	4	-11,282	-
Operating result (EBIT)		-16,565	9,795
Financial result	6f	-3,871	-2,361
Ordinary result		-20,436	7,434
Non-operating result	6g	-1,129	-1,519
Earnings before taxes (EBT)		-21,565	5,915
Income taxes	7	-2,650	-2,654
Earnings after taxes (EAT)		-24,215	3,261
Of which attributable to:			
- Shareholders of Von Roll Holding AG		-24,473	3,239
- Non-controlling interests		258	22
Basic earnings after taxes (EAT) per share (in CHF)	8a	-0.0698	0.0093
Diluted earnings after taxes (EAT) per share (in CHF)	8b	-0.0698	0.0093

Consolidated balance sheet as at December 31, 2020

Assets

in CHF 1,000	Note	31.12.2020	in %	31.12.2019	in %
Current assets					
Cash and cash equivalents		48,271		55,218	
Trade receivables	9	33,955		48,900	
Other receivables	10	8,051		12,216	
Inventories	11	33,261		42,044	
Accrued income and prepaid expenses		2,132		2,523	
Total current assets		125,670	55.8 %	160,901	58.1 %
Total non-current assets					
Property, plant and equipment	12	87,442		98,591	
Financial assets		464		351	
Intangible assets	13	6,207		9,218	
Other assets		2,005		3,052	
Deferred tax assets	7c	3,485		4,649	
Total non-current assets		99,603	44.2 %	115,861	41.9 %
Total assets		225,273	100.0 %	276,762	100.0 %

Liabilities and Equity

in CHF 1,000	Note	31.12.2020	in %	31.12.2019	in %
Liabilities					
Current liabilities					
Financial liabilities	17	11		5,905	
Trade accounts payable	15a	9,446		15,351	
Other liabilities	15b	4,701		8,437	
Provisions	16	3,368		4,574	
Accrued liabilities and deferred income	15c	9,279		12,495	
Total current liabilities		26,805	11.9 %	46,762	16.9 %
Non-current liabilities					
Financial liabilities	17	3,321		1,035	
Employee benefit obligations	18	18,583		22,850	
Provisions	16	8,376		6,821	
Deferred tax liabilities	7c	281		276	
Total non-current liabilities		30,561	13.6 %	30,982	11.2 %
Total liabilities		57,366	25.5 %	77,744	28.1 %
Equity					
Share capital	19	35,655		35,655	
Capital reserves	19	572,139		572,139	
Treasury shares	19	-8,462		-11,746	
Accumulated losses	19	-431,234		-396,392	
Equity attributable to shareholders of Von Roll Holding AG		168,098	74.6 %	199,656	72.1 %
Non-controlling interests		-191	-0.1 %	-638	-0.2 %
Total equity		167,907	74.5 %	199,018	71.9 %
Total liabilities and equity		225,273	100.0 %	276,762	100.0 %

Consolidated cash flow statement for the financial year 2020

in CHF 1,000

	Note	2020	2019
Cash flow from operating activities			
Earnings after taxes (EAT)		-24,215	3,261
Adjustment for non-cash items		19,295	18,279
- Income taxes	7	2,650	2,654
- Financial result	6f	3,871	2,361
- Depreciation and impairment/reversal of an impairment property, plant and equipment (operational)	6d	10,001	10,362
- Depreciation and impairment/reversal of an impairment investment properties		641	651
- Amortization and impairment intangible assets		2,132	2,251
Earnings before interest, taxes, depreciation and amortization (EBITDA)		-4,920	21,540
Profit (-) and loss (+) from disposal of property, plant and equipment and intangible assets		635	1,068
Deconsolidation result (+)	4	11,282	-
Interest and other financial income received		464	426
Interest and other financial expenses paid		-502	-1,015
Taxes paid		-2,049	-2,308
Increase (+)/decrease (-) in provisions		858	-1,904
Increase (-)/decrease (+) in trade receivables		2,265	1,286
Increase (-)/decrease (+) in inventories		-1,078	3,572
Increase (+)/decrease (-) in trade accounts payable		-1,603	-1,888
Increase (-)/decrease (+) in other net current assets		1,480	-8,153
Total cash flow from operating activities		6,831	12,625
Cash flow from investing activities			
Capital expenditures for property, plant and equipment and intangible assets	12/13	-7,061	-5,370
Sale of property, plant and equipment		712	430
Disposal of group companies	4	-1,703	-
Total cash flow from investing activities		-8,052	-4,940
Cash flow from financing activities			
Decrease of financial liabilities		-6,249	-23,016
Increase of financial liabilities		2,642	-
Purchase of treasury shares		-876	-1,304
Sale of treasury shares		956	1,167
Total cash flow from financing activities		-3,526	-23,153
Increase (+)/decrease (-) in cash and cash equivalents		-4,747	-15,468
Cash and cash equivalents as at January 1		55,218	71,418
Change in cash and cash equivalents		-4,747	-15,468
Currency effects on cash and cash equivalents		-2,200	-732
Cash and cash equivalents as at December 31		48,271	55,218

Consolidated statement of changes in equity for the financial year 2020

In the financial year 2020, consolidated equity changed as follows:

in CHF 1,000	Equity attributable to shareholders of Von Roll Holding AG							Non-controlling interests	Total equity
	Share capital	Capital reserves	Treasury shares	Offsetting goodwill	Currency effects	Other accumulated losses	Total		
Balance as at January 1, 2020	35,655	572,139	-11,746	-10,968	-8,762	-376,662	199,656	-638	199,018
Earnings after taxes (EAT)	-	-	-	-	-	-24,473	-24,473	258	-24,215
Disposal of Group companies	-	-				-188	-188	188	-
Purchase/sale of treasury shares	-	-	3,284	-	-	-3,204	80	-	80
Currency effects	-	-	-	-	-6,977	-	-6,977	1	-6,976
Balance as at December 31, 2020	35,655	572,139	-8,462	-10,968	-15,739	-404,527	168,098	-191	167,907

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

in CHF 1,000	Equity attributable to shareholders of Von Roll Holding AG							Non-controlling interests	Total equity
	Share capital	Capital reserves	Treasury shares	Offsetting goodwill	Currency effects	Other accumulated losses	Total		
Balance as at January 1, 2019	35,654	592,873	-35,281	-10,968	-6,097	-376,974	199,207	-665	198,542
Restatement treasury shares (Note 19)		-19,508	18,937			571	-		-
Balance restated as at January 1, 2019	35,654	573,365	-16,344	-10,968	-6,097	-376,403	199,207	-665	198,542
Earnings after taxes (EAT)	-	-	-	-	-	3,239	3,239	22	3,261
Conversion of convertible bond	1	11	-	-	-	-	12	-	12
Purchase/sale of treasury shares	-	-	3,369	-	-	-3,506	-137	-	-137
Restatement treasury shares (Note 19)		-1,237	1,229			8	-		
Currency effects	-	-	-	-	-2,665	-	-2,665	5	-2,660
Balance as at December 31, 2019	35,655	572,139	-11,746	-10,968	-8,762	-376,662	199,656	-638	199,018

Notes to the consolidated financial statements as at December 31, 2020

1. General information

Von Roll Holding AG (the “company”) and its subsidiaries (together “Von Roll”) is an international manufacturing and service company. Its primary activities are outlined in the notes on the business segments (Note 5). The company is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange). Its registered office is in Breitenbach, Switzerland. Its domicile is at Passwangstrasse 20, 4226 Breitenbach, Switzerland.

2. Significant accounting policies

Principles

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

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements refer to CHF 1,000 (TCHF). Due to the chosen number format, minor rounding differences may arise. The use of the year in connection with the presentation of the balance sheet relates in principle to December 31 of the stated year unless specified otherwise (financial year).

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

Scope and principles of consolidation

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

The Group companies are consolidated from the date on which control passes to Von Roll and deconsolidated from the date at which Von Roll can no longer exercise control.

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

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

See Note 14 for an overview of significant Group companies.

Changes in accounting principles

There were no changes in Swiss GAAP FER standards in the financial year 2020.

Currency translation

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

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

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

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

The primary exchange rates applied are:

Currency	Average rates		Closing rates	
	2020	2019	31.12.2020	31.12.2019
EUR	1.071	1.114	1.080	1.085
USD	0.942	0.994	0.880	0.966
GBP	1.211	1.264	1.202	1.276
INR	0.013	0.014	0.012	0.013
BRL	0.186	0.253	0.170	0.240
CNY	0.136	0.144	0.135	0.139

Revenue recognition

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

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

Cash and cash equivalents

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

Trade receivables and other receivables

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

Inventories

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

Property, plant and equipment

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

- » Land: not depreciated
- » Company buildings, solid structure: 25 years
- » Company buildings, lightweight structure: 10 – 20 years
- » Technical installations and machinery: 10 – 20 years
- » Plant and office equipment: 5 – 10 years
- » IT equipment: 3 – 10 years
- » Vehicles: 3 – 8 years

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

Goodwill

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

Goodwill resulting from acquisitions is offset against Group equity at the time of acquisition.

The following goodwill amounts have previously been offset against Group equity:

	CHF 1,000	Acquisition date
Von Roll Italia S.r.l., Trofarello	462	Q2/2013
Von Roll (India) Pvt Ltd, Bangalore	5,132	Q1/1998
Von Roll USA, Inc., Schenectady/New York	5,374	Q3/1995
Total	10,968	

In the event of any theoretical capitalization and assumed amortization over 5 years, these amounts would be written down in full.

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

Intangible assets

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

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

Asset impairment

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

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

Financial liabilities

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

Fair value at initial recognition is typically equivalent to the redemption amount. Fair value only deviates from the redemption amount in the case of convertible bonds, because a conversion right implies an equity instrument. The difference between the debt component of a convertible bond and the redemption amount is thus recorded in equity at initial recognition. Von Roll applies IFRS (IAS 32) in this case, as there is no corresponding rule under Swiss GAAP FER.

Provisions

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

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

Contingent liabilities

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

Trade accounts payable and other liabilities

Trade accounts payable and other liabilities are reported at their nominal value.

Income taxes

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

Current income taxes

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

Deferred taxes

Deferred income taxes are provided in full, using the comprehensive liability method, on temporary differences arising between the tax bases of assets and their liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted by the balance sheet date and that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liability is settled. Deferred taxes on temporary valuation differences on intercompany items are not recorded provided a reversal of these valuation differences is not expected in the foreseeable future.

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

Deferred tax assets are not capitalized for tax loss carryforwards.

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

Employee benefit obligations

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

Leasing

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

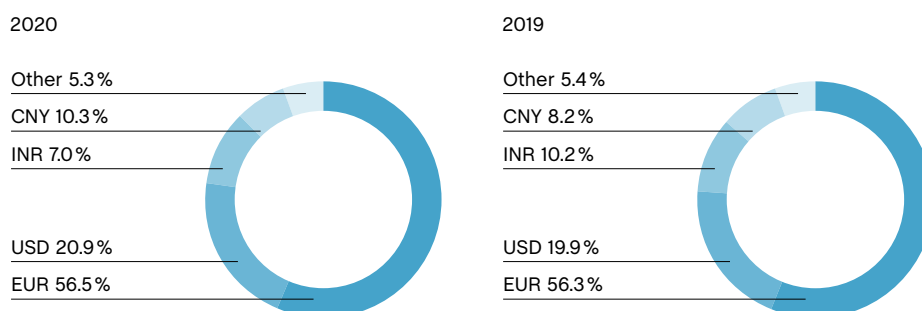
3. Financial risk factors

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

Foreign exchange risks

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

Von Roll sales break down by currency as follows:



Due to the respective financial currency risks, Von Roll equity and Von Roll Earnings before taxes would be affected by a 5 % appreciation of the Swiss franc versus all other currencies.

in CHF 1,000	Equity in CHF 1,000 at CHF +5 % Increase (+)/Decrease (-)		Earnings before taxes (EBT) in CHF 1,000 at CHF +5 % Profit (+)/Loss (-)	
	2020	2019	2020	2019
in EUR	-764	-1,651	-1,021	-1,389
in USD	-1,967	-2,098	-760	-723
Other currencies	-369	-369	-355	818
Total	-3,100	-4,118	-2,136	-1,294

Price risks

Von Roll is exposed to price risks for its raw materials. The actual price risk arises from the time difference between rising purchase prices of raw materials and these price increases being passed on on the sales side. It is management's responsibility to identify and quantify these price risks.

Interest rate risks

Von Roll is exposed to interest rate risks on financial assets and financial liabilities. The only interest-bearing assets of Von Roll are its cash and cash equivalents. These are only exposed to minor interest rate risk. As at the reporting date, the financial liabilities predominantly consist of trade accounts payable, a convertible bond and loans, and other financial liabilities. Due to the fixed interest rate of the convertible bond and the interest-free loans and other financial liabilities, the current risk from changes in interest rates is low for Von Roll. Further details on the financial liabilities are provided in Note 17.

Von Roll is also exposed to an interest rate risk arising from employee benefit obligations. Further details are provided in Note 18.

Credit risk

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

Liquidity risk

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

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

The due dates are as follows as at December 31, 2020:

in CHF 1,000	Effective interest rate	Within 1 year	1 to 5 years	Total
Convertible bond 2016 – 2022	3.9 %	11	1,108	1,119
Loans and other financial liabilities		–	2,267	2,267
Trade accounts payable		9,446	–	9,446
Total financial liabilities		9,457	3,375	12,832

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

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

Von Roll's capital management objective is to keep its equity base as strong as possible. The equity ratio at the end of the financial year 2020 was 74.5 % (2019: 71.9 %).

A credit line of CHF 40.0 million (2019: CHF 40.0 million) was unutilized as of the reporting date (Note 17) contains financial covenants on net debt and the equity ratio. All of the financial covenants are being complied with as at December 31, 2020.

4. Changes in the scope of consolidation

In the financial year 2020, the scope of consolidation changed as follows:

4.1 Disposals

Divestment of group companies:

	France	Russia	
	Delle Fil SAS and Isola France S.A.	OOO Von Roll	Total
in CHF 1,000			
Cash and cash equivalents	1,528	175	1,703
Receivables, accrued income and prepaid expenses	10,885	45	10,930
Inventories	7,515	179	7,694
Property, plant and equipment	3,366	-	3,366
Deferred tax assets	756	-	756
Accruals and liabilities	-12,190	-553	-12,743
Financial liabilities to Von Roll	-19,338	-822	-20,160
Provisions and employee benefit obligations	-3,244	-	-3,244
Total net assets	-10,722	-976	-11,699
Cash and cash equivalents disposed	1,528	175	1,703
Deconsolidation result	-11,333	51	-11,282

France

As announced on May 26, 2020, an application was made for opening of judicial reorganization proceedings ("redressement judiciaire") for the French production sites in Delle, France (Delle Fil SAS and Delle and Von Roll Isola France S.A., Delle). The Board of Directors had previously decided not to provide any further funds to these companies. The judicial reorganization proceedings were opened on May 28, 2020, for both companies.

By opening the judicial reorganization proceedings, Von Roll is parting with two business units that had been making a loss for years. Delle Fil SAS produced enameled and taped winding wires (Insulation segment) with around 100 employees at the site in Delle, France. Employing around 50 staff, Von Roll Isola France S.A. distributed and produced various composites (Composites segment), also at the site in Delle, France.

In the financial year 2020, Delle Fil SAS contributed CHF 12.3 million to net sales and CHF -0.1 million to the operating result (EBIT). Von Roll Isola France S.A. generated net sales of CHF 4.1 million and an operating result (EBIT) of CHF -0.6 million in the financial year 2020. The aforementioned figures are included in operating result before deconsolidation.

A loss of around CHF 11.3 million resulted from the deconsolidation of the two companies as of May 28, 2020. Of this, a loss of around CHF 8.4 million is attributable to Delle Fil SAS and a loss of around CHF 2.9 million to Von Roll Isola France S.A.

The loss from deconsolidation mainly comprises the disposal of assets/liabilities (of which CHF 1.5 million in cash and cash equivalents) and valuation allowances on receivables and loans to the companies leaving the Group.

Russia

OOO Von Roll, Moscow, was deconsolidated as at December 31, 2020, as part of the ongoing liquidation. In the financial year 2020, OOO Von Roll, Moscow, contributed CHF 1.0 million to net sales and CHF 0.1 million to the operating result (EBIT) (Composites segment).

4.2 Other changes

In the financial year 2020, Albesiano Sisa Vernici S.r.l., Trofarello, was renamed Von Roll Italia S.r.l., Trofarello, and Von Roll France S.A., Delle, was split into Von Roll France S.A., Meyzieu, Valdoie Mica SAS, Valdoie, and Delle Fil, SAS, Delle.

5. Segment information

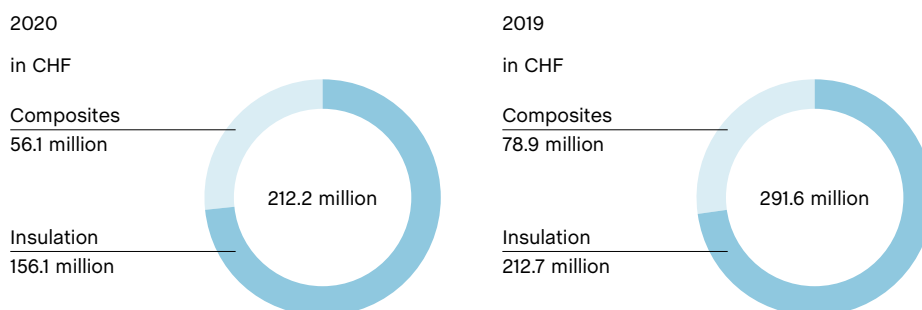
The reportable segments are determined on the basis of the relevant business management approach. External segment reporting is then carried out on the basis of the organizational and management structure within the Group as well as internal financial reporting to the Board of Directors of Von Roll Holding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

Business segments

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

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

The information on the business segments is outlined below:



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

Geographical information by customer location

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

in CHF 1,000	2020	in %	2019	in %	Δ in %
EMEA	111,662	52.6 %	154,918	53.1 %	-27.9 %
America	43,482	20.5 %	59,679	20.5 %	-27.1 %
Asia	57,093	26.9 %	76,984	26.4 %	-25.8 %
Von Roll	212,237	100.0 %	291,581	100.0 %	-27.2 %

6. Income and expenses

a) Analysis of net sales

In the financial year 2020, net sales, adjusted for changes in the scope of consolidation, developed as follows compared with the previous year:

in CHF 1,000	2020	2019	Δ in %
Net sales	212,237	291,581	-27.2 %
Changes in the scope of consolidation/ discontinuation of business areas			
(-) Net sales Von Roll Isola France S.A.	-4,085	-12,200	
(-) Net sales Delle Fil SAS	-12,302	-35,820	
(-) Net sales adhesive tape business	-	-4,139	
Net sales adjusted	195,850	239,422	-18.2 %
(+) Currency effects	11,180		
Total net sales adjusted after currency effects	207,030	239,422	-13.5 %

b) Other operating income

in CHF 1,000	2020	2019
Profit from disposal of property, plant and equipment and intangible assets	77	561
Various operating income	3,551	5,492
Total other operating income	3,628	6,053

In the financial year 2020, various operating income mainly consists of services.

In the fiscal year 2019, various operating income mainly includes the following from the sale of trademark rights and customer lists as well as proceeds from the sale emission certificates.

c) Personnel expense

in CHF 1,000	2020	2019
Wages and salaries	-54,370	-64,427
Pension plan and other social contributions	-14,309	-16,055
Agency staff	-1,564	-2,195
Various personnel costs	-7,934	-2,426
Total Personnel expenses	-78,177	-85,103

The increase in various personnel costs in the financial year 2020 mainly relates to setting up restructuring provisions amounting to CHF 3.3 million.

In the financial year 2019, agency staff included CHF 3.2 million of travel expenses. These were reclassified as other operating expenses (Note 6e).

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

	2020	2019
Average number of employees	1,065	1,237
FTEs as at December 31	973	1,203

d) Depreciation, amortization and impairment and reversal of an impairment

in CHF 1,000	2020	2019
Land and buildings	-2,816	-3,038
Technical installations and machinery	-6,113	-7,011
Plant and office equipment	-941	-1,111
Total depreciation operational	-9,870	-11,160
Reversal of an impairment property, plant and equipment	-	798
Impairment of property, plant and equipment (-)	-131	-
Total impairment (-)/reversal of an impairment (+)	-131	798
Total depreciation and impairment/reversal of an impairment of property, plant and equipment (operational)	-10,001	-10,362
Depreciation and impairment of property, plant and equipment included in investment properties	284	-
Total depreciation and impairment/reversal of an impairment of property, plant and equipment (operational)	-9,717	-10,362
Amortization of intangible assets	-2,100	-2,251
Impairment of intangible assets	-910	-
impairment of intangible assets included in deconsolidation result	878	-
Total amortization and impairment of intangible assets	-2,132	-2,251

e) Other operating expenses

in CHF 1,000	2020	2019
Loss from disposal of property, plant and equipment and intangible assets	-712	-1,629
Freight expenses	-5,130	-6,262
Services	-3,534	-3,176
Energy expenses	-7,360	-9,107
Maintenance and repair	-6,464	-8,965
Various expenses	-14,586	-17,314
Total other operating expenses	-37,786	-46,453

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

In the financial year 2019, travel expenses amounting to CHF 3.2 million were reclassified from agency staff (Note 6c) to various expenses.

f) Financial result

in CHF 1,000	2020	2019
Interest income	424	426
Other financial income	49	-
Total financial income	473	426
Interest expense bonds	-233	-696
Exchange rate losses from foreign currencies	-3,827	-1,770
Other financial expenses	-14	-321
Total financial expense	-4,344	-2,787
Total financial result	-3,871	-2,361

g) Non-operating result

in CHF 1,000	2020	2019
Rental income of investment properties	1,146	861
Expenses for investment properties	-2,275	-2,368
Result from the sale of investment properties	-	-12
Total non-operating result	-1,129	-1,519

7. Income taxes

a) Income taxes

in CHF 1,000	2020	2019
Current income taxes	-2,346	-2,209
Deferred income taxes	-304	-445
Total income taxes	-2,650	-2,654

b) Effective income taxes

The following table shows the reconciliation of the expected tax expense (-) or income (+) with the effective tax expense. The expected tax expense (or income) is calculated using the weighted average tax rate within the Group. This average rate may fluctuate significantly from year to year due to changes in the profit contributions of the individual companies.

Different tax rates of entities with profits and those with losses can lead to an implausible average rate, therefore the average rate will be calculated by adding absolute values. The difference caused by the different average rates of entities with profits and those with losses is shown in a separate line in the table.

in CHF 1,000	2020	2019
Earnings before taxes (EBT)	-21,565	5,915
Weighted-average expected income tax rate	21.0 %	24.0 %
Expected income tax expenses	4,529	-1,420
Differences between tax rates of profitable and loss-making business units	-963	-1,824
Non-tax deductible expenses	-2,888	-395
Non-taxable income	1,118	440
Impairment on deferred tax assets	138	-
Effect on tax rate changes	-56	-
Increase in unrecognized tax losses	-4,887	-1,425
Utilization of unrecognized tax losses	642	1,517
Income taxes from the previous period and other effects	-282	453
Income taxes	-2,650	-2,654

c) Deferred tax assets and liabilities

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

in CHF 1,000	31.12.2020	31.12.2019
Non-current assets	361	435
Current assets	794	858
Non-current liabilities	4,391	5,791
Current liabilities	476	249
Total deferred tax assets (gross)	6,022	7,333
Offsetting with deferred tax liabilities	-2,537	-2,684
Deferred tax assets recognized in the balance sheet	3,485	4,649
Non-current assets	2,610	2,740
Current assets	123	65
Non-current liabilities	9	56
Current liabilities	76	99
Total deferred tax liabilities (gross)	2,818	2,960
Offsetting with deferred tax assets	-2,537	-2,684
Deferred tax liabilities recognized in the balance sheet	281	276
Net deferred tax assets (+)/deferred tax liabilities (-)	3,203	4,373

d) Tax loss carryforwards

Expiry dates for tax losses carried forward are as follows:

in CHF 1,000	31.12.2020	31.12.2019
in 1 year	7,235	26,991
in 2 years	109,586	7,373
in 3 years	18,476	107,168
in 4 years	17,823	20,374
in 5 years	13,754	15,492
in 6 years	10,123	17,531
in 7 years	69,696	4,711
In more than 8 years	16,204	70,012
No expiry date	24,760	73,214
Total tax losses	287,657	342,866

The tax loss carryforwards result in a theoretical (unrecognized) tax asset of CHF 54.0 million (2019: CHF 62.6 million). In previous years, the tax loss carryforwards of Swiss holding companies were based on tax assessments for direct federal tax. As part of the corporate tax reforms implemented as at January 1, 2020, which include the abolition of privileges for holding companies, the loss carryforwards at a federal and cantonal tax level are now recognized as part of the tax weighting process. As there were no loss carryforwards at a cantonal level under the privileges for holding companies, this change resulted in a significant reduction in recognized loss carryforwards. The previous year's figures have been adjusted accordingly.

8. Earnings after taxes (EAT) per share

a) Basic

	2020	2019
Earnings after taxes (EAT) attributable to shareholders in CHF 1,000	-24,473	3,239
Weighted average number of shares outstanding	350,397,148	349,404,485
Basic earnings after taxes (EAT) per share (in CHF)	-0.0698	0.0093

b) Diluted

The convertible bonds issued on June 18, 2014, and April 11, 2016, created the possibility of a dilutive effect should conversion rights be exercised. However, because these convertible bonds are anti-dilutive, diluted earnings after tax (EAT) per share correspond to basic earnings after tax (EAT) per share. For further explanations and information see Note 17.

9. Trade receivables

in CHF 1,000	31.12.2020	31.12.2019
Trade receivables (gross)	35,668	49,931
Individual and flat-rate valuation allowances	-1,713	-1,031
Total trade receivables	33,955	48,900

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

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

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

The ageing structure of trade receivables is as follows:

in CHF 1,000	31.12.2020	31.12.2019
Not due	25,536	34,047
Overdue less than 1 month	4,793	11,362
Between 1 and 3 month(s) overdue	3,332	2,191
Overdue between 3 and 12 months	1,025	1,517
Overdue more than 1 year	982	814
Bad debt allowances	-1,713	-1,031
Total trade receivables	33,955	48,900

10. Other receivables

in CHF 1,000	31.12.2020	31.12.2019
Receivables from VAT and other excise duties	4,336	6,793
Down payments to suppliers	1,243	865
Various receivables	2,472	4,558
Total other receivables	8,051	12,216

11. Inventories

in CHF 1,000	31.12.2020	31.12.2019
Raw materials and supplies	17,942	24,631
Work in progress and unfinished goods	4,463	5,254
Finished goods	13,252	16,206
Impairment	-2,396	-4,047
Total inventories	33,261	42,044

12. Property, plant and equipment

in CHF 1,000	Investment properties	Land and buildings	Undeveloped land	Technical installations and machinery	Plant and office equipment	Assets under construction	Total
Cost							
Balance as at January 1, 2019	43,450	155,230	141	202,978	18,716	4,050	424,565
Additions	–	405	–	1,412	654	2,874	5,345
Disposals	–76	–2,385	–	–12,484	–2,609	–349	–17,903
Reclassifications	–	335	–	3,836	508	–4,801	–122
Currency effects	–	–1,802	–	–4,154	–274	4	–6,226
Balance as at December 31, 2019	43,374	151,783	141	191,588	16,995	1,778	405,659
Balance as at January 1, 2020	43,374	151,783	141	191,588	16,995	1,778	405,659
Additions	–	164	–	1,748	728	4,407	7,047
Disposals	–	–257	–	–3,501	–952	–	–4,710
Changes in the scope of consolidation	–	–10,926	–	–40,920	–2,212	–475	–54,533
Reclassifications	–	396	–2	1,034	796	–2,423	–199
Currency effects	–	–2,509	–12	–7,592	–494	–34	–10,642
Balance as at December 31, 2020	43,374	138,651	127	142,357	14,861	3,253	342,622
Accumulated depreciation							
Balance as at January 1, 2019	–37,947	–105,533	–62	–157,665	–16,042	–	–317,249
Depreciation	–651	–3,038	–	–7,011	–1,111	–	–11,811
Reversal of an impairment	–	–	–	798	–	–	798
Disposals	63	2,091	–	11,294	2,568	–	16,016
Reclassifications	–	–	–	6	–6	–	–
Currency effects	–	1,178	–1	3,704	297	–	5,178
Balance as at December 31, 2019	–38,535	–105,302	–63	–148,874	–14,294	–	–307,068
Balance as at January 1, 2020	–38,535	–105,302	–63	–148,874	–14,294	–	–307,068
Depreciation	–641	–2,816	–	–6,113	–941	–	–10,511
Impairment	–	–	–	–131	–	–	–131
Disposals	–	257	–	2,814	927	–	3,998
Changes in the scope of consolidation	–	9,224	–	40,082	1,925	–	51,231
Reclassifications	–	–	–	91	–	–	91
Currency effects	–	1,489	1	5,279	441	–	7,210
Balance as at December 31, 2020	–39,176	–97,148	–62	–106,852	–11,942	–	–255,180
Net book value as at December 31, 2019	4,839	46,481	78	42,714	2,701	1,778	98,591
Net book value as at December 31, 2020	4,199	41,503	65	35,505	2,919	3,253	87,442

Non-current assets on the cash-generating unit level are tested for impairment, if there are indications that the carrying values may have been negatively affected by events or changed circumstances. The present values of investment properties are appraised periodically (every five years) by independent qualified experts. The last appraisal reports were prepared in December 2018. These indicate a recoverable amount of CHF 17.3 million.

Impairment testing did not indicate any need to record impairments in the financial year 2020. After a major customer contract was won in 2019, a reversal of an impairment of CHF 0.8 million for a portion of the assets was made against the technical systems and plant and office equipment impaired in 2018.

13. Intangible Assets

in CHF 1,000	Trademarks, licenses and similar rights	Other intangible assets	Internally developed intangible assets	Total
Cost				
Balance as at January 1, 2019	21,412	15,904	5,823	43,139
Additions	25	–	–	25
Reclassifications	122	–	–	122
Currency effects	–60	–274	3	–331
Balance as at December 31, 2019	21,499	15,630	5,826	42,955
Balance as at January 1, 2020	21,499	15,630	5,826	42,955
Additions	14	–	–	14
Disposals	–26	–	–	–26
Changes in the scope of consolidation	–110	–3,062	–	–3,172
Reclassifications	81	26	–	107
Currency effects	–74	–908	–	–982
Balance as at December 31, 2020	21,384	11,686	5,826	38,896
Accumulated amortization				
Balance as at January 1, 2019	–13,761	–15,413	–2,617	–31,791
Amortization	–2,161	–25	–65	–2,251
Reclassifications	419	–	–419	–
Currency effects	52	253	–	305
Balance as at December 31, 2019	–15,451	–15,185	–3,101	–33,737
Balance as at January 1, 2020	–15,451	–15,185	–3,101	–33,737
Amortization	–1,481	–29	–590	–2,100
Impairment	–627	–	–283	–910
Disposals	26	–	–	26
Changes in the scope of consolidation	110	3,062	–	3,172
Currency effects	71	789	–	860
Balance as at December 31, 2020	–17,352	–11,363	–3,974	–32,689
Net book value as at December 31, 2019	6,048	445	2,725	9,218
Net book value as at December 31, 2020	4,032	323	1,852	6,207

As in the previous year, impairment testing did not indicate the need to record any impairments in the financial year 2020.

14. List of subsidiaries

The list of shareholdings of the significant subsidiaries included in the consolidation as of December 31, 2020 is as follows:

Name and registered office	Country	Capital and voting rights	Share capital currency	Share capital amount (in 1,000)	Main activity
EMEA					
Von Roll Schweiz AG, Breitenbach	CH	100.00 %	CHF	16,000	Production and sales
Von Roll Management AG, Breitenbach	CH	100.00 %	CHF	1,500	Administration
Von Roll Umwelttechnik Holding AG, Breitenbach	CH	97.50 %	CHF	100	Holding
Von Roll Finance AG, Breitenbach	CH	100.00 %	CHF	1,000	Financing
Von Roll Insulation & Composites Holding AG, Breitenbach	CH	100.00 %	CHF	1,000	Holding
Von Roll Deutschland Holding GmbH, Augsburg	DE	100.00 %	EUR	125	Holding
Von Roll Deutschland GmbH, Augsburg	DE	100.00 %	EUR	9,000	Production and sales
Von Roll Automotive GmbH, Augsburg	DE	100.00 %	EUR	1,000	Sales
Von Roll REACH GmbH, Augsburg	DE	100.00 %	EUR	25	Administration
Von Roll France S.A., Meyzieu	FR	100.00 %	EUR	5,925	Production and sales
Valdoie Mica SAS, Valdoie	FR	100.00 %	EUR	11	Production and sales
Von Roll UK Ltd., Bradford 1	GB	100.00 %	GBP	4,000	Production and sales
Von Roll Italia S.r.l., Trofarello	IT	100.00 %	EUR	2,300	Production and sales
America					
Von Roll do Brasil Ltda., Fortaleza	BR	100.00 %	BRL	22,929	Production and sales
Von Roll USA, Inc., Schenectady/New York	US	100.00 %	USD	250	Production and sales
John C. Dolph Company, Schenectady/New York	US	100.00 %	USD	434	Administration
Von Roll USA Holding, Inc., Wilmington/Delaware	US	100.00 %	USD	0	Holding
Asia					
Von Roll (India) Pvt Ltd., Bangalore	IN	100.00 %	INR	24,459	Production and sales
Von Roll Asia Pte Ltd., Singapore	SG	100.00 %	SGD	850	Sales
Von Roll Shanghai Co. Ltd., Shanghai	CN	100.00 %	CHF	7,100	Production and sales
Von Roll Trading (Shanghai) Co., Ltd., Shanghai	CN	100.00 %	CNY	1,000	Sales
Von Roll Hong Kong Holding Ltd., Hongkong	CN	100.00 %	HKD	10	Holding

¹ Of which GBP 3.750 million paid in.

Companies are classified as significant if their operating or financial performance has a significant influence on the Group's net assets and results of operations.

15. Liabilities, accrued expenses and deferred income

a) Trade accounts payable

Trade accounts payable are outstanding with the following maturities:

in CHF 1,000	31.12.2020	31.12.2019
Due in less than 1 month	6,354	8,559
Due between 1 and 3 months	2,946	6,468
Due between 3 and 12 months	134	273
Due in more than 1 year	12	51
Total trade accounts payable	9,446	15,351

b) Other liabilities

in CHF 1,000	31.12.2020	31.12.2019
Advanced payments of customers	1,459	3,864
Liabilities VAT and other excise duties	218	571
Social security payable	656	959
Payables to employees	328	348
Various liabilities	2,040	2,695
Total other liabilities	4,701	8,437

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

c) Accrued liabilities and deferred income

in CHF 1,000	31.12.2020	31.12.2019
Accruals for personnel-related costs	3,662	4,961
Various accruals	3,855	5,913
Accruals of current income taxes	1,762	1,621
Total accrued liabilities and deferred income	9,279	12,495

Various accruals are mainly accruals for purchased goods and services.

16. Provisions

in CHF 1,000	Personnel-related	Environmental restoration	Contingency and commitments	Legal claims	Restructuring	Other provisions	Total
Balance as at January 1, 2019	1,755	5,445	479	925	2,909	3,135	14,648
Additions	476	–	606	866	–	1,718	3,666
Dissolution	–50	–	–	–	–712	–13	–775
Utilized	–396	–859	–534	–536	–1,704	–2,071	–6,100
Currency effects	–36	13	40	–29	–16	–15	–43
Balance as at December 31, 2019	1,749	4,599	591	1,226	477	2,754	11,396
– Current	924	–	245	331	477	2,598	4,574
– Non-current	825	4,599	346	895	–	156	6,821
Balance as at January 1, 2020	1,749	4,599	591	1,226	477	2,754	11,396
Additions	79	–	385	215	3,326	2,935	6,940
Dissolution	–53	–535	–29	–100	–	–84	–801
Utilized	–162	–	–451	–4	–574	–3,223	–4,414
Changes in the scope of consolidation (Note 4)	–440	–	–25	–296	–424	–15	–1,200
Currency effects	–18	–	–5	–13	–10	–131	–177
Balance as at December 31, 2020	1,155	4,064	466	1,028	2,795	2,236	11,744
– Current	–	–	141	324	2,795	108	3,368
– Non-current	1,155	4,064	325	704	–	2,128	8,376

a) Personnel-related

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

b) Environmental restoration

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

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

c) Contingency and commitments

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

d) Legal claims

Legal claims consist mainly of provisions for ongoing legal proceedings.

e) Restructuring

In response to declining sales, the management took appropriate personnel measures in the financial year 2020. A restructuring provision amounting to CHF 3.3 million was added.

The restructuring provisions utilized in fiscal year 2019 are related to the relocation of the composite machining activities based in France to the production sites in the UK and Germany. All European composite machining activities will be concentrated at our centers of excellence in Great Britain and Germany in future.

f) Other provisions

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

17. Financial liabilities

in CHF 1,000	Fair value		Book value	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Convertible bonds	–	6,154	–	5,893
Loans and other financial liabilities	11	12	11	12
Current financial liabilities	11	6,166	11	5,905
Convertible bonds	1,151	1,140	1,055	1,025
Loans and other financial liabilities	2,266	10	2,266	10
Non-current financial liabilities	3,417	1,150	3,321	1,035
Financial liabilities	3,428	7,316	3,332	6,940

The CHF 2.27 million relates to a loan granted in connection with COVID-19 due for possible repayment by 2022.

In the financial year 2020 and 2019, the credit line amounted to CHF 40.0 million and was not utilized.

Convertible bonds

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

Von Roll has the following outstanding convertible bonds:

in CHF 1,000	1.00 % conv. bond 2016–22	1.25 % conv. bond 2014–20
Liability component on issue (net of issue costs)	127,136	52,104
Amortization of difference between liability component/ redemption amount	9,540	4,597
Conversion of bond into bearer shares	-135,621	-50,596
Repayment at maturity date	–	-6,105
Net liability component (carrying amount) as at December 31, 2020	1,055	–
Open nominal value	1,093	–

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

At April 11, 2016, Von Roll Holding AG issued an unsecured convertible bond (valoren code: ROL16; valoren number: 31954490; ISIN: CH0319544901) amounting to CHF 150.0 million, due in 2022. It is convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll Holding AG. The shares to be delivered upon conversion of the bond will be new shares made available from the conditional capital and, as far as necessary, from the authorized capital (see Note 19). The conversion price is set at CHF 1.00. The convertible bond can be redeemed early at any time if more than 85 % of the original bond total is converted and/or redeemed or, after May 2, 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130 % or more of the conversion price over a period of 20 out of 30 consecutive trading days. No bonds were converted in the financial year 2020. (2019: nominal value of TCHF 14). In addition to the interest due amounting to TCHF 11 (2019: TCHF 11), the income statement also includes an expense of TCHF 29 (2019: TCHF 28) from interest costs, which represents an effective interest rate of 3.898 %.

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

At June 18, 2014, Von Roll Holding AG issued an unsecured convertible bond (valoren code: ROL14; valoren number: 24523928; ISIN: CH0245239287) amounting to CHF 61.0 million, due in 2020. No bonds were converted in the financial years 2019 and 2020. In addition to the interest due amounting to TCHF 35 (2019: TCHF 76), the income statement also includes an expense of TCHF 78 (2019: TCHF 135) from interest costs, which represents an effective interest rate of 4.035 %. This bond was due at June 18, 2020, and was repaid on schedule.

18. Employee benefit obligations

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

	Pension plans with economic benefit (CH)	Pension plans with economic liability (Pension plan US, IN)	Pension plans without own assets (DE, IT, FR, US Medical Plan)	Total
Economical part of the Group – asset (+)/liability (-)				
Balance as at January 1, 2020	77	-9,375	-16,287	-25,585
Recognized in the operating result (income (+)/expenses (-))	-1,995	-1,245	2,329	-911
Regular contributions	1,918	1,319	939	4,176
Currency effects	-	-149	-381	-530
Balance as at December 31, 2019	-	-9,450	-13,400	-22,850
Balance as at January 1, 2020	-	-9,450	-13,400	-22,850
Changes in the scope of consolidation	-	-	2,052	2,052
Recognized in the operating result (income (+)/expenses (-))	-1,919	-113	-770	-2,802
Regular contributions	1,919	1,264	782	3,965
Currency effects	-	821	231	1,052
Balance as at December 31, 2020	-	-7,478	-11,105	-18,583
Economic benefit or economic liability of the benefit plan				
Balance as at December 31, 2018	39,081	-9,375	-16,287	13,419
thereof capitalized	77	-9,375	-16,287	-25,585
Economic benefit or economic liability of the benefit plan				
Balance as at December 31, 2019	57,264	-9,450	-13,400	34,414
thereof capitalized	-	-9,450	-13,400	-22,850

The level of deficit/surplus in coverage of the plans as at December 31, 2020, is not known at the time of drafting this financial statement.

a) Pension plans in Switzerland (CH)

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

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

When defining the benefits, the minimum requirements of the Swiss Federal law on occupational pension schemes, and the relevant old age, survivors' and disability benefits (LPP) and its implementing provisions must be considered.

b) Pension plans in the USA

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

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

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

c) Other pension plans

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

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

19. Total equity

Share capital

The share capital is divided into 356,558,804 bearer shares with a nominal value of CHF 0.10 per share. In the financial year 2020, the equity was not increased through conversions. (2019: TCHF 1).

	Number of shares		in CHF 1,000	
	2020	2019	2020	2019
Balance as at January 1	356,558,804	356,544,804	35,655	35,654
Conversion of convertible bond	–	14,000	–	1
Balance as at December 31	356,558,804	356,558,804	35,655	35,655

Treasury shares

As at December 31, 2020, Von Roll holds 7,077,464 treasury shares (2019: 7,181,464). This represents a shareholding of 1.98 % (2019: 2.01 %) of the share capital issued

	Number of shares		in CHF 1,000	
	2020	2019	2020	2019
Balance as at January 1	7,181,464	7,057,464	11,746	35,281
Restatement treasury shares	–	–	–	–18,937
Balance restated as at January 1	7,181,464	7,057,464	11,746	16,344
Purchases	1,184,696	1,115,957	877	1,305
Sales	–1,288,696	–991,957	–4,161	–4,674
Restatement treasury shares	–	–	–	–1,229
Balance as at December 31	7,077,464	7,181,464	8,462	11,746

The valuation method for treasury shares was adjusted from the weighted average acquisition costs to FIFO (first-in, first-out) with retroactive effect from January 1, 2019, in order to standardize the valuation method within the group. This adjustment was recognized directly in equity.

In the financial year 2020, 1,184,696 treasury shares with an average transaction value of CHF 0.76 were purchased on the stock exchange and 1,288,696 treasury shares with an average transaction value of CHF 0.75 were sold on the stock exchange.

Conditional capital

The Board of Directors is entitled to increase the company's share capital by a maximum of CHF 0.364 million by issuing up to 3,636,770 fully paid-up bearer shares to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. This represents 1.02 % of the existing share capital. The holders of conversion rights at that time are entitled to acquire the new shares.

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

Authorized capital

The Board of Directors was authorized to increase the share capital of the company at any time until April 24, 2020, by a maximum amount of CHF 2,245,725.80 by issuing a maximum of 22,457,258 fully paid-up bearer shares, each with a par value of CHF 0.10. The Board of Directors did not make use of this authorization, and as at December 31, 2020, there is no more authorized capital.

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

Composition of the major shareholders

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

20. Obligations and contingent liabilities

a) Guarantees and warranties

As at December 31, 2020, guarantee obligations and warranties total CHF 0.83 million (2019: CHF 0.84 million).

b) Leasing

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

in CHF 1,000	31.12.2020	31.12.2019
Due less than 1 year	271	376
Due between 2 and 5 years	447	279
Total lease commitments of future minimum lease payments	718	655

21. Pledged assets

Buildings and land have been pledged in the amount of CHF 43.0 million (2019: 43.0 million) to secure the CHF 40.0 million credit line, which had not been utilized as at December 31, 2020.

22. Related party transactions

Related companies and persons include associated companies and persons holding voting rights, either directly or indirectly, who could exercise a decisive influence on company management, as well as their closest relatives, Group managers and their relatives, and companies subject to uniform management or decisive influence by the cited persons. No loans, advances or guarantee obligations were granted to members of the Board of Directors and/or Executive Management or major shareholders of Von Roll Holding AG. As at December 31, 2020, members of the Board of Directors, members of management and their respective related parties held 52,797,233 shares of Von Roll Holding AG (2019: 52,797,233). For detailed information, please refer to the notes to the statutory financial statements of Von Roll Holding AG.

23. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. Around the world, measures were taken to protect public health and slow the transmission of the virus. Von Roll assessed the consequences of the pandemic on the consolidated financial statements, particularly on key discretionary decisions and estimates. In the balance sheet, the receivables, inventories, fixed assets and provisions were analyzed accordingly. No significant amendments were required. Von Roll will continue to monitor these areas, which are subject to an increased risk of significant changes.

24. Events after the balance sheet date

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

25. Authorization of the consolidated financial statements

The Board of Directors approved the consolidated financial statements for publication on March 12, 2021. They will be recommended for approval at the Annual General Meeting on April 30, 2021.

Statutory Auditor's Report

To the General Meeting of
VON ROLL HOLDING AG, BREITENBACH

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Von Roll Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity 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 36–66) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deconsolidation France

Key Audit Matter

On May 26, 2020, the Von Roll Group filed an application to initiate judicial reorganization proceedings (“redressement judiciaire”) for the two French Group companies Delle Fil SAS and Von Roll Isola France SA. The opening of the judicial reorganization proceedings for both companies took place on May 28, 2020. The contribution to net sales for the financial year 2020 of Delle Fil SAS and Von Roll Isola France SA up to this date amounted to CHF 12.3 million and CHF 4.1 million, respectively, resulting in a negative profit contribution of CHF 0.6 million and CHF 0.7 million, respectively. These results are included in the operating result of the consolidated financial statements.

The deconsolidation of the two Group companies on May 28, 2020 resulted in a loss of approximately CHF 11.3 million (share of Delle Fil SAS amounted to CHF 8.4 million, share of Von Roll Isola France SA amounted to CHF 2.9 million), which is reported under other operating expenses.

As the deconsolidation is a transaction outside the ordinary course of business, there is a risk that the related deconsolidation entries and disclosures are not correct or fully disclosed.

In this context, we refer to Note 4 “Changes in the scope of consolidation” in the notes of the financial report.

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

In order to assess the accuracy and completeness of the deconsolidation entries, we evaluated the entries recorded and checked their mathematical accuracy.

- » We have assessed whether the sales and profit contributions to the operating result were correctly accrued up until the date of the deconsolidation of the two companies.
- » We have verified that May 28, 2020 was the correct deconsolidation date.
- » Furthermore, we have verified that the loss from the deconsolidation of the two Group companies, based on the derecognition of the corresponding assets and liabilities, has been correctly calculated and recorded.
- » Additionally, we have assessed whether the necessary disclosure requirements in the notes to the consolidated financial statements have been met.

Responsibility of the Board of Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

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

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

DELOITTE AG

Alessandro Miolo
Licensed Audit Expert
Auditor in Charge

Robert Renz
Licensed Audit Expert

Zurich, 12 March 2021

Income statement of Von Roll Holding AG for the year 2020

in CHF 1,000	Note	2020	2019
Operating income	3	1,196	1,690
Personnel expenses		-1,431	-1,271
Operating expense	3	-9,122	-8,259
Operating profit		-9,357	-7,840
Impairment of investments held		-	-30,555
Other financial income		1,191	2,643
Other financial expense	4	-8,081	-1,871
Net operating result before taxes		-16,247	-37,623
Extraordinary, non-recurring or prior period income	5	520	-
Extraordinary, non-recurring or prior period expense	5	-1,358	-
Result before taxes		-17,085	-37,623
Direct taxes		-26	-39
Result after taxes		-17,111	-37,662

Balance sheet of Von Roll Holding AG as at December 31, 2020

Assets

in CHF 1,000	Note	31.12.2020	31.12.2019
Current assets			
Cash and cash equivalents	6	9,963	10,105
Receivables with Group companies	14a	1,640	3,539
Receivables with third parties		510	614
Accrued income and prepaid expenses		80	55
Total current assets		12,193	14,313
Non-current assets			
Loans with Group companies	14a	45,694	55,157
Securities		270	270
Investments in Group companies	7	214,131	214,131
Total non-current assets		260,095	269,558
Total assets		272,288	283,871

Equity and liabilities

in CHF 1,000	Note	31.12.2020	31.12.2019
Liabilities			
Current liabilities			
Payables to Group companies		15,320	6,443
Payables to third parties		156	254
Financial liabilities	8	–	6,105
Provisions	9	–	533
Accrued liabilities and deferred income		347	806
Total current liabilities		15,823	14,141
Non-current liabilities			
Financial liabilities	8	1,093	1,093
Loans to Group companies		540	–
Provisions	9	4,619	4,597
Total non-current liabilities		6,252	5,690
Total liabilities		22,075	19,831
Equity			
Share capital	10	35,655	35,655
Legal reserves			
– Capital contribution reserves (tax authorities approved) ¹		527,378	530,664
– Other capital reserves		11,124	11,124
Voluntary retained earnings		3,490	3,490
Net loss			
– Accumulated loss		–301,861	–270,163
– Result after tax		–17,111	–37,662
Treasury shares	10	–8,462	–9,068
Total equity		250,213	264,040
Total equity and liabilities		272,288	283,871

¹ Subject to 2019 and 2020 approval by the Swiss Federal Tax Administration

Notes to the statutory financial statements 2020 of Von Roll Holding AG

1. Introduction

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

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

2. Accounting policies

Investments in Group companies/loans with Group companies

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

Financial liabilities

Financial liabilities are included in the balance sheet at their nominal value. Financial liabilities are described in Note 8.

Treasury shares

Treasury shares are reported at cost at the time of acquisition as negative items in equity and are valued using the FIFO method. If they are disposed of at a later date, the resulting gain or loss is recognized in the income statement as financial income or expense.

3. Operating income and operating expense

The operating income consists largely of intragroup invoicing. The operating expenses in the financial year 2020 consist mainly of intragroup invoicing of CHF 7.0 million (2019: CHF 5.7 million).

4. Other financial expense

Other financial expense in the financial year 2020 consists mainly of expenses relating to the restatement of treasury shares (Note 10), expenses for intragroup financing of CHF 3.4 million and currency effects.

5. Extraordinary, non-recurring or prior period income and expenses

The extraordinary, non-recurring or prior period items in the income statement of the financial year 2020 include the one-off release of the environmental restoration provision for two sites formerly owned by Von Roll amounting to TCHF 520.

The extraordinary, non-recurring or prior period items in the income statement of the financial year 2020 include impairments not related to the accounting period of intragroup receivables and loans.

6. Cash and cash equivalents

Cash and cash equivalents are held in the following currencies:

in CHF 1,000	31.12.2020	31.12.2019
CHF	170	322
EUR	265	630
GBP	489	–
USD	9,039	9,153
Total	9,963	10,105

7. Investments in Group companies

The direct and indirect investments in Group companies of Von Roll Holding AG include the Group companies listed in the consolidated financial statements in Note 14.

8. Financial liabilities

Financial liabilities include convertible bonds only.

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

On April 11, 2016, Von Roll Holding AG issued an unsecured convertible bond (valoren code: ROL16; valoren number: 31954490; ISIN: CH0319544901) in the amount of CHF 150 million, due in 2022. It is convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll Holding AG. The shares to be delivered upon conversion will be made available through the provision of new shares from the conditional capital and, as far as necessary, from the authorized capital. The conversion price is set at CHF 1.00. The offering and redemption prices are set at 100 % each.

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

No bonds were converted during the financial year 2020 (2019: nominal value of CHF 14,000/14,000 new bearer shares). Most of the convertible bond was converted in the financial year 2018.

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

As at June 18, 2020, the unsecured convertible bond issued in 2014 (valoren code: ROL14; valoren number: 24523928; ISIN: CH0245239287) in the amount of CHF 61 million matured.

The shares were redeemed at the nominal value as at June 18, 2020 (CHF 6.1 million).

9. Provisions

The provisions include mainly provisions for environmental restoration. In the financial year 2020 environmental restoration provisions were released for two sites no longer owned by Von Roll Holding AG.

10. Equity and treasury shares

	31.12.2020	31.12.2019
Number of issued shares	356,558,804	356,558,804
Nominal value in CHF	0.10	0.10
Share capital in CHF	35,655,880	35,655,880

Share capital

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

Treasury shares

As at December 31, 2020, Von Roll Holding AG holds 7,077,464 treasury shares (2019: 7,181,464). This represents a shareholding of 1.98 % (2019: 2.01%) of the share capital issued.

	Paid prices				in CHF 1,000
	Number	Average	Highest	Lowest	
Balance as at January 1, 2019	7,057,464				9,030
Purchases	1,115,957	1,17	1,37	0,83	1,305
Sales	-991,957	1,18	1,37	0,85	-1,167
Profit according to weighted average price method					21
Loss according to weighted average price method					-121
Balance as at December 31, 2019	7,181,464				9,068
Balance as at January 1, 2020	7,181,464				9,068
Purchases	1,184,696	0,76	0,90	0,50	877
Sales	-1,288,696	0,74	0,92	0,52	-956
Restatement of treasury shares ¹					2,678
Loss according to FIFO method					-3,205
Balance as at December 31, 2020	7,077,464				8,462

¹ In the financial year 2020 the stock of treasury shares was converted from the weighted average price method to the historically listed FIFO values. This one-time restatement of CHF 2.7 million is offset directly against the loss carried forward.

Conditional capital

The Board of Directors is entitled to increase the company's share capital by a maximum of CHF 0.364 million by issuing up to 3,636,770 fully paid-up bearer shares to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. This represents 1.02 % of the existing share capital. The holders of conversion rights at that time are entitled to acquire the new shares.

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

Authorized capital

The Board of Directors was authorized to increase the share capital of the company at any time until April 24, 2020, by a maximum amount of CHF 2,245,725.80 by issuing a maximum of 22,457,258 fully paid-up bearer shares, each with a par value of CHF 0.10. The Board of Directors did not make use of this authorization, and as at December 31, 2020, there is no more authorized capital.

Further explanations of the capital structure can be found in section 2 of the chapter corporate governance capital structure. The exact provisions are specified in Section 2 Article 5b of the Articles of Incorporation, which can be viewed at www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/.

11. Significant shareholders

As at November 20, 2008, the von Finck group of shareholders (comprising August von Finck, Francine von Finck, August François von Finck, Maximilian von Finck and Maria Theresia von Finck), together with the holding of treasury shares in Von Roll Holding AG, declared a shareholding of 66.75 %, which corresponds to 123,334,009 bearer shares (out of a total of 184,778,889 bearer shares issued as at November 20, 2008). There were no disclosure notifications regarding shareholdings of other significant shareholders or groups of shareholders in the financial year 2020. For details about disclosure notifications, please refer to the SIX Swiss Exchange website at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

12. Contingent liabilities

in CHF 1,000	31.12.2020	31.12.2019
Guarantees	448	546
Letter of comfort	2,700	–

13. Disclosures relating to the Board of Directors and management

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

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

Number	31.12.2020	31.12.2019
Dr. Peter Kalantzis Chairman of the Board of Directors	1,333	1,333
Guido Egli Vice-Chairman of the Board of Directors	1,067	1,067
Gerd Amtstätter Member of the Board of Directors	466,667	466,667
August François von Finck Member of the Board of Directors	46,328,166	46,328,166
Dr. Christian Hennerkes Delegate of the Board of Directors	3,600,000	3,600,000
Artur Lust CFO	2,400,000	2,400,000
Total	52,797,233	52,797,233

As at December 31, 2020 and December 31, 2019, no convertible bonds of Von Roll Holding AG were held by the Board of Directors or the above-mentioned management.

14. Further information

a) Subordination

Receivables with Group companies in the amount of CHF 1.64 million include TCHF 152 in subordination, of which TCHF 140 are impaired.

Loans with Group companies in the amount of CHF 45.69 million include CHF 1.08 million in subordination.

b) Full-time positions

In the financial year 2020, as in the previous year, less than 10 members of staff were employed by Von Roll Holding AG.

c) Events after the balance sheet date

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

Appropriation of available earnings

in CHF 1,000	31.12.2020	31.12.2019
Accumulated loss	-307,825	-270,163
Repatriation of capital contribution reserves ¹	3,286	-
Restatement of treasury shares	2,678	-
New accumulated loss	-301,861	-270,163
Result after taxes	-17,111	-37,662
Net loss	-318,972	-307,825
Balance to be carried forward	-318,972	-307,825

¹ This relates to capital contribution reserves not accepted by the Swiss Federal Tax Administration and those which are expected to be denied.

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

in CHF 1,000	31.12.2020	31.12.2019
Share capital	35,655	35,655
Capital contribution reserves (tax authorities approved) ¹	527,378	530,664
Other capital reserves	11,124	11,124
Voluntary retained earnings	3,490	3,490
Net loss	-318,972	-307,825
Treasury shares	-8,462	-9,068
Equity	250,213	264,040

¹ Subject to 2019 and 2020 approval by the Swiss Federal Tax Administration

Breitenbach, March 12, 2021

Von Roll Holding AG
For the Board of Directors:

P. Kalantzis

Dr. Peter Kalantzis
Chairman of the Board of Directors

Statutory Auditor's Report

To the General Meeting of
VON ROLL HOLDING AG, BREITENBACH

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Von Roll Holding AG, which comprise the balance sheet as at 31 December 2020 and the income statement and notes for the year then ended.

In our opinion the financial statements as at 31 December 2020 (pages 70 – 78) comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Valuation of non-current loans and investments

Key Audit Matter

Von Roll Holding AG has recognized significant non-current loans to various Group companies and their corresponding investments. Non-current loans to Von Roll Group companies amounted to CHF 46 million (around 17% of total assets) at the end of 2020. The value of the investments amounted to CHF 214 million (approximately 77% of total assets) as of 31 December 2020.

Management assesses the recoverability of non-current loans and investments, as a unit, as part of the impairment test for each Group company. In the event of an impairment, investments are impaired first and subsequently, the long-term loans.

We consider the assessment of the recoverability of the long-term loans to Group companies and investments to be a key audit matter due to the significant amounts involved and the existing management discretion in performing impairment tests in the areas of future income/cash flows, discount rates and growth rates. Due to the uncertainty surrounding the macroeconomic situation as a result of Covid-19, there is a risk of eroding earnings in individual countries and thus its impact on the recoverability of non-current loans and investments.

In this context, we refer to the accounting and valuation principles in the annual financial statements.

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

For the purpose of assessing the recoverability of non-current loans and investments, we have evaluated the impairment tests performed by management on the significant Von Roll Group companies with regard to the following matters:

- » Review of the design and implementation of internal controls in connection with management's impairment assessment.
- » Critical assessment of future prospects based on multi-year planning.
- » Reconciliation of the actual results of the respective companies with the corresponding budgets in order to retrospectively verify the forecast accuracy of the budgets, taking into account the impact of Covid-19, and assessment of the current equity position of the companies.
- » Assessment of the model applied for the impairment test.
- » Assessment of the main parameters of the impairment tests (discount rates and growth rates) and evaluation of the sensitivity analyses in respect to the risk of impairment.

Responsibility of the Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Alessandro Miolo
Licensed Audit Expert
Auditor in Charge

Robert Renz
Licensed Audit Expert

Zurich, 12 March 2021

Financial glossary

Cash flow from operating activities

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

Cash flow from financing activities

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

Cash flow from investing activities

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

EAT

Earnings after taxes.

EBT

Earnings before taxes.

EBIT

Earnings before non-operating result, interest and taxes.

EBITDA

Earnings after non-operating result, before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets.

EBIT margin

Ratio of EBIT to net sales.

EPS (earnings per share)

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

Equity ratio

Percentage share of equity to total assets.

Gross margin

Percentage share of gross profit (net sales and other operating income less cost of goods sold) to total net sales and other operating income.

Market capitalization

Share price at balance sheet date multiplied by the total number of shares.

Net cash position

Cash and cash equivalents less interest-bearing financial liabilities.

Net Debt-to-EBITDA ratio

Ratio of net debt to EBITDA.

Net sales

Revenue from the sale of products and/or services after sales deductions.

Order Intake

Incoming orders include all binding customer orders received as of the reporting date. Not included are framework agreements and nominations without volume guarantee.

Product glossary

Alternating current

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

Ampere

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

Baekeland

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

Composite

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

Direct current (DC)

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

Duroplasts

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

Electrical generators

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

FST (fire, smoke and toxicity)

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

High-voltage current

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

High-voltage insulation

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

Insulation

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

Iodine

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

Laminate

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

Low-voltage current

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

Low-voltage insulation

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

Mica

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

Motor

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

Prepreg

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

Primary energy

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

Quality assurance

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

REACH

Registration, Evaluation, Authorization and Restriction of Chemicals.

Rotational energy

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

Stator

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

Surface resistance

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

Traction motor

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

Underwriters Laboratories (UL)

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

Volt

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

Xenon

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

Yttrium

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

Our product portfolio

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

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



Mica

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



Wires

Coils and insulated flat wires for high- and low-voltage markets and electronic applications.



Cables

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



Resins

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



Flexibles

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

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

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



Composites

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



Defense & security

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



Testing

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



Training

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

Five-year overview

in CHF 1,000	2020	2019	2018	2017 ¹	2016 ¹
Order intake	196,998	296,944	335,890	336,141	326,869
Net Sales	212,237	291,581	321,387	332,357	319,192
Number of employees (FTEs as at December 31)	973	1,203	1,264	1,536	1,703
EBITDA	- 4,920	21,540	24,918	20,415	4,119
Depreciation, amortization and impairment (operational and non-operational)	- 12,774	- 13,264	- 20,962	- 15,940	- 21,448
Operating result before deconsolidation	- 5,283	9,795	2,517	4,475	- 17,329
Operating result (EBIT)	- 16,565	9,795	2,517	4,475	- 17,329
Earnings after taxes (EAT)	- 24,215	3,261	- 6,801	- 4,771	- 30,290
Cash flow from operating activities	6,831	12,625	18,573	5,307	- 10,453
Capital expenditures	7,061	5,370	7,798	9,258	27,674
Total current assets	125,670	160,901	183,984	174,267	138,280
Total assets	225,273	276,762	310,792	379,561	370,043
Current liabilities	26,805	46,762	70,519	68,696	70,632
Non-current liabilities	30,561	30,982	41,731	203,714	202,424
Equity	167,907	199,018	198,542	107,151	96,987
Equity ratio (%)	74.5 %	71.9 %	63.9 %	28.0 %	26.0 %
Number of issued shares	356,558,804	356,558,804	356,544,804	201,768,555	201,445,555
EBITDA per share (CHF) ²	- 0,01	0,06	0,12	0,10	0,02
EBIT per share (CHF) ³	- 0,05	0,03	0,01	0,02	- 0,10
Cash flow from operating activities per share (CHF) ⁴	0,02	0,04	0,09	0,03	- 0,06
Equity per share (CHF) ⁵	0,48	0,57	0,99	0,55	0,54
Dividends per share (CHF)	-	-	-	-	-

¹ Since 2019, the consolidated financial statements have been prepared in accordance with Swiss GAAP FER. The 2018 figures have been adjusted accordingly. The years 2017 and 2016 are presented according to IFRS.

² EBITDA/weighted average number of issued shares

³ EBIT/weighted average number of issued shares

⁴ Cash flow from operating activities/weighted average number of issued shares

⁵ Consolidated equity/weighted average number of issued shares

Listing information

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

Financial calendar

March 18, 2021:
Announcement of
results for the year 2020

April 30, 2021:
Annual General Meeting,
Lucerne, Switzerland

August 24, 2021:
Announcement of
results for the first half of 2021

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Stock market data

	2020
Number of issued shares	356,558,804
Price high (in CHF)	0.94
Price low (in CHF)	0.49
Price at balance sheet date (in CHF)	0.80
Market capitalization (units of CHF 1,000)	285,247
Trading volume (daily average)	72,538



Business address and domicile

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Stock exchange listing

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

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The Von Roll Annual Report is originally prepared in German
and translated into English.

In the event of any discrepancy, the German version prevails.

The Annual Report is available on the Internet at www.vonroll.com

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