

Dätwyler Holding Inc.

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Income Statement

in CHF	Notes	2020	2019
Dividend income from subsidiaries	2.1	9'500'000	12'004'350
Trademark income	2.2	11'807'713	–
Other income		13'718	4'031
Personnel expenses		–2'485'038	–2'195'315
Other operating expenses	2.3	–117'648	–12'376'200
Income before interest and taxes		18'718'745	–2'563'134
Financial expenses	2.4	–1'467'222	–1'436'007
Financial income	2.5	10'733'512	10'459'953
Impairment charges relating to financial assets and investments in subsidiaries	2.6	–	–365'721'772
Reversal of impairment charges relating to financial assets and investments in subsidiaries	2.7	290'998'476	–
Gain resulting from merger of subsidiary		189'640	–
Earnings before taxes		319'173'151	–359'260'960
Direct taxes		–1'960'711	1'504
Net result		317'212'440	–359'259'456

The accompanying notes are an integral part of these financial statements.

Balance Sheet

Assets

in CHF	Notes	31.12.2020	31.12.2019
Cash and cash equivalents		511'542	191'437
Other current receivables		4'892'955	6'014'142
Due from third parties		10'155	9'792
Due from subsidiaries		4'882'800	6'004'350
Total current assets		5'404'497	6'205'579
Financial assets: Long-term receivables from subsidiaries	2.8	597'111'476	739'377'967
Investments in subsidiaries	2.9	450'078'918	115'954'582
Intangible assets: Trademarks		1	1
Total non-current assets		1'047'190'395	855'332'550
Total assets		1'052'594'892	861'538'129

Liabilities and shareholders' equity

in CHF	Notes	31.12.2020	31.12.2019
Current liabilities third parties		72'938	302'194
Current interest-bearing liabilities		55'000'000	128'500'000
Due to banks		–	40'000'000
Due to Pema Holding AG		55'000'000	88'500'000
Current provisions	2.10	2'300'000	–
Accrued expenses and deferred income		2'504'890	578'899
Total current liabilities		59'877'828	129'381'093
Long-term provisions	2.10	4'204'588	9'857'000
Long-term interest-bearing liabilities		150'000'000	150'000'000
Bond 2018–2024	2.11	150'000'000	150'000'000
Total long-term liabilities		154'204'588	159'857'000
Total liabilities		214'082'416	289'238'093
Share capital	2.12	850'000	850'000
Statutory capital reserves		83'000'000	83'000'000
Statutory retained earnings		4'000'000	4'000'000
Voluntary retained earnings	2.14	305'263'318	305'263'318
Retained earnings available for distribution		445'399'158	179'186'718
Profit carried forward		128'186'718	538'446'174
Net result		317'212'440	–359'259'456
Total shareholders' equity		838'512'476	572'300'036
Total liabilities and shareholders' equity		1'052'594'892	861'538'129

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1 / VALUATION PRINCIPLES

These Financial Statements were prepared in accordance with the provisions of the Swiss Code of Obligations concerning commercial accounting and financial reporting standards (SCO 957 ff.). Significant balance sheet items are reported as follows.

Financial assets and investments in subsidiaries

Financial assets are measured at nominal value less necessary impairment charges. Investments in subsidiaries are measured individually at purchase price less necessary impairment charges.

Measurement of liabilities/bonds

Liabilities including bonds are carried at nominal value.

2 / EXPLANATIONS CONCERNING THE FINANCIAL STATEMENTS

Dätwyler Holding Inc. is domiciled in Altdorf.

The average number of full-time equivalents in the course of a year does not exceed ten employees.

2.1 / DIVIDEND INCOME FROM SUBSIDIARIES

Dividend income from subsidiaries comprises profit distributions from subsidiaries.

2.2 / TRADEMARK INCOME

The right to use the trademark Dätwyler is invoiced to subsidiaries and related companies. Until 2019, these revenues were assigned to the management company Alvest AG. From 2020, trademark income is directly recorded by Dätwyler Holding again.

2.3 / OTHER OPERATING EXPENSES

This item comprises Dätwyler Holding Inc.'s general costs of doing business. Dätwyler Holding Inc. has no operating costs, as these are charged in full to Alvest AG and then in turn to the subsidiaries. "Stewardship costs" (Dätwyler Holding Inc. administrative expenses) are charged to Dätwyler Holding Inc. In 2019, other operating expenses included charges for provisions of CHF 9.9 million relating to onerous contracts. In 2020, CHF 2.2 million of these provisions could be reversed to income.

2.4 / FINANCIAL EXPENSES

Financial expenses comprise interest expenses for bond coupon payments, interest paid to Pema Holding AG and to banks together with commissions and bank fees.

2.5 / FINANCIAL INCOME

Financial income is derived primarily from interest-bearing assets of subsidiaries.

2.6 / IMPAIRMENT CHARGES RELATING TO FINANCIAL ASSETS AND INVESTMENTS IN SUBSIDIARIES

As a result of the sales agreement for Distrelec and Nedis impairment charges and debt waivers relating to financial assets and investments in subsidiaries in the amount of CHF 365.7 million were recorded in 2019.

2.7 / REVERSAL OF IMPAIRMENT CHARGES RELATING TO FINANCIAL ASSETS AND INVESTMENTS IN SUBSIDIARIES

As a result of an intragroup restructuring and a streamlining of the structure, impairment charges for loans receivable and investments in subsidiaries in the amount of CHF 291 million could be reversed, see note 2.9.

2.8 / LONG-TERM RECEIVABLES FROM SUBSIDIARIES

These are Swiss franc and Euro denominated long-term loans receivable from subsidiaries. Loans receivable decreased as a result of the intragroup restructuring with loans receivable being repaid or converted to equity. The subordination agreement from the previous year in the amount of CHF 270 million and the existing impairment charges could be fully reversed as the subsidiary concerned was reorganised, see also note 2.9.

2.9 / INVESTMENTS IN SUBSIDIARIES

Dätwyler Holding Inc.'s direct and indirect subsidiaries are disclosed in note 35 to the consolidated financial statements. Investments in subsidiaries have increased in the current year, as Dätwyler Holding Inc. has acquired Datwyler Pharma Packaging Belgium NV, Dätwyler Teco Holding Deutschland GmbH and Teco Immobilien AG from its own subsidiaries. Dätwyler Teco Holding AG was reorganised and then horizontally merged into Dätwyler Schweiz AG. Also Datwyler Technical Components AG was merged into Dätwyler Schweiz AG. As a consequence of the restructuring and the reorganisation, the impairment charges recorded in the previous year for loans receivable and investments in subsidiaries could be fully reversed.

2.10 / PROVISIONS

In 2020, the provisions for onerous contracts recorded in 2019 could be reduced by CHF 3.4 million. They are classified as current provisions in the amount of CHF 2.3 million and as long-term provisions amounting to CHF 4.2 million.

2.11 / BONDS

On 30 May 2018, a 0.625% CHF 150.0 million bond was placed at an issue price of 100.368%. Interest payments are due annually on 30 May and the bond is repayable on 30 May 2024.

2.12 / SHARE CAPITAL

in CHF	31 Dec. 2020	31 Dec. 2019
22'000'000 registered shares at CHF 0.01 par	220'000	220'000
12'600'000 bearer shares at CHF 0.05 par	630'000	630'000
Share capital	850'000	850'000

Shares in Dätwyler Holding Inc. are listed on the SIX Swiss Exchange. Each registered share and each bearer share, regardless of nominal value, carries one vote at the General Meeting of Shareholders, with the exception of bearer treasury shares.

All 22'000'000 registered shares along with 5'094'172 of the total 12'600'000 bearer shares are held by Pema Holding AG, Altdorf; thus its percentage of capital is 55.85% and its percentage of voting shares is 78.31%.

The Board of Directors is unaware of any further shareholders or of shareholder voting pools whose interest amounts to 3% of all votes.

2.13 / SHARE OWNERSHIP PLAN / TREASURY SHARES

In the current year, 8'924 (previous year 9'595) bearer shares were acquired by Alvest AG at the current stock exchange price of CHF 180.00 and then used under the Share Ownership Plan. 8'924 (previous year 9'595) bearer shares with a total value of CHF 1'606'320 (previous year CHF 1'322'191) were allocated to members of the Board of Directors, see Remuneration Report. At the end of 2020 and 2019, no treasury shares were held.

2.14 / VOLUNTARY RETAINED EARNINGS

The voluntary retained earnings represent a free reserve at the disposal of the General Meeting of Shareholders.

2.15 / SURETIES, GUARANTEES AND PLEDGE COMMITMENTS IN FAVOUR OF THIRD PARTIES

On a basis of joint and several liability, lines of credit were granted to various subsidiaries in the amount of CHF 78.1 million (previous year CHF 122.8 million), of which CHF 1.0 million (previous year CHF 7.9 million) was used to secure bank debt and unsettled forward exchange contracts. In addition, Dätwyler Holding Inc. has issued a guarantee in the amount of CHF 4.9 million (previous year CHF 5.7 million) until the end of 2027 for future rental commitments.

2.16 / JOINT AND SEVERAL LIABILITY

Since 1 January 2009 the company has been a member of the value-added tax group under the number CHE-116.346.605 MWST. The principal member of the group is Alvest AG, Altdorf. For the term of its membership in this group, the company bears joint and several liability pursuant to Art. 15 para. 1 lit c of the VAT Act.

2.17 / CONTINGENT LIABILITIES

In the normal course of business, risks arise in connection with such matters as legal disputes and pending or disputed tax assessments that could potentially lead to liabilities (contingent liabilities). The amount involved in most current cases is immaterial. Where the outcome of such cases is unclear or the risk is unquantifiable or the likelihood of an outflow of funds is unlikely, no provisions are being made. Provisions are being made where the outcome can be estimated or an outflow of funds is probable.

The sales agreement for Distrelec and Nedis from December 2019 includes usual contractual guarantees to the purchasers incurred by Dätwyler Holding Inc. as the ultimate parent company. These guarantees are in general limited to a maximum of CHF 5.0 million and apply for certain cases for a maximum period of 5 years or until barred by statute. At present, no claims from the purchasers are known.

2.18 / LOANS AND CREDITS

No loans and/or credits were granted to individual current or former members of the Board of Directors or Executive Management (including persons connected with them) in the year under review.

2.19 / BOARD OF DIRECTORS AND EXECUTIVE BOARD SHAREHOLDINGS

As at 31 December 2020, the individual members of the Board of Directors and Executive Management and their related parties held the following quantities of the company's equity securities:

Board of Directors shareholdings 2020

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2021	2022	2023	2024	2025
Hälg, Paul J.	Chairman	33'835	0.097789	3'300	2'400	1'736	2'168	2'016
Fässler, Hanspeter	Vice-Chairman	14'167	0.040945	1'100	1'700	1'210	1'511	1'406
Breu, Jens	Member	1'903	0.005500	0	0	0	986	917
Cornaz, Claude R.	Member	2'692	0.007780	0	0	789	986	917
Fedier, Jürg	Member	5'992	0.017318	1'100	1'100	789	986	917
Huber, Gabi	Member	8'361	0.024165	1'100	1'100	789	986	917
Ulmer, Hanno	Member	4'892	0.014139	1'100	1'100	789	986	917
Zhang, Zhiqiang	Member	4'892	0.014139	1'100	1'100	789	986	917

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

Executive Management shareholdings 2020

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2021	2022	2023	2024	2025
Lambrecht, Dirk	CEO	8'500	0.024566	1'500	4'000	0	0	0
Scherz, Walter	CFO	530	0.001532	0	250	250	0	0
Borghs, Dirk	COO	0	–	0	0	0	0	0
Maschke, Torsten	COO	1'500	0.004335	0	1'500	0	0	0
Schön, Frank	CTO	0	–	0	0	0	0	0

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

Board of Directors shareholdings 2019

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2020	2021	2022	2023	2024
Hälg, Paul J.	Chairman	31'819	0.091962	3'300	3'300	2'400	1'736	2'168
Fässler, Hanspeter	Vice-Chairman	15'685	0.045332	1'100	1'100	1'700	1'210	1'511
Breu, Jens	Member	986	0.002850	0	0	0	0	986
Cornaz, Claude R.	Member	1'775	0.005130	0	0	0	789	986
Fedier, Jürg	Member	5'075	0.014668	1'100	1'100	1'100	789	986
Huber, Gabi	Member	7'444	0.021514	1'100	1'100	1'100	789	986
Ulmer, Hanno	Member	5'075	0.014668	1'100	1'100	1'100	789	986
Zhang, Zhiqiang	Member	3'975	0.011488	0	1'100	1'100	789	986

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.00000289%

Executive Management shareholdings 2019

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2020	2021	2022	2023	2024
Lambrecht, Dirk	CEO	10'000	0.028902	1'500	1'500	4'000	0	0
Welte, Reto	CFO	6'000	0.017341	1'500	1'500	1'500	0	0
Harrison, Neil	Division CEO	4'500	0.013006	1'500	1'500	1'500	0	0
Maschke, Torsten	Division CEO	1'500	0.004335	0	0	1'500	0	0

Share type: Bearer share, nom. CHF 0.05
Voting rights per bearer share: 0.00000289%

2.20 / SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

Proposed Appropriation of Retained Earnings

Retained earnings carried forward

<u>in CHF</u>	2020	2019
Profit carried forward	128'186'718	538'446'174
Net result	317'212'440	-359'259'456
Retained earnings at disposal of General Meeting of Shareholders	445'399'158	179'186'718

Proposal of the Board of Directors on the appropriation of retained earnings

<u>in CHF</u>	2020	2019
	Proposal of the Board of Directors	Resolution of the General Meeting of Shareholders
Retained earnings at disposal of General Meeting of Shareholders	445'399'158	179'186'718
Distribution of cash dividend	-54'400'000	-51'000'000
Registered shares: CHF 0.64 (previous year CHF 0.60)	-14'080'000	-13'200'000
Bearer shares: CHF 3.20 (previous year CHF 3.00)	-40'320'000	-37'800'000
To be carried forward	390'999'158	128'186'718

Report of the Statutory Auditor on the Financial Statements



Statutory Auditor's Report

To the General Meeting of Dätwyler Holding AG, Aitdorf

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dätwyler Holding AG (the Company), which comprise the balance sheet as at 31 December 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 104 to 110) for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

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

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

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

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

Responsibility of the Board of Directors for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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 retained earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in blue ink, appearing to read 'Toni Wattenhofer'.

Toni Wattenhofer
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'Manuel Odoni'.

Manuel Odoni
Licensed Audit Expert

Zurich, 5 February 2021