

Financial Report



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Consolidated income statement

| CHF million | Notes | 2020 | | 2019 | |
|--|-------|--------------|--------------|--------------|--------------|
| Revenue | (4) | 1 740.6 | 100.0% | 2 297.4 | 100.0% |
| Material expenses ¹ | | -827.9 | 47.6% | -1 154.6 | 50.3% |
| Employee expenses | (5) | -505.8 | 29.1% | -642.8 | 28.0% |
| Other expenses | (6) | -293.5 | 16.9% | -363.2 | 15.8% |
| Other income | (7) | 35.0 | 2.0% | 27.3 | 1.2% |
| EBITDA | | 148.5 | 8.5% | 164.0 | 7.1% |
| Depreciation, amortization and impairment | (8) | -120.6 | 6.9% | -196.9 | 8.6% |
| EBIT | | 27.8 | 1.6% | -32.9 | -1.4% |
| Financial income | (9) | 3.4 | | 4.5 | |
| Financial expenses | (10) | -36.8 | | -30.8 | |
| Share of profit of associated companies | (15) | 3.5 | | 4.0 | |
| Earnings before taxes | | -2.1 | -0.1% | -55.3 | -2.4% |
| Income taxes | (11) | -8.6 | | -22.4 | |
| Net result | | -10.7 | -0.6% | -77.7 | -3.4% |
| attributable to shareholders of Autoneum Holding Ltd | | -25.3 | | -96.8 | |
| attributable to non-controlling interests | | 14.6 | | 19.1 | |
| Basic earnings per share in CHF | (12) | -5.45 | | -20.82 | |
| Diluted earnings per share in CHF | (12) | -5.45 | | -20.82 | |

¹ Material expenses include CHF -7.3 million (2019: CHF -3.4 million) changes in inventories of finished goods and work in progress.

Consolidated statement of comprehensive income

| CHF million | 2020 | 2019 |
|--|--------------|--------------|
| Net result | -10.7 | -77.7 |
| Currency translation adjustment ² | -58.6 | -11.8 |
| Inflation adjustment | 1.3 | 1.8 |
| Total items that will be reclassified to income statement | -57.4 | -10.0 |
| Remeasurement of defined benefit pension plans | 3.8 | -13.1 |
| Changes in fair value of equity investments (FVOCI) | -9.6 | 6.0 |
| Income taxes | -0.8 | 1.1 |
| Total items that will not be reclassified to income statement | -6.6 | -6.0 |
| Other comprehensive income | -63.9 | -16.0 |
| Total comprehensive income | -74.6 | -93.7 |
| attributable to shareholders of Autoneum Holding Ltd | -78.9 | -110.6 |
| attributable to non-controlling interests | 4.3 | 16.9 |

² The currency translation adjustment includes CHF -1.0 million (2019: CHF 0.2 million) from associated companies accounted for using the equity method.

The accompanying notes on pages 68-111 are part of the consolidated financial statements.

Consolidated balance sheet

| CHF million | Notes | 31.12.2020 | 31.12.2019 |
|---|-------|----------------|----------------|
| Assets | | | |
| Tangible assets | (13) | 810.5 | 942.5 |
| Intangible assets | (14) | 9.4 | 12.0 |
| Investments in associated companies | (15) | 20.5 | 18.5 |
| Financial assets | (16) | 42.9 | 55.9 |
| Deferred income tax assets | (11) | 22.4 | 21.7 |
| Employee benefit assets | (24) | 3.2 | 3.4 |
| Other assets | (17) | 93.0 | 120.8 |
| Non-current assets | | 1 002.0 | 1 174.7 |
| Inventories | (18) | 154.0 | 193.8 |
| Trade receivables | (19) | 246.5 | 281.5 |
| Current income tax receivables | | 7.8 | 8.0 |
| Other assets | (17) | 74.8 | 81.3 |
| Financial assets | (16) | 1.0 | 1.0 |
| Cash and cash equivalents | (20) | 322.0 | 98.7 |
| Current assets | | 806.1 | 664.4 |
| Assets | | 1 808.1 | 1 839.1 |
| Shareholders' equity and liabilities | | | |
| Equity attributable to shareholders of Autoneum Holding Ltd | | 309.7 | 389.1 |
| Equity attributable to non-controlling interests | (22) | 103.9 | 109.8 |
| Shareholders' equity | | 413.6 | 498.9 |
| Borrowings | (23) | 787.5 | 652.4 |
| Deferred income tax liabilities | (11) | 27.5 | 29.2 |
| Employee benefit liabilities | (24) | 37.2 | 47.6 |
| Provisions | (25) | 14.8 | 14.8 |
| Other liabilities | (26) | 7.2 | 4.0 |
| Non-current liabilities | | 874.1 | 748.0 |
| Borrowings | (23) | 98.3 | 105.9 |
| Current income tax liabilities | | 13.6 | 16.2 |
| Provisions | (25) | 19.5 | 19.0 |
| Trade payables | | 203.7 | 274.2 |
| Other liabilities | (26) | 185.2 | 176.9 |
| Current liabilities | | 520.3 | 592.2 |
| Liabilities | | 1 394.5 | 1 340.2 |
| Shareholders' equity and liabilities | | 1 808.1 | 1 839.1 |

The accompanying notes on pages 68–111 are part of the consolidated financial statements.

Consolidated statement of changes in equity

| CHF million | Attributable to the shareholders of Autoneum Holding Ltd | | | | | | Attributable to non-controlling interests | | Total |
|--|--|-----------------|-----------------|--------------------|-------------------|---------------------------|---|--------------|--------------|
| | Share capital | Treasury shares | Capital reserve | Fair value reserve | Retained earnings | Currency transl. adjustm. | Total | Total | |
| At January 1, 2019 | 0.2 | -3.7 | 217.5 | 12.1 | 340.6 | -48.6 | 518.1 | 108.4 | 626.5 |
| Net result | - | - | - | - | -96.8 | - | -96.8 | 19.1 | -77.7 |
| Other comprehensive income | - | - | - | 6.0 | -10.1 | -9.7 | -13.8 | -2.2 | -16.0 |
| Total comprehensive income | - | - | - | 6.0 | -106.9 | -9.7 | -110.6 | 16.9 | -93.7 |
| Dividends paid ¹ | - | - | - | - | -16.8 | - | -16.8 | -15.5 | -32.3 |
| Purchase of treasury shares ² | - | -2.8 | - | - | - | - | -2.8 | - | -2.8 |
| Share-based remuneration | - | 2.9 | - | - | -1.7 | - | 1.1 | - | 1.1 |
| Total transactions with owners | - | 0.1 | - | - | -18.5 | - | -18.4 | -15.5 | -33.9 |
| At December 31, 2019 | 0.2 | -3.6 | 217.5 | 18.0 | 215.1 | -58.2 | 389.1 | 109.8 | 498.9 |
| Net result | - | - | - | - | -25.3 | - | -25.3 | 14.6 | -10.7 |
| Other comprehensive income | - | - | - | -9.6 | 4.3 | -48.3 | -53.6 | -10.3 | -63.9 |
| Total comprehensive income | - | - | - | -9.6 | -21.0 | -48.3 | -78.9 | 4.3 | -74.6 |
| Dividends paid ¹ | - | - | - | - | - | - | - | -10.2 | -10.2 |
| Purchase of treasury shares ² | - | -1.6 | - | - | - | - | -1.6 | - | -1.6 |
| Share-based remuneration | - | 1.7 | - | - | -0.6 | - | 1.1 | - | 1.1 |
| Total transactions with owners | - | 0.1 | - | - | -0.6 | - | -0.4 | -10.2 | -10.7 |
| At December 31, 2020 | 0.2 | -3.5 | 217.5 | 8.4 | 193.5 | -106.6 | 309.7 | 103.9 | 413.6 |

¹ Autoneum Holding Ltd did not pay a dividend for the 2019 financial year in 2020 as approved by the Annual General Meeting. In 2019, Autoneum Holding Ltd paid a dividend of CHF 3.60 per share entitled to dividends, totaling a payout in the amount of CHF 16.8 million.

² Autoneum purchased 21 000 registered shares (2019: 21 677) and transferred 12 980 registered shares (2019: 15 879) in conjunction with share-based remuneration in the period under review.

The accompanying notes on pages 68–111 are part of the consolidated financial statements.

Consolidated statement of cash flows

| CHF million | Notes | 2020 | 2019 |
|---|-------|--------------|---------------|
| Net result | | -10.7 | -77.7 |
| Dividend income | (9) | -1.0 | -1.0 |
| Interest income | (9) | -2.0 | -2.4 |
| Interest expenses | (10) | 28.4 | 25.7 |
| Income tax expenses | (11) | 8.6 | 22.4 |
| Depreciation, amortization and impairment | (8) | 120.6 | 196.9 |
| Share of profit of associated companies | (15) | -3.5 | -4.0 |
| Loss from disposal of tangible assets, net | | 0.8 | 1.5 |
| Gain from disposal of subsidiary or business | (7) | -1.8 | - |
| Other non-cash income and expenses | | 16.4 | -0.4 |
| Change in net working capital | | 8.8 | 11.9 |
| Change in post-employment benefit assets and liabilities | | -4.6 | 2.3 |
| Change in non-current provisions | | 1.0 | -3.5 |
| Change in other non-current assets | | 21.8 | -13.4 |
| Change in other non-current liabilities | | 4.1 | 3.7 |
| Dividends received | | 1.5 | 2.9 |
| Interest received | | 1.9 | 2.4 |
| Interest paid | | -26.7 | -25.2 |
| Income taxes paid | | -13.8 | -23.1 |
| Cash flows from operating activities | | 149.7 | 119.2 |
| Investments in tangible assets | (13) | -41.9 | -125.8 |
| Investments in intangible assets | (14) | -0.7 | -4.0 |
| Investments in financial assets | | -0.6 | -1.5 |
| Proceeds from disposal of tangible assets | | 3.4 | 0.6 |
| Proceeds from disposal of financial assets | | 0.3 | 0.2 |
| Proceeds from disposal of subsidiary or business ¹ | | 2.2 | 1.4 |
| Cash flows used in investing activities | | -37.2 | -129.1 |
| Dividends paid to shareholders of Autoneum Holding Ltd | | - | -16.8 |
| Dividends paid to non-controlling interests | | -10.2 | -15.5 |
| Purchase of treasury shares | (21) | -1.6 | -2.8 |
| Proceeds from borrowings | (23) | 340.2 | 337.4 |
| Repayment of borrowings | (23) | -206.1 | -284.8 |
| Cash flows from financing activities | | 122.3 | 17.5 |
| Currency translation adjustment | | -11.6 | -2.0 |
| Change in cash and cash equivalents | | 223.2 | 5.6 |
| Cash and cash equivalents at beginning of the year | | 98.7 | 93.1 |
| Cash and cash equivalents at end of the year | (20) | 322.0 | 98.7 |

¹ Deferred purchase price payments from transactions in previous periods.

The accompanying notes on pages 68–111 are part of the consolidated financial statements.

Notes to the consolidated financial statements

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

Autoneum Holding Ltd (“the Company”) was incorporated on December 2, 2010 as a Swiss corporation domiciled in Winterthur. The Company has been listed on the SIX Swiss Exchange (AUTN, ISIN: CH0127480363) since May 13, 2011. Autoneum Holding Ltd together with its subsidiaries will henceforth be referred to as “Autoneum Group”, “Group” or “Autoneum”. A list of subsidiaries, associated companies and non-consolidated investments of Autoneum Group can be found in note 35 on page 111.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are based on historical cost, with the exception of employee benefit assets and liabilities, which are measured at the fair value of the plan assets less the present value of the defined benefit obligation, and specific financial instruments, which are measured at fair value. The consolidated financial statements were authorized for issue by the Board of Directors on March 2, 2021 and are subject to approval by the Annual General Meeting of shareholders on March 25, 2021.

The consolidated financial statements are published exclusively in English. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

1.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Other disclosures relating to the Group’s exposure to risks and uncertainties include the risk management process (refer to note 2, page 80) and the sensitivity analyses of defined benefit plans (refer to note 24, page 102).

JUDGMENTS

In the process of applying the Group’s accounting policies, management has made the following judgment in connection with the consolidation of entities in which the Group holds less than the majority of voting rights.

Assessing whether Autoneum has control over an entity includes all facts and circumstances that may indicate that the Group is able to direct the relevant activities and key decisions. Autoneum concludes that it has control over certain entities in which it holds 50% or more (refer to note 22, page 100), based on specific rights allocated. Facts and circumstances indicating that Autoneum controls an entity may change and lead to a reassessment of the management’s conclusion.

In rare circumstances, IFRS 16 requires management judgment in order to determine an appropriate lease term. The application of IFRS 16 is outlined in note 1.9 on page 72.

ESTIMATES AND ASSUMPTIONS

Key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2021 include the following:

Impairment losses on tangible assets are assessed based on estimated cash flows, which may vary from actual cash flows. Important assumptions to consider are useful lives, growth rates, achievable margins, utilization levels and the discount rates.

Preproduction costs that are capitalized in the balance sheet include mainly employee costs. In case hourly records are not available, controlling staff estimate the hours spent for each project. Testing for impairment of the capitalized preproduction costs requires management to estimate both the total future consideration and total future costs of a project.

For defined benefit plans, actuarial valuations which are the basis for the employee benefit assets and liabilities in the balance sheet are carried out regularly. These calculations are based on statistical and actuarial assumptions. In particular, the present value of the defined benefit obligation is affected by assumptions such as discount rate, expected future salary growth and the life expectancy. Other assumptions for the valuation are derived from statistical data such as mortality tables and staff turnover rates. Actuaries are independent from Autoneum. Assumptions may differ significantly from actual results. These deviations can ultimately have an effect on the employee benefit assets or liabilities in future periods (refer to note 24, page 102).

In the course of the ordinary operating activities of Autoneum Group, obligations from guarantee and warranty, litigation and non-income tax risk, and environmental risk can arise. Provisions for these obligations are measured on the basis of estimated future cash outflow. The outcome of these business transactions may result in claims against Autoneum that may be below or above the related provisions. Provisions for litigation and non-income tax risk comprise complex cases that include material uncertainties. Environmental provisions are recognized for the expected costs for the cleanup and reconstruction of contaminated sites that are interdependent of many uncertainties, such as Autoneum's share of the cost or the applicable approach for determining these costs. The financial impact of these cases for future periods can only be estimated, because uncertainties relating to amount and date of cash outflow exist (refer to note 25, page 106).

Assumptions in relation to income taxes include interpretations of the tax regulations in place in the relevant countries. The adequacy of these interpretations is assessed by the tax authorities. This can result, at a later stage, in changes in the income tax expenses. To determine whether a deferred income tax asset on tax loss carryforwards may be recognized requires judgment in assessing whether there will be future taxable profits against which these tax loss carryforwards can be offset (refer to note 11, page 89).

1.3 CHANGES IN ACCOUNTING POLICIES

ADOPTED CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the consolidated financial statements as of December 31, 2019.

In the reporting period, the Group has initially adopted the IFRS 16 amendment "Covid-19-Related Rent Concessions", issued in May 2020. As a practical expedient, the Group accounts for any change in lease payments resulting from rent concessions the same way it would account for the change applying the standard if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the coronavirus pandemic and only if all of the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,
- any reduction in lease payments affects only payments originally due on or before June 30, 2021
- there is no substantive change to other terms and conditions of the lease.

In the reporting period, Autoneum has applied the practical expedient to all leases that meet the conditions and recognized CHF 0.6 million in profit and loss to reflect changes in lease payments that arise from rent concessions.

Other new and revised standards and interpretations are effective as of January 1, 2020 but have no or no significant impact on the Group's consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING POLICIES

The following new and revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements. However, a preliminary assessment has been conducted by the management and the expected impact of each standard and interpretation is presented in the following table.

| | Effective date | Planned application by Autoneum |
|---|-----------------|------------------------------------|
| New standards and interpretations | | |
| IFRS 17 Insurance Contracts ¹ | January 1, 2023 | January 1, 2023 |
| Revisions and amendments of standards and interpretations | | |
| Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) ¹ | January 1, 2021 | January 1, 2021 |
| Reference to the Conceptual Framework (Amendments to IFRS 3) ¹ | January 1, 2022 | January 1, 2022 |
| Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) ¹ | January 1, 2022 | January 1, 2022 |
| Annual Improvements to IFRS Standards 2018–2020 ¹ | January 1, 2022 | January 1, 2022 |
| Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) ¹ | January 1, 2022 | January 1, 2022 |
| Classification of liabilities as current or non-current (Amendments to IAS 1) ² | January 1, 2023 | January 1, 2023 |
| Amendments to IFRS 17 ¹ | January 1, 2023 | January 1, 2023 |

¹ No impact or no significant impact is expected on the consolidated financial statements.

² The impact on the consolidated financial statements of Autoneum cannot yet be determined with sufficient reliability.

1.4 CORONAVIRUS PANDEMIC

On March 11, 2020 the World Health Organization declared the coronavirus outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. There are several economic relief plans related to the coronavirus pandemic around the world.

ECONOMIC RELIEFS DUE TO COVID-19

In the reporting period, Autoneum has benefited from a selection of programs. In BG Europe the majority of relief plans related to short-time work programs. In BG North America the Coronavirus Aid, Relief and Economic Security (CARES) Act allows employers to delay paying social security payments and reduce payroll taxes which Autoneum made use of in the US. In addition, the US government allowed to carry back net operating losses from previous years for income tax refunding. In Canada Autoneum applied for the Canada Emergency Wage Subsidy (CEWS) program. In BG Asia the Group has benefited from a variety of reliefs including social security reductions to decrease employee expenses and energy cost discounts to reduce other expenses. In BG SAMEA the majority of relief plans related to short-time work programs.

GOING CONCERN AND ASSOCIATED LIQUIDITY MEASURES

Autoneum maintains a long-term credit agreement with a bank syndicate and issued two fixed-rate bonds (refer to note 23, page 101). Along with the economic relief plans related to the coronavirus pandemic, the liquidity is ensured. Based on the above, management considers the company has sufficient resources to continue operating for at least 12 months.

IMPAIRMENT

The worldwide lockdowns and production stoppages at vehicle manufacturers, the decline in demand in the first half-year 2020, short-time working and the general deterioration of the economic environment have been identified as triggering events for potential impairments. Therefore, the tangible assets for each cash-generating unit were tested for impairment. In 2020, no material impairments have been identified as a result of this test and the carrying amount of the cash-generating units are recoverable.

DEFINED BENEFIT PLANS

There was a certain volatility in the fair value of pension assets and discount rates during the first half-year of 2020, but the situation had largely stabilized until the end of the year.

EXPECTED CREDIT LOSS

The Company has considered the impact of the Covid-19 pandemic on the expected credit loss of its financial instruments (mainly trade receivables) which has not resulted in a material impact. Covid-19 has also no major impact regarding extended payment terms or other reliefs.

1.5 SCOPE AND METHODS OF CONSOLIDATION

The consolidated financial statements of Autoneum Holding Ltd include the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control is lost.

Acquisitions are accounted for using the acquisition method. Intercompany transactions are eliminated. If Autoneum does not have control over entities but significant influence, which is usually the case if Autoneum holds interests of between 20% and 50%, these investments are classified as associated companies and accounted for using the equity method. Interests of less than 20% where Autoneum does not have significant influence are classified as non-consolidated investments and are accounted for at fair value. The subsidiaries, associated companies and non-consolidated investments are listed in note 35 on page 111.

1.6 FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The consolidated financial statements are prepared in Swiss francs, which is the functional currency and the reporting currency of Autoneum Holding Ltd.

Transactions in foreign currencies are translated into the functional currency by applying the exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. For consolidation purposes, items in the balance sheet of foreign subsidiaries are translated at year end exchange rates, while income statement items are translated at average rates for the period. The resulting currency translation differences are recognized in other comprehensive income and, in the event of a disposal of a foreign operation, transferred to the income statement as part of the gain or loss from disposal.

1.7 HYPERINFLATION ACCOUNTING

The Argentinian economy exceeded 100 inflation points in 36 months and is considered to be hyperinflationary in accordance with the criteria in IAS 29 “Financial Reporting in Hyperinflationary Economies” effective as of July 1, 2018. The standard requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date. The financial statements of the Argentinian subsidiary were restated accordingly before being translated and included in the consolidated financial statements of the Group. Inflation is assessed as follows:

- Until December 31, 2016: Argentinian wholesale price index (WPI), except for the two months of November and December 2015 for which the city of Buenos Aires CPI is used.
- From January 1, 2017 onwards: Argentinian consumer price index (CPI).

1.8 TANGIBLE ASSETS

Tangible assets are stated at historical cost less accumulated depreciation, which is recognized on a straight-line basis over the estimated useful life of the asset. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Useful life is determined according to the expected utilization of each asset. The relevant ranges are as follows:

| | |
|-------------------------------|-------------|
| Buildings | 20–50 years |
| Machinery and plant equipment | 5–15 years |
| Data-processing equipment | 4–8 years |
| Vehicles and furniture | 3–10 years |

Components of certain assets with different useful lives are depreciated separately. Gains or losses arising from the disposal of tangible assets are recognized in the income statement. Costs of maintenance and repair are charged to the income statement as incurred. The residual values and useful lives of tangible assets are reviewed, and adjusted if appropriate, at each balance sheet date.

1.9 LEASES

The Group leases various buildings, vehicles, machineries and other assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as right-of-use assets as part of tangible assets and corresponding lease liabilities at the commencement date. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis and charged to profit or loss. Assets and liabilities arising from a lease are initially measured on a present value basis, using the rate implicit in the lease if this rate could be readily determined. If not, the lessee’s incremental borrowing rate is used, which reflects the refinancing costs of Autoneum.

At the commencement date, right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentive received,
- any initial direct costs incurred by the lessee, and
- restoration costs.

At the commencement date, lease liabilities are initially measured at the present value of the lease payments. Following lease payments are included in the net present value:

- fixed payments, less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,

- the exercise of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Group recognizes short-term leases and leases for which the underlying asset is of low value as operating expenses in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets are those not exceeding an amount of CHF 5 000.

Extension and termination options are included in a number of lease agreements across the Group. In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the Group is reasonably certain to extend the contract.

1.10 INTANGIBLE ASSETS

Intangible assets such as product licenses, patents and trademark rights as well as software acquired from third parties are included in the balance sheet at acquisition cost and are amortized on a straight-line basis over a period of up to eight years. The residual values and useful lives of intangible assets are reviewed, and adjusted if appropriate, at each balance sheet date. Autoneum has neither in the current reporting period nor in the prior period intangible assets that have an indefinite useful life recorded in the balance sheet. Autoneum has no goodwill capitalized in the balance sheet.

1.11 IMPAIRMENT OF ASSETS

Tangible assets, intangible assets and other assets (non-current) are tested for impairment if there are indications that, due to changed circumstances, their carrying value may no longer be fully recoverable. If such a situation arises, the recoverable amount is determined. This is the higher of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is below the carrying amount, a corresponding impairment loss is recognized in the income statement. Where the recoverable amount cannot be determined for an individual asset, it is determined for the cash-generating unit to which the asset belongs. To determine the value of an asset, estimates of the expected future cash flows from both usage and disposal are made.

1.12 CAPITALIZED PREPRODUCTION COSTS

In order to be able to deliver an OEM with serial parts over the production period, Autoneum designs and develops a serial part based on its existing product technologies that meets the OEM's specifications and prepares its manufacturing process allowing serial production over the production period, which is usually between five to eight years. The costs for this process qualify as costs to fulfill a contract and are capitalized as preproduction costs in the line item other assets. Those costs are capitalized when the costs are directly attributable to a project, means between the nomination date and start of production, the costs enhance resources of the entity that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. The majority of costs that fulfill those requirements are employee costs that are allocated to specific projects, either based on actual hours entered by employees multiplied by an hourly cost rate, or in case hourly records are not available, based on estimates made by controlling staff. The capitalized preproduction costs are amortized in the income statement in the line item material expenses over the period when revenue from the sale of the serial parts is recognized, which is usually between five to eight years.

In case the carrying amount of the capitalized preproduction costs exceeds the remaining amount of consideration that Autoneum will receive minus the remaining costs that Autoneum will incur to fulfill the contract, an impairment loss is recognized immediately.

1.13 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

INITIAL RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables are measured at the transaction price determined under IFRS 15 (refer to note 1.21 on page 77). The Group initially measures all other financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchasing or selling the asset.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

For subsequent measurement, Autoneum classifies its financial assets in three categories:

- Financial assets at amortized cost: The Group measures financial assets at amortized cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments): Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as financial income in the income statement when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its listed investments in non-consolidated companies under this category.
- Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the income statement.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through arrangement”.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. The Group calculates ECLs according to a provision matrix based on days the amounts are past due. Publicly available credit default probabilities for the individual customer based on their ratings (mainly Standard & Poor’s long-term issuer rating) are further used in the assessment.

As Autoneum did not encounter material credit losses in the past, the Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

INITIAL RECOGNITION AND MEASUREMENT OF FINANCIAL LIABILITIES

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, or as financial liabilities at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs. The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held for trading are recognized in the income statement.
- The category financial liabilities at amortized cost is most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortization is included as finance expenses in the income statement. This category generally applies to interest-bearing loans and borrowings.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

1.14 INVENTORIES

Raw materials, consumables and purchased parts are valued at the lower of average cost or net realizable value. Semi-finished goods and finished goods are valued at the lower of manufacturing cost or net realizable value. Valuation adjustments are made for obsolete materials and excess stock.

1.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank accounts and time deposits with original maturities from the date of acquisition of up to three months.

1.16 EQUITY

Ordinary shares are classified as equity since the shares are non-redeemable and any dividends are discretionary.

When shares are repurchased, the amount of the consideration paid is recognized as a deduction from equity and presented as a separate component in equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is recognized in retained earnings.

1.17 PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are discounted if the impact is significant.

1.18 INCOME TAXES

Income taxes comprise both current and deferred income taxes. Normally, income taxes are recognized in the income statement, unless they are linked to a position that is recognized directly in equity or in other comprehensive income. In this case, the income taxes are also recognized directly in equity or in other comprehensive income.

Current income taxes are calculated and accrued on the basis of taxable income for the year. Deferred income taxes on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts determined for local tax purposes are calculated using the liability

method. Deferred income taxes are measured at the tax rate expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are offset to the extent that an entity has a legally enforceable right to offset current income taxes, and the deferred income taxes relate to income taxes levied by the same taxation authority and relate to the same taxable entity.

Temporary differences resulting from investments in Group companies are not considered if Autoneum is able to control the timing of the reversal of the temporary differences and if it is probable that these temporary differences will not reverse in future.

The tax impact of losses and deductible temporary differences is capitalized to the extent it appears probable that such losses and deductible temporary differences will be offset in the future by taxable income.

1.19 EMPLOYEE BENEFITS

Employee pension plans are operated by certain subsidiaries, depending upon the level of coverage provided by the government pension facilities in the various countries in which they are present. Some are provided by independent pension funds. If there is no independent pension fund, the respective obligations are shown in the balance sheet under employee benefit liabilities. As a rule, pensions are funded by employees' and employers' contributions. Pension plans exist on the basis of both defined contribution and defined benefit.

Pension liabilities arising from defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. The discount rate used for the calculation is based on interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Remeasurement gains or losses are recognized in other comprehensive income. Pension cost relating to services rendered in the reporting period is recognized in the income statement as current service cost. Pension cost relating to services rendered in previous periods as a result of new or amended pension benefits is recognized in the income statement as past service cost. The net interest expenses or income on the net defined benefit liability or asset for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The net interest expenses or income is recognized in financial expenses or income. The fair value of plan assets is deducted from the defined benefit obligations. Any asset resulting from this calculation is only capitalized up to an amount not exceeding benefits from future contribution reductions or refunds.

In the case of defined contribution plans, the contributions are recognized as expenses in the period in which they were incurred.

1.20 SHARE-BASED PAYMENTS

Share-based payments to members of the Board of Directors, the Executive Board and senior management are measured at fair value at the grant date, and recognized in the income statement over the vesting period. The fair value is assessed based on the current market price and taking into account a discount for dividends that will not be collected by the beneficiary because the transfer of the shares is deferred. For share-based payments that are settled with equity instruments, a corresponding increase in equity is recognized.

1.21 REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

The main business of Autoneum is to develop and produce multifunctional and lightweight components and systems for noise and heat protection for its customers, i.e., Original Equipment Manufacturers (OEM). Autoneum and the OEM agree on a contract upon nomination. The contracts include that Autoneum sells serial parts to the OEM over a production period of five to eight years. The serial parts are manufactured using a tool, which is either manufactured by Autoneum or procured by a third-party supplier and which is sold to the OEM, usually before start of production. As a result, Autoneum agrees on two different kinds of performance obligations upon nomination: a performance obligation for each serial part that will be delivered to the OEM during the serial production period and a performance obligation for the procurement of the tools. Revenue is allocated to the performance obligations based on the selling price that is agreed with the OEM.

The majority of total revenue (more than 90%) is generated with the sale of the serial parts to the OEM and a minor part of total revenue (less than 10%) is generated with the sale of the tools to the OEM.

Upon nomination, the OEM and Autoneum agree on a sales price per serial part and agree that Autoneum will produce and deliver the serial parts to the OEM over its complete serial production period. The OEM and Autoneum agree on a contract that includes an expected quantity of serial products that will be delivered to the OEM, as the final quantity of required serial parts depends on the number of cars that the OEM will produce. Revenue from the sale of the serial parts is recognized at the point in time when control of the parts is transferred to the OEM, which is according to the delivery terms that are agreed with the OEM. Revenue is recognized based on the applicable sales price at the point in time the serial parts are transferred to the OEM. Control of the tools is transferred to the OEM at the point in time when the OEM accepts the tool.

Revenue recognized from contracts with customers is disclosed as revenue in the consolidated financial statements.

1.22 FINANCING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized as a part of the acquisition costs of the qualified asset. All other financing costs are recognized directly in the income statement.

1.23 GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources in return for compliance with certain conditions. Government grants related to capital expenditure (investment premiums) are initially recognized as a liability and subsequently recognized over the useful life of the subsidized tangible asset. In case a government grant is awarded for the purpose of giving immediate financial support to an entity rather than an incentive to undertake specific expenditures, the grant is recognized in profit or loss of the period in which it becomes receivable and is deducted on the related expenses.

1.24 DEFINITION OF NON-GAAP MEASURES

EBIT as a subtotal includes all income and expenses before addition/deduction of financial income, financial expenses, share of profit of associated companies and income taxes. EBITDA as a subtotal includes EBIT before deduction of depreciation and impairment of tangible assets as well as amortization and impairment of intangible assets.

| CHF million | 2020 | | 2019 | |
|---|---------|--------|---------|--------|
| Group | | | | |
| Revenue | 1 740.6 | 100.0% | 2 297.4 | 100.0% |
| EBIT | 27.8 | 1.6% | -32.9 | -1.4% |
| One-time effects from impairment ¹ | - | - | 68.0 | 3.0% |
| EBIT before one-time effects | 27.8 | 1.6% | 35.0 | 1.5% |
| BG North America | | | | |
| Revenue | 753.5 | 100.0% | 1 001.8 | 100.0% |
| EBIT | -43.6 | -5.8% | -134.8 | -13.5% |
| One-time effects from impairment ¹ | - | - | 62.0 | 6.2% |
| EBIT before one-time effects | -43.6 | -5.8% | -72.8 | -7.3% |
| BG Asia | | | | |
| Revenue | 254.1 | 100.0% | 275.7 | 100.0% |
| EBIT | 22.2 | 8.7% | 11.9 | 4.3% |
| One-time effects from impairment ¹ | - | - | 6.0 | 2.2% |
| EBIT before one-time effects | 22.2 | 8.7% | 17.9 | 6.5% |

¹ One-time impairment of tangible and intangible assets in 2019.

2 RISK MANAGEMENT

Autoneum maintains an internal control system with the objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The internal control system is an important part of the risk management system.

The process of risk management is governed by the regulation “Autoneum Risk Management System”, which was adopted by the Board of Directors. The regulation defines the main categories of risk, which serve as a basis of the risk management, and the bodies that deal within the Group with the various risks. In addition, the regulation defines the procedures for detecting, reporting and managing risk and the criteria for qualitative and quantitative risk assessment.

The regulation defines the following main risk categories: strategic risk, operational risk, financial risk, compliance risk, capital risk, litigation and other risk (e.g. political, legal, organizational, environmental and work safety risk).

Besides the financial and capital risk (refer to paragraphs 2.1 and 2.2 respectively), the following risks within the main risk categories are a focus of Autoneum:

- Strategic risk: This risk results on the one hand from different markets in which Autoneum operates (local aspects, legal regulations, degree of maturity of markets). On the other hand, it results from the share of the customers in Autoneum’s revenue, as well as from the technical and regulatory requirements on Autoneum products.
- Operational risk: This risk results from the technical development of orders until end of production, from the need for cost-efficient production and the possibility of interruptions in production.

Strategic risk resulting from developments in the relevant markets and of the products offered therein is assessed as part of the strategic planning and financial planning processes. Strategic risk and operational risk are regularly reviewed at meetings within the Business Groups and with the CEO and the CFO of the Group. These meetings also deal with other risks impacting actual performance against budget, in order to identify and implement corrective measures.

Risks resulting from divestments or other major projects are monitored at Group level within the framework of authorities and approvals for the respective project. Quarterly project review reports were prepared for the attention of the Board of Directors.

Specific risks are addressed by periodic reports in dedicated bodies. Such reports cover environmental and work safety risk at the various sites, treasury risk and risk from legal actions and compliance.

An aggregate review of all identified risks and of the instruments and measures to address them is performed on a semi-annual basis by the Risk Council, consisting of representatives of all Business Groups and Corporate functions. The review results are reported to the Board of Directors and Group Executive Board.

2.1 FINANCIAL RISK

As a result of its worldwide activities Autoneum is exposed to various financial risks, such as credit risk, liquidity risk and market risk (foreign exchange risk, interest rate risk and price risk).

Autoneum’s financial risk management aims to minimize the potential adverse impact of the development of the financial markets on the Group’s financial performance and to secure its financial stability. This may include the use of derivative financial instruments to hedge certain risk exposures. Financial risks are identified primarily locally and evaluated and managed centrally by Group Treasury in close cooperation with the Group’s legal units.

CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as from exposures to customers, including outstanding receivables, contract assets and committed transactions. Credit risk may result in a financial loss if one party in a transaction is unable or unwilling to meet its obligations. It is Autoneum's objective to limit the impact of a default. The maximum risk of these positions corresponds to the book values of financial instruments that are classified as financial assets at amortized cost (refer to note 29 on page 108).

Credit risk of financial counterparties is monitored centrally by Group Treasury. Significant relationships with banks and financial institutions are basically only entered into with counterparties rated not lower than "A" (according to Standard & Poor's). At the date of reporting, management does not expect significant losses from non-performance by financial institutions where funds are invested or financial transactions are outstanding.

Autoneum maintains business relationships with all significant automotive manufacturers and has a geographically broad, diversified customer portfolio. No customer accounted for more than 11.6% (2019: 13.6%) of Autoneum's revenue. The Group monitors the creditworthiness of its key customers by using independent ratings (if available) and by taking into account their financial position, past experience and other factors. The related credit risk is considered as low at the date of reporting. In accordance with IFRS 9, the Group calculates the Expected Credit Loss according to a provision matrix based on days the amounts are past due. For trade receivables which are not overdue by more than 180 days, expected credit losses are determined by using publicly available credit default probabilities for the individual customer based on their ratings (mainly Standard & Poor's long-term issuer rating). If at this stage information indicating a higher collection risk for individual customers is available, individual allowances are recognized for the respective balances. The risk of an impairment loss increases significantly for open trade receivable balances that are overdue for more than 180 days. Unless the open balance is negligible, an individual assessment is performed to estimate expected credit losses. Individual assessments incorporate forward-looking information such as macroeconomic forecasts.

The average expected loss rates for trade receivables per aging category as well as for contract assets are as follows:

AVERAGE EXPECTED LOSS RATE FOR TRADE RECEIVABLES PER AGING CATEGORY AS OF DECEMBER 31, 2020

| CHF million | Not due | No more than 180 days overdue | 181 days to one year overdue | More than 1 year overdue | Total |
|---------------------------|--------------|-------------------------------------|------------------------------------|-----------------------------|--------------|
| Expected loss rate (in %) | 0.5% | 2.2% | 51.4% | 84.6% | 1.8% |
| Trade receivables (gross) | 228.5 | 17.7 | 2.7 | 1.9 | 250.8 |
| Allowance for impairment | -1.1 | -0.4 | -1.4 | -1.6 | -4.5 |
| Trade receivables | 227.4 | 17.3 | 1.3 | 0.3 | 246.5 |

AVERAGE EXPECTED LOSS RATE FOR TRADE RECEIVABLES PER AGING CATEGORY AS OF DECEMBER 31, 2019

| CHF million | Not due | No more than 180 days overdue | 181 days to one year overdue | More than 1 year overdue | Total |
|---------------------------|--------------|-------------------------------------|------------------------------------|-----------------------------|--------------|
| Expected loss rate (in %) | 0.2% | 0.3% | 32.7% | 78.2% | 0.9% |
| Trade receivables (gross) | 250.6 | 29.8 | 2.3 | 1.4 | 284.0 |
| Allowance for impairment | -0.6 | -0.1 | -0.7 | -1.1 | -2.5 |
| Trade receivables | 250.0 | 29.7 | 1.5 | 0.3 | 281.5 |

AVERAGE EXPECTED LOSS RATE FOR CONTRACT ASSETS AS OF DECEMBER 31

| CHF million | Not due 2020 | Not due 2019 |
|---------------------------|--------------|--------------|
| Expected loss rate (in %) | 10.3% | 0.1% |
| Contract assets (gross) | 39.3 | 51.0 |
| Allowance for impairment | -4.1 | -0.1 |
| Contract assets | 35.3 | 50.9 |

LIQUIDITY RISK

The objective of liquidity risk management is to ensure that sufficient financial resources are available at any point in time in order to be able to completely fulfill all payment obligations of the Group when due. As part of an integral budgeting and forecasting process, Group Treasury centrally monitors the planned liquidity position of the Group. Group Treasury compares the planned liquidity requirements with the available funds to detect shortages at an early stage. The liquidity risk management of Autoneum includes the maintenance of sufficient liquidity reserves and the availability of funding through an adequate amount of committed credit lines.

Beside several smaller bilateral credit facilities with banks, Autoneum maintains a credit agreement for the medium- and long-term financing with a group of banks in the amount of CHF 350.0 million, which expires on December 31, 2022. Furthermore, a bond in the amount of CHF 75.0 million with maturity as of July 4, 2023 and a bond in the amount of CHF 100.0 million with maturity as of December 8, 2025 have been issued, both of which are listed at the SIX Swiss Exchange (refer to note 23, page 101).

The following tables show the contractual maturities of Autoneum's financial liabilities (including interest).

| Financial liabilities at December 31, 2020 | Carrying amount | Contractual undiscounted cash flows | | | |
|--|-----------------|-------------------------------------|--------------|-------------------|-----------------|
| | | Less than 1 year | 1 to 5 years | More than 5 years | Total cash flow |
| CHF million | | | | | |
| Bonds | 174.7 | 2.0 | 180.9 | - | 182.8 |
| Bank debts | 363.2 | 60.4 | 304.5 | - | 365.0 |
| Lease liabilities | 292.1 | 36.0 | 113.0 | 240.2 | 389.3 |
| Other borrowings ¹ | 55.8 | 6.9 | 52.9 | - | 59.8 |
| Trade payables | 203.7 | 203.7 | - | - | 203.7 |
| Accrued expenses | 83.3 | 83.3 | - | - | 83.3 |
| Other payables | 13.2 | 13.2 | - | - | 13.2 |
| Total | 1 186.1 | 405.6 | 651.3 | 240.2 | 1 297.2 |

¹ In 2019, two shareholders of Autoneum Holding Ltd have provided subordinated shareholder loans (refer to note 30, page 109).

| Financial liabilities at December 31, 2019 | Carrying amount | Contractual undiscounted cash flows | | | |
|--|-----------------|-------------------------------------|--------------|-------------------|-----------------|
| | | Less than 1 year | 1 to 5 years | More than 5 years | Total cash flow |
| CHF million | | | | | |
| Bonds | 174.6 | 2.0 | 82.0 | 101.1 | 185.1 |
| Bank debts | 210.6 | 62.5 | 148.9 | - | 211.4 |
| Lease liabilities | 324.6 | 40.3 | 127.5 | 277.7 | 445.5 |
| Other borrowings ¹ | 48.5 | 7.2 | 43.1 | - | 50.3 |
| Trade payables | 274.2 | 274.2 | - | - | 274.2 |
| Accrued expenses | 68.7 | 68.7 | - | - | 68.7 |
| Other payables | 18.6 | 18.6 | - | - | 18.6 |
| Total | 1 119.8 | 473.4 | 401.5 | 378.8 | 1 253.7 |

¹ In 2019, two shareholders of Autoneum Holding Ltd have provided subordinated shareholder loans (refer to note 30, page 109).

FOREIGN EXCHANGE RISK

Due to the global nature of its activities, the Group is exposed to foreign exchange risk. Foreign exchange risk arises from investments in foreign subsidiaries (translation risk) as well as from transactions and financial assets or financial liabilities that are denominated in a currency other than the functional currency of a legal unit (transaction risk). In order to hedge transaction risk that cannot be eliminated through offsetting transactions in the same foreign currency (natural hedging), subsidiaries may use forward contracts, which are usually traded with banks via Group Treasury. The transaction risk from foreign currencies is monitored continuously.

The subsidiaries' cash holdings with banks are denominated mostly in the functional currency of the subsidiary. The majority of the business transacted in Autoneum's subsidiaries is also in their functional currency. At the reporting date, the Group held financial instruments which were denominated in currencies other than the functional currency of the respective Group company as follows:

| CHF million | Assets 31.12.2020 | Liabilities 31.12.2020 | Assets 31.12.2019 ¹ | Liabilities 31.12.2019 ¹ |
|--------------|----------------------|---------------------------|-----------------------------------|--|
| EUR | 100.2 | 73.2 | 137.6 | 157.8 |
| USD | 31.3 | 48.7 | 63.1 | 84.5 |
| Other | 20.9 | 7.1 | 22.5 | 6.3 |
| Total | 152.3 | 129.0 | 223.2 | 248.6 |

¹ Previous-year calculation adjusted due to implementation of a new calculation logic.

The Group is exposed to foreign exchange risk mostly against the euro and the US dollar. The currency-related sensitivity of the Group against these two currencies is shown in the following table:

| CHF million | Reasonable shift | Impact on net result | Impact on equity |
|--------------------------|---------------------|-------------------------|---------------------|
| December 31, 2020 | | | |
| EUR/CHF | +/- 5% | +/- 2.3 | +/- 8.6 |
| USD/CHF | +/- 10% | -/+ 5.0 | +/- 45.9 |
| December 31, 2019 | | | |
| EUR/CHF | +/- 10% | +/- 3.4 | +/- 17.8 |
| USD/CHF | +/- 10% | -/+ 6.6 | +/- 58.8 |

The potential impact on net result is mainly due to foreign exchange gains and losses on financial instruments as well as the translation of the profit or loss of foreign subsidiaries into Swiss francs for consolidation purposes. The impact on equity additionally includes currency translation adjustments arising from the translation of the net investment in foreign subsidiaries.

INTEREST RATE RISK

The interest rate risk of the Group relates to interest-bearing assets and liabilities. Floating interest rate positions are subject to cash flow interest risk. Fixed-interest positions are subject to fair value interest risk if measured at fair value. In general, Autoneum aims to maintain, in consideration of seasonal fluctuations, a balanced relation between fixed and floating interest-bearing financial liabilities as disclosed in note 23 on page 101. The two bonds issued at fixed interest rates are not subject to any interest rate risk, whereas the long-term credit agreement with floating interest rates is subject to a cash flow interest risk. The Group analyzes the interest rate risk on a net basis. No hedging of the interest rate risk was performed in the reporting period or in the prior period. Based on the interest-bearing assets and liabilities that existed at December 31, 2020 a 100 basis point higher level of the respective underlying refinancing base rates (e.g. LIBOR) would lead to a CHF 1.2 million (2019: CHF 1.1 million) lower net result as well as equity of the Group on an annual basis. A 100 basis point lower level of those rates would lead to a CHF 0.5 million (2019: CHF 0.5 million) higher net result as well as equity of the Group on an annual basis.

PRICE RISK

Holding financial assets that are measured at fair value exposes Autoneum to a risk of price fluctuation. Autoneum held a significant investment in Nihon Tokushu Toryo Co. Ltd., whose shares are listed on the Tokyo Stock Exchange. Autoneum is exposed to a price risk according to the fluctuations in the share price. This investment is classified as a financial asset at fair value through other comprehensive income and changes in the share price do not impact profit or loss. The amount of financial assets at fair value through profit or loss that Autoneum held is not significant.

2.2 CAPITAL RISK

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders, and to maintain an optimally leveraged capital structure in order to reduce the cost of capital. Autoneum aims to reach a stable investment grade rating as perceived by bank partners and debt investors.

Autoneum Group therefore targets a healthy balance sheet with an adequate portion of equity. In the mid-term, Autoneum aims for an equity ratio above 35%. As of December 31, 2020 the equity ratio equaled 22.9% (2019: 27.1%). For the next few years, the dividend policy will depend on a number of factors, such as net result and the financial situation of the Group, the demand for capital and liquidity, the general business environment as well as legal and contractual restrictions. Subject to the foregoing, the Group intends to distribute at least 30% of its net result attributable to shareholders of Autoneum Holding Ltd. Dividends, if any, are expected to be declared and paid in Swiss francs.

3 CHANGE IN SCOPE OF CONSOLIDATION AND SIGNIFICANT TRANSACTIONS

There was no change in scope of consolidation in 2020 and the previous year.

4 SEGMENT INFORMATION

Segment information is based on Autoneum Group's internal organization and management structure as well as on the internal financial reporting to the Group Executive Board and the Board of Directors. The chief operating decision maker is the CEO.

Autoneum is the leading global automobile supplier in acoustic and thermal management for vehicles. Autoneum develops and produces multifunctional and lightweight components and systems for noise and heat protection and thereby enhances vehicle comfort.

The reporting is based on the following four reportable segments (Business Groups/BG): BG Europe, BG North America, BG Asia and BG SAMEA (South America, Middle East and Africa). "Corporate and elimination" include Autoneum Holding Ltd and the corporate center with its respective legal entities, an operation that produces parts for Autoneum's manufacturing lines, investments in associates and inter-segment elimination. Transactions between the Business Groups are made on the same basis as with independent third parties.

SEGMENT INFORMATION 2020

| CHF million | BG Europe | BG North America | BG Asia | BG SAMEA | Total segments | Corporate and elimination | Total Group |
|--|-----------|------------------|---------|----------|----------------|---------------------------|-------------|
| Third-party revenue | 640.4 | 753.5 | 252.1 | 87.5 | 1 733.6 | 7.0 | 1 740.6 |
| Inter-segment revenue | 1.4 | – | 2.0 | 0.9 | 4.3 | –4.3 | – |
| Revenue | 641.8 | 753.5 | 254.1 | 88.4 | 1 737.9 | 2.7 | 1 740.6 |
| EBITDA | 62.1 | 7.1 | 41.0 | 15.9 | 126.1 | 22.3 | 148.5 |
| in % of revenue | 9.7% | 0.9% | 16.1% | 18.0% | 7.3% | n/a | 8.5% |
| Depreciation, amortization and impairment | –40.6 | –50.7 | –18.8 | –5.0 | –115.1 | –5.5 | –120.6 |
| EBIT | 21.5 | –43.6 | 22.2 | 10.9 | 11.0 | 16.9 | 27.8 |
| in % of revenue | 3.3% | –5.8% | 8.7% | 12.3% | 0.6% | n/a | 1.6% |
| Assets at December 31 ¹ | 522.0 | 669.3 | 277.4 | 68.8 | 1 537.5 | 270.6 | 1 808.1 |
| Liabilities at December 31 | 417.5 | 510.1 | 171.8 | 45.9 | 1 145.4 | 249.0 | 1 394.5 |
| Addition in tangible and intangible assets | 19.5 | 23.8 | 8.0 | 2.4 | 53.8 | 0.6 | 54.4 |
| Employees at December 31 ² | 4 372 | 4 895 | 2 192 | 910 | 12 369 | 405 | 12 774 |

¹ Assets in "Corporate and elimination" include investments in associated companies in the amount of CHF 20.5 million, refer to note 15, page 95.

² Full-time equivalents including temporary employees (excluding apprentices).

SEGMENT INFORMATION 2019

| CHF million | BG Europe | BG North America | BG Asia | BG SAMEA | Total segments | Corporate and elimination | Total Group |
|--|-----------|------------------|---------|----------|----------------|---------------------------|-------------|
| Third-party revenue | 891.0 | 1 001.7 | 273.3 | 123.6 | 2 289.7 | 7.7 | 2 297.4 |
| Inter-segment revenue | 9.8 | 0.1 | 2.3 | 2.2 | 14.5 | –14.5 | – |
| Revenue | 900.9 | 1 001.8 | 275.7 | 125.8 | 2 304.2 | –6.8 | 2 297.4 |
| EBITDA | 93.0 | –18.5 | 39.0 | 16.8 | 130.4 | 33.6 | 164.0 |
| in % of revenue | 10.3% | –1.8% | 14.2% | 13.4% | 5.7% | n/a | 7.1% |
| Depreciation, amortization and impairment | –42.0 | –116.3 | –27.1 | –6.2 | –191.6 | –5.3 | –196.9 |
| EBIT | 51.0 | –134.8 | 11.9 | 10.7 | –61.2 | 28.2 | –32.9 |
| in % of revenue | 5.7% | –13.5% | 4.3% | 8.5% | –2.7% | n/a | –1.4% |
| Assets at December 31 ¹ | 610.1 | 774.8 | 295.5 | 80.0 | 1 760.4 | 78.7 | 1 839.1 |
| Liabilities at December 31 | 473.4 | 545.9 | 187.2 | 58.0 | 1 264.5 | 75.7 | 1 340.2 |
| Addition in tangible and intangible assets | 43.8 | 90.6 | 22.7 | 4.3 | 161.5 | 1.3 | 162.8 |
| Employees at December 31 ² | 4 411 | 5 183 | 2 041 | 1 035 | 12 670 | 458 | 13 128 |

¹ Assets in "Corporate and elimination" include investments in associated companies in the amount of CHF 18.5 million, refer to note 15, page 95.

² Full-time equivalents including temporary employees (excluding apprentices).

REVENUE AND NON-CURRENT ASSETS BY COUNTRY

| CHF million | Revenue ¹ 2020 | Revenue ¹ 2019 | Non-current assets ² 31.12.2020 | Non-current assets ² 31.12.2019 |
|--------------------------|------------------------------|------------------------------|--|--|
| USA | 546.2 | 724.0 | 292.2 | 340.9 |
| China | 231.9 | 251.8 | 114.2 | 132.5 |
| Germany | 134.4 | 198.1 | 21.4 | 24.1 |
| Mexico | 116.8 | 146.8 | 82.8 | 105.7 |
| France | 104.0 | 140.5 | 26.7 | 29.6 |
| Great Britain | 96.2 | 150.4 | 26.3 | 30.7 |
| Canada | 92.3 | 132.0 | 10.4 | 13.0 |
| Spain | 87.8 | 129.3 | 31.9 | 33.5 |
| Switzerland ³ | 2.1 | 0.9 | 81.3 | 85.4 |
| Remaining countries | 328.9 | 423.7 | 153.2 | 177.4 |
| Total | 1 740.6 | 2 297.4 | 840.5 | 972.9 |

¹ Revenue is disclosed by location of customers.

² Non-current assets consist of tangible assets, intangible assets and investments in associated companies.

³ Domicile of Autoneum Holding Ltd.

The following customers accounted for more than 10% of annual revenue in 2020 or 2019:

REVENUE WITH MAJOR CUSTOMERS

| CHF million | 2020 | 2019 |
|-------------|-------|-------|
| Ford | 202.3 | 313.0 |
| BMW | 200.3 | 271.6 |
| Honda | 186.4 | 246.2 |
| Toyota | 175.6 | 206.8 |

Information on revenue by product group is not available. The major customers generate revenue in all geographic segments.

When Autoneum is nominated by an OEM the contract includes that Autoneum will manufacture a tool which is sold to the OEM before start of production and that Autoneum will produce and deliver serial parts to the OEM over the production period, which is usually between five to eight years. As the OEM's production volumes are continuously adapted to the market demand, the number of serial parts that Autoneum will deliver to the OEM can only be estimated. Autoneum expects that the contracts for which Autoneum was nominated as of December 31, 2020 will generate revenue in the amount of CHF 9.6 billion (2019: CHF 11.3 billion) in future years.

5 EMPLOYEE EXPENSES

| CHF million | 2020 | 2019 |
|---|---------------|---------------|
| Wages and salaries | -367.8 | -473.8 |
| Social security expenses | -90.3 | -109.6 |
| Pension expenses for defined contribution plans | -5.6 | -7.4 |
| Pension expenses for defined benefit plans | -1.8 | -6.4 |
| Other personnel expenses | -40.2 | -45.8 |
| Total | -505.8 | -642.8 |

Autoneum started a long-term incentive plan (LTI) for the management in 2012. Part of Autoneum's net result is allocated to beneficiaries defined in advance by granting them shares of Autoneum Holding Ltd. The shares become property of the beneficiaries after a vesting period of 35 months, if the beneficiaries are then still employed by an Autoneum company. Immediate vesting occurs in case of death or retirement of the beneficiary. In case of employment termination, shares not yet vested lapse without compensation. Exceptions are possible at the discretion of the Nomination and Compensation Committee. Vesting occurs every year in April. Employee expenses resulting from share-based compensation in the course of the LTI are recognized over the vesting period. No shares (2019: 4 037 shares valued at CHF 105.00) were granted in 2020, and expenses of CHF 0.3 million (2019: CHF 0.5 million) were recognized in wages and salaries.

Members of the Board of Directors receive part of their remuneration in Autoneum shares. 11 605 shares (2019: 8 693 shares) valued at CHF 60.53 (2019: CHF 124.20) were granted in 2020, and expenses of CHF 0.7 million (2019: CHF 1.1 million) were recognized in wages and salaries.

Members of the Group Executive Board receive part of their remuneration in Autoneum shares. 637 shares (2019: 560 shares) valued at a weighted average share price of CHF 113.15 (2019: CHF 158.58) were granted in 2020, and expenses of CHF 0.1 million (2019: CHF 0.1 million) were recognized in wages and salaries.

In the reporting period, the Board of Directors approved the one-off and extraordinary participation in a turnaround incentive plan (TIP). In view of the challenges ahead, it is intended to create an incentive system to achieve the medium-term goals set for the turnaround of the Company over the next three years. Beneficiaries of the TIP are the members of the Group's senior management including the Group Executive Board, who were granted an individual, maximum number of Autoneum shares on a one-off basis in the 2020 financial year. The shares become property of the beneficiaries after a vesting period of 35 months, if the beneficiaries are then still employed by an Autoneum company and if the targets set for the turnaround are achieved at the end of the term of the TIP. The targets set are based on the profitability (EBIT) and free cash flow of the Group for the financial years 2020 until 2022, both criteria weighted 50% each. Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the transfer of shares. The maximum limit corresponds to the maximum number of shares originally granted. Between the two limits, the actual number of shares transferred increases linearly. The entitlement to the other shares lapses without compensation. The value of the turnaround incentive is calculated by the maximum number of shares granted multiplied by the share price on the day the allocation is made. The actual number of shares transferred is calculated after the end of the vesting period at the end of February 2023 taking into account the turnaround targets. Employee expenses resulting from share-based compensation in the course of the TIP are recognized over the vesting period. 8 701 shares valued at CHF 60.80 were granted in 2020, and expenses of CHF 0.1 million were recognized in wages and salaries.

6 OTHER EXPENSES

| CHF million | 2020 | 2019 |
|-------------------------------------|---------------|---------------|
| Repairs and maintenance | -65.1 | -82.8 |
| Energy | -57.0 | -67.1 |
| Marketing and distribution expenses | -46.4 | -63.4 |
| Operating material | -21.3 | -27.1 |
| Insurance and other charges | -16.8 | -15.1 |
| IT and office expenses | -15.7 | -19.0 |
| Audit and consulting expenses | -14.8 | -13.6 |
| Lease expenses | -11.8 | -12.6 |
| Miscellaneous expenses | -44.7 | -62.5 |
| Total | -293.5 | -363.2 |

7 OTHER INCOME

| CHF million | 2020 | 2019 |
|---|-------------|-------------|
| Gain from disposal of subsidiary or business ¹ | 1.8 | - |
| Rental income | 1.6 | 1.6 |
| Miscellaneous income | 31.6 | 25.7 |
| Total | 35.0 | 27.3 |

¹ Earn-out received from transactions in previous periods.

Miscellaneous income contains mainly income generated with by-products arising during the manufacturing process and income from release of unused provisions.

8 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

| CHF million | 2020 | 2019 |
|-----------------------------------|---------------|---------------|
| Depreciation of tangible assets | -117.4 | -125.6 |
| Impairment of tangible assets | -0.3 | -68.0 |
| Amortization of intangible assets | -2.9 | -3.1 |
| Impairment of intangible assets | - | -0.2 |
| Total | -120.6 | -196.9 |

9 FINANCIAL INCOME

| CHF million | 2020 | 2019 |
|------------------------|------------|------------|
| Interest income | 2.0 | 2.4 |
| Dividend income | 1.0 | 1.0 |
| Other financial income | 0.3 | 1.1 |
| Total | 3.4 | 4.5 |

10 FINANCIAL EXPENSES

| CHF million | 2020 | 2019 |
|---|--------------|--------------|
| Interest expenses | -28.4 | -25.7 |
| Net foreign exchange losses | -7.6 | -3.9 |
| Net loss on net monetary position from hyperinflationary accounting | -0.8 | -1.0 |
| Other financial expenses | - | -0.1 |
| Total | -36.8 | -30.8 |

Interest expenses include CHF 12.5 million (2019: CHF 13.9 million) interest expenses for lease liabilities, CHF 1.0 million (2019: CHF 1.4 million) interest expenses for defined benefit plans and CHF 0.7 million (2019: CHF 0.4 million) amortization of transactions costs.

11 INCOME TAXES

| CHF million | 2020 | 2019 |
|-----------------------|-------------|--------------|
| Current income taxes | -11.0 | -24.5 |
| Deferred income taxes | 2.4 | 2.1 |
| Total | -8.6 | -22.4 |

Reconciliation between expected and actual income tax result:

| CHF million | 2020 | 2019 |
|---|-------------|--------------|
| Earnings before taxes | -2.1 | -55.3 |
| Average applicable income tax rate | 23.9% | 25.1% |
| Expected income tax result | 0.5 | 13.8 |
| Non-taxable income and non-deductible expenses | -1.6 | -3.6 |
| Current income taxes from prior periods | 0.6 | 1.3 |
| Current year losses for which no deferred income tax assets were recognized | -13.0 | -35.6 |
| Utilization of previously unrecognized tax loss carryforwards | 4.8 | 2.9 |
| Recognition of previously unrecognized or derecognition of deductible temporary differences | 1.3 | -3.3 |
| Non-recoverable withholding taxes | -2.1 | -2.6 |
| Income taxes at other income tax rates or taxable base | -1.2 | 2.4 |
| Impact of changes in income tax rates | 1.2 | 2.1 |
| Other effects | 1.0 | 0.1 |
| Income tax expenses | -8.6 | -22.4 |

The change in the average applicable income tax rate is mainly due to the different geographic composition of earnings before taxes.

Deferred income tax assets and liabilities pertain to the following balance sheet line items:

| CHF million | Deferred income tax assets 31.12.2020 | Deferred income tax liabilities 31.12.2020 | Deferred income tax assets 31.12.2019 | Deferred income tax liabilities 31.12.2019 |
|--|--|---|--|---|
| Non-current assets | 2.9 | 43.4 | 4.9 | 48.7 |
| Inventories | 0.6 | 1.5 | 1.3 | 4.0 |
| Other assets | 1.3 | 1.4 | 1.8 | 1.8 |
| Employee benefit liabilities | 2.9 | - | 4.7 | 0.7 |
| Provisions | 0.4 | 0.3 | 0.2 | 0.6 |
| Other liabilities | 7.6 | 0.7 | 9.4 | 0.9 |
| Tax loss carryforwards and tax credits | 26.4 | - | 27.1 | - |
| Inflation adjustment | 0.2 | - | - | 0.1 |
| Subtotal | 42.2 | 47.2 | 49.4 | 56.9 |
| Offsetting | -19.7 | -19.7 | -27.7 | -27.7 |
| Total | 22.4 | 27.5 | 21.7 | 29.2 |

The decrease in the net deferred income tax liability by CHF 2.5 million (2019: CHF 3.0 million) relates to the deferred income tax income recognized in the consolidated income statement of CHF 2.4 million (2019: CHF 2.1 million), to the deferred income tax expense recognized in other comprehensive income of CHF 0.8 million (2019: CHF 1.1 million income), a positive inflation adjustment of CHF 0.3 million (2019: negative inflation adjustment of CHF 0.1 million) and to a positive currency translation adjustment of CHF 0.5 million (2019: negative currency translation adjustment of CHF 0.2 million).

No deferred income tax assets have been recognized from deductible temporary differences in the amount of CHF 136.6 million (2019: CHF 67.1 million). At the reporting date, tax loss carryforwards in the amount of CHF 55.8 million (2019: CHF 48.7 million) are recognized for Group companies that incurred losses in 2020 or 2019 (2019 or 2018) supported by taxable temporary differences and expected future profitability.

The table below discloses tax loss carryforwards by their year of expiry:

| CHF million | Recognized ¹ 31.12.2020 | Non- recognized ² 31.12.2020 | Recognized ¹ 31.12.2019 | Non- recognized ² 31.12.2019 |
|-------------------|---------------------------------------|---|---------------------------------------|---|
| Less than 3 years | – | 12.8 | – | 1.0 |
| In 3 to 7 years | 10.5 | 12.5 | – | 26.6 |
| Thereafter | 86.2 | 371.3 | 100.2 | 408.4 |
| Total | 96.8 | 396.5 | 100.2 | 436.0 |

¹ Tax loss carryforwards for which deferred income tax assets are recognized.

² Tax loss carryforwards for which no deferred income tax assets are recognized.

The tax loss carryforwards for which no deferred income tax assets were recognized originate from countries with a deferred income tax rate between 9% and 34% in both the reporting year and the prior year.

The table below discloses tax credits by their year of expiry:

| CHF million | Recognized ¹ 31.12.2020 | Non- recognized ² 31.12.2020 | Recognized ¹ 31.12.2019 | Non- recognized ² 31.12.2019 |
|-------------------|---------------------------------------|---|---------------------------------------|---|
| Less than 3 years | – | 1.3 | – | – |
| In 3 to 7 years | – | 15.9 | – | 4.0 |
| Thereafter | 2.1 | 10.0 | 1.7 | 16.7 |
| Total | 2.1 | 27.2 | 1.7 | 20.7 |

¹ Tax credits for which deferred income tax assets are recognized.

² Tax credits for which no deferred income tax assets are recognized.

12 EARNINGS PER SHARE

| | | 2020 | 2019 |
|---|------------------|-----------|-----------|
| Net result attributable to shareholders of AUTN | CHF million | –25.3 | –96.8 |
| Average number of shares outstanding | Number of shares | 4 640 846 | 4 650 196 |
| Average number of shares outstanding diluted | Number of shares | 4 648 297 | 4 654 598 |
| Basic earnings per share | CHF | –5.45 | –20.82 |
| Diluted earnings per share | CHF | –5.45 | –20.82 |

The average number of shares outstanding is calculated based on the number of shares issued less the weighted average number of treasury shares held. The shares vested but not yet transferred in the course of the management's long-term incentive plan (LTI), the turnaround incentive plan (TIP), and the performance-related bonus lead to a diluted average number of shares outstanding but have no dilution effect to net result attributable to shareholders of Autoneum.

13 TANGIBLE ASSETS

TANGIBLE ASSETS 2020

| CHF million | Land and buildings | Machinery and plant equipment | Data-processing equipment | Vehicles and furniture | Tangible assets under construction | Total |
|---|--------------------|-------------------------------|---------------------------|------------------------|------------------------------------|-----------------|
| Cost at January 1, 2020 | 550.2 | 1 355.0 | 34.9 | 44.7 | 96.1 | 2 081.0 |
| Addition | 4.1 | 10.8 | 0.9 | 3.9 | 33.9 | 53.7 |
| Disposal | -3.8 | -19.4 | -1.7 | -2.5 | -1.7 | -29.1 |
| Modification | 0.3 | -0.1 | - | - | - | 0.2 |
| Reclassification | 43.2 | 36.1 | 1.6 | 2.5 | -83.4 | - |
| Inflation adjustment | - | 1.8 | 0.1 | - | -0.1 | 1.8 |
| Currency translation adjustment | -29.0 | -87.8 | -2.6 | -2.7 | -6.1 | -128.2 |
| Cost at December 31, 2020 | 565.1 | 1 296.3 | 33.2 | 46.0 | 38.8 | 1 979.4 |
| Accumulated depreciation and impairment at January 1, 2020 | -186.2 | -903.5 | -23.2 | -25.6 | - | -1 138.5 |
| Depreciation | -33.4 | -72.1 | -4.4 | -7.6 | - | -117.4 |
| Impairment | - | - | - | -0.3 | - | -0.3 |
| Disposal | 3.7 | 17.6 | 1.6 | 2.1 | - | 25.0 |
| Reclassification | -3.2 | 3.2 | - | - | - | - |
| Inflation adjustment | - | -1.2 | - | - | - | -1.2 |
| Currency translation adjustment | 7.8 | 52.2 | 1.8 | 1.7 | - | 63.5 |
| Accumulated depreciation and impairment at December 31, 2020 | -211.3 | -903.9 | -24.1 | -29.7 | - | -1 168.9 |
| Net book value at January 1, 2020 | 364.0 | 451.6 | 11.7 | 19.1 | 96.1 | 942.5 |
| Net book value at December 31, 2020 | 353.8 | 392.4 | 9.1 | 16.4 | 38.8 | 810.5 |

TANGIBLE ASSETS 2020 EXCLUDING RIGHT-OF-USE ASSETS

| CHF million | Land and buildings | Machinery and plant equipment | Data-processing equipment | Vehicles and furniture | Tangible assets under construction | Total |
|---|--------------------|-------------------------------|---------------------------|------------------------|------------------------------------|-----------------|
| Cost at January 1, 2020 | 269.2 | 1 299.5 | 34.3 | 31.5 | 96.1 | 1 730.6 |
| Addition | 0.3 | 6.8 | 0.7 | 0.2 | 33.9 | 41.9 |
| Disposal | -1.5 | -18.8 | -1.7 | -1.2 | -1.7 | -24.9 |
| Reclassification | 2.4 | 76.9 | 1.6 | 2.5 | -83.4 | - |
| Inflation adjustment | - | 1.8 | 0.1 | - | -0.1 | 1.8 |
| Currency translation adjustment | -12.5 | -81.4 | -2.6 | -2.2 | -6.1 | -104.7 |
| Cost at December 31, 2020 | 257.8 | 1 284.9 | 32.4 | 30.8 | 38.8 | 1 644.7 |
| Accumulated depreciation and impairment at January 1, 2020 | -162.1 | -898.0 | -23.0 | -21.7 | - | -1 104.8 |
| Depreciation | -8.4 | -68.4 | -4.2 | -3.4 | - | -84.3 |
| Impairment | - | - | - | -0.3 | - | -0.3 |
| Disposal | 1.4 | 16.9 | 1.6 | 0.9 | - | 20.8 |
| Inflation adjustment | - | -1.2 | - | - | - | -1.2 |
| Currency translation adjustment | 6.0 | 51.5 | 1.8 | 1.5 | - | 60.7 |
| Accumulated depreciation and impairment at December 31, 2020 | -163.2 | -899.3 | -23.7 | -23.0 | - | -1 109.2 |
| Net book value at January 1, 2020 | 107.1 | 401.6 | 11.3 | 9.8 | 96.1 | 625.8 |
| Net book value at December 31, 2020 | 94.6 | 385.6 | 8.7 | 7.8 | 38.8 | 535.5 |

RIGHT-OF-USE ASSETS 2020

| CHF million | Land and buildings | Machinery and plant equipment | Data-processing equipment | Vehicles and furniture | Tangible assets under construction | Total |
|---|--------------------|-------------------------------|---------------------------|------------------------|------------------------------------|--------------|
| Cost at January 1, 2020 | 281.0 | 55.5 | 0.6 | 13.2 | - | 350.4 |
| Addition | 3.9 | 4.1 | 0.2 | 3.7 | - | 11.9 |
| Disposal | -2.3 | -0.7 | - | -1.2 | - | -4.2 |
| Modification | 0.3 | -0.1 | - | - | - | 0.2 |
| Reclassification | 40.8 | -40.8 | - | - | - | - |
| Currency translation adjustment | -16.5 | -6.4 | -0.1 | -0.5 | - | -23.5 |
| Cost at December 31, 2020 | 307.3 | 11.5 | 0.8 | 15.2 | - | 334.7 |
| Accumulated depreciation and impairment at January 1, 2020 | -24.1 | -5.5 | -0.2 | -3.9 | - | -33.7 |
| Depreciation | -25.0 | -3.7 | -0.2 | -4.2 | - | -33.1 |
| Disposal | 2.3 | 0.7 | - | 1.2 | - | 4.2 |
| Reclassification | -3.2 | 3.2 | - | - | - | - |
| Currency translation adjustment | 1.9 | 0.7 | - | 0.2 | - | 2.8 |
| Accumulated depreciation and impairment at December 31, 2020 | -48.1 | -4.6 | -0.4 | -6.6 | - | -59.8 |
| Net book value at January 1, 2020 | 257.0 | 50.0 | 0.4 | 9.3 | - | 316.7 |
| Net book value at December 31, 2020 | 259.2 | 6.8 | 0.4 | 8.6 | - | 275.0 |

TANGIBLE ASSETS 2019

| CHF million | Land and buildings | Machinery and plant equipment | Data-processing equipment | Vehicles and furniture | Tangible assets under construction | Total |
|---|--------------------|-------------------------------|---------------------------|------------------------|------------------------------------|-----------------|
| Cost at January 1, 2019 | 530.9 | 1 222.5 | 32.7 | 38.5 | 170.6 | 1 995.3 |
| Addition | 22.2 | 21.4 | 0.8 | 5.1 | 109.3 | 158.8 |
| Disposal | -3.8 | -39.4 | -1.7 | -1.3 | -0.1 | -46.3 |
| Modification | -0.9 | 0.2 | - | 0.1 | - | -0.6 |
| Reclassification | 9.6 | 167.0 | 3.6 | 3.1 | -183.4 | - |
| Inflation adjustment | - | 3.2 | - | - | - | 3.3 |
| Currency translation adjustment | -7.8 | -19.9 | -0.6 | -0.7 | -0.4 | -29.5 |
| Cost at December 31, 2019 | 550.2 | 1 355.0 | 34.9 | 44.7 | 96.1 | 2 081.0 |
| Accumulated depreciation and impairment at January 1, 2019 | -149.0 | -818.9 | -20.3 | -16.5 | - | -1 004.8 |
| Depreciation | -33.1 | -79.2 | -4.9 | -8.4 | - | -125.6 |
| Impairment | -9.0 | -56.7 | -0.1 | -2.2 | - | -68.0 |
| Disposal | 3.4 | 38.0 | 1.7 | 1.1 | - | 44.2 |
| Reclassification | -1.6 | 1.6 | - | - | - | - |
| Inflation adjustment | - | -2.2 | - | - | - | -2.3 |
| Currency translation adjustment | 3.1 | 13.9 | 0.4 | 0.4 | - | 18.0 |
| Accumulated depreciation and impairment at December 31, 2019 | -186.2 | -903.5 | -23.2 | -25.6 | - | -1 138.5 |
| Net book value at January 1, 2019 | 381.9 | 403.6 | 12.4 | 22.0 | 170.6 | 990.5 |
| Net book value at December 31, 2019 | 364.0 | 451.6 | 11.7 | 19.1 | 96.1 | 942.5 |

TANGIBLE ASSETS 2019 EXCLUDING RIGHT-OF-USE ASSETS

| CHF million | Land and buildings | Machinery and plant equipment | Data-processing equipment | Vehicles and furniture | Tangible assets under construction | Total |
|---|--------------------|-------------------------------|---------------------------|------------------------|------------------------------------|-----------------|
| Cost at January 1, 2019 | 267.2 | 1 174.0 | 32.1 | 29.0 | 170.6 | 1 672.9 |
| Addition | 0.3 | 14.8 | 0.8 | 0.5 | 109.3 | 125.8 |
| Disposal | -3.5 | -38.7 | -1.7 | -0.7 | -0.1 | -44.7 |
| Reclassification | 9.2 | 167.4 | 3.6 | 3.1 | -183.4 | - |
| Inflation adjustment | - | 3.2 | - | - | - | 3.3 |
| Currency translation adjustment | -4.1 | -21.1 | -0.6 | -0.5 | -0.4 | -26.7 |
| Cost at December 31, 2019 | 269.2 | 1 299.5 | 34.3 | 31.5 | 96.1 | 1 730.6 |
| Accumulated depreciation and impairment at January 1, 2019 | -147.6 | -818.9 | -20.3 | -16.5 | - | -1 003.4 |
| Depreciation | -9.4 | -73.1 | -4.7 | -4.0 | - | -91.1 |
| Impairment | -9.0 | -56.7 | -0.1 | -2.2 | - | -68.0 |
| Disposal | 2.9 | 37.4 | 1.7 | 0.7 | - | 42.7 |
| Reclassification | -1.6 | 1.6 | - | - | - | - |
| Inflation adjustment | - | -2.2 | - | - | - | -2.3 |
| Currency translation adjustment | 2.6 | 13.9 | 0.4 | 0.4 | - | 17.4 |
| Accumulated depreciation and impairment at December 31, 2019 | -162.1 | -898.0 | -23.0 | -21.7 | - | -1 104.8 |
| Net book value at January 1, 2019 | 119.6 | 355.0 | 11.8 | 12.5 | 170.6 | 669.5 |
| Net book value at December 31, 2019 | 107.1 | 401.6 | 11.3 | 9.8 | 96.1 | 625.8 |

RIGHT-OF-USE ASSETS 2019

| CHF million | Land and buildings | Machinery and plant equipment | Data-processing equipment | Vehicles and furniture | Tangible assets under construction | Total |
|---|--------------------|-------------------------------|---------------------------|------------------------|------------------------------------|--------------|
| Cost at January 1, 2019 | 263.6 | 48.6 | 0.7 | 9.5 | - | 322.4 |
| Addition | 21.9 | 6.6 | - | 4.6 | - | 33.0 |
| Disposal | -0.3 | -0.6 | - | -0.6 | - | -1.6 |
| Modification | -0.9 | 0.2 | - | 0.1 | - | -0.6 |
| Reclassification | 0.4 | -0.4 | - | - | - | - |
| Currency translation adjustment | -3.7 | 1.2 | - | -0.3 | - | -2.8 |
| Cost at December 31, 2019 | 281.0 | 55.5 | 0.6 | 13.2 | - | 350.4 |
| Accumulated depreciation and impairment at January 1, 2019 | -1.4 | - | - | - | - | -1.4 |
| Depreciation | -23.8 | -6.1 | -0.2 | -4.4 | - | -34.5 |
| Disposal | 0.5 | 0.6 | - | 0.4 | - | 1.6 |
| Currency translation adjustment | 0.5 | - | - | 0.1 | - | 0.6 |
| Accumulated depreciation and impairment at December 31, 2019 | -24.1 | -5.5 | -0.2 | -3.9 | - | -33.7 |
| Net book value at January 1, 2019 | 262.2 | 48.6 | 0.7 | 9.5 | - | 321.0 |
| Net book value at December 31, 2019 | 257.0 | 50.0 | 0.4 | 9.3 | - | 316.7 |

Tangible assets in the amount of CHF 1.2 million (2019: CHF 2.0 million) are pledged as security for financial liabilities.

Lease accounting has impacted profit or loss and the consolidated statement of cash flows as follows:

| CHF million | 2020 | 2019 |
|--|--------------|--------------|
| Lease expenses relating to short-term leases and low-value assets | -11.8 | -12.6 |
| Depreciation charge for right-of-use assets | -33.1 | -34.5 |
| Interest expenses on lease liabilities | -12.5 | -13.9 |
| Total recognized in profit or loss | -57.4 | -61.0 |
| Lease expenses paid relating to short-term leases and low-value assets | -11.8 | -12.6 |
| Interest paid on lease liabilities | -12.5 | -13.9 |
| Total recognized in cash flows from operating activities | -24.3 | -26.5 |
| Repayment of lease liabilities | -28.9 | -25.8 |
| Total recognized in cash flows from financing activities | -28.9 | -25.8 |
| Total cash flows used for leases | -53.2 | -52.3 |

IMPAIRMENT

Tangible assets are tested for impairment if there are indications that, due to changed circumstances, their carrying amount may no longer be recoverable. In 2020, no material impairments have been identified as a result of this test and the carrying amount of the cash-generating units are recoverable.

In 2019, CHF 62.0 million of the impairment charges on tangible assets are attributable to Business Group North America, CHF 5.8 million to Business Group Asia and CHF 0.2 million to Business Group Europe.

14 INTANGIBLE ASSETS

| CHF million | 2020 | 2019 |
|---|--------------|--------------|
| Cost at January 1 | 25.4 | 22.0 |
| Addition | 0.7 | 4.0 |
| Disposal | -0.1 | -0.4 |
| Currency translation adjustment | -0.7 | -0.3 |
| Cost at December 31 | 25.2 | 25.4 |
| Accumulated amortization and impairment at January 1 | -13.4 | -10.5 |
| Amortization | -2.9 | -3.1 |
| Impairment | - | -0.2 |
| Disposal | 0.1 | 0.3 |
| Currency translation adjustment | 0.4 | 0.1 |
| Accumulated amortization and impairment at December 31 | -15.8 | -13.4 |
| Net book value at January 1 | 12.0 | 11.5 |
| Net book value at December 31 | 9.4 | 12.0 |

Intangible assets comprise mainly investments in a new ERP system.

15 INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies comprise the 30% share in SRN Sound Proof Co., Ltd., Chonburi, Thailand, the 25% share in Wuhan Nittoku Autoneum Sound-Proof Co. Ltd., Wuhan, China, the 25% share in Wuhan Nittoku Autoneum Auto Parts Co. Ltd., Wuhan, China, and the 25% share in ATN Auto Acoustics Inc., Kamioguchi, Japan. The investments in associated companies are measured using the equity method. The net book value of investments in associated companies changed as follows:

| CHF million | 2020 | 2019 |
|--|-------------|-------------|
| Net book value at January 1 | 18.5 | 16.1 |
| Addition | 1.4 | - |
| Share of profit and other comprehensive income of associated companies | 3.5 | 4.0 |
| Dividends received | -1.8 | -1.8 |
| Currency translation adjustment | -1.0 | 0.2 |
| Net book value at December 31 | 20.5 | 18.5 |

The 2020 dividend payment of Wuhan Nittoku Autoneum Sound-Proof Co. Ltd. based in Wuhan, China, was fully used for a capital increase into Wuhan Nittoku Autoneum Auto Parts Co. Ltd. based in Wuhan, China. These two transactions are shown net as non-cash transactions in the consolidated statement of cash flows.

16 FINANCIAL ASSETS

| CHF million | 31.12.2020 | 31.12.2019 |
|--|-------------|-------------|
| Investments in non-consolidated companies | 33.8 | 43.4 |
| Loans | 2.4 | 5.4 |
| Other financial assets | 6.7 | 7.1 |
| Total non-current portion | 42.9 | 55.9 |
| Loans | 0.9 | 1.0 |
| Time deposits with original maturities between 3 and 12 months | 0.1 | - |
| Total current portion | 1.0 | 1.0 |

The decrease in investments in non-consolidated companies results from a change in the market value of those investments of CHF 9.6 million which is recognized in other comprehensive income.

17 OTHER ASSETS

| CHF million | 31.12.2020 | 31.12.2019 |
|--|-------------|--------------|
| Capitalized preproduction costs | 67.4 | 83.5 |
| Contract assets | 24.8 | 34.8 |
| Other receivables | 0.9 | 2.5 |
| Total non-current portion | 93.0 | 120.8 |
| Non-income tax receivables | 26.6 | 30.4 |
| Accrued income | 23.3 | 17.3 |
| Contract assets | 10.5 | 16.1 |
| Deferred expenses | 5.3 | 6.9 |
| Advance payments to suppliers | 3.1 | 4.0 |
| Fair value of derivative financial instruments | 1.7 | 2.1 |
| Other receivables | 4.2 | 4.5 |
| Total current portion | 74.8 | 81.3 |

Contract assets result mainly when tools are sold to the OEM and Autoneum is not reimbursed at the same point in time, but with a predefined part of the price of the serial products that are sold to the OEM over the production period. The contract assets are transferred to receivables when the right for payment becomes unconditional. This usually occurs when the Group issues an invoice to the customer, which is expected within the next year for the current portion and within the next two to eight years for the non-current portion.

The following table shows the movements in capitalized pre-production costs during the year:

| CHF million | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| Net book value at January 1 | 83.5 | 83.4 |
| Capitalization of preproduction costs | 12.8 | 21.7 |
| Amortization of preproduction costs | -25.5 | -20.9 |
| Currency translation adjustment | -3.4 | -0.8 |
| Net book value at December 31 | 67.4 | 83.5 |

Autoneum spent CHF 42.8 million (2019: CHF 61.3 million) on research and development in the period under review, whereof CHF 12.8 million (2019: CHF 21.7 million) were capitalized. The remaining portion was recognized as an expense in the period when incurred.

18 INVENTORIES

| CHF million | 31.12.2020 | 31.12.2019 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 25.8 | 35.8 |
| Purchased parts | 1.6 | 1.7 |
| Finished goods | 26.3 | 33.1 |
| Work in progress | 106.9 | 126.6 |
| Allowance | -6.6 | -3.4 |
| Total | 154.0 | 193.8 |

19 TRADE RECEIVABLES

| CHF million | 31.12.2020 | 31.12.2019 |
|---------------------------|--------------|--------------|
| Trade receivables (gross) | 251.0 | 284.0 |
| Allowance for impairment | -4.5 | -2.5 |
| Total | 246.5 | 281.5 |

The following table summarizes the movement in the allowance for impairment:

| CHF million | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| Allowance at January 1 | -2.5 | -2.4 |
| Addition | -2.7 | -0.8 |
| Utilization | 0.1 | 0.1 |
| Release | 0.5 | 0.5 |
| Currency translation adjustment | 0.2 | - |
| Allowance at December 31 | -4.5 | -2.5 |

Trade receivables comprise receivables due from customers with the following credit rating (Standard & Poor's long-term issuer rating):

| CHF million | 31.12.2020 | 31.12.2019 |
|--------------|--------------|--------------|
| A- or higher | 90.1 | 109.7 |
| BBB- to BBB+ | 56.4 | 120.0 |
| BB+ or lower | 89.4 | 44.3 |
| Not rated | 10.6 | 7.6 |
| Total | 246.5 | 281.5 |

At December 31, 2020 no trade receivables are pledged as security for financial liabilities (2019: nil). Trade receivables with a book value of CHF 0.1 million (2019: CHF 0.4 million) were sold to third parties based on factoring agreements and no material risks remain with Autoneum.

20 CASH AND CASH EQUIVALENTS

| CHF million | 31.12.2020 | 31.12.2019 |
|---|--------------|-------------|
| Cash at banks | 232.0 | 98.6 |
| Time deposits with original maturities up to 3 months | 90.0 | 0.1 |
| Total | 322.0 | 98.7 |

21 SHAREHOLDERS' EQUITY

Since the founding of Autoneum Holding Ltd on December 2, 2010 the number of registered shares has remained unchanged at 4 672 363, each with a nominal value of CHF 0.05 per share. The share capital amounts to CHF 233 618 and is composed as follows:

| | | 31.12.2020 | 31.12.2019 |
|----------------------------|-------------------------|------------------|------------------|
| Shares outstanding | Number of shares | 4 638 560 | 4 646 580 |
| Treasury shares | Number of shares | 33 803 | 25 783 |
| Total shares issued | Number of shares | 4 672 363 | 4 672 363 |
| Nominal value per share | CHF | 0.05 | 0.05 |
| Share capital | CHF | 233 618 | 233 618 |

SHARE CAPITAL

The holders of shares are entitled to receive dividends and are entitled to one vote per share at general meetings of the Company.

CONDITIONAL SHARE CAPITAL

For issuing convertible bonds, warranty bonds, and for granting shareholder options, the share capital can be increased by a maximum of 700 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 35 000. Furthermore, for the issuance of shares to employees of subsidiaries, the share capital can be increased by a maximum of 250 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 12 500.

TREASURY SHARES

The following transactions with treasury shares were performed during the financial year:

| | 2020 in shares | 2020 in CHF million | 2019 in shares | 2019 in CHF million |
|---------------------------------------|-------------------|---------------------------|-------------------|---------------------------|
| Treasury shares at January 1 | 25 783 | 3.6 | 19 985 | 3.7 |
| Purchase of treasury shares | 21 000 | 1.6 | 21 677 | 2.8 |
| Transfer of treasury shares | -12 980 | -1.7 | -15 879 | -2.9 |
| Treasury shares at December 31 | 33 803 | 3.5 | 25 783 | 3.6 |

CAPITAL RESERVE

The capital reserve originates from the contribution of the Autoneum companies to the Group in the course of the separation in 2011.

FAIR VALUE RESERVE

The fair value reserve contains changes in the fair value of listed non-consolidated investments. The reserve will be reclassified to retained earnings at disposal.

RETAINED EARNINGS

Retained earnings include accumulated earnings since the Group was established in December 2010.

CURRENCY TRANSLATION ADJUSTMENT

The currency translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities included in the consolidated financial statements.

CHANGES RESULTING FROM OTHER COMPREHENSIVE INCOME

The table below discloses changes resulting from other comprehensive income to each component of equity:

OTHER COMPREHENSIVE INCOME 2020

| CHF million | Fair value reserve | Retained earnings | Currency transl. adjustm. | Total | Attributable to non-controlling interests | Total equity |
|--|--------------------|-------------------|---------------------------|--------------|---|--------------|
| Currency translation adjustment | - | - | -48.3 | -48.3 | -10.3 | -58.6 |
| Inflation adjustment | - | 1.3 | - | 1.3 | - | 1.3 |
| Total items that will be reclassified to income statement | - | 1.3 | -48.3 | -47.1 | -10.3 | -57.4 |
| Remeasurement of defined benefit pension plans | - | 3.8 | - | 3.8 | - | 3.8 |
| Change in fair value of equity investments (FVOCI) | -9.6 | - | - | -9.6 | - | -9.6 |
| Income taxes | - | -0.8 | - | -0.8 | - | -0.8 |
| Total items that will not be reclassified to income statement | -9.6 | 3.0 | - | -6.6 | - | -6.6 |
| Total | -9.6 | 4.3 | -48.3 | -53.7 | -10.3 | -63.9 |

OTHER COMPREHENSIVE INCOME 2019

| CHF million | Fair value reserve | Retained earnings | Currency transl. adjustm. | Total | Attributable to non-controlling interests | Total equity |
|--|--------------------|-------------------|---------------------------|--------------|---|--------------|
| Currency translation adjustment | - | - | -9.7 | -9.7 | -2.2 | -11.8 |
| Inflation adjustment | - | 1.8 | - | 1.8 | - | 1.8 |
| Total items that will be reclassified to income statement | - | 1.8 | -9.7 | -7.9 | -2.2 | -10.0 |
| Remeasurement of defined benefit pension plans | - | -13.1 | - | -13.1 | - | -13.1 |
| Change in fair value of equity investments (FVOCI) | 6.0 | - | - | 6.0 | - | 6.0 |
| Income taxes | - | 1.1 | - | 1.1 | - | 1.1 |
| Total items that will not be reclassified to income statement | 6.0 | -11.9 | - | -6.0 | - | -6.0 |
| Total | 6.0 | -10.1 | -9.7 | -13.8 | -2.2 | -16.0 |

22 NON-CONTROLLING INTERESTS

The non-controlling interests derive from entities that are controlled by the Group (subsidiaries), but Autoneum has not all of the entities' capital rights. Those subsidiaries are listed in note 35 on page 111. Due to disclosure restrictions in shareholder agreements, information on significant non-controlling interests is only disclosed on an aggregated level. The table below sets out aggregated financial information of the subsidiaries with non-controlling interests:

| CHF million | 31.12.2020 | 31.12.2019 |
|--|--------------|--------------|
| Non-current assets | 236.3 | 277.1 |
| Current assets | 211.5 | 170.2 |
| Non-current liabilities | -93.8 | -75.1 |
| Current liabilities | -140.3 | -147.8 |
| Net assets | 213.6 | 224.4 |
| Attributable to non-controlling interests | 103.9 | 109.8 |
| | 2020 | 2019 |
| Revenue | 528.2 | 643.3 |
| Net profit | 32.5 | 40.8 |
| Other comprehensive income | -20.6 | -4.5 |
| Total comprehensive income | 12.0 | 36.3 |
| Attributable to non-controlling interests | 4.3 | 16.9 |
| Cash flows from operating activities | 67.3 | 81.6 |
| Cash flows used in investing activities | -15.5 | -43.0 |
| Cash flows from/(used in) financing activities | 0.4 | -36.4 |
| Change in cash and cash equivalents | 52.3 | 2.2 |

23 BORROWINGS

| CHF million | Bonds | Bank debts | Lease liabilities | Other borrowings | Total |
|--|--------------|--------------|-------------------|------------------|--------------|
| Borrowings at January 1, 2020 | 174.6 | 210.6 | 324.6 | 48.5 | 758.3 |
| Proceeds | - | 330.9 | - | 9.4 | 340.2 |
| Repayment | - | -175.9 | -28.9 | -1.3 | -206.1 |
| Cash flows | - | 154.9 | -28.9 | 8.1 | 134.1 |
| Addition | - | - | 11.9 | - | 11.9 |
| Increase in present value | 0.1 | 0.6 | - | - | 0.7 |
| Modification | - | - | -0.1 | - | -0.1 |
| Currency translation adjustment | - | -2.9 | -15.4 | -0.8 | -19.1 |
| Non-cash changes | 0.1 | -2.3 | -3.7 | -0.8 | -6.7 |
| Borrowings at December 31, 2020 | 174.7 | 363.2 | 292.1 | 55.8 | 885.8 |
| Thereof non-current | 174.7 | 304.5 | 257.5 | 50.8 | 787.5 |
| Thereof current | - | 58.7 | 34.6 | 5.0 | 98.3 |

| CHF million | Bonds | Bank debts | Lease liabilities | Other borrowings | Total |
|--|--------------|--------------|-------------------|------------------|--------------|
| Borrowings at January 1, 2019 | 174.5 | 173.3 | 21.0 | 8.1 | 376.8 |
| Application of IFRS 16 | - | - | 301.6 | - | 301.6 |
| Proceeds | - | 296.7 | - | 40.7 | 337.4 |
| Repayment | - | -258.9 | -25.8 | -0.1 | -284.8 |
| Cash flows | - | 37.8 | -25.8 | 40.6 | 52.6 |
| Addition | - | - | 33.0 | - | 33.0 |
| Increase in present value | 0.1 | 0.3 | - | - | 0.4 |
| Modification | - | - | -1.6 | - | -1.6 |
| Currency translation adjustment | - | -0.7 | -3.8 | -0.1 | -4.6 |
| Non-cash changes | 0.1 | -0.5 | 27.8 | -0.1 | 27.3 |
| Borrowings at December 31, 2019 | 174.6 | 210.6 | 324.6 | 48.5 | 758.3 |
| Thereof non-current | 174.6 | 148.9 | 286.8 | 42.2 | 652.4 |
| Thereof current | - | 61.7 | 37.8 | 6.3 | 105.9 |

On July 4, 2016 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 75.0 million, which is listed on the SIX Swiss Exchange (AUH16, ISIN: CH0326213904). The bond carries a coupon rate of 1.125% and has a term of seven years with a final maturity on July 4, 2023. On December 31, 2020 the market value of the bond was CHF 74.4 million (2019: CHF 75.0 million).

On December 8, 2017 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 100.0 million, which is listed on the SIX Swiss Exchange (AUT17, ISIN: CH0373476032). The bond carries a coupon rate of 1.125% and has a term of eight years with a final maturity on December 8, 2025. On December 31, 2020 the market value of the bond was CHF 91.5 million (2019: CHF 98.0 million).

Autoneum maintains a long-term credit agreement with a banking syndicate in the amount of CHF 350.0 million, whereof CHF 305.0 million was drawn at year end (2019: CHF 150.0 million). The line of credit may partly be used as a guarantee facility. On December 7, 2017 the long-term credit agreement was amended and the final maturity date extended from December 31, 2019 to December 31, 2022. On May 7, 2019 the existing long-term credit agreement was increased from CHF 150.0 million to CHF 350.0 million with an unchanged final maturity date. On June 29, 2020 the existing long-term credit agreement was amended, among other things, with regards to the financial covenants. The final maturity date remained unchanged at December 31, 2022. The interest rate is based on the LIBOR rate plus an applicable margin, which is determined based on the ratio of net debt to EBITDA. The credit agreement contains customary financial covenants, which include an adjusted ratio of net debt to EBITDA, a minimum of last-twelve-months-EBITDA and a minimum liquidity. Compliance with financial covenants is checked on a regular basis and reported to the banking syndicate. In the fiscal years 2020 and 2019, the financial covenants were met at all times.

In addition to the aforementioned bonds and the long-term credit agreement, local credit limits and borrowings with individual customary market conditions exist in several countries.

In 2019, two shareholders of Autoneum Holding Ltd have provided subordinated shareholder loans. In the reporting period, it was agreed to extend the term of the subordinated shareholder loans in alignment with the credit agreement with the bank syndicate. Further information is disclosed in note 30 on page 109.

The borrowings are denominated in the following currencies:

| CHF million | 31.12.2020 | 31.12.2019 |
|--------------|--------------|--------------|
| CHF | 574.6 | 404.2 |
| USD | 128.8 | 181.8 |
| EUR | 55.0 | 74.0 |
| CNY | 43.4 | 64.7 |
| Other | 83.9 | 33.6 |
| Total | 885.8 | 758.3 |

24 EMPLOYEE BENEFITS

| CHF million | 31.12.2020 | 31.12.2019 |
|-------------------------------------|-------------|-------------|
| Post-employment benefit liabilities | 32.4 | 42.5 |
| Other long-term employee benefits | 4.8 | 5.1 |
| Employee benefit liabilities | 37.2 | 47.6 |

In the reporting period, total expenses for pensions in the amount of CHF 8.5 million have been recognized as employee expenses and interest expenses (2019: CHF 15.2 million).

Some employees participate in defined contribution plans whose insurance benefit results solely from the paid contributions and the return on investment on the plan asset. The other employees participate in defined benefit plans that are based upon direct benefits of the Autoneum Group.

DEFINED CONTRIBUTION PLANS

The expenses for defined contribution plans totaled CHF 5.6 million in the current reporting period (2019: CHF 7.4 million).

DEFINED BENEFIT PLANS

Autoneum maintains defined benefit pension plans in Switzerland, the USA, Canada, Great Britain, France and the Netherlands. The most significant pension plans are those in Switzerland and the USA. Those plans sum up to 76.7% (2019: 77.1%) of the Group's defined benefit obligation and to 79.1% (2019: 78.7%) of the Group's plan assets.

The status of the defined benefit plans at year end was as follows:

| CHF million | 2020 | 2019 |
|--|--------------|--------------|
| Switzerland | | |
| Fair value of plan assets at December 31 | 141.3 | 139.1 |
| Present value of defined benefit obligation at December 31 | -147.6 | -151.0 |
| Deficit at December 31 | -6.3 | -11.9 |
| USA | | |
| Fair value of plan assets at December 31 | 31.8 | 29.7 |
| Present value of defined benefit obligation at December 31 | -42.7 | -44.3 |
| Deficit at December 31 | -10.8 | -14.7 |
| Other countries | | |
| Fair value of plan assets at December 31 | 45.9 | 45.6 |
| Present value of defined benefit obligation at December 31 | -57.9 | -58.1 |
| Deficit at December 31 | -12.1 | -12.6 |
| Total deficit at December 31 | -29.2 | -39.2 |
| Recognized in the balance sheet | | |
| as employee benefit assets | 3.2 | 3.4 |
| as employee benefit liabilities | 32.4 | 42.5 |

SWISS PENSION PLANS

Pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The Group's pension plans are administered by separate legal foundations, which are funded by regular employee and company contributions. Plan participants are insured against the financial consequences of old age, disability and death. The most senior governing body of the pension plan is the Board of Trustees. The Board of Trustees is responsible for the investment of the plan assets. All investment decisions made by the Board of Trustees need to conform to the guidelines set out in a long-term investment strategy. This strategy is based on legal requirements, expected future contributions and expected future obligations and is reassessed at least once a year. All governing and administration bodies have an obligation to act in the interests of the plan participants. The final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plans are treated as defined benefit plans for the purposes of these IFRS financial statements, although they have many characteristics of defined contribution plans. Retirement benefits are based on the accumulated savings capital, which can either be drawn as a lifelong pension or as a lump-sum payment. The pension is calculated by multiplying the balance of the savings capital with the applicable conversion rate. The plan is exposed to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

In case of underfunding, the Board of Trustees is required to take the necessary measures to ensure that full funding can be expected to be restored within a reasonable period. The measures may include increasing employee and company contributions, lowering the interest rate on retirement account balances or reducing prospective benefits.

US PENSION PLANS

Autoneum maintains five defined benefit pension plans in the USA. Four of those plans are funded and one plan is unfunded. The defined benefit plans in the USA have been closed to new members. New employees in the USA join defined contribution plans. The defined benefit plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which defines minimum standards such as the statutory minimum funded status.

PENSION PLANS IN OTHER COUNTRIES

Autoneum maintains defined benefit plans in Canada, Great Britain, France and in the Netherlands. The pension plan in Canada is closed to new members. The plan is funded, and the majority of the contributions are paid by the employer. The pension plan in Great Britain is funded and has been closed to new members. New employees join a defined contribution plan. The plan in France is unfunded and settled by the employer while the plan in the Netherlands is funded and has been closed to new members.

The movement in the defined benefit obligation over the year was as follows:

| CHF million | 2020 | 2019 |
|--|--------------|--------------|
| Defined benefit obligation at January 1 | 253.5 | 207.8 |
| Current service cost | 6.7 | 6.6 |
| Past service cost from plan curtailments | -4.8 | - |
| Interest expenses | 3.0 | 4.4 |
| Remeasurement gains and losses | 10.3 | 36.5 |
| Employee contributions | 3.1 | 3.4 |
| Settlements | - | -0.2 |
| Benefits paid | -15.9 | -7.4 |
| Reclassification | - | 1.9 |
| Currency translation adjustment | -7.6 | 0.6 |
| Defined benefit obligation at December 31 | 248.2 | 253.5 |

In 2020, a material change in the plan participants led to a plan curtailment under IAS19.105 for the Swiss plans. The resulting past service cost was recognized in profit and loss as an income of CHF 4.8 million.

The movement in the fair value of plan assets over the year was as follows:

| CHF million | 2020 | 2019 |
|---|--------------|--------------|
| Fair value of plan assets at January 1 | 214.3 | 184.7 |
| Interest income | 1.9 | 3.0 |
| Return on plan assets excluding interest income | 14.1 | 23.4 |
| Employer contributions | 7.6 | 6.3 |
| Employee contributions | 3.1 | 3.4 |
| Benefits paid | -15.9 | -7.4 |
| Currency translation adjustment | -6.1 | 0.9 |
| Fair value of plan assets at December 31 | 219.0 | 214.3 |

The major categories of plan assets were as follows:

| CHF million | 31.12.2020 | 31.12.2019 |
|--------------|--------------|--------------|
| Equity | 109.7 | 101.6 |
| Debt | 57.8 | 63.2 |
| Real estate | 39.0 | 37.4 |
| Cash | 8.7 | 9.7 |
| Other | 3.8 | 2.3 |
| Total | 219.0 | 214.3 |

All equity and debt instruments are listed on a stock exchange.

The amounts recognized in profit or loss were as follows:

| CHF million | 2020 | 2019 |
|---|-------------|-------------|
| Current service cost | -6.7 | -6.6 |
| Past service cost from plan curtailments | 4.8 | - |
| Gain on settlements | - | 0.2 |
| Net interest expenses | -1.0 | -1.4 |
| Pension expenses for defined benefit plans | -2.9 | -7.8 |
| Recognized in the income statement: | | |
| as employee expenses | -1.8 | -6.4 |
| as interest expenses | -1.0 | -1.4 |

The amounts recognized in profit or loss result from plans in the following regions:

| CHF million | 2020 | 2019 |
|--|-------------|-------------|
| Expenses from defined benefit plans in Switzerland | -0.6 | -5.3 |
| Expenses from defined benefit plans in the USA | -1.2 | -1.5 |
| Expenses from defined benefit plans in other countries | -1.1 | -1.0 |
| Total | -2.9 | -7.8 |

The expected employer contributions for the Group's defined benefit pension plans for 2021 amount to CHF 5.7 million. The expected benefit payments for 2021 are CHF 14.7 million.

The effect from remeasurement of the defined benefit pension plans recognized in other comprehensive income is as follows:

| CHF million | 2020 | 2019 |
|---|------------|--------------|
| Remeasurement gains and losses | | |
| from changes in demographic assumptions | -2.3 | -1.6 |
| from changes in financial assumptions | -3.0 | -29.7 |
| from experience adjustment | -5.0 | -5.2 |
| Return on plan assets excluding interest income | 14.1 | 23.4 |
| Total | 3.8 | -13.1 |

The table below discloses the main actuarial assumptions at year end:

| Weighted average of all pension plans | | 31.12.2020 | 31.12.2019 |
|--|----------|------------|------------|
| Discount rate | in % | 1.0 | 1.2 |
| Expected future salary growth | in % | 0.7 | 0.6 |
| Expected future pension growth | in % | 0.1 | 0.1 |
| Life expectancy for females at age of 65 | in years | 24.1 | 23.9 |
| Life expectancy for males at age of 65 | in years | 22.0 | 21.8 |

At December 31, 2020 the weighted average duration of the defined benefit obligation was 16.6 years (2019: 16.9 years).

The table below shows the results of the sensitivity analysis. It was analyzed how expected changes in the discount rate, in future salary and pension growth, and in the life expectancy would impact the defined benefit obligation. Changes in these parameters would have the following effect on the defined benefit obligation:

| CHF million | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Increase in discount rate by 0.25 percentage point | -9.8 | -10.1 |
| Decrease in discount rate by 0.25 percentage point | 10.5 | 10.8 |
| Increase in future salary growth by 0.5 percentage point | 2.9 | 2.6 |
| Decrease in future salary growth by 0.5 percentage point | -2.9 | -2.7 |
| Increase in future pension increase by 0.25 percentage point | 3.8 | 3.9 |
| Decrease in future pension increase by 0.25 percentage point | -3.6 | -3.7 |
| Increase in life expectancy by one year | 7.5 | 7.4 |
| Decrease in life expectancy by one year | -6.7 | -6.8 |

25 PROVISIONS

| CHF million | Guarantee and warranty | Litigation and tax risk | Environmental | Other | Total |
|--|------------------------|-------------------------|---------------|-------------|-------------|
| Provisions at January 1, 2020 | 0.3 | 17.3 | 7.6 | 8.5 | 33.8 |
| Addition | 3.2 | 2.2 | 0.1 | 14.9 | 20.4 |
| Utilization | - | -1.9 | -0.4 | -5.3 | -7.7 |
| Release | - | -8.1 | - | -1.5 | -9.7 |
| Currency translation adjustment | -0.1 | -1.7 | -0.2 | -0.5 | -2.4 |
| Provisions at December 31, 2020 | 3.5 | 7.7 | 7.0 | 16.1 | 34.3 |
| Thereof non-current | 0.7 | 4.6 | 6.8 | 2.6 | 14.8 |
| Thereof current | 2.7 | 3.1 | 0.2 | 13.5 | 19.5 |

Guarantee and warranty provisions are related to the production and supply of goods or services and are based on experience.

Litigation and non-income tax risk provisions comprise provisions for expected costs resulting from investigations and proceedings of government agencies, provisions for court cases, such as claims brought by workers for health- or accident-related incidents, and provisions for non-income tax risk. The majority of litigation and non-income tax risk provisions are expected to be used over the next five years.

Environmental provisions contain the estimated costs for the clean-up of contaminated sites due to past industrial operations. The majority of provisions are from Group companies within Business Group Europe. Long-term environmental provisions are expected to be used mainly over the next five to ten years.

Other provisions are made for contracts where the unavoidable costs to fulfill the obligation are greater than the expected economic benefits, as well as for other constructive or legal liabilities of Group companies. The majority of other non-current provisions are expected to be used in two to three years.

26 OTHER LIABILITIES

| CHF million | 31.12.2020 | 31.12.2019 |
|--|--------------|--------------|
| Advance payments from customers | 5.6 | 3.3 |
| Deferred income | 0.3 | 0.6 |
| Other payables | 1.2 | 0.1 |
| Total non-current portion | 7.2 | 4.0 |
| Advance payments from customers | 59.6 | 61.2 |
| Accrued expenses | 83.3 | 68.7 |
| Accrued holidays and overtime | 11.3 | 11.8 |
| Non-income tax payables | 15.4 | 14.3 |
| Deferred income | 2.1 | 1.4 |
| Fair value of derivative financial instruments | 1.6 | 1.0 |
| Other payables | 12.0 | 18.4 |
| Total current portion | 185.2 | 176.9 |

Advance payments from customers qualify as contract liabilities and stem primarily from the sale of tools to the OEM which could already be invoiced, but the final acceptance from the OEM is still missing and consequently revenue is not yet recognized. The current portion of advance payments from customers is usually recognized as revenue within the next twelve months. No material amount of revenue was recognized in 2020 or in 2019 from performance obligations that were satisfied in previous periods.

27 OTHER COMMITMENTS

At year end, open commitments for investments in tangible and intangible assets amounted to CHF 5.0 million (2019: CHF 38.2 million).

28 CONTINGENT LIABILITIES

There are no single matters pending that Autoneum expects to be material in relation to the Group's business, financial position or results of operations.

29 FINANCIAL INSTRUMENTS

The following tables summarize all financial instruments classified by categories according to IFRS 9:

| CHF million | 31.12.2020 | 31.12.2019 |
|--|--------------|--------------|
| Fair value of derivative financial instruments ¹ | 1.7 | 2.1 |
| Total financial assets at fair value through profit or loss | 1.7 | 2.1 |
| Cash at banks | 232.0 | 98.6 |
| Time deposits with original maturities up to 3 months | 90.0 | 0.1 |
| Time deposits with original maturities between 3 and 12 months | 0.1 | - |
| Trade receivables | 246.5 | 281.5 |
| Other receivables | 5.2 | 7.1 |
| Accrued income | 23.3 | 17.3 |
| Loans | 3.3 | 6.4 |
| Other financial assets | 6.7 | 7.1 |
| Total financial assets at amortized cost | 607.1 | 418.2 |
| Investments in non-consolidated companies ² | 33.8 | 43.4 |
| Total financial assets at fair value through other comprehensive income | 33.8 | 43.4 |
| Total | 642.6 | 463.7 |

| CHF million | 31.12.2020 | 31.12.2019 |
|---|----------------|----------------|
| Borrowings | 885.8 | 758.3 |
| Trade payables | 203.7 | 274.2 |
| Accrued expenses | 83.3 | 68.7 |
| Other payables | 13.2 | 18.6 |
| Total financial liabilities at amortized cost | 1 186.1 | 1 119.8 |
| Fair value of derivative financial instruments ¹ | 1.6 | 1.0 |
| Total financial liabilities at fair value through profit or loss | 1.6 | 1.0 |
| Total | 1 187.6 | 1 120.8 |

¹ Measured at fair values that are calculated based on observable market data (level 2).

² Measured at fair values that are based on quoted prices in active markets (level 1).

Borrowings comprise two bonds with a total net book value of CHF 174.7 million (2019: CHF 174.6 million) and a total fair value of CHF 165.9 million (2019: CHF 173.0 million) based on quoted prices in active markets. The fair value of the discounted contractual future cash flows is equal to the carrying amount of the variable interest bank borrowings. Refer to note 23 on page 101 for further information. The book values of other financial instruments measured at amortized cost correspond to their fair values.

30 RELATED PARTIES

Related parties are members of the Board of Directors and the Executive Board or close members of that person's family, pension funds, associated companies as well as companies controlled by significant shareholders. At December 31, 2020 Artemis Beteiligungen I Ltd, Hergiswil, Switzerland, Centinox Holding Ltd, Hergiswil, Switzerland, and Michael Pieper, Hergiswil, Switzerland, held 21.30% (2019: 21.10%) of the shares of the Company and PCS Holding Ltd, Warth-Weiningen, Switzerland, and Peter Spuhler, Weiningen, Switzerland, held 16.17% (2019: 16.15%) of the shares of the Company.

In 2019, Artemis Beteiligungen I Ltd and PCS Holding Ltd have granted a subordinated loan of CHF 20.0 million each and with an interest rate of 4.0%. The loans are not available for repayment before a certain financial ratio is reached in two consecutive financial quarters, but can be terminated afterwards by each party.

The pension fund of an Autoneum Group entity granted a loan to the Company. The loan bears an interest rate of 1.5% and is due within six days upon cancellation of the agreement by either the lender or the borrower.

The total remuneration to the Board of Directors and to the Group Executive Board was as follows:

| CHF million | 2020 | 2019 |
|--------------------------|------------|------------|
| Short-term benefits | 4.0 | 4.8 |
| Share-based payments | 0.8 | 1.3 |
| Post-employment benefits | 0.1 | 0.2 |
| Total | 5.0 | 6.2 |

The compensation of the Board of Directors and of the Group Executive Board is disclosed in the Remuneration Report on pages 129–133.

Year-end balances with related parties were as follows:

| CHF million | 31.12.2020 | 31.12.2019 |
|--|-------------|-------------|
| Current borrowings due to pension funds | 5.0 | 5.0 |
| Non-current borrowings due to shareholders | 40.0 | 40.0 |
| Total | 45.0 | 45.0 |

31 NET DEBT

| CHF million | 31.12.2020 | 31.12.2019 |
|---|--------------|--------------|
| Cash and cash equivalents | -322.0 | -98.7 |
| Bonds | 174.7 | 174.6 |
| Bank debts | 363.2 | 210.6 |
| Other borrowings | 55.8 | 48.5 |
| Net debt excl. lease liabilities | 271.7 | 335.0 |
| Lease liabilities | 292.1 | 324.6 |
| Net debt | 563.7 | 659.6 |

32 EXCHANGE RATES FOR CURRENCY TRANSLATION

| CHF | ISO code | Units | Average rate 2020 | Average rate 2019 | Year-end rate 2020 | Year-end rate 2019 |
|----------------------|----------|-------|-------------------|-------------------|--------------------|--------------------|
| Argentine peso | ARS | 100 | 1.35 | 2.12 | 1.05 | 1.62 |
| Brazilian real | BRL | 1 | 0.19 | 0.25 | 0.17 | 0.24 |
| Canadian dollar | CAD | 1 | 0.70 | 0.75 | 0.69 | 0.74 |
| Chinese yuan | CNY | 100 | 13.59 | 14.40 | 13.55 | 13.91 |
| Czech koruna | CZK | 100 | 4.06 | 4.33 | 4.14 | 4.28 |
| Euro | EUR | 1 | 1.07 | 1.11 | 1.09 | 1.09 |
| Pound sterling | GBP | 1 | 1.21 | 1.27 | 1.20 | 1.28 |
| Indian rupee | INR | 100 | 1.27 | 1.41 | 1.21 | 1.36 |
| Mexican peso | MXN | 100 | 4.42 | 5.15 | 4.45 | 5.16 |
| Polish złoty | PLN | 100 | 24.09 | 25.85 | 23.83 | 25.54 |
| United States dollar | USD | 1 | 0.94 | 0.99 | 0.88 | 0.97 |

33 EVENTS AFTER BALANCE SHEET DATE

There were no events between December 31, 2020 and March 2, 2021 which would necessitate adjustments to the book value of the Group's assets or liabilities, or which require additional disclosure in the consolidated financial statements.

34 PROPOSAL OF THE BOARD OF DIRECTORS

For the financial year 2020 the Board of Directors proposes to the Annual General Meeting on March 25, 2021 no dividend to be distributed. In 2020, no dividend was distributed to the shareholders of Autoneum Holding Ltd.

35 SUBSIDIARIES, ASSOCIATED COMPANIES AND NON-CONSOLIDATED INVESTMENTS

| | | | Nominal capital in millions | Subsidiaries | Associated companies | Non-cons. investments | Voting & capital rights | Research & technology | Application developm. | Production & supply | Service & financing |
|-----------------------|--|-----|--------------------------------|--------------|----------------------|-----------------------|-------------------------|-----------------------|-----------------------|---------------------|---------------------|
| Switzerland | Autoneum Holding Ltd, Winterthur | CHF | 0.2 | • | | | 100% | | | | • |
| | Autoneum International Ltd, Winterthur | CHF | 7.0 | • | | | 100% | | | | • |
| | Autoneum Management Ltd, Winterthur | CHF | 1.3 | • | | | 100% | • | | | • |
| | Autoneum Switzerland Ltd, Sevelen | CHF | 0.3 | • | | | 100% | | • | | • |
| Argentina | Autoneum Argentina S.A., Córdoba | ARS | 22.5 | • | | | 100% | | | | • |
| Belgium | Autoneum Belgium NV, Genk | EUR | 8.0 | • | | | 100% | | | | • |
| Brazil | Autoneum Brasil Têxteis Acústicos Ltda., São Paulo | BRL | 201.6 | • | | | 100% | | • | | • |
| Canada | Autoneum Canada Ltd., Tillsonburg | CAD | - | • | | | 100% | | | | • |
| China | Autoneum (Chongqing) Sound-Proof Parts Co., Ltd., Chongqing | CNY | 49.3 | • | | | 100% | | | | • |
| | Autoneum (Shenyang) Sound-Proof Parts Co., Ltd., Shenyang | CNY | 49.2 | • | | | 100% | | | | • |
| | Autoneum (Shanghai) Management Co., Ltd., Shanghai | CNY | 13.2 | • | | | 100% | | • | | • |
| | Autoneum (Yantai) Co., Ltd., Yantai | CNY | 34.5 | • | | | 100% | | | | • |
| | Autoneum (Changsha) Co., Ltd., Changsha | CNY | 34.5 | • | | | 100% | | | | • |
| | Autoneum (Pinghu) Co., Ltd., Pinghu | CNY | 144.9 | • | | | 100% | | | | • |
| | Autoneum (Tianjin) Co., Ltd., Tianjin | CNY | 17.0 | • | | | 100% | | | | • |
| | Autoneum Nittoku (Guangzhou) Sound-Proof Co., Ltd., Guangzhou | CNY | 75.8 | • | | | 51% | | | | • |
| | Tianjin Autoneum Nittoku Sound-Proof Co., Ltd., Tianjin | CNY | 47.2 | • | | | 51% | | | | • |
| | Wuhan Nittoku Autoneum Sound-Proof Co., Ltd., Wuhan | CNY | 89.6 | • | | | 25% | | | | • |
| | Wuhan Nittoku Autoneum Auto Parts Co., Ltd., Wuhan | CNY | 81.0 | • | | | 25% | | | | • |
| Czech Republic | Autoneum CZ s.r.o., Choceň | CZK | 206.2 | • | | | 100% | | | | • |
| France | Autoneum Holding France SAS, Lyon | EUR | 39.8 | • | | | 100% | | | | • |
| | Autoneum France SAS, Aubergenville | EUR | 8.0 | • | | | 100% | | • | | • |
| Germany | Autoneum Germany GmbH, Rossdorf | EUR | 11.2 | • | | | 100% | | | | • |
| Great Britain | Autoneum Great Britain Ltd., Stoke-on-Trent | GBP | 49.8 | • | | | 100% | | | | • |
| Hungary | Autoneum Hungary Ltd., Komárom | EUR | - | • | | | 100% | | | | • |
| India | Autoneum India Pvt. Ltd., New Delhi | INR | 571.4 | • | | | 100% | | | | • |
| | Autoneum Nittoku Sound Proof Products India Pvt. Ltd., Chennai | INR | 220.0 | • | | | 51% | | | | • |
| Indonesia | PT Tuffindo Nittoku Autoneum, Jakarta | IDR | 162 666.0 | | • | | 9% | | | | • |
| Italy | Porfima Uno S.r.l., Torino | EUR | - | • | | | 100% | | | | • |
| Japan | Nihon Tokushu Toryo Co. Ltd., Tokyo | JPY | 4 753.0 | | • | | 13% | • | • | • | • |
| | ATN Auto Acoustics Inc., Kamioguchi | JPY | 100.0 | | • | | 25% | | • | | |
| Korea | Autoneum Korea Ltd., Incheon | KRW | 264.0 | • | | | 100% | | | | • |
| Mexico | Autoneum Mexico, S. de R.L. de C.V., Hermosillo | MXN | - | • | | | 100% | | | | • |
| | Autoneum Mexico Operations, S.A. de C.V., San Luis Potosí | MXN | 803.9 | • | | | 100% | | | | • |
| | Autoneum Mexico Servicios, S.A. de C.V., San Luis Potosí | MXN | 3.1 | • | | | 100% | | | | • |
| | UGN de Mexico, S. de R.L. de C.V., Silao | MXN | 0.1 | • | | | 50% | | | | • |
| | Servicios de Acoustical Solutions, S. de R.L. de C.V., Silao | MXN | 0.1 | • | | | 50% | | | | • |
| Poland | Autoneum Poland Sp.z.o.o., Katowice | PLN | 20.8 | • | | | 100% | | • | | • |
| Portugal | Autoneum Portugal Lda., Setúbal | EUR | 0.6 | • | | | 87% | | | | • |
| Russia | Autoneum Rus LLC, Ryazan | RUB | 0.8 | • | | | 100% | | | | • |
| South Africa | Autoneum Feltex (Pty) Ltd., Durban | ZAR | - | • | | | 51% | | | | • |
| Spain | Autoneum Spain S.A.U., Terrassa | EUR | 5.8 | • | | | 100% | | | | • |
| Thailand | SRN Sound Proof Co., Ltd., Chonburi | THB | 100.0 | | • | | 30% | | | | • |
| | Summit & Autoneum (Thailand) Co., Ltd., Chonburi | THB | 16.0 | • | | | 51% ¹ | | | | • |
| Turkey | Autoneum Erkurt Otomotiv A.S., Bursa | TRY | 2.5 | • | | | 51% | | | | • |
| USA | Autoneum America Corporation, Novi | USD | - | • | | | 100% | | | | • |
| | Autoneum North America, Inc., Novi | USD | - | • | | | 100% | | • | | • |
| | UGN Inc., Tinley Park | USD | - | • | | | 50% | | • | | • |

¹ Autoneum has 49% of the capital rights.



Statutory Auditor's Report

To the General Meeting of Autoneum Holding Ltd, Winterthur

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Autoneum Holding Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2020 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 64 to 111) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) 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, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Key Audit Matters



Revenue Recognition



Valuation of Tangible Assets



Revenue Recognition

Key Audit Matter

Total consolidated revenue of the financial year 2020 amounted to CHF 1 740.6 million (2019: CHF 2 297.4 million).

Revenue is a key performance indicator and therefore in the focus of internal and external stakeholders. The Group recognizes revenue when it transfers control over a good or service to its customers.

The majority of the Group's revenue relates to the sale of serial parts to Original Equipment Manufacturers (OEM) over a production period of usually five to eight years. Revenue from the sale of the serial parts is recognized at the point in time when control of the parts is transferred to the OEM in accordance with the agreed delivery terms.

There is a risk that revenue may be recognized in the wrong accounting period.

Our response

Our audit procedures included, amongst others, inquiring of management regarding significant new contracts and their assessment of existing contracts.

We gained an understanding of the internal controls and processes with respect to revenue recognition and performed testing of key controls. This included walkthroughs and where appropriate testing operating effectiveness of internal controls.

We took a sample of transactions before and after the year-end and agreed the details of these transactions to underlying documentation such as the contractual terms, to assess that revenue has been recognized in the appropriate period and in the appropriate amount.

Furthermore, we assessed the Group's disclosures relating to revenue recognition.

For further information on revenue recognition refer to the following:

- Significant accounting policies, Note 1.21 Revenue Recognition



Valuation of Tangible Assets

Key Audit Matter

Tangible assets including leased assets used as part of the operating activities amounted to CHF 810.5 million (2019: CHF 942.5 million).

The Group assesses whether there is any indication of tangible assets being impaired. If any such indication exists, the company estimates the appropriate value of the tangible assets and records an impairment, if necessary.

In 2020, Autoneum identified the following indicators triggered by the COVID-19 pandemic:

- Temporary business interruptions and short-time working
- Decline in demand in the first half year 2020
- Deterioration of the economic environment

In this context, the tangible assets for each cash-generating units were tested for impairment.

To determine a potential need for impairment, management performs valuations using various estimates and assumptions regarding remaining useful life, expected revenues and production costs and utilization level.

The assessment of the valuation involves significant judgment, in particular regarding estimated future cash flows, long-term growth rates and discount rates.

Our response

In the context of our audit, we have, among other procedures, critically examined management's assessment whether there are any indications of impairment by means of discussions with the Group Management and by reviewing the minutes of the meetings of the Board of Directors, the annual financial statements and business plans.

We have assessed the valuations that have been performed by Group Management. In particular, we have carried out the following audit procedures:

- We have assessed whether a methodologically correct valuation approach was chosen and whether the calculations are comprehensible and mathematically correct.
- We have gone over the forecasted figures with Group Management and compared Management's assumptions to external data where available.
- We reconciled the forecasted figures applied with business plans approved by the Board of Directors.

Additionally, in case of possible impairment we have carried out the following audit procedures:

- We used our own valuation specialists to independently calculate an appropriate pre-tax discount rate and to verify the long-term growth rate used by management to observable market data.
- We have tested the sensitivity analyses prepared by Group Management for reasonableness and accuracy.

Furthermore, we assessed the Group's disclosures relating to the impairment test.

For further information on valuation of tangible assets refer to the following:

- Significant accounting judgments, estimates and assumptions relating to impairment losses of tangible assets, Note 1.2
- Significant accounting policies, Note 1.11 Impairment of assets
- Note 13, Tangible assets

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon. Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 IFRS 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, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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 consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG



Reto Benz
Licensed Audit Expert
Auditor in Charge



Kathrin Schünke
Licensed Audit Expert

Zurich, March 2, 2021

Income statement of Autoneum Holding Ltd

| CHF million | Notes | 2020 | 2019 |
|--|-------|--------------|--------------|
| Income | | | |
| Dividend income | | 68.3 | 52.2 |
| Financial income | (2) | 7.3 | 5.9 |
| License income | | 3.5 | 4.8 |
| Total income | | 79.1 | 62.9 |
| Expenses | | | |
| Valuation adjustments on investments and loans | (3) | -2.8 | -8.2 |
| Financial expenses | (4) | -46.4 | -15.6 |
| Administration expenses | | -5.4 | -9.2 |
| Taxes | | -0.3 | -0.2 |
| Total expenses | | -54.9 | -33.2 |
| Net profit | | 24.3 | 29.7 |

Balance sheet of Autoneum Holding Ltd

| CHF million | Notes | 31.12.2020 | 31.12.2019 |
|---|-------|----------------|--------------|
| Assets | | | |
| Cash and cash equivalents | | 189.9 | 8.3 |
| Loans and financial receivables | (6) | 69.8 | 101.8 |
| Accrued income and deferred expenses | (7) | 7.8 | 8.9 |
| Current assets | | 267.6 | 119.0 |
| Loans and financial receivables | (6) | 398.5 | 411.6 |
| Investments | (8) | 422.5 | 413.0 |
| Non-current assets | | 820.9 | 824.6 |
| Total assets | | 1 088.5 | 943.6 |
| Liabilities and shareholders' equity | | | |
| Borrowings | (9) | 63.3 | 96.6 |
| Other liabilities | (10) | 4.2 | 7.1 |
| Deferred income and accrued expenses | (11) | 4.1 | 2.4 |
| Current liabilities | | 71.6 | 106.1 |
| Borrowings | (9) | 520.0 | 365.0 |
| Non-current liabilities | | 520.0 | 365.0 |
| Liabilities | | 591.6 | 471.1 |
| Share capital | (12) | 0.2 | 0.2 |
| Legal capital reserves | (12) | 350.0 | 350.0 |
| Retained earnings | | | |
| Balance brought forward | | 125.9 | 96.2 |
| Net profit | | 24.3 | 29.7 |
| Treasury shares | (12) | -3.5 | -3.6 |
| Shareholders' equity | | 496.9 | 472.5 |
| Total liabilities and shareholders' equity | | 1 088.5 | 943.6 |

Notes to the financial statements of Autoneum Holding Ltd

1 PRINCIPLES

GENERAL

Autoneum Holding Ltd was incorporated on December 2, 2010 as a Swiss corporation domiciled in Winterthur. The Company does not have any employees.

The financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

LOANS AND FINANCIAL RECEIVABLES

Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized. In the case where the currency effect of loans is hedged, both unrealized losses and gains are recognized.

TREASURY SHARES

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a sale, the gain or loss is recognized in the income statement as financial income or financial expenses.

BONDS AND BANK DEBTS

Borrowings are recognized in the balance sheet at nominal value. The issue costs for the bonds and for finance agreements are recognized as accrued income and deferred expenses due from third parties and amortized on a straight-line basis over the maturity period.

INVESTMENTS

Investments are valued using the single-item approach.

2 FINANCIAL INCOME

| CHF million | 2020 | 2019 |
|------------------------|------------|------------|
| Interest income | 5.3 | 5.6 |
| Other financial income | 2.0 | 0.3 |
| Total | 7.3 | 5.9 |

3 VALUATION ADJUSTMENTS ON INVESTMENTS AND LOANS

| CHF million | 2020 | 2019 |
|---|-------------|-------------|
| Increase of valuation adjustments on investments | - | -72.1 |
| Increase of valuation adjustments on loans due from third parties | -2.8 | - |
| Reversal of valuation adjustments on loans due from subsidiaries | - | 63.9 |
| Total | -2.8 | -8.2 |

4 FINANCIAL EXPENSES

| CHF million | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| Interest expenses | -12.2 | -7.7 |
| Net foreign exchange losses | -32.8 | -7.0 |
| Other financial expenses | -1.3 | -0.9 |
| Total | -46.4 | -15.6 |

5 EXTRAORDINARY EXPENSES

There are no extraordinary expenses in 2020 and 2019.

6 LOANS AND FINANCIAL RECEIVABLES

| CHF million | 31.12.2020 | 31.12.2019 |
|---|--------------|--------------|
| Loans due from subsidiaries | 52.8 | 83.0 |
| Loans due from third parties | 0.9 | 1.0 |
| Cash pool receivables due from subsidiaries | 16.2 | 17.8 |
| Total current portion | 69.8 | 101.8 |
| Loans due from subsidiaries | 396.5 | 406.6 |
| Loans due from third parties | 1.9 | 5.0 |
| Total non-current portion | 398.5 | 411.6 |

7 ACCRUED INCOME AND DEFERRED EXPENSES

| CHF million | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Accrued income and deferred expenses due from subsidiaries | 4.2 | 5.2 |
| Accrued income and deferred expenses due from third parties | 3.6 | 3.8 |
| Total | 7.8 | 8.9 |

8 INVESTMENTS

The subsidiaries, associated companies and non-consolidated investments are listed in note 16 on page 123. They are owned directly or indirectly by Autoneum Holding Ltd.

9 BORROWINGS

| CHF million | 31.12.2020 | 31.12.2019 |
|---|--------------|--------------|
| Cash pool liabilities due to subsidiaries | 37.3 | 70.6 |
| Bank debts | 21.0 | 21.0 |
| Loans due to related parties | 5.0 | 5.0 |
| Total current portion | 63.3 | 96.6 |
| Bonds | 175.0 | 175.0 |
| Bank debts | 305.0 | 150.0 |
| Subordinated shareholder loans | 40.0 | 40.0 |
| Total non-current portion | 520.0 | 365.0 |

Loans due to related parties comprise a loan of CHF 5.0 million that was granted by the pension fund of an Autoneum Group entity to the Company. The loan bears an interest rate of 1.5% and is due within six days upon cancellation of the agreement by either the lender or the borrower.

The two main shareholders of Autoneum Holding Ltd have granted a subordinated loan of CHF 20.0 million each and with an interest of 4.0%. The loans are not available for repayment before a certain financial ratio is reached in two consecutive financial quarters, but can be terminated afterwards by each party.

On July 4, 2016 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 75.0 million, which is listed on the SIX Swiss Exchange (AUH16, ISIN: CH0326213904). The bond carries a coupon rate of 1.125% and has a term of seven years with a final maturity on July 4, 2023.

On December 8, 2017 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 100.0 million, which is listed on the SIX Swiss Exchange (AUT17, ISIN: CH0373476032). The bond carries a coupon rate of 1.125% and has a term of eight years with a final maturity on December 8, 2025.

Autoneum maintains a long-term credit agreement with a banking syndicate in the amount of CHF 350.0 million, whereof CHF 305.0 million was drawn at year end (2019: CHF 150.0 million). The line of credit may partly be used as a guarantee facility. On December 7, 2017 the long-term credit agreement was amended and the final maturity date extended from December 31, 2019 to December 31, 2022. On May 7, 2019 the existing long-term credit agreement was increased from CHF 150.0 million to CHF 350.0 million with an unchanged final maturity date. On June 29, 2020 the existing long-term credit agreement was amended, among other things, with regards to the financial covenants. The final maturity date remained unchanged at December 31, 2022. The interest rate is based on the LIBOR rate plus an applicable margin, which is determined based on the ratio of net debt to EBITDA. The credit agreement contains customary financial covenants, which include an adjusted ratio of net debt to EBITDA, a minimum of last-twelve-months-EBITDA and a minimum liquidity. Compliance with financial covenants is checked on a regular basis and reported to the banking syndicate. In the fiscal years 2020 and 2019, the financial covenants were met at all times.

10 OTHER LIABILITIES

| CHF million | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Other liabilities due to subsidiaries | 3.7 | 6.6 |
| Other liabilities due to third parties | 0.5 | 0.5 |
| Total | 4.2 | 7.1 |

11 DEFERRED INCOME AND ACCRUED EXPENSES

| CHF million | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Deferred income and accrued expenses due from subsidiaries | - | 0.1 |
| Deferred income and accrued expenses due from third parties | 4.1 | 2.3 |
| Total | 4.1 | 2.4 |

12 SHAREHOLDERS' EQUITY

SHARE CAPITAL

The share capital amounts to CHF 233 618.15. It is divided into 4 672 363 fully paid-up registered shares with a par value of CHF 0.05 each.

CONDITIONAL SHARE CAPITAL

For issuing convertible bonds, warranty bonds and for granting shareholder options, the share capital can be increased by a maximum of 700 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 35 000. Furthermore, for the issuance of shares to employees of subsidiaries, the share capital can be increased by a maximum of 250 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 12 500.

LEGAL CAPITAL RESERVES

These reserves include an amount of CHF 0.1 million (2019: CHF 0.1 million) whose distribution as dividends is not subject to income taxes in Switzerland and can be effected free of Swiss withholding tax. The remaining part of the legal capital reserve does not benefit from the Swiss capital contribution principle.

TREASURY SHARES

The following transactions with treasury shares were performed during the financial year:

| | 2020 in shares | 2020 in CHF million | 2019 in shares | 2019 in CHF million |
|---------------------------------------|-------------------|---------------------------|-------------------|---------------------------|
| Treasury shares at January 1 | 25 783 | 3.6 | 19 985 | 3.7 |
| Purchase of treasury shares | 21 000 | 1.6 | 21 677 | 2.8 |
| Sale of treasury shares | -3 110 | -0.4 | -8 420 | -1.5 |
| Transfer of treasury shares | -9 870 | -1.3 | -7 459 | -1.4 |
| Treasury shares at December 31 | 33 803 | 3.5 | 25 783 | 3.6 |

13 GUARANTEES AND COLLATERAL PROVIDED

Autoneum Holding Ltd has guaranteed CHF 33.1 million (2019: CHF 34.1 million) to financial institutions for granting credit facilities to direct and indirect subsidiaries and CHF 3.8 million (2019: CHF 7.2 million) to other third parties for securing transactions they entered into with direct and indirect subsidiaries and other third parties. No financing commitment was given in favor of a subsidiary (2019: CHF 7.6 million).

14 SHARES ALLOCATED TO THE BOARD OF DIRECTORS

Part of the remuneration of the Board of Directors is paid in shares of Autoneum Holding Ltd. In 2020, 11 605 shares (2019: 8 693 shares) with a total value of CHF 702 451 (2019: CHF 1 079 671) were allocated and 9 871 shares (2019: 7 461 shares) were transferred to the members of the Board of Directors. The remaining shares were withheld by the Company to account for the beneficiaries' part of social security contributions and withholding taxes.

15 SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS OR GROUP EXECUTIVE BOARD

The following shares were held by members of the Board of Directors or the Group Executive Board, including parties related to them (Art. 663c Swiss Code of Obligations):

| Number of shares | 31.12.2020 | 31.12.2019 |
|------------------------------------|------------------|------------------|
| Hans-Peter Schwald, Chairman | 46 154 | 43 296 |
| Rainer Schmückle, Vice Chairman | 4 152 | 2 677 |
| Norbert Indlekofer | 1 416 | 538 |
| Michael Pieper | 995 014 | 986 068 |
| This E. Schneider | 16 837 | 14 794 |
| Peter Spuhler | 755 523 | 754 603 |
| Ferdinand Stutz | 5 264 | 3 514 |
| Total Board of Directors | 1 824 360 | 1 805 490 |
| Matthias Holzammer, CEO | 6 839 | 6 202 |
| Bernhard Wiehl | 149 | 89 |
| Alexandra Bendler | 703 | 628 |
| Greg Sibley | - | - |
| Andreas Kolf | 1 015 | 1 015 |
| Fausto Bigi | - | - |
| Total Group Executive Board | 8 706 | 7 934 |

16 SUBSIDIARIES, ASSOCIATED COMPANIES AND INVESTMENTS

| | | | Nominal capital in millions | Directly owned | Indirectly owned | Voting and capital rights ¹ | Research & technology | Application development | Production & supply | Service & financing |
|--|--|------|--------------------------------|----------------|------------------|--|-----------------------|-------------------------|---------------------|---------------------|
| Switzerland | Autoneum International Ltd, Winterthur | CHF | 7.0 | • | 100% | | | | | • |
| | Autoneum Management Ltd, Winterthur | CHF | 1.3 | • | 100% | | • | | | • |
| | Autoneum Switzerland Ltd, Sevelen | CHF | 0.3 | • | 100% | | • | • | | |
| Argentina | Autoneum Argentina S.A., Córdoba | ARS | 22.5 | • | 100% | | | | | • |
| Belgium | Autoneum Belgium NV, Genk | EUR | 8.0 | • | 100% | | | | | • |
| Brazil | Autoneum Brasil Têxteis Acústicos Ltda., São Paulo | BRL | 201.6 | • | 100% | | | • | • | |
| Canada | Autoneum Canada Ltd., Tillsonburg | CAD | - | • | 100% | | | | | • |
| China | Autoneum (Chongqing) Sound-Proof Parts Co., Ltd., Chongqing | CNY | 49.3 | • | 100% | | | | | • |
| | Autoneum (Shenyang) Sound-Proof Parts Co., Ltd., Shenyang | CNY | 49.2 | • | 100% | | | | | • |
| | Autoneum (Shanghai) Management Co., Ltd., Shanghai | CNY | 13.2 | • | 100% | | | • | • | |
| | Autoneum (Yantai) Co., Ltd., Yantai | CNY | 34.5 | • | 100% | | | | | • |
| | Autoneum (Changsha) Co., Ltd., Changsha | CNY | 34.5 | • | 100% | | | | | • |
| | Autoneum (Pinghu) Co., Ltd., Pinghu | CNY | 144.9 | • | 100% | | | | | • |
| | Autoneum (Tianjin) Co., Ltd., Tianjin | CNY | 17.0 | • | 100% | | | | | • |
| | Autoneum Nittoku (Guangzhou) Sound-Proof Co. Ltd., Guangzhou | CNY | 75.8 | • | 51% | | | | | • |
| | Tianjin Autoneum Nittoku Sound-Proof Co., Ltd., Tianjin | CNY | 47.2 | • | 51% | | | | | • |
| | Wuhan Nittoku Autoneum Sound-Proof Co., Ltd., Wuhan | CNY | 89.6 | • | 25% | | | | | • |
| Wuhan Nittoku Autoneum Auto Parts Co., Ltd., Wuhan | CNY | 81.0 | • | 25% | | | | | • | |
| Czech Republic | Autoneum CZ s.r.o., Choceň | CZK | 206.2 | • | 100% | | | | | • |
| France | Autoneum Holding France SAS, Lyon | EUR | 39.8 | • | 100% | | | | | • |
| | Autoneum France SAS, Aubergenville | EUR | 8.0 | • | 100% | | | • | • | |
| Germany | Autoneum Germany GmbH, Rossdorf | EUR | 11.2 | • | 100% | | | | | • |
| Great Britain | Autoneum Great Britain Ltd., Stoke-on-Trent | GBP | 49.8 | • | 100% | | | | | • |
| Hungary | Autoneum Hungary Ltd., Komárom | EUR | - | • | 100% | | | | | • |
| India | Autoneum India Pvt. Ltd., New Delhi | INR | 571.4 | • | 100% | | | | | • |
| | Autoneum Nittoku Sound Proof Products India Pvt. Ltd., Chennai | INR | 220.0 | • | 51% | | | | | • |
| Indonesia | PT Tuffindo Nittoku Autoneum, Jakarta | IDR | 162 666.0 | • | 9% | | | | | • |
| Italy | Porfima Uno S.r.l., Torino | EUR | - | • | 100% | | | | | • |
| Japan | Nihon Tokushu Toryo Co. Ltd., Tokyo | JPY | 4 753.0 | • | 13% | | • | • | • | • |
| | ATN Auto Acoustics Inc., Kamioguchi | JPY | 100.0 | • | 25% | | | • | | |
| Korea | Autoneum Korea Ltd., Incheon | KRW | 264.0 | • | 100% | | | | | • |
| Mexico | Autoneum Mexico, S. de R.L. de C.V., Hermosillo | MXN | - | • | 100% | | | | | • |
| | Autoneum Mexico Operations, S.A. de C.V., San Luis Potosí | MXN | 803.9 | • | 100% | | | | | • |
| | Autoneum Mexico Servicios, S.A. de C.V., San Luis Potosí | MXN | 3.1 | • | 100% | | | | | • |
| | UGN de Mexico, S. de R.L. de C.V., Silao | MXN | 0.1 | • | 50% | | | | | • |
| | Servicios de Acoustical Solutions, S. de R.L. de C.V., Silao | MXN | 0.1 | • | 50% | | | | | • |
| Poland | Autoneum Poland Sp.z.o.o., Katowice | PLN | 20.8 | • | 100% | | | • | • | |
| Portugal | Autoneum Portugal Lda., Setúbal | EUR | 0.6 | • | 87% | | | | | • |
| Russia | Autoneum Rus LLC, Ryazan | RUB | 0.8 | • | 100% | | | | | • |
| South Africa | Autoneum Feltex (Pty) Ltd., Durban | ZAR | - | • | 51% | | | | | • |
| Spain | Autoneum Spain S.A.U., Terrassa | EUR | 5.8 | • | 100% | | | | | • |
| Thailand | SRN Sound Proof Co., Ltd., Chonburi | THB | 100.0 | • | 30% | | | | | • |
| | Summit & Autoneum (Thailand) Co., Ltd., Chonburi | THB | 16.0 | • | 51% ² | | | | | • |
| Turkey | Autoneum Erkurt Otomotive AS, Bursa | TRY | 2.5 | • | 51% | | | | | • |
| USA | Autoneum America Corporation, Novi | USD | - | • | 100% | | | | | • |
| | Autoneum North America Inc., Novi | USD | - | • | 100% | | | • | • | |
| | UGN Inc., Tinley Park | USD | - | • | 50% | | | • | • | |

¹ Unless otherwise noted, voting and capital rights have not changed compared to prior year.² Autoneum has 49% of the capital rights.

17 SIGNIFICANT SHAREHOLDERS

At December 31, 2020 Autoneum knew that the following shareholders had more than 3% of the Company voting rights (in accordance with Art. 663c of the Swiss Code of Obligations):

| | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Artemis Beteiligungen I Ltd, Hergiswil, Switzerland; Centinox Holding Ltd, Hergiswil, Switzerland; and Michael Pieper, Hergiswil, Switzerland ¹ | 21.30% | 21.10% |
| PCS Holding Ltd, Frauenfeld, Switzerland; and Peter Spuhler, Warth-Weiningen, Switzerland ¹ | 16.17% | 16.15% |
| Martin and Rosmarie Ebner via BZ Bank Limited, Wilen, Switzerland | 3.10% | 3.10% |

¹ Voting rights according to the Company's records at December 31.

Details of the disclosures can be found at:

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

18 EVENTS AFTER BALANCE SHEET DATE

There were no events between December 31, 2020 and March 2, 2021 that would necessitate adjustments to the book value of the Company's assets or liabilities, or that require additional disclosure in the financial statements.

Dividend proposal for the appropriation of available earnings

| CHF | 2020 |
|--|--------------------|
| Balance brought forward | 125 915 843 |
| Net profit | 24 268 626 |
| At the disposal of the Annual General Meeting | 150 184 469 |
| Proposal | |
| Distribution of a dividend ¹ | - |
| Carried forward to new account | 150 184 469 |
| Total | 150 184 469 |

¹ Shares held by Autoneum Holding Ltd at the time of dividend distribution are not entitled to dividends. The amount distributed will be reduced accordingly at the time of distribution.

The Board of Directors proposes no dividend to be distributed.



Statutory Auditor's Report

To the General Meeting of Autoneum Holding Ltd, Winterthur

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Autoneum Holding Ltd, which comprise the balance sheet as at December 31, 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 117 to 124) for the year ended December 31, 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



Investments and loans due from subsidiaries

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



Investments and loans due from subsidiaries

Key Audit Matter

The financial statements of Autoneum Holding Ltd as at December 31, 2020, include investments in the amount of CHF 422.5 million, current loans due from subsidiaries in the amount of CHF 52.8 million and non-current loans due from subsidiaries in the amount of CHF 396.5 million.

The company annually reviews investments and loans due from subsidiaries for impairment on an individual basis.

The impairment assessment of investments and loans due from subsidiaries requires significant management judgment, in particular in relation to the forecast earnings and growth rates as well as discount rates, and is therefore a key area that our audit was concentrated on.

Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests as well as the appropriateness of management's assumptions.

This comprised:

- Agreeing forecasts used in the impairment tests to current expectations of management.
- Challenging the robustness of key assumptions on a sample basis, based on our understanding of the commercial prospects of the respective entities.

For further information on investments and loans due from subsidiaries refer to the following:

- Note 3, Valuation adjustments on investments and loans
- Note 6, Loans and financial receivables
- Note 8, Investments

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, actions taken to eliminate threats or safeguards applied.

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 available 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


Reto Benz
Licensed Audit Expert
Auditor in Charge


Kathrin Schünke
Licensed Audit Expert

Zurich, March 2, 2021

Remuneration Report

1 INTRODUCTION

CONTENT AND BASIS OF THE REMUNERATION REPORT

This remuneration report explains the authority and definition of the remuneration of the members of the Board of Directors and the Group Executive Board as well as Autoneum's remuneration system and how it was applied in the reporting period. Disclosures are made in accordance with the applicable provisions of the Swiss Ordinance against Excessive Remuneration in Listed Companies (ERCO), the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance from *economiesuisse*. The remuneration tables listed under item 4 have been audited by the statutory auditors. In addition, this remuneration report will be submitted to the shareholders at the Annual General Meeting on March 25, 2021 for a consultative vote so that they can express their opinion on the remuneration policy and remuneration systems.

RULES ON REMUNERATION IN THE ARTICLES OF ASSOCIATION

Autoneum's Articles of Association contain provisions on the remuneration principles applicable to the members of the Board of Directors and the Group Executive Board:

- Resolutions and powers of the Annual General Meeting (§12/13)
- Approval of the remuneration of the members of the Board of Directors and the Group Executive Board as well as additional amount for payments to new members of the Group Executive Board appointed by the Board of Directors after the approval of the remuneration (§14)
- Contracts of office and employment of the members of the Board of Directors and the Group Executive Board (§19)
- Number of permissible mandates (§20)
- Election and duties of the Compensation Committee (§23)
- Principles applicable to the fixed and variable performance-related remuneration and to the allocation of shares to the members of the Board of Directors and the Group Executive Board (§24)
- Loans, credit facilities and post-employment benefits for members of the Group Executive Board (§25)

The full text of the Articles of Association (in German) is available online at www.autoneum.com/wp-content/uploads/2017/08/Statuten.pdf.

The maximum aggregate total compensation of the members of the Board of Directors and the Group Executive Board as proposed by the Board of Directors is submitted to the shareholders for approval at the Annual General Meeting each year separately and prospectively for the coming financial year (§14 of the Articles of Association).

2 AUTHORITY AND DEFINITION PROCESS

The basic features of the remuneration policy, the remuneration system and the share-based payment plans are elaborated by the Compensation Committee, reviewed annually and approved by the Board of Directors. No third-party consultants have been engaged for the elaboration of the salary policy or the compensation programs.

The Board of Directors fixes annually the remuneration of the members of the Board of Directors and the Group Executive Board, approves the fixed portion of the remuneration and defines the targets, parameters and other details for the executive bonus and the long-term incentive plans, based on the suggestions of the Compensation Committee and within the limits approved by the shareholders. The Directors, whose remuneration is decided on, also participate in the meeting. The amount of remuneration for the members of the Board of Directors and the Group Executive Board is determined at the discretion of the Board of Directors. In doing so, the Board of Directors takes into consideration function and responsibility, in the case of the Group Executive Board also experience, and incorporates information which is publicly available or known from their own experience.

3 REMUNERATION SYSTEM

REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed annual fee for all their board activities as well as an annual lump sum payment for representation expenses. They receive no variable remuneration.

The members of the Board of Directors may opt to obtain all or part of their remuneration in cash or in Autoneum shares. The cash component is paid out in December of the related financial year. The shares are allocated in the respective financial year and blocked for three years. The share price applicable for the conversion of the remuneration into shares is based on the average closing price of the ten trading days following the dividend payment or the Annual General Meeting, if no dividend is paid, discounted to reflect a three-year blocking period.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

The remuneration structure for the Group's senior management consists of several components and, within a market-based remuneration framework, takes into account the individual performance and the Company's performance in the financial year as well as the creation of long-term, sustainable added value. The remuneration of the Group's senior management including the members of the Group Executive Board consists of a basic salary (fixed remuneration), a variable, performance-related bonus according to the executive bonus plan and the participation in the long-term incentive plan (LTI). To ensure a consistent focus on the long-term interests of the shareholders, a part of the variable remuneration is paid in the form of blocked shares. Due to the three-year blocking period of the allocated shares, this remuneration is linked to the long-term development of the company value of Autoneum.

At the beginning of the 2020 financial year, the Board of Directors approved the one-off and extraordinary participation in a turnaround incentive plan (TIP). In view of the challenges ahead, it is intended to create an incentive system to achieve the medium-term goals set for the turnaround of the Company over the next three years.

BASIC SALARY

The basic salary of the members of the Group Executive Board consists of a fixed annual remuneration. The Board of Directors may define a portion of the basic salary to be paid in Autoneum shares. The number of shares is calculated based on the average closing price during the first ten trading days of the respective year. The shares are allocated in December of the respective year and are blocked for three years.

BONUS

The members of the Group Executive Board may reach a variable, performance-related remuneration of up to 80% of their basic salary in the form of a bonus, subject to the achievement or exceeding of defined minimum profitability and liquidity targets of the Group or of the Business Groups as well as to the achievement of annually agreed individual targets. The targets set for the CEO and CFO relate to the Group net result margin (weighting 52.5%), Group RONA (22.5%) and individual targets (25%). For the Heads of the Business Groups, the targets relate to the Group net result margin (17.5%), Group RONA (7.5%), EBIT margin of the Business Group (35%), free cash flow of the Business Group (15%) and individual targets (25%). Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the performance-related bonus, while the maximum bonus is achieved at the maximum limit. Between the two limits, the performance-related bonus increases linearly. Irrespective of the other targets, a bonus is only paid if the Group net result is positive. At least 40% of the bonus is paid in Autoneum shares. Each member of the Group Executive Board can opt to receive up to 100% of the bonus in shares and to receive either restricted shares with a blocking period of three years or an entitlement to shares with a deferred transfer after a period of three years. The calculated bonus is multiplied by 1.4 and then converted into shares using the average closing price of the first ten trading days in January of the following year.

LONG-TERM INCENTIVE PLAN (LTI)

The LTI allows the Board of Directors to allocate a part of the Group's net result to predefined beneficiaries. Beneficiaries are the members of the Group's senior management including the Group Executive Board. An allocation is only made if the Group's net result is positive and exceeds a defined threshold. The total amount of the Group's net result dedicated to the LTI is converted into Autoneum shares and the shares are allocated to the beneficiaries at fixed percentage rates corresponding to the internal function levels. The shares become property of the beneficiaries after a vesting period of 35 months, if the beneficiaries are then still employed by an Autoneum company. Due to the 35-month vesting period, the value of the LTI is in strong correlation to the performance of the Autoneum share price. Immediate vesting occurs in case of death or retirement of a beneficiary. In case of employment termination, shares not yet vested lapse without compensation. Exceptions are possible at the discretion of the Compensation Committee.

TURNAROUND INCENTIVE PLAN (TIP)

Beneficiaries of the TIP are the members of the Group's senior management including the Group Executive Board, who were granted an individual, maximum number of Autoneum shares on a one-off basis in the 2020 financial year. The shares become property of the beneficiaries after a vesting period of 35 months, if the beneficiaries are then still employed by an Autoneum company and if the targets set for the turnaround are achieved at the end of the term of the TIP. The targets set are based on the profitability (EBIT) and free cash flow of the Group for the financial years 2020 until 2022, both criteria weighted 50% each. Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the transfer of shares. The maximum limit corresponds to the maximum number of shares originally granted. Between the two limits, the actual number of shares transferred increases linearly. The entitlement to the other shares lapses without compensation.

There are no share options or share purchase plans.

PERMISSIBLE ACTIVITIES OUTSIDE THE AUTONEUM GROUP

The Board of Directors decides on directorships of members of the Group Executive Board or the Group's senior management at other companies. When the directorship is exercised outside the contractual working time, the director's remuneration received must not be surrendered to Autoneum.

4 DISCLOSURE OF REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE BOARD

REMUNERATION OF THE BOARD OF DIRECTORS

In view of the severely impacted business development resulting from the coronavirus pandemic, the members of the Board of Directors have waived half of their fee for the 2020 financial year and, in order to align their remuneration with shareholder interests, have opted to obtain it entirely in Autoneum shares.

The total remuneration paid to the current members of the Board of Directors in the 2020 financial year thus amounts to CHF 741 953. There has been no remuneration to former members of the Board of Directors.

At the 2019 Annual General Meeting a maximum total remuneration to the Board of Directors of CHF 1.75 million was awarded for the 2020 financial year, thus the remuneration for 2020 is within the approved limit.

No loans, credit facilities or additional fees or remuneration have been paid to members of the Board of Directors or parties related to them. In the 2020 financial year, fees in the amount of CHF 42 358.10 (2019: CHF 44 989) were paid to the law firm managed by the Chairman of the Board of Directors for legal services provided.

The total of all remuneration paid to the members of the Board of Directors is composed as follows:

| Board of Directors | 2020 | | | 2019 | | | | |
|-----------------------------------|--------------------|------------------------|--------------------|--------------------|------------------------|--------------------|---------------|------------------|
| | Fixed remuneration | | Other ¹ | Fixed remuneration | | Other ¹ | Total | |
| CHF | in cash | in shares ² | Total | in cash | in shares ³ | Total | Total | |
| Hans-Peter Schwald Chairman | - | 184 556 | 13 560 | 198 116 | - | 369 122 | 22 428 | 391 551 |
| Rainer Schmückle Vice Chairman | - | 119 063 | - | 119 063 | 50 000 | 178 600 | - | 228 600 |
| Norbert Indlekofer | - | 77 418 | 5 771 | 83 189 | 83 074 | 55 890 | 9 807 | 148 771 |
| Michael W. Pieper | - | 59 501 | 2 702 | 62 203 | - | 118 984 | 5 814 | 124 798 |
| This E. Schneider | - | 89 282 | 4 600 | 93 882 | - | 178 600 | 9 177 | 187 776 |
| Peter Spuhler | - | 59 501 | 4 435 | 63 936 | - | 118 984 | 8 073 | 127 056 |
| Ferdinand Stutz | - | 113 131 | 8 433 | 121 564 | 140 000 | 59 492 | 13 974 | 213 465 |
| Total | - | 702 452 | 39 501 | 741 953 | 273 074 | 1 079 672 | 69 273 | 1 422 017 |

¹ Other remuneration includes the employer's portion of social insurance contributions.

² The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average closing price for the ten days following the 2020 Annual General Meeting (CHF 60.53). The transfer took place after deduction of social security contributions and withholding taxes.

³ The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average closing price for the ten days following the dividend payment in 2019 (CHF 124.20). The transfer took place after deduction of social security contributions and withholding taxes.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

The drop in revenue and earnings caused by the coronavirus pandemic has prompted the Group Executive Board to take comprehensive cost-cutting measures across the Group. As part of the reduction of personnel costs, a three-month wage sacrifice of 10% of the basic salary was implemented for the Group Executive Board.

In the 2020 financial year, the criteria for the payment of a bonus and the allocation of an LTI were not met, so that no corresponding payments or share allocations were made. The value of the TIP is calculated by the maximum number of shares granted multiplied by the share price on the day the allocation is made. The actual number of shares transferred is calculated after the end of the vesting period at the end of February 2023 taking into account the turnaround targets.

The total remuneration paid to the members of the Group Executive Board in the 2020 financial year thus amounts to CHF 4 411 500, thereof CHF 898 563 to the CEO, who receives a part of his basic salary in shares. The total remuneration of CHF 4 411 500 also includes remuneration paid to the following former members of the Group Executive Board, who resigned in 2019: Martin Hirzel and Dr Martin Zwyszig.

At the 2019 Annual General Meeting a maximum total remuneration to the Group Executive Board of CHF 8.5 million was awarded for the 2020 financial year, thus the remuneration for 2020 is within the approved limit.

No loans, credit facilities or additional fees or remuneration have been paid to members of the Group Executive Board or parties related to them.

The total remuneration paid to the members of the Group Executive Board is composed as follows:

| Group Executive Board | Fixed remuneration | | Variable remuneration | | LTI | TIP ¹ | Other ² | Total |
|------------------------------------|--------------------|------------------------|-----------------------|-----------|-----|------------------|--------------------|-----------|
| | in cash | in shares ³ | in cash | in shares | | | | |
| 2020 | | | | | | | | |
| CHF | in cash | in shares ³ | in cash | in shares | | | | |
| All members | 3 127 056 | 72 077 | – | – | – | 156 947 | 1 055 421 | 4 411 500 |
| Thereof | | | | | | | | |
| Matthias Holzammer | 657 150 | 72 077 | – | – | – | 35 995 | 133 342 | 898 563 |
| 2019 | | | | | | | | |
| CHF | in cash | in shares ⁴ | in cash | in shares | | | | |
| All members | 3 334 045 | 88 805 | 152 967 | – | – | – | 1 118 776 | 4 694 592 |
| Thereof Martin Hirzel ⁵ | 674 000 | 72 154 | – | – | – | – | 137 161 | 883 315 |

¹ The maximum number of shares was multiplied by the applicable share price of CHF 58.15 for the rights granted in April 2020; the vesting period ends at the end of February 2023.

² Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

³ The applicable share price during the defined period was CHF 113.15.

⁴ The applicable share price during the defined period was CHF 158.58.

⁵ CEO until October 7, 2019.



Report of the Statutory Auditor

To the General Meeting of Autoneum Holding Ltd, Winterthur

Report on the Audit of the Remuneration Report

We have audited the accompanying remuneration report of Autoneum Holding Ltd for the year ended December 31, 2020.

The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables “Remuneration of the Board of Directors” and “Remuneration of the Group Executive Board” on pages 132 to 133 of the remuneration report.

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

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

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

Opinion

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

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Kathrin Schünke
Licensed Audit Expert

Zurich, March 2, 2021

Review 2016 – 2020

CONSOLIDATED INCOME STATEMENT

| CHF million | 2020 | 2019 | 2018 | 2017 ¹ | 2016 |
|----------------------------------|---------|---------|---------|-------------------|---------|
| Revenue | 1 740.6 | 2 297.4 | 2 281.5 | 2 205.4 | 2 152.6 |
| BG Europe | 641.8 | 900.9 | 984.5 | 886.2 | 833.4 |
| BG North America | 753.5 | 1 001.8 | 921.8 | 963.8 | 1 018.7 |
| BG Asia | 254.1 | 275.7 | 260.3 | 241.9 | 210.7 |
| BG SAMEA ² | 88.4 | 125.8 | 111.5 | 114.1 | 93.5 |
| EBITDA | 148.5 | 164.0 | 197.2 | 257.8 | 278.1 |
| in % of revenue | 8.5% | 7.1% | 8.6% | 11.7% | 12.9% |
| EBIT | 27.8 | -32.9 | 114.1 | 179.9 | 204.5 |
| in % of revenue | 1.6% | -1.4% | 5.0% | 8.2% | 9.5% |
| Net result | -10.7 | -77.7 | 74.7 | 118.9 | 133.8 |
| in % of revenue | -0.6% | -3.4% | 3.3% | 5.4% | 6.2% |
| Return on net assets in % (RONA) | 1.3% | -3.9% | 7.8% | 15.0% | 21.5% |
| Return on equity in % (ROE) | -2.3% | -13.8% | 11.6% | 19.4% | 29.9% |

Consolidated balance sheet at December 31

| | | | | | |
|--|---------|---------|---------|---------|---------|
| Non-current assets | 1 002.0 | 1 174.7 | 897.5 | 853.0 | 648.0 |
| Current assets | 806.1 | 664.4 | 703.8 | 689.9 | 649.8 |
| Equity attributable to shareholders of AUTN | 309.7 | 389.1 | 519.3 | 545.7 | 394.3 |
| Equity attributable to non-controlling interests | 103.9 | 109.9 | 108.4 | 112.6 | 104.7 |
| Total shareholders' equity | 413.6 | 498.9 | 627.7 | 658.3 | 499.0 |
| Non-current liabilities | 874.1 | 748.0 | 423.1 | 348.6 | 220.7 |
| Current liabilities | 520.3 | 592.2 | 550.6 | 536.0 | 578.1 |
| Total assets | 1 808.1 | 1 839.1 | 1 601.3 | 1 542.9 | 1 297.8 |
| Net debt ³ | 271.7 | 335.0 | 262.7 | 162.4 | 57.4 |
| Shareholders' equity in % of total assets | 22.9% | 27.1% | 39.2% | 42.7% | 38.4% |

Consolidated statement of cash flows

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Cash flows from operating activities | 149.7 | 119.2 | 124.0 | 145.2 | 194.1 |
| Cash flows used in investing activities | -37.2 | -129.1 | -164.7 | -195.7 | -92.8 |
| Cash flows from/(used in) financing activities | 122.3 | 17.5 | 34.3 | 5.4 | -28.6 |
| Employees at December 31 ⁴ | 12 774 | 13 128 | 12 946 | 12 133 | 11 725 |

¹ Restated.

² Including South America, Middle East and Africa.

³ Net debt excl. lease liabilities at December 31.

⁴ Full-time equivalents including temporary employees (excluding apprentices).

INFORMATION FOR INVESTORS

| CHF million | 2020 | 2019 | 2018 | 2017 ¹ | 2016 |
|--|-----------|-----------|-----------|-------------------|-----------|
| Number of issued shares | 4 672 363 | 4 672 363 | 4 672 363 | 4 672 363 | 4 672 363 |
| Share capital of Autoneum Holding Ltd | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Net result of Autoneum Holding Ltd | 24.3 | 29.7 | 21.4 | 51.9 | 61.8 |
| Market capitalization at December 31 | 749.6 | 539.9 | 685.8 | 1 306.6 | 1 243.4 |
| in % of revenue | 43.1% | 23.5% | 30.1% | 59.2% | 57.8% |
| in % of equity attr. to shareholders of AUTN | 242.0% | 138.8% | 132.1% | 239.5% | 315.4% |

DATA PER SHARE (AUTN)

| CHF | 2020 | 2019 | 2018 | 2017 ¹ | 2016 | |
|---|--------|--------|--------|-------------------|--------|--------|
| Basic earnings per share | -5.45 | -20.82 | 11.83 | 19.53 | 20.61 | |
| Dividend per share ² | - | - | 3.60 | 6.50 | 6.50 | |
| Shareholders' equity per share ³ | 66.77 | 83.73 | 111.62 | 117.25 | 84.74 | |
| Share price at December 31 | 161.60 | 116.20 | 147.40 | 280.75 | 267.25 | |
| Share price development during the year | High | 167.50 | 174.30 | 317.00 | 298.00 | 290.00 |
| | Low | 50.00 | 91.65 | 130.00 | 228.80 | 185.00 |

¹ Restated.² As proposed by the Board of Directors and subject to the approval of the Annual General Meeting.³ Equity attributable to shareholders of Autoneum Holding Ltd per share outstanding at December 31.

Important Dates

Annual General Meeting 2021

March 25, 2021

Semi-Annual Report 2021

July 29, 2021

Annual General Meeting 2022

March 23, 2022

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All statements in this report which do not refer to historical facts are forecasts for the future that offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors that are outside the Company's control.

March 2021

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Text
Autoneum Management Ltd, Winterthur

Design
evolve advertising AG, Zurich

Photography
Autoneum & Andreas Mader, Winterthur

Publishing System
Multimedia Solutions AG, Zurich

Printing
Druckmanufaktur, Urdorf