

# ORIOR

EXCELLENCE IN FOOD



# 2019

**ORIOR Group**  
ANNUAL REPORT

# Key figures

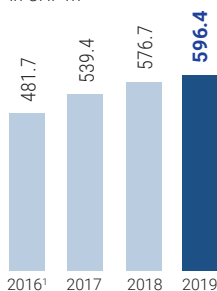
in CHF thousand	2019	Δ in %	2018
<b>Net sales</b>	<b>596 350</b>	+ 3.4%	<b>576 650</b>
<b>EBITDA</b> <i>in % of net sales</i>	<b>61 031</b> 10.2%	+ 4.2%	<b>58 573</b> 10.2%
<b>EBIT</b> <i>in % of net sales</i>	<b>37 322</b> 6.3%	+ 4.9%	<b>35 578</b> 6.2%
<b>Profit for the year</b> <i>in % of net sales</i>	<b>31 494</b> 5.3%	- 1.0%	<b>31 819</b> 5.5%
<b>Cash flow from operating activities</b> <i>Cash conversion</i>	<b>57 093</b> 93.5%		<b>52 717</b> 90.0%
<b>Net debt / EBITDA ratio</b>	<b>2.47</b>		<b>2.46</b>
<b>Equity ratio</b>	<b>21.4%</b>		<b>22.5%</b>
<b>ROCE</b>	<b>14.4%</b>		<b>13.1%</b>
<b>Earnings per share in CHF</b>	<b>4.84</b>		<b>4.98</b>
<b>Dividend per share in CHF</b>	<b>2.32</b>		<b>2.24</b>
<b>Market capitalisation as per year-end</b>	<b>583 316</b>		<b>519 445</b>
<b>Av. number of employees (FTE)</b>	<b>2 295</b>		<b>1 630</b>

## At a glance

- Net sales increased by 3.4% to CHF 596.4 million
- Gross margin increased from 44.0% to 44.9%
- EBITDA increased to CHF 61.0 million; margin held at the good level of 10.2%
- EBIT increased in absolute and percentage terms and amounted to CHF 37.3 million, resulting in an EBIT margin of 6.3%
- Net profit slipped 1.0% year-on-year to CHF 31.5 million, due to exchange rate movements and tax effects
- Second tranche of Casualfood shares purchased; majority stake of 70%, integration as an independent competence centre; results slightly better than expected
- Renewed increase in the dividend to CHF 2.32 per share
- Outlook for the 2020 fiscal year positive

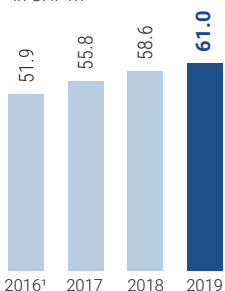
### Revenues

in CHF m



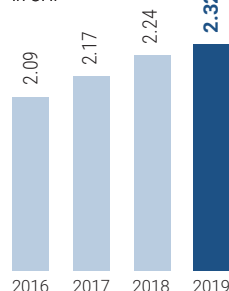
### EBITDA

in CHF m



### Dividend per share

in CHF



<sup>1</sup> Restated figures using Swiss GAAP FER to ensure comparability.

#### Note to performance measures

ORIOR uses alternative performance measures in this Annual Report which are not defined by Swiss GAAP FER. These alternative performance measures provide useful and relevant information regarding the operative and financial performance of the Group. The document "Alternative Performance Measures Full Year 2019", which is available on <https://orior.ch/en/financial-reports>, defines these alternative performance measures.

# ORIOR – Excellence in Food

ORIOR is an internationally active Swiss food and beverage group that combines craftsmanship with a pioneering spirit and thrives on entrepreneurship and strong values. The delightful world of ORIOR consists of well-established companies and brands with leadership positions in growing niche markets in Switzerland and abroad.

ORIOR's goal is to steadily create value for all stakeholders. Market intimacy, strong partnerships, and a lean, agile group structure and the intradisciplinary ORIOR Champion Model provide the framework from which ORIOR is shaping and driving the market landscape with innovative products, concepts and services. Motivated employees who take pride in their work and who assume responsibility for themselves and for what they do are the key for creating the extraordinary.

We are striving for uniqueness and offer best quality in order to surprise our consumers time and again with enjoyable food moments. Our ambition is nothing less than **Excellence in Food**.

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## Dear Shareholders

We are pleased to present ORIOR AG's tenth Annual Report as a listed company. ORIOR confirmed its resilience thanks to its broader operational footprint and delivered a good set of results for the 2019 fiscal year, in line with expectations. Key drivers were the purchase of a second tranche of Casualfood shares in September 2019, successful innovation, good brand management, and a steadfast focus on cost efficiency.

ORIOR Group generated revenues of CHF 596.4 million in the 2019 fiscal year, which corresponds to an increase of 3.4% from the previous year. Organic growth amounted to -1.9%, at the lower end of the expected and communicated range. This decrease is attributed primarily to the deliberate termination of an unprofitable contract in the Convenience segment with an annual revenue volume of about CHF 8.2 million. Moreover, ORIOR Switzerland's revenues over the Easter and Christmas holidays were weaker in 2019 compared to the strong seasonal patterns in the previous year. The Refinement segment showed organic revenue growth thanks to innovation, a consistently strong brand performance and price mark-ups. The International segment also generated slightly higher organic revenues thanks to successful innovation. However, these positive developments were unable to offset the entire decline in revenues from the Convenience segment and the unfavorable comparison-base effect. Among the positive developments were the good performance in the Belgian market, pleasing growth at Albert Spiess – driven by intensified sales and marketing activities, the launch of a new brand concept and a rapid flow of innovation – and the solid course of business at Möfag. New business development with customers in the food service and other target segments were also pleasing. Acquisitions had a positive effect of 6.2% on revenues, which reflects the acquisition of Biotta in May 2018 and the purchase of the second tranche of Casualfood, which resulted in the first-time full consolidation of Casualfood as a standalone competence centre within the International segment from September 2019. As already observed during the first half of 2019, Casualfood continued to display agility and an uncomplicated, can-do spirit and ended the year slightly ahead of expectations. The currency translation effect on revenues was -0.9% and reduced reported revenues by CHF 5.0 million.

A broader operational footprint with new business units helped to strengthen the Group's gross profit margin. Despite the negative effect from higher meat prices, the gross profit margin rose by 82 basis points to 44.9%, resulting in a gross profit of CHF 267.6 million (previous year CHF 254.0 million). At the EBITDA line, this increase was diminished somewhat by the higher labor intensity of the new business activities. Thanks to cost discipline, steadfast implementation of process improvement initiatives within the intra-disciplinary Champion Model and ongoing portfolio management efforts, the EBITDA margin remained at a good level of 10.2% and the corresponding EBITDA amounted to CHF 61.0 million (previous year CHF 58.6 million). EBIT rose by 4.9% to CHF 37.3 million. Due to negative currency translation and tax effects respectively the absence of the positive extraordinary items from the previous year, profit for the year amounted to CHF 31.5 million, slightly less than the bottom-line figure from the previous year (CHF 31.8 million).

Operating cash flow for the period under review amounted to CHF 57.1 million compared to CHF 52.7 million for the previous year. This substantial increase is attributed primarily to the new business activities and the optimisation of net working capital. The cash conversion cycle rose to an above-average level of 93.5%.

### ORIOR Convenience segment

Revenues from the ORIOR Convenience segment, which consists of the Fredag, Le Patron, Pastinella and Biotta competence centres, did not quite meet expectations and declined by -1.8% to CHF 202.0 million (previous year CHF 205.7 million). The reported figure reflects a positive acquisition effect of 4.7% from the acquisition of Biotta as of mid-May 2018 and a negative organic growth rate of -6.5%. The main factors behind the negative growth were the termination of the aforementioned CHF 8.2 million contract, a high year-ago comparison base with an unusually high organic growth rate of 5.6%, and, in particular, the weaker Easter and Christmas holiday sales in 2019 as well as changes in sales promotion activities. Biotta is developing nicely: Considerable resources were invested in intensive



Rolf U. Sutter, Chairman of the Board of Directors (right) and Daniel Lutz, CEO ORIOR Group

process and workflow projects, the modernisation of its brand image, and in the reinforcement of its marketing and operations personnel, and these efforts clearly paid off. Moreover, the operational startup of the wood chip heating plant brought a first-of-its-kind project in Switzerland to a close and strengthened Biotta's image as a sustainability leader. Attention is also drawn to the successful launch of the new vegan specialities manufactured by Fredag in the heart of Switzerland, examples of which are veggie nugget products and burgers marketed under the "Happy Vegi Butcher" brand.

On the commodity front, high poultry prices and the tight domestic supply of certain commodities remained a challenge, as had already been reported for the first half of 2019. Competition and the general market environment remain tough, one reason being retailers' efforts to streamline their product ranges or scale back their sales promotional activities.

#### **ORIOR Refinement segment**

In a year marked by high meat prices, the ORIOR Refinement segment, which consists of the Rapelli, Albert Spiess and Möfag competence centres, reported organic revenue growth of 1.3% to CHF 258.2 million. This growth was fueled by a steady stream of convincing innovations, a strong performance by strong brands, good sales trends with a number of customers, and the pass-through of high meat procurement costs. The Albert Spiess competence centre delivered a strong performance thanks to the further intensification of its sales and marketing activities and innovative new product launches, its new, broader brand concept with an even stronger regional claim, and to good progress on improvement throughout the value chain. Möfag delivered great success in all of its core product areas, fueled by compelling offerings and the positive volume growth in its main sales channels. Thanks to its two well-established, national "Rapelli" and "Ticinella" brands, effective sales activities and convincing innovations, Rapelli also delivered a solid set of results for the year.

Expectations that meat procurement prices would at least edge slightly lower during the fall of 2019 were not fulfilled – prices for pork and beef remained at high levels. This largely reflected the tight domestic supply of both commodities.

#### **ORIOR International segment**

The ORIOR International segment consisting of the Culinor and Casualfood competence centres, Biotta's sister company Gesa and Spiess Europe, a platform for the final processing and distribution of Group products, increased its revenues by 15.9% to CHF 159.6 million. This growth rate consisted of a positive acquisition effect of 19.4%, reflecting the second stage of the Casualfood acquisition and its resulting first-time full consolidation from September 2019 as well as Biotta's German sister company Gesa, which joined the ORIOR family in mid-May 2018, a negative currency effect of -3.7%, and organic revenue growth of 0.2%. Positive factors were the steadfast focus on healthy growth and the International segment's resulting above-average contribution to Group profitability. Guided by its steady focus on healthy growth, Culinor performed particularly well in its domestic Belgian market and, as already observed during the first half of 2019, it made a substantial contribution to Group profits after factoring out non-recurring items. Business at Spiess Europe also showed a pleasing development. Casualfood, the newest member of ORIOR Group since September 2019, performed well and slightly exceeded expectations.

On the commodity front, the International segment experienced a slightly positive effect from the nascent normalisation of crop yields versus the previous year. The net effect of these developments was virtually neutral. Top performers in the International segment were the Belgian market, food service customers and the to-go channel; the Dutch market is in the throes of consolidation and this has created some temporary challenges.

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#### **ORIOR 2025 strategy**

ORIOR Group's Executive Committee has initiated the 2025 strategy process together with the Board of Directors. As was already the case during the development of the ORIOR 2020 strategy, the new strategy will be developed and formulated in an interactive process involving the Board of Directors and key executives from throughout the company. Specialists for specific topics from across the company have also been appointed to the core strategy team. ORIOR's 2025 strategy will be presented to the public in June 2020.

#### **First Sustainability Report based on GRI Standards**

ORIOR published its first Sustainability Report in accordance with the internationally recognised Global Reporting Initiative GRI together with its first-half results for 2019. This report described the company's comprehensive sustainability strategy and its related goals up to 2025. Initial measures and initiatives to anchor sustainability more firmly into the company's operations had already been launched by autumn 2019 and additional resources have been invested to ensure vigorous implementation. The next Sustainability Report will be published in August 2020 together with the first-half results for 2020, to allow any minor changes that might emerge from the strategy 2025 to be integrated into the updated Sustainability Report. Afterwards, from 2021 onwards, we plan to publish the annual Sustainability Report in the first half of the year.

#### **Renewed increase in the dividend**

ORIOR is committed to maintaining a constant and predictable dividend distribution; its dividend has been steadily increased since its IPO in 2010. The Board of Directors will propose another increase in the dividend to CHF 2.32 per share at the Annual General Meeting on 31 March 2020. 50% of the proposed payout will be distributed from retained earnings and 50% from capital contribution reserves. This mix is required after the implementation of the Federal Act on Tax Reform and AHV Financing (STAF/TRAF) on 1 January 2020, which imposes a limitation on the distribution of payouts from tax-exempt capital contribution reserves.

#### **Appointment of Vice Chairman**

The Board of Directors of ORIOR AG appointed Markus R. Neuhaus, Dr. iur., Vice Chairman of the Board of Directors. Markus R. Neuhaus, Dr. iur., was elected to the Board of Directors of ORIOR AG for the first time at the Annual General Meeting on 11 April 2019 and was appointed Chairman of the Audit Committee at the subsequent constitutive meeting of the Board of Directors.

**Outlook**

We expect 2020 to be a good year for ORIOR with every business segment contributing to organic growth. The expanded scope of our operations has enhanced both our stability and our resilience. The general market environment will remain challenging, but our pipeline is full of strong arguments for our products, concepts and services. Meanwhile, we continue to work ceaselessly on developing and refining our human resources as well as our common values and our efficiency within the framework of our Champion Model and other projects. With the goals given in our sustainability strategy we will also be able to create and capture new sales opportunities and/or save costs. In June 2020 we will present our ORIOR 2025 strategy.

The third stage of the Casualfood acquisition is planned for the autumn of 2020. The "Smartseller" joint venture first announced in early 2020 will be introduced and gradually perfected at two or three locations, as communicated in that announcement. Another highlight will be the launch of the "Happy Vegi Butcher" brand in retail channels across Switzerland during the first quarter of this year. On the whole we anticipate operating profitability (EBITDA margin) to match the healthy level achieved in 2019. We are confident. It will be a good year for ORIOR.

**Thank you**

2019 was a challenging year that placed considerable demands on all of us at ORIOR. Thanks to the hard work of all employees, we were able to successfully manage many projects and initiatives and to set a course for new horizons. On behalf of the Board of Directors and the Executive Committee, we thank all employees for their strong commitment to and identification with ORIOR. We are also very grateful for the good collaboration with our business partners and suppliers. And we thank our shareholders and the consumers of our products for their enduring trust and loyalty.



**Rolf U. Sutter**  
Chairman of the Board of Directors



**Daniel Lutz**  
CEO ORIOR Group

# Interview

With Daniel Lutz, CEO ORIOR Group



Daniel Lutz, CEO ORIOR Group

**Mr. Lutz, what were the highlights of 2019?**

Acquiring the second tranche of Casualfood shares was one of the year's big highlights for me. That transaction gave us an even broader and stronger footprint and made us more resilient. Last year's successful launches of great new products and concepts also made me happy, as did the progressive development of the Extended Executive Committee into a strong, effective team following its establishment in January 2019, not to mention the publication of ORIOR's very first Sustainability Report.

**You've mentioned a broader footprint before. What exactly do you mean by that?**

We deliberately wanted to broaden our strategic footprint with a well-thought-out diversification in terms of geographies, markets, categories and channels. This new Group set-up makes us stronger and more resilient. We have a superb portfolio of distinctive competence centres that are creating a steady stream of new business opportunities and that, thanks to their close relationships with customers, their innovation and agility, are predestined to master the challenges posed by today's evolving consumer landscape. Optimisation and ongoing development will be key priorities for the competence centres going forward.

**Does that mean no more acquisitions on the horizon?**

No, I wouldn't say that. Bolt-on acquisitions and/or the integration of new business models, of which the recently announced joint venture "Smartseller" is a good example, are very useful means of advancing our corporate development or that of a competence centres. A larger acquisition doesn't look very likely in the near term though. That said, we are sticking to our current M&A strategy for now and, by the way, an analysis of its relevance and viability will likewise be conducted during the process of elaborating the ORIOR 2025 strategy.

**Speaking of the ORIOR 2025 strategy, could you give us a few words on that project?**

We initiated this sweeping project last fall. Just like during the formulation of our 2020 strategy, the process now under way is characterised by wide-ranging interaction – both with the Board of Directors of ORIOR AG and with key people from throughout the Group. For the first time, core teams consisting of experts from across the Group and one representative from the Executive Committee or the Extended Executive Committee were set up for every strategic pillar. Drawing on their pooled knowledge and experience, these core teams will elaborate the strategy for their



particular strategic pillar. Before we communicate our strategy to the general public, we will share it during a workshop with our Top50 executives. By mid-June of 2020, we will present our ORIOR 2025 strategy to analysts and investors.

**Going back to 2019, how are things going at Casualfood?**

Very well. Since the autumn of 2019, Casualfood has operated within the International segment as one of ORIOR Group's competence centres. We already knew this, of course, based on our contact with Casualfood over the years, but it is still worth repeating: the team is fantastic. We share the same values and the same corporate mindset. Not only that, Casualfood has injected an enthusiastic, young and agile wind into our Group, on top of all the advantages we've mentioned so many times before. That is clearly invigorating for all of us. As for its operating performance, Casualfood beat our expectations for 2019 and there is every indication that it will do so again in the current year.

**And Biotta?**

Biotta is making good progress. We have done a lot of work on its business processes, modernised the brand and further bolstered Biotta's sustainability-oriented philosophy with a lighthouse project resulting in the commissioning of a wood chip heating plant. That was a lot of hard work and the benefits are starting to feed through, enhancing the potential of our organic juice niches.

**The Swiss market, another difficult year?**

Yes and no. It was a year full of challenges. Some of the Swiss competence centres did terrific work. The launch of "Happy Vegi Butcher", the new brand concept for Albert Spiess and Pastinella's award-winning Triondo filled with Eringer beef are veritable highlights for me. Meanwhile other competence centres, to be blunt, were not in line with expectations. Opportunities were left untouched. That said, I've observed a high level of identification and a strong sense of willpower and seen a promising pipeline of projects, all of which is crucial for getting things done better in 2020.

**What's important when reaching for opportunities?**

Constantly keeping your finger on the pulse. Hearing and grasping what consumers want and are interested

in. A strong R&D team with high quality and culinary standards. Good salespeople and marketing talents who are skilled at selling new concepts or products in the right light and with a credible and inspiring story. A healthy workplace attitude toward failure is just as crucial for success. In this day and age, we have to move quickly and bravely. If we need three years to develop a new product, the train will have left the station before we even get there. Develop and launch. If it works, explore ways to make it better and realise its full potential. If it doesn't work, take it off the market and launch the next product or concept. This is a constant process that never comes to a standstill. A company has to master this process and not let itself be distracted or intimidated by market dynamics, so it can spot and seize the opportunities and turn them into success.

**Everybody is talking about sustainability nowadays. The first ORIOR Sustainability Report was published in August 2019. Where do we go from here?**










One thing is obvious: that was just the beginning. The publication of the Sustainability Report was a major milestone for us, but now we need to go even deeper and further. In the report we communicated our sustainability strategy to 2025 and we set some ambitious targets that we are now striving to achieve through a wide range of measures and initiatives. At the same time, we have invested and will continue to invest a lot of time and resources in anchoring sustainability at all levels of the organisation and in our daily operations. That entails a lot of work and countless details throughout the value chain. For example, if we can improve our planning accuracy, we'll automatically reduce food waste. Or if a sales officer can arrange a weekly instead of a daily delivery, that can reduce vehicle emissions in a big way while improving the efficiency of our production processes. This is why collaboration with our partners throughout the supply chain is vital. Sustainability is a rich breeding ground for improvement and new business opportunities. We are ready and willing to invest considerable resources to advance the cause of sustainability.

**How about a peek at 2020?**

2020 will be a good year for ORIOR.

# Sustainability is a cornerstone of our strategy and a foundation for Excellence in Food

In regard to sustainability, 2019 was an important year for the ORIOR Group. Good stewardship of natural resources and a strong commitment to corporate social responsibility have always been important to us. In 2019, we presented our sustainability goals for 2025 within the scope of our first Sustainability Report. The following nine key issues show where we will focus our attention in the coming years as we pursue our ambitious goals.

Our ambitions for product responsibility	Our ambitions in regard to environmental responsibility	Our ambitions in regard to social responsibility
 By 2025, we aim to significantly increase the relative share of the sustainable raw materials and organic ingredients we source.	 <b>-25%</b> By 2025, we aim to reduce our waste intensity by at least 25% compared to our 2018 baseline.	 We aim to significantly expand the range and number of personal development opportunities.
 <b>100%</b> By 2025 we aim to source all meat for the Swiss market from Switzerland, from other producers that comply with Swiss animal protection laws or are certified by a sustainable/organic label.	 <b>-10%</b> By 2025, we aim to reduce our greenhouse gas emissions intensity by 10% compared to our 2018 baseline.	 <b>100%</b> By 2025, we aim to establish a harmonised employee health management plan for the entire Group.
 By 2025, we aim to significantly increase the relative share of healthy products.	 <b>-15%</b> By 2025, we aim to reduce our water intensity by 15% compared to our 2018 baseline.	 Our overarching goal is steady value creation to the benefit of all stakeholders.

## Outlook for 2020

To achieve our ambitious goals, we are working on scores of initiatives. While working towards these goals, it is important for us to keep the entire value chain and the distinct profiles of our centres of competence in perspective. ORIOR's "Responsible sourcing policy" continues to be rolled out and we are exploring more ways of reducing waste and the amount of energy and water we consume across the entire value chain. Harmonised Group guidelines for the purchase of new machinery and equipment are expected to take effect here. We intend to achieve a lot in the social sphere too. Our occupational health management system will be strengthened, and resources will be invested in safety awareness for accident prevention.

To achieve our goals and to drive the progress of the many measures and initiatives now under way, we have strengthened our management structures by assigning responsibilities and

hiring a Corporate Sustainability Manager. 2020 will be a year focused on embedding our sustainability thinking. We will do so by intensifying interaction between the different competence centres and Champion groups in regard to sustainability issues, initiating new measures and projects, and further improving our sustainability reporting practices in terms of consistency, transparency and informative value. Here we intend to optimise our data quality and our data collection methods and to include the UN's Sustainable Development Goals (SDGs) in our reporting practice. We are working on specific communications tools for our competence centres and will continue to underscore the strategic importance of sustainability within the scope of the ORIOR 2025 strategy. Building on last year's Top50 workshop, further internal events will be used in 2020 to promote participative exchange on sustainability issues.

# Highlights 2019



## Happy Vegi Butcher from Fredag

A sustainable and tasty meat alternative that comes as close as possible to actual meat – that was the goal behind the development of Fredag’s “Happy Vegi Butcher” products. This has led to a line of 100% vegan products, produced in Switzerland from mostly Swiss raw materials, that holds much potential for the future following its exceptionally successful market launch. Another product highlight: All “Happy Vegi Butcher” products are certified as climate-neutral by Myclimate!



## Innovation in the “Care” line

“Care” stands for Pastinella’s tasty alternatives for specific nutrition needs. Whether glucose-free or lactose-free, organic or even vegan: these filled pasta specialities should delight every consumer. The latest innovation in this product line are the Avocado Medaglioni. The filling is deliciously creamy and rich in vitamins and unsaturated fatty acids thanks to the superfruit avocado.

**Full steam ahead for occupational safety**

A Group safety statement was formulated in 2019 as the first building block of our new occupational safety management system. Our work on this project will continue at a swift pace in 2020.




**Reduced plastic consumption at Albert Spiess**

As part of the rebranding of Albert Spiess, its product packaging was also redesigned. Special attention was given to environmental aspects. Product trays are now made of 80% cardboard, which reduced the plastic content by 60%.



**Champion Model expanded**

The intra-disciplinary Champion Model introduced in 2016 brings experts from all Swiss competence centres together so they can share and grow their know-how and create value together. At the big Champion Day in March 2019, progress and achievements were discussed along with ongoing projects and future measures.




**Biotta's new wood chip heating system**

Biotta AG blazed a new path in the fall of 2019 with a lighthouse project for power generation that is truly one of a kind in Switzerland. Its new wood chip heating system was put into operation in November and now provides the neighbouring Biotta and Rathgeb Bio facilities with heat. Since then, Biotta – in keeping with its stated commitment to sustainability – has been producing its exclusive fruit and vegetable juices with a 100% carbon-neutral, fossil-free heating system. Based on the plant’s production processes and heating needs, Biotta will save 400 tons of CO<sub>2</sub> emissions per year. The wood that is needed to operate the new heating system is harvested from the surrounding forest in the canton of Thurgau.

**ORIOR Group’s next Sustainability Report will be published in August 2020 – together with the half-year results. From 2021, we intend to publish the Sustainability Report in the first half of every year. Visit <https://orior.ch/en/sustainability-at-orior> for further information.**

## ORIOR Group locations

### ORIOR Switzerland



**Rapelli SA, Stabio**  
 Ticino charcuterie specialties



**Albert Spiess, Schiers**  
 Graubünden specialties



**Möfag, Zuzwil**  
 Fürstenländer specialties



**Fredag, Root**  
 Poultry, meat and vegetarian specialties



**Le Patron, Böckten**  
 Pâtés and terrines, ready meals



**Pastinella, Oberentfelden**  
 Fresh, filled and unfilled pasta



**Biotta, Tägerwilen**  
 Organic vegetable and fruit juices

### ORIOR International



**Culinor Food Group, Destelbergen (BE)**  
 Ready meals and meal components



**Vaco's Kitchen, Olen (BE)**  
 Chef meals and meal components



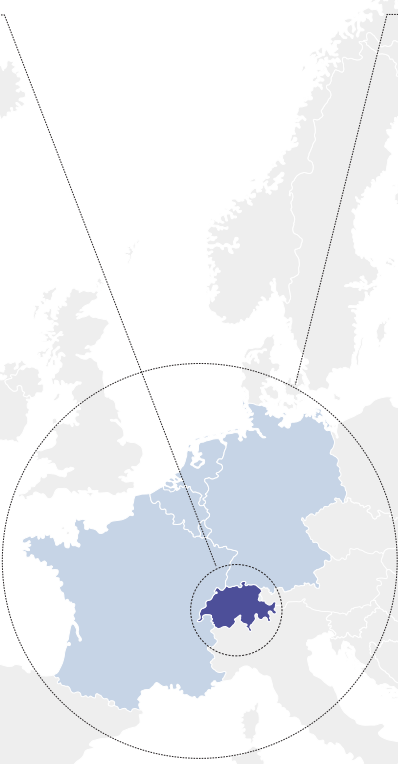
**Gesa, Neuenstadt-Stein (DE)**  
 Organic vegetable juices



**Casualfood, Frankfurt am Main (DE)**  
 To-Go food islands



**ORIOR / Spiess Europe, Haguenau (FR)**  
 Slicing, packing and delivery



### Facts & figures

**Number of employees (FTE):** approx. 2 300

**Headquarters:** Zurich, Switzerland

**Year founded:** 1992

**Products:** premium food and beverages

**Production sites:** ORIOR operates 9 competence centres with 17 sites and approx. 60 To-Go food islands in various regions of Switzerland, in Belgium and in Germany.

# **ORIOR AG**

CORPORATE GOVERNANCE  
REPORT 2019

## Corporate Governance Report

ORIOR Group is committed to best practices in corporate governance with a high level of transparency. Good corporate governance protects the interests of Company shareholders and other stakeholders while helping the Group achieve sustainable development. ORIOR Group's corporate governance policy follows the guiding principles of the Swiss Code of Best Practice for Corporate Governance (2016). The information disclosed hereinafter meets the current requirements of the "Directive Corporate Governance" (DCG) issued by SIX Swiss Exchange and last amended on 2 January 2020.

### 1. Group structure and shareholders

The registered office of ORIOR AG, the parent company of ORIOR Group, is in Zurich (Switzerland). Information on the security number and ISIN code of its shares and its stock market capitalisation is given in the "Share information" section of this annual report.

The subsidiaries included in the Group's scope of consolidation are listed in the Notes to the Consolidated Financial Statements along with their legal domicile, share capital and the percentage interest held by the Group. Apart from the parent company, only unlisted companies are included in the scope of consolidation.

#### Group structure as of 31 December 2019

##### Board of Directors

Rolf U. Sutter, Chairman  
 Walter Lüthi  
 Markus R. Neuhaus<sup>1</sup>  
 Monika Schüpbach  
 Markus Voegeli  
 Monika Walser

##### Executive Committee

Daniel Lutz, CEO ORIOR Group  
 Andreas Lindner, CFO ORIOR Group  
 Filip De Spiegeleire, Head ORIOR Europe and Head Culinor Food Group

##### Extended Executive Committee

Max Dreussi, Head Fredag  
 Glauco Martinetti, Head Rapelli  
 Milena Mathiuet, Head Corporate Communications & Investor Relations  
 Stefan Weber, Co-Founder and Head Casualfood

##### ORIOR Corporate

Stefan Graf, Head Supply Chain Excellence  
 Sven Maushake, CIO ORIOR Group  
 Bernhard Pfulg, CFO ORIOR Switzerland

##### Convenience segment

Max Dreussi, Head Fredag  
 Jann Gehri, Head Le Patron  
 Oscar Marini, Head Pastinella  
 Clemens Rüttimann, Head Biotta

##### Refinement segment

Glauco Martinetti, Head Rapelli  
 Bruno Bürki, Head Albert Spiess  
 Walter Koller, Head Möfag

##### International segment

Filip De Spiegeleire, Head ORIOR Europe and Culinor Food Group  
 Stefan Weber and Michael Weigel, Co-Founders / Heads Casualfood

<sup>1</sup> Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

**Personnel changes in Group-level management**

Edgar Fluri, Prof. Dr., Vice Chairman of the Board of Directors and Chairman of the Audit Committee, did not stand for re-election after serving on ORIOR’s Board of Directors for nine years. He stepped down from the Board of Directors of ORIOR at the close of the Annual General Meeting on 11 April 2019.

Dominik Sauter, representative of EGS Beteiligungen AG, did not stand for re-election after serving on ORIOR’s Board of Directors for six years. He, too, stepped down from the Board of Directors of ORIOR at the close of the Annual General Meeting on 11 April 2019.

Markus R. Neuhaus, Dr. iur., Monika Schüpbach and Markus Voegeli were elected as new members of the Board of Directors of ORIOR AG on 11 April 2019. At the subsequent constitutive meeting of the Board of Directors, the directors elected Markus R. Neuhaus, Dr. iur., Chairman of the Audit Committee.

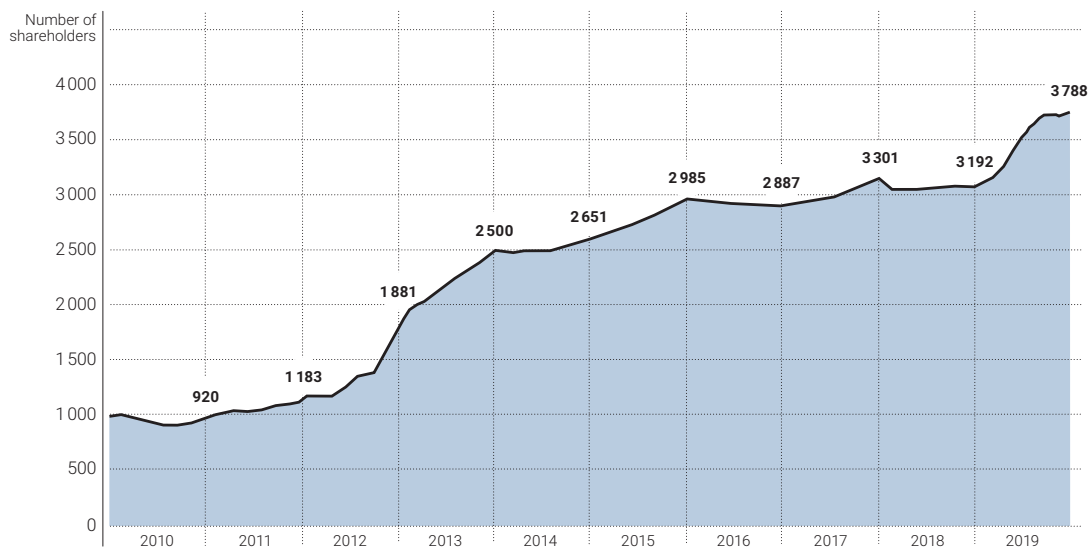
Andreas Lindner assumed the position of CFO of ORIOR Group as of 28 October 2019 and became a member of ORIOR’s Executive Committee effective that same date. Bernhard Pfulg, the interim Group CFO until 28 October 2019 who had held a seat on the Extended Executive Committee during this time, was appointed CFO of ORIOR Switzerland and Deputy CFO of ORIOR Group after stepping down as interim Group CFO. Bernhard Pfulg is a member of the Swiss Leadership Team.

Max Dreussi, Head of Fredag, Glauco Martinetti, Head of Rapelli, and Milena Mathiuet, Head of Corporate Communications & Investor Relations, were appointed to the Extended Executive Committee of ORIOR AG effective 1 January 2019.

In September 2019, ORIOR closed the acquisition of the second tranche of Casualfood shares and now holds a majority of the company’s stock. At the same time Stefan Weber, Co-Founder and Head of Casualfood, was elected to the Extended Executive Committee of ORIOR Group.

**ORIOR shareholders**

According to the share register, ORIOR had 3 788 shareholders as of 31 December 2019, meaning there was a relevant increase in the number of shareholders during the year under review. The change in the number of shareholders entered in the share register since the IPO in April 2010 is depicted below:

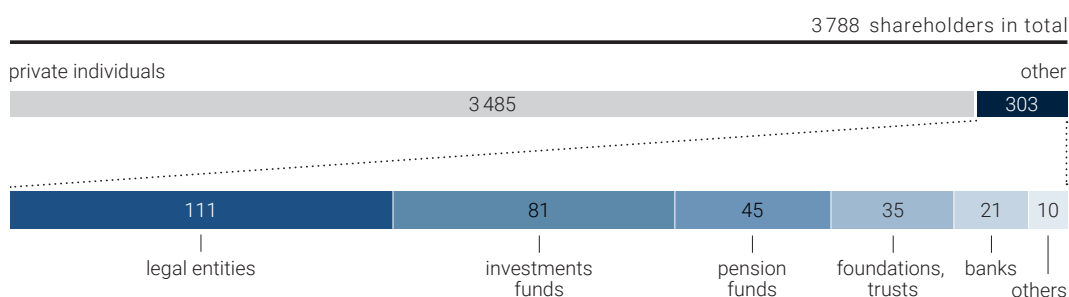


The 3 788 registered shareholders at 31 December 2019 held 77.54% of total share capital. Information on the distribution of shareholdings as of 31 December 2019 by size of shareholding, by category and by country is given below.

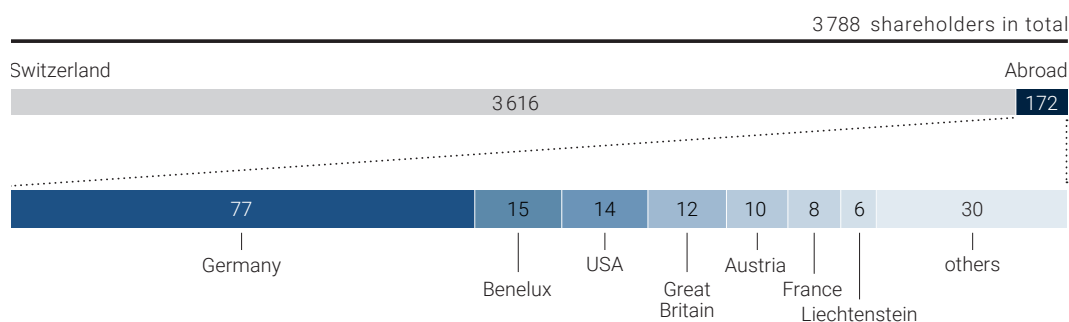
Number of shareholders entered in the share register as of 31 December 2019, by number of shares held:

Number of shares held	Number of shareholders	Total number of shares
1 – 10	287	1 644
11 – 100	1 078	70 403
101 – 1 000	2 064	721 735
1 001 – 10 000	294	829 504
10 001 – 100 000	58	1 932 773
> 100 000	7	1 497 846
<b>Total</b>	<b>3 788</b>	<b>5 053 905</b>

Number of shareholders entered in the share register as of 31 December 2019, by category:



Number of shareholders entered in the share register as of 31 December 2019, by country:



### Major shareholders

According to notifications received, as of 31 December 2019 the following shareholders each own more than 3% of ORIOR AG's share capital:

Shareholder	Number of shares	%	Source
UBS Fund Management (Switzerland) AG (CH)	684 978	10.51 <sup>1</sup>	Notification 20.11.2018
Swisscanto Fondsleitung AG (CH)	353 965	5.431	Notification 15.11.2018
Credit Suisse Funds AG (CH)	345 903	5.31	Notification 15.11.2018
Schroders Plc (GB)	288 856	4.875 <sup>2</sup>	Notification 05.02.2015

<sup>1</sup> Includes RoPas (CH) Institutional Fund – Equities Switzerland, which holds an interest of 6.29%.

<sup>2</sup> Corresponds to the information in the disclosure notification dated 5 February 2015 and is consequently based on the total outstanding share capital of ORIOR AG at that time.



During the period between 1 January 2019 and 31 December 2019 the following disclosure notifications were received and duly published on the website of the SIX Swiss Exchange:

Publication date	Shareholder / Group	Reason for announcement	New shareholding
25.10.2019	Rolf U. Sutter / Group (CH) <sup>1</sup>	Dissolution of shareholder group	< 3.00%

<sup>1</sup> The number of shares held by Rolf U. Sutter after the dissolution of the shareholder group is disclosed on page 29 under the section "Shares held by members of governing bodies".

Detailed information about these disclosures can be viewed at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>.

As of 20 February 2020, ORIOR was not aware of any other person or entity holding, directly or indirectly, 3% or more of the Company's share capital. Neither is ORIOR AG aware of any significant agreements or arrangements among shareholders regarding their holdings of ORIOR AG registered shares.

### Cross-shareholdings

There are no cross-shareholdings with other companies.

## 2. Capital structure

### Share capital

in CHF	31.12.2019	31.12.2018	31.12.2017
Ordinary share capital	26 069 996	26 069 996	23 700 000
Conditional share capital	714 256	714 256	714 256
Authorised share capital	3 908 000	3 908 000	4 400 000
Treasury shares	121 873	842 837	2 062 906

### Ordinary capital

ORIOR AG's share capital is fully paid in and amounts to CHF 26 069 996. It is divided into 6 517 499 registered shares with a par value of CHF 4.00 each. There is only one category of registered shares. Further information on the shares is given in the "Share information" section of this annual report.

### Conditional capital

The share capital of the Company may be increased by a maximum of CHF 714 256 through the issue of a maximum of 178 564 registered shares with a par value of CHF 4.00 each, which must be fully paid-in, upon exercise of options rights granted to the members of the Board of Directors and employees of the Company and subsidiaries under one or more share-based compensation plans. The issue price for the new shares and the terms of the share-based compensation plans is determined by the Board of Directors. The subscription rights and preemptive rights of shareholders are excluded with respect to this conditional capital increase. The acquisition of registered shares through the exercise of option rights and every subsequent transfer are subject to the restrictions on entry in the share register stipulated in Articles 5 and 6 of the Articles of Association.

### Authorised share capital

The Board of Directors is authorised to nominally increase the share capital at any time up to 12 April 2020 by a maximum par value of CHF 3 908 000 through the issue of a maximum of 977 000 registered shares with a par value of CHF 4.00 each, to be fully paid in. Partial capital increases are permitted. The issue price, the date of the dividend entitlement, and the type of contribution will be determined by the Board of Directors. When acquired, the new registered shares are subject to the registration restrictions laid down in Art. 5 and 6 of the Articles of Association.

The Board of Directors shall be authorised to restrict or withdraw the preemptive subscription rights of shareholders and to allocate them to third parties,

- (i) if the new shares are to be used to acquire another enterprise, parts of an enterprise or equity interests, or to finance investment projects or to finance or refinance any such transactions by the Company, or
- (ii) if the new shares are being placed nationally and internationally for the purpose of raising equity in a swift and flexible manner that would be difficult to arrange or only at much less favourable conditions if the preemptive subscription rights to the new shares were not restricted or withdrawn.

The Board of Directors may allow subscription rights that have not been exercised to lapse, or it may place these subscription rights, or registered shares for which subscription rights were granted but not exercised, at market conditions, or use them otherwise in the interests of the Company.

### Changes in capital

Date	Resolution	Decision-making body
12.04.2018	Renewal of authorised capital in the amount of CHF 3 908 000, corresponding to 977 000 registered shares with a par value of CHF 4.00 each, to be fully paid in, for an additional two-year period expiring 12 April 2020.	Annual General Meeting
07.03.2018	Increase in ORIOR AG's share capital by 592 499 registered shares or CHF 44.7 million; the placed shares originated from the Company's authorised but unissued capital stock.	Board of Directors
25.03.2016	Renewal of authorised share capital, with a reduced maximum amount of CHF 4 400 000, corresponding to 1 100 000 fully paid registered shares with a nominal value of CHF 4.00 each, as well as various other amendments to Article 3b of the Company's Articles of Association in connection with authorised share capital.	Annual General Meeting
25.03.2014	Renewal of authorised capital in the amount of CHF 4 761 704, corresponding to 1 190 426 registered shares with a par value of CHF 4.00 each, to be fully paid in, for an additional two-year period expiring 25 March 2016.	Annual General Meeting
27.03.2012	Renewal of authorised capital in the amount of CHF 4 761 704, corresponding to 1 190 426 registered shares with a par value of CHF 4.00 each, to be fully paid in, for an additional two-year period expiring 27 March 2014.	Annual General Meeting
21.04.2010	Increase in ORIOR AG's share capital by 1 675 000 registered shares or CHF 6.7 million.	Board of Directors
09.04.2010	Resolution passed to split the share capital consisting of 170 000 registered shares with a par value of CHF 100.00 each into 4 250 000 registered shares with a par value of CHF 4.00 each. Authorisation granted to the Board of Directors to increase the share capital from CHF 17 million to a maximum of CHF 97 million within the next three months. Creation of conditional share capital in the amount of CHF 714 256. Creation of authorised share capital in the amount of CHF 4 761 704.	Extraordinary General Meeting

ORIOR AG has purchased own shares through numerous transactions on the open market:

	2019	2018	2017	2016
Number of own shares bought on the market	75 545	50 131	63 612	84 975
Average share price in CHF	80.05	83.22	76.20	69.17

### Participation certificates and non-voting equity securities

ORIOR Group has not issued any participation certificates or non-voting equity securities.

### Restrictions on share transfer, registration of Nominees

There are no restrictions on the transfer of the registered shares of ORIOR AG. The sole condition attaching to entry of a shareholder in the share register is a written statement signed by the person acquiring the shares that he is acquiring them in his own name and for his own account. There are no further restrictions on shareholder registration. Any persons not expressly stating in their application form that the shares have been acquired for their own account (Nominees) may be entered as shareholders in the share register with voting rights if the Nominee concerned is subject to recognised banking and financial market supervision and has entered into an agreement with the Board of Directors regarding its position. The total share capital held by the Nominee may not exceed 2% of the issued share capital of the Company. In excess of this limit, the Board of Directors may register Nominees in the share register with voting rights, if the Nominees disclose the names, addresses, citizenship and shareholdings of those persons for which they hold 2% or more of the issued share capital. No Nominees with voting rights exceeding the 2% limit were registered during the year under review.

### Bond issue

In connection with the refinancing of outstanding credit facilities as well as for general corporate purposes including potential acquisitions, ORIOR AG issued on 26 September 2017 a six year bond with a nominal value of CHF 110 million (ISIN CH37961096). The bond pays a fixed interest rate of 0.625% and will be repaid on 26 September 2023.

### 3. The Board of Directors

The duties and responsibilities of the Board of Directors of ORIOR AG are defined by the Swiss Code of Obligations, the Articles of Association and the Organisational Regulations.

#### Members of the Board of Directors

The Board of Directors consists of at least three and no more than nine members. The Board of Directors consisted of six directors as of 31 December 2019. All members of the Board of Directors are non-executive directors. None of the directors held an executive position with ORIOR Group during the three fiscal years preceding the period under review. Unless otherwise noted, the members of the Board of Directors do not have significant business relationships with ORIOR AG or with ORIOR Group. All of the directors are Swiss nationals.

Below is an overview of the current members of the Board of Directors as of 31 December 2019, their functions within the Board, their first year of election to the Board and their current term of office.

Name	Year of birth	Position	First term of office	Elected until AGM
Rolf U. Sutter	1955	Chairman of the Board of Directors, Member of the Nomination and Compensation Committee	2006 <sup>1</sup>	2020
Walter Lüthi	1953	Member of the Board of Directors, Member of the Nomination and Compensation Committee and Member of the Audit Committee	2016	2020
Markus R. Neuhaus <sup>2</sup>	1958	Member of the Board of Directors, Chairman of the Audit Committee	2019	2020
Monika Schüpbach	1967	Member of the Board of Directors	2019	2020
Markus Voegeli	1961	Member of the Board of Directors, Member of the Audit Committee	2019	2020
Monika Walser	1965	Member of the Board of Directors, Chairwoman of the Nomination and Compensation Committee	2013	2020

<sup>1</sup> Delegate to the Board of Directors from 2006 to 2011.

<sup>2</sup> Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

#### Changes in the composition of the Board of Directors

Edgar Fluri, Prof. Dr., Vice Chairman of the Board of Directors and Chairman of the Audit Committee, did not stand for re-election after serving on ORIOR's Board of Directors for nine years. He stepped down from the Board of Directors of ORIOR at the close of the Annual General Meeting on 11 April 2019.

Dominik Sauter, representative of EGS Beteiligungen AG, did not stand for re-election after serving on ORIOR AG's Board of Directors for six years. He, too, stepped down from the Board of Directors of ORIOR at the close of the Annual General Meeting on 11 April 2019.

Markus R. Neuhaus, Dr. iur., Monika Schüpbach and Markus Voegeli were elected as new members of the Board of Directors of ORIOR AG on 11 April 2019. At the subsequent constitutive meeting of the Board of Directors upon conclusion of the AGM, the directors elected Markus R. Neuhaus, Dr. iur., Chairman of the Audit Committee.

## ORIOR Board of Directors



From left to right: Walter Lüthi, Monika Walser, Rolf U. Sutter (Chairman), Markus R. Neuhaus, Markus Voegeli, Monika Schüpbach

### Rolf U. Sutter

#### **Chairman of the Board of Directors, Member of the Nomination and Compensation Committee**

Rolf U. Sutter holds a bachelor degree from the Lausanne Hotel School and pursued a degree programme at Cornell University in Ithaca (USA). From 1981 to 1989 he held various positions at Railway Buffet, Zurich and Moevenpick Holiday Inn, Moevenpick Hotel and Moevenpick / Marché Schweiz. From 1989 to 1997 he served as Managing Director / CEO of Moevenpick / Marché International. From 1993, he was also a member of the Executive Board of Moevenpick Holding AG. During this time, he worked in Germany for three years, established several companies in several countries, opened and developed various restaurants in North America, Asia (with registered offices in Hong Kong and Singapore), the Middle East and Europe. From 1997 to 1999, he was Managing Director of all food service operations within the Moevenpick Group. After assuming the position of CEO of ORIOR in 1999, Rolf U. Sutter was elected Executive Board delegate to the Board of Directors. He resigned as ORIOR's CEO on 30 April 2011. The Board of Directors elected Rolf U. Sutter as its Chairman at the constituting meeting of the Board after the Annual General Meeting on 6 April 2011.

**Other activities and functions:** Rolf U. Sutter is member of the Board of Directors of SGO Immobilien AG, Meilen.

### Walter Lüthi

#### **Member of the Board of Directors, Member of the Nomination and Compensation Committee and Member of the Audit Committee**

Walter Lüthi initially obtained a basic technical education and is a graduate of a college-level business management programme. From 1973 to 1978 he worked in research and development at Autophon AG, a specialist for telecommunications devices. From 1978 he was Senior Account Manager at Burroughs AG and in 1983 he joined Hawe-Neos Dental AG as Head of European Sales. In 1986 Walter Lüthi went into business for himself and in the following years established two companies active in the fields of consulting and electronic media. After their successful start-up he sold them and subsequently accepted a position as Executive Manager of the Swiss operations of ADIA Interim AG in Zurich. In 1992 he was retained by the Board of Directors of Intersport E+H Holding AG to turn the company around, after which he was elected to its board. In 1993 Walter Lüthi assumed the Chairmanship of

Mühlebach Holding AG with a mandate to focus on modernising the group and setting up new business areas. In 1998 he established Success Factory AG and has been engaged as a professional investor and as a professional director. In the ensuing years he advised Swisscom AG on strategic issues and he managed Betty Bossi AG as CEO from 2000 to 2015, where he played a crucial role in the very successful advancement of the Betty Bossi brand.

**Other activities and functions:** Walter Lüthi is the owner and Chairman of Success Factory AG, Lucerne, Chairman of the Board of Directors of Artum AG, Zurich, a member of the Advisory Board of Artum's subsidiary Wingert Foods GmbH, Cuxhaven, a member of the Board of Directors of Büro Schoch Werkhaus AG, Winterthur, a member of the Board of Directors of Alipro AG, Hittnau, a member of the Board of Directors of Bergbahnen Destination Gstaad AG, Gstaad, and a member of the Advisory Board of Isolutions AG, Bern.

## Markus R. Neuhaus, Dr. iur.

### Member of the Board of Directors and Chairman of the Audit Committee

Markus R. Neuhaus, Dr. iur., holds licentiate and doctorate degrees in law from the University of Zurich, is a Swiss Certified Tax Expert and completed several executive leadership and management programs at Harvard University, the INSEAD Business School and the IMD Business School. While working at PricewaterhouseCooper (PwC) he began his professional career in the Tax Division of PwC Switzerland in 1985, where he was initially employed as a tax advisor and later as the head of PwC's Tax and Legal Services unit in Switzerland. In 1992 Markus R. Neuhaus was named Tax Advisory Partner and he has subsequently held various positions at PwC Switzerland and PwC Global. He ultimately served as CEO of PwC Switzerland for nine years, overseeing all of the company's operations in the country. He also held various international roles within the PwC network: listed chronologically, these were member of the Global Board of PwC; Senior Partner, PwC Continental Europe, member of the Global Executive Team and member of the Office of the Global Chairman. From 2012 until June 2019 Markus R. Neuhaus chaired the Board of Directors of PwC Switzerland and served on the Supervisory Board of PwC Europe.

**Other activities and functions:** Markus R. Neuhaus is Vice Chairman of the Board of Directors of Barry Callebaut AG, Zurich, member of the Board of Directors of Bâloise Holding AG, Basel, member of the Board of Directors of Galenica AG, Berne, member of the Board of Directors of Jacobs Holding AG, Zurich, Chairman of the Finance and Taxation Committee of Economiesuisse, Zurich, Vice Chairman of the Board of Trustees of Avenir Suisse, Zurich, Vice Chairman of the Supervisory Board of the Zurich Chamber of Commerce, Zurich, Vice Chairman of the Board of Trustees of the NPO stars – for leaders of the next generation as well as member of the Board of Trustees of ETH Foundation.

## Monika Schüpbach

### Member of the Board of Directors

Monika Schüpbach's educational background is in business and office administration and she holds a business administration diploma accredited by the Business School Switzerland. Before joining Steigenberger Hotel Group in 1991, Monika Schüpbach held various positions in the hotel industry, such as executive assistant and reception manager in Gstaad and Adelboden. From 1991 she was the HR and Administrative Manager of the Steigenberger Hotel Gstaad-Saane and was promoted to Deputy Managing Director four years later. In 1999 she transferred to Steigenberger Hotels AG in Zurich as Deputy Managing Director and Head of Accounting and Controlling. In 2004 she was named Commercial Director of Steigenberger Flughafen Gastronomie in Frankfurt am Main, Germany, where she was in charge of restructuring the unit's administrative operations, optimising its operating performance and overhauling its IT system. In 2005 Monika Schüpbach was named Delegate to the Board of Directors of Steigenberger Hotels AG and successfully managed the company as CEO for almost a decade. In 2014 she established her own consultancy, T2 Think twice Consulting by Monika Schüpbach, with a focus on strategy, process and organisational development in the hotel, food service and tourism industries.

**Other activities and functions:** Monika Schüpbach is a Delegate of the Board of Directors of Steigenberger Hotels Aktiengesellschaft.

## Markus Voegeli

### Member of the Board of Directors and Member of the Audit Committee

Markus Voegeli holds a Master of Business Administration from the University of Zurich. Upon graduation, he managed controlling operations at Swissair's Department Europe 1 and in 1991 assumed the position of Project Manager at Swissair Beteiligungen AG. From 1993 to 1995, he managed Gate Gourmet's international projects for strategic business development and later joined Icarus Consulting as a partner and deputy managing director. In 1996 he assumed the position of CFO of Nuance Global Traders in Sydney, which, at that time, operated about 60 tax and duty-free shops in Australia and New Zealand. After overseeing its successful financial turnaround, Markus Voegeli was retained by Swissôtel Group to establish its global corporate finance organisation and manage its in-house property management company in 1998. In 2001 he joined the start-up MediCentrix AG as CFO, assumed overall executive responsibility for the company two years later and guided the fast-growing company into the profit zone. From 2004 he served as CFO of Valora Management AG for approximately four years. Markus Voegeli supported the industrial company Rieter Management AG during the 2008/2009 financial crisis in financial issues and managed restructuring projects. From 2009 to 2017, he worked for Charles Vögele Trading AG, initially as CFO and from 2012 on as CEO, guiding the company through a process of restructuring, realignment and M&A. In 2018 Markus Voegeli established his own advisory company LMV Services GmbH, with a focus on business consulting. Since July 2019 he also acts as Director Finance and Services at the Psychiatric University Hospital Zurich (PUK).

**Other activities and functions:** Markus Voegeli is a member of the Board of Directors of Grand Resort Bad Ragaz AG, Bad Ragaz.

## Monika Walser

### Member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee

Monika Walser holds a master degree in rhetoric and technical communications from the University of Michigan (USA) and other educational credentials. In the years prior to 2000 she was mainly active in the field of marketing and sales. From 2000 to 2004 she served as Chief Communication Officer and a Member of the Executive Board of TDC Switzerland AG (Sunrise). From 2005 to 2009 she was Head of Communications and Human Resources as well as Deputy CEO of Swissgrid AG and, from 2006 onward, concurrently Head of Communications and Political Affairs at UCTE, the Union for the Coordination of Transmission of Electricity, in Brussels. Since 2009 she has been a partner at WAEGA-Group AG, Zurich, in which capacity she was CEO of the Swiss bag and accessories maker Freitag lab AG, Zurich, until January 2014. In spring 2014 she became CEO and Delegate to the Board of Directors of de Sede AG.

**Other activities and functions:** Monika Walser is delegate and member of the Board of Directors of de Sede AG, Klingnau, and of its sister company Ligno AG, as well as a member of the Board of Directors of its sister company Oel-Pool AG, which are all affiliates of Volare Group AG. In addition she is a member of the Board of Directors of Sanitas Beteiligungen AG and of Sanitas Stiftung, Zürich, a member of the Board of Directors of Zoo Zürich AG, Zurich, a member of the Board of Directors of Prografica AG, Dielsdorf, and a member of the Board of Directors of Greater Zurich Area AG, Zurich.

### **Provisions of the Articles of Association governing other activities and functions**

The members of the Board of Directors may simultaneously carry out no more than five additional mandates outside the Group in the supreme managing or supervising body of other listed companies, and eight such mandates at unlisted entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. If a member does not reach the maximum number of mandates at listed companies, the number of mandates permitted at unlisted entities increases accordingly. Subject to approval by the Board of Directors, a member may exceed these limits for a short period of time.

With the exception of the positions already listed under “Members of the Board of Directors”, none of the directors holds any positions or exercises any activities of relevance to corporate governance in

- governing or supervisory bodies of an important organisation, institution or foundation under private or public law;
- a permanent management or consultancy function for important interest groups;
- a public or political office.

### **Elections and organisation of the Board of Directors**

The members of the Board of Directors are elected individually by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. Re-election is permitted.

The Chairman of the Board of Directors is elected by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. Re-election is permitted. If the Chairman is unable to perform his duties, the Board of Directors shall appoint one of its members as interim Chairman for the remaining term of office. If the Chairman is absent, the Vice Chairman or another member of the Board of Directors shall represent him.

The Board of Directors shall constitute itself subject to the provisions of the law and the Articles of Association. It shall appoint a Vice Chairman from among its members and may designate a secretary who needs not be a member of the Board of Directors.

Even for non-delegable and inalienable duties, the Board of Directors may form committees from among its members and entrust these committees or their individual members with the preparation and execution of its resolutions, the supervision of transactions and related special duties. The main role of the committees is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations. The committees do not have the power to pass resolutions. Two specialist committees, the Audit Committee and the Nomination and Compensation Committee, are appointed by the Board of Directors as standing committees.

The Board of Directors meets as often as business requires, but no less than six times a year. The Board of Directors convened ten meetings between 1 January 2019 and 31 December 2019, two of which were telephone conferences. In addition there was a Board of Directors’ workshop and a site visit for the new members. One resolution was adopted by means of circular letter. The meetings lasted approximately five hours each, the telephone conference approximately 45 minutes, the workshop two days. All members were in attendance at all meetings held during their term of office.

Any director may request the Chairman to call a Board meeting or to add an item to the agenda. Besides the directors, the Board meetings are attended by the CEO and CFO and may, depending on the agenda items, be attended by other members of the Management Team.

The Board of Directors has a quorum if and as long as at least the majority of its members are present. Resolutions shall be passed by the majority of the votes of the members present. Each member shall have one vote. The Chairman shall have the casting vote.

### **Compensation, shareholdings and loans**

Information on the compensation and shareholdings of members of the the Board of Directors and any loans extended to them is presented and explained in the “Compensation Report” along with the applicable regulations.

### Function and powers

The Board of Directors is, subject to the duties and powers of the General Meeting, the Company's supreme management body. The Board of Directors is further responsible for the ultimate supervision of the Company. The Board of Directors shall have the power to perform all acts that the business purpose of the Company may entail. The Board of Directors shall be authorised to pass resolutions on all matters that are not reserved to another corporate body by law or by the Company's Articles of Association.

According to Art. 18 of the Company's Articles of Association the Board of Directors has, in particular, the following non-delegable and inalienable duties:

- Ultimate management of the Company and issuance of the necessary directives;
- Establishment of the organisation;
- Structuring of the accounting system, of the financial controls and of the financial planning;
- Appointment and removal of the persons entrusted with the management, and assignment of signing authority;
- Ultimate supervision of the persons entrusted with the management, in particular, in view of compliance with the law, the Articles of Association, regulations and directives;
- Preparation of the business report and the Compensation Report as well as preparation of the General Meeting and implementation of its resolutions;
- Passing of resolutions regarding the subsequent payment of capital with respect to not fully paid-in shares, and amendment of the Articles of Associations to that effect;
- Passing of resolutions regarding capital increases, to the extent that they are in the power of the Board of Directors (Art. 651 Para. 4 CO), recording of capital increases, preparation of the capital increase report, and amendment of the Articles of Association to that effect;
- Non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Merger Act and other laws;
- Notification of the court in case of over-indebtedness.

According to Art. 3.4 of the Organisational Regulations, moreover, the Board has the following exclusive powers and duties:

- Approval of the business strategy, passing of resolutions on the commencement of new and cessation of existing business activities, as well as approval and adoption of the Company's budget;
- Approval of transactions that the CEO or the Executive Committee, in accordance with the rules on the division of powers issued by the Board of Directors, has to submit to the Board of Directors or voluntarily submits to the Board of Directors;
- Adoption and any amendment or modification of any employee incentive programme, such as share schemes, stock option plans, restricted stock purchase agreements, etc.;
- Issuing bonds (including bonds with warrants and options) or other financial market instruments;
- Decisions on entering into any financial commitments or contingent liabilities exceeding CHF 2 million that are not within the budget approved by the Board of Directors.

In addition to the duties and powers specified in the Articles of Association and the Rules and Regulations of the Company, the Board of Directors evaluates its own performance and effectiveness at periodic intervals.

To the extent allowed by the law, and subject to the powers reserved for the Board of Directors by the Articles of Association and the Organisational Regulations, the Board of Directors delegates the entire management of the Company's operational business to the Executive Committee.

As detailed in Art. 3.5 of the Company's Organisational Regulations, the Board of Directors has delegated certain duties to the Chairman of the Board of Directors. The Chairman of the Board of Directors convenes and chairs Board meetings and General Meetings. He also represents the Board of Directors in dealings with the public, the authorities and shareholders. The Chairman ensures that all directors are informed in a timely and sufficient manner. He also monitors the implementation of resolutions adopted by the Board.

In the case of exceptional, very urgent events, the Chairman is authorised and obliged to order immediate measures even if they are within the competence of the Board of Directors as a whole. The Board of Directors must as soon as possible be informed and appropriately involved in the decision-making process.



### **Audit Committee**

The Audit Committee is a standing committee pursuant to Art. 4.1 of the Organisational Regulations that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors fulfil its supervisory obligations to the extent that this concerns the integrity of the financial statements, compliance with legal and regulatory guidelines, the performance of the internal control system and appraisal of the performance of the internal and external auditors.

The Audit Committee consists of at least three members of the Board of Directors. The Board of Directors appoints the members of the Audit Committee and its Chairman for a term of one year from among independent members of the Board of Directors who are not involved in operational management of the Company. At least one of the members of the committee possesses relevant, up-to-date knowledge of accounting and financial matters (Financial Expert). As of 31 December 2019, the Audit Committee consisted of Markus R. Neuhaus (Chairman, Financial Expert), Walter Lüthi and Markus Voegeli. Bernhard Pfulg, the interim Group CFO until 28 October 2019, attended the meetings of the Audit Committee without voting rights; Andreas Lindner has attended the Committee's meetings since October without voting rights.

The Audit Committee has the following responsibilities:

- To review and assess the effectiveness of the external and internal auditors, in particular their independence;
- To review and assess the audit scope and plan, the examination process and the results of the external and internal audit, and to examine whether the recommendations of the external and internal auditors have been implemented;
- To review the auditors' reports and to discuss them with the auditors;
- To make recommendations about the appointment of the external auditor, which the Board of Directors can then put to shareholders for approval at the General Meeting;
- To approve the remuneration and terms of engagement of the external auditor;
- To assess internal controls as well as the risk management system and risk mitigation measures set up by management;
- To assess compliance with statutory and regulatory rules, Organisational Regulations and corporate governance within the Company;
- To review in cooperation with the auditors, the CEO and the CFO whether the accounting principles and financial control mechanisms of the Company and its subsidiaries are appropriate to the size and complexity of the business;
- To review and discuss with management and auditors the annual and interim statutory and consolidated financial statements and any other Company documents relating to the accounts, prior to submission to the Board of Directors;
- To consider any other matters as may be requested by the Board of Directors;
- To review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

The committee holds at least four regular meetings a year. It can convene additional meetings at its discretion. During the period from 1 January 2019 to 31 December 2019 the Audit Committee held five meetings, none of which was a telephone conference. All members of the Audit Committee attended all meetings held during the year under review.

### **Nomination and Compensation Committee**

The Nomination and Compensation Committee is a standing committee pursuant to Art. 4.2 of the Organisational Regulations that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations. In terms of its organisation and duties, the Committee meets all the requirements of a compensation committee as defined in Art. 7 OAEC and Art. 23 of the Company's Articles of Association.

More information about the organisation and the responsibilities and duties of the Nomination and Compensation Committee can be found in the "Compensation Report" of this annual report.

### **Division of powers and responsibilities between the Board of Directors and the Executive Committee**

The Board of Directors bears ultimate responsibility for the business activities and affairs of the Company and the Group. The Board of Directors has delegated responsibility for operational management of the Company to the Executive Committee within the limits imposed by law and in accordance with the Company's Organisational Regulations. The CEO chairs the Executive Committee and is authorised to issue instructions to the other members. The members of the Executive Committee conduct their day-to-day business on their own initiative within the framework of the corporate strategy, corporate targets and budgetary targets approved by the Board of Directors.

The demarcation lines between the responsibilities of the Board of Directors and the Executive Committee have been laid down in the Organisational Regulations of ORIOR AG.

The Organisational Regulations, the Audit Committee Charter and the Nomination and Compensation Committee Charter can be downloaded from the Company's website at <https://orior.ch/en/corporate-governance>.

### **Reporting and control instruments in dealings with the Executive Committee**

At each meeting of the Board of Directors the CEO reports on the general course of business, any deviations from budget and significant business occurrences.

During the periods between meetings the members of the Board of Directors receive monthly written reports on the general course of business and the Company's financial situation. These monthly reports contain up-to-date information on the course of business and detailed comments on the results of the Group, the individual segments and the competence centres. They also contain information on the Company's share price and developments relating to shareholder structure.

Once a year the Board of Directors holds a strategy workshop that lasts approximately two days to review strategic goals, risk management policy and the medium-range forward planning for the following three years, among other matters. Planning is discussed in detail with the heads of the segments and competence centres. The Board of Directors is directly briefed on the ongoing strategic and operational projects and the results achieved during these discussions.

Besides the 3-year plan, the Board of Directors is also given a projection of the expected annual results at least twice a year.

Furthermore, the Chairman of the Board of Directors maintains close contact with the CEO. The course of business and all major issues of corporate relevance are discussed at regular meetings scheduled at least twice a month. The Chairman of the Board of Directors is closely involved with the Company and focuses his attention primarily on strategic issues and projects. Each member of the Board of Directors can request information on the course of the Company's business from persons entrusted with management of the Company.

Any exceptional incidents must be reported to the members of the Board of Directors either by the CEO or the Chairman of the relevant committee without delay.

### **Risk management**

The ORIOR Group has risk management systems in place at all its Group companies. Potential risks are reviewed periodically and significant risks to which the Company is exposed are identified and assessed for probability of occurrence and effect. Action to manage and contain these risks is approved by the Board of Directors.

In addition to this periodic risk review by the Board of Directors, the ORIOR Group practices active risk management at the Group's competence centres as an integrated part of the planning processes.

### **Internal Control System**

The Internal Control System (ICS) is constantly being expanded and improved. The ICS contributes to the continual improvement of ORIOR's business activities and is designed to ensure that the necessary procedures and tools for identifying and controlling risk are in place. It fulfils Swiss legal requirements and is adequate for the needs of a group of ORIOR's size.

The ORIOR Group's ICS is based on the COSO framework. Besides the controls ensuring adherence to strategic and operating targets as well as regulatory compliance, the main priorities of the ICS are to monitor risks in connection with the financial reporting activities of all Group companies.

Compliance with the ICS and its effectiveness is reviewed on a regular basis by external auditors. The external auditors also perform appropriate test procedures to ascertain whether an ICS exists, which they must confirm in their audit report.

### **Internal auditing**

The internal auditors support the Board of Directors in fulfilling its tasks of control and supervision, particularly within the Group's subsidiaries. The internal auditors provide an independent and objective auditing and consultancy service aimed at creating added value and improving business processes. Internal auditing supports the Company in the achievement of its aims by using a systematic and targeted approach to evaluating the effectiveness of risk management, controls and management and supervision processes, and helping to improve these.

The tasks of internal auditing include the following activities:

- Auditing and assessing the appropriateness and effectiveness of planned and existing internal controls;
- Supporting the exchange of best practices and know-how within the organisation;
- Verifying the reliability and integrity of ORIOR's financial and operational information, including the ways and means for the identification, measurement, classification and reporting of such information;
- Checking the systems established by management to ensure adherence to guidelines, workflows, laws and statutory regulations that may have a significant influence on operations or on compliance;
- Checking and assessing the economic and efficient use of resources;
- Checking work processes and projects to ensure that specified targets are achieved and that work processes and projects are executed as planned.

The internal auditors are functionally independent and have no competence to issue instructions or make decisions in regard to any part of the Company being audited. They report directly to the Audit Committee. Administratively, the internal auditors are managed by the Executive Committee. Both internal and external resources can be used to carry out their tasks.

In cooperation with the Audit Committee, the internal auditors draw up a strategic audit plan at regular intervals, which is presented to the Board of Directors for approval. On the basis of this multi-year plan, an operational audit plan is devised by the internal auditors, setting out in detail the planned audits to be carried out over the following year. This plan is presented to the Audit Committee for approval. In addition the Board of Directors can issue special instructions to the internal auditors. The focus of their review in 2019 was Cybersecurity.

Following each completed audit, the internal auditors draft a written audit report. In addition to the findings and recommendations of the internal auditors, this report contains input from management, stating the planned measures in response to the findings of the report and the period of time required for the completion of these measures. The Executive Committee verifies the implementation of the defined measures and keeps the Audit Committee informed on an ongoing basis.

The external auditors are provided with information concerning the audit plan and the auditing activities of the internal auditors, and also receive the audit reports. The internal auditors have access to the reports of the external auditors.

From 2011 internal auditing has been outsourced to PricewaterhouseCoopers. The internal auditors did not attend any meetings of the Board of Directors in 2019 but they did attend two meetings of the Audit Committee during the year under review.

#### 4. Executive Committee

The Executive Committee is responsible for the operational management of ORIOR and for all affairs which do not lie within the responsibility of the Board of Directors or another body according to the law, the Articles of Association or the Organisational Regulations. The delegation of duties and responsibilities by the Executive Committee to third parties or subordinate bodies is permitted. Ultimate responsibility for all Executive Committee tasks pursuant the Organisational Regulations of ORIOR AG and the related decision-making authority rest with the CEO and the Executive Committee. The CEO issues the necessary regulations and arranges appropriate measures as required. To broaden the Company's leadership base and ensure the seamless cascading of information, an Extended Executive Committee consisting of representatives and specialists from various business units and geographically and/or thematically organised Management Committees has been formed to address overarching management tasks. The Executive Committee holds institutionalised meetings with the members of the Extended Executive Committee and the Management Committees on a regular basis.

##### Members of the Executive Committee

The members of the Executive Committee are appointed by the Board of Directors upon recommendation by the CEO and a corresponding recommendation by the Nomination and Compensation Committee. There were three persons on the Executive Committee as of 31 December 2019. The following table provides an overview of the members of the Executive Committee as of 31 December 2019, the year of birth, the nationality, the function within the Group and the year they were appointed to the Committee.

Name	Year of birth	Nationality	Position	Year of appointment
Daniel Lutz	1966	Swiss	CEO ORIOR Group	2015
Andreas Lindner <sup>1</sup>	1965	Swiss	CFO ORIOR Group	2019
Filip De Spiegeleire	1961	Belgian	Head ORIOR Europe and Head Culinor Food Group	2016

<sup>1</sup> With ORIOR since 1 October 2019; role of CFO assumed as of 28 October 2019.

##### Changes in the Executive Committee

Andreas Lindner assumed the position of CFO of ORIOR Group as of 28 October 2019 and became a member of ORIOR's Executive Committee effective that same date. Bernhard Pfulg, the interim Group CFO until 28 October 2019 who had held a seat on the Extended Executive Committee during this time, was appointed CFO of ORIOR Switzerland and Deputy CFO of ORIOR Group after stepping down as interim Group CFO.

## ORIOR Executive Committee



From left to right: Andreas Lindner (CFO ORIOR Group), Daniel Lutz (CEO ORIOR Group), Filip De Spiegeleire (Head ORIOR Europe and Culinor Food Group)

### Daniel Lutz

#### CEO ORIOR Group

Daniel Lutz graduated from the Executive Development course at IMD Lausanne and obtained a Bachelor of Business Administration degree from the St. Gallen University of Applied Sciences. From 1992 to 2001 he worked for Nestlé Switzerland in various sales and marketing roles. Between 2002 and 2004 he was Marketing Manager at Nestlé for the development and strategic implementation of the ice cream market in Malaysia and Singapore. From 2004 to 2006 he did the same job for Nestlé in Mexico. In 2006 he was appointed as Marketing Director Nestlé Ice Cream Switzerland and one year later, in 2007, took charge of Nestlé Frisco Findus in Rorschach as Division Executive Manager. In 2011 Daniel Lutz moved to Nestlé China Ltd., where he was responsible for ice cream and frozen foods for two years. He then became Managing Director with overall responsibility for Nestlé Food & Beverage Greater China Region. In October 2014 the Board of Directors of ORIOR AG appointed him as CEO; he took over operational management of the Group in February 2015.

**Other activities and functions:** none.

### Andreas Lindner

#### CFO ORIOR Group

Andreas Lindner holds a degree in economics from the University of Basel (lic. rer. pol.). He began his professional career in 1994 at F. Hoffmann-La Roche AG in Basel, working as a Controller for the company's Latin American pharma operations. From 1996 to 1998 he was Head of the Controlling department and assistant to the Financial Director of Roche Argentina Ltd. in Buenos Aires. Afterwards he was appointed Director of Finance and Administration at Roche International Ltd. in Montevideo. Andreas returned to Switzerland in 2001 to serve as CFO of the Fine Foods Division of Movenpick Foods International Ltd. in Cham. From 2003 to 2005 he was CFO of Burger Söhne Group in Eich and from 2006 to 2007 CFO of AO Foundation, a subsidiary of Synthes AG, in Davos. In 2008 he joined Ricola Management AG, where he served as CFO of Ricola Group for more than 10 years, and as Deputy CEO from 2014 on. In March 2019, the Board of Directors of ORIOR AG appointed Andreas Lindner as ORIOR Group's new CFO and a member of the Executive Committee. He assumed his new role at ORIOR at the end of October 2019.

**Other activities and functions:** Andreas Lindner is a member of the Board of Directors of the Felix Platter Hospital in Basel and chairs its Audit Committee and he is a member of Patria Cooperative in Basel.

## Filip De Spiegeleire

### Head ORIOR Europe and Head Culinor Food Group

Filip De Spiegeleire holds an MBA from the Drucker School of Management of Claremont Graduate University in Los Angeles (USA). He joined Amando NV, his family company specialising in fine meats, in 1987 and managed the company as its CEO from 1992 to 2000. In 1989 Filip De Spiegeleire established its own company Culinor, a company that specialises in premium fresh convenience food, and, as a result of the increased focus on the growing market of fresh convenience food, Amando was sold in 2000. Under the leadership of its founder and CEO Filip De Spiegeleire, Culinor developed into a successful food group that is well-known in the Benelux. In August 2016 Culinor Food Group became an autonomous competence centre of ORIOR. Filip De Spiegeleire continues to lead Culinor Food Group and was named Head ORIOR Europe as well as appointed to the Executive Committee of ORIOR.

**Other activities and functions:** Filip De Spiegeleire is the managing director of Depot 52 BVBA and a member of the Board of Directors of Pâtisserie Alsacienne Bloch NV.

### Other activities and functions

According to the Articles of Association and subject to approval by the Board of Directors, members of the Executive Committee may simultaneously carry out no more than one additional mandate outside the Group in the supreme managing or supervisory body of another listed company, and four such mandates at unlisted entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. A member may exceed these limits for a short period of time.

With the exception of the positions already listed under "Members of the Executive Committee", none of the Executive Committee members holds any positions relevant to corporate governance in

- Governing or supervisory bodies of an important organisation, institution or foundation under private or public law;
- A permanent management or consultancy function for important interest groups;
- A public or political office.

### Management contracts

There are no management contracts.

### Compensation, shareholdings and loans

Information on the compensation and shareholdings of members of the Executive Committee and any loans extended to them is presented and explained in the "Compensation Report" along with the applicable regulations.

## 5. Shares held by members of governing bodies

As of 31 December 2019, the members of the Board of Directors and the Executive Committee held the following shares:

Name and function	Freely disposable shares as of 31.12.2019	Restricted shares as of 31.12.2019 <sup>1</sup>	Total number of shares as of 31.12.2019	in %	Total number of shares as of 31.12.2018
Rolf U. Sutter, Chairman of the Board of Directors	107 633	350	107 983 <sup>2</sup>	1.66%	200 150 <sup>3</sup>
Walter Lüthi, Member of the Board of Directors	150	350	500	0.01%	500
Markus R. Neuhaus, Member of the Board of Directors <sup>4,5</sup>	580	0	580	0.01%	n/a
Monika Schüpbach, Member of the Board of Directors <sup>4</sup>	0	0	0	0.00%	n/a
Markus Voegeli, Member of the Board of Directors <sup>4</sup>	0	0	0	0.00%	n/a
Monika Walser, Member of the Board of Directors	700	350	1 050	0.02%	1 050
Edgar Fluri, former Vice Chairman of the Board of Directors <sup>6</sup>	n/a	n/a	n/a	n/a	5 350
Dominik Sauter, former Member of the Board of Directors <sup>6</sup>	n/a	n/a	n/a	n/a	550
Daniel Lutz, CEO ORIOR Group	2 000	1 200	3 200	0.05%	3 200
Andreas Lindner, CFO ORIOR Group <sup>7</sup>	0	0	0	0.00%	n/a
Filip De Spiegeleire, Head ORIOR Europe	7 100	800	7 900	0.12%	7 900
<b>Total</b>	<b>118 163</b>	<b>3 050</b>	<b>121 213</b>	<b>1.86%</b>	<b>218 700</b>
Total ORIOR Shares			6 517 499	100.00%	6 517 499

<sup>1</sup> Shares held under the stock ownership plan (see "Employee stock ownership plan," p. 46).

<sup>2</sup> Further information on the change in the number of shares held by Rolf U. Sutter can be found on page 15 of the "Corporate Governance Report 2019".

<sup>3</sup> Personal and group shareholdings (see page 12 of the "Corporate Governance Report 2018").

<sup>4</sup> Elected to the Board of Directors for the first time on 11 April 2019.

<sup>5</sup> Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

<sup>6</sup> Resigned effective 11 April 2019.

<sup>7</sup> With ORIOR since 1 October 2019; role of CFO assumed as of 28 October 2019.

Edgar Fluri, the former Vice Chairman of the Board of Directors holds 350 ORIOR shares that were purchased in 2018 within the framework of a stock ownership programme; these shares are restricted until 31 July 2021. Under the same programme the former CFO and member of the Executive Committee Ricarda Demarmels purchased 1 100 ORIOR shares, restricted until 31 July 2021.

Members of the Board of Directors and the Executive Committee are granted no special terms or rights when purchasing shares other than those offered under the share purchase offer.

## 6. Shareholders' rights of participation

### Restriction of voting rights, voting by proxy

Holders of registered shares are registered on request in the Company's share register, subject to their signature of a written statement expressly confirming that they have acquired the shares in their own name and for their own account.

Share capital held by any single Nominee must not exceed 2% of the Company's total issued share capital. The Board of Directors can permit registration of Nominees holding shares (with voting rights) in excess of this limit, provided that the said Nominees disclose the names, addresses, nationalities and shareholdings of the persons for whose account they are holding 2% or more of the Company's issued share capital. No registrations exceeding the 2% limit were made during the year under review.

At the General Meeting, each share carries one vote. Voting rights can only be exercised if the shareholder is registered (with voting rights) in ORIOR AG's share register. A shareholder with voting rights can have himself represented

at the General Meeting by written proxy, either by a representative appointed by him, or by the independent proxy. The Board of Directors ensures that shareholders can also use electronic means to give power of proxy and instructions to the independent proxy. All shares held by a shareholder can only be represented by one person.

Persons who have been involved in the Company's management in any way whatsoever must abstain from voting on resolutions granting discharge to the Board of Directors. The Company's Articles of Association contain no other voting restrictions and their provisions on voting by proxy conform to Swiss law.

#### **Statutory quorum**

Unless otherwise stipulated by mandatory law or by provisions contained in the Articles of Association, the General Meeting of Shareholders passes its resolutions and confirms elections by an absolute majority of the votes represented. Abstentions are disregarded for the purpose of establishing a majority.

Should the first ballot in any election fail to produce a valid result and if more than one candidate is standing for election, the Chair shall order a second ballot that is decided by a relative majority of the votes represented. Abstentions are disregarded for the purpose of establishing a majority.

#### **Convening of General Meeting**

Ordinary General Meetings are convened by the Board of Directors and must be held annually within six months of the close of the Company's fiscal year. Invitations must be sent not less than 20 days prior to the date of the meeting. Extraordinary General Meetings shall take place as necessary, in particular in those cases stipulated by law. General Meetings are called by the Board of Directors or, if necessary, by the auditors or a liquidator.

The Annual General Meeting on 11 April 2019 was attended by 604 shareholders. They represented 194 498 voting shares or 2.98% of the total share capital of 6 517 499 issued shares. The independent proxy was asked to represent 3 939 235 registered shares on behalf of absent shareholders. Consequently, 63.43% of the total share capital, i.e. 4 133 733 registered shares with a nominal value of CHF 16 534 932 were represented. All proposals submitted by the Board of Directors were approved by shareholders.

The annual report and the 2018 parent-company and consolidated financial statements were approved, and the acts of the Board of Directors and Executive Committee were discharged. The shareholders voted for the proposed dividend payment of CHF 2.24 per registered share for the 2018 fiscal year.

In the elections, an overwhelming majority of shareholders voted to re-elect Rolf U. Sutter as Chairman and Walter Lüthi and Monika Walser as directors for another one-year term and elected Markus R. Neuhaus, Dr. iur., Monika Schüpbach and Markus Voegeli as new member of the Board of Directors. Monika Walser, Rolf U. Sutter and Walter Lüthi were elected as members of the Compensation Committee. In addition, Ernst & Young AG, Basel, was confirmed as auditor for the 2019 financial year and René Schwarzenbach, Dr. iur., was elected as independent proxy until the end of the Annual General Meeting in 2020. The General Meeting also approved the total amounts of compensation paid to the members of the Board of Directors and the Executive Committee.

#### **Inclusion of agenda items proposed by shareholders**

One or more shareholders whose combined shareholdings represent in the aggregate not less than 10% of the Company's share capital or an aggregate par value of not less than CHF 1 million can demand inclusion of an item in the agenda of a General Meeting. Such a demand must be received in writing by the Company's Board of Directors at the latest 60 days prior to the date of the meeting, stating the agenda item and the motions proposed by the shareholder(s).

#### **Entries into share register**

Unless other cut-off dates are stipulated by the Board of Directors, no entries into the share register are permitted as from the date of dispatch of the invitations to the General Meeting until the day after the date of the meeting.



## 7. Changes of control and defence measures

### Obligation to make an offer

According to the Swiss Financial Market Infrastructure Act (FMIA), shareholders or a group of shareholders acting in concert who acquire more than 33.3% of the voting rights of a company domiciled in Switzerland and listed on an exchange in Switzerland are required to issue a public offer to acquire all listed equity securities of that company. Although it is possible to opt out of this mandatory offer obligation by amending the Articles of Association ("opting-out", Art. 125 para. 3 FMIA) or to raise the minimum threshold for this mandatory offer obligation to as high as 49% of the outstanding ORIOR shares ("opting-up", Art. 135, para. 1, FMIA), there are no such clauses in ORIOR's Articles of Association. Therefore, the aforementioned mandatory offer obligation is applicable without any restrictions in the case of ORIOR shares.

### Clauses on changes of control

There are no change-of-control agreements with members of the Board of Directors or the Executive Committee or other executives.

## 8. Auditors

### Duration of mandate and term of office of Senior Auditor

Ernst & Young AG, Aeschengraben 9, 4002 Basel, Switzerland, have acted as auditors for ORIOR AG since 2006. Ernst & Young, Basel, were re-elected as Company auditors for another term of one year by the General Meeting on 11 April 2019. Martin Gröli (Partner) is the lead auditor and he has held this position since the audit of the 2019 financial statements. He already held the position of lead auditor for the 2015 fiscal year, due to the absence of Roger Müller.

### Auditing fees / additional fees

in CHF thousand	2019	2018	2017
<b>Auditing fees</b>			
<i>Fees for auditing the consolidated financial statements, annual financial statements and the Compensation Report</i>	351.3	338.5	313.9
<i>Non-recurring fees related to acquisitions and the change in accounting standards</i>	11.4	157.7	0.0
<b>Total Auditing fees</b>	<b>362.6</b>	<b>496.2</b>	<b>313.9</b>
<b>Additional fees</b>			
<i>Tax advisory</i>	20.1	28.6	0.0
<i>Transaction-related services</i>	15.2	63.0	0.0
<i>Other audit-related services</i>	16.9	55.6	65.5
<b>Total additional fees</b>	<b>52.2</b>	<b>147.2</b>	<b>65.5</b>
<b>Total</b>	<b>414.8</b>	<b>643.4</b>	<b>379.4</b>

Auditing services consist of auditing work that needs to be performed in order to issue an opinion on the consolidated financial statements of ORIOR Group and the local statutory financial statements.

### Supervision and control of auditors

The Board of Directors exercises its responsibilities for supervision and control of the auditors through the Audit Committee. The Audit Committee prepares an annual appraisal of the independence and quality of the auditors and the fees paid to them. The Audit Committee also examines the audit plan and scope as well as the results of the external audit. In addition the Audit Committee coordinates cooperation between the external auditors and the internal auditors.

Besides the auditor's report on the financial statements and on pages 39-44 of the Compensation Report pursuant to Art. 17 OAEC, the auditor prepares a comprehensive report for the Board of Directors. This report contains the findings of its auditing activities (including an existence check on the internal control system) and its recommendations, as well as the status of findings and recommendations from previous audits. This report is discussed in detail

with the Audit Committee. The Audit Committee also monitors whether and how the Executive Committee is implementing measures that have been approved on the basis of the external auditor's findings. To this end, the auditor will also draw up an annual status report for presentation to the Audit Committee. In addition the Audit Committee has regular meetings with the senior external auditors.

The external auditors participated in four meetings and telephone conferences of the Audit Committee in 2019, but they did not attend any meetings of the Board of Directors.

Selection procedure: the current auditors were elected in 2006 for the first time by the then shareholders of the Company. The grounds for selection of Ernst & Young AG were customary criteria such as quality and cost of services.

The performance of the external auditors and the fees paid to them were reviewed in a questionnaire circulated to functions at Group level and to staff responsible for financial matters at the audited Group subsidiaries. The questions focused mainly on efficiency of the audit process, the auditors' technical knowledge of accounting principles and their understanding of Group processes and procedures, validity of the priorities addressed in the audit and justification of the audit fees. Either the CFO or the Group Controller also attended all the exit meetings with the auditors at subsidiary company level.

The Audit Committee verifies that any additional services of the auditors not relating to the actual audit work are provided strictly within the framework of the regulations on independence of service providers. The auditors are required to confirm that their performance of these additional services will not affect the independence of their auditing mandate.

## 9. Information policy

ORIOR publishes an annual and an interim report every year containing information on its business operations and the financial results of ORIOR Group. ORIOR also provides information on current events and developments through press releases, employee and customer newsletters and through online publications at [www.orior.ch](http://www.orior.ch). As a company listed on SIX Swiss Exchange, ORIOR must comply with the rules governing ad hoc publicity, i.e. it is obligated to disclose potentially price-sensitive events and developments.

Ongoing communications with shareholders, the capital market and the general public are maintained by CEO Daniel Lutz, CFO Andreas Lindner and Head of Corporate Communications & Investor Relations Milena Mathiuet. E-mails can be sent to [investors@orior.ch](mailto:investors@orior.ch) at any time.

Interested persons may join our mailing list for ad-hoc disclosures and other Company information by visiting <https://orior.ch/en/news-service>.

### Events calendar

Annual General Meeting	31 March 2020
Publication of 2020 interim results	19 August 2020
Publication of Half Year Report 2020	19 August 2020

# **ORIOR AG**

## COMPENSATION REPORT 2019

## Compensation Report

ORIOR makes every endeavour to attract, retain and develop talented, qualified and motivated executives and specialists. These endeavours are supported by a fair compensation system designed to match the levels of compensation offered by comparable corporations. With a view to facilitating sustainable corporate growth, due allowance is made for short-, medium- and long-term aspects.

This Compensation Report gives an overview of compensation paid to and, where applicable, loans granted to present and former members of the Board of Directors and the Executive Committee, and also of their holdings of shares in the Company. It also provides information on the compensation system and the basic principles of compensation, powers and duties, and the procedures for setting and approving compensation levels. This combination of quantitative and qualitative elements is designed to efficiently inform shareholders. The auditors examine the quantitative data only.

This report is based on the guiding principles given in the Swiss Code of Best Practice for Corporate Governance (2016). The information on compensation paid to the Board of Directors and the Executive Committee is also in accordance with Swiss GAAP FER Accounting Standards, Swiss law, the Ordinance Against Excessive Compensation in Public Corporations (OAEC), the SIX Directive Corporate Governance (DCG), and the Company's Articles of Association.

### 1. Underlying compensation principles

The principles of the Company's compensation policy, the various elements of compensation and the approval process for determining compensation awards for the members of the Board of Directors and the Executive Committee are set out in the Articles of Association. The Articles of Association can be downloaded from ORIOR AG's website: <https://orior.ch/en/articles-of-association-of-orior-ag>.

#### Compensation system

The compensation paid by the ORIOR Group consists of three principal elements – basic or fixed compensation, variable compensation and employee stock ownership plans.

The fixed compensation is determined on the basis of reference salaries paid by comparable corporations, local market and wage standards and on the experience and ability of each individual employee. All persons whose employment contract with ORIOR is of unlimited duration receive fixed compensation equivalent to at least 50% of their total compensation. The fixed compensation is paid in cash. Part of the fixed compensation awarded to members of the Board of Directors can, however, be paid in shares.

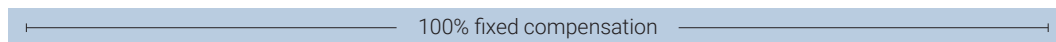
The level of variable compensation is linked to achievement of quantitative and qualitative targets. The quantitative targets are based on Company results. The qualitative compensation is based primarily on predetermined aspects of individual performance and the extent to which they meet the given expectations. At least one-fifth of the variable compensation is based on qualitative targets. Part of the variable compensation awarded to members of the Executive Committee can be paid in shares.

In addition to the Executive Committee, members of the Company's Extended Executive Committee, other executives and key employees are entitled to receive variable compensation.

The third compensation element is a stock ownership plan. Stock ownership plans are designed as performance incentives for employees possessing specialist and personal capabilities that are of importance to ORIOR with the aim of creating a stronger bond between these employees and the Company. The Board of Directors reviews which employees are to be included in these programmes on an annual basis; participants may include members of top management, executives and other key employees.

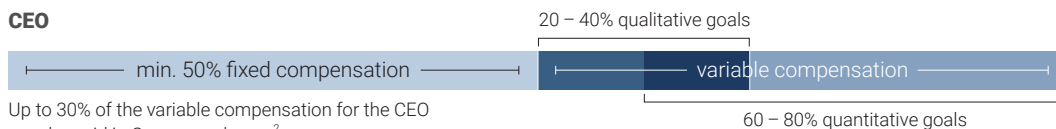
The following rules provide a guide to the split between fixed and variable compensation. According to the Company's Articles of Association, variable compensation paid to the CEO and members of the Executive Committee must not exceed 50% of the total compensation paid to the person in question.

**Board of Directors**



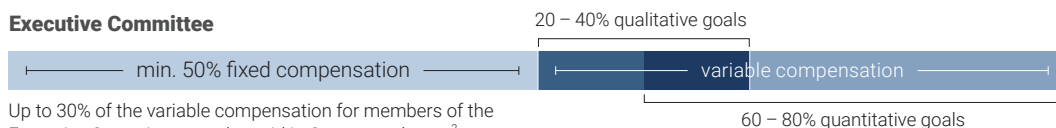
Up to 10% of the fixed compensation for members of the Board of Directors may be paid in Company shares.<sup>1</sup>

**CEO**



Up to 30% of the variable compensation for the CEO may be paid in Company shares.<sup>2</sup>

**Executive Committee**



Up to 30% of the variable compensation for members of the Executive Committee may be paid in Company shares.<sup>2</sup>

**Extended Executive Committee<sup>3</sup>**



**Middle management and key employees<sup>3</sup>**



<sup>1</sup> According to the agreement on the allocation and purchase of ORIOR AG shares (p. 40).

<sup>2</sup> According to the agreement on the allocation and purchase of ORIOR AG shares (p. 44).

<sup>3</sup> Guidelines; individual figures may be different.

In addition to the above arrangements, employees at all levels are offered a wide range of training and development opportunities.

### Responsibility and procedure for setting compensation levels

The Nomination and Compensation Committee is responsible for the design and the regular review and evaluation of the Company's compensation system. External experts are only used to help determine the compensation system in the event of a fundamental reorganisation. In the context of new appointments or promotions to Executive Committee level, function-specific benchmarks are used depending on the situation, with companies from the convenience food sector (to which the ORIOR Group belongs) forming the reference market.

Responsibilities for the various levels of the hierarchy are as follows:

Recipient of compensation	Compensation recommendation	Compensation decision	Approval required from General Meeting
<b>Member of the Board of Directors</b>	Nomination and Compensation Committee	Board of Directors as recommended by the Nomination and Compensation Committee	Yes: maximum total amount of fixed compensation to be paid to the Board of Directors
<b>CEO</b>	Nomination and Compensation Committee	Board of Directors as recommended by the Nomination and Compensation Committee	Yes: maximum total amount of fixed compensation to be paid to the Executive Committee and total amount of variable compensation to be paid to the Executive Committee.
<b>Members of the Executive Committee (excl. CEO)</b>	Nomination and Compensation Committee as proposed by CEO	Board of Directors as recommended by the Nomination and Compensation Committee	
<b>Extended Executive Committee, Management Committees and key employees reporting directly to CEO</b>	CEO	Nomination and Compensation Committee as recommended by CEO	No
<b>All other employees</b>	Line manager	Line manager in consultation with their supervisor	No

At the request of the Nomination and Compensation Committee, the Board of Directors annually approves the compensation payable to each member of the Board of Directors and the compensation payable to individual members of the Executive Committee. Its proposals for salaries payable to the Executive Committee (excl. CEO) are prepared in advance by the CEO and submitted to the Nomination and Compensation Committee. Individual members of the Board of Directors abstain from voting on the resolution approving payment of their personal compensation.

The Board of Directors decides on the amounts of compensation paid to its members and members of the Executive Committee and then proposes this to the General Meeting for binding approval pursuant to Art. 18 OAEC and Art. 26 and Art. 29 of the Company's Articles of Association.

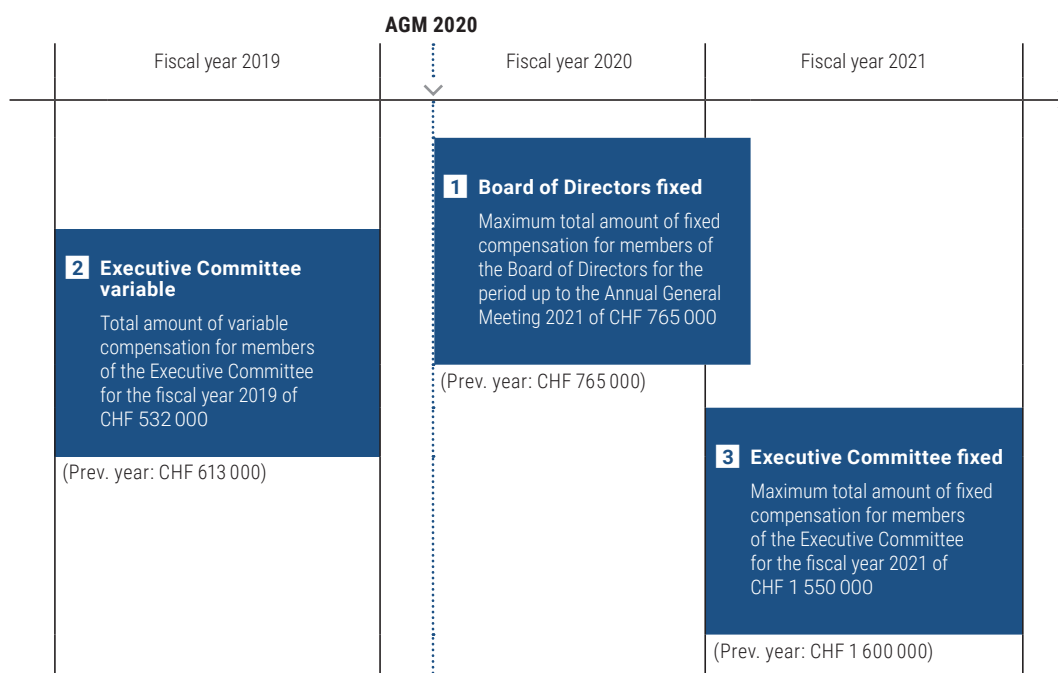
The extent to which the targets of relevance for the calculation of variable compensation have been attained is determined, in the case of the CEO, by the Board of Directors based on a proposal submitted by the Nomination and Compensation Committee and, in the case of the other Executive Committee members, by the Nomination and Compensation Committee based on a proposal submitted by the CEO. The full Board of Directors will determine the total amount of variable compensation for the members of the Executive Committee for the last fiscal year and submit a corresponding resolution to the General Meeting for approval in a binding vote.

**Approval mechanism for compensation paid to the Board of Directors and the Executive Committee**

Shareholders vote on the following elements of compensation at the Annual General Meeting of Shareholders:

- 1 Binding vote on the maximum total amount of fixed compensation to be paid to members of the Board of Directors for the period up to the next Annual General Meeting.
- 2 Binding vote on the total amount of variable compensation to be paid to members of the Executive Committee for the last fiscal year.
- 3 Binding vote on the maximum total amount of fixed compensation to be paid to members of the Executive Committee for the next fiscal year.

The following chart shows which components of compensation and for which periods the shareholders will be voting on at the Annual General Meeting of 31 March 2020.



Owing to the rules set out in the Articles of Association, there is no need for the General Meeting to approve additional compensation for new Executive Committee members pursuant to Art. 19 OAEC. For more information about the additional amount, please see "Additional amount for new Executive Committee members" on page 43 of this Compensation Report.

**2. Nomination and Compensation Committee**

The Nomination and Compensation Committee is a standing committee that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations. In terms of its organisation and duties, the committee meets all the requirements of a compensation committee as defined in Art. 7 OAEC and Art. 23 of the Company's Articles of Association.

The Nomination and Compensation Committee consists of at least three members of the Board of Directors. The members are elected individually by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. The majority of members are independent and non-executive. The Board of Directors appoints the Chairman of the committee from among its members. On 31 December 2019 Monika Walser (Chairwoman), Walter Lüthi and Rolf U. Sutter sat on the Nomination and Compensation Committee.

The Nomination and Compensation Committee has the following responsibilities and duties according to Art. 23 of the Company's Articles of Association and according to the Nomination and Compensation Committee Charter:

- To ensure long-term planning of appropriate appointments to positions on the Board of Directors and the Executive Committee; and general management development and succession planning to ensure the Company has the best possible leadership and management talent;
- To nominate candidates to fill vacancies on the Board of Directors or the position of CEO;
- To appoint candidates for the Executive Committee in response to proposals by the CEO;
- To make recommendations to the Board of Directors on the composition of the Board of Directors and to identify appropriate candidates;
- To make determinations regarding the independence of members of the Board of Directors;
- To recommend to the Board of Directors whether to reappoint a director at the end of their term of office;
- To recommend to the Board of Directors the terms of employment of the CEO and members of the Executive Committee;
- To submit proposals to the Board of Directors on the definition of principles for compensating the members of the Board of Directors and Executive Committee within the parameters of the law and the Articles of Association;
- Regularly to check the Company's compensation system for compliance with the compensation principles pursuant to the law, Articles of Association, Regulations and the remuneration-related resolutions of the General Meeting;
- To review matters related to the general compensation rules for employees as well as the Company's human resource practices;
- To submit proposals to the Board of Directors about the amounts of fixed compensation to be paid to members of the Board of Directors;
- To submit proposals to the Board of Directors on the assessment criteria for qualitative and quantitative targets for calculating variable compensation paid to members of the Executive Committee;
- To submit proposals to the Board of Directors about the amounts of fixed and variable compensation to be paid to the CEO;
- To recommend to the Board of Directors in response to a proposal by the CEO the amounts of fixed and variable compensation paid to members of the Executive Committee, all senior employees and key people who report directly to the CEO;
- To submit the Compensation Report to the Board of Directors for approval;
- To make recommendations to the Board of Directors about granting options or other securities, including employee share schemes, to employees of all levels;
- To consider any other matters as may be requested by the Board of Directors;
- To take all other action required of it by law, the Articles of Association or the Regulations;
- To review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

The Nomination and Compensation Committee meets at least two times a year at regular meetings called by the committee chairperson. The CEO, members of the Executive Committee or other guests may be invited, but hold no voting rights. During the period from 1 January 2019 to 31 December 2019 the Nomination and Compensation Committee held five meetings. All members attended all meetings held during their term of office.

### 3. Compensation awarded to the Board of Directors

The elements of compensation, the mechanisms by which these are approved, as well as other principles underlying the compensation paid to the Board of Directors are set out in the Company's Articles of Association.

#### Components of compensation

Members of the Board of Directors receive fixed compensation for their role. Additional payments may be made for membership in committees or for taking on special responsibilities or tasks. The members of the Board of Directors are compensated in cash. Part of their compensation may be paid in shares of the Company (allocation). For activities in legal entities directly or indirectly controlled by the Company, and for mandates performed as part of the member's position on the Board of Directors, the legal entity concerned may make payments to the member of the Board of Directors provided these payments are within the amount approved by the General Meeting.



Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Board of Directors may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). Members of the Board of Directors also have their expenses reimbursed. Reimbursement of expenses does not count as compensation. In addition and to the extent permitted by law, the Company may indemnify members of the Board of Directors for losses suffered in connection with lawsuits, trials or settlements relating to their work for the Company, or advance appropriate amounts or take out insurance. Such indemnities, advances and insurance do not count as compensation.

ORIOR is required by law to finance contributions to pension schemes for the members of the Board of Directors. Reported compensation includes only compulsory pension scheme contributions as required by applicable law in the respective country. These contributions are part of the total compensation paid to each director. The directors do not receive any additional components of compensation, such as pension entitlements or meeting attendance fees.

### Overview of the compensation awarded to members of the Board of Directors

As of 31 December 2019 the Board of Directors consisted of six members. Edgar Fluri and Dominik Sauter did not stand for re-election at the Annual General Meeting on 11 April 2019. All other board members stood for re-election and were duly elected at the Annual General Meeting to serve another term of office as directors of ORIOR AG. Markus R. Neuhaus, Monika Schüpbach and Markus Voegeli were elected to the Board of Directors as new members. Further information on the Board of Directors, its powers, the delegation of its duties and responsibilities, its spheres of influence, and its composition can be found in the "Corporate Governance Report".

All compensation awarded to the Board of Directors is reported according to the accrual principal, which states that transactions are recorded in the period (i. e. fiscal year) in which they actually occur.

in CHF	Gross compensation	Additional compensation <sup>1</sup>	Total compensation 2019	Gross compensation	Additional compensation <sup>1</sup>	Total compensation 2018
Rolf U. Sutter Chairman of the Board of Directors	274 478	75 230	349 708	281 248	75 605	356 853
Walter Lüthi Member of the Board of Directors	66 549	3 481	70 030	63 269	3 412	66 681
Markus R. Neuhaus <sup>2</sup> Member of the Board of Directors	56 875	4 609	61 484	0	0	0
Monika Schüpbach Member of the Board of Directors	31 992	2 593	34 585	0	0	0
Markus Voegeli Member of the Board of Directors	38 290	0	38 290	0	0	0
Monika Walser Member of the Board of Directors	83 535	0	83 535	78 173	348	78 521
Edgar Fluri <sup>3</sup> Member of the Board of Directors	29 764	1 952	31 716	95 706	5 374	101 080
Dominik Sauter <sup>3</sup> Member of the Board of Directors	17 774	0	17 774	53 320	0	53 320
Christoph Clavadetscher <sup>4</sup> Mitglied des Verwaltungsrats	0	0	0	26 660	0	26 660
<b>Total Verwaltungsrat</b>	<b>599 257</b>	<b>87 865</b>	<b>687 122</b>	<b>598 376</b>	<b>84 739</b>	<b>683 115</b>

<sup>1</sup> These sums consist exclusively of compulsory pension scheme contributions as required by applicable law in the respective country.

<sup>2</sup> Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

<sup>3</sup> Resignation effective 11 April 2019.

<sup>4</sup> Resignation effective 12 April 2018.

### Note to the compensation of the members of the Board of Directors

The directors receive fixed compensation of CHF 45 000 for their service on the Board of Directors. The amount of compensation awarded to the Chairman and Vice Chairman is higher given their additional duties and responsibilities. Since his resignation as CEO of ORIOR AG in 2011 and concurrent election as Chairman of the Company's Board of Directors, Rolf U. Sutter has been actively engaged in strategic issues and projects. In addition to chairing the Board of Directors, he provides guidance on strategy, acquisition projects, the longer-term evolution of the Board

of Directors and the Executive Committee, and the screening of new talents. He also supports innovation processes, the continual improvement of the Company's business model, and other activities. The other board members receive additional compensation of CHF 10 000 for sitting on committees created by the Board of Directors, which at present are the Audit Committee and the Nomination and Compensation Committee. The persons chairing these two committees receive additional compensation of CHF 25 000 a year.

#### Approval of compensation awarded to the Board of Directors

The General Meeting holds a binding vote each year on the maximum total amount of fixed compensation for members of the Board of Directors for the period up to the next Annual General Meeting. This period from General Meeting to General Meeting is not the same as the fiscal year period shown above, so the overall amounts paid to the Board of Directors for the actual terms of office are shown below.

Term of office	AGM 2020 to AGM 2021	AGM 2019 to AGM 2020	AGM 2018 to AGM 2019	AGM 2017 to AGM 2018
Number of Board members anticipated <sup>1</sup>	6	6	6	6
Number of Board members actual <sup>2</sup>	n/a	n/a	5.2	6
Maximum total amount of compensation to the Board of Directors in CHF	765 000	765 000	765 000	765 000
Total amount of fixed compensation actually awarded to the Board of Directors in CHF	n/a	n/a	669 900	687 680
Approval status	Proposal to the AGM on 31 March 2020	Approved by the AGM on 11 April 2019	Approved by the AGM on 12 April 2018	Approved by the AGM on 28 March 2017

<sup>1</sup> Number of directors expected to be in office during the corresponding term at the time the proposal is submitted.

<sup>2</sup> Number of directors who actually served during the corresponding term.

The difference between the total compensation of CHF 687 680 actually awarded to the Board of Directors for the term of office from the Annual General Meeting 2017 to the Annual General Meeting 2018 compared to CHF 669 900 for the subsequent term of office from the Annual General Meeting 2018 to the Annual General Meeting 2019 is due to the effective decline in the number of directors.

For the term of office from the Annual General Meeting 2020 to the Annual General Meeting 2021, the Board of Directors will ask shareholders at the Annual General Meeting of 31 March 2020 to approve the same maximum total amount of compensation of CHF 765 000 for the anticipated six members of the Board of Directors. Compared to the most recent total compensation that was actually paid, an amount of CHF 669 900 for the term of office from the 2018 Annual General Meeting to the 2019 Annual General Meeting, this proposed compensation represents a theoretical, potential increase of approximately 7% per year. Please note that during the term of office from the 2018 Annual General Meeting to the 2019 Annual General Meeting there were not six members on the Board of Directors as originally planned, and therefore the actual amount paid was lower than expected. The further amount can be utilised for additional compensation in accordance with the provisions regarding supplementary benefits specified in the Articles of Association (see also p. 38 ff. of the Compensation Report), or in connection with changes in the composition of the Board of Directors, or for share purchase offers under employee stock ownership plans.

#### Shares allocated to the Board of Directors

Under the terms of the agreement on the allocation and purchase of Company shares, the members of the Board of Directors may receive 10% of their fixed compensation in shares (allocation). The calculated price of the shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. The shares are subject to a holding period of three years beginning on the date of allocation. No shares were allocated to members of the Board of Directors between 1 January 2019 and 31 December 2019. Compensation was paid entirely in cash.

#### Share purchase agreement for members of the Board of Directors

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Board of Directors may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). No shares were allocated to members of the Board of Directors within the framework of the stock ownership plan between 1 January 2019 and 31 December 2019.

**Options**

The Company has no stock option plans.

**Other compensation and remuneration**

No other compensation or remuneration was paid to members of the Board of Directors in 2019.

**Loans and credit facilities**

In accordance with Art. 20 of the Company's Articles of Association, loans and credit facilities may be extended to members of the Board of Directors only in exceptional cases that are well justified. Moreover, the total amount of such loans and credit facilities must not exceed CHF 200 000 per member. All loans extended to members of the Board of Directors will be on market terms. ORIOR Group did not provide any loans, credit facilities, cash advances or credit to the members of the Board of Directors or parties closely related to them in 2018 and 2019.

**Compensation paid to former members of the Board of Directors**

In 2019 no compensation, fees or other additional remuneration were paid to former members of the Board of Directors. No loans, credit, cash advances or collateral were provided to former members of the Board of Directors in 2018 and 2019 and there are no such arrangements outstanding from previous periods.

**4. Compensation awarded to the Executive Committee**

The elements of compensation, the mechanisms by which these are approved, as well as other principles underlying the compensation paid to the Executive Committee are set out in the Company's Articles of Association.

**Components of compensation**

Members of the Executive Committee receive fixed and variable compensation for their work.

The fixed compensation is determined on the basis of reference salaries paid by comparable corporations, local market and standards, and experience and ability. Fixed compensation is paid in cash and, as stipulated by the Company's Articles of Association, must correspond to at least 50% of the total compensation awarded to each member.

The variable compensation for members of the Executive Committee is based on qualitative and quantitative goals, may account for no more than 50% of overall compensation, and can be paid partly in Company shares (allocation). The percentage of this share-based compensation is set by the Board of Directors every year. The portion of this variable amount linked to achievement of the quantitative targets constitutes approximately 60% to 80% of the total variable amount and is calculated against Company parameters: e.g. revenues, EBITDA, capital expenditure, net working capital and cash flow. In addition to clearly defined and measurable targets, so-called focus factors are defined at the beginning of each year, progress against which will be tracked and weighted more heavily in the calculation of variable compensation for the current year. For the fiscal year 2019, organic growth, the gross margin, EBITDA and the level of debt within the context of the second stage of the acquisition of Casualfood were defined as focus factors. The qualitative performance component (approximately 20% to 40% of the variable amount) is payable for achievement of predefined individual targets (e.g. strategy, leadership qualities, innovation, value-enhancing initiatives). Focus factors in regard to the qualitative goals for the members of the Executive Committee were the continued strengthening of the Group's resilience through an optimal positioning, which includes the integration of Casualfood, the further optimisation of cost structures at the competence centres, the ongoing development of the new business areas, Biotta in particular, and the effectiveness of the Extended Executive Committee. Part of the variable compensation may be paid in Company shares (allocation). The total amount of variable compensation for the members of the Executive Committee for the past fiscal year will be submitted to the General Meeting for approval in a binding vote.

The legal entities concerned may make compensation payments to members of the Executive Committee for their activities in legal entities directly or indirectly controlled by the Company, and for mandates performed within the scope of their duties as an Executive Committee member provided these payments are within the amounts approved by the General Meeting.

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Executive Committee may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). In addition the members of the Executive Committee also have their business-related expenses reimbursed. Reimbursement of business-related expenses does not count as compensation.

To the extent permitted by law, the Company may indemnify members of the Executive Committee for losses suffered in connection with lawsuits, trials or settlements relating to their work for the Company, or advance appropriate amounts or take out insurance. Such indemnities, advances and insurance do not count as compensation.

### Overview of compensation awarded to the Executive Committee

The Executive Committee had three members on 31 December 2019, Daniel Lutz, CEO of ORIOR Group, Andreas Lindner, CFO of ORIOR Group, and Filip De Spiegeleire, Head of ORIOR Europe and Head of Culinor Food Group. Bernhard Pfulg acted as interim Group CFO until 28 October 2019 and in this role, he held a seat on the Extended Executive Committee. In view of his functional responsibilities, Bernhard Pfulg is included in the compensation sums given below for the duration of his service as interim CFO of ORIOR Group, even though he was not a formal member of the Executive Committee. Andreas Lindner has been with ORIOR since 1 October 2019; he assumed the role of CFO of ORIOR Group on 28 October 2019.

The fixed compensation awarded to new members of the Executive Committee can exceed the supplementary amount of compensation stipulated in the Articles of the Association (see Art. 29, para. 4) if the maximum total compensation approved by the General Meeting is not sufficient; it is not subject to renewed approval by the General Meeting. Further information on the supplementary amount of compensation is given in the section "Additional amount for new Executive Committee members" on page 43 of this Compensation Report.

Compensation paid to current and former members of the Executive Committee is reported according to the accrual principal, which states that transactions are recorded in the period (i. e. fiscal year) in which they actually occur.

in CHF	Executive Committee excl. CEO	Daniel Lutz (CEO)	Total compensation 2019	Executive Committee excl. CEO	Daniel Lutz (CEO)	Total compensation 2018
Average number of current members <sup>1</sup>	2.1	1.0	3.1	2.0	1.0	3.0
Gross fixed compensation	642 830	407 083	1 049 913	619 872	430 302	1 050 174
Post-employment benefits	61 471	125 214	186 685	37 108	123 938	161 046
Other social contributions	26 428	34 649	61 077	21 605	35 916	57 521
<b>Total amount of fixed compensation actually awarded to current members</b>	<b>730 729</b>	<b>566 946</b>	<b>1 297 675</b>	<b>678 585</b>	<b>590 156</b>	<b>1 268 741</b>
Average number of former members	0.4	0	0.4	0	0	0
Compensation to former members	141 257	0	141 257	0	0	0
<b>Total fixed compensation actually paid to current and former members</b>	<b>871 986</b>	<b>566 946</b>	<b>1 438 932</b>	<b>678 585</b>	<b>590 156</b>	<b>1 268 741</b>
Number of members at time of proposal <sup>2</sup>	2.0	1.0	3.0	2.0	1.0	3.0
Total amount of fixed compensation approved			1 500 000			1 400 000
Available amount of additional compensation for new members			147 539 <sup>3</sup>			0
Amount of additional compensation for new members actually expended			0			0
Gross variable compensation	189 860	310 000	499 860	215 480	360 000	575 480
Other social contributions	7 049	24 972	32 021	8 056	29 000	37 056
<b>Total variable compensation</b>	<b>196 909</b>	<b>334 972</b>	<b>531 881<sup>4</sup></b>	<b>223 536</b>	<b>389 000</b>	<b>612 536</b>
<b>Total compensation actually paid to current and former members</b>	<b>1 068 895<sup>5</sup></b>	<b>901 918</b>	<b>1 970 813<sup>5</sup></b>	<b>902 121</b>	<b>979 156</b>	<b>1 881 277</b>

<sup>1</sup> As mentioned above, the sum for 2019 includes compensation paid to Bernhard Pfulg as interim CFO.

<sup>2</sup> Number of current members at the time the proposal is submitted, taking into consideration changes that we are already aware of and that have been announced.

<sup>3</sup> Andreas Lindner was appointed to the Executive Committee after shareholders had approved the maximum total fixed compensation for the Executive Committee for fiscal year 2019. Accordingly, an additional amount of compensation as foreseen in the Articles of Association was available for his fixed compensation.

<sup>4</sup> Subject to the approval of the total amount of variable compensation for the members of the Executive Committee by the Annual General Meeting on 31 March 2020.

<sup>5</sup> Includes the compensation paid in euros to Filip De Spiegeleire. The sum was calculated into Swiss francs using the average exchange rate for the year of CHF 1.1126 (2018: 1.1548).

The maximum total amount of fixed compensation for the members of the Executive Committee approved for 2019 is CHF 1.5 million. The total amount of fixed compensation actually paid to the members of the Executive Committee for fiscal year 2019 is CHF 1 438 932. No shares were offered to members of the Executive Committee within the scope of an employee stock ownership plan. The increase in fixed compensation actually paid to the members of the Executive Committee for fiscal year 2019 compared to fiscal year 2018 of CHF 170 191 is due to mandatory payments to a former member of the Executive Committee under Swiss law and to the change in the composition of the Executive Committee.

The total amount of variable compensation for the fiscal year 2019 amounted to CHF 531 881. The difference from the previous fiscal year reflects the extent to which the given targets and focus factors were achieved, which was influenced, among other developments, by the challenging situation in regard to raw materials and the general market, and by the change in the composition of the Executive Committee. These two effects together resulted in slightly lower total variable compensation for the members of the Executive Committee.

There is an executive pension plan for the members of the Executive Committee and other executives. The members of the Executive Committee and other executives also have a Company car at their disposal, including for personal use subject to certain rules. No other benefits in kind are granted.

#### **Additional amount for new Executive Committee members**

If new members of the Executive Committee are appointed after approval has been given by the General Meeting, the additional amount of compensation per new member, according to Art. 29 Para. 4 of the Articles of Association, is 120% pro rata of the highest fixed compensation paid to a member of the Executive Committee in the fiscal year preceded by the last Annual General Meeting. According to the Articles of Association, the General Meeting is not required to approve this additional compensation.

Andreas Lindner was appointed to the Executive Committee after shareholders had approved the maximum total fixed compensation for the Executive Committee for fiscal year 2019 (approved at the Annual General Meeting on 12 April 2018). Consequently, in accordance with the provisions of the Articles of Association, supplementary compensation in the amount of CHF 147 539 is available for his fixed compensation in fiscal year 2019. The total amount of compensation for the members of the Executive Committee for fiscal year 2020, as proposed in the documents pertaining to the Annual General Meeting 2019, includes compensation for Andreas Lindner.

#### **Approval of compensation awarded to the Executive Committee**

The General Meeting votes on the total amount of variable compensation awarded to the members of the Executive Committee for the past fiscal year and the maximum total amount of fixed compensation to be awarded to the members of the Executive Committee for the coming fiscal year in a binding, annual vote at the ordinary General Meetings.

Variable compensation awarded to the Executive Committee:

	<b>Fiscal year 2019</b>	<b>Fiscal year 2018</b>	<b>Fiscal year 2017</b>
Average number of Executive Committee members <sup>1</sup>	3.1	3.0	3.5
Total amount of variable compensation awarded to the Management Board in CHF	532 000	613 000	619 000
Approval status	Proposal to the AGM on 31 March 2020	Approved by the AGM on 11 April 2019	Approved by the AGM on 12 April 2018

<sup>1</sup> As mentioned earlier, the sum for 2019 includes compensation paid to Bernhard Pfulg as interim CFO.

At the Annual General Meeting on 31 March 2020, the Board of Directors will propose total variable compensation of CHF 532 000 for the members of the Executive Committee for fiscal year 2019. Details of the amount of the proposal can be found in the section "Overview of compensation to the Executive Committee" on page 42 ff. of this Compensation Report.

Fixed compensation paid to the Executive Committee:

	Fiscal year 2021	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018
Average number of Executive Committee members expected to be in office <sup>1</sup>	3.0	3.0	3.0	3.0
Average number of Executive Committee members actually in office <sup>2</sup>	n/a	n/a	3.1	3.0
Maximum total amount of fixed compensation paid to the Executive Committee in CHF	1 550 000	1 600 000	1 500 000	1 400 000
Amount of additional compensation available for new members	n/a	n/a	147 539	0.0
Total amount of fixed compensation actually paid to the Executive Committee in CHF	n/a	n/a	1 438 932	1 268 741
Approval status	Proposal to the AGM on 31 March 2020	Approved by the AGM on 11 April 2019	Approved by the AGM on 12 April 2018	Approved by the AGM on 28 March 2017

<sup>1</sup> Average number of members of the Executive Committee expected to be in office at the time the proposal is submitted.

<sup>2</sup> Average number of members of the Executive Committee actually in office during the year.

The Board of Directors will propose at the General Meeting of 31 March 2020 a maximal total amount of CHF 1 550 000 in fixed compensation to be paid to the Executive Committee for the 2021 fiscal year. Compared to the approved maximum total amount of fixed compensation for the members of the Executive Committee for the 2020 fiscal year, this represents a reduction of CHF 50 000 or 3.1%. This reduction is ascribable to the decision to launch a broad-based employee stock ownership plan in 2020 in connection with the launch of the ORIOR 2025 strategy in which members of the Executive Committee will be able to participate. No such plan is currently envisaged for 2021. Compared to the total amount of fixed compensation actually paid to the members of the Executive Committee for fiscal year 2019, the proposed maximum total amount corresponds to a difference of CHF 111 068. The potential increase in total fixed compensation between 2019 and 2021 thus amounts to less than 4% per year. The changes in the composition of the Executive Committee must be taken into account when considering the compensation paid for fiscal year 2019.

#### Shares awarded to the Executive Committee

Under the terms of the agreement on the allocation and purchase of Company shares, the members of the Executive Committee may receive between 10% and 30% of their individual variable compensation in shares (allocation). The calculated price of the shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. The shares are subject to a holding period of three years beginning on the date of grant. No shares were awarded to members of the Executive Committee between 1 January 2019 and 31 December 2019. Compensation was paid entirely in cash.

#### Share purchase agreement for members of the Executive Committee

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Executive Committee may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). An offer to purchase shares at a discount was not made to the members of the Executive Committee during the period from 1 January 2019 to 31 December 2019.

#### Options

The Company has no stock option plans.

#### Other compensation and remuneration

No other compensation or remuneration was paid to members of the Executive Committee in 2019.

#### Loans and credit facilities

In accordance with Art. 20 of the Company's Articles of Association, loans and credit facilities may be extended to members of the Executive Committee only in exceptional cases that are well justified. Moreover, the total amount of such loans and credit facilities must not exceed CHF 200 000 per member. All loans extended to members of the Executive Committee will be on market terms.

ORIOR Group did not provide any loans, credit facilities, cash advances or credit to the members of the Executive Committee or parties closely related to them in 2018 and 2019. The accounts receivable listed in Note 34 of the financial statements have arisen from operating activities with a related party at standard market conditions.

#### Contracts with Executive Committee members

In accordance with Art. 22 of the Company's Articles of Association, contracts with members of the Executive Committee may be fixed-term or permanent. The maximum duration of fixed-term contracts is one year. The notice period for an unlimited term contract may not exceed one year.

#### Compensation paid to former members of the Executive Committee

In 2019 compensation in the amount of CHF 141 257 was paid to a former member of the Executive Committee. No loans, credit, cash advances or collateral were provided to any former members during fiscal years 2018 and 2019 nor were there any such arrangements in effect from earlier periods.

## 5. Shares held by members of governing bodies

As of 31 December 2019, the members of the Board of Directors and the Executive Committee held the following shares:

Name and function	Freely disposable shares as of 31.12.2019	Restricted shares as of 31.12.2019 <sup>1</sup>	Total number of shares as of 31.12.2019	in %	Total number of shares as of 31.12.2018
Rolf U. Sutter, Chairman of the Board of Directors	107 633	350	107 983 <sup>2</sup>	1.66%	200 150 <sup>3</sup>
Walter Lüthi, Member of the Board of Directors	150	350	500	0.01%	500
Markus R. Neuhaus, Member of the Board of Directors <sup>4,5</sup>	580	0	580	0.01%	n/a
Monika Schüpbach, Member of the Board of Directors <sup>4</sup>	0	0	0	0.00%	n/a
Markus Voegeli, Member of the Board of Directors <sup>4</sup>	0	0	0	0.00%	n/a
Monika Walser, Member of the Board of Directors	700	350	1 050	0.02%	1 050
Edgar Fluri, former Vice Chairman of the Board of Directors <sup>6</sup>	n/a	n/a	n/a	n/a	5 350
Dominik Sauter, former Member of the Board of Directors <sup>6</sup>	n/a	n/a	n/a	n/a	550
Daniel Lutz, CEO ORIOR Group	2 000	1 200	3 200	0.05%	3 200
Andreas Lindner, CFO ORIOR Group <sup>7</sup>	0	0	0	0.00%	n/a
Filip De Spiegeleire, Head ORIOR Europe	7 100	800	7 900	0.12%	7 900
<b>Total</b>	<b>118 163</b>	<b>3 050</b>	<b>121 213</b>	<b>1.86%</b>	<b>218 700</b>
Total ORIOR Shares			6 517 499	100.00%	6 517 499

<sup>1</sup> Shares held under the stock ownership plan (see "Employee stock ownership plan" p. 46).

<sup>2</sup> Further information on the change in the number of shares held by Rolf U. Sutter can be found on page 15 of the "Corporate Governance Report 2019".

<sup>3</sup> Personal and group shareholdings (see page 12 of the "Corporate Governance Report 2018").

<sup>4</sup> Elected to the Board of Directors for the first time on 11 April 2019.

<sup>5</sup> Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

<sup>6</sup> Resigned effective 11 April 2019.

<sup>7</sup> With ORIOR since 1 October 2019; role of CFO assumed as of 28 October 2019.

The former Vice Chairman of the Board of Directors holds 350 ORIOR shares that were purchased in 2018 within the framework of a stock ownership programme; these shares are restricted until 31 July 2021. Under the same programme the former CFO and member of the Executive Committee Ricarda Demarmels purchased 1 100 ORIOR shares, restricted until 31 July 2021.

The members of the Board of Directors and the Executive Committee are not offered any special terms for purchasing shares other than in the aforementioned stock purchase plan.

## 6. Employee stock ownership plan

The stock ownership plan approved by the Board of Directors of ORIOR AG for members of the executive boards of the competence centres and certain employees of ORIOR Group came into effect on 3 January 2012. Responsibility for the employee stock ownership plan and the definition thereof, and the setting of the offer periods, the share offers and the lock-in periods, rests with the Board of Directors. The Board of Directors can delegate the administration of the plan to a plan committee defined by the Board of Directors and consisting of two or more persons. Shares can be offered annually under special conditions to employees who are entitled to participate to be credited to or in addition to the payments owed under their employment contract. The Board of Directors specifies the two-month subscription period and the subscription rights of the individual participants annually within the framework of the present plan. The number of shares offered to each participant is at the discretion of the Board of Directors, which bases its decision on (alongside other considerations) how well the employee has achieved the quantitative and qualitative targets set out in the individual annual performance agreement.

The shares that are to be issued in the context of this plan can be acquired by ORIOR on the stock exchange or created by means of authorised, conditional or ordinary capital increases. The maximum number of shares to be issued in the context of this or any similar plan may not exceed 3% of the share capital of ORIOR. The Board of Directors is empowered to adjust the maximum number of shares to be issued in the context of the plan at its own discretion. The share purchase price corresponds to the volume-weighted average price paid for ORIOR shares on SIX during the preceding six months, prior to the start of the two-month offer period, minus a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance.

During the year under review, no shares were sold to employees within the framework of the employee stock ownership plan. Below is an overview of the total number of shares issued pursuant to the employee stock ownership plan since the plan was established, the date of issue, the discount granted, and the mandatory holding period:

Year	Number of employees	Number of shares sold	Issue date/Transfer	Discount granted	Blocking period ends
2012	9	4 150	3 January 2012	25%	2 January 2015
2013	44	12 480	2 April 2013	25%	1 April 2016
2014	–	–	–	–	–
2015	41	20 240	1 November 2015	25%	31 October 2018
2016	–	–	–	–	–
2017	–	–	–	–	–
2018	78	19 445	1 August 2018	25%	31 July 2021
2019	–	–	–	–	–

### Share purchase agreement for members of the Board of Directors and the Executive Committee

In addition to the other forms of compensation, the members of the Board of Directors and the Executive Committee can, by means of the share purchase agreement, be given the opportunity to purchase ORIOR shares at a discount. The number of shares that can be purchased at a discount is specified by the Board of Directors. The purchase price of these shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. Under the share purchase agreement, a two-month purchase period will commence on the day the share purchase offer is made. The shares purchased will be subject to a holding period of three years beginning on the date of purchase. If a party to the share purchase agreement leaves the Company during the three-year holding period, the Board of Directors will decide whether to maintain or terminate the holding period. During the year under review, no shares were sold to members of the Board of Directors and members of the Executive Committee through the aforementioned stock ownership plan.

### Transactions with members of the Board of Directors or the Executive Committee

Transactions with members of the Board of Directors or the Executive Committee (if any) are made on arm's length terms.

### Transactions with closely related entities and persons

The members of the Board of Directors of ORIOR AG, the members of the Executive Committee of ORIOR AG, shareholders exercising significant influence, and the Group's pension plans are regarded as closely related entities or persons. All transactions with closely-related entities and persons are conducted on the same market terms as with independent third parties.





Ernst & Young Ltd  
Aeschengraben 9  
P.O. Box  
CH-4002 Basle

Phone +41 58 286 86 86  
Fax +41 58 286 86 00  
www.ey.com/ch

To the General Meeting of  
Orior Ltd, Zürich

Basle, 25 February 2020

## Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Orior Ltd for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 39 to 44 of the remuneration report.



### Board of Directors' responsibility

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. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### Auditor's responsibility

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

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

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



**Opinion**

In our opinion, the remuneration report for the year ended 31 December 2019 of Orior Ltd complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Martin Gröli  
Licensed audit expert  
(Auditor in charge)

Hortense Pfammatter  
Licensed audit expert



**ORIOR GROUP**  
FINANCIAL REPORT 2019

## Consolidated Income Statement

in CHF thousand	Note	2019	Δ in %	2018
<b>Net sales from goods and services</b>	■ 7	<b>596 350</b>	+3.4%	<b>576 650</b>
Raw materials / goods and services purchased		-332 701		-323 556
Changes in inventories	■ 16	3 911		896
<b>Gross profit</b>		<b>267 561</b>	+5.3%	<b>253 991</b>
<i>as % of net sales</i>		<b>44.9%</b>		<b>44.0%</b>
Personnel expense		-125 553		-118 155
Other operating income	■ 8	1 332		924
Other operating expense	■ 9	-82 308		-78 186
<b>EBITDA</b>				
<b>Earnings before interest, taxes, depreciation and amortisation</b>		<b>61 031</b>	+4.2%	<b>58 573</b>
<i>as % of net sales</i>		<b>10.2%</b>		<b>10.2%</b>
Depreciation – tangible assets	■ 17	-17 904		-17 086
Amortisation – intangible assets	■ 19	-5 806		-5 908
<b>EBIT</b>				
<b>Earnings before interest and taxes</b>		<b>37 322</b>	+4.9%	<b>35 578</b>
<i>as % of net sales</i>		<b>6.3%</b>		<b>6.2%</b>
Result of associated organisations and joint ventures	■ 21	512		70
Financial income	■ 10	1 649		1 594
Financial expense	■ 11	-4 785		-3 419
<b>Profit before taxes</b>		<b>34 698</b>	+2.6%	<b>33 823</b>
<i>as % of net sales</i>		<b>5.8%</b>		<b>5.9%</b>
Income tax expense	■ 12	-2 904		-2 004
<b>Profit for the year incl. non-controlling interests</b>		<b>31 794</b>	-0.1%	<b>31 819</b>
<i>as % of net sales</i>		<b>5.3%</b>		<b>5.5%</b>
Non-controlling interests		-299		0
<b>Profit for the year</b>		<b>31 494</b>	-1.0%	<b>31 819</b>
<i>as % of net sales</i>		<b>5.3%</b>		<b>5.5%</b>
<b>Earnings per share in CHF</b>	■ 13	<b>4.84</b>		<b>4.98</b>
Weighted Ø number of shares outstanding in '000	■ 13	6 504		6 389

## Consolidated Balance Sheet

in CHF thousand	Note	31.12.2019	in %	31.12.2018	in %
Cash and cash equivalents		19 442		35 533	
Current financial assets		504		284	
Trade accounts receivable	■ 14	68 817		72 601	
Other current receivables	■ 15	4 411		4 220	
Inventories and work in progress	■ 16	94 723		89 380	
Prepaid expenses / accrued income		2 947		2 423	
<b>Current assets</b>		<b>190 845</b>	47.2%	<b>204 441</b>	51.2%
Property, plant and equipment	■ 17	133 013		133 006	
Intangible assets	■ 19	78 887		51 351	
Financial assets	■ 21	1 556		10 595	
<b>Non-current assets</b>		<b>213 456</b>	52.8%	<b>194 952</b>	48.8%
<b>Total assets</b>		<b>404 301</b>	100.0%	<b>399 393</b>	100.0%
Current financial liabilities	■ 24	6 921		632	
Trade accounts payable		76 151		66 462	
Other current payables	■ 22	9 107		8 356	
Accrued liabilities	■ 23	21 430		21 731	
Current portion of provisions	■ 25	1 332		1 605	
<b>Current liabilities</b>		<b>114 942</b>	28.4%	<b>98 787</b>	24.7%
Non-current financial liabilities	■ 24	163 263		178 974	
Provisions	■ 25	4 363		4 519	
Deferred tax liabilities	■ 26	35 280		27 386	
<b>Non-current liabilities</b>		<b>202 906</b>	50.2%	<b>210 879</b>	52.8%
<b>Total liabilities</b>		<b>317 848</b>	78.6%	<b>309 666</b>	77.5%
Share capital	■ 29	26 070		26 070	
Additional paid-in capital	■ 29	26 642		41 045	
Treasury shares	■ 27	-122		-843	
Retained earnings		25 671		23 455	
<b>Equity before non-controlling interests</b>		<b>78 261</b>	19.4%	<b>89 727</b>	22.5%
Non-controlling interests		8 192		0	
<b>Equity after non-controlling interests</b>		<b>86 453</b>	21.4%	<b>89 727</b>	22.5%
<b>Total liabilities and equity</b>		<b>404 301</b>	100.0%	<b>399 393</b>	100.0%

## Consolidated Statement of Equity

in CHF thousand	Note	Share capital	Additional paid-in capital	Treasury shares	Retained profits	Foreign currency translation	Total Retained earnings	Equity before non-controlling interests	Non-controlling interests	Equity after non-controlling interests
<b>Balance as at 01.01.2018</b>		<b>23 700</b>	<b>0</b>	<b>-2 063</b>	59 385	4 310	<b>63 696</b>	<b>85 333</b>	<b>0</b>	<b>85 333</b>
Profit for the period		0	0	0	31 819	0	31 819	31 819	0	31 819
Foreign currency translation		0	0	0	0	-2 481	-2 481	-2 481	0	-2 481
Goodwill offset with equity	■ 20	0	0	0	-55 657	0	-55 657	-55 657	0	-55 657
Share capital increase	■ 29	2 370	41 287	0	0	0	0	43 657	0	43 657
Dividends	■ 28	0	0	0	-14 083	0	-14 083	-14 083	0	-14 083
Share-based payments	■ 33	0	0	0	161	0	161	161	0	161
Movement in treasury shares	■ 27	0	-242	1 220	0	0	0	978	0	978
<b>Balance as at 31.12.2018</b>		<b>26 070</b>	<b>41 045</b>	<b>-843</b>	21 626	1 829	<b>23 455</b>	<b>89 727</b>	<b>0</b>	<b>89 727</b>
Change in scope of consolidation		0	0	0	0	0	0	0	7 905	7 905
Profit for the period		0	0	0	31 494	0	31 494	31 494	299	31 794
Foreign currency translation		0	0	0	0	-1 590	-1 590	-1 590	-13	-1 603
Goodwill offset with equity	■ 20	0	0	0	-27 846	0	-27 846	-27 846	0	-27 846
Dividends	■ 28	0	-14 550	0	0	0	0	-14 550	0	-14 550
Share-based payments	■ 33	0	0	0	158	0	158	158	0	158
Movement in treasury shares	■ 27	0	147	721	0	0	0	868	0	868
<b>Balance as at 31.12.2019</b>		<b>26 070</b>	<b>26 642</b>	<b>-122</b>	25 432	239	<b>25 671</b>	<b>78 261</b>	<b>8 192</b>	<b>86 453</b>

## Consolidated Cash Flow Statement

in CHF thousand	Note	2019	2018
Profit for the year		31 494	31 819
Non-controlling interests		299	0
Income tax expense	■ 12	2 904	2 004
Depreciation / amortisation	■ 17 / 19	23 710	22 995
Share-based payments	■ 33	158	161
Result of associated organisations and joint ventures		-512	-70
Other non liquidity-related transactions		-275	-335
Change in value adjustments and provisions		-1 023	-1 073
Gain from disposal of fixed assets	■ 8	-112	-234
Interest income / Dividend income	■ 10	-49	-40
Interest expense	■ 11	2 252	1 487
Change in trade accounts receivable		3 553	-2 234
Change in other current receivables		209	669
Change in inventories and work in progress		-4 601	-4 844
Change in trade accounts payable		7 539	11 968
Change in other current payables		649	-1 245
Change in prepaid expenses		-404	-241
Change in accrued liabilities		-2 222	-1 056
Interest paid		-2 149	-1 414
Taxes paid		-4 329	-5 599
<b>Cash flow from operating activities</b>		<b>57 093</b>	<b>52 717</b>
Purchase of property, plant and equipment	■ 17	-13 169	-16 589
Proceeds from sale of property, plant and equipment		164	358
Purchase of intangible assets	■ 19	-895	-737
Purchase of financial assets		-5	0
Proceeds from sale of financial assets		410	0
Acquisition of companies, net of cash acquired	■ 5	-29 130	-59 159
Purchase of investment in associated organisations and joint ventures	■ 21	-1 576	-36 789
Grant of loan		-1 406	-410
Proceeds from loan		0	210
Interest received / Dividends received		1 083	40
<b>Cash flow from investing activities</b>		<b>-44 524</b>	<b>-113 076</b>
Increase in financial liabilities		67 752	118 296
Payment of financing transaction costs		0	-123
Repayment of financial liabilities		-82 860	-90 401
Repayment of finance lease liabilities	■ 18	-28	-54
Issue of share capital	■ 29	0	44 734
Payment of transaction costs from issue of share capital	■ 29	0	-1 077
Dividends	■ 28	-14 550	-14 083
Sale of treasury shares	■ 27 / 33	6 915	5 150
Purchase of treasury shares	■ 27	-6 047	-4 172
<b>Cash flow from financing activities</b>		<b>-28 817</b>	<b>58 271</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>		<b>-16 249</b>	<b>-2 088</b>
Foreign exchange differences on cash and cash equivalents		158	-571
Cash and cash equivalents as at 01.01.		35 533	38 191
<b>Cash and cash equivalents as at 31.12.</b>		<b>19 442</b>	<b>35 533</b>

The notes in the appendix are an integral part of these consolidated financial statements.



## Notes to the Consolidated Financial Statements 2019

### 1 General information

ORIOR is an internationally active Swiss food & beverage group that combines craftsmanship with a pioneering spirit and is thriving on entrepreneurship and strong values. The culinary delights of ORIOR include established businesses and well-known brands with leading positions in growing niche markets in Switzerland and abroad.

ORIOR AG (the "Company") is a limited liability company incorporated and domiciled in Zurich. The address of its registered office is Dufourstrasse 101, 8008 Zurich, Switzerland.

These consolidated financial statements were approved by the Board of Directors on 25 February 2020 and are subject to shareholder approval at the Annual General Meeting of shareholders on 31 March 2020.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The figures shown in the consolidated annual financial statements are rounded up or down. The actual calculations are made with greater precision, so small rounding differences can appear.

### Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the entire Swiss GAAP FER (Accounting and Reporting Recommendations). They apply to all companies included in the scope of consolidation. The accounting principles comply also with the provisions of the listing rules of the SIX Swiss Exchange and with Swiss company law.

The consolidated financial statements comprise the financial statements of ORIOR AG and its subsidiaries as at 31 December of each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The preparation of financial statements in conformity with Swiss GAAP FER requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4. The consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows of the ORIOR group. The Annual Financial Statements are prepared under the assumption of going concern.

### Consolidation

#### Change in scope of consolidation

On 2 September 2019, the ORIOR Group increased its interest in Casualfood by another 35% and thereby acquired control resulting in its full consolidation. This further strengthens its broader strategic footprint by adding a new centre of competence specialised in small scale food islands in the fast-growing food service to-go market.

During financial year 2018 ORIOR Group acquired 98.4% of the shares of Thurella AG as per 17 May 2018. Thurella's product and brand portfolio is built on concepts with well-known brands: "Biotta", "Traktor", "Vivitz" and "C-ICE". The remaining 1.6% of the shares were purchased during the fourth quarter 2018 under the squeeze-out procedure.

More details can be found in note 5.

Please see note 39 for an overview of the legal structure of the Group.

**Subsidiaries**

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full.

**Investments in associated organisations and joint ventures**

Investments in associated organisations and joint ventures where the ORIOR Group has significant influence (this is usually assumed when the Group owns 20 to 50% of the voting rights in the company) are accounted for using the equity method. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the associate's net assets. Goodwill relating to an associate is directly offset against equity. The associate's share of profit is shown in the income statement.

**Minority shareholdings**

Participations of less than 20% are carried in the balance sheet at acquisition cost less any necessary adjustments for impairment.

**Consolidation method**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred as well as the acquisition costs incurred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or as the proportionate share of the acquiree's identifiable net assets. Intangible assets are recognised in the balance sheet at the acquisition date and amortised over 5 to 20 years. The difference between the cost of an acquisition and the interest in revalued net assets is goodwill and directly offset against equity. In a business acquisition achieved in stages, the goodwill of each transaction is separately determined and directly offset against equity.

**Foreign currency translation****Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Group's functional and presentation currency. See detailed information on exchange rates in note 31.

**Transactions and items in foreign currencies**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**Subsidiaries**

The results and financial position of all the Group subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised in equity. On the loss of control of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in the income statement.

Currency gains and losses from the valuation of intercompany equity loans are recognised directly in equity.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, credits on bank accounts, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**Securities**

Listed securities (incl. OTC securities with a market price) are valued at the market values prevailing on the balance sheet date. Unlisted securities are valued at acquisition cost less any necessary adjustments for impairment.

**Accounts receivable**

Accounts receivable are carried at original invoice amount less provision made for impairment of these receivables. An individual provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. General allowances are recognised for items that have not yet been considered with a specific allowance. The general allowance is based on the assumption that the default risk increases as the debt becomes increasingly overdue. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement as operating expense. When a trade receivable is uncollectible, it is written off against the allowance for receivables. The carrying value less impairment provision of the receivables is assumed to approximate their fair value due to their short-term nature.

**Inventories and work in progress**

Raw materials and trade products are reported at purchase price. Goods manufactured by the company itself are valued at production cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Inventories are stated at the lower of cost and net realisable value. For that reason, value adjustments on the inventory are established. Cost is determined using the first-in, first-out (FIFO) method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cash discounts are deducted from inventory valuation. Stocks of intra-Group supplies are carried net of inter-company profits.

## Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated according to accounting standards using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The individual useful lives are:

- |                                      |                 |
|--------------------------------------|-----------------|
| - Production equipment               | 3 to 10 years   |
| - Tanks                              | 20 to 25 years  |
| - Furniture and office equipment     | 5 to 8 years    |
| - IT equipment                       | 3 to 5 years    |
| - Vehicles                           | 4 to 8 years    |
| - Other mobile tangible assets       | 3 to 5 years    |
| - Land                               | No depreciation |
| - Buildings                          | 25 to 30 years  |
| - Tangible assets under construction | No depreciation |

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Gains and losses on derecognition of the asset are determined by comparing net proceeds with the current carrying amount. These are included in the income statement.

Property, plant and equipment acquired under finance leasing are recorded at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term (see also "Leases").

Expenses from operational leasing agreements are recognised in the income statement and future obligations are listed in the notes to the consolidated financial statements.

## Intangible assets

This item includes mainly the customer base, brands and concessions from acquisitions and IT software. Intangible assets are valued at purchase cost less amortisation and any necessary impairment. Amortisation is calculated on a straight-line basis over the useful life. The useful life of IT software is 3 to 5 years. The useful life of concessions is determined by the average duration of the contracts. The expected useful life of brands and customer base from acquisitions are amortised over a period of 5 to 20 years. They are assessed for impairment yearly. The difference between the cost of an acquisition and the interest in revalued net assets (goodwill) is offset against equity.

## Financial assets

Financial assets consist of investments in associated organisations and joint ventures, long-term loans and employer contribution reserves. Loans are valued at cost less any necessary impairment. Employer contribution reserves are recognised at nominal value. For a description of the valuation principles of investments in associated organisations and joint ventures, refer to the consolidation principles.

## Impairment

The Group assesses at each reporting date whether there is any objective evidence that an asset (including the goodwill recognised in equity) is impaired. If there are signs of impairment, an impairment test is carried out. The recoverable amount is the higher of net realisable value and value in use. As the goodwill is set off against equity at the date of acquisition, a possible impairment loss does not have to be recognised in the income statement, but only leads to a disclosure in the notes.

## Trade accounts payable and other payables

Trade accounts payable and other payables are recognised at their nominal values.

## Borrowings

Borrowings are recognised initially at the proceeds received, net of financing transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## Derivative financial instruments

The Group uses derivative financial instruments such as currency contracts to hedge cash flows and risks associated with foreign currency fluctuations. ORIOR treats cash flow hedges as off balance sheet items until the hedged transactions occur and discloses their values in note 30.

## Provisions

Provisions are recognised 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 a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

The Group recognises a provision for onerous contracts when the expected economic benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise, among other items, lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions for restoration costs are recognized when new retail shops are opened. These cover the expected restoration costs which are incurred after the lease end in order to restore the site back to its original condition.

## Contingent liabilities

Contingent liabilities are assessed on the basis of the likelihood and on the basis of the amount of the future obligation and disclosed in the notes.

## Employee benefit obligations

Employees and former employees receive various employee benefits and pensions which are provided in accordance with the local laws.

The Group operates various independent pension plans, which have the legal structure of foundations or are contracted with insurance companies. The employer and employees pay contributions into the pension plans.

The economic impact of ORIOR's pension plans is reviewed each year. An economic benefit is recognised if it is allowed and envisaged to use the surplus for the future pension expenses of the company. An economic obligation is recognised if the conditions are met to recognise a provision. Existing employer contribution reserves are recognised under financial assets.

## Employee participation plan

The employee participation plan is a share-based remuneration scheme. Equity-settled share-based payments are recognised in the income statement over the vesting period while equity is increased accordingly. On the day when the payment is granted (grant date), its fair value is determined based on the share price on that day minus the subscription price. Expenses for equity-settled stock-based payments are adjusted every year based on expected subscriptions, departures (participants who no longer meet the criteria and leave the plan) and advance subscriptions. If granted equity instruments are cancelled, they must be treated as if they were exercised on the date of cancellation; expense that has not yet been recognised for the granting is recognised immediately.

## Revenue recognition

Revenues mainly comprise the sale of goods as well as agency transactions. They correspond to the fair value of the consideration received or receivable for the sale of goods as well as transactions as an agent in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates discounts and commissions, and after eliminated sales within the Group.

The Group records sales revenue if this can be determined reliably and the future economic benefits are known. The Group bases its assessment of how collectable claims are on past results, taking account of the type of customer, type of business and the particularities of the specific contractual relationship.

Sales of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from services is recognised in the accounting period in which the services are rendered and is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed. In the event of agency transactions, only the value of the service rendered by the contractor itself is recognised.

## Taxes

### Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are in force on the balance sheet date.

**Deferred tax**

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. They are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

In accordance with Swiss GAAP FER, when determining temporary differences, tax-loss carryforwards may be included in the calculation of deferred tax assets and other such temporary differences and offset against deferred tax liabilities. ORIOR does not capitalise deferred tax assets on tax-loss carryforwards. The value of such tax assets is recognised only when realised.

**Leases**

Leases are differentiated between operating and financial lease.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in financial liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

**3 Financial and business risk management****Financial risk factors**

The Group's principal financial liabilities comprise a bond, bank loans, a bank overdraft and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

The Group also enters into derivative transactions. The purpose is to manage the currency and interest risks arising from the Group's operations.

The Group's business activities and its financial instruments expose it to a variety of financial risks, including credit risks and the effects of changes in debt market prices, foreign currency exchange rates and interest rates.

## Capital risk management

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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the consolidated equity ratio. This ratio is calculated as total equity divided by total assets as shown in the consolidated balance sheet.

in CHF thousand	31.12.2019	31.12.2018
Equity before non-controlling interests	78 261	89 727
+ Non-controlling interests	8 192	0
Equity after non-controlling interests	86 453	89 727
Total assets	404 301	399 393
<b>Consolidated equity ratio</b>	<b>21.4%</b>	<b>22.5%</b>

The Group also closely monitors covenants included in the Credit Facility Agreement for bank loans (see note 24). These covenants focus on the net senior debt to EBITDA Ratio. The Group met all loan covenants.

## Business risk factors

The Group's activities expose it to the risk of changes in raw material prices, mainly raw meat such as pork, beef and poultry as well as durum wheat. The Group's objective is to minimise the impact of raw material price fluctuations by taking account of alternative suppliers in Switzerland and abroad, by maintaining good relationships with existing suppliers and by agreeing on price mechanisms with the main customers. Usually, the Group can pass most of the price increases on to customers with delay.

## Internal Control System

The Group has an Internal Control System in place for all Group companies as required by Art. 728a Swiss CO. Periodically, a risk identification process is carried out. The materiality and probability of the identified risks are assessed and measures to reduce or eliminate those risks are determined by the Board of Directors and the Executive Committee.

Besides these periodical risk assessments, the Group cultivates an active "What if" risk management. "What if" scenarios are integrated into the budget and forecast process of all Group companies.

The last risk assessment was carried out by the Executive Committee in the fourth quarter of 2019 and was assessed and approved by the Board of Directors on 23 October 2019.



#### 4 Significant accounting estimates and judgements

The Group makes estimates and assumptions concerning the future which are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, which have a significant effect on the amounts recognised in the financial statements.

##### **Evaluation of intangible assets and estimation of the useful life**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired by a business combination, is the fair value at the date of acquisition. After initial recognition, intangible assets are accounted for at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets (mostly customer base and brands) are amortised over a period of 5 to 20 years. The expected useful life of intangible assets is determined on a case-by-case basis and takes into consideration the assumption of how long the Group can use an economic benefit or how long the Group can use the intangible asset. The recoverable amount of intangible assets is based on assumptions of future revenues, margins and discount rates. If these assumptions change, future results may vary considerably from current calculations.

##### **Operating lease commitments – Group as a lessee**

Individual companies of the Group have signed property lease agreements. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that all significant risks and rewards of ownership of these properties are retained by the lessor. Therefore, these contracts are accounted for as operating leases.

## 5 Acquisitions

### In the reporting period

On 2 September 2019, the ORIOR Group increased its interest in Casualfood by another 35% and thereby acquired control, which further strengthens its broader strategic footprint by adding a new centre of competence specialised in small scale food islands in the fast-growing food service to-go market.

The company acquired reported the following main balance sheet items at the time of acquisition:

in CHF thousand	Fair value recognised on acquisition
Inventories and work in progress	914
Other current assets	9 501
Property, plant and equipment	6 098
Intangible assets	33 506
<b>Assets</b>	<b>50 018</b>
Trade accounts payable	-2 963
Other current liabilities	-4 707
Long-term financial liabilities	-4 384
Other long-term liabilities	-11 613
<b>Liabilities</b>	<b>-23 667</b>
<b>Net assets</b>	<b>26 351</b>
<i>of which net assets acquired</i>	<i>18 446</i>
<i>of which non-controlling interests</i>	<i>7 905</i>
<b>Goodwill</b>	<b>56 333</b>
<i>of which Goodwill from acquisition of 35% in 2018</i>	<i>28 486</i>
<i>of which Goodwill from acquisition of additional 35% in 2019</i>	<i>27 846</i>

### In the prior year period

The Group acquired 98.4% of the shares of Thurella AG as per 17 May 2018. Thurella's product and brand portfolio is built on concepts with well-known brands: "Biotta", "Traktor", "Vivitz" and "C-ICE". With this acquisition, ORIOR is strengthening its position beyond the traditional food market and entering the premium niche of organic beverages, a growing market both in Switzerland and abroad. The remaining 1.6% of the shares were purchased during the second half-year 2018 under the squeeze-out procedure.

The company acquired reported the following main balance sheet items at the time of acquisition:

in CHF thousand	Fair value recognised on acquisition
Inventories and work in progress	12 738
Other current assets	5 352
Property, plant and equipment	23 825
Intangible assets	9 628
Other long-term assets	50
<b>Assets</b>	<b>51 593</b>
Trade accounts payable	-2 753
Other current liabilities	-3 146
Long-term financial liabilities	-11 165
Other long-term liabilities	-1 916
<b>Liabilities</b>	<b>-18 980</b>
<b>Net assets</b>	<b>32 613</b>
<b>Goodwill</b>	<b>27 170</b>

## 6 Segment information

For management purposes, the Group is structured along the three operating segments ORIOR Convenience, ORIOR Refinement and ORIOR International. The operating segments are characterised by a clear focus on specific product categories.

- ORIOR Convenience and its competence centres Fredag, Pastinella, Le Patron and Biotta operate five processing facilities in the German-speaking part of Switzerland. Besides fresh convenience products such as ready-made meals, patés and terrines, fresh pasta, vegetarian and vegan specialities as well as cooked poultry and meat products, the Convenience segment also produces all-natural organic vegetable and fruit juices. Its products are mainly sold through retail and food service channels in Switzerland. The Convenience segment consists of four operating competence centres. These operating segments have been aggregated because their long-term financial performance is similar. The type of product and the way these products are made as well as the client groups are also similar, and in some cases identical.
- ORIOR Refinement and its three competence centres Rapelli, Albert Spiess and Möfag operate five processing and refining facilities in the cantons of Grisons, Ticino and St. Gallen. The segment is characterised by a clear focus on refined and processed meat products and produces traditional premium meat products as well as new interpretations in various categories from Bündnerfleisch and ham to salami and Mostbröckli. The products are mainly sold through retail and food service channels in Switzerland. The Refinement segment consists of three main operating competence centres. These operating segments have been aggregated because their long-term financial performance is similar. The type of product and the way these products are made as well as the client groups are also similar, and in some cases identical.
- ORIOR International consists of the two operating competence centres Culinor Food Group and Casualfood, the operating activities of Biotta's sister company Gesa, and Spiess Europe, a platform for the final slicing, packaging and distribution of the Group's products. The Culinor Food Group centre of competence has five sites in Belgium where it produces high-quality ready-made meals and meal components, most of which are supplied to retailers and food services companies. Gesa is based in Germany and specialises in producing organic vegetable juices for the food and beverage industry. Casualfood operates approximately 60 small food to go islands at high-traffic locations in airports.

### Net sales by segment

in CHF thousand	2019	2018
<b>ORIOR Convenience</b>	<b>202 034</b>	<b>205 671</b>
<b>ORIOR Refinement</b>	<b>258 241</b>	<b>254 991</b>
<b>ORIOR International</b>	<b>159 550</b>	<b>137 666</b>
Intercompany eliminations	-23 475	-21 678
<b>Net sales</b>	<b>596 350</b>	<b>576 650</b>

ORIOR foregoes reporting detailed segment results due to the following reason (Swiss GAAP FER 31): There are only a few major players on the sourcing and sales sides of the market in which ORIOR Group operates but there are many food and beverage producers. ORIOR Group is one of the few companies in its industry that publishes financial statements. The publication of detailed segment results created significant problems for ORIOR Group in recent years.

## Notes to the Consolidated Income Statement

### 7 Net sales

in CHF thousand	2019	2018
Sales of goods and agency transactions	608 483	586 978
Reduction in gross sales	-12 132	-10 328
<b>Total</b>	<b>596 350</b>	<b>576 650</b>

### Net sales by country groups

in CHF thousand	2019	in % total	2018	in % total	Δ in % Local Currency
Switzerland	430 069	72.1%	437 668	75.9%	-1.7%
BeNeLux <sup>1</sup>	101 407	17.0%	105 941	18.4%	-0.6%
Germany	27 489	4.6%	3 141	0.5%	818.7%
Others	37 385	6.3%	29 901	5.2%	28.6%
<b>Total</b>	<b>596 350</b>	<b>100.0%</b>	<b>576 650</b>	<b>100.0%</b>	

<sup>1</sup> Belgium, Netherlands, Luxembourg

### Net sales by customers

in CHF thousand	2019	in % total	2018	in % total	Δ in % Local Currency
#1 Customer	151 421	25.4%	169 324	29.4%	-10.6%
#2 Customer	64 708	10.9%	65 755	11.4%	-1.6%
#3 Customer	35 589	6.0%	35 948	6.2%	2.8%
#4 Customer	30 315	5.1%	35 799	6.2%	-12.1%
#5 Customer	21 389	3.6%	17 064	3.0%	25.3%
Others	292 928	49.1%	252 759	43.8%	17.4%
<b>Total</b>	<b>596 350</b>	<b>100.0%</b>	<b>576 650</b>	<b>100.0%</b>	

The increase of the proportionate share in customers' net sales outside of the top 5 from 43.8% to 49.1% is the consequence of the broader positioning of the Group.

### 8 Other operating income

in CHF thousand	2019	2018
Other operating income	1 221	690
Gain from disposal of fixed assets	112	234
<b>Total</b>	<b>1 332</b>	<b>924</b>

Other operating income includes items that are not in direct relation with the actual business purpose of the Group. Those are basically rental income, sales of by-products as well as other administrative services

**9 Other operating expense**

in CHF thousand	2019	2018
Operating expenses	-15 679	-16 399
Energy, information and communication	-15 208	-14 362
Building outlay	-15 120	-11 420
Shipping	-15 999	-16 008
Marketing & sales	-15 263	-15 011
Administration	-5 038	-4 986
<b>Total</b>	<b>-82 308</b>	<b>-78 186</b>

The rents for the retail shops of Casualfood are the reason for the increase in building outlay.

**10 Financial income**

in CHF thousand	2019	2018
Interest income	39	25
Dividend income	10	16
Gain on financial assets	399	0
Foreign exchange gains – realised	441	957
Foreign exchange gains – unrealised	750	576
Other financial income	11	20
<b>Total</b>	<b>1 649</b>	<b>1 594</b>

The gain on financial assets is mainly due to revaluation of shares.

**11 Financial expense**

in CHF thousand	2019	2018
Interest expense	-2 252	-1 487
Bank charges and commissions	-270	-438
Foreign exchange losses - realised	-770	-340
Foreign exchange losses - unrealised	-1 390	-1 090
Other financial expense	-103	-64
<b>Total</b>	<b>-4 785</b>	<b>-3 419</b>

Higher outstanding loans during the year resulted in an increased interest expense.

**12 Income taxes**

The major components of income tax expense are:

in CHF thousand	2019	2018
Current income taxes	-5 466	-4 321
Movements of deferred taxes	2 562	2 317
<b>Total</b>	<b>-2 904</b>	<b>-2 004</b>

The different profit and loss contributions of the individual Group companies in relation to total Group profit and the different tax rates produced an weighted average income tax rate of 18.7% (2018: 17.9%).

**13 Earnings per share**

Earnings per share are calculated by dividing net profit for the year attributable to shareholders of ORIOR by the weighted average number of ordinary shares outstanding during the year. There are no diluted effects on the earnings per share. Therefore, the value of basic earnings per share is equal to the diluted earnings per share.

The following reflects the income and share data used in the earnings per share computations:

<b>in CHF thousand</b>	<b>2019</b>	<b>2018</b>
Profit for the year	31 494	31 819
Weighted Ø number of ordinary shares in '000	6 504	6 389
Earnings per share in CHF	4.84	4.98

The weighted average effect of the purchase of treasury shares (see note 27) is taken into account in the weighted average number of ordinary shares outstanding during the year.

## Notes to the Consolidated Balance Sheet

### 14 Trade accounts receivables

in CHF thousand	31.12.2019	31.12.2018
Thirds	69 121	72 687
Related parties	330	336
Allowance for bad debts	-635	-422
<b>Total</b>	<b>68 817</b>	<b>72 601</b>

### 15 Other current receivables

in CHF thousand	31.12.2019	31.12.2018
VAT receivables	1 607	1 466
Current income tax assets	746	880
Other current receivables	2 036	1 720
Prepayments	22	153
<b>Total</b>	<b>4 411</b>	<b>4 220</b>

### 16 Inventories and work in progress

in CHF thousand	31.12.2019	31.12.2018
Raw materials	28 352	28 624
Trade products	9 081	7 513
Semi-finished products / work in progress	33 077	30 140
Finished products	25 016	24 159
Value adjustments of inventory	-803	-1 056
<b>Total</b>	<b>94 723</b>	<b>89 380</b>

The change in inventories and work in progress recognised in the income statement amounted to kCHF 3 911 (2018: kCHF 896). The deviation to the previous year is due to harvesting conditions and increased raw material prices.

## 17 Property, plant and equipment

in CHF thousand	Production equipment	Furniture and office equipment	IT equipment	Vehicles	Other and assets under construction	Land and buildings	Buildings under construction	Total tangible assets
<b>At cost</b>								
<b>Balance 01.01.2018</b>	<b>108 588</b>	<b>31 725</b>	<b>4 653</b>	<b>6 100</b>	<b>4 959</b>	<b>64 454</b>	<b>1 246</b>	<b>221 725</b>
Additions	10 810	2 088	345	610	847	1 611	132	16 443
Additions from acquisitions	7 522	2 565	278	25	2	13 434	0	23 825
Disposals	-779	-93	-459	-1 216	-7	-1 221	0	-3 775
Reallocation within category	-4 701	5 148	50	53	-599	1 294	-1 246	0
Exchange differences	-792	-64	-18	-17	-3	-921	0	-1 815
<b>Balance 31.12.2018</b>	<b>120 648</b>	<b>41 368</b>	<b>4 849</b>	<b>5 555</b>	<b>5 200</b>	<b>78 650</b>	<b>132</b>	<b>256 403</b>
Additions	6 273	2 719	467	654	662	2 354	36	13 165
Additions from acquisitions	0	4 705	0	0	1 392	0	0	6 098
Disposals	-1 071	-310	-293	-604	0	0	0	-2 278
Reallocation within category	469	243	8	0	-2 332	1 743	-132	0
Exchange differences	-777	-69	-18	-18	0	-800	-0	-1 682
<b>Balance 31.12.2019</b>	<b>125 543</b>	<b>48 657</b>	<b>5 013</b>	<b>5 587</b>	<b>4 922</b>	<b>81 948</b>	<b>36</b>	<b>271 705</b>
<b>Accumulated depreciation</b>								
<b>Balance 01.01.2018</b>	<b>-71 873</b>	<b>-17 250</b>	<b>-3 953</b>	<b>-4 233</b>	<b>-110</b>	<b>-12 805</b>	<b>0</b>	<b>-110 224</b>
Depreciation	-8 439	-3 319	-484	-725	-153	-3 966	0	-17 086
Disposals	718	93	459	1 145	7	1 229	0	3 651
Reallocation within category	4 550	-2 220	0	0	-2 330	0	0	0
Exchange differences	177	15	7	4	-1	60	0	262
<b>Balance 31.12.2018</b>	<b>-74 867</b>	<b>-22 681</b>	<b>-3 971</b>	<b>-3 809</b>	<b>-2 587</b>	<b>-15 482</b>	<b>0</b>	<b>-123 397</b>
Depreciation	-9 474	-4 018	-525	-687	-201	-3 000	0	-17 904
Disposals	1 032	310	293	585	0	0	0	2 220
Exchange differences	266	26	11	6	0	80	0	390
<b>Balance 31.12.2019</b>	<b>-83 043</b>	<b>-26 363</b>	<b>-4 193</b>	<b>-3 904</b>	<b>-2 787</b>	<b>-18 401</b>	<b>0</b>	<b>-138 691</b>
Net balance 01.01.2018	36 715	14 475	700	1 867	4 849	51 649	1 246	111 501
Net balance 31.12.2018	45 781	18 687	878	1 746	2 613	63 168	132	133 006
<b>Net balance 31.12.2019</b>	<b>42 500</b>	<b>22 294</b>	<b>820</b>	<b>1 682</b>	<b>2 135</b>	<b>63 546</b>	<b>36</b>	<b>133 013</b>

Advance payments in the amount of kCHF 1 244 (2018: kCHF 2 038) had been made as of year-end 2019 in connection with tangible assets under construction.

By the end of 2019, property, plant and equipment of kCHF 10 915 (2018: kCHF 11 289) were pledged as security for a part of the interest-bearing liabilities (see also note 24).



**18 Leases**

The maturity structure of all future finance leasing payments and the corresponding interest expense are given below:

in CHF thousand	31.12.2019	31.12.2018
Maturity within 1 year	62	12
Maturity between 1 and 5 years	129	41
Maturity over 5 years	0	0
<b>Total</b>	<b>191</b>	<b>52</b>
Interest portion	-2	-2
<b>Total financial leasing</b>	<b>189</b>	<b>51</b>

Financial leasing is mainly attributable to store equipment and vehicles.

Maturity structure of non-capitalised operating leasing contracts:

in CHF thousand	31.12.2019	31.12.2018
Maturity within 1 year	13 070	7 527
Maturity between 1 and 5 years	44 909	26 985
Maturity over 5 years	35 344	43 691
<b>Total operating leasing</b>	<b>93 324</b>	<b>78 203</b>

Operational leasing is mainly attributable to production buildings as well as Casualfood's retail shops in Germany.

**19 Intangible assets**

in CHF thousand	Brands	Label	Concessions	Customer base	Patents and Licenses	IT software	Total
<b>At cost</b>							
<b>Balance 01.01.2018</b>	<b>26 868</b>	<b>28 660</b>	<b>0</b>	<b>73 812</b>	<b>7 680</b>	<b>13 304</b>	<b>150 323</b>
Additions	0	0	0	0	0	650	650
Additions from acquisitions	5 212	0	0	4 416	0	0	9 628
Exchange differences	0	0	0	-1 537	0	-6	-1 543
<b>Balance 31.12.2018</b>	<b>32 080</b>	<b>28 660</b>	<b>0</b>	<b>76 691</b>	<b>7 680</b>	<b>13 948</b>	<b>159 059</b>
Additions	0	0	0	0	9	1 021	1 029
Additions from acquisitions	13 666	0	19 840	0	0	0	33 506
Disposals	0	0	0	0	0	-34	-34
Exchange differences	-18	0	-26	-1 359	-0	-8	-1 410
<b>Balance 31.12.2019</b>	<b>45 728</b>	<b>28 660</b>	<b>19 814</b>	<b>75 332</b>	<b>7 689</b>	<b>14 926</b>	<b>192 149</b>
<b>Accumulated depreciation</b>							
<b>Balance 01.01.2018</b>	<b>-18 346</b>	<b>-27 944</b>	<b>0</b>	<b>-36 882</b>	<b>-7 680</b>	<b>-11 098</b>	<b>-101 950</b>
Amortisation	-1 432	-717	0	-2 933	0	-827	-5 908
Exchange differences	0	0	0	149	0	2	151
<b>Balance 31.12.2018</b>	<b>-19 778</b>	<b>-28 660</b>	<b>0</b>	<b>-39 667</b>	<b>-7 680</b>	<b>-11 923</b>	<b>-107 708</b>
Amortisation	-1 787	0	-882	-2 278	-0	-859	-5 806
Disposals	0	0	0	0	0	34	34
Exchange differences	2	0	7	204	0	3	217
<b>Balance 31.12.2019</b>	<b>-21 562</b>	<b>-28 660</b>	<b>-875</b>	<b>-41 741</b>	<b>-7 680</b>	<b>-12 744</b>	<b>-113 262</b>
Net balance 01.01.2018	8 521	717	0	36 930	0	2 205	48 373
Net balance 31.12.2018	12 302	0	0	37 024	0	2 025	51 351
<b>Net balance 31.12.2019</b>	<b>24 166</b>	<b>0</b>	<b>18 939</b>	<b>33 591</b>	<b>9</b>	<b>2 182</b>	<b>78 887</b>

## 20 Goodwill shadow accounting

Goodwill is recognised directly in retained earnings at the time of purchase of a subsidiary or an investment in an associated organisation and joint venture. The theoretical capitalisation of goodwill and its amortisation would have the following impact on equity and the consolidated balance sheet:

in CHF thousand	Goodwill Group companies	Goodwill associated organisations / joint ventures	Total Goodwill 2019	Goodwill Group companies	Goodwill associated organisations / joint ventures	Total Goodwill 2018
<b>At cost</b>						
<b>Balance 01.01.</b>	<b>159 858</b>	<b>28 486</b>	<b>188 345</b>	<b>132 688</b>	<b>0</b>	<b>132 688</b>
Additions	27 846	0	27 846	27 170	28 486	55 657
Reallocation	28 486	-28 486	0	0	0	0
<b>Balance 31.12.</b>	<b>216 191</b>	<b>0</b>	<b>216 191</b>	<b>159 858</b>	<b>28 486</b>	<b>188 345</b>
<b>Theoretical accumulated amortisation</b>						
<b>Balance 01.01.</b>	<b>-95 782</b>	<b>-475</b>	<b>-96 256</b>	<b>-87 703</b>	<b>0</b>	<b>-87 703</b>
Annual amortisation	-8 687	-1 266	-9 953	-8 078	-475	-8 553
Reallocation	-1 741	1 741	0	0	0	0
<b>Balance 31.12.</b>	<b>-106 209</b>	<b>0</b>	<b>-106 209</b>	<b>-95 782</b>	<b>-475</b>	<b>-96 256</b>
<b>Net balance 31.12.</b>	<b>109 982</b>	<b>0</b>	<b>109 982</b>	<b>64 077</b>	<b>28 012</b>	<b>92 088</b>

Acquisitions were translated into CHF with the exchange rate applicable on their respective transaction dates. As a result of this procedure, no currency translation adjustments were necessary.

Had goodwill been capitalised and amortised, the theoretical effect on equity and net income would have been as follows:

in CHF thousand	31.12.2019	31.12.2018
Equity per consolidated balance sheet	86 453	89 727
Theoretical capitalisation of net balance of Goodwill	109 982	92 088
<b>Theoretical Equity including Goodwill</b>	<b>196 434</b>	<b>181 816</b>
Theoretical equity ratio	38.2%	37.0%

in CHF thousand	2019	2018
Profit for the year incl. non-controlling interests per consolidated income statement	31 794	31 819
Theoretical amortisation of Goodwill	-9 953	-8 553
<b>Theoretical Profit for the year incl. non-controlling interests after Goodwill amortisation</b>	<b>21 841</b>	<b>23 266</b>

## 21 Financial assets

in CHF thousand	31.12.2019	31.12.2018
Investments in associated organisations / joint ventures	50	10 031
Loan	1 490	200
Other financial assets	16	364
<b>Total</b>	<b>1 556</b>	<b>10 595</b>

in CHF thousand	2019	2018
<b>Balance investments in associated organisations / joint ventures as per 01.01.</b>	<b>10 031</b>	<b>0</b>
Additions (investments)	0	10 112
Reallocation from other financial assets	50	0
Result of associated organisations / joint ventures	512	70
Dividends of associated organisations / joint ventures	-1 042	0
Assumption of control of Casualfood <sup>1</sup>	-9 196	0
Translation adjustments	-304	-151
<b>Balance investments in associated organisations / joint ventures as per 31.12.</b>	<b>50</b>	<b>10 031</b>

<sup>1</sup> See further details in note 5.

During the year 2019 there was a cash flow in the amount of kCHF 1 576 regarding the acquisition of an interest in Casualfood of 2018. This mainly comprises a part of the purchase price for Casualfood which was outstanding as at 31 December 2018.

## 22 Other current payables

in CHF thousand	31.12.2019	31.12.2018
Other current payables – third parties	4 082	4 709
Other current payables – related parties	1 238	1 184
Current income tax liabilities	3 787	2 463
<b>Total</b>	<b>9 107</b>	<b>8 356</b>

## 23 Accrued liabilities

in CHF thousand	31.12.2019	31.12.2018
Vacation / overtime	3 896	4 084
Bonus	2 740	2 516
Client reimbursements	4 130	3 945
Operating expense	2 709	2 743
Taxes, duties and consultancy	2 262	2 153
Other accrued expenses	5 025	5 519
Other accrued expenses – related parties	668	770
<b>Total</b>	<b>21 430</b>	<b>21 731</b>

## 24 Financial liabilities

in CHF thousand	Note	Effective interest rate %	Maturity	31.12.2019
<b>Year ended 31 December 2019</b>				
Short-term bank loan in CHF		0.90 – 1.75%	2020	4 340
Short-term bank loan in EUR		0.51 – 1.15%	2020	1 594
kCHF 926 overdraft bank facility		1.80 – 4.50%	2020	926
Short-term liabilities from finance lease	■ 18	1.31 – 1.44%	2020	61
<b>Total</b>				<b>6 921</b>
<b>Non-current – third parties</b>				
kCHF 42 000 bank loan		LIBOR +1.80%	30.09.2023	41 736
kCHF 3 870 bank loan		0.90 – 1.50%	N/a	3 870
kCHF 3 080 bank loan		1.75%	31.12.2024	3 080
kEUR 2 100 bank loan		EURIBOR +0.51%	30.06.2024	2 280
kEUR 700 bank loan		EURIBOR +0.61%	30.09.2022	760
kEUR 500 bank loan		EURIBOR +0.73%	31.12.2022	543
kEUR 305 bank loan		1.00%	30.09.2025	331
kEUR 250 bank loan		0.95%	31.12.2024	271
kEUR 121 bank loan		1.15%	31.12.2023	131
kEUR 50 bank loan		1.05%	31.12.2021	54
kCHF 108 000 bank loan (not yet drawn)			30.09.2023	0
kEUR 93 long-term liabilities from finance lease	■ 18	1.44%	31.12.2022	101
kEUR 25 long-term liabilities from finance lease	■ 18	1.31%	01.10.2022	28
kCHF 110 000 Bond		0.625%	26.09.2023	110 079
<b>Total</b>				<b>163 263</b>
<b>Year ended 31 December 2018</b>				
Short-term bank loan in CHF		0.90 – 1.75%	2019	340
Short-term bank loan in EUR		0.95 – 1.15%	2019	246
kEUR 31 overdraft bank facility		3.48%	2019	35
Short-term liabilities from finance lease	■ 18	1.31%	2019	11
<b>Total</b>				<b>632</b>
<b>Non-current – third parties</b>				
kCHF 52 000 bank loan		LIBOR +1.80%	30.09.2023	51 707
kEUR 6 500 bank loan		LIBOR +1.80%	30.09.2023	7 274
kCHF 5 590 bank loan		0.90 – 1.50%	N/a	5 590
kCHF 3 200 bank loan		1.75%	31.12.2024	3 200
kEUR 370 bank loan		1.00%	30.09.2025	416
kEUR 313 bank loan		0.95%	31.12.2024	352
kEUR 163 bank loan		1.15%	31.12.2023	183
kEUR 100 bank loan		1.05%	31.12.2021	113
kCHF 90 684 bank loan (not yet drawn)			30.09.2023	0
Long-term liabilities from finance lease	■ 18	1.31%	01.10.2022	40
kCHF 110 000 Bond		0.625%	26.09.2023	110 100
<b>Total</b>				<b>178 974</b>

In connection with the refinancing of outstanding credit facilities as well as for general corporate purposes including potential acquisitions, the ORIOR Group issued on 26 September 2017 a six year bond with a nominal value of CHF 110.0 million (ISIN CH37961096) at an issued price of 100.545%. The loan carries a fixed interest rate of 0.625% and will be repaid on 26 September 2023.

The credit limit of the current Credit Facility Agreement is CHF 80.0 million (2018: CHF 80.0 million), which can be used up to the maturity date. The one year extension option was exercised during the year 2018, which extended the maturity date until 30 September 2023. By means of an increase option, the credit limit can be increased by an additional CHF 70.0 million. As per the balance sheet date CHF 108.0 million (2018: CHF 90.7 million) has not yet been drawn. In accordance with the Credit Facility Agreement, the Group can refinance the financial liabilities on a monthly basis at its discretion as long as the covenants are adhered to. The covenants stipulate a Net Leverage Ratio of not more than 3.0x (3.5x under exceptional circumstances). The Group does not see any risk that any covenants will be breached. Therefore, the whole amount of CHF 41.7 million (2018: CHF 59.0 million) is disclosed as non-current. The interest rates applicable to the credit facility are based on the ratio of the Group's net debt to EBITDA and on LIBOR. There are no annual repayments due.

Furthermore, a bilateral credit up to CHF 30.0 million (2018: 30.0 million) can be used.

Bank loans are secured by pledged property, plant and equipment with a carrying amount of kCHF 10 915 (2018: kCHF 11 289).

## 25 Provisions

in CHF thousand	Restructuring	Anniversary and other long-term service benefits	Others	Total
<b>Balance 01.01.2018</b>	<b>1 322</b>	<b>3 743</b>	<b>837</b>	<b>5 902</b>
Additions	658	158	32	849
Additions from acquisitions	0	208	594	802
Use	-809	-197	-232	-1 239
Reversal	0	0	-65	-65
Exchange differences	-47	-44	-34	-125
<b>Balance 31.12.2018</b>	<b>1 124</b>	<b>3 868</b>	<b>1 132</b>	<b>6 124</b>
Of which short-term	1 124	356	125	1 605
Of which long-term	0	3 512	1 007	4 519
Additions	0	395	14	410
Additions from acquisitions	0	214	372	586
Use	-225	-56	-76	-357
Reversal	0	0	-979	-979
Exchange differences	-34	-45	-10	-89
<b>Balance 31.12.2019</b>	<b>865</b>	<b>4 376</b>	<b>454</b>	<b>5 695</b>
Of which short-term	865	412	56	1 332
Of which long-term	0	3 964	398	4 363

**Restructuring** – This provision covers the restructuring costs of one subsidiary.

**Anniversary and other long-term service benefits** – This provision covers long-term employment benefits such as anniversary and other long-term service benefits. These are calculated annually by independent actuaries.

**Others** – Other provisions include the operational risks identified up to the balance sheet date, doubtful obligations and restoration costs.

## 26 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

in CHF thousand	31.12.2019	31.12.2018
Deferred tax liabilities	35 280	27 386
<b>Deferred tax liabilities</b>	<b>35 280</b>	<b>27 386</b>

The movement on the deferred income tax account is as follows:

in CHF thousand	2019	2018
Opening balance as at 01.01.	27 386	29 270
Additions from acquisitions	11 027	1 133
Charges / (discharges) to income statement	-2 562	-2 317
Exchange differences	-571	-700
<b>Deferred tax liabilities as at 31.12.</b>	<b>35 280</b>	<b>27 386</b>

Deferred income taxes are calculated for temporary differences under the liability method using local tax rates.

Deferred tax assets on tax-loss carryforwards are not capitalised. The value of such tax assets is recognised only when realised. The expiration of those losses is as follows:

- Expires in 1 to 3 years: kCHF 0 (2018: kCHF 0)
- Expires in 4 to 7 years: kCHF 0 (2018: kCHF 10 855)
- No expiration: kCHF 2 552 (2018: kCHF 1 079)

This results in not capitalised theoretical deferred tax assets for unused tax loss carryforwards of kCHF 901 (2018: kCHF 2 496). The tax loss carryforwards cannot be used in any case. During the year 2019 tax loss carryforwards in the amount of kCHF 10 884 (2018: kCHF 807) could be offset against taxable income, which resulted in tax savings of kCHF 2 160 (2018: kCHF 185).

## 27 Treasury shares

	Number	Ø price per share in CHF	Total in kCHF
<b>Opening balance as at 01.01.2018</b>	<b>27 256</b>	<b>75.69</b>	<b>2 063</b>
Purchases 01.01. – 31.12.18	50 131	83.22	4 172
Sales 01.01. – 31.12.18	-67 339	76.47	-5 150
Losses/gains from sales of treasury shares			-242
<b>Closing balance as at 31.12.2018</b>	<b>10 048</b>	<b>83.88</b>	<b>843</b>
<b>Opening balance as at 01.01.2019</b>	<b>10 048</b>	<b>83.88</b>	<b>843</b>
Purchases 01.01. – 31.12.19	75 545	80.05	6 047
Sales 01.01. – 31.12.19	-84 165	82.17	-6 915
Losses/gains from sales of treasury shares			147
<b>Closing balance as at 31.12.2019</b>	<b>1 428</b>	<b>85.34</b>	<b>122</b>

Further details regarding sales of treasury shares are provided in note 33.

## 28 Dividends

The dividend for 2018 was paid in April 2019 in conformity with the decision taken at the Annual General Meeting on 11 April 2019. Shareholders approved the proposed dividend in the form of a repayment of capital contributions of CHF 2.24 (2018: CHF 2.17) per share, resulting in a total dividend of kCHF 14 550 (2018: kCHF 14 083). The Board of Directors will propose to the Annual General Meeting in March 2020 that the Group distributes a dividend of CHF 2.32 per share for the 2019 financial year. These financial statements do not reflect any dividend payable.

## 29 Share capital

The share capital consists of 6 517 499 shares at a par value of CHF 4.00, which results in a total share capital of kCHF 26 070. In March 2018 ORIOR placed 592 499 new shares at CHF 75.50 per new share. The net proceeds from the placement amount to kCHF 43 657 after deduction of the relevant capital increase costs. The net proceeds from the capital increase were used to finance the acquisition of Thurella AG. The placed shares were sourced from ORIOR's existing authorised share capital.

## 30 Derivative financial instruments

in CHF thousand	Active values	Passive values	Active values	Passive values
	31.12.2019	31.12.2019	31.12.2018	31.12.2018
Forward exchange transactions	106	809	154	317
Other underlyings	36	38	0	0
<b>Total derivative financial instruments</b>	<b>142</b>	<b>847</b>	<b>154</b>	<b>317</b>
Thereof to hedge future cash flows	142	847	154	317
<b>Total balance sheet values</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The market values of the derivatives financial instruments to hedge future cashflows are not accounted for in the balance sheet in analogy with the hedged underlying transaction. The derivative financial instruments on other underlyings concern interest rate hedges which are also not accounted for in the balance sheet.

## 31 Foreign exchange rates

Currency	Unit	Average exchange rate		Closing exchange rate	
		2019	2018	31.12.2019	31.12.2018
EUR	1	1.1126	1.1548	1.0856	1.1255
USD	1	0.9938	0.9781	0.9666	0.9821

## 32 Employee pension fund

in CHF thousand	Nominal value ECR	Waiver of use	Creation/Release	Balance sheet	Balance sheet	Result from ECR in	Result from ECR in
						personnel expenses	personnel expenses
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2018	2019	2018
<b>Employer contribution reserve</b>							
Pension fund without excess/insufficient cover (Switzerland)	16	0	0	16	16	0	0

in CHF thousand	Over/under-funding	Group economic proportion	Group economic proportion	Change of economic proportion	Contributions accrued for the period	Pension expenses in	Pension expenses in
						personnel expenses	personnel expenses
	31.12.2019	31.12.2019	31.12.2018	2019		2019	2018
<b>Economic benefit(s) / Pension obligation and cost</b>							
Pension fund without excess/insufficient cover	0	0	0	0	6 349	6 349	6 169
Pension fund with excess cover	0	0	0	0	0	0	0
Pension fund with insufficient cover	-8	0	0	0	241	241	191
<b>Total</b>	<b>-8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 590</b>	<b>6 590</b>	<b>6 360</b>

As the pension fund financial statements as at 31.12.2019 had not yet been prepared in accordance with Swiss GAAP FER 26 at the time this Annual Report was prepared, the most recently available financial statements were referenced. It is assumed that the financial statements as at 31.12.2019 will show no material change in the pension fund's economic benefit compared to the previous financial statements.

### 33 Share-based payments

The Group has set up a stock ownership scheme for members of the Board of Directors, members of the Executive Committee, members of the executive boards of the competence centres, and for employees of ORIOR Group as determined by the Board of Directors. Shares can be offered annually under special conditions to employees or members of the Board of Directors who are entitled to participate as an incentive to future performance, to be credited to or in addition to the payments owed under their employment contract.

The shares that are to be issued in the context of this plan can be acquired from ORIOR on the stock exchange or created by means of authorised, conditional or ordinary capital increases. The share purchase price corresponds to the volume-weighted average price during the last six months prior to the start of the two-month offer period of an ORIOR share traded on the SIX, minus a discount of 25%. The shares are subject to a blocking period of three years from the date of grant. No shares were sold within the framework of this plan in the current year. In 2018 19 445 shares were sold to plan participants at a price of CHF 58.04, which amounted to a total of kCHF 1 129. The recognised expense arising from share-based payment transactions for the financial year 2019 amounts to kCHF 158 (2018: kCHF 161).

### 34 Related parties

The Board of Directors of ORIOR AG (below Board of Directors), the Executive Committee of ORIOR AG (below Executive Committee), the pension fund organisations (below Pension fund) and associated organisations and joint ventures are treated as related parties.

Below please find the overview of related party transactions and balance sheet positions with related parties:

#### in CHF thousand

Assets	Partner	31.12.2019	31.12.2018
Trade accounts receivable	Executive Committee <sup>1</sup>	330	336
Other current receivables	Associated organisations / joint ventures	14	0
Other current receivables	Pension fund	16	17
Loan	Associated organisations / joint ventures	1 490	200

Liabilities	Partner	31.12.2019	31.12.2018
Trade accounts payable	Executive Committee <sup>1</sup>	194	244
Other current payables	Pension fund	1 113	1 184
Other current payables	Executive Committee	93	0
Other current payables	Associated organisations / joint ventures	33	0
Accrued liabilities	Board of Directors	229	188
Accrued liabilities	Executive Committee	440	582

Sales & other income	Partner	2019	2018
Gross sales	Executive Committee <sup>1</sup>	2 169	1 778
Other operating income	Executive Committee <sup>1</sup>	176	162
Other operating income	Associated organisations / joint ventures	17	0
Interest income	Associated organisations / joint ventures	2	0

<sup>1</sup> Transactions with companies that are controlled by a member of the Executive Committee but do not belong to the ORIOR Group.



Expenses	Partner	2019	2018
Raw materials / goods and services purchased	Executive Committee <sup>1</sup>	-17	-766
Pension fund contributions	Pension fund	-6 590	-6 360
Board of Directors' compensation	Board of Directors	-641	-610
Administration	Executive Committee	-443	-462
Energy, information and communication	Associated organisations / joint ventures	-85	0
Operational leasing	Executive Committee <sup>1</sup>	-364	-371

<sup>1</sup> Transactions with companies that are controlled by a member of the Executive Committee but do not belong to the ORIOR Group.

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. No further claims or liabilities exist between the Group and its Board of Directors or significant shareholders except for the amounts disclosed above.

### 35 Contingent liabilities

No guarantees or warranty obligations for third parties existed in the current financial period. The Group is involved in legal disputes, litigation, and court proceedings in the normal course of business. From the Group's point of view, it is presently not expected that these disputes will have a material impact on the Group's financial situation or operating profits in excess of existing provisions.

### 36 Pledges for obligations

Besides the pledges reported under "Property, Plant and equipment"(see note 17) and "financial liabilities" (see note 24), there are no further assets pledged.

### 37 Investment obligations and other off-balance sheet liabilities

in CHF thousand	31.12.2019	31.12.2018
<b>Contractual obligations towards third parties</b>	<b>33 996</b>	<b>69 718</b>
Thereof due within one year	21 129	36 508
Thereof due within two and more years	12 867	33 210
<b>Purchase obligations for property, plant and equipment</b>	<b>1 568</b>	<b>1 681</b>
<b>Purchase obligations for raw materials and trade products</b>	<b>30 006</b>	<b>28 385</b>

The contractual obligations represent an investment obligation regarding the intended acquisition of further interests in Casualfood GmbH.

### 38 Events after the balance sheet date

No events occurred between the balance sheet date and the printing date of the annual report which could have a material impact on the 2019 annual financial statements.

On 22 January 2020 the establishment of the joint venture "Smartseller" with duty free retail and distribution company Gebr. Heinemann SE & Co. KG was announced.

**39 Legal structure of ORIOR Group**

Company Name	Location	Country	Business activity	Currency	Share capital in thousand	% -share of capital and votes	
						2019	2018
ORIOR AG	Zurich	Switzerland	Parent Company	CHF	26 070		
ORIOR Management AG	Zurich	Switzerland	Services	CHF	100	100%	100%
Rapelli SA	Stabio	Switzerland	Premium Food	CHF	12 500	100%	100%
ORIOR Deutschland GmbH in Liq.	Frankfurt a. M.	Germany	Premium Food	EUR	25	100%	100%
ORIOR Menu AG	Böckten	Switzerland	Premium Food	CHF	1 700	100%	100%
Fredag AG	Root	Switzerland	Premium Food	CHF	2 000	100%	100%
Albert Spiess Holding AG in Liq.	Schiers	Switzerland	Holding	CHF	1 000	100%	100%
Albert Spiess AG	Schiers	Switzerland	Premium Food	CHF	1 000	100%	100%
Spiess Europe SAS	Hagenau	France	Premium Food	EUR	1 130	100%	100%
Möfag, Mösli Fleischwaren AG	Zuzwil	Switzerland	Premium Food	CHF	200	100%	100%
ORIOR Europe NV	Destelbergen	Belgium	Services	EUR	79 028	100%	100%
Culinor Food Group NV	Destelbergen	Belgium	Premium Food	EUR	7 419	100%	100%
Culinor NV	Destelbergen	Belgium	Premium Food	EUR	2 390	100%	100%
Covifood NV	Oostakker	Belgium	Premium Food	EUR	315	100%	100%
Biotta Holding AG	Tägerwilen	Switzerland	Holding	CHF	100	100%	100%
Biotta AG	Tägerwilen	Switzerland	Premium Beverage	CHF	12 000	100%	100%
Naturadrinks AG	Tägerwilen	Switzerland	Premium Beverage	CHF	800	100%	100%
Biotta GmbH	Konstanz	Germany	Premium Beverage	EUR	25	100%	100%
GESA Holding GmbH	Neuenstadt-Stein	Germany	Holding	EUR	25	100%	100%
GESA Gemüsesaft GmbH	Neuenstadt-Stein	Germany	Premium Beverage	EUR	260	100%	100%
ORIOR Food Service GmbH	Frankfurt a. M.	Germany	Holding	EUR	25	100%	100%
casualfood GmbH	Frankfurt a. M.	Germany	Food Service To-Go	EUR	110	70%	35%
Pflanzberg Energie AG	Tägerwilen	Switzerland	Generation of renewable energy	CHF	100	50%	50%



Ernst & Young Ltd  
Aeschengraben 9  
P.O. Box  
CH-4002 Basle

Phone +41 58 286 86 86  
Fax +41 58 286 86 00  
www.ey.com/ch

To the General Meeting of  
Orior Ltd, Zürich

Basle, 25 February 2020

## Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Orior Ltd, which comprise the consolidated statement of income, the consolidated balance sheet, consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements (pages 50 to 79), for the year ended 31 December 2019.



### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



**Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

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

We have fulfilled the responsibilities described in the *Auditor’s responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

**Acquisition of Casualfood GmbH**

**Area of focus** As of 2 September 2019, the company acquired additional shares in Casualfood (additionally 35%) and thus gained control. As disclosed in note 5 of the consolidated financial statements, the company performed a purchase price allocation. The accounting of the acquisition requires the company to preliminarily determine the fair value of the consideration transferred and the fair value of the acquired net assets. The selection of the valuation parameters for the identification of the net assets including tangible and intangible assets (including Goodwill) involves judgements by management and is subject to significant assumptions. The audit procedures related to the purchase price allocation were key to the group audit.

**Our audit response** We audited the purchase price allocation including its completeness, its disclosure and the accounting treatment of the resulting Goodwill. Our work included among other things the audit of the acquisition date, the purchase price and the determination of the fair value of the assets and liabilities. For the intangible assets we assessed the completeness and appropriateness of the valuation. We also audited the offset of the acquired goodwill with equity. Furthermore, we audited the completeness and accuracy of the disclosures in note 5 of the consolidated financial statements. In line with our audit procedures we did not note any exceptions regarding the completeness and valuation of the acquired net assets.

**Determination and review of the appropriateness of the useful lives of intangible assets**

**Area of focus** The intangible assets represent as of 31 December 2019 20% of the Group’s total assets and 91% of the Group’s total equity after minorities. As disclosed in note 2 and 19 of the consolidated financial statements, the intangible assets are initially recognized at acquisition costs and subsequently measured at cost less accumulated depreciation and impairment. The intangible assets from acquisitions are depreciated over a useful life of 5 to maximum 20 years and tested annually for impairment. The company uses assumptions for the determination and review of the useful lives in respect to future market and



industry development, such as expected inflation rates, demographic developments as well as revenue and margin developments. Given the judgments required by the management in connection with the determination and review of the useful lives, we considered this area to be key to the group audit.

**Our audit response**

For the audit we evaluated the company's process related to the definition of the useful life of intangible assets. Furthermore, we compared the future cash flows used to the strategic planning, business plans and other relevant business developments approved by the management and the board of directors. In addition, we audited the disclosure of intangible assets in note 2 and note 19 to the consolidated financial statements. In line with our audit procedures we did not note any exceptions regarding the valuation of the intangible assets.



**Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Ernst & Young Ltd

Martin Gröli  
Licensed audit expert  
(Auditor in charge)

Hortense Pfammatter  
Licensed audit expert

# **ORIOR AG**

FINANCIAL STATEMENTS 2019

## Income Statement

in CHF thousand	Note	2019	2018
Dividend income		7 000	27 350
Financial income		2 657	3 466
Other operating income		295	289
<b>Total income</b>		<b>9 952</b>	<b>31 105</b>
Financial expense		-1 042	-1 285
Other operating expense		-1 408	-1 401
Depreciation and amortisation	■ 7	-1 896	-1 896
<b>Total expenses</b>		<b>-4 346</b>	<b>-4 582</b>
<b>Ordinary earnings before taxes</b>		<b>5 607</b>	<b>26 523</b>
Tax expense		-165	-226
<b>Profit for the year</b>		<b>5 442</b>	<b>26 297</b>

## Balance Sheet

in CHF thousand	Note	31.12.2019	31.12.2018
Cash and cash equivalents		92	932
Other current receivables subsidiaries		1 250	635
Prepaid expenses		67	69
<b>Total current assets</b>		<b>1 409</b>	<b>1 636</b>
Loans to subsidiaries		261 748	268 448
Investments	■ 1	115 438	115 438
Intangible assets	■ 2	948	2 844
<b>Total non-current assets</b>		<b>378 134</b>	<b>386 730</b>
<b>Total assets</b>		<b>379 543</b>	<b>388 366</b>
Other current payables third parties		89	133
Other current payables subsidiaries		0	17
Accrued liabilities		1 096	1 471
<b>Current liabilities</b>		<b>1 185</b>	<b>1 621</b>
Bonds	■ 3	110 000	110 000
<b>Non-current liabilities</b>		<b>110 000</b>	<b>110 000</b>
<b>Total liabilities</b>		<b>111 185</b>	<b>111 621</b>
Share capital	■ 4	26 070	26 070
Statutory capital reserves	■ 5	30 754	45 304
<i>Capital contribution reserves</i>		30 754	45 304
Statutory retained earnings		5 214	4 740
Voluntary retained earnings		206 442	201 474
<i>Free reserve</i>		5 000	5 000
<i>Retained earnings</i>		201 442	196 474
Brought forward from previous year		196 000	170 177
Profit for the year		5 442	26 297
Treasury shares	■ 6	-122	-843
<b>Total equity</b>		<b>268 358</b>	<b>276 745</b>
<b>Total liabilities and equity</b>		<b>379 543</b>	<b>388 366</b>



## Notes to the Statutory Financial Statements

### General information

ORIOR AG  
Dufourstrasse 101  
8008 Zürich

BID number / CHE-113.034.902  
VAT number / CHE-113.034.902 MWST

These annual financial statements were prepared in line with Swiss law, and in particular with the articles of the Swiss Code of Obligations concerning accounting and financial reporting (Art. 957 ff. OR).

The following principles are applied to the annual financial statements:

The figures shown in the annual financial statements are rounded up or down. The actual calculations are made with greater precision, so small rounding differences can appear.

#### No presentation of a cash flow statement and additional disclosures in the Notes

As ORIOR AG has prepared its consolidated financial statements under a recognised accounting standard (Swiss GAAP FER), it has decided, in accordance with applicable laws and regulations, not to disclose additional information in the Notes or present a cash flow statement.

## Information about balance sheet and income statement items

### 1 Direct and major indirect investments

Company Name	Location	Investment	Business activity	Currency	Share capital in CHF thousand	% -share of capital and votes	
						2019	2018
ORIOR Management AG	Zurich	direct	Services	CHF	100	100%	100%
ORIOR Menu AG	Böckten	direct	Premium Food	CHF	1 700	100%	100%
Rapelli SA	Stabio	indirect	Premium Food	CHF	12 500	100%	100%
Fredag AG	Root	indirect	Premium Food	CHF	2 000	100%	100%
Albert Spiess AG	Schiers	indirect	Premium Food	CHF	1 000	100%	100%
Möfag, Mösli Fleischwaren AG	Zuzwil	indirect	Premium Food	CHF	200	100%	100%
ORIOR Europe NV	Destelbergen	indirect	Services	EUR	79 028	100%	100%
Culinor Food Group NV	Destelbergen	indirect	Premium Food	EUR	7 419	100%	100%
Culinor NV	Destelbergen	indirect	Premium Food	EUR	2 390	100%	100%
Covifood NV	Oostakker	indirect	Premium Food	EUR	315	100%	100%
Biotta Holding AG	Tägerwilen	indirect	Holding	CHF	100	100%	100%
Biotta AG	Tägerwilen	indirect	Premium Beverage	CHF	12 000	100%	100%
Naturadrinks AG	Tägerwilen	indirect	Premium Beverage	CHF	800	100%	100%
GESA Gemüsesaft GmbH	Neuenstadt-Stein	indirect	Premium Beverage	EUR	260	100%	100%
ORIOR Food Service GmbH	Frankfurt a. M.	indirect	Holding	EUR	25	100%	100%
casualfood GmbH	Frankfurt a. M.	indirect	Food Service To Go	EUR	110	70%	35%

Investments are recognised in the balance sheet at cost, less the necessary value adjustments.

## 2 Intangible assets

This position includes goodwill from a transaction in 2006 and is being depreciated over a period of 15 years.

## 3 Bond issues

In connection with the refinancing of outstanding credit facilities as well as for general corporate purposes including potential acquisitions, ORIOR AG issued on 26 September 2017 a six year bond with a nominal value of CHF 110.0 million (ISIN CH37961096) at an issue price of 100.545%. The bond carries a fixed interest rate of 0.625% and will be repaid on 26 September 2023.

## 4 Share capital and authorised share capital

The share capital of CHF 26 069 996 consists of 6 517 499 registered shares with a nominal value of CHF 4.00 each. As a result of the capital increase in March 2018, 592 499 new registered shares were issued at a price of CHF 75.50 each. At the Annual General Meeting on 12 April 2018, the Board of Directors was authorised to increase share capital by a maximum of CHF 3 908 000, divided into 977 000 registered shares with a nominal value of CHF 4.00 each by no later than 12 April 2020.

### Conditional share capital

The share capital of the Company may be increased by a maximum of CHF 714 256 through the issue of a maximum of 178 564 registered shares with a nominal value of CHF 4.00 each, which must be fully paid-in.

in CHF	31.12.2019	31.12.2018
Conditional share capital	714 256	714 256
Authorised share capital	3 908 000	3 908 000

## 5 Capital contribution reserves

The capital contribution reserves include the share premium (agio) from the capital increases conducted in previous years, less the ensuing dividend payments. From the total of kCHF 30 754 shown as at 31.12.2019 the amount of kCHF 27 556 was confirmed by the Swiss tax authorities and is therefore available for withholding tax free distribution.

## 6 Treasury shares

	Number	Ø price per share in CHF	Total in kCHF
Opening balance as at 01.01.2018	27 256	75.69	2 063
Purchases 01.01. – 31.12.18	50 131	83.22	4 172
Sales 01.01. – 31.12.18	-67 339	76.47	-5 150
Losses/gains from sales of treasury shares			-242
<b>Closing balance as at 31.12.2018</b>	<b>10 048</b>	<b>83.88</b>	<b>843</b>
<b>Opening balance as at 01.01.2019</b>	<b>10 048</b>	<b>83.88</b>	<b>843</b>
Purchases 01.01. – 31.12.19	75 545	80.05	6 047
Sales 01.01. – 31.12.19	-84 165	82.17	-6 915
Losses/gains from sales of treasury shares			147
<b>Closing balance as at 31.12.2019</b>	<b>1 428</b>	<b>85.34</b>	<b>122</b>

Own shares are stated at cost at the date of acquisition. The profit or loss from subsequent re-sales is recognised in the income statement as financial income or expense.

## 7 Amortisation

in CHF thousand	2019	2018
Amortisation of intangible assets	1 896	1 896
<b>Total depreciation and amortisation</b>	<b>1 896</b>	<b>1 896</b>

## Miscellaneous

### Full-time positions

No employees were employed at ORIOR AG in the year under review or the prior year.

### Sureties, guarantee commitments and pledged or assigned assets in favour of third parties

in CHF thousand	31.12.2019	31.12.2018
<b>Joint and several liabilities for rent</b>	<b>59 809</b>	<b>66 662</b>
In 2007, the production buildings of ORIOR Group were sold and rented back by the subsidiaries of the Group. ORIOR AG is jointly and severally liable with its subsidiaries for the outstanding rent instalments. The figure shown includes future rent payments up to the year 2031.		
<b>Guarantee commitments in favour of subsidiaries</b>	<b>42 200</b>	<b>59 516</b>

### Restriction of title for own liabilities

Regarding the Credit Facility Agreement with Credit Suisse in the maximum amount of kCHF 80 000 (of which kCHF 42 000 were drawn as per 31 December 2019).

### Significant shareholders

The significant shareholders of the Company were the following (> 5%):

Name	% of capital and votes	
	31.12.2019	31.12.2018
UBS Fund Management (Switzerland) AG (CH)	10.51% <sup>1</sup>	10.51% <sup>1</sup>
Swisscanto Fondsleitung AG (CH)	5.43%	5.43%
Credit Suisse Funds AG (CH)	5.31%	5.31%

<sup>1</sup> Includes RoPas (CH) Institutional Fund – Equities Switzerland, which holds an interest of 6.29%.

in CHF thousand	Active values		Passive values	
	31.12.2019	31.12.2019	31.12.2018	31.12.2018
Forward exchange transactions	0	51	0	130
<b>Total forward exchange transactions</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>130</b>
Thereof to hedge future cash flows	0	51	0	130
<b>Total balance sheet values</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Shareholdings of Board of Directors and Executive Committee

The members of the Board of Directors and the Executive Committee owned the following shareholdings in ORIOR AG:

Name and function	Freely disposable shares as at 31.12.2019	Restricted shares as at 31.12.2019 <sup>1</sup>	Total number of shares as at 31.12.2019	in %	Total number of shares as at 31.12.2018
Rolf U. Sutter, Chairman of the Board of Directors	107 633	350	107 983 <sup>2</sup>	1.66%	200 150 <sup>3</sup>
Walter Lüthi, Member of the Board of Directors	150	350	500	0.01%	500
Markus R. Neuhaus, Member of the Board of Directors <sup>4,5</sup>	580	0	580	0.01%	n/a
Monika Schüpbach, Member of the Board of Directors <sup>4</sup>	0	0	0	0.00%	n/a
Markus Voegeli, Member of the Board of Directors <sup>4</sup>	0	0	0	0.00%	n/a
Monika Walser, Member of the Board of Directors	700	350	1 050	0.02%	1 050
Edgar Fluri, former Vice Chairman of the Board of Directors <sup>6</sup>	n/a	n/a	n/a	n/a	5 350
Dominik Sauter, former Member of the Board of Directors <sup>6</sup>	n/a	n/a	n/a	n/a	550
Daniel Lutz, CEO ORIOR Group	2 000	1 200	3 200	0.05%	3 200
Andreas Lindner, CFO ORIOR Group <sup>7</sup>	0	0	0	0.00%	n/a
Filip De Spiegeleire, Head ORIOR Europe	7 100	800	7 900	0.12%	7 900
<b>Total</b>	<b>118 163</b>	<b>3 050</b>	<b>121 213</b>	<b>1.86%</b>	<b>218 700</b>
Total ORIOR Shares			6 517 499	100.00%	6 517 499

<sup>1</sup> Shares held under the stock ownership plan (see "Employee stock ownership plan" p. 46).

<sup>2</sup> Further information on the change in the number of shares held by Rolf U. Sutter can be found on page 15 of the "Corporate Governance Report 2019".

<sup>3</sup> Personal and group shareholdings (see page 12 of the "Corporate Governance Report 2018").

<sup>4</sup> Elected to the Board of Directors for the first time on 11 April 2019.

<sup>5</sup> Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

<sup>6</sup> Resigned effective 11 April 2019.

<sup>7</sup> With ORIOR since 1 October 2019; role of CFO assumed as of 28 October 2019.

The former Vice Chairman of the Board of Directors holds 350 ORIOR shares that were purchased in 2018 within the framework of a stock ownership programme; these shares are restricted until 31 July 2021. Under the same programme the former CFO and member of the Executive Committee Ricarda Demarmels purchased 1 100 ORIOR shares, restricted until 31 July 2021.

The members of the Board of Directors and the Executive Committee are not offered any special terms for purchasing shares other than in the aforementioned stock purchase plan.

## Share-based payments

The Group has set up a stock ownership scheme for members of the Board of Directors, members of the Executive Committee, members of the executive boards of the competence centres, and for employees of ORIOR Group as determined by the Board of Directors. Shares can be offered annually under special conditions to employees or members of the Board of Directors who are entitled to participate as an incentive to future performance, to be credited to or in addition to the payments owed under their employment contract.

The shares that are to be issued in the context of this plan can be acquired from ORIOR on the stock exchange or created by means of authorised, conditional or ordinary capital increases. The share purchase price corresponds to the volume-weighted average price during the last six months prior to the start of the two-month offer period of an ORIOR share traded on the SIX, minus a discount of 25%. The shares are subject to a blocking period of three years from the date of grant. No shares were sold within the framework of this plan in the current year. In 2018 19 445 shares were sold to plan participants at a price of CHF 58.04, which amounted to a total of kCHF 1 129. The recognised expense arising from share-based payment transactions for the financial year 2019 amounts to kCHF 158 (2018: kCHF 161).

## Subsequent events

No significant events occurred after the balance sheet date that had an influence on the book values of the reported assets or liabilities or that have to be disclosed here.

## Proposal for the allocation of retained earnings as of 31 December 2019

in CHF thousand	31.12.2019	31.12.2018
Brought forward from previous year	196 000	170 177
Profit for the year	5 442	26 297
<b>Available for distribution by the General Meeting</b>	<b>201 442</b>	<b>196 474</b>

### Allocation of retained earnings

The Board of Directors is proposing to the 2020 Annual General Meeting of Shareholders that it pay a dividend of CHF 2.32 (previous year CHF 2.24) per share. Due to the tax reform mentioned below, it consists of a dividend paid out of retained earnings of CHF 1.16 (subject to withholding tax) and a dividend paid out of the capital contribution reserve of CHF 1.16 (exempt from withholding tax). If the shareholders approve this proposal, the total dividend payment will come to kCHF 15 117. All shares rank for dividends except for the treasury shares (1 428 as per 31.12.2019).

in CHF thousand	31.12.2019	31.12.2018
Earnings available for distribution by the General Meeting	201 442	196 474
Allocation from confirmed capital contribution reserve	7 559	14 577
Dividend	-15 117	-14 577
Allocation to free reserves	0	-474
<b>Balance brought forward</b>	<b>193 883</b>	<b>196 000</b>
Total distribution	-15 117	-14 577
of which from confirmed capital contribution reserve (withholding tax-free)	-7 559	-14 577
of which from other available earnings	-7 559	0

Following the adoption of the Federal Act on Tax Reform and AHV Financing (STAF/TRAF) in a national referendum in 2019, all companies listed on the SIX Swiss Exchange that distribute tax-exempt capital contribution reserves to shareholders are now required to distribute an at least equal amount of capital from other reserves. For this reason, 50% of the proposed dividend payment for 2019 will for the first time be distributed from capital contribution reserves and 50% from other available earnings.



Ernst & Young Ltd  
Aeschengraben 9  
P.O. Box  
CH-4002 Basle

Phone +41 58 286 86 86  
Fax +41 58 286 86 00  
www.ey.com/ch

To the General Meeting of  
Orior AG, Zürich

Basle, 25 February 2020

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Orior AG, which comprise the balance sheet, income statement and notes (pages 84 to 90), for the year ended 31 December 2019.



### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.



### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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



We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

#### Investments

**Area of focus** The investments represent 30% of the total assets and 43% of the total equity of Orior AG as of 31 December 2019. The primary functions of the company include the acquisition, the administration and the disposal of investments in subsidiaries as well as financing and monitoring the group's activities. For statutory purposes, the company is required to assess the valuation of its investments and determine potential impairments on an individual basis. We consider investments in subsidiaries significant to our audit as the assessment involves judgments in estimating future revenues and margins as well as market and industry developments.

**Our audit response** Our work included the testing of the valuation model used in order to determine the recoverable amount. We further assessed the clerical accuracy of the valuation of the investments. Lastly, we verified the disclosure of the investments in note 1 to the financial statements. In line with our audit procedures we did not note any exceptions regarding the valuation of the investments.



#### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Ernst & Young Ltd

Martin Gröli  
Licensed audit expert  
(Auditor in charge)

Hortense Pfammatter  
Licensed audit expert

# **ORIOR AG**

SHARE INFORMATION 2019



## Share information

Listing	SIX Swiss Exchange
Security number	11167736
ISIN code	CH0111677362
Ticker symbol	ORON
LEI (Legal Entity Identifier)	50670020I84ZA17K9522
Shares entitled to dividend	All, except for treasury shares.
Voting rights	All registered shares have full voting rights.
Major shareholders	See Corporate Governance Report, Note 1.

## Key figures

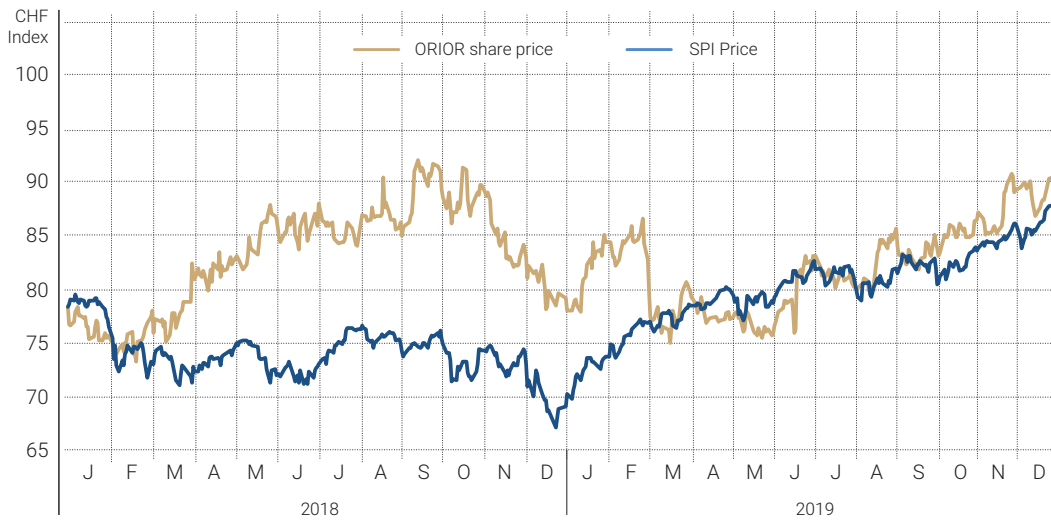
Number of shares at 31 December		2019	2018
Number of registered shares	Number	6 517 499	6 517 499
Nominal value per registered share	in CHF	4	4
of which treasury shares	Number	1 428	10 048
Number of outstanding registered shares	Number	6 516 071	6 507 451

Stock exchange key figures		2019	2018
Year-end price	in CHF	89.50	79.70
Year high	in CHF	92.00	92.70
Year low	in CHF	74.00	72.50
Average trading volume per day	Number	12 782	14 628
Market capitalisation at year-end	in CHF m	583.3	519.4

Key figures		2019	2018
Net result per share	in CHF	4.84	4.98
Net result per share (diluted)	in CHF	4.84	4.98
Operating cash flow per share	in CHF	8.78	8.25
Equity per share	in CHF	13.29	14.04
Dividend per share	in CHF	2.32	2.24
P / E ratio after tax		18.48	16.0
Weighted Ø number of shares outstanding	in '000	6 504	6 389

The "per share" benchmark figures are calculated on the basis of the weighted average number of shares.

## Share price performance



For better comparability, ORIOR's share price was compared with dividend-adjusted SPI Index.

## Dividend policy and dividend proposal

ORIOR's dividend policy is congruent with the Group's long-term financial development. The dividend policy takes the expected vagaries of the economy, the market situation and other factors such as liquidity needs and capital expenditure requirements as well as tax, regulatory and other legal considerations into account.

ORIOR's attractive dividend policy was confirmed in the ORIOR 2019 strategy; a further steady increase in the absolute dividend is targeted.

The Board of Directors is proposing a dividend of CHF 2.32 per share for 2019.

## Key dates 2020

31 March 2020	Annual General Meeting ORIOR AG
02 April 2020	Ex-Date
06 April 2020	Pay Date
19 August 2020	Publication half year results and half year report 2020

## Contact

### Head Office ORIOR Group

ORIOR AG  
Dufourstrasse 101  
CH-8008 Zurich  
Tel. +41 44 308 65 00  
info@orior.ch

### Investor Relations

Milena Mathiuet  
ORIOR AG  
Dufourstrasse 101  
CH-8008 Zurich  
Tel. +41 44 308 65 13  
milena.mathiuet@orior.ch

### Corporate Communications

Linda Koller  
ORIOR AG  
Dufourstrasse 101  
CH-8008 Zurich  
Tel. +41 44 308 65 23  
linda.koller@orior.ch

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### Note to performance measures

ORIOR uses alternative performance measures in this Annual Report which are not defined by Swiss GAAP FER. These alternative performance measures provide useful and relevant information regarding the operative and financial performance of the Group. The document "Alternative Performance Measures Full Year 2019", which is available on <https://orior.ch/en/financial-reports>, defines these alternative performance measures.

### Disclaimer

This annual report might contain forward-looking statements based on the currently held beliefs and assumptions of the management of ORIOR AG. Management believes the expectations expressed in such statements are based on reasonable assumptions. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of ORIOR AG, or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

### Imprint

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**ORIOR AG** Dufourstrasse 101 CH-8008 Zurich Tel. +41 44 308 65 00 info@orior.ch www.orior.ch

## Rapelli SA

### Rapelli SA

Via Lavaggio 13  
CH-6855 Stabio  
Tel. +41 91 640 73 00  
www.rapelli.ch



### Albert Spiess AG

Dorfstrasse 64  
CH-7220 Schiers  
Tel. +41 81 308 03 08  
www.albert-spiess.ch



### Mösi Fleischwaren AG

Industriestrasse 9  
CH-9524 Zuzwil  
Tel. +41 71 944 11 11  
www.moefag.ch



### Biotta AG

Pflanzbergstrasse 8  
CH-8274 Tägerwilten  
Tel. +41 71 466 48 48  
www.biotta.ch



### Fredag AG

Oberfeld 7  
CH-6037 Root  
Tel. +41 41 455 57 00  
www.fredag.ch



### ORIOR Menu AG Le Patron

Rohrmattstrasse 1  
CH-4461 Böckten  
Tel. +41 61 985 85 00  
www.lepatron.ch



### ORIOR Menu AG Pastinella

Industriestrasse 40  
CH-5036 Oberentfelden  
Tel. +41 62 737 28 28  
www.pastinella.ch



### culinor food group

### Culinor Food Group NV

Houtstraat 46  
B-9070 Destelbergen  
Tel. +32 9 229 05 11  
www.culinor.com



### Casualfood GmbH

Frankfurt Airport Center 1  
D-60549 Frankfurt am Main  
Tel. +49 69 6500 726-0  
www.casualfood.de



### ORIOR / Spiess Europe

2, Allée Joseph Bumb  
F-67500 Hagenau  
Tel. +33 3 889 06 990  
www.albert-spiess.ch