
Annual Report 2020

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Orell Füssli is a pioneer in the fields of security and education. With its expertise in security solutions for governments and citizens and as a leading Swiss book retailer, Orell Füssli supports its customers with a unique and customer-specific offering.

As a leading systems supplier for security technologies and identification systems and a long-standing partner of governments, Orell Füssli sets technological standards. In the fields of security printing and serialisation, Orell Füssli provides innovative printing processes and services for the production and successful creation and protection of banknotes, value and identity documents.

With its attractive large-format and specialist bookstores, Orell Füssli offers a broad book-related shopping experience. In book retailing, Orell Füssli has a 50% interest in Orell Füssli Thalia Ltd, a company that provides an extensive offering by means of 36 branches in the German-speaking part of Switzerland and various e-commerce services. Orell Füssli provides logistical and service facilities for libraries and companies. Orell Füssli's publishing house focuses on learning and educational media and children's books.

Orell Füssli was founded more than 500 years ago and generates revenues of some CHF 220 million with around 600 employees with operations across five countries. Orell Füssli is listed on the SIX Swiss Exchange.

Editorial

Dear Shareholder

The year 2020 was marked by the COVID-19 pandemic. The virus fundamentally changed social life last year and posed major challenges to everyone, society and the economy. Governments were forced to impose far-reaching measures to contain the pandemic, also in Switzerland. The restrictions put society and the economy to a test and we must probably expect long-term effects of the pandemic.

NET REVENUE

in CHF million

218.6

Orell Füssli demonstrated crisis resilience in this difficult year. Thanks to our robust business model, a solid balance sheet, comprehensive crisis management as well as flexible and committed employees, we were able to limit the negative impact of the pandemic to a considerable extent. Orell Füssli held its own in a difficult market environment in 2020. Although sales and profitability were lower than in the previous year and cash flow was negative due to high capital expenditure, our solid balance sheet allows us to pay a dividend for the 2020 to our shareholders.

The solid result is based on our two pillars security and education: a Swiss focus in book retailing and an international business setup with long-term government contracts in security printing. This helped us during the Corona crisis. At the same time, we ensured an optimal preparation for the economic recovery and the future. Last year, we continued to work on the development of our Group, investing in the renewal of our equipment and technologies and pushing ahead with digitalisation. The COVID-19 pandemic accelerated digitalisation significantly and underlines Orell Füssli's commitment to e-commerce, digital ID solutions and e-learning.

In 2020, the market for banknotes and value documents remained intact and demand for banknotes was solid during the COVID-19 pandemic. The fundamentals of the market for banknotes and value documents are robust and the market is growing by 4% and 6% annually, respectively. Especially in times of crisis, cash gains more importance as value storage. The business environment has become however noticeably more challenging in recent years. Overcapacities in the security printing market led to price pressure and increased competitive intensity. The bookstores in Switzerland also look back on a challenging year, mainly because of the lockdown in spring and the very different cantonal Corona regulations for the retailers.

Operationally, the Orell Füssli Group performed in the 2020 financial year in line with expectations. Both orders on hand and order intake were at a solid level. Net sales at the Orell Füssli Group declined by 8% year-on-year to CHF 218.6 million (previous year: CHF 237.4 million), which can be explained by the difficult market environment, the postponement of orders in security printing and the sale of an activity by Zeiser in the previous year. The operating result (EBIT) decreased to CHF 14.4 million (previous year: CHF 18.2 million). The annual result increased to CHF 15.0 million (previous year CHF 10.9 million) due to tax and financial effects. The equity ratio of 68.4% is slightly higher than in the previous year (previous year 66.8%).

In the Security Printing Division we combine technologically highly complex security features with unique competencies in printing technology. As a long-standing partner of governmental organisations and a leading specialist in security technologies and individualisation, we offer secure and innovative solutions for banknotes, value documents and identity documents. The business also stood out for its stability during the pandemic, even though the market environment is currently difficult. In 2020, the design and production of new banknotes for Costa Rica and the Bahamas was successfully launched and work on the next generation of Swiss passports continued. Despite pandemic-related travel restrictions that led to postponements in order acquisition for new projects, new orders were acquired in the export business which increased to 63% of the total volume. However, the decline in print volume, caused by the completion of the first issue of 9th Swiss banknote series in September 2019, could not be fully compensated by the acquisition of new orders. Consequently, 2020 sales remained slightly below the previous year's level, as expected.

The Zeiser Division looks back on a good business year and was able to benefit from the successful realignment and focus on the area of serialisation of value documents such as banknotes and passports. For the future, we will also explore strategic opportunities to further develop banknote serialisation and the individualisation of security documents. In the past financial year, Zeiser was again able to increase profitability compared to the previous year and order backlog was at a high level at the end of the year. Zeiser could therefore start into 2021 with confidence.

EBITDA*in CHF million*

24.1

Despite the COVID-19 pandemic, the book trade held up surprisingly well and was able to close the business year only slightly below the previous year. This result represents an exceptional performance by the division in view of the corona-related restrictions and temporary closure of our bookstores and the renovation of our largest bookstore at the Kramhof in Zurich. Orell Füssli Thalia's very strong position in online retailing, which has been built up over several years, was the key to limiting the decline in sales last year. The division was able to consolidate its position as Swiss market leader in book retailing and gain market share even in the difficult year 2020. We will continue to drive forward the omnichannel strategy, the implementation of the product range strategy, the expansion of the bookstore network and the expansion of the business customer segment.

Orell Füssli Publishing successfully completed its transformation in the past year and will in the future focus on educational and legal media and the well-known Globi and Carigiet children's book brands for primary school-age children. The publishing house has a strong and established programme in this area and we see attractive potential for the further development of the business area and the expansion of the market position. The COVID-19 pandemic has also given an additional boost to digital learning.

With the sale of Atlantis Verlag, the Group's strategy review process initiated two years ago was completed at the end of 2020. This has helped to strengthen the market position of the divisions, which are now all operating profitably. Orell Füssli is now more clearly structured, operates more efficiently and focuses on selected growth businesses in the area of security and education. We aim to develop our business further on this sound basis and take an active approach to shaping Orell Füssli's future. The structures and finances are in place. We see attractive opportunities in both the security and education segments. In the area of security, for example, the protection of physical valuables against misuse and counterfeiting and the management and use of identities are gaining in importance with digitalisation. Further opportunities will come up due to the growing demand for online services, which more and more authorities, cantons and municipalities are offering. The digital ID is a central key to this. A new and attractive ecosystem of services will emerge in this area in the next few years. We see opportunities for Orell Füssli to become more and more involved here. A first step was the strategic partnership with the Zurich-based company Proactiv AG. Education is also becoming an increasingly important key to prosperity. We are currently evaluating various strategic options to further strengthen our education business, both analogue and digital.

EBIT*in CHF million*

14.4

**NET INCOME
FOR THE PERIOD**
in CHF million

15.0

Several changes were also made at Orell Füssli's group level in the past financial year. Orell Füssli Holding Ltd. and its wholly-owned subsidiaries in Switzerland were merged into the new Orell Füssli Ltd. in order to simplify the group structure and optimise administrative operations. Operational processes and IT were optimised and the group's corporate design was revised.

Orell Füssli has selectively strengthened expertise and diversity at all management levels. Mirjana Blume, Dr Martin Folini and Dr Luka Müller were newly elected to the Board of Directors. They bring valuable legal, digital and operational know-how to the Board of Directors. At Executive Board level, Désirée Heutschi was appointed as the new Head of Corporate Development. Ms Heutschi has extensive experience from the software industry and in innovation management. Among other things, she will also be responsible for developing digital business for the Orell Füssli Group. Two further women have been appointed to central management positions, namely Ms. Martina Barth as Head of Orell Füssli Publishing and Ms. Sonja Lütolf-Strupler as Head of Human Resources. Beat Müller, our long-serving CFO, will retire at the end of July 2021. Reto Janser is designated to become our new CFO. He has broad international experience as CFO in industrial and service companies.

Due to the still very present COVID-19 pandemic, forecasts for 2021 are exceptionally difficult. Based on last year's experience, we expect business at Zeiser and in book retailing to be at a similar level to 2020. In security printing we anticipate a slightly lower volume of sales due to the current product mix in the order book. For the Orell Füssli Group as a whole we therefore expect net sales to be somewhat lower in the current year, but we continue to expect an EBIT margin in the mid-single-digit range.

The Board of Directors proposes to the Annual General Meeting on 11 May 2021 to approve a dividend of CHF 3.00 per share. It is important to us that our shareholders participate regularly in the success of the company, even in a difficult environment.

We would like to express our sincere thanks to our employees in all companies for their performance and commitment in a difficult year, to our customers and partners for their continued loyalty and to you, our shareholders, for your great confidence in us and the Orell Füssli Group.

Zurich, March 2021



DR ANTON BLEIKOLM
Chairman of the Board of Directors



DANIEL LINK
CEO

Key figures

2020

INCOME STATEMENT

<i>in CHF million</i>	2020	2019	2018	2017	2016
Net revenue	218.6	237.4	264.9	288.5	298.9
Thereof Security Printing	87.3	101.2	112.3	129.8	121.2
Thereof Zeiser	24.8	29.2	50.7	55.9	72.2
Thereof Book Retailing	96.2	97.4	92.2	91.7	94.8
Thereof Publishing	10.3	9.8	10.1	11.1	10.8
EBITDA (EBIT + Depreciation / Impairment)	24.1	29.2	26.5	28.5	33.1
<i>in % Net revenue</i>	<i>11.0%</i>	<i>12.3%</i>	<i>10.0%</i>	<i>9.9%</i>	<i>11.1%</i>
Depreciation and Impairment	-9.7	-11.0	-14.5	-15.9	-14.6
EBIT	14.4	18.2	12.0	12.6	18.5
Thereof Security Printing	5.5	9.2	18.0	20.1	17.4
Thereof Zeiser	5.3	6.4	-8.5	-6.7	2.0
Thereof Book Retailing	5.5	6.5	5.0	1.6	2.0
Thereof Publishing	1.0	-1.2	-0.3	-0.1	-0.9
<i>in % Net revenue</i>	<i>6.6%</i>	<i>7.7%</i>	<i>4.5%</i>	<i>4.4%</i>	<i>6.2%</i>
Special items (included in EBIT)	0.2	-1.5	-8.1	-5.3	-1.8
Thereof Security Printing	-	-2.1	-0.8	-	-
Cost for restructuring	-	-1.4	-	-	-
Impairment	-	-0.7	-	-	-
Strategy consulting	-	-	-0.8	-	-
Thereof Zeiser	0.2	1.6	-7.3	-4.6	-1.9
Cost for restructuring	0.2	2.8	-7.3	-	-
Impairment	-	-1.2	-	-4.6	-1.9
Thereof Book Retailing	-	-	-	-0.2	0.5
Cost for restructuring	-	-	-	-0.7	0.5
Impairment	-	-	-	0.5	-
Thereof Publishing	-0.0	-1.0	-	-	-0.3
Cost for restructuring	-0.0	-0.4	-	-	-
Impairment	-	-0.6	-	-	-0.3
Thereof others	-	-	-	-0.5	-0.1
Cost for restructuring	-	-	-	-0.5	-0.1
EBIT before special items	14.2	19.7	20.1	17.9	20.3
Thereof Security Printing	5.5	11.3	18.8	20.1	17.4
Thereof Zeiser	5.1	4.8	-1.2	-2.1	3.9
Thereof Book Retailing	5.5	6.5	5.0	1.8	1.5
Thereof Publishing	1.1	-0.1	-0.3	-0.1	-0.6
Net income for the period	15.0	10.9	-47.2	6.4	12.3
<i>Net income in % Net revenue</i>	<i>6.9%</i>	<i>4.6%</i>	<i>-17.8%</i>	<i>2.2%</i>	<i>4.1%</i>
Net income for the period before extraordinary result	15.0	10.9	6.9	6.4	12.3
<i>Net income before extraordinary result in % Net revenue</i>	<i>6.9%</i>	<i>4.6%</i>	<i>2.6%</i>	<i>2.2%</i>	<i>4.1%</i>
Minority interests of net income for the periode	2.1	2.4	2.9	1.6	1.5
Net income for the period after minority interests before extraordinary result	12.9	8.5	4.0	4.8	10.8
Net income for the period after minority interests	12.9	8.5	-50.1	4.8	10.8

NET REVENUE

in CHF million

218.6

EBIT BEFORE SPECIAL ITEMS

in CHF million

14.2

EQUITY RATIO

68.4%

BALANCE SHEET

<i>in CHF million</i>	2020	2019	2018	2017	2016
Tangible assets	62.3	50.8	58.6	75.2	77.0
Total assets	211.1	221.1	223.5	229.5	235.9
Total equity	144.5	147.8	148.5	156.2	160.4
Thereof minority interests	9.0	9.6	6.9	10.8	13.8
Equity financing ratio	68.4%	66.8%	66.5%	68.1%	68.0%

ROCE

9.9%

ADDITIONAL KEY FIGURES

	2020	2019	2018	2017	2016
Cash flow from operating activities	11.9	20.8	16.5	39.4	15.7
Change in net working capital ¹⁾	12.4	2.4	9.7	-16.3	11.6
Minority interests of net income for the periode	-2.1	-2.4	-2.9	-1.6	-1.5
Cash flow from operating activities adjusted	22.2	20.8	23.3	21.4	25.8
Investment	23.3	5.4	10.0	9.5	8.2
in tangible assets	18.6	4.6	9.0	8.2	7.4
in intangible assets	0.5	0.8	1.0	1.2	0.7
in other non-current assets	4.2	-	-	0.1	0.1
Free Cash flow adjusted	-1.1	15.4	13.3	11.9	17.6
Full time equivalents FTE (annual average)	572.0	639.0	807.0	867.0	881.0
Full time equivalents FTE (at 31.12.)	581.0	627.0	691.0	884.0	910.0
ROCE (NOPAT/Capital Employed) ²⁾	9.9%	10.4%	4.9%	3.5%	7.1%

EARNINGS PER SHARE

in CHF

6.61

SHARE FIGURES

<i>in CHF</i>	2020	2019	2018	2017	2016
Year-end share price	107.00	99.50	87.50	112.80	125.00
Profit/Loss per share	6.61	4.33	-25.56	2.44	5.51
Profit/Loss per share before extraordinary result	6.61	4.33	2.03	2.44	5.51
Dividend per share	3.00	6.00	6.00	4.00	4.00
Yield on shares	2.8%	6.0%	6.9%	3.5%	3.2%
Dividend payout ratio before extraordinary result	45.4%	138.6%	296.2%	164.3%	72.6%
Price earnings ratio before extraordinary result	16.2	23.0	43.2	46.3	22.7

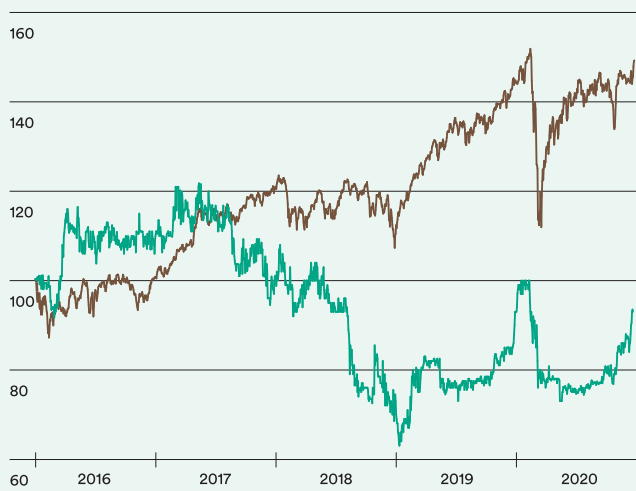
¹⁾ Change in net working capital: Sum of change in trade accounts receivable, change in inventories, change in other receivables, change in trade accounts payables, change in other liabilities

²⁾ NOPAT: EBIT minus income tax expenses

Capital Employed: Average equity plus average interest-bearing liabilities plus average pension fund liabilities

SHARE PRICE DEVELOPMENT

in %



Swiss Performance Index

OFN 342 080

INFORMATION ABOUT DIVIDEND ¹⁾

Dividend per share in CHF

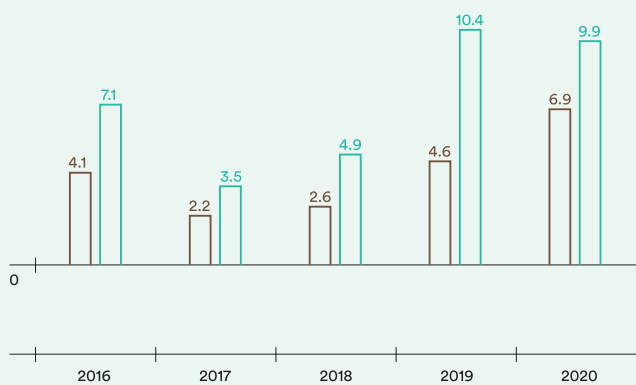
Dividend payout ratio in %

P/E ratio

RETURN ON SALES (ROS) ¹⁾

RETURN ON CAPITAL EMPLOYED (ROCE)

in %



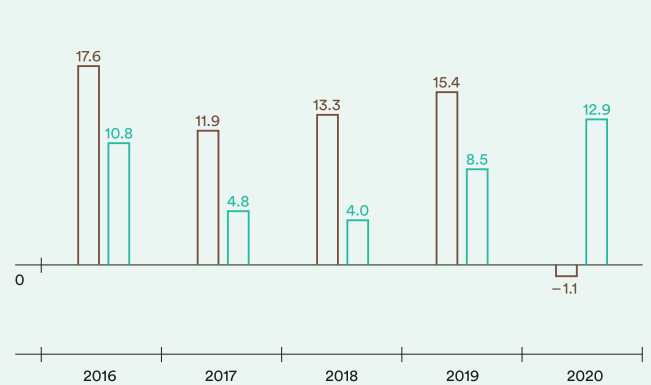
ROS

ROCE

FREE CASH FLOW (FCF)

NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS ¹⁾

in CHF million



FCF

Net income for the period after minority interests

¹⁾ In 2018 before extraordinary result

Business in 2020

In the 2020 financial year the Orell Füssli Group's net sales and operating earnings (EBIT) were lower than in the previous year. The majority of the decline is attributable to the difficult market environment caused by Corona, the postponement of orders in security printing and the sale of a Zeiser activity in the previous year.

Orell Füssli achieved results in line with expectations in the 2020 financial year. Net sales in the past financial year were 8% lower than in the same period of the previous year and amounted to CHF 218.6 million (CHF 237.4 million in the previous year). Operating income (EBIT) amounted to CHF 14.4 million, a reduction of 20% compared with the previous year (CHF 18.2 million). The Orell Füssli Group's net result for the 2020 financial year increased to CHF 15.0 million (previous year CHF 10.9 million) due to tax and financial effects. Shareholders' equity including minority interests was slightly lower at CHF 144.5 million (previous year CHF 147.8 million). The equity ratio of 68.4% is slightly above the previous year (66.8%).

SEGMENT FIGURES

<i>in CHF thousand</i>	2020	2019	2018	2017	2016
Division Security Printing					
Net revenue from sales to customers	87,301	101,175	112,318	129,845	121,183
Operating earnings before special items	5,511	11,275	18,767	20,145	17,432
Operating earnings (EBIT)	5,511	9,209	18,020	20,145	17,432
Division Zeiser (until 2017 Atlantic Zeiser)					
Net revenue from sales to customers	24,790	29,186	50,708	55,850	72,198
Operating earnings before special items	5,103	4,804	-1,162	-2,062	3,892
Operating earnings (EBIT)	5,291	6,416	-8,524	-6,723	1,958
Division Book Retailing					
Net revenue from sales to customers	96,213	97,353	92,171	91,673	94,776
Operating earnings before special items	5,505	6,508	4,970	1,971	1,550
Operating earnings (EBIT)	5,505	6,508	4,970	1,587	2,022

Security Printing Division

In 2020, the Security Printing Division achieved net sales of CHF 87.3 million, a reduction of 14% compared to the previous year (CHF 101.2 million). The decline in net revenue is mainly due to a changing product mix with a high share of the export business with less complex banknotes (63% of total sales volume). The COVID 19 pandemic also had a slight impact on net proceeds through temporarily reduced production output. Despite a further reduction in fixed costs compared to the previous year, the decline in gross profit could not be offset. The operating result (EBIT) was CHF 5.5 million (previous year CHF 9.2 million).

NET REVENUE SECURITY PRINTING

in CHF million

87.3

In the international market, new customer projects were acquired despite the difficult market conditions caused by the COVID 19 pandemic. The successful positioning as a provider of high-quality and at the same time economically attractive banknotes was maintained in 2020 in a highly competitive market environment, but remains a challenging task.

In 2020, the focus was not only on measures to limit the effects of the corona, but also on renewing and improving the infrastructure and strengthening innovation with new digitalisation projects. In the reporting year, major investments (CHF 13.7 million) were made in the modernisation of production equipment.

In 2021, the Security Printing Division will continue to invest in modernisation and innovation. The focus will also be on expanding orders from the international market and preparing for digital products in the ID sector. With regard to a stronger orientation of the division towards the growing international market, further efficiency increases are being targeted. Due to the changing product mix and continuing Corona influences, Security Printing expects a lower earnings situation for the current business year.

Zeiser Division

Despite difficult pandemic-related circumstances, the Zeiser Division was able to meet expectations for net sales and even exceed them for the operating result in the 2020 business year. Net sales in 2020 amounted to CHF 24.8 million (previous year CHF 29.2 million) and the operating result (EBIT) was CHF 5.3 million, about 18% below the previous year's result (previous year CHF 6.4 million). Business was stabilised at a high level in the areas of banknote numbering and passport individualisation. The operating EBIT (adjusted for special effects of CHF 0.2 million) was CHF 5.1 million, which corresponds to a margin of 20.6% (previous year 16.5%).

Zeiser continued to focus on the security printing business and strengthened and expanded its leading market position. Thanks to this, an above-average number of orders were acquired in 2020 for retrofits of numbering technologies for banknotes and for new investments in machinery for the production of passports. The reluctance of state organisations to make new investments resulted in increased demand in the spare parts business. On the other hand, travel and contact restrictions led to a digitalisation push in sales processes. Instead of product demonstrations at trade fairs or at the locations, virtual meetings, live demonstrations and participation in online events came to the fore.

An expansion of the product portfolio is targeted for 2021. Corresponding opportunities within the existing business have been identified and are currently being examined. Synergies could be realised with these and a market launch could be facilitated using the existing sales and distribution network. The topic of digitalisation in the area of security printing will be pushed further. To exploit the potential, the R&D department was expanded and successfully strengthened with additional key positions.

NET REVENUE ZEISER

in CHF million

24.8

Another focus in the current year is the completion of further developments of important key technologies that are already in the portfolio. The market launch of successor products is scheduled in the second half of the year. Due to the expiring lease for the production location and in order to improve operational efficiency and logistics, the Board of Directors has decided to unite Zeiser's two operating facilities in Emmingen/D in a new building. The foundation stone for the new building was laid in the fourth quarter of 2020, and completion is scheduled for autumn 2021 so that the production area can move into the new building before the end of 2021. The second location (administration, sales, logistics and R&D) will follow afterwards. We plan that the merger of the two locations will be completed in the first quarter of 2022.

Due to postponed investments at government security printers, stable sales potential in the banknote numbering segment is expected for 2021. A significant sales increase in the ink-jet numbering segment is expected however. The new inkjet printer from Zeiser introduced last year will sustainably strengthen the strategic core area "individualisation of security documents". On the one hand, it can be sold for new investments in the area of tax band coding, but will also be promoted as a replacement for existing inkjet installations in the established customer base.

Book Retailing Division

In 2020, the Book Retailing Division's proportionately consolidated net sales amounted to CHF 96.2 million, a slight decline of 1.2% from the previous year (CHF 97.4 million). The operating result (EBIT) was CHF 5.5 million (previous year CHF 6.5 million).

NET REVENUE BOOK RETAILING

in CHF million

96.2

The extremely challenging market conditions caused by Corona led only to a slight decline in sales in the book trade in 2020. As a consequence of the national lockdown in March/April 2020, all branches had to be closed for eight weeks. In December 2020, renewed restrictions for the retail trade such as the ban on Sunday sales, lockdowns in the cantons of Aargau and Solothurn as well as capacity restrictions in the shops led to significant impairments in the Christmas business. Switzerland-wide home office recommendations during practically the entire year led to low commuter frequencies, which had a negative impact on the sales performance of our bookstores in important railway station as well as in city centres. Overall, the brick-and-mortar business recorded a 22% decline in sales in the 2020 financial year. Thanks to the established omnichannel strategy and a leading position in e-commerce, the digital and online mail order business recorded sales growth of 46%, thus compensating for a significant part of the sales losses from the stationary business. The business customer segment also continued to perform positively in this challenging environment thanks to the merger of Orell Füssli and Delivros activities in 2019. The acquisition of LC Lehrmittel Center contributed to this.

The relatively robust development in net revenue and operating income show that the transformation programme adopted in 2015 and consistently implemented since then is taking effect and bearing fruit in the long term. In 2020, significant savings were realised in operating expenses through short-time work and flexible staff deployment as well as through successful negotiations with landlords.

The stationary store portfolio was strengthened by new openings in the popular Volkiland shopping centre in Volketswil and the Regensdorf centre. The largest Orell Füssli bookstore on Bahnhofstrasse in Zurich was completely refurbished and renovated. The new branch in Berne was opened in a central and attractive location at the end of November 2020 to replace the location in the LOEB department stores', which was closed at the end of the year.

In 2021, the Book Retailing Division will again face major challenges. For example, all branches had to close again from 18 January 2021 to end of February due to Corona restrictions.

Publishing

Net sales at Orell Füssli Publishing in 2020 were 4% higher than in the previous year. While sales of legal media, educational media and children's books were in line with the previous year, an increase was recorded in non-fiction books thanks to bestsellers in the spring programme. As part of the development of the publishing houses, a comprehensive transformation programme was implemented during the year and completed on schedule by the end of the year. The main elements were the optimisation of the publishing organisation, the discontinuation of the non-fiction and the OF Kinderbuch brand and the sale of Atlantis Verlag to Kampa Verlag AG. Thanks to the good sales development and the implemented measures, the publishing businesses were able to report a positive EBIT again since a long time. For 2021, the focus is on the strategic and digital further development of the publishing programme with a focus on education.

Among the numerous children's book novelties, the sales figures of "Globi auf der Alp" and "Globi im Spital" stood out. In non-fiction, the publications "Imperium USA", "Darwin beats Kant" and "Mark Streit" were very well received. In the educational media programme, "Fundamentum Mathematik und Physik" and "Formeln Tabellen Begriffe" were particularly popular. Among the legal media, the publication "ZGB/OR, Kaufmännische Ausgabe" stood out. Despite the restrictions due to Corona, it was possible to publish on time and in full as planned.

NET REVENUE PUBLISHING

in CHF million

10.3

Changes in the Board of Directors

At the 2020 Annual General Meeting, Dr Caren Genthner-Kappesz, Dr Beat Lüthi and Peter Stiefenhofer did not stand for re-election. Mirjana Blume, Dr Luka Müller and Dr Martin Folini were newly elected to the Board of Directors.

Personnel

Peter Crottogini, Head of Human Resources, relinquished his operational duties on 30 June 2020 and left the company on 3 November 2020. Sonja Lütolf-Strupler, previously Head of Human Resources at the Security Printing Division, succeeded him and was promoted to Head of Human Resources at the Orell Füssli Group as of mid-2020. Martina Barth, Head of Orell Füssli Publishing, joined Orell Füssli on November 1, 2020. Dr Daniel Broger, Head of Corporate Development, left the company on 31 December 2020. Désirée Heutschi was appointed as his successor with effect from 1 January 2021.

Financial Report

2020

1 Financial statements of the Orell Füssli Group

1.1 Consolidated income statement

<i>in CHF thousand</i>	Notes	2020	2019
Net revenue from sales to customers	3.1/3.2/3.3	218,556	237,423
Other operating income	3.3	2,668	4,121
Changes in inventories of semi-finished and finished products, capitalised costs	3.3	-1,483	-134
Total operating income	3.3	219,741	241,410
Cost of materials		-88,402	-94,626
External production costs		-13,544	-14,209
Personnel expenditure	3.4 / 3.5	-55,433	-61,711
Other operating expenses	3.6	-38,278	-41,692
Depreciation and impairment on tangible assets	3.15	-8,877	-10,299
Depreciation and impairment on intangible assets	3.16	-828	-708
Earnings before interest and taxes (EBIT)	3.1	14,379	18,165
Financial income		1,494	214
Financial expenses		-941	-4,880
Financial result	3.7	553	-4,666
Earnings before income taxes (EBT)		14,932	13,499
Income tax expenses	3.8	60	-2,618
Net income for the period		14,992	10,881
Attributable to the shareholders of Orell Füssli Ltd		12,945	8,479
Attributable to minority interests		2,047	2,402

<i>in CHF</i>	Notes	2020	2019
Earnings per share	3.9	6.61	4.33
Diluted earnings per share	3.9	6.60	4.33

The disclosures on pages 16 to 36 form an integral part of the financial report.

1.2 Consolidated balance sheet

in CHF thousand

	Notes	31.12.2020	31.12.2019
Assets			
Cash and cash equivalents	3.10	76,998	102,738
Marketable securities and derivative financial instruments	3.11	407	–
Trade accounts receivable	3.12	18,721	13,309
Other receivables	3.13	22,209	26,971
Inventories	3.14	19,850	21,827
Current income tax receivables		2,932	2,596
Accrued income and deferred expenses	3.23	7,761	2,829
Total current assets		148,878	170,270
Tangible assets	3.15 / 3.17	53,476	43,252
Intangible assets	3.16	2,146	2,492
Participations and financial assets	3.18	531	150
Deferred tax assets	3.24	2,005	782
Other non-current financial assets	3.19	4,099	4,157
Total non-current assets		62,257	50,833
Total assets		211,135	221,103
Liabilities and equity			
Trade payables		11,368	11,454
Other current liabilities	3.20	27,149	41,245
Current income tax liabilities		2,688	1,884
Accrued expenses and deferred income	3.21	12,750	10,974
Current financial liabilities	3.22	338	–
Current provisions	3.23	7,749	3,074
Total current liabilities		62,042	68,631
Non-current financial liabilities	3.22	2,062	1,635
Pension fund liabilities		–	29
Non-current provisions	3.23	1,368	1,667
Deferred tax liabilities	3.24	1,168	1,367
Total non-current liabilities		4,598	4,698
Share capital		1,960	1,960
Capital reserves		4,150	4,215
Own shares	3.25	–60	–142
Retained earnings		133,932	136,096
Exchange differences		–4,482	–3,921
Total equity before minority interests		135,500	138,208
Minority interests		8,995	9,566
Total equity		144,495	147,774
Total liabilities and equity		211,135	221,103

The disclosures on pages 16 to 36 form an integral part of the financial report.

1.3 Consolidated cash flow statement

<i>in CHF thousand</i>	Notes	2020	2019
Net income for the period		14,992	10,881
Change in employee equity incentive plans		-65	39
Depreciation		9,626	10,888
Impairment and amortisation		79	2,906
Share of loss applicable to equity method		499	-
Other non-cash related income and expenses		-751	1,304
Change in trade accounts receivable		-5,477	9,161
Change in inventories		1,896	-739
Change in other receivables		4,421	-11,806
Change in accrued income and deferred expenses		-4,932	533
Change in trade payables		-75	4,179
Change in other liabilities		-13,157	-3,172
Change in accrued expenses and deferred income		1,786	-362
Change in provisions and deferred income tax		3,011	-3,006
Cash flow from operating activities		11,853	20,806
Purchase of tangible assets	3.15	-18,586	-4,655
Proceeds from disposals of tangible assets		87	83
Purchase of intangible assets	3.16	-520	-786
Purchase of participations		-4,232	-
Foundation of subsidiary		-	20
Proceeds from disposals of other assets		56	9
Cash flow from investing activities		-23,195	-5,329
Increase of financial liabilities		250	-
Repayment of financial liabilities		-65	-
Purchase of company's own shares	3.25	-1	-
Dividends paid to minorities		-2,589	-62
Dividends paid	3.27	-11,757	-11,753
Cash flow from financing activities		-14,162	-11,815
Exchange differences		-236	-918
Change in cash and cash equivalents		-25,740	2,744
Cash and cash equivalents at 1 January		102,738	99,994
Cash and cash equivalents at 31 December		76,998	102,738

The disclosures on pages 16 to 36 form an integral part of the financial report.

1.4 Consolidated statement of changes in equity

in CHF thousand

	Share capital	Capital reserves	Own shares	Retained earnings and net income	Goodwill offset with equity	Translation differences	Equity before minority interests	Minority interests	Total equity
Equity at 1 January 2019	1,960	4,176	-162	167,507	-27,932	-3,955	141,594	6,909	148,503
Change in scope of consolidation	-	-	-	-143	-	129	-14	376	362
Dividends paid	-	-	-	-11,753	-	-	-11,753	-62	-11,815
Offsetting goodwill against equity	-	-	-	-	-62	-	-62	-59	-121
Employee equity incentive plans	-	39	20	-	-	-	59	-	59
Currency translation effects	-	-	-	-	-	-95	-95	-	-95
Net income for the period	-	-	-	8,479	-	-	8,479	2,402	10,881
Total Equity at 31 December 2019	1,960	4,215	-142	164,090	-27,994	-3,921	138,208	9,566	147,774
Equity at 1 January 2020	1,960	4,215	-142	164,090	-27,994	-3,921	138,208	9,566	147,774
Change in scope of consolidation	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-11,757	-	-	-11,757	-2,589	-14,346
Offsetting goodwill against equity	-	-	-	-	-3,352	-	-3,352	-	-3,352
Disposal of foreign exchange in equity	-	-	-	-	-	211	211	203	414
Employee equity incentive plans	-	-65	82	-	-	-	17	-	17
Currency translation effects	-	-	-	-	-	-772	-772	-232	-1,004
Net income for the period	-	-	-	12,945	-	-	12,945	2,047	14,992
Total Equity at 31 December 2020	1,960	4,150	-60	165,278	-31,346	-4,482	135,500	8,995	144,495

The share capital as at 31 December 2020 and 31 December 2019 consisted of 1,960,000 registered shares with a par value of CHF 1.00 each.

The amount of accumulated non-distributable reserves decreased owing to the merger by absorption of Orell Füssli Holding AG (note 7.1) and now amounts to CHF 7,017,000 (2019: CHF 14,280,000).

The disclosures on pages 16 to 36 form an integral part of the financial report.

2 Accounting policies

2.1 Basis of accounting

The consolidated financial statements have been prepared in conformity with the existing Swiss GAAP FER standards in their entirety, as well as the provisions of the Listing Rules of SIX Swiss Exchange and the Swiss law on companies limited by shares ("company law").

The consolidated financial statements are based on the principle of historical costs and are prepared assuming that the company is a going concern.

2.2 Consolidation

Subsidiaries

Subsidiaries comprise all domestic and foreign entities directly or indirectly controlled by Orell Füssli Ltd, either by holding at least 50% of the voting rights or by otherwise exercising a significant influence on the business management and business policy.

Subsidiaries are consolidated as of the date on which direct or indirect control passes to Orell Füssli Ltd. They are deconsolidated as of the date that such control ceases. All identifiable assets and liabilities of a subsidiary are measured at fair value as of the acquisition date. The excess of a cost of acquisition over the fair value of the Group's share of the net assets of an acquired subsidiary is recognised in the equity as goodwill.

The impact of inter-company transactions is eliminated in the consolidated financial statements.

Participations in joint ventures

Joint ventures under joint management, but not controlled by one of the parties, are consolidated on a pro rata basis.

As of 1 October 2013 Orell Füssli Thalia Ltd was created by the merger of the book retailing activities of Thalia Bücher Ltd and Orell Füssli Buchhandlungs Ltd. Each parent company holds a 50% interest and the Board of Directors consists of two representatives of each parent company. For the purposes of reporting consistency, this joint venture is consolidated on a pro rata basis. Orell Füssli Ltd hold 51% of the capital of Orell Füssli Buchhandlungs Ltd, while the Hugendubel Holding Ltd holds 49%.

Participations in associated companies

Participations in associated companies in which Orell Füssli Ltd is able to exercise a significant influence are accounted for using the equity method. Influence is considered as significant if Orell Füssli Ltd directly or indirectly holds between 20% and 50% of the voting rights or if it can otherwise exercise a significant influence on the business management and business policy.

Using the equity method, participations in associated companies are recognised initially at cost. Cost may include goodwill. The carrying amount of the participation is adjusted subsequently depending on the development of Orell Füssli Ltd's share in the associated company's equity.

Other participations

Holdings of less than 20% of voting rights are recognised at the lower value of cost or market value.

2.3 Currency translation

The items included in the financial statements of each group entity are valued using the currency of the primary economic environment in which the group operates (the “functional currency”). Transactions in a foreign currency are translated into the functional currency using the exchange rate prevailing on the date of the transaction.

The consolidated financial statements are presented in Swiss francs. To prepare the consolidated financial statements, the assets and liabilities of foreign subsidiaries are converted into Swiss francs at the market rate as of the corresponding balance sheet date. Revenues and expenses are converted at the average currency exchange rate for the financial year. Translation differences and foreign currency gains on equity-like long-term loans are booked neutrally for profit purposes under currency differences in the shareholders’ equity. In the event of the disposal of a foreign subsidiary, the related accumulated translation differences booked on the income statement are de-recognised and disclosed as part of the profit or loss from the disposal.

The Orell Füssli Group used the following currency exchange rates (Market rate and annual average rate) for the 2020 and 2019 financial years:

CURRENCY EXCHANGE RATES

	Market rate		Annual average rate	
	31.12.2020	31.12.2019	2020	2019
EUR at a rate of CHF	1.0824	1.0855	1.0703	1.1128
USD at a rate of CHF	0.8826	0.9677	0.9389	0.9938
GBP at a rate of CHF	1.2048	1.2761	1.2045	1.2690

2.4 Critical accounting estimates and judgements

The preparation of the annual financial statements requires management to estimate values and make assumptions affecting the disclosures of income, expenses, assets, liabilities and contingent liabilities as of the balance sheet date. If such estimates and assumptions made by management as of the balance sheet date and to the best of its knowledge, differ from the actual conditions at a later date, the original estimates and assumptions are amended in the reporting period in which the conditions have changed.

2.5 Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that differ from those of other business segments.

The Group’s business activities are categorised in three segments: Industrial Systems, Security Printing and Book Retailing. Other business activities include publishing as well as infrastructure services, which are not material in terms of their size. Information about the products and services of each business segment is provided in section 3.1 Notes to the consolidated financial statements.

2.6 Revenue recognition

Net revenue from sales to customers of tradable, manufactured and printed products is recorded as income after their delivery to the client. Revenue is recorded net of value-added tax and any rebates.

Revenue from construction contracts (see note 2.13) is recognised using the percentage of completion method (PoC) in order to record the portion of total sales for the reporting period.

Revenue from services rendered and objects leased over a certain period and which are invoiced to clients periodically is recorded in the period in which the service is rendered or the right of use is exercised. Revenue from the processing of transaction-related services is recorded at the time the service is rendered in full.

Dividend income is recorded in the reporting period in which a right to payment arises.

2.7 Impairment

Tangible and intangible assets are tested for impairment if events or changes of circumstances indicate that the value of an asset may be impaired. If such indications exist, the recoverable amount is determined. An impairment loss results if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher value of either the fair value less selling costs or the present value of expected future cash flows. The impairment is recorded in the income statement. For the purpose of impairment testing, assets are grouped at the lowest level for which separate cash flows can be identified.

2.8 Extraordinary result

Expenses and income, in rare cases and unforeseen (e.g. in context with external transactions) and essential for the overall result are booked as "Extraordinary result" in accordance with Swiss GAAP FER 3/22.

2.9 Income taxes

Income taxes are recorded based on the applicable tax rate of the individual countries and expensed in the period in which they occur. Tax effects resulting from tax losses carried forward are recognised as deferred tax assets if future taxable profits are likely against which the tax losses could be offset.

Deferred tax assets and liabilities are recognised for temporary differences between the values of assets and liabilities disclosed in the balance sheet and their corresponding tax accounting value provided they result in future taxable expenditures or profits, respectively. Further, deferred tax assets are recognised only if future taxable profits are likely against which they may be offset.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the asset will be realised or the liability will be settled.

Current tax assets and liabilities can be offset against each other provided they concern the same taxable unit, the same tax authority and there is a legally enforceable right to offset them. Deferred tax assets and liabilities can be offset against each other in the same circumstances.

2.10 Cash and cash equivalents

Cash and cash equivalents include petty cash, cash in bank and postal giro accounts and short-term fixed deposits with a contractual maturity period of three months or less.

2.11 Marketable securities and derivative financial instruments

Marketable securities are initially valued at cost plus transaction costs. All purchases and sales are recognised at the daily market price. Subsequently, marketable securities are included in current assets and marked to market in the income statement.

Derivative financial instruments to hedge transactions with future cash flows are recognised at fair value in the same item where the underlying transaction is recorded in the balance sheet. Otherwise, they are disclosed in the notes to the financial statements. The Orell Füssli Group does not buy or sell any derivative financial instruments without underlying transactions.

2.12 Trade accounts receivable and other current accounts receivable

Trade accounts receivable and other current accounts receivable are valued at the amortised acquisition cost less any impairments. The valuation of doubtful accounts receivable is done by means of individual impairment charges and in light of the expected losses based on empirical values.

Any loss due to a change in the provision for doubtful accounts receivable is recognised in the income statement as other operating expense, while the reversal of any such provision accordingly results in a decrease of the operational expense.

2.13 Construction contracts PoC

Manufacturing contracts are long-term orders with a timeframe of at least three months and representing a significant volume, which are usually governed by a contract for work and services. Manufacturing contracts are recognised using the percentage of completion method (PoC). The PoC method measures the stage of completion of the contractual activity in percentage terms in order to determine the share of the overall revenue for the reporting period and to recognise this share as other receivable. The degree of completion is determined based on the completed quantity of a production lot and/or on the portion of the production stages carried out. Expected losses on construction contracts are recognised immediately in the income statement as an expense.

Advance payments for manufacturing contracts are recognised without any impact on income. If there is no repayment claim, advance payments are offset against the accrued costs of the production contract to which these payments relate.

2.14 Inventories

Inventories include raw materials, auxiliary material and supplies, semi-finished products, finished products, work-in-progress and trading goods. Inventories are stated at the lower of cost or net realisable value. The acquisition or production costs are determined based on the weighted average acquisition costs. The production costs of semi-finished and finished products comprise the directly attributable production costs, including materials and manufacturing costs, as well as overhead costs. The net realisable value is the estimated selling price in the ordinary course of business less the production and distribution costs. To this end, coverage analyses are consulted for the products, while the date of acquisition is consulted for the book trade. Discounts are treated as reductions in the acquisition cost.

2.15 Tangible assets

Tangible assets comprise machinery, technical installations, moveable property, leasehold improvements, vehicles, IT systems (hardware), property, buildings, investment property and fixed equipment.

Tangible assets are valued initially at their acquisition or production cost. This includes the purchase price of the tangible asset plus costs directly related to getting the asset ready to operate for its intended purpose.

Tangible assets are subsequently depreciated using the straight-line method over the period of their useful lives. This also applies to tangible assets generated internally. Land is not depreciated. The period of depreciation may be adjusted if there is a business necessity. Depreciation begins once the tangible asset is ready for use. The estimated useful lives of each tangible asset category are as follows:

ESTIMATED USEFUL LIVE OF EACH FIXED ASSET CATEGORY

<i>in years</i>	Estimated useful lives
Machinery and technical installations	5 – 10
Buildings	28 – 50
Fixed facilities and renovations	10 – 28
Movable properties, leasehold improvements, vehicles	4 – 10
IT systems (hardware)	3 – 5

Buildings under construction are fixed assets that are not yet finished or not yet operational. They are valued at accumulated acquisition or production costs and are not depreciated.

Investments in the replacement and improvement of tangible assets are recognised in the balance sheet when an additional economic benefit is likely.

Expenditures for the repair and maintenance of buildings and equipment are recorded as expenses in the income statement when they occur.

2.16 Intangible assets

Intangible assets comprise rights, licences and software. They are valued at acquisition or production cost less accumulated depreciation and impairment. The acquisition cost of rights, licences and software comprises the purchase price plus directly attributable costs. Rights, licences and software are amortised using the straight-line method over the contractually agreed duration.

2.17 Other assets

The valuation of other assets is at nominal value less any impairment.

2.18 Goodwill

Goodwill represents the excess of the purchase price over the fair value on the date of acquisition of the identifiable net assets of a company acquired by the Orell Füssli Group. Goodwill arising from acquisitions is offset against consolidated shareholders' equity on the date of acquisition. The impact of theoretical capitalisation and amortisation of goodwill is disclosed in the notes to the consolidated financial statements. Negative goodwill is recognised directly in shareholders' equity as a capital reserve. In the event of disposal, the goodwill offset with equity at an earlier date shall be charged at its original cost to the result of the period.

2.19 Trade accounts payable

Trade accounts payable are recognised at nominal value.

2.20 Dividend distribution

Shareholders' claims to dividend payments are recorded as a liability in the period in which the dividends are approved by the company's shareholders.

2.21 Financial liabilities

Financial liabilities comprise borrowings, finance lease liabilities and other financial liabilities. Financial liabilities are valued at their nominal value. Financial liabilities are classified as current if they will mature in whole or in part within the following 12 months. If a contractual agreement to prolong the maturity of a loan exists as of the balance sheet date, the new duration will be taken into account for its classification.

2.22 Leases

The leasing of assets involving the transfer of essentially all the risk and rewards incidental to ownership to the lessee is designated as a finance lease. Finance leases are recognised initially in the balance sheet at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The leased asset is depreciated over its useful life or the lease term, whichever is shorter. The corresponding financial obligations are recorded as liabilities.

Leases of assets for which, essentially, the lessor effectively has and benefits from all of the risks and rewards incidental to ownership are classified as operating leases. The costs under an operating lease are recorded in the income statement.

2.23 Employee equity incentive plans

Under an equity participation plan, the Board of Directors can grant entitlements for employee shares to members of the Group Management. If the employee remains with the company for the duration of the three-year vesting period, the participants in the plan are entitled to receive one employee share per entitlement. If the employee leaves the firm before the end of the vesting period, any entitlement for employee shares is usually extinguished. When the entitlements for employee shares are allocated, they are valued on the basis of the share price and taking into account the likelihood that the employee remains with the company until the end of the vesting period. The personnel expenditure is distributed linearly over the vesting period and an accrual is recognized directly in equity. Changes in the estimates of employees granted entitlements remaining at the company are included, in aggregate form, in the calculation of the expenditure to be recorded.

As part of the equity bonus plan, the members of the Group Management and the senior management can elect, on a voluntary basis, to receive a portion of their annual bonus in the form of restricted shares at a preferential price set by the Board of Directors. The Board of Directors determines each year the portion of the bonus that can be awarded in shares, the duration of the vesting period and the preferential price. This share-based compensation is valued at the average share price for the month of December and charged to personnel expenditure. The voting rights and dividend rights are transferred with the transfer of the shares to the beneficiary. With regard to the 2020 equity bonus plan, the Board of Directors has determined that the members of the Group Management and the senior management may receive 1/3 of their bonus in the form of shares with a vesting period of 3 years and at an equivalent price of +20% of that part of the bonus they are entitled to receive in shares.

2.24 Employee retirement benefit schemes

Group companies' retirement benefit schemes are included in the consolidated financial statements according to the legal provisions in effect in the corresponding country. The actual financial impact of pension plans on the Group is calculated as of the balance sheet date. Any financial benefit is carried as an asset if it is used for the company's future pension expenses. A financial commitment is carried as a liability if the requirements for the creation of a provision are met. Any freely available employer's contribution reserves are recognised as an asset.

The Group's Swiss subsidiaries have legally independent retirement benefit schemes funded by the employer's and the employees' contributions. The financial consequences for the Group of pension fund surpluses and deficits as well as changes in any employer's contribution reserves are recorded in the income statement as personnel expenditure alongside deferred contributions for the period. Any surpluses or deficits are calculated based on the pension fund's provisional annual financial statements prepared according to Swiss GAAP FER 26.

The foreign pension funds have either become independent or they are not significant. Certain foreign subsidiaries have pension plans without independent assets and include the corresponding pension provision directly in the balance sheet. Pension provisions are calculated according to nationally recognised methods and changes are recorded in the income statement as personnel expenditure.

2.25 Provisions

Provisions are recognised if the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that a cash outflow will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provisions are recorded for future operational losses.

If the effect of the time value of money is significant, provisions are determined by discounting future cash flows.

2.26 Share capital

Ordinary shares are classified as part of the shareholders' equity. Transactions with minority interests are treated as transactions with own shares. Therefore, payments for purchases of minority interests as well as any consideration received from the sales of minority interests are recorded in equity. Any differences between the consideration received/paid and the minority interests as presented in the balance sheet are recorded in equity.

Purchases of own shares are deducted from equity. The sale or purchase of own shares is not recognised in the income statement. If resold at a later date, any increase or decrease in value is recorded as an addition or a reduction to the capital reserves.

The earnings per share is calculated on the basis of the portion of the group's results allocated to Orell Füssli Ltd's shareholders, divided by the weighted average number of outstanding shares during the reporting period. The diluted earnings per share includes all of the shares that could be issued as part of the equity participation plan.

3 Explanations to the consolidated financial statements

3.1 Segment reporting by business units

The business activities of the Orell Füssli Group are organised in three main segments, which provide the basis for regular internal segment reporting. Segment reporting provides information on sales revenues and the operating result (EBIT).

Security Printing

Production and marketing of banknotes, security documents, identity cards and other documents with high security requirements. The net revenue of this segment includes revenues from production orders calculated using the percentage of completion method.

Industrial Systems

Construction, production, installation, sales and distribution and after sales service of equipment for the serialisation of banknotes and security documents.

Book Retailing

Sale of books and similar products in numerous bookstores in German-speaking Switzerland and on the internet. In particular, this segment includes the 50% of the income statement and the balance sheet of the Orell Füssli Thalia Ltd joint venture company.

Other business activities

In 2020 and 2019, this segment consisted primarily of the publishing business.

Unallocated

Infrastructure services as well as the costs and revenues of the holding are not allocated as these are managed at group level and not attributed to individual segments. Further, consolidation effects arising from inter-segment revenue in this category are eliminated.

SEGMENT RESULTS 2020

<i>in CHF thousand</i>	Security Printing	Industrial Systems	Book Retailing	Other	Total segments	Un-allocated	Total Group
Net revenues from segment sales	87,301	24,521	96,210	10,274	218,306	250	218,556
Inter-segment sales	–	269	3	9	281	– 281	–
Net revenue from sales to customers	87,301	24,790	96,213	10,283	218,587	– 31	218,556
Earnings before interest and taxes (EBIT)	5,511	5,291	5,505	1,017	17,324	– 2,945	14,379

SEGMENT RESULTS 2019

<i>in CHF thousand</i>	Security Printing	Industrial Systems	Book Retailing	Other	Total segments	Un-allocated	Total Group
Net revenues from segment sales	101,175	28,828	97,352	9,818	237,173	250	237,423
Inter-segment sales	–	358	1	27	386	– 386	–
Net revenue from sales to customers	101,175	29,186	97,353	9,845	237,559	– 136	237,423
Earnings before interest and taxes (EBIT)	9,209	6,416	6,508	– 1,219	20,914	– 2,749	18,165

3.2 Net revenue from sales and services by country and region

The Industrial Systems and Security Printing segments market their offerings worldwide and do not focus on a specific geographical market. The Book Retailing and Other business activities segments focus mainly on the domestic market in Switzerland and the neighbouring countries.

Net revenue from sales and services are generated in the following regions:

NET REVENUE FROM SALES AND SERVICES BY REGION

<i>in CHF thousand</i>	2020	2019
Switzerland	168,057	178,928
Germany	7,075	8,944
The rest of Europe and Africa	5,429	30,099
North and South America	16,672	4,268
Asia and Oceania	21,323	15,184
Total net revenue from sales to customers by region	218,556	237,423

Total sales are allocated based on the country in which the customer is located. This usually corresponds to the delivery location.

3.3 Operating income

<i>in CHF thousand</i>	2020	2019
Net revenue from sales to customers		
Sales of goods and products	216,724	235,141
Revenue from services rendered	920	1,185
Revenue from license fees	912	1,097
Total net revenue from sales to customers	218,556	237,423
Other operating income		
Rental income from operating leases	354	413
Gain from sales of non-current assets	29	27
Other income	2,285	3,681
Total other operating income	2,668	4,121
Changes in inventories of semi-finished and finished products, capitalised costs		
Changes in inventories of semi-finished and finished products	-1,483	-147
Capitalised costs	-	13
Total changes in inventories of semi-finished and finished products, capitalised costs	-1,483	-134
Total operating income	219,741	241,410

In the 2020 financial year, the Security Printing Division net proceeds from tradable goods and products includes income from production orders calculated using the PoC method in the amount of CHF 75,176,000 (2018: CHF 86,291,000).

3.4 Personnel expenditure

<i>in CHF thousand</i>	Notes	2020	2019
Wages and salaries		46,189	51,978
Social security costs		3,963	4,261
Pension costs	3.5	3,756	5,875
Other personnel expenditure		1,525	-403
Total personnel expenditure		55,433	61,711

Personnel expenditure includes charges in the amount of CHF 17,000 (2019: CHF 56,000) for employee equity incentive plans. The Book Retailing Division had varying numbers of employees on short-time work from the start of the COVID-19 lockdown in spring until the end of 2020. Compensation for short-time work of CHF 1,359,000 is recorded in the wages and salaries line item. In the prior year, the pension costs of the Security Printing Division included expenditure of CHF 1,431,000 relating to measures to increase flexibility in banknote production and the Zeiser Division reversed CHF 1,670,000 of recorded provisions through the income statement via other personnel expenditure.

3.5 Pension funds

The Orell Füssli Foundation has used the 2015 BVG (OPA) mortality table since 2016. The actuarial interest rate is 1.00% (2019: 1.00%).

EMPLOYER'S CONTRIBUTION RESERVES

<i>in CHF thousand</i>	Nominal value ECR	Waiver of usage	Adjustments	Additions/ Reversals	Balance sheet	Balance sheet	Result from ECR in personnel expenditure	Result from ECR in personnel expenditure
	31.12.2020	31.12.2020	31.12.2020	2020	31.12.2020	31.12.2019	2020	2019
Pension schemes without funding surplus / deficit (Switzerland)	3,622	–	–	–	3,622	3,622	–	–1

FINANCIAL BENEFIT/LIABILITY AND PENSION COSTS

<i>in CHF thousand</i>	Funding surplus/deficit according to Swiss GAAP FER 26	Economic benefit/liability Group	Economic benefit/liability Group	Translation differences with no impact on the income statement	Change to prior year or charged to income statement	Contributions limited to the period	Pension costs in personnel expenditure	Pension costs in personnel expenditure
	31.12.2020	31.12.2020	31.12.2019	2020	31.12.2020	31.12.2020	2020	2019
Pension schemes without funding surplus / deficit (Switzerland)	–	–	–	–	–	–	3,193	5,089
Funded pension schemes (abroad)	–	–	–	–	–	–	563	786
Total	–	–	–	–	–	–	3,756	5,875

3.6 Other operating expenses

<i>in CHF thousand</i>	Notes	2020	2019
Marketing and distribution expenses		11,246	10,662
Operating lease expenses	3.17	8,527	9,186
Repair and maintenance		4,699	6,096
Administration expenses		4,873	5,409
Losses on bad debts		88	245
Additions / reversal provisions PoC		–	-329
Losses from sales of fixed assets		8	67
Impairment of participations and loans		–	635
Share of loss applicable to equity method		499	–
Energy		1,864	2,043
IT		2,615	2,629
Other operating expenses		3,859	5,049
Total other operating expenses		38,278	41,692

In the 2019 financial year, the Industrial Systems Division reversed provisions in the amount of CHF 1,308,000 via other operating expenses.

3.7 Financial result

<i>in CHF thousand</i>	Expenses	Income	Balance 2020	Expenses	Income	Balance 2019
Interest result						
Interest expense and income	-271	12	-259	-226	24	-202
Financial leasing	-8	-	-8	-	-	-
Total interest result	-279	12	-267	-226	24	-202
Other financial income and expense						
Foreign exchange result	-358	1,431	1,073	-2,328	190	-2,138
Bank charges and other financial results	-304	51	-253	-2,326	-	-2,326
Other financial results	-662	1,482	820	-4,654	190	-4,464
Total financial result	-941	1,494	553	-4,880	214	-4,666

In the prior year, the investment in Landqart Ltd of CHF 2,150,000 was written off in full via other financial income and expense.

3.8 Income tax expenses

<i>in CHF thousand</i>	2020	2019
Current income tax	1,350	3,361
Deferred income tax	-1,410	-743
Total income tax expenses	-60	2,618

The income tax expense on the Group's earnings before tax according to the profit and loss statement differs from the theoretical amount calculated by applying the weighted average interest rate of the Group to the Group's earnings before tax as follows.

CALCULATION OF INCOME TAX

<i>in CHF thousand</i>	2020	2019
Earnings before income taxes	14,932	13,499
Weighted average group tax rate	25.3%	26.0%
Expected income tax	3,780	3,511
Non tax-deductible expenses	11	143
Tax-exempt earnings	-199	-
Effect of tax loss carry-forwards not capitalised	26	536
Capitalisation and use of previously unrecognised loss carry forwards	-3,360	-1,685
Tax effects relating to other periods and other tax effects	-318	113
Effective income tax expense	-60	2,618

The capitalisation and use of loss carry-forwards line item mainly derives from the operating result of Zeiser GmbH and of Orell Füssli Ltd.

3.9 Earnings per share

<i>at 31 December</i>	2020	2019
Net income for the period in CHF thousand	12,945	8,479
Weighted average numbers of shares in issue (in thousands)	1,959	1,959
Earnings per share in CHF	6.61	4.33
Diluted earnings per share in CHF	6.60	4.33

3.10 Cash and cash equivalents

Available liquidity as of the balance sheet date was as follows:

LIQUIDITY RESERVES AND CREDIT FACILITIES

<i>in CHF thousand</i>	Notes	31.12.2020	31.12.2019
Cash in bank accounts and in hand		76,998	102,738
Prepayments PoC / from customers	3.20	-25,682	-39,187
Other financial assets / liabilities	3.13 / 3.22	-2,400	-1,635
Cash and cash equivalents net		48,916	61,916
Thereof assigned to other shareholders		12,945	12,469
Disposable cash and cash equivalents		35,971	49,447
Available lines of credit		70,448	66,011
./. Secured guarantees by banks (without prepayment guarantees)		-2,210	-6,091
./. Lines of credit used		-250	-
Total disposable cash and cash equivalents and unused lines of credit		103,959	109,367

As well as the committed credit facilities in local currencies, sufficient funds should be available to conduct ordinary business activities in the future.

If additional liquidity is required for significant investments in non-current assets and expenditure on future acquisitions, an adjustment of the credit facilities may be considered. However, a mortgage could also be taken out on the unencumbered property at Dietzingerstrasse in Zurich.

3.11 Marketable securities and derivative financial instruments

<i>in CHF thousand at 31 December</i>	2020	2019
Marketable securities & bank deposits	-	-
Derivative financial instruments	407	-
Total marketable securities and derivative financial instruments	407	-

As of 31 December 2020, there are outstanding foreign exchange forwards used for currency hedging of future cash flows that have not yet been recognised in the balance sheet. Consequently, there is an off-balance-sheet item in the amount of CHF 12,000 (2019: CHF 17,000). The total notional amount of foreign currencies that are hedged is CHF 20,323,000 (2019: CHF 25,144,000).

3.12 Trade accounts receivable

<i>in CHF thousand at 31 December</i>	2020	2019
Trade accounts receivable gross	18,928	13,615
./. provisions for doubtful trade accounts receivable	-207	-306
Total trade accounts receivable net	18,721	13,309

Provisions for doubtful trade accounts receivable are based on the different customer structure in each division according to an individual estimate as well as current empirical information. Adjustments are recorded in other operating expenses in the income statement.

PROVISIONS FOR DOUBTFUL TRADE ACCOUNTS RECEIVABLE

<i>in CHF thousand</i>	2020	2019
At 1 January	-306	-202
Increase in provisions for doubtful trade accounts receivable	-131	-253
Utilisation of provisions	156	55
Reversal of provisions	72	89
Exchange differences	2	5
At 31 December	-207	-306

There is no forfeiting on the receivables portfolio.

3.13 Other receivables

<i>in CHF thousand at 31 December</i>	2020	2019
Construction contracts gross	20,522	44,730
./. deductible customer advances received	-2,646	-24,243
Total construction contracts net	17,876	20,487
Prepayments to suppliers	1,802	3,194
Other receivables	2,531	3,290
Total other receivables	22,209	26,971

3.14 Inventories

<i>in CHF thousand at 31 December</i>	2020	2019
Raw materials, auxiliary materials and supplies	6,739	6,566
Semi-finished and finished products	7,203	9,245
Trading goods	9,654	10,716
Work-in-progress	211	274
Total inventories gross	23,807	26,801
./. allowance on inventories	-3,957	-4,974
Total inventories net	19,850	21,827

3.15 Tangible assets

TANGIBLE ASSETS IN 2020

in CHF thousand

	Developed property and buildings	Undeveloped property	Investment property	Machinery and equipment	Other tangible assets	Assets under construction	Total
Cost at 1 January	78,104	263	269	123,610	19,075	400	221,721
Additions	3,633	–	–	2,025	1,901	11,601	19,160
Disposals	–32,011	–	–	–17,205	–1,949	–	–51,165
Reclassification	166	–	–	–	69	–235	–
Exchange differences	–46	–1	–15	–50	–20	16	–116
Cost at 31 December	49,846	262	254	108,380	19,076	11,782	189,600
Accumulated depreciation and impairment at 1 January	–62,987	–	–269	–100,420	–14,793	–	–178,469
Depreciation on disposals	32,011	–	–	17,158	1,930	–	51,099
Depreciation	–2,858	–	–	–4,515	–1,425	–	–8,798
Impairment	–69	–	–	–8	–2	–	–79
Exchange differences	43	–	15	49	16	–	123
Accumulated depreciation and impairment at 31 December	–33,860	–	–254	–87,736	–14,274	–	–136,124
Net carrying amount at 1 January	15,117	263	–	23,190	4,282	400	43,252
Net carrying amount at 31 December	15,986	262	–	20,644	4,802	11,782	53,476
Net carrying amount of tangible assets under finance lease	–	–	–	515	–	–	515

TANGIBLE ASSETS IN 2019

in CHF thousand

	Developed property and buildings	Undeveloped property	Investment property	Machinery and equipment	Other tangible assets	Assets under construction	Total
Cost at 1 January	78,713	273	264	133,846	19,139	29	232,264
Additions	838	–	–	2,518	935	377	4,668
Disposals	–1,279	–	–	–12,560	–839	–	–14,678
Reclassification	–	–	–	–	6	–6	–
Exchange differences	–168	–10	5	–194	–166	–	–533
Cost at 31 December	78,104	263	269	123,610	19,075	400	221,721
Accumulated depreciation and impairment at 1 January	–60,956	–	–264	–107,813	–14,117	–	–183,150
Depreciation on disposals	1,279	–	–	12,510	765	–	14,554
Depreciation	–3,432	–	–	–5,210	–1,537	–	–10,179
Impairment	–10	–	–	–123	–48	–	–181
Appreciation	–	–	–	61	–	–	61
Exchange differences	132	–	–5	155	144	–	426
Accumulated depreciation and impairment at 31 December	–62,987	–	–269	–100,420	–14,793	–	–178,469
Net carrying amount at 1 January	17,757	273	–	26,033	5,022	29	49,114
Net carrying amount at 31 December	15,117	263	–	23,190	4,282	400	43,252

For more information on tangible assets, please see note 3.17.

3.16 Intangible assets

INTANGIBLE ASSETS IN 2020

in CHF thousand

	Software and developments	Rights and licenses	Other intangible assets	Total
Cost at 1 January	12,340	1,072	849	14,261
Additions	29	270	220	519
Disposals	-2,298	-70	-13	-2,381
Reclassification	110	-	-110	-
Exchange differences	-7	-	-2	-9
Cost at 31 December	10,174	1,272	944	12,390
Accumulated depreciation and impairment at 1 January	-10,133	-1,060	-576	-11,769
Depreciation on disposals	2,275	70	-	2,345
Depreciation	-784	-44	-	-828
Exchange differences	5	-	3	8
Accumulated depreciation and impairment at 31 December	-8,637	-1,034	-573	-10,244
Net carrying amount at 1 January	2,207	12	273	2,492
Net carrying amount at 31 December	1,537	238	371	2,146

INTANGIBLE ASSETS IN 2019

in CHF thousand

	Software and developments	Rights and licenses	Other intangible assets	Total
Cost at 1 January	12,087	1,072	1,505	14,664
Change in scope of consolidation	260	-	-	260
Additions	648	-	138	786
Disposals	-1,329	-	-	-1,329
Reclassification	772	-	-772	-
Exchange differences	-98	-	-22	-120
Cost at 31 December	12,340	1,072	849	14,261
Accumulated depreciation and impairment at 1 January	-10,619	-1,057	-597	-12,273
Depreciation on disposals	1,102	-	-	1,102
Depreciation	-705	-3	-	-708
Exchange differences	89	-	21	110
Accumulated depreciation and impairment at 31 December	-10,133	-1,060	-576	-11,769
Net carrying amount at 1 January	1,468	15	908	2,391
Net carrying amount at 31 December	2,207	12	273	2,492

The software and developments item consists solely of bought-in products.

3.17 Further details of tangible and intangible assets

The remaining tangible fixed assets stated at cost as of 31 December 2020 in note 3.15 consist mainly of furniture and fixtures in the amount of CHF 12,140,000 (2019: CHF 10,927,000) and IT systems (hardware) in the amount of CHF 6,666,000 (2019: CHF 7,940,000). As of 31 December 2020, commitments entered into for the purchase of tangible fixed assets amount to CHF 8,242,000 (2018: CHF 834,000), mostly relating to the construction of a new production facility and an office building for the Industrial Systems Division.

In the 2020 and 2019 financial years, no bank borrowings were secured on land and buildings. Lease rentals amounted to CHF 8,252,000 (2019: CHF 8,858,000), while CHF 275,000 (2019: CHF 328,000) was related to other leased tangible assets.

3.18 Participations and Financial assets

<i>in CHF thousand at 31 December</i>	2020	2019
Participations in associated companies	431	50
Financial receivables	100	100
Total financial assets	531	150

In the year under review, Orell Füssli Ltd acquired a 30% interest in Procivis Ltd (IT solutions for e-government).

3.19 Other non-current financial assets

<i>in CHF thousand at 31 December</i>	Notes	2020	2019
Loan assets		340	340
Pension fund assets	3.5	3,622	3,622
Other non-current financial assets		137	195
Total other financial assets		4,099	4,157

3.20 Other current liabilities

<i>in CHF thousand at 31 December</i>	2020	2019
Prepayments from customers on construction contracts gross	18,852	55,645
./.. deductible customer advances received	-2,646	-24,243
Prepayments from customers on construction contracts net	16,206	31,402
Prepayments from customers	9,476	7,785
Liabilities to employees	48	115
VAT and similar taxes payable	509	549
Dividends payable	4	3
Derivative financial instruments	-	127
Other current payables	906	1,264
Total other current Payables	27,149	41,245

3.21 Accrued expenses and deferred income

<i>in CHF thousand at 31 December</i>	2020	2019
Accrued expenses and deferred income for cost of materials	5,779	4,793
Accrued expenses and deferred income for personnel expenditure	4,185	3,828
Other accrued expenses and deferred income	2,786	2,353
Total accrued expenses and deferred income	12,750	10,974

The accruals relating to personnel expenditure include primarily the amounts for bonuses, vacation and overtime payments.

3.22 Financial liabilities*in CHF thousand at 31 December*

	From borrowings	Liabilities from finance lease	Total 2020	From borrowings	Liabilities from finance lease	Total 2019
Current financial liabilities	250	88	338	–	–	–
Non-current financial liabilities	1,635	427	2,062	1,635	–	1,635
Total financial liabilities	1,885	515	2,400	1,635	–	1,635

The financial liability in the amount of CHF 1,635,000 (2019: CHF 1,635,000) is an interest-free, non-refundable loan to a related party that will be converted into equity

3.23 Provisions

Provisions are included for personnel, restructuring, warranties, commissions, unfinished projects and for the loss-free valuation of orders.

Personnel provisions mainly comprise entitlements to long-service awards for employees. The prior year's provisions for early retirement relating to the Security Printing Division were used in full.

In the remaining restructuring provisions, provisions for a tax charge were reversed in the Industrial Systems segment due to a building sale in the United States. Provisions were used for location optimisation within book retailing and the completion of restructuring in the Industrial Systems segment. This leaves mainly the provisions for the change of location of the Industrial Systems Division related to the restructuring.

Other provisions are largely related to the costs for the post-processing of a production order. This provision is offset by prepayments, which represent receivables from a sub-supplier. The resulting costs were recognised under cost of materials.

Warranty provisions are created in connection with the services rendered and they are based on local legislation or contractual agreements. The provisions are calculated on the basis of empirical figures.

MOVEMENT IN PROVISIONS 2020*in CHF thousand*

	Personnel	Provisions for restructuring	Warranty provisions	Other provisions	Total
At 1 January	1,502	2,815	90	334	4,741
Additions (charged to income statement)	135	90	71	7,449	7,745
Reversals (charged to income statement)	–15	–563	–48	–	–626
Utilisation during the year	–1,170	–1,004	–41	–483	–2,698
Exchange differences	–	–45	–	–	–45
At 31 December	452	1,293	72	7,300	9,117
Provisions maturing within 12 months	166	211	72	7,300	7,749
Provisions maturing over 1 year	286	1,082	–	–	1,368

MOVEMENT IN PROVISIONS 2019*in CHF thousand*

	Personnel	Provisions for restructuring	Warranty provisions	Other provisions	Total
At 1 January	470	6,086	80	373	7,009
Additions (charged to income statement)	1,135	908	92	334	2,469
Reversals (charged to income statement)	–	–2,977	–34	–329	–3,340
Utilisation during the year	–103	–1,132	–45	–44	–1,324
Exchange differences	–	–70	–3	–	–73
At 31 December	1,502	2,815	90	334	4,741
Provisions maturing within 12 months	1,206	1,444	90	334	3,074
Provisions maturing over 1 year	296	1,371	–	–	1,667

3.24 Deferred income tax

Deferred income tax assets and liabilities were as follows:

DEFERRED INCOME TAX ASSETS AND LIABILITIES

<i>in CHF thousand</i>	Deferred tax assets	Deferred tax liabilities	Balance 2020	Deferred tax assets	Deferred tax liabilities	Balance 2019
At 1 January	782	- 1,367	- 585	16	- 1,326	- 1,310
Charges to income statement	1,211	199	1,410	785	- 41	744
Exchange differences	12	-	12	- 19	-	- 19
At 31 December	2,005	- 1,168	837	782	- 1,367	- 585

Deferred taxes are calculated at the effective applicable rate for each company.

Deferred taxes include the following capitalised losses carried forward:

DEFERRED INCOME TAX ASSETS FROM LOSSES CARRIED FORWARD:

<i>in CHF thousand at 31 December</i>	2020	2019
Deferred income tax assets on loss carry-forward gross	15,973	18,335
./. Allowance	- 13,968	- 17,553
Deferred income tax assets on loss carry-forward net	2,005	782

Deferred income tax assets arising from tax loss carry forward are recognised in as far as the related tax benefits are likely to be realised through future taxable profits. Deferred tax assets on tax loss carry-forwards correspond to accumulated taxable losses in the amount of CHF 66,698,000 (2019: CHF 71,746,000). The tax loss carry-forwards mainly arise from Zeiser GmbH and Orell Füssli Ltd. The latter generated tax loss carry-forwards in the prior year due to changes in tax legislation.

3.25 Own shares

As at 31 December 2020, Orell Füssli Ltd held 508 (2019: 1,136) of its own shares. All of these own shares are reserved for use in connection with the equity participation plan of Group Management. In the year under review, 10 of the company's own shares were purchased at an average transaction price of CHF 104.00 per share (2019: none).

In the year under review, 638 of the company's own shares (2019: 165) were issued in connection with share-based compensation.

3.26 Employee equity incentive plans

In the year under review, 508 entitlements to employee shares and shares in Orell Füssli Ltd were granted to the members of the Group Management and senior management (2019: none). Personnel expenditure relating to the employee equity incentive plans amounts to CHF 17,000 (2019: CHF 58,000). The related accruals are recorded in the capital reserves.

3.27 Dividend per share

In the current financial year, a dividend for the 2019 financial year in the amount of CHF 11,757,000 (CHF 6.00 per share) was paid out. The theoretical dividend from the company's own shares of CHF 3,000 (CHF 6.00 per share) is included in the retained earnings carried forward.

At the ordinary general meeting held on 11 May 2021, a dividend of CHF 5,880,000 (CHF 3.00 per share) will be proposed, which has not yet been recorded as a liability in the consolidated financial statements.

3.28 Goodwill from acquisitions

The goodwill arising from acquisitions is offset against the group shareholders' equity as of the date of acquisition. A theoretical capitalisation of the goodwill would have the following impact on the annual financial statements:

THEORETICAL STATEMENT OF GOODWILL

<i>in CHF thousand</i>	2020	2019
Cost at 1 January	121	–
Inflow due to change in the scope of consolidation	3,352	121
Cost at 31 December	3,473	121
Accumulated amortisation at 1 January	– 22	–
Depreciation and impairment	– 527	– 22
Accumulated amortisation at 31 December	– 549	– 22
Theoretical net book value at 1 January	99	–
Theoretical net book value at 31 December	2,924	99

A theoretical straight-line amortisation period of five years is applied.

Following the amortisation of the full theoretical amount, goodwill will no longer be listed in a theoretical statement. Retained earnings include CHF 27,932,000 (2019: CHF 27,932,000) of fully amortised theoretical goodwill.

THEORETICAL IMPACT ON NET INCOME FOR THE PERIOD

<i>in CHF thousand</i>	2020	2019
Earnings before interest and taxes (EBIT) according to consolidated income statement	14,379	18,165
Goodwill amortisation	– 527	– 22
Theoretical earnings before interest and taxes (EBIT) including goodwill amortisation	13,852	18,143
Net income for the period after minority interests	12,945	8,479
Goodwill amortisation	– 527	– 22
Net income for the period after minority interests including goodwill amortisation	12,418	8,457

THEORETICAL IMPACT ON SHAREHOLDERS' EQUITY

<i>in CHF thousand at 31 December</i>	2020	2019
Equity before minority interests according to the consolidated balance sheet	135,500	138,208
Theoretical capitalisation of goodwill (net book value)	2,924	99
Theoretical equity before minority interests including goodwill (net book value)	138,424	138,307

3.29 Contingent liabilities and other commitments not included in the balance sheet

In the 2020 financial year and in the prior year, there were no contingent liabilities and no other unrecognised liabilities.

3.30 Obligations from operating lease contracts

The Orell Füssli Group rents property, machinery, plant and equipment by means of operational leases. Some lease contracts are non-cancellable; others have an option for cancellation of usually less than one year.

The future aggregate minimum lease payments under non-cancellable operating leases (mainly minority interests) are as follows:

MATURITIES OF FUTURE AGGREGATE MINIMUM LEASE PAYMENTS

<i>in CHF thousand at 31 December</i>	2020	2019
No later than 1 year	8,087	6,810
Later than 1 year and no later than 5 years	21,075	15,607
Later than 5 years	8,559	5,578
Total future aggregate minimum lease payments	37,721	27,995

3.31 Changes in the scope of consolidation**In the 2020 financial year**

Orell Füssli Ltd: Orell Füssli Holding Ltd and its 100% subsidiaries in Switzerland were merged to form Orell Füssli Ltd.

Storyworld GmbH: In the third quarter of 2020, the subsidiary of Orell Füssli Buchhandlungs Ltd was liquidated.

Procivis Ltd: In the year under review, Orell Füssli Ltd acquired a 30% interest in Procivis Ltd. Part of the purchase price was derecognised from equity as goodwill.

In the 2019 financial year

Delivros Orell Füssli Ltd: In February 2019, the B2B business of Orell Füssli Thalia Ltd was transferred to the newly founded Delivros Orell Füssli Ltd. The holding in the new company is 70%.

Atlantic Zeiser (M) SDN BHD: In the first half of 2019, Zeiser GmbH sold its subsidiary company in Malaysia.

Atlantic Zeiser SAS: In the third quarter of 2019, the subsidiary of Zeiser GmbH in France was liquidated.

3.32 Related party transactions

All transactions with related parties are included in the consolidated annual financial statements for 2020 and 2019.

RELATED PARTY TRANSACTIONS

<i>in CHF thousand</i>	with associated entities and joint ventures	with shareholders	with other related parties	Total 2020	with associated entities and joint ventures	with shareholders	with other related parties	Total 2019
Net revenue from sales	252	44,360	–	44,612	266	52,558	–	52,824
Other operating income	328	–	–	328	355	–	–	355
Cost of materials	–	–	6,336	6,336	–	–	13,013	13,013
Other operating expenses	218	–	260	478	246	–	260	506
Financial expenses	–	–	50	50	–	–	2,150	2,150

<i>in CHF thousand at 31 December</i>	with associated entities and joint ventures	with shareholders	with other related parties	Total 2020	with associated entities and joint ventures	with shareholders	with other related parties	Total 2019
Trade accounts receivable	4	–	–	4	26	–	–	26
Other receivables	–	–	1,269	1,269	–	–	2,706	2,706
Financial receivables	431	–	–	431	50	–	–	50
Trade payables	5	–	–	5	10	–	2,504	2,514
Other liabilities	–	12,837	–	12,837	–	25,222	–	25,222
Total financial liabilities	1,635	–	–	1,635	1,635	–	–	1,635

In 2020 as in prior years, the Orell Füssli Group continued to sell books and publishing products to related parties and to employees at favourable rates.

Except for the compensation disclosed in the compensation report (see pages 52 to 55 of this annual report), there were no other transactions with members of the Board of Directors or the Executive Board in 2020 and 2019.

3.33 COVID-19: Impact on the financial statements in the financial year under review

The COVID-19 outbreak has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of COVID-19, such as health and safety measures for our people (like physical distancing and working from home). Our application for compensation for short-time work for up to 80% of employees in the Book Retailing segment during the lockdown was approved. The short-time working compensation resulted in a credit to personnel expenditure in the year under review. Orell Füssli Thalia Ltd also applied for a government-backed loan of CHF 500,000, which was granted as of 31 March 2020. In addition, it has a credit limit of CHF 8,000,000, which was not used in the year under review.

3.34 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 15 March 2021. They are subject to approval by the general meeting.

No further events that provide additional information on the items in the consolidated financial statements or cast doubt on the assumption that the company is a going concern or that would be otherwise material occurred between the balance sheet date and 15 March 2021.

4 Overview of significant participations

SIGNIFICANT PARTICIPATIONS

			Nominal capital	% of capital held ¹⁾	
	City, Country	Currency	in thousand	direct	indirect ²⁾
Consolidated companies					
Orell Füssli Buchhandlungs Ltd	Zurich, CH	CHF	100	51	
Zeiser GmbH	Emmingen, DE	EUR	869	100	
Zeiser Inc. ⁵⁾	West Caldwell, US	USD	0		100
Zeiser Ltd. ⁵⁾	Andover, GB	GBP	0		100
Zeiser SRL ⁵⁾	Milano, IT	EUR	100		100
Pro rata consolidated participation					
Orell Füssli Thalia Ltd ³⁾	Zurich, CH	CHF	9,500		50
Delivros Orell Füssli Ltd ⁴⁾	Zurich, CH	CHF	1,330		70
Equity accounted for participations					
Procivis Ltd	Zurich, CH	CHF	191	30	
Orell Füssli Kartographie Ltd	Zurich, CH	CHF	210	24	

¹⁾ Capital held and voting rights in % are identical

²⁾ Capital share of the respective parent company

³⁾ Held through Orell Füssli Buchhandlungs Ltd

⁴⁾ Held through Orell Füssli Thalia Ltd

⁵⁾ Held through Zeiser GmbH

5 Report of the statutory auditor of the consolidated financial statements

Report of the statutory auditor

to the General Meeting of Orell Füssli Ltd (former Orell Füssli Holding Ltd)

Zurich

Report on the audit of the consolidated financial statements

Opinion

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

In our opinion, the accompanying consolidated financial statements (pages 12 to 36) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 1'700'000

We concluded full scope audit work and selected audit procedures at three Group companies in two countries.

Our audit scope addressed 96% of the Group's net sales to customers.

As key audit matter the following area of focus has been identified:

Revenue recognition relating to long-term production orders of Orell Füssli Ltd using the percentage-of-completion (PoC-method)

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 1'700'000
How we determined it	0.8% of net sales to customers
Rationale for the materiality benchmark applied	We chose net sales to customers as the benchmark because, in our view, it is a key benchmark against which the main business activities can be assessed.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We tailored the scope of our audit in order to cover the significant subsidiaries with a full scope audit or selected audit procedures. Where audits were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement included, for example, meetings and telephone conferences during the audit planning stage and after completion of the local audits. For the remaining companies, we referred to the results of the completed statutory audits and analyses of significant changes.

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 judgement, 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.

Revenue recognition relating to long-term production orders of Orell Füssli Ltd using the percentage-of-completion (PoC-method)

Key audit matter	How our audit addressed the key audit matter
As can be seen in note 3.3 to the consolidated financial statements, revenue from production orders accounted for using the percentage-of-completion method amounted to CHF 75.2 million in the 2020 financial year. This represents about 34.4% of net sales to customers.	In order to test the recognition of these contractual elements, we performed the following: We gained an understanding of the process for recognizing and measuring production orders.



We consider revenue recognition in accordance with the PoC method as a key audit matter due to the size, the complexity of the underlying contracts and the significant scope for judgment by Management involved in recognising revenue from the individual elements of a contract in the appropriate period. We identified the following risk relating to proper revenue recognition: the contractually defined payments comprise different elements depending on the contract with the customer. There is a risk that individual elements are not recognised in the correct period.

Management has defined the principles for recording revenue from different contractual elements. For significant customer orders, Management specifies in memoranda how revenue is to be recognised for the individual contractual elements. The memoranda are submitted to the Audit Committee for approval.

- We selected various production orders, inspected the underlying contracts and reconciled the elements recognized in revenue.
- Inspected selected Management memoranda regarding revenue recognition of specific elements in the appropriate period and assessed whether revenue recognition in relation to these elements complies with the requirements of Swiss GAAP FER.
- Checked whether the memoranda were approved by the Audit Committee.

On the basis of our audit procedures, we addressed the risk of different contractual elements of revenue not being recognised in the appropriate period and obtained adequate assurance.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG



Thomas Wallmer
Audit expert
Auditor in charge



Tobias Roth
Audit expert

Zurich, 15 March 2021

6 Financial statements of Orell Füssli Ltd

(previously Orell Füssli Holding Ltd)

6.1 Income statement

in CHF thousand

	Notes	2020	2019
Net revenue from sales to customers	8.1	97,570	–
Other operating income		1,916	3,617
Changes in inventories of semi-finished and finished product		–1,259	–
Total operating income		98,227	3,617
Cost of materials		–43,660	–
Personnel expenditure		–30,569	–2,836
Other operating expenses		–12,427	–2,561
Depreciation and impairment		–8,970	–40
Earnings before interest and taxes (EBIT)		2,601	–1,820
Financial income		3,839	677
Financial expenses		–162	–797
Financial result	8.2	3,677	–120
Ordinary result		6,278	–1,940
Extraordinary income		1,700	–
Extraordinary expenses		–	–2,150
Extraordinary result	8.3	1,700	–2,150
Earnings before income taxes (EBT)		7,978	–4,090
Income tax expenses		–1	–
Net income for the period		7,977	–4,090

6.2 Balance sheet

in CHF thousand

	Notes	31.12.2020	31.12.2019
Assets			
Cash and cash equivalents		27,202	14,485
Trade accounts receivable		9,706	1,818
Prepayments of suppliers		1,325	–
Other receivables		987	26,260
Inventories		9,512	–
Construction contracts	8.8	17,876	–
Accrued income and deferred expenses	8.9	8,805	25
Total current assets		75,413	42,588
Loans to consolidated companies	8.4	27,992	28,692
Participations in consolidated companies	8.5	8,942	58,368
Participations in related companies	8.5	4,283	50
Tangible assets	8.6	42,762	6
Intangible assets	8.7	1,027	95
Total non-current assets		85,006	87,211
Total assets		160,419	129,799
Liabilities and equity			
Trade payables to third parties		5,114	296
Other current payables to third parties		158	117
Prepayments from customers	8.8	19,226	–
Accrued expenses and deferred income		6,733	1,197
Current provisions	8.9	7,340	–
Total current liabilities		38,571	1,610
Non-current provisions		130	130
Total non-current liabilities		130	130
Share capital		1,960	1,960
./. Own shares	8.10	–60	–141
Legal profit reserve		11,113	11,137
Retained earnings		100,728	119,193
Net income for the period		7,977	–4,090
Total equity		121,718	128,059
Total liabilities and equity		160,419	129,799

7 Accounting policies to the financial statements of the Orell Füssli Ltd

7.1 General information

The financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations.

In order to simplify the Group structure and optimise operations in the administrative area, a merger by absorption was carried out in the year under review. Orell Füssli Holding Ltd absorbed all its 100% subsidiaries in Switzerland. At the same time, Orell Füssli Holding Ltd was renamed as Orell Füssli Ltd. This year's figures presented in the income statement and the balance sheet are therefore not comparable with the prior year's. As part of the optimisation measures, the structure of and specific terms used in the accompanying financial statements were revised.

Orell Füssli is a Swiss company with headquarters in Zurich. The number of full-time equivalents amounted under 10 in the prior year and over 250 in the year under review.

7.2 Revenue recognition

Net revenue from sales to customers of tradable, manufactured and printed products is recorded as income after their delivery to the client. Revenue is recorded net of value-added tax and any rebates. Revenue from construction contracts is recognised using the percentage of completion method (PoC) in order to record the portion of total sales for the reporting period. Revenue from services rendered and objects leased over a certain period and which are invoiced to clients periodically is recorded in the period in which the service is rendered or the right of use is exercised. Revenue from the processing of transaction-related services is recorded at the time the service is rendered in full.

7.3 Trade accounts receivable and other current accounts receivable

Trade receivables and other receivables are recognised at their nominal value. Doubtful accounts receivable are valued by applying individual value adjustments.

7.4 Inventories

Inventories comprise various substrates, dyes, varnishes and other materials as well as books and non-books. These are valued using the lower of cost or market principle (the lower of the acquisition or production cost and the net realisable value). Acquisitions are calculated based on the weighted-average acquisition cost. With regard to books and non-books, impairment charges are made for unsellable inventory or inventory with a low turnover. Books still in production are recorded at the accumulated production costs

7.5 Construction contracts PoC (included in other receivables)

Manufacturing contracts are long-term orders with a timeframe of at least three months and representing a significant volume of at least CHF 2,000,000, which are usually governed by a contract for work and services. Manufacturing contracts are recognised using the percentage of completion method (PoC). The PoC method measures the stage of completion of the contractual activity in percentage terms in order to determine the share of the overall revenue for the reporting period and to recognise this share as other receivable. The degree of completion is determined based on the completed quantity of a production lot and/or on the portion of the production stages carried out. Expected losses on construction contracts are recognised immediately in the income statement as an expense.

Advance payments for manufacturing contracts are recognised without any impact on income. If there is no repayment claim, advance payments are offset against the accrued costs of the production contract to which these payments relate.

The other production orders for semi-finished and finished products comprise the direct production costs, including material costs and production costs as well as indirect costs.

7.6 Loans and participations

Loans and participations are recognised at the lower of acquisition cost or market value.

7.7 Tangible assets

Property, plant and equipment is recognised at cost or manufacturing cost less depreciation. The acquisition and production costs include the acquisition costs of property, plant and equipment (PP&E) as well as the directly attributable costs to get such assets into an operational state for their planned use.

Depreciation begins as soon as the fixed asset is ready for use or is operational. Land is not subject to depreciation. The operating life per asset category is as follows:

ESTIMATED USEFUL LIVE OF EACH FIXED ASSET CATEGORY

<i>in years</i>	Estimated useful lives
Machinery and technical installations	5 – 10
Buildings	28 – 50
Fixed facilities and renovations	10 – 28
Movable properties, leasehold improvements, vehicles	4 – 10
IT systems (hardware)	3 – 5

Buildings under construction are fixed assets that are not yet finished or not yet operational. They are valued at accumulated acquisition or production costs and are not depreciated.

7.8 Intangible assets

Intangible assets comprise rights, licences and software. They are valued at acquisition or production cost less accumulated depreciation and impairment. The acquisition cost of rights, licences and software comprises the purchase price plus directly attributable costs. Rights, licences and software are amortised using the straight-line method over the contractually agreed duration.

7.9 Prepayments from Customers

In principle, advance payments are made for long-term production orders. Prepayments by customers comprise only advance payments that have not been offset against the accumulated costs of production orders.

7.10 Provisions

Provisions are recognised if the Orell Füssli Ltd has a present obligation as a result of a past event. It is probable that a cash outflow will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provisions are recorded for future operational losses.

8 Explanations to the financial statements of the Orell Füssli Ltd

8.1 Net revenue from sales to customers

In the 2020 financial year, net revenue from sales and services includes income from production orders calculated using the PoC method amounting to CHF 75,176,000.

8.2 Financial result

The financial income mainly comprises the dividend income from Orell Füssli Buchhandlungs Ltd in the amount of CHF 2,550,000, foreign exchange differences of CHF 649,000 and interest income of CHF 187,000. The expenses include bank charges and negative interest.

8.3 Extraordinary result

In setting up Orell Füssli Ltd, the impairment charge on a loan amounting to CHF 1,600,000 and the impairment charge on an investment in a company of CHF 100,000 were reversed.

8.4 Loans to group companies

Orell Füssli Ltd provides its subsidiaries with necessary financial resources in the form of loans. The loans mainly relate to Zeiser GmbH.

8.5 Participations

at 31 December

		2020		2019	
		in CHF thousand	% of capital held	in CHF thousand	% of capital held
Zeiser GmbH	Emmingen, DE	8,891	100.0	8,891	100.0
Orell Füssli Security Printing Ltd	Zurich, CH	–	–	46,876	100.0
OF IP Sicherheitsdruck Ltd	Risch, CH	–	–	50	100.0
OF IP Verlag Ltd	Risch, CH	–	–	–	100.0
Orell Füssli Dienstleistungen Ltd	Zurich, CH	–	–	2,500	100.0
Orell Füssli Buchhandlungs Ltd	Zurich, CH	51	51.0	51	51.0
Total group companies		8,942		58,368	
Procivis Ltd	Zurich, CH	4,233	30.3	–	–
Orell Füssli Kartographie Ltd	Zurich, CH	50	23.8	50	23.8
KXO Ltd	Zug, CH	–	39.2	–	–
Landqart Ltd	Landquart, CH	–	3.3	–	5.0
Total related parties		4,283		50	

As part of the impairment testing, the shares in Landqart Ltd (CHF 2,150,000) and the shares in KXO Ltd (CHF 235,000) were written off in full in the prior year.

8.6 Tangible assets

in CHF thousand at 31 December

	2020	2019
Property at cost	36,410	–
./. Accumulated depreciation and impairment property	–24,591	–
Machinery and equipment at cost	102,047	–
./. Accumulated depreciation and impairment machinery and equipment	–82,786	–
Furniture and fixtures at cost	1,992	105
./. Accumulated depreciation and impairment furniture and fixtures	–1,559	–99
Vehicles at cost	59	–
./. Accumulated depreciation and impairment vehicles	–53	–
IT systems (hardware) at cost	5,236	–
./. Accumulated depreciation and impairment IT systems (hardware)	–3,933	–
Assets under construction at cost	9,940	–
Total net tangible assets	42,762	6

8.7 Intangible assets*in CHF thousand at 31 December*

	2020	2019
Software and developments at cost	5,623	304
./. Accumulated depreciation and impairment software and developments	-4,604	-209
Rights and licenses at cost	156	-
./. Accumulated depreciation and impairment rights and licences	-148	-
Total net tangible assets	1,027	95

8.8 Prepayments from Customers

Prepayments from customers include offsets of CHF 2,646,000, which were netted with the production orders calculated using the PoC method.

8.9 Current provisions

Current provisions mainly include costs for the post-processing of a production order. This provision is offset by prepayments, which represent receivables from a sub-supplier.

8.10 Own shares

As at 31 December 2020, Orell Füssli Ltd holds 508 of its own shares (2019: 1,136 own shares). All of these own shares are reserved for use in connection with the equity participation plan of the Executive Board. In the year under review, 10 of the company's own shares were purchased at an average transaction price of CHF 104.00 per share (2019: none).

In the year under review, 638 of the company's own shares were issued in connection with share-based compensation (2019: 165 own shares).

8.11 Derivative financial instruments

As of 31 December, there are outstanding foreign exchange forwards used for currency hedging of future cash flows. This results in an off-balance-sheet item in the amount of CHF 418,000.

8.12 Shares held by members of the board of directors and the executive board

As of the balance sheet date, the Board of Directors and the members of the Executive Board held the following shares in Orell Füssli Ltd:

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS*Number of shares at 31 December*

	2020		2019	
	Number of own shares	Total number of shares including shares of related parties	Number of own shares	Total number of shares including shares of related parties
Dr Anton Bleikolm	1,180	1,180	1,180	1,180
Peter Stiefenhofer (until 20.05.2020)	-	-	250	250
Dieter Widmer	800	800	800	800

Dr Thomas Moser, member of the Board of Directors, is an Alternate Member of the Governing Board of the Swiss National Bank (SNB), which owns 653,460 shares in Orell Füssli Ltd.

SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD*Number of shares at 31 December*

	2020		2019	
	Number of own shares	Total number of shares including shares of related parties	Number of own shares	Total number of shares including shares of related parties
Peter Crottogini (until 30.06.2020)	-	-	273	273
Dr Michael Kasch	494	494	-	-
Thorsten Tritschler	100	100	-	-

In the year under review, entitlements for employee shares in Orell Füssli Ltd. were granted to a member of the Executive Board for a pro rata value of CHF 17,000.

8.13 Major shareholders

<i>at 31 December 2020</i>	Total registered shares	Participation
Swiss National Bank (SNB), Berne (CH)	653,460	33.34%
Dieter Meier, Hong Kong (HK) (held by Capdem Development SA)	288,500	14.72%
Fam. Siegert, Meerbusch (DE)	180,000	9.19%
J. Safra Sarasin Investmentfonds, Basel (CH) (SaraSelect)	98,250	5.01%

8.14 Contingent liabilities

<i>in CHF thousand at 31 December</i>	2020	2019
Contingent liabilities	5,082	4,712

The contingent liabilities arises primarily from the hedging of advance payments by the Security Printing division.

8.15 Obligations from operating lease contracts

Orell Füssli Ltd leases a property under fixed-term operating lease. The future minimum lease payment from this contract amounts to CHF 951,000. Payments will be made over the next three years.

8.16 Related party transactions

All transactions with related parties are included in the consolidated annual financial statements for 2020 and 2019.

RELATED PARTY TRANSACTIONS

<i>in CHF thousand at 31 December</i>	with group companies	with shareholders	with other related parties	Total 2020	with group companies	with shareholders	with other related parties	Total 2019
Trade accounts receivable	2	–	3	5	2	–	–	2
Prepayments to suppliers	–	–	1,269	1,269	–	–	–	–
Other receivables	–	–	–	–	26,260	–	–	26,260
Trade payables	7	–	–	7	7	–	–	7
Prepayments from customers	–	12,837	–	12,837	–	–	–	–

8.17 COVID-19: Impact on the financial statements in the financial year under review

The COVID-19 outbreak has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of COVID-19 such as health and safety measures for our people (like physical distancing and working from home). Orell Füssli Ltd did not apply for short-time working or for a COVID-19 credit.

8.18 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 15 March 2021. They are subject to approval by the general meeting.

No further events that provide additional information on the items in the consolidated financial statements or cast doubt on the assumption that the company is a going concern or that would be otherwise material occurred between the balance sheet date and 15 March 2021.

8.19 Proposed appropriation of retained earnings and unrestricted reserves

The Board of Director's proposes to the Annual General Meeting on 11 May 2021 the payment of a dividend of CHF 3.00 per share.

PROPOSED APPROPRIATION OF RETAINED EARNINGS AND UNRESTRICTED RESERVES

<i>in CHF thousand</i>	2020
Retained earnings at the beginning of the period	103,346
Change due to merger	-2,618
Net income for the period	7,977
Retained earnings available to the annual general meeting	108,705
Dividend of CHF 3.00 per share	-5,880
Carried forward	102,825

9 Report of the statutory auditor of the financial statements

Report of the statutory auditor

to the General Meeting of Orell Füssli Ltd (former Orell Füssli Holding Ltd)

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Orell Füssli Ltd, which comprise the income statement for the year ended 31 December 2020, balance sheet as at 31 December 2020 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 41 to 48) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 785'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Revenue recognition relating to long-term production orders using the percentage-of-completion (PoC-method)

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 785'000
How we determined it	0.8% of net sales to customers
Rationale for the materiality benchmark applied	We chose net sales to customers as the benchmark because, in our view, it is a key benchmark against which the main business activities can be assessed.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 judgement, 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.

Revenue recognition relating to long-term production orders using the percentage-of-completion (PoC) method

Key audit matter	How our audit addressed the key audit matter
As can be seen in note 8.1 to the financial statements, revenue from production orders accounted for using the percentage-of-completion method amounted to CHF 75.2 million in the 2020 financial year. This represents about 77.0% of net sales to customers.	In order to test the recognition of these contractual elements, we performed the following: We gained an understanding of the process for recognizing and measuring production orders.
We consider revenue recognition in accordance with the PoC method as a key audit matter due to the size, the complexity of the underlying contracts and the significant scope for judgment by Management involved in recognising revenue from the individual elements of a contract in the appropriate period. We identified the following risk relating to proper revenue recognition: The contractually defined payments comprise different elements depending on the contract with the customer. There is a risk that individual elements are not recognised in the correct period.	- We selected various production orders, inspected the underlying contracts and reconciled the elements recognized in revenue. - Inspected selected Management memoranda regarding revenue recognition of specific elements in the appropriate period and assessed whether revenue recognition in relation to these elements complies with the requirements of Swiss GAAP FER. - Checked whether the memoranda were approved by the Audit Committee.
Management has defined the principles for recording revenue from different contractual elements. For significant customer orders, Management specifies in memoranda how revenue is to be recognised for the individual contractual elements. The memoranda are submitted to the Audit Committee for approval.	On the basis of our audit procedures, we addressed the risk of different contractual elements of revenue not being recognised in the appropriate period and obtained adequate assurance.



Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG



Thomas Wallmer
Audit expert
Auditor in charge



Tobias Roth
Audit expert

Zurich, 15 March 2021

Compensation Report

2020

This report is issued in accordance with the requirements of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO/VegüV) of 20 November 2013 and the Directive on Information relating to Corporate Governance dated 20 March 2018 of SIX Exchange Regulation. Unless indicated otherwise, all of the information provided is as of 31 December 2020.

Compensation of the board of directors and the executive board

Principles

The provisions applicable to voting at the general meeting of shareholders regarding the compensation of the members of the Board of Directors and the Executive Board are set out in article 18c of the articles of incorporation, and those regarding any additional amounts in article 18b thereof. The Articles of Association are on our homepage under Corporate Governance (www.orellfuessli.com/en/investors).

Based on the Board of Director's proposal, the Annual General Meeting approves the maximum compensation of the Board of Directors for the period until the next Annual General Meeting as well as the maximum compensation of the Executive Board for the next year.

The provisions applicable to variable compensation and share allocations are set out in article 18d + e of the articles of incorporation (www.orellfuessli.com/en/investors).

The compensation of the Board of Directors is made up entirely of a fixed component, whereas the Executive Board's compensation comprises a fixed and a variable component. External specialists are consulted only in the case of a fundamental redesign of the compensation structure. At group level, compensation is determined for new hires or promotions based on function-specific benchmarks.

The Board of Directors can allocate entitlements for employee shares to members of the Group Management as part of an equity participation plan. If they remain with the company for the duration of the vesting period, the participants in the plan are entitled to receive one employee share per entitlement. If the employee leaves the firm before the end of the vesting period, any entitlement for employee shares is usually extinguished.

The members of the Group Management can elect, on a voluntary basis, to receive a portion of their annual bonus in the form of restricted shares at a preferential price set by the Board of Directors as part of the equity bonus plan. The Board of Directors determines each year the portion of the bonus that can be awarded in shares and the duration of the vesting period. The voting rights and dividend rights are transferred with the transfer of the shares to the beneficiary.

Apart from the contributions to the pension fund, which are limited to a maximum of CHF 853,200 (maximum insured salary) by the Occupational Pensions Act (OPA/BVG), the Orell Füssli Group does not provide any special old-age benefit schemes.

The fixed compensation of the Executive Board and the Chairman of the Board of Directors includes individually agreed additional benefits, such as the provision of a company vehicle at no charge or the reimbursement of the cost of a rail season ticket (GA).

No severance payments ('golden parachutes') have been agreed with any of the members of the Board of Directors and the Executive Board. The members of the Executive Board do not have long-duration contracts (maximum period of notice of nine months).

Compensation of the Board of Directors

The Compensation Committee of the Board of Directors reviews annually the regulations applicable to the determination of the compensation of the Board of Directors. The Compensation Committee proposes to the Board of Directors any changes it deems necessary. The Board of Directors approves the compensation, which will take effect as of the subsequent term of office. Final approval of the compensation for the subsequent year is given only after the Annual General Meeting gives its approval. Board members receive a fixed amount of compensation.

Compensation of the Executive Board

Final approval of the amount of the fixed and variable components of the compensation for the subsequent financial year is given by the Annual General Meeting. Within this range, the Compensation Committee of the Board of Directors reviews the fixed compensation as proposed by the CEO. The amount of the fixed compensation is defined according to the function, duties, qualifications, experience and the market environment. The CEO (when it concerns his own compensation) and the members of the Executive Board are not present during the discussions to determine the compensation. The Compensation Committee adjusts the compensation, where necessary, and passes on its recommendation to the attention of the Board of Directors. The Board makes the final decision and approves the fixed compensation component.

The variable component of the Executive Board's compensation is based on the bonus regulations as approved by the Board of Directors. The maximum value (for achieving or overachieving all of the targets) of the variable component is determined individually and amounts to between 45 percent and 75 percent of the basic salary. It is calculated according to a predefined formula based on the EBIT as well as the achievement of agreed annual goals (weightings: EBIT 60 percent and individual goals 40 percent). The Executive Board members are assessed against the group's results in addition to the EBIT. The individually determined goals, which have a three- to five-year horizon, comprise quantitative and qualitative components; such goals must also be specific, measurable, challenging, relevant and time-certain. They may concern, for example, the implementation of a project, adherence to a project budget or the further development of expertise. With the involvement of the Executive Board members, the CEO elaborates the goals of the individuals, the measurement criteria and the range of values. Lastly, he agrees on the proposed goals with the Chairman of the Board of Directors. After their approval by the Chairman of the Board of Directors, the proposed goals are reviewed by the Compensation Committee of the Board of Directors. The Compensation Committee adjusts them, if necessary, and passes on its recommendation to the attention of the Board of Directors. The Board then makes the final decision and approves the goals. The bonus regulations also provide for individual cash bonus payments to be made at the discretion of the Board of Directors to employees of the Orell Füssli Group as a reward for exceptional performance.

Compensation 2020

(audited from this point until the end of page 55 by the external auditor)

Three new members of the Board of Directors were elected at the General Meeting held on 20 May 2020. The compensation of the departing members is included in the table below on a pro rata basis of four months and that of the new members on a pro rata basis of eight months.

On 25 May 2020, the company announced changes to the organisation and membership of the Executive Board. Peter Crottogini (Head of Human Resources) left the company; he was a member of the Executive Board until 30 June 2020. As of 1 July 2020, Dr Michael Kasch (Head of the Security Printing Division) and Thorsten Tritschler (Head of the Zeiser Division) joined the Executive Board as new members. The Executive Board is now composed of a total of five members (2019: four members). The compensation of the three members mentioned above is included in the calculations in proportion to their annual income and is presented in the table below.

In connection with an early retirement programme of the Orell Füssli Group, one-off employer contributions were made to the pension fund for affected employees to compensate part of the pension losses due to the reduction of the conversion rate. This also concerned one member of the Executive Board. The related amount is included in the table below of the compensation of the members of the Executive Board in the 'social security and pension fund expenses' column.

During the implementation of the transformation programme of the publishing house, the CFO of the Orell Füssli Group took over the interim management of Orell Füssli Publishing. A one-time salary adjustment for the period until the end of 2020 was made to compensate for the additional work involved. This is disclosed in the table below as part of the fixed and variable compensation in cash in 2020.

The equity bonus plan for members of the Executive Board was not used in the 2020 financial year. The entitlements allocated under the equity participation plan are subject to a three-year vesting period.

The disclosed compensation amounts are for the services rendered in the year under review. The following tables therefore include all entitlements to compensation relating to the 2020 financial year in full. Compensation that has not yet been paid is accrued in the financial year in question, even when the payment will only be made in the following year.

COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2020

in CHF

	Fixed compensation	Variable compensation	Other payments		Total 2020
	in cash	in cash	Special allowances	Social security expenses	
Dr Anton Bleikolm, Chairman	170,004	–	–	9,610	179,614
Dr Caren Genthner-Kappesz (until 20 May 2020) Member of the Board of Directors	18,333	–	–	–	18,333
Dieter Widmer, Audit Committee (Chairman)	75,000	–	–	5,530	80,530
Dr Thomas Moser, Compensation Committee (Member)	55,000	–	–	4,055	59,055
Peter Stiefenhofer, Audit Committee (Member) (Until 20 May 2020)	20,000	–	–	903	20,903
Dr Beat Lüthi, Vice Chairman (until 20 May 2020) Compensation Committee (Chairman)	18,333	–	–	1,352	19,685
Dr Martin Folini, Vice Chairman (as of 21 May 2020) Compensation Committee (Chairman)	36,667	–	–	2,703	39,370
Mirjana Blume, Audit Committee (Member) (as of 21 May 2020)	40,000	–	–	2,949	42,949
Dr Luka Müller, Member of the Board of Directors (as of 21 May 2020)	36,667	–	–	2,703	39,370
Total	470,004	–	–	29,806	499,809

COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2019

in CHF

	Fixed Compensation	Variable compensation	Other payments		Total 2019
	in cash	in cash	Special allowances	Social security expenses	
Dr Anton Bleikolm, Chairman	170,004	–	–	9,428	179,432
Dr Caren Genthner-Kappesz, Member of the Board of Directors	55,000	–	–	–	55,000
Dieter Widmer, Audit Committee (Chairman)	75,000	–	–	5,441	80,441
Dr Thomas Moser, Compensation Committee (Member)	55,000	–	–	3,990	58,990
Peter Stiefenhofer, Audit Committee (Member)	60,000	–	–	3,037	63,037
Dr Beat Lüthi, Vice Chairman Compensation Committee (Chairman)	55,000	–	–	3,990	58,990
Total	470,004	–	–	25,886	495,890

The social security expenses include the mandatory employer's contributions. No pension fund contributions were made.

COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR 2020

in CHF

	Fixed compensation	Short term variable compensation incl. bonus share plan ³⁾		Long term variable compensation (vested benefits)	Other payments	Social security and pension fund expenses ⁵⁾	Total 2020
	in cash (CHF)	in cash (CHF) ⁴⁾	in shares (CHF)	in shares (CHF) ⁵⁾			
Daniel Link, CEO Orell Füssli Group ¹⁾	342,000	171,000	–	50,800	10,655	119,257	693,712
Other members of the Executive Board ^{1), 2)}	800,054	272,637	–	–	23,970	298,587	1,395,248
Total	1,142,054	443,637	–	50,800	34,625	417,844	2,088,960

¹⁾ The executive Board consisted of five members as of 31 December 2020 (incl. CEO)²⁾ Changes of executive board members took place as of 1 July 2020. The payments to the members are included pro rata.³⁾ The annual variable compensations are payable in cash in the following year. The equity bonus plan 2020 was not used.⁴⁾ Including one-off bonus payment for the other members of the Executive Board.⁵⁾ Valued in accordance with the market price as at the transfer date of 1 January 2020 at CHF 100.00⁶⁾ Including additional pensions costs for an early retirement of total CHF 89,700.00

COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR 2019

in CHF

2019	Fixed compensation	Short term variable compensation incl. bonus share plan ^{3), 4)}		Long term variable compensation (vested benefits)	Other payments ⁶⁾	Social security and pension fund expenses	Total
	in cash (CHF)	in cash (CHF)	in shares (CHF) ⁵⁾	in shares (CHF)			
Martin Buyle, CEO Orell Füssli Group (until 31 December 2019) ^{1), 2)}	380,002	190,000	–	–	46,786	122,407	739,195
Daniel Link, CEO Orell Füssli Group (as of 1. November 2019) ^{1), 2)}	57,000	17,100	–	–	2,355	14,954	91,409
Other members of the Executive Board ¹⁾	573,408	295,680	14,198	–	14,625	179,301	1,077,212
Total	1,010,410	502,780	14,198	–	63,766	316,662	1,907,816

¹⁾ The Executive Board consisted of four members as of 31 December 2019 (incl. CEO)²⁾ The new CEO took over as of 1. November 2019. Martin Buyle's compensation is shown for 12 months until his departure on 31 December 2019.³⁾ The term variable compensation component is paid out in the following year. With regard to variable compensation components, the members of the Group Management can choose to receive it entirely in cash or 2/3 in cash and 1/3 in shares.⁴⁾ Including one-off bonus payment and supplementary bonus agreement for the other members of the Executive Board.⁵⁾ Three-year vesting period, valued in accordance with the market price as at the allocation period (December 2019) at CHF 98.60. Planned transfer date: 9 April 2020⁶⁾ The other compensation of Martin Buyle includes the transfer of the company car and one-off exceptional expenditures in accordance with the termination agreement.

The social security and pension fund expenses include the mandatory and voluntary employer's contributions. The pension fund contributions are made jointly by the employer and the employee.

Loans and other payments

The provisions applicable to loans and other payments are set out in article 18i of the articles of incorporation (www.orellfuessli.com/en/investors).

In the 2020 and 2019 financial years, no loans were granted to the current or past members of the Board of Directors and the Executive Board. Additionally, no guarantees were given on behalf of the members of these bodies for loans granted by third parties. As of 31 December 2020, no such loan receivables were disclosed on the balance sheet.

Further disclosure

The Orell Füssli Group did not make any other payments to current or previous members of the Board of Directors, the Executive Board or any related parties thereof and did not waive any claims that it had against such persons.

Report of the statutory auditor on the compensation report

Report of the statutory auditor

to the General Meeting of Orell Füssli Ltd

Zurich

We have audited the remuneration report of Orell Füssli Ltd for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the section labeled 'audited' on pages 53 to 55 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 against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

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

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

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

Opinion

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

PricewaterhouseCoopers AG



Thomas Wallmer
Audit expert
Auditor in charge



Tobias Roth
Audit expert

Zürich, 15 March 2021

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Corporate Governance

This report complies with the requirements of the SIX Swiss Exchange's guidelines regarding information on Corporate Governance. Unless stated otherwise, the information refers to 31 December 2020.

All relevant corporate governance documents (Articles of Association, Organisational Regulations, Risk Management and Internal Control System ICS, Code of Conduct, Rules Entry of Registered Shares & Guidance Share Register) can be viewed online on the homepage of Orell Füssli Ltd under Corporate Governance (www.orellfuessli.com/en/investors).

1. Group Structure and Shareholders

Operational Group Structure

In management terms, the Orell Füssli Group is structured into three divisions and the publishing.

Strategic and operating management is largely autonomous within the Zeiser, Security Printing and Book Retailing divisions, as well as the publishing companies. Orell Füssli Ltd exerts influence on the strategic direction of the individual divisions.

Companies included in the scope of consolidation

The parent company, Orell Füssli Ltd, has its registered office in Zurich. The company is listed on the SIX Swiss Exchange under security number (Valorennummer) 342 080 and ISIN number CH0003420806. The Legal Entity Identifier (LEI) No. is 5067005U9Z97T4PWVC13. The market capitalisation as at 31 December 2020 was CHF 209.72 million.

Orell Füssli Ltd has no investments in listed companies. A complete overview of the main shareholdings is included in the financial report.

Major shareholders

In the reporting year, there were the following changes in the shareholder structure: Veraison SICAV, Zurich (CH), reduced its shareholding to below 5% in April and to below 3% in May. Dieter Meier, Hong Kong (AK) (via Campdem Development SA), reduced his shareholding to below 15% in December. Disclosure notifications can be viewed at <https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html>. For the list of significant shareholders, please refer to the financial report (Note 8.13).

Cross-shareholdings

There are no cross-shareholdings with other public limited companies.

2. Capital structure

Capital

The share capital of Orell Füssli Ltd consists of 1,960,000 registered shares with a par value of CHF 1.00 each and is fully paid-in. Ownership of one share entitles the holder to one vote. Orell Füssli Ltd has not issued any profit-sharing certificates or participation certificates.

As at 31 December 2020, Orell Füssli Ltd has neither conditional nor authorised capital and neither convertible bonds nor options are outstanding.

Changes in capital

The share capital of Orell Füssli Ltd remained unchanged in the year under review and in the two preceding years.

Own shares

In the context of the share participation plan for members of the Executive Board, Orell Füssli Ltd did not purchase any of its own shares in the year under review and issued 165 shares.

Limitation of transferability

The Articles of Association of Orell Füssli Ltd do not contain any restrictions on the transfer of shares. Only shareholders who fulfil point 3 in the Rules Entry of Registered Shares & Guidance Share Register are registered with voting rights.

3. Board of Directors

<i>Members of the Board of Directors</i>	Year of birth	Nationality	Member since
Dr Anton Bleikolm	1949	Switzerland, Austria	07.05.2014
Mirjana Blume	1975	Switzerland	21.05.2020
Dr Martin Folini	1958	Switzerland	21.05.2020
Dr Thomas Moser	1967	Switzerland	07.05.2014
Dr Luka Müller	1964	Switzerland	21.05.2020
Dieter Widmer	1963	Switzerland	10.05.2011

Biographical details of the members of the Board of Directors

No member of the Board of Directors holds an executive position with the Orell Füssli Group and did not do so in the three financial years preceding the reporting period. Dr Thomas Moser is a representative of the largest shareholder, the Swiss National Bank (SNB). The SNB has its banknotes produced by Orell Füssli. All other members of the Board of Directors are independent and have no significant business relations with Orell Füssli Ltd or any other company of the Orell Füssli Group other than their directorship.

Statutory rules regarding the number of permissible mandates

Pursuant to Art. 18h of the Articles of Association, members of the Board of Directors may additionally hold a maximum of five mandates with listed companies, a maximum of ten mandates with non-listed companies and a maximum of ten mandates in associations, charitable foundations, family foundations and employee benefit foundations.

CHAIRMAN OF THE BOARD

*Member of the Board of Directors since 2014
Chairman of the Board since 2017*

Dr Anton Bleikolm

Swiss and Austrian, born 1949

Studies of Organic Chemistry at the Technical University in Graz, Master's Degree and PhD

STATIONS

1973–1976 Technical University Graz, Institute for Organic Chemistry, Assistant Professor

1976–1980 Hoechst Ltd, Graz, Research Chemist, synthetic polymers and automotive coatings

1980–1991 SICPA S.A., Research

1991–2000 SICPA S.A., Technical Director

2000–2010 SICPA S.A., Managing Director

2010–2012 SICPA Group, Chief Operating Officer and Head Security Ink Division

2012–2014 SICPA Group, Strategic Advisor to the CEO and Chairman

Since 2014 AFB-Engineering & Services, Ecublens, Owner and Chairman

OTHER BOARD APPOINTMENTS

Member of the Board of Directors Landqart Ltd

VICE CHAIRMAN OF THE BOARD

*Chairman of the Compensation Committee
Member of the Board of Directors since 2020*

Dr Martin Folini

Swiss, born 1958

Dr sc. techn. ETH Zurich (Mechanical Engineering / BWI), AMP Wharton School, University of Pennsylvania

STATIONS

1985–1990 Foundation for Research and Consulting at BWI, ETH Zurich, Project Manager

1990–1993 Isopress Ltd, Managing Director

1993–2009 Rieter Textile Systems, various management positions, most recently CEO Spun Yarn Systems Business Unit

2010–2014 K.R. Pfiffner AG, CEO and member of the Board of Directors at the Pfiffner Group

2014–2016 Saurer Ltd, CEO Saurer Group

Since 2017 Independent Board of Directors

OTHER BOARD APPOINTMENTS

President MTEC Foundation ETH Zurich,
Chairman of the Board of Directors Hans Oetiker Holding,

Board of Directors Integra Holding,
Board of Directors Sitek Ltd (subsidiary of Integra Holding),

Board of Directors Eugen Seitz Ltd,

Board of Directors Kowema Ltd,

Board of Directors Stadtmühle Schenk Ltd,

Board of Directors Wagner Ltd,

Board of Directors Bomatec Ltd,

Board of Directors netech Neeser Technik Ltd

MEMBER OF THE BOARD

*Member of the Audit Committee
Member of the Board of Directors since 2020*

Mirjana Blume

Swiss, born 1975

Executive MBA HSG, Economist University of Applied Science Zurich

STATIONS

1996–1997 Schulthess Maschinen Ltd, Accountant

1997–1999 PricewaterhouseCoopers Ltd, Tax Consultant

1999–2000 Swissôtel Management Europe Ltd, Regional Accountant and Controller

2000–2006 MediCentrix Ltd, MediService Ltd, CFO, Head of Sourcing & IT, Member of the Board of Directors

2006–2008 Novartis Pharma Schweiz Ltd, CFO & Deputy Head Oncology

2008–2011 Edisun Power Europe Ltd, CFO & CEO

2012–2018 Qnective Ltd, CFO

2018 Jedlix B.V., Rotterdam, Netherlands, CFO (Interim)

Since 2019 SML Solutions Ltd, Managing Director

OTHER BOARD APPOINTMENTS

Vice Chairwoman of the Board, Chairwoman of the

Audit Committee IWB, Industrielle Werke Basel,

Member of the Board of Directors EWE, Energie und Wasser Erlenbach Ltd,

Member of the Board of Directors Eniso Partners Ltd,

Secretary of the Board of Directors Qnective Ltd,

Member Supervisory Board W.A.G payment solutions a.s., Prague



Dr Thomas Moser / Mirjana Blume / Dr Martin Folini / Dieter Widmer / Dr Anton Bleikolm / Dr Luka Müller

MEMBER OF THE BOARD

Member of the Compensation Committee

Member of the Board of Directors since 2014

Dr Thomas Moser

Swiss, born 1967

Dr oec.publ., University of Zurich

STATIONS

1996–1999 KOF Swiss Economic Institute ETH Zurich, Economist

1999–2001 Swiss National Bank, Economist

2001–2004 International Monetary Fund (IMF), Washington, USA, Advisor, *from 2002* Senior Advisor to the Swiss Executive Director at the IMF

2004–2006 Swiss National Bank, Assistant Director

2006–2009 International Monetary Fund, Washington, USA, Executive Director of the IMF constituency headed by Switzerland

Since 2010 Swiss National Bank, Alternate Member of the Governing Board

Since 2015 Member of the Managing Committee of the Swiss Institute of Banking and Finance, University of St. Gallen

Since 2017 Member of the Advisory Board Swiss International Finance Forum

OTHER BOARD APPOINTMENTS

None

MEMBER OF THE BOARD

Member of the Board of Directors since 2020

Dr Luka Müller

Swiss, born 1964

Lawyer, LL.M

Studies at the University of Zurich, doctorate at the University of Basel and master's degree at the London School of Economics (LSE)

STATIONS

1990–1993 Legal internship in the courts of Zug, bar exam and work as an examining magistrate in Zug

1993–1994 Studies at the London School of Economics (LSE)

1995–1998 Lawyer in a commercial law firm in Zurich and Zug

Since 1999 Co-founder and partner and until 2019 managing partner of MME Legal | Tax | Compliance Ltd

OTHER BOARD APPOINTMENTS

Chairman of the Board of Directors SSZ Camouflage Technology Ltd,

Co-owner and Chairman of the Board of

Directors KYC Spider Ltd,

Co-owner and Chairman of the Board of

Directors Sygnum Bank Ltd,

Chairman of the Board of Directors Marquard Media Group Ltd

MEMBER OF THE BOARD

Chairman of the Audit Committee

Member of the Board of Directors since 2011

Dieter Widmer

Swiss, born 1963

Swiss certified public accountant (CPA) and auditor

STATIONS

1986–2010 KPMG, Zurich, Vancouver, Berne, Auditor and Management Consultant,

as of 1997 Head of KPMG Berne,

as of 1998 Partner and as of 2002 Member of the Executive Committee of KPMG Switzerland,

as of 2007 Member of the Non-Executive Board and Member of the Audit Committee of KPMG Europe LLP

Since 2010 Entrepreneur and independent member of various Boards of Directors

OTHER BOARD APPOINTMENTS

Member of the Red Cross Council Swiss Red Cross,

Co-owner and Member of the Board of Directors

EquityNova Ltd,

Co-owner and Member of the Board of

Directors EnergyOn Holding Ltd,

Delegate Representative of the Board of

Directors Kelag Systems Ltd,

Member of the Board of Directors Blattmann

Switzerland Ltd,

Co-owner and Member of the Board of

Directors RP Invest Ltd,

Member of the Foundation Council Kuoni and

Hugentobler Foundation,

Chairman of the Board of Directors Curena Ltd,

Member of the Board of Directors Mühle Walther Ltd,

Member of the Board of Directors e+p holding Ltd

Election and term of office

The Board of Directors shall consist of at least three members elected by the Annual General Meeting of shareholders. Election shall be for one year, by an absolute majority of the votes represented at an Annual General Meeting. The election shall be held individually. The Annual General Meeting elects the Chairman of the Board of Directors and the members of the Compensation Committee individually each year. The age and term limits are laid down in the Organisational Regulations.

Internal organisation

The Board of Directors has the following functions: Chairman and Vice Chairman.

The main duties of the Board of Directors are governed by the Swiss Code of Obligations, in particular Art. 716a, and the organisational regulations. Management is delegated to the CEO and the Executive Board of Orell Füssli Ltd. The CEO chairs the Executive Board.

The Board of Directors meets as often as business requires, but at least once per quarter. Upon invitation, executive managers also take part in the meetings. The Board of Directors may call in external advisors to deal with specific issues. The Board of Directors is supported in its work by the Audit Committee and the Compensation Committee. The Board of Directors met four times during the reporting year, each time for a full day.

Audit Committee

The Board of Directors has appointed an Audit Committee to assess the annual and half-year financial statements, risk management, internal control and external audit. The duties of the Audit Committee are defined in a set of regulations. The Audit Committee has the authority to make decisions subject to approval by the full Board of Directors, which also receives the minutes of the meetings. The Audit Committee is composed of two members of the Board of Directors. The CEO, the CFO, the Head of Internal Audit/Risk Officer and representatives of the auditing company also attend the meetings of the Audit Committee in an advisory capacity. The committee meets at least twice a year, usually in the first and third quarters. During the reporting year, the Audit Committee met twice for half a day each and held several video and telephone conference calls. The Chairman of the Audit Committee meets regularly with the Head of Internal Audit, who reports to him.

Compensation Committee

The Board of Directors has appointed a Compensation Committee, which determines the salaries of the Executive Board depending on the company's success and performance. The tasks of the Compensation Committee are defined in a set of regulations. The Compensation Committee has decision-making authority within the scope of the total compensation approved by the Annual General Meeting. The other members of the Board of Directors are informed after each meeting about the business discussed and the main decisions. The Compensation Committee is composed of two members of the Board of Directors. The CEO and the Head of Human Resources (responsible for the meeting minutes) of the Orell Füssli Group also attend the meetings (both without voting rights). The Compensation Committee meets at least once a year. The Compensation Committee met three times in the year under review, each time for half a day.

All members of the Board of Directors and the committees were present at all meetings.

Definition of competences between the board of directors and the executive board

The distribution of competences between the Board of Directors and the Executive Board is regulated in the Organisational Regulations. The Board of Directors decides on the business policy, the organisational structure, the election of the CEO and the Executive Board, approves the budgets and decides on proposals that are assigned to it within the framework of the Competence Regulations. The Board of Directors has delegated the management of the business to the Executive Board under the chairmanship of the CEO.

Information and control instruments of the Board of Directors

The CEO informs the Board of Directors at its meetings about the current course of business and important business transactions. Financial reporting to the Board of Directors includes the monthly management cockpit, the half-year report and the annual report with the annual financial statements at the end of the financial year.

The Chairman of the Board of Directors meets regularly with the CEO and is informed by him about the most important events in the current course of business.

The Board of Directors and in particular the Audit Committee monitor risk management and the implementation of the Internal Control System (ICS). The Audit Committee sets its own audit areas and is informed at the meetings by the Head of Internal Audit/Risk Officer about the results of the audits carried out by independent internal or external bodies. The description of the ICS and risk management can be viewed online under Corporate Governance (www.orellfuessli.com/en/investors).

Internal audit

The main task of Internal Audit (IA), which was created by the Board of Directors in 2013, is to assess and, where necessary, improve the effectiveness and efficiency of risk management, internal management and control systems, and management processes (governance). In addition, IR reviews compliance with standards and provides independent and objective assurance and advisory services. The Head of IR reports directly to the Chairman of the Audit Committee. Since 2019, the position has been filled by an external specialist on a part-time basis. Three audits/reviews focusing on Orell Füssli Ltd were conducted in the year under review. Further activities took place in risk review and coordination and in financial assurance. Further audits/reviews and assurance activities at group level and within the divisions will follow in 2021.

4. Executive Board

Statutory rules regarding the number of permitted activities

Pursuant to the Articles of Association, Art. 18h, members of the Executive Board may additionally hold a maximum of two mandates with exchange-listed companies or non-listed companies as well as an additional three mandates in associations or charitable foundations (in total five mandates).

CEO ORELL FÜSSLI LTD

*Member of the Group Executive Board
Orell Füssli Ltd*

Daniel Link

Swiss, born 1969

Diploma in Microtechnology Engineering,
Lausanne, Executive MBA in General
Management, St. Gallen

STATIONS

1994–1996 Laboratoire de Microtechnique,
Neuchâtel, scientific Assistant

1996–2007 OC Oerlikon/ESEC, various R&D
positions

2007–2010 Rieter Management Ltd, Project
Manager Group Development

2010–2018 Bräcker Ltd, CEO

2018–2019 Gebr. Loepfe Ltd, CEO

Since 1 November 2019 CEO Orell Füssli Ltd

OTHER BOARD APPOINTMENTS

Vice Chairman of the Board of Directors Orell Füssli
Thalia Ltd,

Member of the Board of Directors Procivis Ltd,
Chairman of the Board of Directors Orell Füssli
Buchhandlungs Ltd,

Shareholder Zeiser GmbH

CFO ORELL FÜSSLI LTD

*Member of the Group Executive Board
Orell Füssli Ltd
(until October 2020 Head of Publishing Division)*

Beat Müller

Swiss, born 1956

Business Economist (lic. oec. publ. Zurich
University), Dual Executive Master of Business
Administration GSBA Zurich, SUNY Albany/NY

STATIONS

1983–1985 Limmat Insurance, Controller

1987–1989 Swissôtel, Country Controller
Switzerland

1989–2000 Swissair, Various functions, most
recently Vice President Planning and Business
Administration Operations, Member of the
Executive Board Operations

2000–2009 Swiss Post, Post Offices and Sales,
CFO, Member of the Management Board

2010–2011 Swiss Post, Swiss Post International
Management Ltd, CFO,
Member of the Management Board

2012–2013 Orell Füssli Holding Ltd,
Head of Group Controlling

Since 1 April 2013 CFO Orell Füssli Ltd

OTHER BOARD APPOINTMENTS

Member of the Foundation Council cb-Foundation,
Member of the Board of Directors Orell Füssli
Buchhandlungs Ltd,

Chairman of the Board of Directors KXO AG,
Shareholder Zeiser GmbH

HEAD OF HUMAN RESOURCES ORELL FÜSSLI LTD

*Member of the Group Executive Board
Orell Füssli Ltd
(until June 2020)*

Peter Crottogini

Swiss, born 1959

Company Mentor (Federal Diploma of Higher
Education), Trainer in Further Education
(Swiss Federal Certificate), Manager in Adult
Education (Swiss Diploma)

STATIONS

1995–2001 Swissair, Instructor & Manager
of Training Ground Services worldwide

2001–2002 ESEC Management Ltd,
Manager Education & Training

2002–2003 Swiss International Air Lines,
General Manager Sales & Marketing
and Airport Training

2003–2009 Sunrise Communication Ltd,
Manager Training & Development

2010 Orell Füssli Holding Ltd, Head of
Personnel & Organisational Development

January 2011–June 2020 Head of Human
Resources Orell Füssli Ltd

OTHER BOARD APPOINTMENTS

None



Corporate Management: Beat Müller / Thorsten Tritschler / Daniel Link / Dr Michael Kasch / Dr Daniel Broger

HEAD OF CORPORATE DEVELOPMENT

*Member of the Group Executive Board
Orell Füssli Ltd
(until December 2020)*

Dr Daniel Broger

Swiss, born 1977

Dr oec. HSG/lic. iur. HSG (University of St. Gallen)

STATIONS

2003–2005 Capvis Equity Partners, Zurich, Analyst

2005–2015 Broger & Partners, Strategy and M&A Advisory (Owner)

2009–2011 Altium Capital AG, Munich, Senior Associate with focus on technology, media and telecom (TMT) and renewable energy

2002–2015 Founder of the collaborative marketplace software company Genuine & Lasting Inc. in North Carolina, USA

2016–2017 Head of Strategic Projects Orell Füssli Group

August 2017–December 2020 Head of Corporate Development Orell Füssli Ltd

OTHER BOARD APPOINTMENTS

Member of the Board of Directors Procivis Ltd

HEAD OF PUBLISHING DIVISION

(since November 2020)

Martina Barth

German, born 1966

Executive Master of Science in Strategy & Modern Marketing, Lorange Institute of Business Zurich, University of Wales

STATIONS

1988–1993 Mövenpick Dienstleistungs Ltd, various functions, most recently management of specialty restaurant

1993–2000 Best Western Hotel Aarauerhof Ltd, most recently Head of Seminar and Banquet Department / Deputy Director

2000–2012 Tamedia Ltd, various functions, most recently corporate development projects in the media sector Zurich

2012–2015 Basler Zeitung Medien, Head of Corporate Development & Projects

2015–2018 Basler Zeitung Medien, Publishing Director Basler Zeitung

2019–2020 Swiss Regiomedia Ltd, Managing Director

Since 1 November 2020 Head of Publishing Division

OTHER BOARD APPOINTMENTS

None

HEAD OF ZEISER DIVISION

*Member of the Group Executive Board
Orell Füssli Ltd*

Thorsten Tritschler

German, born 1964

Graduate in Business Management, Dual Executive Master of Business Administration GSBA Zurich, SUNY Albany/NY

STATIONS

1983–1986 Zeiser, Production Planning/Service

1986–1989 Gebel-Automatik, Sales Coordinator

1989–1992 Zeiser, Key Account Manager

1992–2002 Atlantic Zeiser, Sales Manager EURASIA

2008–2012 Atlantic Zeiser, Head of Business Unit Banknote Systems

2012–2015 Atlantic Zeiser, CSO

2015–2018 Atlantic Zeiser, Head of Business Unit Security Printing Systems

Since 1 October 2018 Head of Zeiser Division

OTHER BOARD APPOINTMENTS

None

HEAD OF SECURITY PRINTING DIVISION

*Member of the Group Executive Board
Orell Füssli Ltd*

Dr Michael Kasch

German, born 1968

Studies of organic chemistry and doctorate at the University of Kiel

STATIONS

1994–1996 University of Kiel, Institute of Organic Chemistry, Assistant Professor

1997–1999 Consortium for Electrochemical Industry GmbH, Munich, Head of Laboratory for the development of organic effect pigments

1999–2005 Wacker Chemie Ltd, Burghausen, Laboratory Head of Technical Marketing with responsibility for Business Development and Product Management

2005–2018 SICPA Germany GmbH, Burghausen/Munich, Managing Director

2010–2018 SICPA SA, Regional Business Director Banknote for Western Europe and Canada

Since 1 January 2019 Head of Security Printing Division

OTHER BOARD APPOINTMENTS

None

CEO ORELL FÜSSLI THALIA LTD**Pascal Schneebeli**

Swiss, born 1973

Business Economist, ZHAW Zurich University of Applied Sciences, Export Specialist (Swiss Diploma), European Institute for Foreign Trade, Basle

STATIONS

1992–1997 Lamprecht Transport Ltd, Head of Import Overseas

1996–2006 www.buch.ch, Co-Founder and Chairman

2006–2013 Thalia Bücher Ltd, Managing Director

2013–2017 Orell Füssli Thalia Ltd, Managing Director/CFO

Since 1 January 2018 Managing Director/CEO Orell Füssli Thalia Ltd

OTHER BOARD APPOINTMENTS

Delegate of the Board of Directors Orell Füssli Thalia Ltd

5. Shareholders' participation rights

In relation to the company, only those persons entered in the share register shall be recognised as shareholders. Registration in the share register requires proof of beneficial ownership of the shares to be registered. The conditions are set out in the regulations of the Board of Directors on the Rules Entry of Registered Shares & Guidance Share Register, which, like the Articles of Association of the Company, are available online.

In order to be able to participate in the Annual General Meeting, each shareholder must prove his shareholding at the offices designated by the Board of Directors no later than five days before the date of the meeting. He or she shall, however, receive an admission card in his name. In deviation from the law (art. 689 para. 2 CO), the Articles of Association provide that a shareholder can only be represented at the Annual General Meeting by another shareholder and therefore not by any third party. Only directors and authorised signatories of companies registered in the commercial register are exempt from this provision. Shareholders representing at least 1% of the share capital may request that an item be included on the agenda.

Shareholders may participate in votes and elections at the Annual General Meeting by appointing or instructing the independent proxy; proxies and instructions to the independent proxy may also be issued electronically. The independent proxy is elected by the Annual General Meeting for a term of office of one year.

6. Change of control and defensive measures

There are no statutory regulations concerning "opting out" or "opting up".

Orell Füssli Ltd does not have any change of control clauses for members of the Board of Directors and the Executive Board.

7. Auditors

Duration of the mandate and term of office of the lead auditor

The external Auditors are elected by the Annual General Meeting of shareholders for a term of office of one year.

PricewaterhouseCoopers have been the statutory auditors since 2003. Following a public invitation to tender for the mandate and at the request of the Board of Directors, the external audit of Orell Füssli Ltd and the consolidated financial statements was again awarded to PricewaterhouseCoopers at the Annual General Meeting on 28 April 2016. The auditor in charge, Thomas Wallmer, has been the lead auditor since the 2015 financial year. Audit fees of CHF 285,220 (2019: CHF 263,688) were incurred in 2020. Additional fees totalling CHF 20,487 (2019: CHF 10,120) were charged by PricewaterhouseCoopers in the year under review.

Audit supervision and control instruments

The supervision and control of the external auditors is carried out by the Audit Committee of the Board of Directors. Representatives of the auditing company are also invited to attend the meetings of the Audit Committee as informants. The Audit Committee assesses the performance, fees and independence of the external auditors. The criteria for this are professional competence, scope and quality of the written reports and oral statements, practical feasibility of the recommendations, transparent and effective communication and coordination, and adherence to deadlines. The Audit Committee annually reviews the scope of the external audit, the audit planning and the relevant processes and discusses the audit results with the external auditors. The external auditor's reporting includes the audit reports and the comprehensive report of the auditors for the attention of the Audit Committee and the Board of Directors for the completed financial year.

8. Information policy

In the second half of March, after the close of the financial year, the detailed annual figures are published in a media release; at the same time, the annual report is put online (www.orellfuessli.com/en). A financial analysts' conference is held on the same day.

The Annual General Meeting is held in April or May. After the half-year results, a press release is published by the Group (approximately mid-August). The scheduled publication dates are available online (www.orellfuessli.com/en/investors).

Shareholders receive the annual financial statements (summary report) and the half-year report. The media releases can also be accessed online (www.orellfuessli.com/en/media/press-releases).

Extraordinary events relevant to the stock exchange are published in ad hoc announcements. The corresponding announcements can be subscribed to (www.orellfuessli.com/en/subscription-for-press-releases).

Sustainability and Social Responsibility

Banknote Ethics Initiative (BnEI): Code of Ethical Business Practice

Corporate Social Responsibility pursues a wide range of different objectives. A core aspect for companies operating internationally with governments or government-related organisations as customers is the battle against bribery and corruption. Systemic risks have to be borne in mind here especially in banknote printing. These include: a small number of suppliers, international customers, direct or indirect access to government representatives and a valuable, high-quality product.

The Banknote Ethics Initiative (BnEI) is committed to this important theme. The BnEI was established in Brussels in 2013 as a non-profit-organisation with the objective to combat bribery and corruption together with representatives of the industry. For this purpose the BnEI has defined binding rules and requirements which can be verified by independent audit organisations – above all the BnEI Code of Ethical Business Practices. Accredited members of the BnEI are subject to regular independent audits. These audits review the functional features and effectiveness of in-house processes to prevent bribery and corruption. 40 central banks are currently among the supporters of the initiative, which to date has 13 members – and growing.

Orell Füssli Security Printing (OFS) joined the BnEI as a member in 2017. After the completion of eleven interviews, the study of almost 100 documents, reviews of all relevant directives and a detailed reconciliation with BnEI requirements, OFS was awarded the sought-after accreditation. Orell Füssli's long-standing tradition of purposeful and sustainable corporate management is reflected in the fact that a large proportion of the required monitoring processes and basic conditions had already been implemented. The resulting transparency in business processes significantly facilitated the external verification that is now required.

The BnEI is being continuously further developed by its members. The market is also developing, however: the number of international contracts awarded via competitive tender and thus subject to audit and transparency predominates in comparison to direct procurement, which is more difficult to monitor.

Environment

The responsible and sustainable use of natural resources and the preservation of our environment are part of every company's responsibility.

Since 2006, Orell Füssli Security Printing has operated an environmental management system certified under ISO 14001 which is continuously reviewed and further developed. Upstream, in-house and downstream processes are included in this.

When selecting suppliers and service providers OFS attaches great importance to working with companies which also operate certified environmental management systems and submit themselves to appropriate annual external audits. OFS is also a member of the energy model group of the Energie-Agentur für Wirtschaft (EnAW)*. This entity specifies a clear target path and tightens the requirements for saving energy and reducing CO₂ emissions annually. In this way, OFS systematically makes an annually increasing contribution to environmental protection. This has enabled the Group to save over 1025 tonnes of CO₂ emissions since 2013, while improving energy efficiency by over 15 GWh.

Occupational safety

Despite extensive precautionary measures, occupational accidents cannot be completely eliminated even at OFS. For this reason and with the objective of systematically reducing the associated risks, OFS decided to incorporate the theme «Occupational Safety and Health Protection» (AS-GS) in its integrated management system.

The new «ISO 45001 – Occupational Safety and Health Protection» standard was issued in May 2018. OFS obtained certification three months after its publication. The results are a modern system for the continuous reduction of occupational accidents and specific action to preserve and expand health protection – also outside of working hours and Orell Füssli Security Printing premises.

As with all management systems, the «Occupational Safety and Health Protection» (AS-GS) topic is being continuously further developed and adapted to changing requirements. Personnel are closely integrated in the process through risk assessment and the definition of action to be taken.

Note regarding forward-looking statements

No statements relating to the future imply any guarantee whatsoever with regard to future performance. They are subject to risks and uncertainties including but not confined to future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control, which can lead to actual developments and results differing significantly from the statements made in this document. Orell Füssli is under no obligation whatsoever to adjust or amend forward-looking statements on the basis of new information, future events or for other reasons.

IMPRINT

Published by Orell Füssli Ltd, Zurich

Photos Günter Bolzern, Zurich

Prepress Management Digital Data Ltd, Lenzburg

Printing Neidhart + Schön Print Ltd, Zurich

Paper Arctic Volume white, FSC-certified

The english translation is based on the original Annual Report in german.
The printed german text is binding.

March 2021 — Orell Füssli Ltd Zurich, Switzerland
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