

orell füssli

Annual Report 2023



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Dear shareholder,

Orell Füssli had a very good year in 2023. The Group's result exceeds the forecast set a year earlier, with significant increases in both revenue, which rose by 6.9% to CHF 232.2 million, and the operating result, which increased by 21.4% to reach CHF 18.1 million. Among the many achievements in the year, we would like to highlight the good order volume in security printing and the very high quality of the products produced. We are also pleased with the good results in book retailing and publishing as well as the operational improvements at Zeiser.

In an environment characterised by uncertainty, inflation and subdued consumer sentiment, this is not at all a given. It is evident that Orell Füssli set the right strategic course three years ago. The fact that we focussed on costs at an early stage has also paid off.

Alongside positive business performance in the core business, all divisions further refined and advanced their defined strategic measures in the reporting year, with the result that we exceeded our annual growth target of 4–6% in 2023. At the beginning of the reporting year, the Board of Directors also approved additional funds for Procivis and the expansion of the new business area, a decision partly influenced by greater clarity around eID laws and upcoming tenders in Europe and Switzerland.

More about the current state of play in strategy implementation can be found in this Annual Report on pages 12 and 13.

Orell Füssli's balance sheet remains solid with a high equity ratio of 74%. Cash flow from operations financed investment in machinery, technology and the areas of the company that will be key to future growth.

“Our growth strategy is bearing fruit and contributed greatly to the positive developments in the year 2023.”

Dr Martin Folini, Chairman of the Board of Directors

Orell Füssli Security Printing recorded a gratifying volume of foreign orders for printing of banknotes. Our long-term anchor customers also placed major print orders in 2023. In the identification document business area, focus was placed on the Swiss driving license – a new version was issued in April. In international business, Orell Füssli presented a range of innovations at specialist conferences around the world in 2023. For example, in Mexico City, a method for digital 3D design that gives banknotes an unbeatable realism was presented under Project Escher®.

Zeiser booked a good result in the last financial year and was increasingly able to recover from the difficult previous year. There was a good order volume at the end of the year. Inflation in the eurozone had fallen significantly by the end of the year, which eased pressure on the cost side. However, there is still considerable pressure on personnel costs. Zeiser's track & trace system has plenty of potential. As numerous sales conversations have shown,



Daniel Link
Dr Martin Folini

there is great interest among customers in real-time tracking and traceability. Zeiser believes it can successfully place the system on the market over the next few years.

In book retailing, five new branches opened in 2023 – one in Bern railway station and others in shopping centres. Orell Füssli Thalia continued to focus on selected locations with high customer footfall. This resulted in revenues from in-store sales that exceeded pre-pandemic levels for the first time. Sales from online trading even surpassed the record-breaking figures in the pandemic years. By contrast, the overall market in Switzerland stagnated and consumer sentiment was well below the long-term average.

Orell Füssli publishers can look back on a particularly pleasing year. The integration of hep Verlag was a complete success, a fact reflected in the financial statements. The expansion of the publisher portfolio in the field of teaching and learning materials proved the right strategic step, and has opened up attractive development opportunities. With the products launched in 2023, the Orell Füssli range now covers the teaching materials needs of a quarter of all apprentices in vocational training in German-speaking Switzerland.

Procivis One, the new software solution for digital identities and verifiable digital credentials, which was presented in late 2023, is a groundbreaking development that has attracted great interest on the market. The software meets all known requirements for technical implementation of a future Swiss eID solution. Orell Füssli/Procivis took part in tender processes both in Switzerland and internationally and presented the new software to potential customers.

For decades, Orell Füssli has proven itself to be a trusted partner in the production of banknotes, Swiss passports and driving licences. It produces these documents as a service provider to the state. Procivis' current activities show that Orell Füssli can maintain the same role in a world shaped by digitalisation.

Our sustainability reporting (from page 32) was prepared according to GRI (Global Reporting Initiative) standards as of this year. Orell Füssli thus meets the tighter requirements in transparency and standardised reporting.

Throughout the year we worked on our shared corporate values, our conduct guidelines and the corporate purpose of Orell Füssli, refining and deepening them in dialogue with management and employees. They provide orientation and security in a time when much in our environment is changing and moving. This spirit also guided Orell Füssli's company event in September, which drew all employees to Zurich. About 700 colleagues from all over Switzerland and Germany took part in this great event.

At the Annual General Meeting on 7 May 2024, the Board of Directors will propose a dividend of CHF 3.90 per share, which represents a dividend payout ratio of 63.5%. The proposal is consistent with Orell Füssli's long-term policy of distributing 60–80% of its net income attributable to the shareholders of Orell Füssli AG.

“The publishing houses excellent results confirms that we made the right decision in taking over hep Verlag.”

Daniel Link, CEO

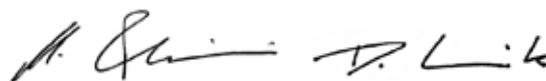
After 13 years on the Board of Directors, Dieter Widmer, Vice Chairman and Head of the Audit Committee, will not stand for re-election at the next Annual General Meeting. The Board of Directors will propose Pascale Bruderer to be elected as new Member of the Board. The former president of the National Council is now an independent entrepreneur and brings experience gained in board mandates for Galenica and the TX Group/Tamedia and in her work on digital issues.

In December 2023, we learned that the Sanctions Commission of SIX Swiss Exchange had imposed a fine against Orell Füssli. This was due to incomplete implementation of publication guidelines in early 2022 and a technical error at an external IT service provider related to publication of the 2021 Annual Report. The Sanctions Commission published the legally binding decision in February 2024. Orell Füssli regrets these incidents and has already introduced corresponding measures in the area of processes and monitoring.

Orell Füssli is planning to grow further in 2024 (see page 12). The first revenues are expected from Procvivis One and a reference plant for Zeiser track & trace systems. However, higher salary, energy and rental costs are presenting Orell Füssli with greater challenges. It is also becoming apparent that the international security printing contracts secured for 2024 will result in lower value creation than last year. Due to these factors, as well as investment in new business areas, the EBIT margin will be a little lower in 2024. We expect revenues to reflect seasonal effects, with the first half of the year set to be significantly weaker than the second.

We extend warm thanks to our employees for the achievements of the past financial year. We would also like to thank our customers and business partners for their valued cooperation. And finally we would like to thank you, our shareholders, for your trust in our company.

Zurich, March 2024



DR MARTIN FOLINI
Chairman of the Board of Directors

DANIEL LINK
CEO



**500**

years of history

Orell Füssli is a pioneer in the fields of security and education. With its expertise in security solutions for the state and citizens and as a leading Swiss player in the book retailing sector, Orell Füssli supports its clients with a unique and customised offering.

**232,2**million (CHF)
in revenue

As a leading systems supplier of security technology and identification systems and a long-standing partner to governments, Orell Füssli sets technological standards in both analog and digital applications. In the area of security printing and serialisation, the company offers innovative printing processes, equipment and services for the production and effective protection of banknotes, value documents and identity documents.

**18,1**

million (CHF) in EBIT

Verifiable digital credentials represent a relevant new business area with huge international potential and will be developed in the coming years by Procivis a subsidiary of Orell Füssli.

With its attractive large-format and specialist bookstores, Orell Füssli offers a true book shopping experience. In the book retailing segment, Orell Füssli holds a 50% stake in Orell Füssli Thalia AG, an omnichannel company that provides an extensive offering with 54 branches located in the German-speaking part of Switzerland and various e-commerce services. Orell Füssli Thalia provides also logistics and others services for libraries and the corporate sector. With its publishing houses, Orell Füssli focusses on learning and legal media as well as books for children.

**665**

employees

Orell Füssli was established more than 500 years ago and generates revenue of some CHF 230 million, with about 660 employees and locations in five countries. Orell Füssli is listed on the SIX Swiss Exchange (Security number 342 080; ISIN number CH0003420806).

Key figures

INCOME STATEMENT

in CHF million	2023	2022	2021	2020	2019
Revenue	232.2	217.3	210.4	218.6	237.4
Thereof Security Printing	77.2	70.4	73.8	87.3	101.2
Thereof Industrial Systems	21.6	20.9	25.3	24.8	29.2
Thereof Book Retailing	117.5	112.2	103.3	96.2	97.4
Thereof other business areas	16.5	13.7	7.7	10.3	9.8
EBITDA (EBIT + Depreciation + Impairment)	29.8	25.8	25.4	24.1	29.2
in % revenue	12.8%	11.9%	12.1%	11.0%	12.3%
Depreciation and Impairment	-11.7	-10.9	-10.0	-9.7	-11.0
EBIT	18.1	14.9	15.4	14.4	18.2
Thereof Security Printing	10.6	9.7	6.1	5.5	9.2
Thereof Industrial Systems	3.6	0.9	5.5	5.3	6.4
Thereof Book Retailing	8.0	9.3	7.5	5.5	6.5
Thereof other business areas	-0.9	-0.9	-0.0	1.0	-1.2
in % revenue	7.8%	6.9%	7.3%	6.6%	7.7%
Net income for the period	14.6	11.7	12.1	15.0	10.9
Net income in % revenue	6.3%	5.4%	5.8%	6.9%	4.6%
Minority interests of net income for the periode	2.6	3.2	2.7	2.1	2.4
Net income for the period after minority interests	12.0	8.5	9.4	12.9	8.5

BALANCE SHEET

in CHF million	2023	2022	2021	2020	2019
Tangible assets	65.6	67.7	70.2	62.3	50.8
Total assets	178.6	179.4	185.9	211.1	221.1
Total equity	132.1	133.7	138.8	144.5	147.8
thereof minority interests	8.3	11.5	12.8	9.0	9.6
Equity ratio	74.0%	74.5%	74.7%	68.4%	66.8%

OTHER KEY FIGURES

in CHF million	2023	2022	2021	2020	2019
Cash flow from operating activities	26.1	19.5	26.3	11.9	20.8
Investment in/Proceeds from	12.4	19.3	25.1	23.2	5.3
tangible assets	11.7	6.6	13.8	18.5	4.5
intangible assets	1.8	1.3	0.9	0.5	0.8
financial assets	-1.1	11.4	10.4	4.2	-
Free Cash flow	13.7	0.2	1.2	-11.3	15.5
ROCE (NOPAT/Capital Employed) ¹⁾	10.7%	8.9%	9.5%	9.9%	10.4%
Full-time equivalents FTE (annual average)	657	642	585	572	639
Full-time equivalents FTE (at 31.12.)	665	650	615	581	627

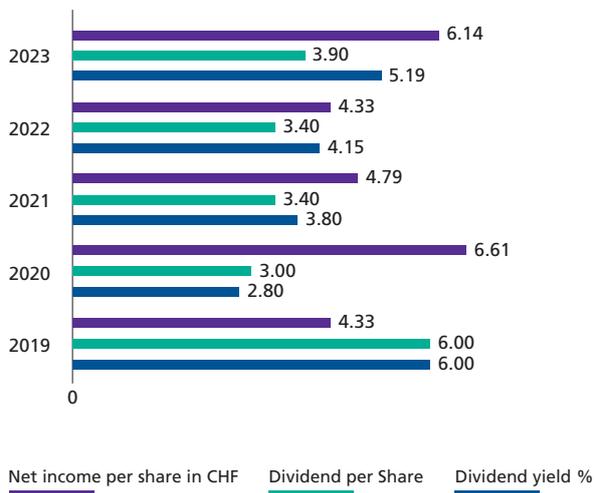
¹⁾ NOPAT: EBIT minus income tax expenses

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

“Due to the good annual result and the increased cash flow, a dividend increase by 15% is proposed.”

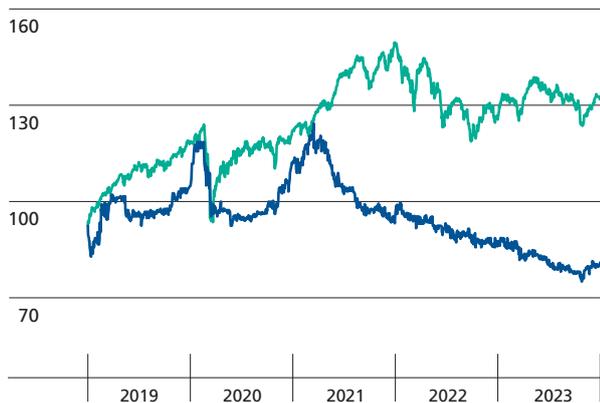
Reto Janser, CFO

DIVIDEND INFORMATION



SHARE PRICE PERFORMANCE

indexed, in %



Orell Füssli Names

SPI

SHARE INFORMATION



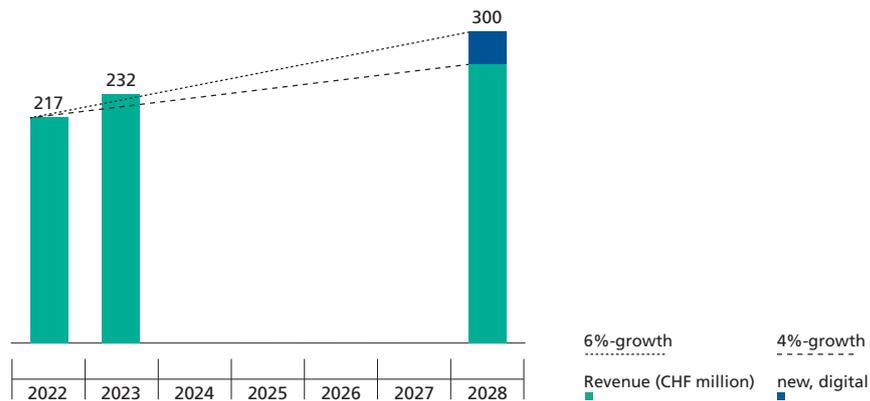
Year-end share price

Price earnings ratio

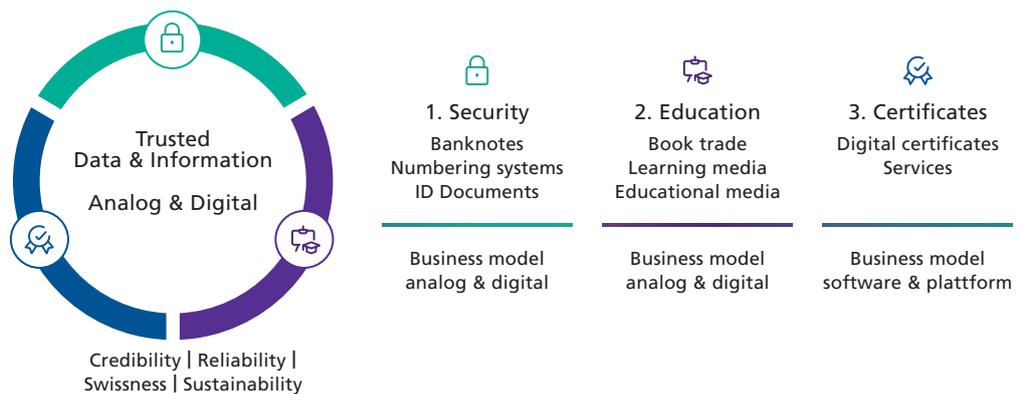
Strategy 2028

In 2023, Orell Füssli made significant progress with the implementation of its strategy in the areas of security and education, and reached key milestones. The company also met its revenue growth target for the 2023 financial year.

Strategy



Orell Füssli’s strategy builds on existing strengths and exploits growth trends in the fields of security and education against the background of increasing digitalisation. The focus is on services and products in which trust and security are central. The goal is to expand the business and become a leading provider of analogue and digital trust services.



Growth is being primarily driven by new locations in the book retailing and the development of the new digital identity and verification business field. Operational excellence, efficiency gains and product enhancement, and the expansion of products and services are of central importance to its core businesses.

Status as at the end of the reporting year

The Security Printing Division achieved major progress in efficiency and sustainability. Modernisation of machinery and process improvements boosted productivity while also improving quality and reducing carbon emissions. On the sales side, the expansion of the consultancy business and ID products (see interview, page 14) increased revenue.

Zeiser made great advances in the development of its core business with track & trace systems for the security printing industry, which it markets under the name "Harmony". Security printers throughout the world are increasingly focusing on the traceability of security documents as they evaluate new and replacement investments. A number of large-scale projects are in the pipeline for 2024 (see article on track & trace, page 16).

Orell Füssli's book retailing business combines the advantages of bricks-and-mortar stores and online shops (omnichannel strategy). The division achieves regular growth and additional market share in both areas. New web-based offerings such as the Book Circle, along with its activities on TikTok, are reaching new customer segments. The use of artificial intelligence is also under review – for example, to improve online book searches.

For the publishers, the focus is on expanding business in the area of education. In 2023, hep Verlag launched two new digital teaching and learning platforms for use at vocational schools through the proven mySkillbox platform: myKV for basic commercial training, based on the reform of "Kaufleute 2023", and myDetailhandel for the new basic training programme for retail assistants and retail specialists. Both products were very well received on the market.

In 2023, Orell Füssli launched Procivis One, a new, decentralised eID software that can be used by public authorities, companies and other technology providers, or integrated into their solutions.

In a cross-company proof of concept (PoC), Orell Füssli presented various use cases from the private sector to show where the value of an ecosystem for digital verification lies and the how these business processes can be made digital, secure and free of media disruption. The use cases incorporated into the project included seamlessly applying for payment protection insurance at AXA, access management at SBB, and capturing discounts in the Swisscom and Orell Füssli Publishers online shops. Employee confirmations were used as a digital verification for this.

The experience gained from this project shows that companies that use digital verification can improve security, enhance protection of personal data and make their business processes more user-friendly and efficient. The results of the PoC were presented at the formal eID meeting at the Federal Office of Information Technology, Systems and Telecommunication in Bern in late 2023.

Objectives

Orell Füssli aims to be a leading provider of analogue and digital trust services by 2028. These are products and services in which trust and security are central.

Orell Füssli has set itself the target of lifting its revenue to CHF 300 million in the strategy period leading up to 2028. At the same time, Orell Füssli aims to achieve an EBIT margin of at least 8%.

The Swiss passport: a unique high-tech product

Interview with Bernhard Deufel, Director Government ID, Orell Füssli Security Printing, on the Swiss passport and driving licence flagship projects.

After 20 years in circulation, the Swiss driving licence was replaced with a new version in 2023. Following the passport in 2022, another Swiss identity document had to be updated within a short period of time. What do these projects mean for Orell Füssli?

Both the driving licence and the Swiss passport are flagship projects, and highly complex jobs as far as security printing and project management are concerned. Orell Füssli has been printing the Swiss passport since 2003, the year it was first issued in machine-readable form. In 2006, a chip with biometric data was added.

Both documents meet the highest security quality standards and are equipped with state-of-the-art security features.

“Physical security features are the last line of defence.”

Bernhard Deufel

The general contractor Thales tasked Orell Füssli with the design and technical printing of the cover, endpaper and inner pages of the new Swiss passport. How was the design process organised?

The Swiss passport presents designers with a major challenge, as it is one of the best documents in the world in terms of both appearance and security features.

The new passport is packed with printed security elements. There is microtext in many places, and complex transparent registers integrated into every inner page reveal the Swiss flag and the country code for Switzerland when viewed in transmitted light. The endpaper contains screen-printed elements with optically variable magnetic ink (OVMI),

as well as a four-colour intaglio with a tilt effect. The whole passport contains complex motifs with colours that are visible only under a UV light.

Four proofs are made to ensure the functional, or artistic, design is completely suitable for printing. The printing presses have to be configured for these test runs as they would be for an actual production run.

Dozens of presentations involved not just the client for the new passport, but also the Federal Office of Police (fedpol), the general contractor Thales, the cantons and numerous federal agencies.

How significant are physical security elements in the digital age?

Digital readers are less widespread than commonly assumed. They are generally not available for checks at railway stations or on the street. And professionals can destroy the RFID chip in the passport. Smart physical security features are the last line of defence and can be easily verified in practice. For the paper pages and the cover, Orell Füssli worked with forensic experts from fedpol and the Zurich Forensic Science Institute.

What impact does the complex design have on production?

The Swiss passport undergoes two print runs on the offset printing press, which uses more than 40 inks. All cantonal emblems, for instance, are printed to match their true colours. In security printing, the colour emerges not from printing individual half-tone dots, but the intelligent interplay of different halftone cells, which is why even the finest patterns appear as solid lines or solid infill when viewed under a magnifying glass.



Orell Füssli's ID team (left to right): Dr. Bernhard Deufel, Natalia Steinauer, H el ene Dejean de la Batie and Beatrice Amann

How many passports does Orell F ussli produce every year?

Based on the length of validity and other factors, over the course of 10 years the print run fluctuates between about 400,000 and 800,000 per year. Today, there are seven types of passports, including diplomatic passports and emergency passports, a provisional document that can be issued by Swiss representatives abroad.

Let's talk about the new driving licence. What was Orell F ussli's role here?

Our designers created the new polycarbonate driving licence in-house. It made an interesting change from their work on banknotes. Along with the development of the card body and the design of the identity document, Orell F ussli developed the production security concept and managed the project, including quality control and monitoring of operations at partner companies.

Each year Orell F ussli delivers about 600,000 new licences in credit card format to Switzerland's Association of Road Traffic Offices (asa). They are issued to new drivers, on changes in the owner's personal data, and on changes in vehicle category. Next year the old licences on blue paper will be completely withdrawn from circulation, so there will be another 100,000 or so licences.

Currently, we are working on enabling the licence photo to be digitally updated via mobile phone. This is already possible in some cantons. We hope to be able to roll out this solution across the country in cooperation with asa.

Will you and your team run out of work when the passport and driving licence projects go into regular operation?

Absolutely not. First, a lot of work remains to ensure the supply of official Swiss documents. And, second, on the basis of these two flagship projects we are working on extending our business in passports, driving licences and visa issuance systems internationally; for example, in Africa, where Orell F ussli is already well established. This and other pillars will be expanded as part of our growth strategy 2028 over the next one to three years.

What future do you see for physical ID documents?

We expect that physical documents, including passports, ID cards, visas and driving licences, will still be required in physical form and in demand by citizens for many years to come, not just in Switzerland but worldwide. With our extensive experience, our contacts and the expertise of Procivis, we are ideally positioned to enter new markets with the digital twins of these security documents, particularly in the area of visa vignettes and driving licences.

The potential of track & trace

To prevent misuse and counterfeiting, and ensure reliable accounting of orders, central banks and government bodies increasingly ask that printers provide proof of the processes involved in the manufacture of banknotes and security documents. Banknote production is a typical use case for Zeiser's track & trace solution. But it also has a lot more to offer.

by Stefan Rowinski, Business Development, Zeiser GmbH

In the production of banknotes and other high-security documents, physical, manual systems are being replaced by reliable electronic proof of processes and the volume of good, poor and rejected sheets, an approach that is gradually becoming standard.

Sheet printing machines have mechanical counters, and additional counting machines can be deployed. Manual intervention, including extraction of sheet proofs during the printing process and restacking of sheets at the drying stage, poses a risk of miscounting that can be reduced only by stringent processes and instructions for handling. Finding and correcting faults often requires a great deal of effort.

The security printing industry is less open to process change than other industries, and there has been limited deployment of electronic, networked systems to date. The primary focus is on the quality of the end product, and a high degree of manual effort is still involved in meeting the demanding requirements of end customers. However, the industry is slowly recognising the benefits of electronic solutions.

Harmony for track & trace

Zeiser's Harmony product family is a solution for traceability of printed materials used in production and packaging. Depending on the customer's requirements, it can be configured and deployed for a single machine, a production line or an entire production facility. The package generally encompasses software, inkjet printers, camera systems and sensors, along with other peripherals.

The process begins with the inkjet printer, which prints a barcode on the margin of each print sheet, accurately and at high speed. This barcode is read by a camera at the start and end of each production step.

Next, in a database the number of the print sheet is linked to the individual serial numbers of the banknotes it contains. An optical system (Scanbar) is used to inspect the banknotes and read the serial numbers. This device, which was developed by Zeiser, can review and read nine ROIs (regions of interest) on up to 12,000 banknotes per hour at a resolution of 300 DPI (dots per inch).

The system thus ensures the traceability of each individual banknote throughout all process steps, up to the cutting of the sheets, arrangement into stacks of notes, and dispatch.

From numerous discussions with production managers, we have learned that reliability of readback is the key factor in the successful deployment of a track & trace solution. Our system achieves a readback rate of 99.998%.

Harmony not only ensures that the data and electronic evidence required for accurate billing is available, but also collects other production data from all networked machines and stores it for later evaluation and analysis, which optimizes processes and reduces rejects.

Scalable and easy to integrate

The wide range of use cases makes the solution particularly compelling for security printers. In addition to banknotes, Harmony can also be deployed in the production of passports, tax stamps, visa documents, certificates and other security documents. The system is modular and can be scaled up from individual machines to multiple machines. This makes the introduction of a track & trace system easy and low-risk for our customers, with phased rollout to minimise production downtime.

With every print sheet electronically and individually recorded in each system, counting is reliable and each sheet can be traced at any given moment with a high degree of precision. The production manager has a dashboard that provides a complete overview of the print run and the machines at all times. Materials and storage management can also be integrated. The software provides real-time productivity reports for management and can also process target figures and create simulations. Interfaces with ERP systems (including SAP) facilitate controlling in a familiar system environment.

For most customers, the introduction of a track & trace system in a security printer comes with process changes that affect different areas of the company and a range of requirements that must be harmonized and considered in budgeting. As such, rollout to a new business can easily take two or more years.

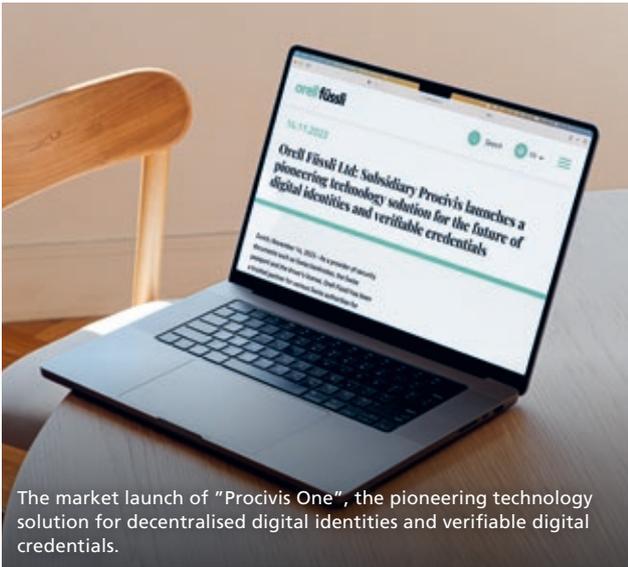
With 50 years' experience in mechanical engineering and profound understanding of the processes involved in security printing, Zeiser is well known as an expert in the individualisation and installation options of systems in existing printing facilities.



Stefan Rowinski is responsible for the development of track & trace systems at Zeiser.

The year in pictures

The year in pictures



The market launch of "Procivis One", the pioneering technology solution for decentralised digital identities and verifiable digital credentials.



Orell Füssli Security Printing launches «Escher®», a digital 3D intaglio design project at the Currency Conference in Mexico City.



Employees of the Orell Füssli Group from throughout Switzerland and Germany enjoying an event at X-TRA Zurich.



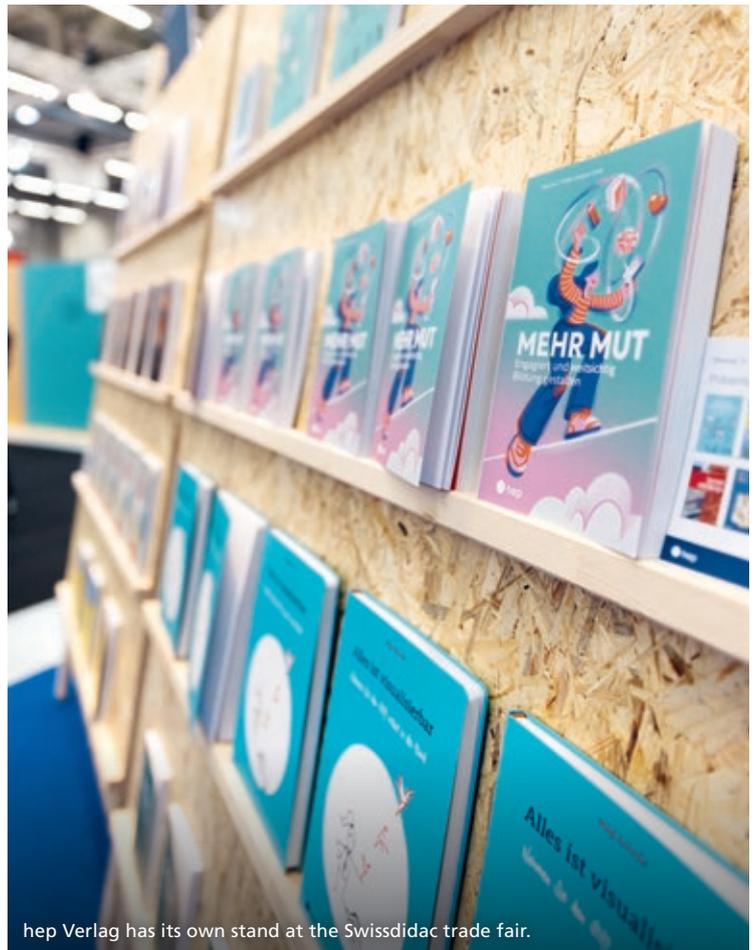
Zeiser's MicroPerf system laser-perforates small holes directly into the banknotes, making them highly resistant to counterfeiting.



Orell Füssli opens a new bookstore in the Zentrum Oberland, Thun.



Globi at the Zurich city police force open day.



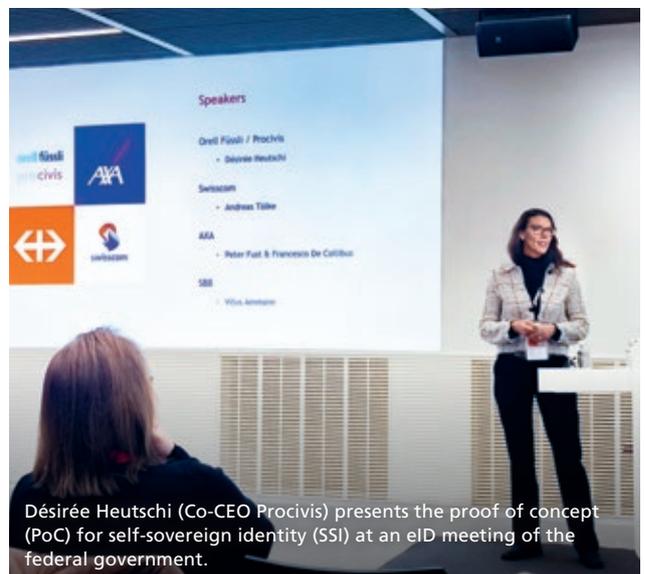
hep Verlag has its own stand at the Swissdidac trade fair.



Orell Füssli Security Printing is one of the exhibitors at the Intergraf Currency+Identity conference in Bilbao.



The new Swiss Passport won the "BEST NEW PASSPORT" award at the HSP EMEA conference in Abu Dhabi.



Désirée Heutschi (Co-CEO ProCivis) presents the proof of concept (PoC) for self-sovereign identity (SSI) at an eID meeting of the federal government.

Course of business

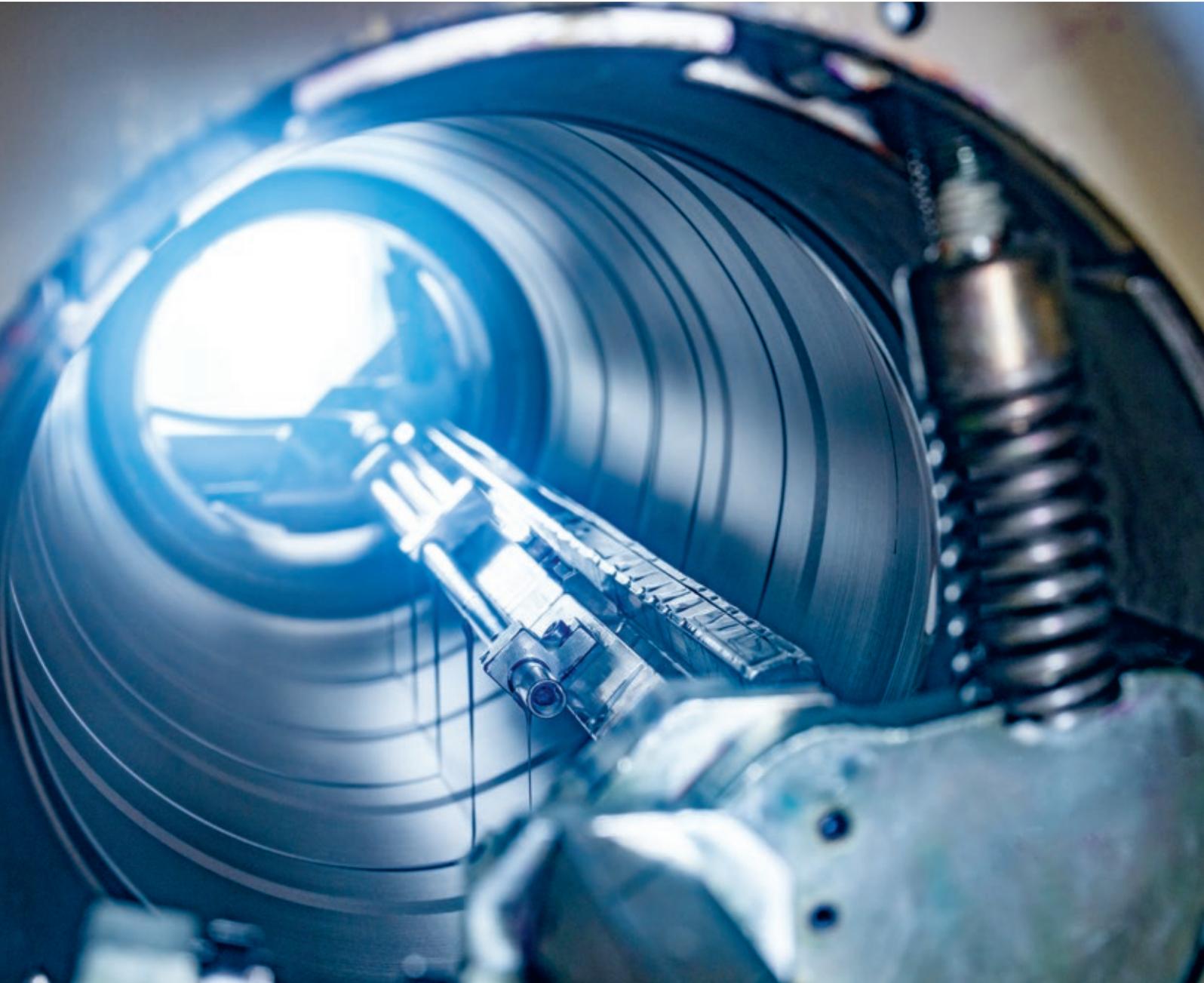
Following a good result last year, the Orell Füssli Group improved further in 2023. Both revenue and EBIT increased.

The Group's financial statements for 2023 closed with revenue of CHF 232.2 million (previous year: CHF 217.3 million). The operating result (EBIT) amounted to CHF 18.1 million (previous year: CHF 14.9 million). Net profit totalled CHF 14.6 million (previous year: CHF 11.7 million). The EBIT margin was 7.8% (previous year: 6.9%). The financial result of CHF 0.3 million (previous year: CHF -0.7 million) improved due to the euro and US dollar exchange rate to the Swiss franc and interest on cash positions.

At CHF 132.1 million (previous year: CHF 133.7 million), the Group's balance sheet continues to boast a comfortable equity (including minority interests). The equity ratio as at 31 December 2023 decreased slightly to 74.0% (previous year: 74.5%). Investments were financed from the operating cash flow. The freely available liquidity after deduction of minority interests increased by CHF 0.7 million to CHF 31.3 million.

SEGMENT DATA

in CHF thousand	2023	2022	2021	2020	2019
Security Printing					
Revenue from sales to customers	77,152	70,439	73,824	87,301	101,175
Operating earnings (EBIT)	10,587	9,669	6,119	5,511	9,209
EBIT margin	13.7%	13.7%	8.3%	6.3%	9.1%
Industrial Systems					
Revenue from sales to customers	21,589	20,948	25,317	24,790	29,186
Operating earnings (EBIT)	3,553	925	5,540	5,291	6,416
EBIT margin	16.5%	4.4%	21.9%	21.3%	22.0%
Book Retailing					
Revenue from sales to customers	117,480	112,174	103,300	96,213	97,353
Operating earnings (EBIT)	7,950	9,254	7,452	5,505	6,508
EBIT margin	6.8%	8.2%	7.2%	5.7%	6.7%
Other business areas					
Revenue from sales to customers	16,461	13,702	7,741	10,283	9,845
Operating earnings (EBIT)	-902	-868	-33	1,017	-1,219
EBIT margin	-5.5%	-6.3%	-0.4%	9.9%	-12.4%



The rotary silk screen press prints high-end security features on the banknotes.



Escher®, Orell Füssli's digital 3D intaglio design method explores different workflows within the context of banknote design.

Security Printing

Earnings

Both revenue and profit in the Security Printing Division increased significantly compared with the previous year. At the end of the reporting year, revenue totalled CHF 77.2 million (2022: CHF 70.4 million). The operating profit EBIT amounted to CHF 10.6 million (2022: CHF 9.7 million). The result significantly exceeded the expectations at the beginning of the year.

Production was fully used thanks to the good order volume. The share of printed banknotes for export was again very high. International orders came from countries including Paraguay and Madagascar.

passport received the coveted 'Best New Passport' award at the High Security Printing (HSP) conference in Abu Dhabi in March.

Market

The market for security printing continues to be characterised by overcapacity and price pressure, which was further intensified by the strong Swiss franc. Orell Füssli is successfully asserting itself in this environment by increasing efficiency. Scrap rates were further reduced significantly in the year under review by optimising production, but substrates for banknotes and security documents remain very expensive to purchase.

"In 2023, the focus was on the new generation of Swiss driving licences and passports and the acquisition of new customers in the banknote sector."

Dr Michael Kasch, Managing Director, Security Printing

New driving licence

In the identification documents business area, the Swiss driving licence took centre stage in 2023. From 15 April 2023, anyone ordering a driving licence in their canton of residence received the document in the latest generation credit card format a few days later. The project, managed by Orell Füssli as general contractor, went according to plan. The new design developed in-house conforms to the relevant ISO standards for driving licences and meets the European guidelines for polycarbonate driving licences. With this order, Orell Füssli broadened its range of solutions in the ID sector. Every year, about 600,000 driving licences are personalised at a central location in Switzerland and then sent to the applicants with an accompanying letter.

New passport

The initial print runs of the new passport, which was launched at the end of 2022, were printed on schedule and supplies have been secured. Orell Füssli was entrusted with the design and printing, and today produces the cover, endpapers and inside pages for the Swiss passport on behalf of the general contractor Thales DIS Schweiz AG. The Swiss

Sustainability

From 2023, Orell Füssli will use a new process to treat the ink waste generated in printing processes. Thanks to ultra-filtration, water and energy consumption and the use of chemicals have been reduced to a minimum. This example shows how greater economic efficiency and environmental protection can go hand in hand.

At the beginning of the year, Orell Füssli presented a study on the longevity of banknote substrates and their impact on sustainability at the African Currency Forum in Luxor. Following this presentation, Orell Füssli organised several webinars on the topic.

Innovation

At the Currency Conference in Mexico City in May, Orell Füssli presented the Escher® innovation project, during which various digital 3D design methods for intaglio printing were tested. These methods give the banknote design an unrivalled level of realism. The project was met with great interest from central banks and issuing authorities worldwide.

At the CBDC conference in Istanbul, Orell Füssli discussed the concept of the DUAL® hybrid banknote, which provides a bridge between physical and digital currencies. DUAL® also attracted interest in Switzerland and made it on to the front page of the Neue Zürcher Zeitung. The CBDC conference focuses on digital central bank money.

Orell Füssli was also represented at conferences in 2023 that focused on identification documents and systems; for example, at ID4Africa in Nairobi, together with Zeiser at the Identity Week conference in Amsterdam, and at Intergraf Currency+ Identity, which took place in Bilbao in the reporting year.

Outlook

Capacity utilisation in security printing is secured for the first half of 2024. The order situation for the second half of the year is less clear and depends on various orders that are still being negotiated.

Industrial Systems

Result

In 2023, Zeiser achieved revenues of CHF 21,6 million (2022: CHF 20,9 million) and an operating profit of CHF 3,6 million (2022: CHF 0,9 million). However, these favourable results are still slightly behind target, as new projects have been slower to materialise than expected.

Zeiser implemented an efficiency programme in the first half of the year to save costs. Various processes have been adapted to the current market situation. The effects of this will become apparent in 2024, although some savings will be offset by inflation-related cost increases.

Demand for banknotes has continued to rise slightly in recent years, while purchases were simultaneously very restrained during the

pandemic. This situation is now gradually prompting print shops to invest in machinery. An important order in the reporting year was the replacement of the digital printing press at a state printing works in northern Africa. The system is used to print tax stamps (e.g. alcohol bottles). The tax stamps contain a unique and re-identifiable number or bar code.

Market

Incoming orders accelerated in the second half of 2023 and led to good capacity utilisation in production.

Zeiser delivered its MicroPerf system manufactured entirely in-house for the first time in 2023. MicroPerf is a security element developed by Orell Füssli specifically for banknotes, for which Zeiser can now supply the corresponding equipment.

The spare parts business for all product groups remained constant. Demand rose slightly compared with the previous year. The same applies to the software and services business with Zeiser's existing customers.

Major projects for track & trace in security printing are in the pipeline and are about to be awarded. In addition, a reference system was installed in the security printing plant of Orell Füssli AG in Zurich. The real-time tracking, reporting and audit system, which can be used in a machine, a production line or in the entire production process, affects many different areas of the company. Accordingly, the sales cycle for new business takes between one and two years.

Zeiser recorded good demand for numbering boxes in 2023. The constantly evolving products are becoming more and more simple to maintain and are equipped with increasingly sophisticated quality assurance systems.

“Zeiser’s business noticeably gained traction in 2023 and was supported by extensive efficiency improvements.”

Thorsten Tritschler, Managing Director, Zeiser GmbH



Zeiser's increased order intake in the second half of 2023 led to good capacity utilisation in production.



Brick-and-mortar bookstores grew further in 2023. Orell Füssli is further expanding its position as market leader.

As a result of digitalisation in all areas, Zeiser is hiring more software programmers. However, recruitment of these workers proved to be very challenging in the reporting year.

Innovation

The high-precision scanbar camera with contact image sensor (CIS) for quality inspection has been very well received by end customers and security printers, and is gradually being established as the global standard. The data from the camera can be integrated into Zeiser's track & trace solution and analyse the printing process in real time according to customer-specific requirements. The track & trace systems are now marketed under the Harmony product brand (more on track & trace on page 16).

Zeiser registered an innovation for numbering boxes with the patent office. This technical innovation extends the scope of the design by allowing the labelling for identification of a security document to be printed vertically instead of horizontally. Since 2023, Zeiser has also had new electronic tools for setting the mechanical numbering boxes.

As mentioned above, the Industrial Systems division introduced additional measures to optimise processes and inventory management in 2023. Four CNC-controlled machines are now in use, which work autonomously for up to 60 hours. To prevent interruptions in the supply chain, other suppliers were examined and new sources tapped into.

Book Retailing

Result

In 2023, the proportionate consolidated revenue of Orell Füssli Thalia AG totalled CHF 117.5 million, representing growth of 4.7% compared with the previous year (CHF 112.2 million). The operating result (EBIT) amounted to CHF 8.0 million (previous year: CHF 9.3 million).

Market situation

Orell Füssli Thalia further expanded its position as market leader in the Swiss book market in the reporting year.

Although revenue in the Swiss market as a whole stagnated, Orell Füssli's bricks-and-mortar business grew once again, exceeding pre-pandemic levels for the first time. This growth is largely due to the expansion of the branch portfolio and the strategy of focusing on locations with high customer footfall, such as railway stations, shopping centres and city centres. In 2023, Orell Füssli opened five new shops in Langendorf (SO), Altstetten (ZH), Thun, Weinfelden and Bern railway station. As part of the cooperation with ETH Store AG, Orell Füssli has also operated the bookstores at the two ETH Zurich sites since January 2023. In the last quarter of 2023, the three Buchparadies branches in Rapperswil, Wädenswil and Ebikon were taken over as part of a succession solution.

"In 2023, the book retailing once again succeeded in increasing its market share."

Pascal Schneebeili, CEO, Orell Füssli Thalia AG

In September, Zeiser presented promising concepts for the development of new products and services to the Board of Directors of Orell Füssli with a view to the group-wide strategic objectives for 2028.

Outlook

The current order situation suggests good business development and capacity utilisation in 2024. Rising demand for Zeiser's Track & Trace solution should lead to increased revenue in the second half of the year.

The omni-channel strategy, which combines the advantages of bricks-and-mortar shops with those of online retail, also proved effective in 2023. Revenue in e-commerce increased compared with the previous year, and even exceeded the record sales posted in the years during the pandemic. The partnership agreed in 2022 with Skoobe, the popular provider of e-book subscriptions in German-speaking countries, got off to a successful start. The highly competitive book retailing with business customers also grew again in

the reporting year. Digital teaching materials and customised customer solutions made a significant contribution to this success.

Strategy and growth prospects

In order to anchor Orell Füssli in customers' minds as the first port of call for education, for some years book retailing has been involved in a variety of programmes aimed at a young audience. This is how the kids' club for children up to the age of 12 and the young circle for teenagers came to fruition. The Education Card was launched in the reporting year as a continuation of the previous Student Card. In May, the 'Kinder im Fokus' campaign highlighted children's and young people's literature, with free readings offered as part of the campaign

More than 25,000 book fans exchange ideas online every month as part of Orell Füssli's Book Circle reading community. They chat, rate books and discuss selected books in reading groups.

Orell Füssli stores throughout German-speaking Switzerland provide local members of the #booktok fan community with inviting venues for readings and panel discussions free of charge. #booktok is the book corner of the video portal TikTok, which currently has 2.5 million users across Switzerland. The 'über den Bücherrand' podcast launched by Orell Füssli in autumn 2022 has been established as one of the most popular book podcasts in Switzerland. In 2023, a total of 330 readings with numerous Swiss authors and other events for book fans took place in our shops.

The strategy of involvement in literary projects and promoting enthusiasm for reading has also led to a collaboration with the Swiss Book Prize, for which Orell Füssli has been the main sponsor since 2021. This year, the reading tour associated with the prize started at the Orell Füssli bookshop in the Affenkasten in Aarau's old town and ended at the Marktgasse branch in Winterthur with a reading by the 2023 prizewinner Christian Haller.

Outlook

Further shop openings are planned for 2024; for example, in Aarau, Chur and Zug railway stations. Orell Füssli Thalia is driving further sales growth with the planned expansion of the branch network. Higher operating costs as a result of inflation will have a slight negative impact on the operating result. We expect consumer sentiment to remain subdued in 2024.

Other business areas

Orell Füssli Publishers

Result

The publishing houses look back on a very successful financial year 2023. Revenue exceeded the budgeted target. EBIT and the EBIT margin increased significantly compared with the previous year, partly because production costs rose less sharply than expected.

The learning media programme, where activities have been bundled in hep Verlag in Bern since mid-2022, stood out in terms of revenue. The children's books came close to achieving the targets set. Orell Füssli was able to maintain its ambitious growth course in legal media.

Learning media

When the reform of vocational commercial training came into force in the summer, hep Verlag launched a digital commercial training and learning platform. hep also launched a new digital offering for trainees in the retail industry.

The third major new development at hep was the hybrid series of teaching materials for training healthcare professionals. Each of the three volumes covers the areas of competence set out in the Swiss education ordinance and a supplementary volume covers anatomy and physiology. The publisher thus successfully entered a new sector in the teaching materials market.



Presence at trade fairs and other specialist events is part of hep Verlag's multi-faceted sales activities.

Orell Füssli's range of teaching and learning materials for vocational training for business people, for basic training in the retail industry and in the care sector covers a quarter of all Swiss-German apprentices in vocational training. All new programmes were very well received by the market.

Legal media

The new Orell Füssli commentary on the completely revised Swiss Federal Act on Data Protection was published in September. The specialist journal *Plädoyer* praised the publication as "an outstanding work with great benefits for everyday working life". Updates of successful existing works in the form of reprints make up a large part of the work of legal media.

Since autumn, legal books have been produced entirely in an XML-first workflow. The typesetting is created largely automatically. The Orell Füssli legal media team is also working on setting up its own platform for legal research, which will be based on proven software technology from Switzerland obtained under licence. The new research platform will be put into use in 2024. The cooperation with *justement.ch* has therefore been terminated. A series of specialist conferences for legal practitioners is also being organised with which Orell Füssli legal media will tap into additional sources of revenue.

Children's books

Globi and the other children's book characters' new titles made it on to the Swiss book trade's best-seller list in 2023. The characters not only inspire children, but also many Swiss institutions and partners. The science book 'Globi im Weltall' was launched at the Zurich science festival *Scientifica* together with ETH Zurich. At the festival, Globi met the former scientific director of NASA, Thomas Zurbuchen. Globine will also be the mascot for ETH Science City in 2024. 'Globi's indische Küche' is an unusual but special children's cookbook to hit the shelves, and a Globi picture book was published for the first time in August. A total of more than 260 events were organised.

Outlook

Ten new legal media commentaries are in the pipeline for 2024, and hep Verlag is developing modular products following the introduction of a content management system (CMS). Feedback functions will also be increasingly used in digital learning materials. The strong Globi children's book brand is approaching volume 100 in 2026. Orell Füssli Publishers have ambitious growth targets for 2024 and are planning to keep costs stable.

Procivis

In November 2023, the subsidiary Procivis AG launched its new software solution Procivis One – a pioneering and comprehensive technology for digital identities and verifiable digital credentials. This solution fulfils the high demands of companies and state institutions for digital identities. Orell Füssli is thus in a position to offer its technology for digital identity solutions and verifiable digital credentials to customers in Switzerland and worldwide. With the launch of this software solution, Orell Füssli is systematically implementing its digital strategy in the digital identities and credentials business area.

"We are able to look back on a very successful year for Orell Füssli Publishers. We were able to further expand our good starting position with learning media."

Martina Barth, Managing Director, Publishers Division

“Procivis One is a pioneering software solution for electronic identities and verifiable digital credentials of the future.”

Désirée Heutschi, Head of Corporate Development/Co-CEO, Procivis

This high quality Swiss product was developed from scratch and fulfils all requirements for productive use by authorities and companies. The solution enables the implementation of the e-ID, the mobile driving licence and other digital credentials, such as ID cards, diplomas, confirmations and certificates. (see page 12, Strategy 2028).

In order to also demonstrate the potential of verifiable digital credentials in the private sector, Orell Füssli conducted the first cross-company proof of concept (PoC) for self-sovereign identity (SSI) in the Swiss private sector together with Swisscom, AXA and SBB in the year under review. The PoC presented the ecosystem for the federal government’s future e-ID trust infrastructure as an example and delivered promising results.

Procivis won further new projects in various areas in 2023 and expanded its market coverage. In 2023, it also argued for the standardisation of digital certificates, particularly for both public and private sector certificates.

The Procivis management team has been reorganised for its current scaling phase. Management has been entrusted to Désirée Heutschi and Andreas Freitag as co-CEOs. Daniel Link has taken over as Chair of the Board of Directors. Daniel Gasteiger, founder and long-standing CEO of Procivis, will remain a member of the Board of Directors.

Outlook

The market launch of Procivis One is on the agenda for 2024. The first projects with various well-known customers have already been planned or implemented, both in Switzerland and worldwide. Moreover, the development of Procivis One is driving forward.

ESG Report

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To improve sustainability and further reduce the environmental impact of production, the company invested in a new ultra-filtration system. Up to 2,500 litres of chemicals per hour are filtered with a recycling rate of up to 96%.

This report was prepared in accordance with the standards of the Global Reporting Initiative (GRI). In line with the GRI standards and the regulatory provisions on non-financial reporting (Swiss Code of Obligations), it contains introductory information on the strategy, business model and sustainability approach, followed by reporting on the material topics. These are split into environmental, social and governance (ESG) topics.

Orell Füssli's non-financial reporting is published annually as part of the Annual Report and can be viewed as a separate PDF document on the company's website (www.orellfuessli.com/en/investors).

The non-financial report has not been externally audited.

The sustainability report includes all companies consolidated in the Annual Report. This will be published on 8 March 2024 and submitted to the Annual General Meeting for approval on 7 May 2024.

1. Corporate responsibility

1.1 Business model

Orell Füssli is one of the oldest companies in Switzerland, with a history going back more than 500 years. It can trace its origins to the printing house of Christoph Froschauer, which published works by important authors during the Reformation in Zurich at the start of the 16th century. Among the best-selling books were also various editions of the Bible. The Zwingli Bible, printed in 1531, became particularly famous. Zürcher Zeitung, now known as NZZ, was published from 1780 onwards. At the start of the 19th century, the company started producing securities, followed by stamps and banknotes. Orell Füssli is a pioneer in security printing and education.

The company has repeatedly repositioned itself over the years. Today, the Group consists of four business segments:

- Security Printing
- Industrial Systems
- Book Retailing
- Other business areas

The company works hard to strengthen the core business in the four business segments through focus, a lot of initiative and targeted acquisitions. The figure below shows the business units.

Security Printing	Industrial Systems	Book Retailing	Other business areas	Unallocated
Orell Füssli AG (OFS)	Zeiser GmbH Zeiser Inc. Zeiser Ltd. Zeiser SRL	Orell Füssli Buchhandlungen AG Orell Füssli Thalia AG Delivros Orell Füssli AG Lehmanns Media AG	Orell Füssli AG, Publisher (OFV) hep Verlag AG Procivis AG izit AG	Orell Füssli AG, Group Functions (OFC)

Orell Füssli offers a range of services in the Security Printing business segment, which handles the production of banknotes and identification documents, such as passports, visas and driving licenses. We also pursue research and development projects to advance our core products, both in response to customer demand and proactively. Advisory services are also available to a more limited extent. The customers in this segment are central banks and governments. In addition to the Swiss National Bank (SNB), our anchor customer, we have built up a wide, globally distributed portfolio of customers in recent years. To produce these products, Orell Füssli collaborates with a small number of highly specialised suppliers. Usually, customers specify the colours, substrates and security features to be used, along with the suppliers whose products must be used for the production. Therefore, materials are usually obtained only from certain, predefined and certified suppliers for each order. The majority of suppliers are in Europe.

Orell Füssli provides the technology in the Industrial Systems business area required for the security printing industry. This includes the development, implementation and deployment of hardware and software to give security documents a clear, unambiguous and traceable identity; for example, numbering machines, perforation systems and inspection solutions in manufacturing processes. It also supplies precision mechanical components for installation in security printing machines, and systems such as passport manufacturing machines, which are assembled from various components.

High-grade steel is a critical raw material in the Industrial Systems business segment. This is sourced exclusively from Germany. There are two types of hardware components: high-end speciality products, such as cameras and scanners, for which only a few providers exist worldwide, and standard trading goods, which are purchased from long-standing partners, mostly in the EU.

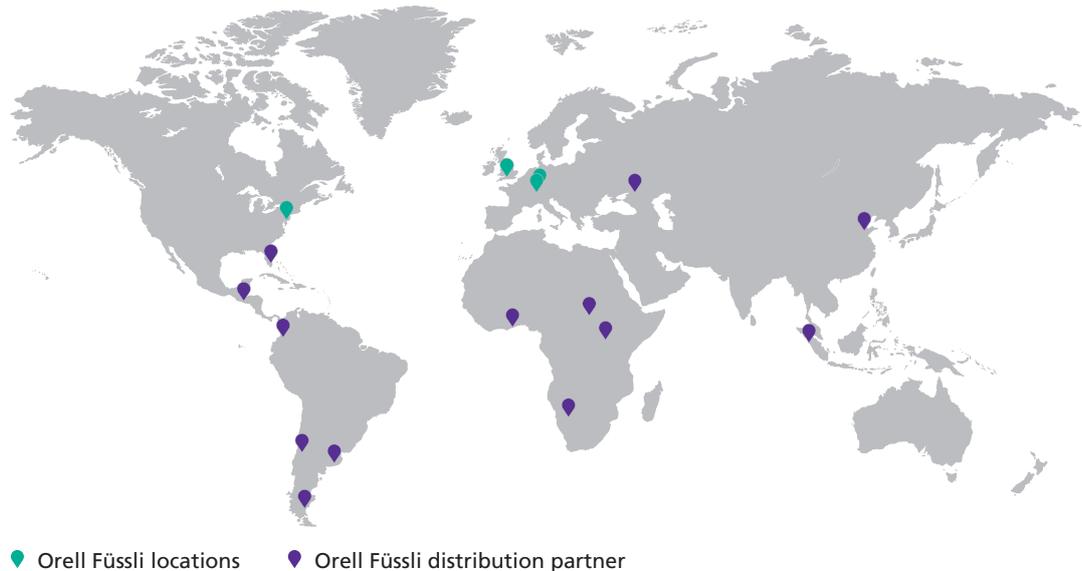
Book Retailing deals with a wide range of books and digital media. These are sold in line with a multi-channel strategy via retail shops and a dedicated online shop, to both retail and business customers. In the B2B sector, Orell Füssli Thalia AG, which is held in a joint venture, is the leading provider in Switzerland for the procurement, distribution and utilisation of books and their electronic contents for companies and educational institutions.

Orell Füssli Thalia AG, which is held as a joint venture, has a management team which is independent of the Orell Füssli Executive Board. The Orell Füssli Group exercises its influence via a seat on the Board of Directors and the exercise of shareholder rights. Orell Füssli Thalia AG draws up its own policies and regulations. However, the basic focus does not deviate from the group policies to any significant degree. Information is provided below to which documents a statement refers. Unless explicitly stated otherwise, the statements refer to Orell Füssli AG and its majority shareholdings. As in the Annual Report, the figures reported include the consolidated figures of the Group, with the figures for Orell Füssli Thalia AG proportionately consolidated; i.e. exactly half are taken into account. If the calculation method differs, an explicit note is included to this effect.

Book Retailing sources its books mainly through a book centre in Switzerland. The two other major wholesale booksellers are located in Germany (Thalia and LIBRI). The Non-Book division purchases its goods, which include games and food, from a small number of intermediaries that have accepted Orell Füssli Thalia's delivery terms.

Orell Füssli Publishers and Procivis AG are grouped under Other business areas. The publishers publish children's books, legal media and learning media under the Orell Füssli and hep names, supplemented by a specific digital offering. Procivis supplies software solutions for verifiable digital credentials for the complete digitisation of services and processes for authorities and companies. Procivis launched Procivis One in 2023. A completely new, decentralised E-ID software solution that meets the high demands of companies and government institutions for digital identities.

Locations of Orell Füssli and its sales partners



1.2 Sustainability at Orell Füssli

1.2.1 Organisation and responsibilities

Orell Füssli is pursuing a multi-year plan in order to establish systematic sustainability management and has clearly assigned responsibilities to the Board of Directors and Management Team. The Audit Committee of the Board of Directors oversees ESG activities. The Board Of Director has transferred responsibility for sustainability management and preparation of the relevant reports to the CFO.

In the reporting year, the Board Of Directors took part in a sustainability training session during a Board of Directors meeting. Led by a specialist consultancy firm, this training focused on the concept of dual materiality, sustainability as an integrated management approach, regulatory developments in general and non-financial reporting in Switzerland in particular.

In order to assess its performance, the Board of Directors of Orell Füssli conducts an annual self-evaluation.

	2022	2023	2024	2025+
Board of Directors	Commissioning of development of a sustainability strategy	Finalisation and approval of the sustainability strategy Approval of the non-financial report	Monitoring the implementation of the sustainability strategy External audit of sustainability reporting	Review of the updated sustainability strategy, monitoring of implementation External audit of sustainability reporting
Executive Board	Development of the sustainability strategy	Implementation of the sustainability strategy	Implementation of the sustainability strategy	Further development of the sustainability strategy and implementation
Sustainability management	Information and initial data collection, report conceptualisation and reporting set-up	Data monitoring	Performance measurement, reporting and implementing initiatives	Performance measurement, reporting and implementing initiatives

Figure: Multi-year plan with responsibilities in ESG management

1.2.2 Dealing with stakeholder groups

Orell Füssli works with a large number of different customers, suppliers and other stakeholder groups. These range from public authorities to central banks, machine manufacturers, libraries and law firms to end users who buy a book in a bookshop or online.

Individual and face-to-face contact is common practice with industrial clients, and Orell Füssli maintains dialogue with clients in the book retailing sector, both at points of sale and via customer service. Client contact is also cultivated at trade fairs and professional events.

The supplier structure within Orell Füssli is very diverse due to the different business models of the Group companies. Book Retailing obtains its books primarily through supply channels such as the Buchzentrum, and as a retailer does not have any influence on the book production process. The publishers offer a range tailored to different target groups, from learning media right through to legal publications and selected children’s books. In the publication business, Orell Füssli is involved in book production and selects the paper suppliers and printers itself.

Orell Füssli has been listed on the Swiss Stock Exchange since 1897 (see Corporate Governance Report, page 58). Shareholders receive first-hand information at the Annual General Meeting, which is held in person whenever possible. Orell Füssli also communicates relevant information on the course of business and its strategy in press releases, the Annual Report and analyst conferences. This ensures that all shareholders are always provided with transparent information at the same time.

Orell Füssli’s employees work at a large number of locations and in different time zones. At the same time, each professional group has different interests and needs. To ensure all employees have access to the necessary information simultaneously and quickly, Orell Füssli uses various communication channels in parallel. Employees are also given the opportunity to ask questions in order to better understand decisions. In addition to video messages from the CEO, video conferences and an internal communication platform (intranet), the company also uses personal information events organised by local management teams or direct written communication in the form of email and letters (e.g. amendment of regulations).

Engagement through memberships and participation in political processes

Orell Füssli actively participates in political processes when they concern business-relevant issues. An example is the planned realisation of a state-recognised electronic proof of identification (E-ID) in Switzerland. Orell Füssli is engaged in this issue by actively contributing knowledge and experience to the consultation process. Apart from the relevant issues, Orell Füssli is not politically active and does not make any donations to political parties.

However, the company maintains a network of partnerships. Essential memberships include:

- **Swiss Retail Federation** Orell Füssli is a member of the Swiss Retail Federation. This organisation represents the interests of retail companies to politicians and the public.
- **Swiss Booksellers and Publishers Association (SBVV)** The SBVV represents the interests of the book industry to authorities and politicians in matters relating to cultural and economic policy.
- **Intergraf** Intergraf is a business association that represents and protects the interests of the graphic industry at European level.
- **International Currency Association (ICA)** The ICA is a global trade association for the security printing industry and represents its interests, particularly in the area of banknotes.
- **Banknote Ethics Initiative (BnEI)** BnEI is an initiative aimed at promoting ethical business practice with a focus on corruption and compliance with antitrust laws in the banknote industry. (voluntary initiative; compliance with regulations/guidelines is verified by independent entities).
- **International Association of Currency Affairs (IACA)** The IACA is an international monetary policy association. It works hand in hand with the public and private sectors. The goal is to facilitate international exchange for consultation and collaboration, taking into account the interests of the various stakeholders in the cash payments cycle.
- **Energy Agency for Industry (EnAW)** The EnAW is an association founded in 1999 by the Swiss business associations that aims to steadily improve energy and resource efficiency in the economy.
- **Trade Association of Industrial Companies in Baden (WVIB)** The WVIB is a business association for medium-sized industrial companies and supports the exchange of experience, offers regional wage comparisons and functions as an internal reporting centre for whistleblowers.
- **International tax stamp association (ITSA)** The ITSA is an organisation that advocates for a better understanding of the benefits of tax stamp and traceability systems.
- **Digital Identity and Data Sovereignty Association (DIDAS)** DIDAS is a non-profit organisation with the aim of establishing and promoting Switzerland as a leading ecosystem in the development and introduction of technology, services and products for the protection of privacy that preserve and use digital identity and electronically verifiable data.

1.2.3 Material topics

Orell Füssli's business activities may have positive and negative impacts on the economy, society and the environment. At the same time, global trends present both opportunities and risks for Orell Füssli. The gradual establishment of environmental, social and governance aspects as a firm component of the company's strategy, objectives, organisation and processes is broad-based. As a basis for its systematic sustainability management, Orell Füssli identifies the key topics itself. This helps to minimise negative impacts, strengthen positive effects, identify future trends and challenges at an early stage and address them in the interests of the company and the community.

Orell Füssli conducted a materiality analysis in 2022. The starting point was a list of about 60 potentially material topics compiled from ESG standards, legal requirements for non-financial reporting and environmental analyses. Through clustering, 26 potentially significant topic areas were identified to be later assessed based on the principles of dual materiality in respect of the relevance of their impact and influence. The assessment was carried out by the CEO, CFO, quality and risk managers, and representatives from all relevant business and specialist areas. The assessment was visualised using a dual-axis matrix. The threshold for definition as a material topic is either a high significance of the effect on the sustainable development of the company or a major importance for business success.

The Board of Directors of Orell Füssli then validated the materiality assessment.

In advance of reporting on the 2023 financial year, Orell Füssli reviewed the material topics for relevance, particularly in respect of the Swiss legal requirements on non-financial reporting. As a result, the topic of "respect for human rights" was included as a material issue for the first time. In the same vein, the material topics were assigned to the issues required by Swiss law (see CoO reference table, page 56).

2. Economy

The Orell Füssli strategy is based on its long-term expertise in business areas that build on the trends of security and education. In both areas, digitalisation is enabling new innovative offerings.

Material topics:

- Economic success and profitability of the company
- Quality of service and products
- Digitalisation



SDG 9: industry, innovation and infrastructure

By offering new digital technology with the highest quality standards and taking into account data protection, Orell Füssli AG creates innovative products for a wide range of areas of life.

2.1 Economic success and profitability of the company

Orell Füssli aims for long-term profitable growth. By expanding its digital business areas and implementing a wide range of teaching and learning media, the company hopes to achieve its sales target of an annual increase of 4% to 6%.

Detailed explanations on financial management can be found in the shareholder letter on page 4. Key figures for the operating result are shown in the financial report on page 76. At the Capital Market Day 2022, Orell Füssli communicated its growth ambitions and associated expansion strategies and provided an overview of its financial figures. The investor presentation can be viewed on Orell Füssli Group's website: www.orellfuessli.com/en/investors.

2.2 Quality of service and products

In order to meet the demands of its customers, Orell Füssli defines itself by its range of products and services with the highest quality features. Quality is a key driver of success in the Security Printing and Industrial Systems business segments and at Procivis.

- Security Printing: Banknotes must meet all quality requirements without exception. Errors and the resulting damage to reputation could have a lasting negative effect on Orell Füssli's marketability. Therefore, regular checks are carried out during the production process and defective notes destroyed. After the sheets are cut to note format during the final processing of banknotes, a final 100% inspection takes place; there is zero tolerance for errors.
- Zero-error tolerance also applies to the Industrial Systems, segment, which produces products for the security printing industry: Each individual numbering machine is tested before being shipped to the customer.
- In the context of digital identity documents, Procivis also has high quality requirements in terms of reliability and speed of data processing.
- Book Retailing focuses on high service quality, particularly in customer service and prompt and error-free delivery. Service quality is ensured through personal advice in the store or the Swiss customer service team's call centre at the headquarters. Customer satisfaction, which Orell Füssli aims to achieve with its commitment to high quality service, is also influenced in this segment by the fixtures of the retail outlets and great importance is attached to this.
- Compared with Security Printing and Industrial Systems, quality is not security-critical for the publishers, but it has a major influence on the perception and acceptance of the publishers in the market in terms of content and product presentation.

Ongoing further development of the quality management system and quality controls

Security Printing is certified to ISO 14298 and other standards. The quality policy sets out the principles for ensuring and continuously and measurably improving quality. These require that the quality management system is implemented and constantly developed.

No errors in quality in security printing and industrial systems are tolerated. The Group therefore invests heavily in maintaining its fleet of machines and replacing machines early if necessary. In addition, a key issue is training and educating employees in how to correctly handle machines and materials. Orell Füssli conducts on-site visits to customers and suppliers to gain an in-depth understanding of customer quality requirements. In addition to quality controls via appropriate technical aids, physical controls carried out by experienced employees helps to ensure high quality security documents and components. Orell Füssli's quality controls are supplemented by external auditing bodies.

The key performance indicator in the quality of banknote production is the reject rate. The majority of the relevant targets were met or exceeded in 2023: The company is very satisfied with the quality of the printed banknotes and was pleased to report a low complaints rate and very positive customer feedback in the reporting year.

Internal key figures (e.g. complaints per product, number of process faults) are determined in order to use for quality monitoring purposes. In Industrial Systems (Zeiser) and Security Printing, Orell Füssli employees a quality management system in accordance with ISO 9001, which guarantees comprehensive evaluation and continuous improvement of processes, thus ensuring product and service quality. Zeiser's complaints rate was very low in the reporting year. No products had to be recalled nor did any significant warranty services have to be provided.

Quality controls at the publishers are carried out in stages: from data creation at the publishers to the equipment for the printing presses through to inspection of the products for print, colour, and paper quality. These controls are carried out in accordance with the guidelines of Fogra (Research Institute for Media Technologies). FSC-certified paper and environmentally friendly printing inks and additives are used to ensure quality. In addition, the printing companies have Fogra and FSC certificates and are tested and certified according to the European environmental management system EMAS (Eco-Management and Audit Scheme).

In the publishing industry, misprints and recalls are used as key performance indicators. In the reporting year, the misprint rate was only 2%. Thus, almost no misprints resulted in rejects, corrections or subsequent changes. Only one product was recalled, but this was not yet on sale.

2.3 Digitalisation

Digitisation is an opportunity to further develop Orell Füssli's existing business areas and establish new ones. The company offers technology in the areas of digitalisation, learning material, documents and security solutions (Digital Trust Services). This complements the existing product portfolio.

In its own processes, Orell Füssli is driving forward the digitalisation of internal workflows, but is also taking precautions to counter the risks of digitalisation, particularly in terms of cyber security and data protection (see 4.2; page 48).

Responsibility embedded at Board of Directors level

The Board of Directors appoints a Digital Committee. This is a committee of the Board of Directors comprising three members. The CEO and the Head of Corporate Development of the Orell Füssli Group also attend the meetings. The committee meets at least twice a year and focuses on the management and development of digital business areas. Line managers are supported by the Head of IT in digitalisation of internal business processes and their external interfaces.

Development of innovative products

Thanks to the acquisition of Procivis, Orell Füssli has offered digital solutions in the field of identity management since 2020. The product range is expanded through partnerships. The Security Printing and Industrial Systems business segments have their own research and development departments. Besides the development of various security features, the Security Printing segment unveiled the "connected banknote" DUAL® in 2022, which was honoured with an industry award ("Advancement of Digital Currency"). Since then, the solution has attracted significant interest from experts. In the field of education, Orell Füssli sees great potential for new digital solutions. The ongoing development of the digital learning platform "mySkillbox" from hep Verlag provides teachers and learners with an innovative teaching and learning environment for general education lessons.

Digitalisation of internal processes

Through increased integration and the conversion of certain internal processes, some manual work steps were automated. For example, the ERP software for the industrial systems has been migrated to the latest version, and the introduction of new consolidation software has greatly automated and thus simplified the preparation of management reporting and the consolidated financial statements. This also applies to the outsourcing of HR back office processes to an external partner. The full benefits of these measures will become apparent in 2024.

Further digitalisation of processes is also planned for the Orell Füssli Publishers: a new CMS system will be introduced in 2024.

3. Environment

Orell Füssli has been addressing environmental issues in a structured and professional manner for almost 20 years and is continuously improving. In 2006, an environmental management system in accordance with ISO 14001 was introduced in security printing and has been continuously refined since then. Based on the code of conduct, employees are made aware of environmentally friendly behaviour in order that they can consider environmental aspects when making decisions.

In Orell Füssli's value chain, the biggest environmental impact is from the extraction of raw materials, processing of raw materials into intermediate products and transport to the upstream supply chains.

Material topics:

- Location-specific climate protection
- Emissions reduction in the supply chain

Responsibilities in the Group companies

Orell Füssli's commitment to environmental protection is based on the environmental policy of the individual legal entities (e.g. Zeiser GmbH and Orell Füssli Thalia AG), which they fulfil under their own responsibility.

As the Security Printing segment at the Zurich site is responsible for both the building and production, it has been given overall responsibility for implementation of the environmental policy at the site. In addition, the Security Printing segment has brought in an environmental objectives implementation programme, which is continuously updated. This is based on an environmental relevance matrix created when the ISO 14001-certified environmental management system was updated. The matrix records the environmental impact of each process and is the basis for the systematic reduction of the negative environmental impact and the necessary measures. This includes a reduction in fossil fuels and an increase in energy efficiency. Above all, environmental protection calls for the conscious commitment of all employees. Employees are obliged to contribute to the further development of the environmental management system. Environmentally relevant regulations must be observed, environmental damage must be avoided and processes must be optimised with regard to environmental compatibility. The first measurable results from the measures will be available during 2024.

In respect of the Industrial Systems segment, responsibility for implementation of environmental issues lies with the quality and building manager at Zeiser GmbH.

Orell Füssli Thalia AG has not yet defined any specific environmental targets. However, there is a high level of awareness of sustainability. Responsibility lies with Corporate Development, managed as a staff unit reporting to the CEO.



SDG 13: climate action

Orell Füssli AG contributes to climate protection through low operational CO₂ emissions, by taking into account environmental issues when procuring materials and by offering a range of products and services with a moderate environmental impact.

3.1 Energy efficiency and climate protection

To keep the group's ecological footprint as small as possible, Orell Füssli strives to handle resources carefully and sustainably. The company has a much greater influence on the energy-efficient use of resources and associated climate protection when it operates as a manufacturing company on its own premises than when it conducts its business as a retailer on leased premises.

Orell Füssli is currently focusing on measures to reduce emissions in its own operations and processes: reducing its energy consumption, using renewable energy and a conscious choice of transport. It also holds its suppliers accountable and uses the limited degree of freedom available in the industry when selecting the goods it procures.

In doing so, the company makes a contribution to climate protection, takes account of customer needs and reduces the financial risks to itself from climate change in the form of rising prices for electricity, water and waste disposal, and the health risks to employees.

Site-specific climate protection

Orell Füssli is a member of the Energy Agency for Industry (EnAW). As part of this co-operation, Orell Füssli voluntarily committed itself to measurable targets for saving energy and reducing CO₂ emissions at the Zurich site all the way back in 1997. This voluntary target agreement envisaged an increase in energy efficiency of at least 7% from 2013 to 2022, with a simultaneous reduction of CO₂ emissions by at least 23%. These goals have been achieved, partly through the complete switch to electricity from hydro power. EnAW is expected to formulate new targets during 2024.

At the new Zeiser location in Emmingen, Germany, the Group relied on state-of-the-art building technology, use of waste heat from the production facilities, the connection of a biogas plant to the local district heating network, and electricity generation via its own photovoltaic system. At other locations – for example, at the head office in Zurich – the spatial planning requirements imposed by the local conservation authorities and listed building status represent an obstacle to energy optimisation. In addition, as a tenant Orell Füssli AG has only a limited influence on the building technology.

In 2023, the Security Printing segment replaced the system for pre-cleaning wastewater. According to the manufacturer's calculations, this will save about 180 tonnes of CO₂ equivalent in operating materials and 16 tonnes of CO₂ equivalent for their transport. This corresponds to an decrease of about 35% on the previous system. From 2024, the entire heating, ventilation and air conditioning system in production is due to be replaced, resulting in about 50% of savings in energy consumption and therefore emissions compared with the currently operated system. These measures will reduce the total amount of energy consumed at the site by more than 10%.

To reduce the consumption of resources, the temperature in the bookstores was lowered by 1°C wherever possible from 1 October 2022. The specific effect of this measure has not been calculated yet due to lack of data from landlords.

Apart from the core business, the most significant emissions come from employee mobility. Depending on the location, Orell Füssli supports environmentally friendly mobility concepts. For example, the Group contributes towards the cost of public transport travel cards for employees at the Zurich sites. In the book trade, employees who travel frequently are reimbursed for their public transport travel cards. In Zurich, the pool car was replaced by an electric vehicle, electric charging stations were installed at Zeiser in Emmingen and a lease bike initiative promotes cycling.

Reducing emissions in the supply chain

Due to industry-related reasons and depending on the business segment, Orell Füssli has little or no influence on the selection of suppliers and materials (see business model; page 33). However, the company requires suppliers to drive forward efforts in environmental protection. For example, in Security Printing, Orell Füssli's code of conduct for Suppliers stipulates an active contribution to environmental protection. ISO 14001-certification is required when selecting suppliers. Specific improvements in environmental performance are reviewed in supplier audits. Under this system, the relevant suppliers are categorised by turnover or safety relevance. The safety-relevant suppliers are checked every three years on specific criteria. The criteria were developed by Orell Füssli in collaboration with specialist consultants and comply with the criteria of the Swiss Code of Obligations. In 2023, about 40% of key suppliers were audited.

When manufacturing customised products in the Security Printing segment, the room for manoeuvre in the choice of materials and transport is limited, as the selection of materials and semi-finished products is often specified by the customer. These can often be obtained only from individual, predefined suppliers. In order to meet customer requirements in terms of safety or delivery deadlines, air transport is sometimes unavoidable.

Book Retailing should offer as comprehensive an assortment of products as possible. Some books are packaged by the manufacturer in plastic film and do not necessarily have an environmentally friendly cover; as Orell Füssli is merely a retailer, it cannot influence such packaging materials. On the other hand, FSC-certified products are used at the publishers whenever possible. In terms of environmental protection, Orell Füssli welcomes and supports the trend towards digital teaching materials.

GREENHOUSE GAS EMISSIONS AND TOTAL ENERGY CONSUMPTION

	Unit	2023	2022
CO ₂ (Scope 1+2) ¹⁾	tCO ₂ eq	272	378
CO ₂ (Scope 3) ²⁾	tCO ₂ eq	12,000	n/a
Energy consumption, total	MWh	6,696	7,022

1) The share of emissions from Scope 2 was disclosed here under the market-based approach. Under the location-based approach, the value is 1,032 tCO₂e (Scope 1+2) for 2023.

2) Scope 3 emissions were screened for the first time in 2023 and included the following companies: Orell Füssli AG, Zeiser GmbH, Zeiser Inc., Zeiser Ltd. and Orell Füssli Thalia AG. For the following indirect emission categories, a rough estimate of the emissions was made based on the data available: Purchased goods and services (cat. 1), purchased capital goods (cat. 2), energy and fuel-related activities (cat. 3), waste (cat. 5), business travel (cat. 6), commuting (cat. 7), rented or leased fixed assets (cat. 8), downstream transport and distribution (cat. 9), disposal of sold goods at the end of their lifecycle (cat. 12; data unavailable due to confidentiality requirements for security printing). The emissions resulting from the rented areas in the bookstores were estimated due to lack of information from landlords and are applied in the category of rented or leased fixed assets (cat. 8).

ENERGY

Heating & fuels

	Unit	2023	2022
Heat & fuels total	MWh	1,728	2,069
Stationary ¹⁾	MWh	1,616	1,935
<i>Natural gas²⁾</i>	<i>MWh</i>	<i>1,342</i>	<i>1,935</i>
<i>District heating</i>	<i>MWh</i>	<i>273</i>	<i>–</i>
Mobile	MWh	113	134
<i>Petrol</i>	<i>MWh</i>	<i>–</i>	<i>–</i>
<i>Diesel</i>	<i>MWh</i>	<i>113</i>	<i>134</i>

1) The energy sources required to generate heat for bookstores could not be calculated. Orell Füssli Thalia's energy consumption estimate for diesel by is put at 5 MWh for 2023 and 134 MWh for 2022. Petrol consumption is estimated at 4 MWh for 2023 and 0 MWh for 2022 due to a lack of information. These estimates are not included in the table above.

2) In 2023, a gas mixture with a proportion of 30% biogas (403 MWh) was purchased.

Electricity

	Unit	2023	2022
Electricity total	MWh	4,967	4,819
from certified sources	MWh	4,967	4,819
from non-certified sources ¹⁾	MWh	–	–

1) The energy consumption (electricity) of the bookstores is estimated at 1,629 MWh due to partially missing emission information from the landlords. With known energy consumption of 10 shops, average electrical energy intensity of 130.24 kWh per m² of operating space was calculated in 2023. These estimates are not included in the table above.

OTHER INDICATORS

Waste

	Unit	2023	2022
Waste total ¹⁾	t	471	n/a
General waste incineration ²⁾	t	139	n/a
General waste landfill ²⁾	t	91	n/a
General waste recycling externally	t	65	n/a
Hazardous waste incineration	t	168	n/a
Hazardous waste recycling	t	9	n/a

1) Excluding bookstores

2) With Zeiser, it was not possible to differentiate between the disposal methods of incineration and landfill in general waste (but recycling could be separated). For this reason, the same relative distribution as for the security printing was assumed.

GRI 305-1 GREENHOUSE GAS EMISSIONS

Direct greenhouse gas emissions (Scope 1)

	Unit	2023	2022
Scope 1 emissions, total	tCO ₂ eq	219.1	332.7
Fossil fuels ¹⁾	tCO ₂ eq	190.5	296.8
Transport/fuel ²⁾	tCO ₂ eq	28.6	35.8

1) A gas mixture with a proportion of 30% biogas (403 MWh) was used for the first time in security printing. The biogenic emissions amount to 80 tCO₂eq (out-of-scope emissions). The emissions associated with heating at the bookstore branches could not be calculated due to a lack of information from landlords.

2) The emissions resulting from Orell Füssli Thalia's fuel consumption were modelled on the basis of the costs incurred. These were considered here under Scope 3 Category 3 (energy and fuel-related activities).

GRI 305-2 Indirect, energy-related greenhouse gas emissions (Scope 2)

	Unit	2023	2022
Scope 2 emissions, total (market-based) ¹⁾	tCO ₂ eq	52.4	45.7
Scope 2 emissions, total (location based)	tCO ₂ eq	571.1	n/a
Electricity (market-based) ²⁾	tCO ₂ eq	3.3	–
Electricity (location-based) ³⁾	tCO ₂ eq	522.0	n/a
Others (district heating) ¹⁾	tCO ₂ eq	49.1	45.7

1) Zeiser's district heating procurement (new in 2023) was calculated using the location-based approach, as a market-based emissions factor is not yet available.

2) Compared with the previous year, the energy generated by hydropower (security printing) was calculated using designated emission factors (2022: assumption of zero emissions for hydropower).

3) The location-based approach is based on the IEA's emission factors (2023) and was adjusted using energy trading corrections.

The emissions from the bookstores were estimated at 153 tCO₂eq due to a lack of data from landlords.

GRI 305-3 Other indirect greenhouse gas emissions (Scope 3)

	Unit	2023	2022
Scope 3 emissions, total (1)	tCO ₂ eq	12,000	n/a

1) Scope 3 emissions were screened for the first time in 2023 and included the following companies: Orell Füssli AG, Zeiser GmbH, Zeiser Inc, Zeiser Ltd. and Orell Füssli Thalia AG. For the following indirect emission categories, a rough estimate of the emissions was made based on the data available: Purchased goods and services (cat. 1), purchased capital goods (cat. 2), energy and fuel-related activities (cat. 3), waste (cat. 5), business travel (cat. 6), commuting (cat. 7), rented or leased fixed assets (cat. 8), downstream transport and distribution (cat. 9), disposal of sold goods at the end of their lifecycle (cat. 12; data unavailable due to confidentiality requirements for security printing). The emissions resulting from the rented areas in the bookstores were estimated due to lack of information from landlords and are considered in the category of rented or leased fixed assets (cat. 8).

GRI 305-4 Intensity of greenhouse gas emissions

	Unit	2023	2022
tCO ₂ per CHF thousand revenue ¹⁾	tCO ₂ eq	0.0024	0.0036

1) Only Scope 1 and 2 emissions (excluding bookstores). Data availability for 2023 has been significantly improved compared with 2022. Revenue in 2023 amounted to CHF 114.8 million and to CHF 105.1 million in 2022. The intensity stated in the previous year was corrected.

Reduction of greenhouse gas emissions

Orell Füssli was able to reduce both greenhouse gas emissions and total energy consumption in 2023. Scope 1 and 2 amounted to 272 tCO₂eq in the reporting year (2022: 378 tCO₂eq), which corresponds to a reduction of 28%. This improvement was achieved in particular through the purchase of low-emission electricity and the use of gas with a 30% biogas content in Security Printing. In 2022, the share of biogas was still 25%. Moreover, gas consumption was reduced through the purchase of more district heating.

Orell Füssli's total energy consumption is heavily dependent on production capacity utilisation and the respective product mix. In 2023, energy consumption remained largely constant compared with 2022, with a slight increase in electricity consumption but a reduction in energy consumption for heat generation and fuel consumption.

In total, emissions in Scope 1 were reduced by 36%, which had a positive impact on the overall balance sheet. The replacement of diesel vehicles with electric vehicles also contributed to the improvement in Scope 1, with emissions resulting from fuel consumption reduced by 20% in the reporting year.

Scope 2 emissions increased slightly compared with 2022. Nevertheless, the electricity mix selected by Orell Füssli (market-based) is performing significantly better than the electricity mix of the country average (location-based), which underscores Orell Füssli's commitment to climate protection.

In 2023, the Orell Füssli Group carried out a screening of Scope 3 emissions for the first time, which included the following group companies: Orell Füssli AG, Zeiser GmbH, Zeiser Inc, Zeiser Ltd. and Orell Füssli Thalia AG. Rough estimates were made for various indirect emission categories based on the availability of data. These categories can be found in the footnote to the table above (GRI 305-3). For the current reporting year, emissions totalled about 12,000 tCO₂eq. However, it should be noted that this figure is not guaranteed to be complete due to the current availability of data. Orell Füssli aims to take greater account of data in the coming years. However, this is possible only if all players – particularly the landlords in the book trade – make their contribution to disclosure.

Increasing focus on renewable energy sources

Measures such as the aware purchase of energy sources, the use of electric vehicles and state-of-the-art building technology are having an impact: For example, by connecting to the local district heating network in Emmingen, Germany, Zeiser has increased the proportion of renewable energy and reduced the use of natural gas by 31%.

Waste survey

Orell Füssli recorded waste for the first time in 2023. The aim is to systematically collect this information over the next few years and thus improve data quality.

4. Employees, social affairs and society

Orell Füssli is aware that its employees are key to the company's long-term success, and so the Group endeavours to offer up-to-date and attractive employment models and working conditions that support the development of each person's capabilities. The topics of education, further training, data security and data protection not only reinforce Orell Füssli's sense of duty towards its employees, but also anchor its social responsibility.

Material topics:

- Education and training
- Data security and data protection
- Leadership culture and collaboration
- Occupational health and safety

**SDG 3: good health and well being**

Orell Füssli contributes to low-accident and low-injury working conditions by raising employees' awareness of the need to comply with safety guidelines and through its certified occupational safety management system. With this system and flexible working hours models, Orell Füssli supports the different lifestyles of its employees and takes their health into consideration.

**SDG 4: quality education**

Orell Füssli contributes to the education of its employees and society by promoting internal training and education and through a wide range of digital and analogue learning media and book retailing.

4.1 Education and training

Education and training are key issues for Orell Füssli, both in terms of products and services and within the company. Publishing and bookstores have traditionally been strongly linked to education. Orell Füssli promotes education and training within the company. Basic vocational training is of particular importance in this regard. This is not only a way of addressing the shortage of skilled workers, but also, from Orell Füssli's perspective, making a contribution to society.

Apprenticeships and further training for employee development

Apprenticeships have long been part of the landscape at Orell Füssli and are highly valued. They ensure the development of necessary future specialists and enliven the company's corporate culture. At the head office in Zurich, at Zeiser in Emmingen and in the bookstores, apprenticeships are offered in technical and commercial professions and as booksellers and stationers. Orell Füssli employed a total of 89 apprentices in 2023.

Orell Füssli supports training and education within the company. Training needs that cannot be organised at the workplace or internally by supervisors are regulated through training and development guidelines. The guidelines contains the basis for financial participation in the costs and working time for professional training and continuous development. Book Retailing offers employees a very broad programme for personal and professional development. This includes an e-learning platform, modules for developing professional, leadership and social skills, and a career changer programme. Regarding further training, no comprehensive statistics are kept at Group level due to technical requirements (e.g. no option for effective time recording) and cost-benefit considerations.

Innovation and quality in education

In 2019, the company decided to focus Orell Füssli Publishers on the education sector and, in addition to a small range of children's books, to concentrate its services mainly on learning media and specialist legal media. The publishers stand for innovation and quality in the education sector with the aim of developing and publishing forward-looking, substantive and teacher and learner-oriented teaching materials (analogue and digital), and educational specialist and non-fiction books. Strategically, digitalisation is an opportunity for the publisher: it enables internal processes to be made more effective and efficient. However, there are also new opportunities to create valuable, pedagogically and didactically effective teaching and learning media. Which is why hep Verlag is investing in digital projects for the future. This is underlined by the myKV teaching and learning programme for basic commercial training, which was launched in 2023.

4.2 Data security and data protection

The topic of data security and data protection at Orell Füssli covers the entire security of physically and digitally captured data. The topic is relevant for the company in the area of risk management. However, increasing awareness of the value of trustworthy and tamper-proof security and identity documents is an opportunity for Orell Füssli's business model.

Dealing with data security and data protection

Discretion and the handling of highly sensitive data are an inherent part of Orell Füssli's business operations. The company thus has a code of conduct for its employees and sets explicit guidelines on the handling of data when working with partners. Employees are regularly sensitised and trained in the relevant issues. The code and the guidelines were brought in line with the new Swiss Federal Act on Data Protection, which came into force on 1 September 2023. The effectiveness of the processes is regularly reviewed, both internally and by independent bodies.

The strictest requirements for data security and protection are set by the Security Printing segment. One example relates to information on the security design of individual products relating to paper, colours and techniques. Evidence that the highest standards in this area have been met is provided by ISO 14298 certification. This certifies that the company is recognised worldwide as a security printer. This guarantees the verification of security aspects and the management system by independent third parties.

During the reporting period, no complaints were received regarding breaches of client data protection or loss.

Promoting employees' responsible handling of data protection

The way in which employees handle the IT infrastructure, emails and company data has an impact on IT security. Gaps that open up due to careless behaviour can lead to cyber attacks with serious consequences. The Orell Füssli Group requires all employees to comply with its IT security policy. All employees must regularly complete e-learnings with multiple modules on the topic of cyber security. Orell Füssli's IT security policy is intended to support employees by providing instructions on conduct in terms of IT security and compliance with legal obligations. The key principles are:

- Protection of computers from unauthorised use and theft
- Responsible handling of emails
- Responsible use of the internet

Additional measures to support information security are set out in the employee regulations. The results of the internal IT security campaigns and technical adjustments are presented to the management each quarter and to the Board of Directors once a year. Compliance with these guidelines is checked regularly by Internal Audit and external partners, evaluated and used as a basis for improvement measures.

4.3 Leadership culture and collaboration

For Orell Füssli, leadership culture and collaboration means endeavouring to create a value-oriented corporate culture and exhibit responsible leadership behaviour. The management culture influences the working atmosphere, the satisfaction and well being of employees, shapes collaboration with suppliers, customers and partners, and has a positive impact on Orell Füssli's reputation as an employer. An inconsistent understanding of leadership and values could lead to a loss of efficiency in the company, negatively affect the relationship with external partners and thus the company's economic success.

In the reporting year, Orell Füssli redefined the company values as part of its strategic work. The values were unveiled and validated at two management workshops. Workshops were held throughout the Group in the fourth quarter to communicate the new values to the entire workforce of Orell Füssli AG and Zeiser GmbH in order to promote a common understanding of strategy, values and their day-to-day implementation in operations. Launched internally in 2023, the company will also be rolled out to external stakeholders in 2024.

Clear guidelines for employees and managers

The basis for cooperation at Orell Füssli is the code of conduct, which applies to all employees of the fully consolidated companies. Orell Füssli Thalia AG, which is held as a joint venture, has its own code of conduct, but its basic approach is in line with that of Orell Füssli. The code of conduct provides employees throughout the Group with guidelines on how to conduct themselves with integrity. To meet local legal and cultural requirements, implementation of the management and HR policy is adapted to the country in question.

Guidelines on internal conduct regulate the provisions on personal privacy, sexual harassment and bullying. Mutual respect and regard for the dignity of each individual are essential for a pleasant working atmosphere. Bullying and abusive behaviour, unequal treatment, violent behaviour or harassment based on differences in ethnicity, nationality, religious or ideological beliefs, gender or sexual orientation will not be tolerated. The guidelines provide support for supervisors in dealing with challenging situations. Trusted employees can assist affected employees and are obliged to maintain confidentiality. An internal grievance procedure is also operated by HR management.

Employees who discover a suspected violation of the code of conduct are required to report this immediately to their direct superior. Alternatively, employees may contact the Human Resources Department, the risk officer or a law firm named in the code of conduct. The law firm acts as a contact point for whistleblowers. Employees are assured that they will not suffer any disadvantages as a result of a report. In addition, external parties also have the

opportunity to report any unethical behaviour. They can contact Orell Füssli via info@orellfuessli.com, investors@orellfuessli.com or kundenservice@orellfuessli.ch. There were no reports of violations of the code of conduct in 2023.

Regular employee surveys

Employee surveys are conducted every two to three years or as needed. A comprehensive survey was conducted by an independent institute at Orell Füssli AG in 2021 and at Orell Füssli Thalia AG in 2022. Employees were informed of the results and measures are being implemented in stages. Issue-specific surveys are carried out in the individual business areas. The next surveys will be conducted in 2024 and 2025 respectively.

Fair and attractive working conditions

Orell Füssli's regulations on working hours allow employees the greatest degree of flexibility in the structure of their working hours. Employees benefit from up-to-date working time models. Orell Füssli facilitates part-time work and home office models in order to achieve a better balance between work and lifestyle and/or family model chosen by employees. Orell Füssli's social benefits are balanced and at least in line with the local practices customary in the industry.

In accordance with legal requirements, equity analyses are carried out every three years in order to ensure a workplace that is free from discrimination. The results of the most recent analysis were published in the Annual Report 2021 on page 33. PwC confirmed in its reports dated 30 November 2021 (for Orell Füssli AG) and 7 June 2021 (for Orell Füssli Thalia AG) that its formal reviews of the equal pay analysis did not uncover any facts that would lead it to conclude that the equal pay analysis at the two companies did not meet all the requirements of Art. 13d and Art 7 of the Ordinance to the Gender Equality Act.

4.4 Occupational health and safety

Orell Füssli is aware that working conditions and the working environment have a significant influence on employees' long-term performance, satisfaction and motivation.

By contrast, unsafe working conditions not only have a negative impact on employees, but can also adversely affect Orell Füssli's performance and hinder its long-term success.

Certified management system for occupational health and safety

Various aspects of occupational health and safety are relevant to Orell Füssli employees, depending on the business segment and job profile.

- In Security Printing and Industrial Systems, there are greater risks of injury, such as through rotating parts or cutting edges where employees could be injured, or through handling chemicals. Other relevant factors for employee health include night work and ergonomics in production. However, the accident rate in Security Printing is low and below the industry average.
- The risk of injury or possible effects of the working environment on employees' health are significantly lower in the book trade, the publishers and at Procvivis.

Orell Füssli has clearly assigned responsibilities in all segments and implements process-specific measures to facilitate occupational health and safety. Risks are regularly assessed in an ongoing process and measures are altered if necessary. Compliance with occupational safety guidelines is of central importance in production especially. Security Printing is certified to ISO 45001 and aims to achieve the goal of avoiding downtime due to preventable work accidents. The guidelines are defined through close cooperation between employee representatives, management, safety officers, the HR department and external specialists. The low accident rate in Security Printing (below industry average) is evidence of the effectiveness of these guidelines.

As the business segments are very different, there is no cross-group concept for occupational health and safety protection. Production in Switzerland maintains a certified management system for occupational health and safety in accordance with ISO 45001. The Head of Safety coordinates and monitors the implementation of the defined measures and is responsible for the proper execution of hazard identification and accident analysis. Similar processes and functions are in place for production at Zeiser GmbH. Even the book trade follows a security plan, in which annual security goals are recorded. For 2023, the focus was on maintenance of escape routes, evacuation drills and hazard assessments. The latter were carried out at all bricks-and-mortar retail locations using a checklist on occupational health and safety. Orell Füssli also makes learning videos available to employees.

Dealing with extraordinary situations

The business continuity management regulations provide the framework for developing location-specific business impact analyses and associated recovery plans. The Orell Füssli Group's emergency and crisis management documents govern the procedure to be followed in the event of an emergency or crisis. After an incident, measures for future prevention are defined and implemented. The responsibility for this task lies with the safety officer.

Orell Füssli provides aids for minor cases and precautionary measures. Defibrillators and eyewash stations are easily visible and accessible for medical emergencies. In addition to the legally required personal protective equipment, Orell Füssli provides employees with sanitisers and masks. Employees include trained personnel who can initiate first-aid measures in an emergency. The company regularly offers courses to employees to improve occupational safety and to learn how to use defibrillators.

Performance indicators

OCCUPATIONAL HEALTH AND SAFETY

	2023	2022
Employees covered by an occupational health and safety management system	95%	86%
Work-related injuries	7.0	12.0
Work-related illnesses	–	–

In the reporting year, 95% of employees were covered by an occupational health and safety management system. Orell Füssli Thalia was also included in the 2023 calculations and the previous year's figures were adjusted accordingly.

Key figures on employees

EMPLOYEES BY GENDER AND BUSINESS SEGMENT

	2023			2022		
	Male	Female	Total	Male	Female	Total
Group	318.3	346.2	664.5	342.0	308.0	650.0
Security Printing	122.4	40.4	162.8	120.8	35.6	156.4
Industrial Systems	78.1	18.9	97.0	102.0	29.0	131.0
Book Retailing	62.7	226.4	289.1	79.0	193.5	272.5
Other business areas and Group functions	55.1	60.5	115.6	40.2	49.9	90.1

EMPLOYEES BY EMPLOYMENT LEVEL

	2023			2022		
	Male	Female	Total	Male	Female	Total
Full time	276.4	153.8	430.2	305.0	255.0	560.0
Part Time	41.9	192.4	234.3	37.0	53.0	90.0

EMPLOYEES BY EMPLOYMENT LEVEL AND BUSINESS SEGMENT

	2023		2022	
	Full time	Part time	Full time	Part time
Group	422.4	242.1	560.0	90.0
Security Printing	157.0	5.8	149.0	7.4
Industrial Systems	78.1	22.3	118.0	13.0
Book Retailing	134.2	155.0	248.0	24.5
Other business areas and Group functions	53.1	59.0	45.0	45.1

EMPLOYEES BY AGE AND BUSINESS SEGMENT

	2023			2022		
	< 30 years	30-50 years	> 50 years	< 30 years	30-50 years	> 50 years
Group	166.3	273.0	225.2	124.3	287.2	238.5
Security Printing	13.2	71.7	77.9	10.7	68.9	76.8
Industrial Systems	19.9	33.9	46.6	18.0	51.0	62.0
Book Retailing	103.0	113.9	72.3	82.0	118.5	72.0
Other business areas and Group functions	30.2	53.5	28.4	13.6	48.8	27.7

NEWLY HIRED EMPLOYEES AND EMPLOYEE TURNOVER

	2023	2022
Number of new employees	55.3	46.0
Rate of newly hired employees	8.4%	7.2%
Number of employees who have left the company	77.6	113.5
Employee turnover	11.8%	17.7%

Staff who are not employees

Orell Füssli also employs external staff. Typical areas where these staff are employed include building cleaning, access security and stocktaking. In book retailing, external staff are used particularly during the Christmas period or when the pool of stand-ins is insufficient due to illness. Orell Füssli employs an average of about 110 full-time equivalents (previous year: approx. 110) in external resources each year. Orell Füssli's partners that employ external staff are professional recruitment agencies that comply with statutory regulations and minimum wages.

5. Governance

Long-term successful business relationships are built on trust. Orell Füssli has established an excellent reputation as a reliable partner over the years. This reputation is an asset to the company, which is why the management does its utmost to meet the high demands of customers, investors, employees and all other stakeholder groups, and to protect its 500-year heritage. It is for this reason that Orell Füssli sets the highest standards for the compliance and conduct of its employees and respect for human rights.

5.1 Compliance and business ethics

Orell Füssli undertakes to comply with all applicable laws and regulations and to respect human rights and social standards. Orell Füssli understands compliance to mean internal rules, management structures, processes and practices that ensure fairness, transparency and accountability, and which encourage corporate governance with integrity. This includes the prevention of anti-competitive behaviour, money laundering, bribery and corruption. In the reporting year, no violations of laws were reported that led to significant fines or non-monetary sanctions. For Orell Füssli, business ethics mean a value and people-oriented corporate culture and responsible behaviour. Ethical business practices are a prerequisite for successful business. This applies particularly to Security Printing and the Industrial Systems segment, as these areas also operate in countries with corruption risks.

Code of conduct for employees

Orell Füssli has had a Group-wide code of conduct for employees since 2021. The code is handed out and must be signed when taking up employment. It covers the principles of action relating to corporate culture, integrity and human rights, discretion, the avoidance of bribery and corruption and proper conduct in the event of a conflict of interest. At Orell Füssli AG, employees are also required to submit an annual extract from the criminal record and debt enforcement register to the HR department.

The Orell Füssli code of conduct is publicly available on the company's website: www.orellfuessli.com/en/investors.

Banknote Ethics Initiative (BnEI) to promote fair competition

Orell Füssli Security Printing has been a member of the Banknote Ethics Initiative (BnEI) since 2017. The BnEI is an initiative that promotes ethical business practices with a focus on corruption prevention and antitrust compliance in the banknote industry. BnEI members are committed to ethical business practices in accordance with the BnEI code. All organisations that have signed the Code must be accredited after an audit by an external auditor. The industry association has about 15 members worldwide. More than 40 commissioning central banks support the initiative. Accreditation is reviewed regularly and is maintained on the basis of external audits.

Further information can be found on the BnEI website: www.bnei.com

Screening of business partners to prevent corruption and ensure ethical business practices

Orell Füssli expects impeccable business behaviour from its suppliers and, depending on the business segment, also from its customers. In Security Printing, suppliers must comply with the supplier code of conduct. In signing the code, they undertake to respect the human rights of their employees, to refrain from any discrimination, to guarantee fair working conditions, to ensure continuous improvement in occupational health and safety, and to improve their environmental performance. Compliance with the code is reviewed in regular supplier audits (see page 44). The relevant suppliers are audited at least once every three years. In the reporting year, about 40% of key suppliers were audited in this way. There were no known cases of corruption in the reporting year.

The other business segments also examine each supplier connection before working together, with a strong focus placed on certifications. Audits are also carried out. The most important suppliers are also indexed for querying in the daily media review.

In order to eliminate the risk of corruption in Orell Füssli's business relations as far as possible, the integrity of potential new customers is also comprehensively checked. In addition to checking for compatibility with Orell Füssli's business strategy, a compliance check is also carried out by the compliance officer in Security Printing. Final approval is the responsibility of the Executive Board. Additional preventive measures to avoid corruption are implemented through guidelines for employees and in payment transactions. Payments are centrally approved by the finance department in accordance with the four-eyes principle. Payments with no supporting documentation are not processed. Sales or purchases do not have access to bank accounts and therefore cannot initiate payments.

Orell Füssli Thalia also expects its suppliers to follow ethical business practices, but it does not provide a supplier code of conduct yet.

5.2 Respect for human rights

Orell Füssli is committed to protecting human rights in all areas of its business activities. The Group is committed to respecting the fundamental rights and dignity of all people, whether within the workforce or with customers and partners.

The principles for respect of human rights are set out in Orell Füssli's code of conduct. The company is committed to maintaining a safe working environment, free from discrimination, bullying or any form of violence, and categorically rejects child and forced labour. No critical materials from conflict areas, such as minerals and metals, are used in its operations. No children are employed. The youngest employees are the apprentices, who have appropriate apprenticeship contracts, are directly supervised by a responsible person in the HR department, and legally enjoy special protection. Regular supplier audits are conducted to verify the risk of child labour or violation of human rights in the supply chain. In the reporting year, the company focused more heavily on this area. No cases of discrimination were raised in the reporting year.

Suppliers are also obliged under the supplier code of conduct to strictly adhere to the defined standards and employment regulations. This also includes instructions on respect of children's rights. Suppliers are instructed to prevent any cases of child labour. In the reporting year, Orell Füssli performed an analysis of regulatory due diligence obligations in the supply chain. The Group categorises its suppliers based on revenue and safety relevance of the products, and started a systematic review in the reporting year.

6. CoO reference table

Since this Annual Report also includes reporting on non-financial matters in accordance with the Swiss Code of Obligations and reporting is carried out for the material topics for Orell Füssli, the following CoO reference table is used to assign the key topics to the non-financial matters in accordance with the Swiss Code of Obligations.

SWISS CODE OF OBLIGATIONS REFERENCE TABLE

Non-financial matters according to Art. 964b CoO	Material topics Orell Füssli AG	Section of the 2023 non-financial report
Environmental matters	Energy efficiency and climate protection	3. Environment
Social matters	Education and training	4. Employees, social affairs and society
	Occupational health and safety	4. Employees, social affairs and society
	Education and training	4. Employees, social affairs and society
Employee matters	Leadership culture and collaboration	4. Employees, social affairs and society
Respect for human rights	Respect for human rights	5. Governance
Anti-corruption	Compliance and business ethics	5. Governance

Any enquiries on this report should be addressed to investors@orellfuessli.com.

7 Declaration of the Board of Directors

The Board of Directors of Orell Füssli AG unanimously approved the non-financial report for 2023 in its meeting on 6 March 2024. The report signed by the Chairman of the Board of Directors has been lodged in the records of the Board of Directors meeting.

Corporate Governance

This report complies with the requirements of SIX Swiss Exchange's guidelines regarding information on Corporate Governance. Unless stated otherwise, the information refers to 31. December 2023.

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 website of Orell Füssli AG under Corporate Governance (www.orellfuessli.com/en/investors).

1. Group structure and shareholders

Operational Group structure

In terms of management, the Orell Füssli Group is structured into three divisions and Other business areas. The Security Printing, Zeiser and Book Retailing divisions, and the publishing businesses assigned to Other business areas, enjoy extensive autonomy in their strategic and operational management. Orell Füssli AG exerts influence on the strategic direction of the individual divisions and subsidiaries.

Orell Füssli Thalia AG has its own Executive Board. The Executive Board of Orell Füssli AG exerts influence on the company through its seat on the Board of Directors of Orell Füssli Thalia AG and through exercise of its shareholder rights. This also applies to the subsidiary Procivis AG and to hep Verlag AG, which was acquired on 1. July 2022.

Companies included in the scope of consolidation

The parent company, Orell Füssli AG, has its registered office in Zurich. The company is listed on SIX Swiss Exchange under security number (Valorenummer) 342 080 and ISIN number CH0003420806. The Legal Entity Identifier No. (LEI) is 5067005U9Z97T4PWVC13. The market capitalisation as at 31. December 2023 was CHF 147.4 million.

Orell Füssli AG has no investments in listed companies. A complete overview of significant investments can be found in section 7.5 of the financial report (page 106).

Significant shareholders

In the reporting year, there were no significant changes to the shareholder structure and thus no disclosure notifications. All disclosure notifications can be viewed on the SIX Swiss Exchange website at www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/. For a list of significant shareholders, please refer to the financial report (Note 9.20).

Cross-shareholdings

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

2. Capital structure

Capital

The ordinary share capital of Orell Füssli AG amounts to CHF 1,960,00 divided into 1,960,000 registered shares with a nominal value of CHF 1.00 each and is fully paid-in. Each share has one vote. Only those registered as shareholders in the share register can exercise their voting rights. Shares held by the company have no voting rights. There are no preferential rights or similar entitlements. Orell Füssli AG has not issued any profit-sharing certificates or participation certificates.

As at 31. December 2023, Orell Füssli AG has neither a capital fluctuation margin nor conditional or authorised capital, and no convertible bonds or options are outstanding.

Changes in capital

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

Own shares

In the context of the equity participation plan for members of the Executive Board, Orell Füssli AG did not purchase any own shares in the year under review, but it issued 508 shares from its own holdings.

Restrictions on the transferability of shares and nominee registrations

The Articles of Association of Orell Füssli AG do not contain any restrictions on the transfer of shares. Art. 4a of the Articles of Association of Orell Füssli AG states that in order to be entered in the share register with voting rights, buyers of shares must expressly declare that they have acquired the shares in their own name and for their own account. The Board of Directors also enters nominees in the share register with voting rights for up to a maximum of 3% of the share capital indicated in the Commercial Register. Above this limit, the shares of nominees are entered only if the respective nominee informs the company of the names, addresses and shareholdings of the persons on whose account they hold 0.5% or more of the share capital indicated in the Commercial Register. No such requests were received in the reporting period.

Legal entities and partnerships or other associations of persons or joint owners that are associated with or related to one another by virtue of capital ownership or voting rights, common management or in any other manner, and natural persons or legal entities and partnerships that act in a coordinated manner in order to circumvent the provisions on nominees (in particular by acting as a syndicate) shall be regarded as a nominee for the purposes of Art. 4a of the Articles of Association.

If the entry of the buyer into the share register as a shareholder with voting rights is refused, the buyer shall be entered into the share register as a shareholder without voting rights.

3. Board of Directors

Members of the Board of Directors	Year of birth	Nationality	Member since
Mirjana Blume	1975	CH	21.05.2020
Dr Martin Folini	1958	CH	21.05.2020
Dr Thomas Moser	1967	CH	07.05.2014
Dr Luka Müller	1964	CH	21.05.2020
Johannes Schaede	1955	CH/DE	11.05.2022
Dieter Widmer	1963	CH	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, 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 AG or any other company of the Orell Füssli Group other than their directorship.

Rules in the Articles of Association regarding the maximum number of appointments

According to Art. 18h of the Articles of Association, members of the Board of Directors may not take on more than five additional appointments (as a member of the supreme executive or management body) at listed companies, no more than 10 at non-listed companies and no more than 10 at associations, charitable foundations, family foundations or employee benefit foundations.

Members of the Board of Directors



CHAIRMAN OF THE BOARD OF DIRECTORS
 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

POSITIONS

1985–1990 Foundation for Research and Consulting at BWI, ETH Zurich, Project Manager
 1990–1993 Isopress AG, Managing Director
 1993–2009 Rieter Textile Systems, various management positions, most recently CEO Spun Yarn Systems Business Unit
 2010–2014 K.R.R. Pfiffner AG, CEO and member of the Board of Directors, Pfiffner Group
 2014–2016 Saurer AG, CEO Saurer Group
 Since 2017 Independent member of the Board of Directors

OTHER BOARD APPOINTMENTS

President MTEC Foundation, ETH Zurich
 Chairman of the Board of Directors, Hans Oetiker Holding
 Member of the Board of Directors, Integra Holding
 Member of the Board of Directors, Sitek AG (100% subsidiary of Integra Holding)
 Member of the Board of Directors, Signal AG (100% subsidiary of Integra Holding)
 Member of the Board of Directors, Eugen Seitz AG
 Member of the Board of Directors, Kowema AG
 Member of the Board of Directors, Stadtmühle Schenk AG (100% subsidiary of Kowema AG)
 Member of the Board of Directors, Landqart AG



VICE CHAIRMAN OF THE BOARD OF DIRECTORS
 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

POSITIONS

1986–2010 KPMG, Zurich, Vancouver, Bern, Auditor and Management Consultant
 From 1997 Head of KPMG Bern
 From 1998 Partner and
 From 2002 Member of the Executive Board, KPMG Switzerland
 From 2007 Member of the Non-Executive Board and member of the Audit Committee, KPMG Europe LLP
 Since 2010 Entrepreneur and independent member of various boards of directors

OTHER BOARD APPOINTMENTS

Member of the Board of Directors, Stäubli Holding AG
 Co-owner and member of the Board of Directors, EquityNova AG
 Co-owner and member of the Board of Directors, RP Invest AG
 Member of the Foundation Council, Kuoni and Hugentobler Foundation
 Member of the Board of Directors, Mühle Walther AG
 Member of the Board of Directors, Mühle Burgholz AG (85% subsidiary of Mühle Walther AG)
 Member of the Board of Directors, Blattmann Schweiz AG



MEMBER OF THE BOARD OF DIRECTORS
 Member of the Audit Committee
 Member of the Digital Committee
 Member of the Board of Directors since 2020

Mirjana Blume

Swiss, born 1975
 Executive MBA, University of St. Gallen
 Business Economist FH, ZHAW

POSITIONS

1996–1997 Schulthess Maschinen AG, Accountant
 1997–1999 PricewaterhouseCoopers AG, Tax Consultant
 1999–2000 Swissôtel Management Europe AG, Regional Accountant and Controller
 2000–2006 MediCentrix AG, MediService AG, CFO, Head of Sourcing & IT, Member of the Board of Directors
 2006–2008 Novartis Pharma Schweiz AG, Business Planning and Analysis Manager/Deputy Head of Oncology
 2008–2011 Edisun Power Europe AG, CFO, CEO (09–11)
 2012–2018 Qnective AG, CFO
 2018 Jedlix B.V., Rotterdam, Netherlands, CFO (interim)
 Since 2019 SML Solutions AG, Managing Director
 Since 2021 Synhelion SA, CFO

OTHER BOARD APPOINTMENTS

Vice Chairwoman of the Board of Directors and Chairwoman of the Audit Committee, Industrielle Werke Basel (IWB)
 Chairwoman of the Board of Directors, EWE AG
 Member of the Board of Directors, Werke am Zürichsee AG
 Member of the Board of Directors, Freigeist Asset Management AG
 Secretary of the Board of Directors, Qnective AG
 Senior independent NED, W.A.G. payment solutions plc, UK



MEMBER OF THE BOARD OF DIRECTORS
 Member of the Compensation Committee
 Member of the Digital Committee
 Member of the Board of Directors since 2014

Dr Thomas Moser

Swiss, born 1967
 Dr. oec. publ., University of Zurich

POSITIONS

1996–1999 Economist, KOF Swiss Economic Institute at ETH Zurich
 1999–2001 Economist, Swiss National Bank
 2001–2004 International Monetary Fund (IMF), Washington, USA, Advisor; from 2002 Senior Advisor to the Executive Director of the IMF constituency headed by Switzerland
 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
 Since 2021 Visiting professor at the Faculty of Economics, University of Lucerne

OTHER BOARD APPOINTMENTS

None



MEMBER OF THE BOARD OF DIRECTORS
 Chairman of the Digital Committee
 Member of the Board of Directors since 2020

Dr Luka Müller

Swiss, born 1964
 Lawyer, LL.M.

Degree from the University of Zurich, doctorate from the University of Basel and master's from the London School of Economics (LSE)

POSITIONS

1990–1993 Legal internship in the courts of Zug, bar exam and examining magistrate in Zug
 1993–1994 Degree course at the London School of Economics (LSE)
 1995–1998 Lawyer at a commercial law firm in Zurich and Zug
 Since 1999 Co-founder/partner; until 2019 managing partner of MME Legal | Tax | Compliance AG

OTHER BOARD APPOINTMENTS

Co-owner and Chairman of the Board of Directors, KYC Spider AG
 Co-owner and Chairman of the Board of Directors, Sygnum Bank AG
 Chairman of the Board of Directors, Marquard Media Group AG



BOARD OF DIRECTORS
 Member of the Board of Directors since 2022

Johannes Schaede

Swiss and German dual citizen, born 1955
 Machine installation apprenticeship, KSB AG, Frankenthal
 Degree from ETH Zurich, Dipl. Ing.

POSITIONS

1983 Banknote printing internship, Bundesdruckerei Berlin
 1984 Banknote Machine Designer, Koenig & Bauer AG, Würzburg
 1989–1990 Head of Production Banknote Machines, Egenolf Contracting, Indianapolis
 1990–2001 Authorised signatory for banknote machines, Koenig & Bauer AG, Würzburg
 2001–2021 CTO, Koenig & Bauer BNS SA, Lausanne
 Since 2007 Teaching position, OWL University of Applied Sciences and Arts, Lemgo

OTHER BOARD APPOINTMENTS

None

Election and term of office

The Board of Directors shall consist of a minimum of three and a maximum of seven members elected by the Annual General Meeting. 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 section 2.8 of the Organisational Regulations (www.orellfuessli.com/en/investors).

Internal organisation

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

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 AG. 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, the Compensation Committee and the Digital Committee. The Board of Directors met five times in the reporting year. In addition, the Board of Directors met for a strategy workshop with the Executive Board.

The Board of Directors conducts an annual self-evaluation of its performance.

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. The Audit Committee met four times during the reporting year, each meeting lasting half a day, and held several video conference calls. The Chairman of the Audit Committee is in regular contact with the Head of Internal Audit, who reports to him.

Compensation Committee

The Board of Directors has appointed a Compensation Committee, which determines remuneration of the Executive Board depending on the company's success and performance. The tasks of the Compensation Committee are defined in Art. 18f of the Articles of Association. 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 (minute taker) of the Orell Füssli Group also attend the meetings (both without voting rights). The Compensation Committee meets at least once a year. In the reporting year, the Compensation Committee met twice.

Digital Committee

The Board of Directors has set up a Digital Committee to help define the Group's digital issues and prepares them for the Board of Directors. The Digital Committee is a committee of the Board of Directors with no supervisory or decision-making authority. The Digital Committee is made up of three members of the Board of Directors and is chaired by one member of the Board of Directors. The CEO and the Head of Corporate Development of the Orell Füssli Group also attend the meetings. The Committee met twice in the reporting year. One session served to prepare for a meeting of the Board of Directors. The Chair of the Digital Committee maintains regular contact with the Head of Corporate Development.

Attendance by members of the Board of Directors

With the exception of one member who was unable to attend an extraordinary meeting, all members of the Board of Directors were present at the meetings and video conferences of the Board of Directors and the committees.

Division of responsibilities between the Board of Directors and the Executive Board

The division of responsibilities between the Board of Directors and the Executive Board is governed in the Organisational Regulations (www.orellfuessli.com/en/investors). 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 as part of the division of responsibilities. The Board of Directors has delegated the management of the business to the Executive Board, chaired by 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 monthly management reporting, which presents the financial situation of the Group and the individual companies by means of income statements, balance sheets and various key figures. An overview of the Group's liquidity situation is also generated on a monthly basis. This is supplemented by the half-year report and annual report with audited annual financial statements at the end of the financial year.

The Chair of the Board of Directors meets regularly with the CEO, including for updates on the most important events and 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) is to assess and, if necessary, improve the effectiveness and efficiency of risk management, the internal management and control systems, and the management processes (governance). In addition, IA reviews compliance with standards and provides independent and objective assurance and advisory services. The Head of IA reports directly to the Chair of the Audit Committee. This position has been held by an external specialist on a part-time basis since 2019. In the year under review, four audits/reviews were conducted with a focus on Orell Füssli AG, with one audit focusing on Zeiser GmbH. Further activities took place in risk review and coordination and in financial assurance. More audits/reviews and assurance activities at Group level and within the divisions will follow in 2024.

4. Executive Board

Rules in the Articles of Association regarding the maximum number of appointments

According to Art. 18h of the Articles of Association, members of the Executive Board may not take on more than two additional appointments (as a member of the supreme executive or management body) at exchange-listed companies or non-listed companies, plus no more than three additional appointments at associations or charitable foundations (five appointments in total).

The company has not entered into any management contracts with companies or natural persons outside the Orell Füssli Group.

Members of the Executive Board



CEO, ORELL FÜSSLIG AG
Member of the Executive Board,
Orell Füssli AG

Daniel Link

Swiss, born 1969
Degree in microengineering, ETH Lausanne;
Executive MBA in General Management,
St. Gallen

POSITIONS

1994–1996 Laboratoire de Microtechnique (LMT),
Research Assistant
1996–2007 OC Oerlikon/ESEC, various R&D
positions
2007–2010 Rieter Management AG,
Project Manager Group Development
2010–2018 Bräcker AG, CEO
2018–2019 Gebrüder Loepfe AG, CEO
Since 1 November 2019 CEO, Orell Füssli AG

OTHER BOARD APPOINTMENTS

Vice Chairman of the Board of Directors,
Orell Füssli Thalia AG
Member of the Board of Directors, Procivis AG
Chairman of the Board of Directors,
Orell Füssli Buchhandlungs AG
Member of the Board of Directors, izit AG



CFO ORELL FÜSSLIG AG
Member of the Executive Board of
Orell Füssli AG

Reto Janser

Swiss, born 1971,
Business Economist (lic. oec. HSG University
St. Gallen)

POSITIONS

1996–2000 Swiss Re, Controller
2001–2003 Booz Allen & Hamilton AG,
Management Consultant
2003–2004 Würth Holding GmbH, Controller
2005–2014 Würth Finance International B.V.,
Head of Controlling and Accounting
2014–2017 ERNI Management Services AG, CFO
2018–2021 Suhner Holding AG, CFO
Since 1. June 2021 CFO, Orell Füssli AG

OTHER BOARD APPOINTMENTS

Chairman of the Board of Directors, KXO AG
Member of the Board of Directors, Procivis AG
Member of the Board of Directors,
Orell Füssli Buchhandlungs AG
Vice Chairman, Orell Füssli Foundation



HEAD OF CORPORATE DEVELOPMENT,
ORELL FÜSSLIG AG
Member of the Executive Board,
Orell Füssli AG

Désirée Heutschi

Swiss, born 1973
Executive Master of Business Law, University
of St. Gallen
Master of International Relations, HEI, Paris

POSITIONS

1999–2000 Genentech (Roche),
South San Francisco, USA, Legal Associate
2000–2004 Genesys, San Francisco, USA,
various positions, most recently as Director of
Business Development & Strategy
2005–2019 Microsoft Switzerland,
various management roles
2019–2020 Swiss Startup Factory, CEO/Member
of the Executive Board of the Swiss Startup Group
Since 1. January 2021 Head of Corporate
Development, Orell Füssli AG
Since 1. November 2023 Co-CEO Procivis AG

OTHER BOARD APPOINTMENTS

Member of the Board of Directors, Procivis AG
Member of the Board of Directors, hep Verlag AG
President of the Board of Trustees,
MTEC Foundation, ETH Zurich
Chairwoman, izit AG



MANAGING DIRECTOR OF SECURITY PRINTING
Member of the Executive Board,
Orell Füssli AG

Dr Michael Kasch

German, born 1968
Doctorate in organic chemistry, University
of Kiel

POSITIONS

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

1997–1999 Consortium für elektronische
Industrie GmbH, Munich, Head of Laboratory R&D

1999–2005 Wacker-Chemie AG, Burghausen,
Laboratory Head of Technical Marketing with
responsibility for Business Development & Product
Management

2005–2018 SICPA Germany GmbH, Munich,
Managing Director

2010–2018 SICPA S.A., Regional Business Director
Banknote for Western Europe & Canada

Since 1 January 2019 Managing Director of
Security Printing

OTHER BOARD APPOINTMENTS

None



MANAGING DIRECTOR, ZEISER GMBH
Member of the Executive Board,
Orell Füssli AG

Thorsten Tritschler

German, born 1964
Commercial training; Dual Executive MBA
GSBA Zurich, SUNY Albany/NY

POSITIONS

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

2002–2008 Atlantic Zeiser, Sales Director

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 Managing Director,
Zeiser GmbH

OTHER BOARD APPOINTMENTS

None

Management of major investments and divisions

Pascal Schneebeil: CEO, Orell Füssli Thalia AG

Andreas Freitag: Co-CEO, Procvivis AG

Manuel Schär: Chairman of the Board of Directors, hep Verlag AG

Martina Barth: Head of Orell Füssli Publishers

Sonja Lütolf: HR Manager, Orell Füssli AG

5. Compensation

The compensation of the members of the Board of Directors and the Executive Board, including statutory provisions, is presented on pp. 68–73 of the compensation report.

6. Shareholders' participation rights

In relation to the company, only those persons entered in the share register shall be recognised as shareholders (Articles of Association: Art. 4). 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.

To participate in the Annual General Meeting, the shareholder must be registered as a shareholder with the right to vote in the share register of the company on the date designated by the Board of Directors (Articles of Association: Art. 8). Shareholders who have registered in this way will receive an admission ticket in their name or access details for electronic participation.

A shareholder who does not attend the Annual General Meeting in person may be represented by a proxy of their choice by submitting a written power of attorney to the company (Articles of Association: Art. 8).

Shareholders representing at least 0.5% of the share capital may request that an item be included on the agenda. Such a request must be made in writing at least 45 days before the meeting, stating the agenda item and the motion proposed by the shareholder (Articles of Association: Art. 6).

Shareholders may participate in votes and elections at the Annual General Meeting by authorising or instructing the independent proxy; authorisations or instructions to the independent proxy may also be issued electronically (Articles of Association: Art. 8). The independent proxy is elected by the Annual General Meeting for a term of office of one year.

7. Change of control and defensive measures

There are no rules in the Articles of Association on "opting out" or "opting up".

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

8. 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 (PwC) has been the statutory auditor 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 AG and the consolidated financial statements was again awarded to PwC at the Annual General Meeting on 28 April 2016. The auditor in charge, Thomas Ebinger, has been the lead auditor since the 2022 financial year. Audit fees of CHF 230,100 (2022: CHF 246,973) were incurred in the reporting year. Additional fees totalling CHF 9,270 (2022: CHF 8,253) were charged by PwC in the reporting year.

Audit supervision and control instruments

The supervision and control of the external auditor 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 conducts an annual review and discussion with the external auditors on the scope of their work, the audit planning and relevant procedures, and the audit results. The external auditor's reporting includes the audit reports and the comprehensive report of the auditor for the attention of the Audit Committee and the Board of Directors for the completed financial year.

9. Information policy

In March, after the close of the financial year, the detailed annual figures are published in a media release and the annual report is put online (www.orellfuessli.com/en/investors). 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 (early August at the latest). The scheduled publication dates are available online (www.orellfuessli.com/en/investors). Disclosures to shareholders are also published in the Swiss Official Gazette of Commerce (SHAB).

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).

From 1 January/1 July until the publication of the annual/half-year financial statements of the Orell Füssli Group, no transactions involving Orell Füssli AG shares and related financial instruments may be carried out by members of the Board of Directors or the Executive Board, or by individuals involved in preparation of the financial statements or who have access to financial figures. This is explicitly documented in the internal regulations of Orell Füssli AG, and the individuals concerned are additionally informed by email about the commencement, scope and conclusion of the trading blackout period. There are no exceptions to these blackout periods.

Extraordinary events relevant to the stock exchange are published in ad hoc announcements in accordance with Art. 53 CISG. The corresponding announcements can be subscribed to (www.orellfuessli.com/en/subscription-for-press-releases).

Orell Füssli investor relations representatives can be reached via the website, email, phone or post. The URL for the Orell Füssli website, contact details, and the address for the headquarters are included in the legal notice on p. 129.

Compensation Report

This report is issued in accordance with the requirements of the new corporate Law entered into force on January 1, 2023 and the Directive on Information relating to Corporate Governance of SIX Exchange Regulation. Unless indicated otherwise, all of the information provided is as of 31 December 2023.

Compensation of the Board of Directors and the Executive Board

Principles

Art. 18a of the Articles of Association lays down the principles for the remuneration of the Board of Directors and the Executive Board. 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 found on the Orell Füssli 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 following financial year.

The provisions applicable to variable compensation and share allocations are set out in article 18d and 18e 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 variable component is designed to allow the members of the Executive Board to participate in the success of the company depending on their contribution and the achievement of the financial targets. The variable component is based on the bonus regulations as approved by the Board of Directors. The compensation model as described in the following entered into force as of 1 January 2022. Members of the Executive Board are allocated two-thirds of their bonus in cash (short-term performance-related compensation) and one-third in the form of entitlements to employee shares (long-term performance-related compensation). 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 or the equivalent cash amount. If the employee leaves the firm before the end of the vesting period, any entitlement to employee shares is usually extinguished. Usually, the cash bonus is paid out and the employee shares are allocated as part of the salary for the month of May of the following year.

Apart from the contributions to the pension fund, which are limited to a maximum insured salary of CHF 882,000 by the Occupational Pensions Act (OPA/BVG), the Orell Füssli Group does not provide any special old-age benefit schemes.

The compensation of the Executive Board 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 six 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 only after the Annual General Meeting gives its approval. 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 the CEO’s 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 and LTI (long-term incentive) regulations as approved by the Board of Directors. The maximum value of the variable component (for achieving or overachieving all of the set goals) is determined individually and amounts to between 40% and 60% of the basic salary. It is calculated according to a predefined formula based on the EBIT as well as the achievement of the agreed annual goals (weightings: EBIT 70% and individual goals 30%). The goals can be exceeded; the maximum bonus is 125% of the target bonus. The Executive Board members are assessed against the EBIT and the group’s or division’s results. The three to five individually determined goals, comprise quantitative and qualitative components; such goals must also be specific, measurable, challenging, relevant and time-bound. They may concern, for example, the implementation of a project, adherence to a project budget or the strategic development of the business. With the involvement of the Executive Board members, the CEO elaborates the goals of the individuals, the assessment criteria and the range of values. The proposed objectives are then submitted to the Compensation Committee of the Board of Directors for approval. The bonus regulations also provide for individual cash bonus payments to be made at the discretion of the Executive Board and the Board of Directors to employees of the Orell Füssli Group as a reward for exceptional performance.

The LTI (long-term incentive) regulations govern the calculation and conversion of the share entitlements that are allocated. The goal of the LTI plan is to enable participation in the future long-term success of the company. All members of the Executive Board participate in the plan. The allocated share entitlements are subject to a vesting period of three years from the date they are allocated. At the end of the vesting period, the participants in the plan can decide either to convert the entitlements into shares or to request a cash payment. The LTI is reported in the compensation report in the year in which the allocation takes place; however, the participant can only freely dispose of the shares after a share transfer has taken place.

Comparative analysis of the CEO's compensation

In the year under review, the compensation of the CEO was reviewed using a benchmark and based on the data as at the end of 2022. A peer group of the Ethos Foundation consisting of 20 companies listed in Switzerland was used for benchmarking purposes* (excluding companies operating in the financial services sector). Three equally weighted criteria were used to measure this peer group: market capitalisation, number of employees and total turnover.

Benchmarking confirmed that the current compensation approach is comparable to that of the peer group. The total compensation of the CEO lies between the median and the mean average amount of the peer group.

Compensation 2023

(audited from this point until the end of page 73 by the external auditor)

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 2023 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 2023 FINANCIAL YEAR

in CHF	Fixed com- pensation	Functional auppel- mentary allowance ²⁾	Other payments	Total 2023	
	in cash	in cash	Special allowances	Social security expenses	
Dr Martin Folini, Chairman, Compensation Committee (Chairman)	176,668	–	–	11,863	188,531
Dieter Widmer, Vice Chairman, Audit Committee (Chairman)	60,000	20,000	–	5,920	85,920
Dr Thomas Moser, Compensation Committee (Member), Digital Committee (Member)	60,000	10,000	–	5,180	75,180
Mirjana Blume, Audit Committee (Member), Digital Committee (Member) ¹⁾	60,000	20,000	–	–	80,000
Dr Luka Müller, Digital Committee (Chairman) ¹⁾	60,000	20,000	–	–	80,000
Johannes Schaede, Member of the Board of Directors	60,000	–	–	2,722	62,722
Total	476,668	70,000	–	25,685	572,353

1) Payout by invoice without VAT

2) Compensation for members of the Audit Committee and the Digital Committee

* Lastminute.com NV, Carlo Gavazzi Holding AG, Zug Estates Holding AG, HIAG Immobilien Holding AG, Klingelberg AG, Basilea Pharmaceutica AG, Elma Electronic AG, Lalique Group SA, MCH Group AG, Adval Tech Holding AG, Varia US Properties AG, IVF Hartmann Holding AG, Hochdorf Holding AG, Tornos Holding AG, Piazza AG, BVZ Holding AG, Warteck Invest AG, Leclanché SA, Fundamenta Real Estate AG, SHL Telemedicine Ltd.

COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE 2022 FINANCIAL YEAR

in CHF	Fixed com- pensation	Functional supple- mentary allowance ²⁾	Other payments	Total 2022	
	in cash	in cash	Special allowances	Social security expenses	
Dr Martin Folini, Chairman, Compensation Committee (Chairman)	170,004	–	–	12,689	182,693
Dieter Widmer, Vice Chairman, Audit Committee (Chairman)	65,000	13,333	–	5,797	84,130
Dr Thomas Moser, Compensation Committee (Member), Digital Committee (Member)	58,333	6,667	–	4,810	69,810
Mirjana Blume, Audit Committee (Member), Digital Committee (Member) ¹⁾	60,000	13,333	–	–	73,333
Dr Luka Müller, Digital Committee (Chairman) ¹⁾	58,333	13,333	–	–	71,666
Johannes Schaede, Member of the Board of Directors	58,333	–	–	2,731	61,064
Total	470,003	46,666	–	26,027	542,696

1) Payout by invoice without VAT

2) Compensation for members of the Audit Committee and the Digital Committee

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 2023 FINANCIAL YEAR

in CHF	Fixed com- pensation	Short-term performan- ce-based compensa- tion	Long-term performan- ce-based compensa- tion ²⁾	Premium allowances	Other pay- ments	Social security and pension fund ex- penses	Total 2023
	in cash	in cash	in shares	in cash			
Daniel Link, CEO Orell Füssli Group ¹⁾	414,000	202,032	101,016	–	1,055	147,464	865,567
Other members of the Executive Board ¹⁾	1,040,453	354,616	177,307	28,000	27,257	304,795	1,932,428
Total	1,454,453	556,648	278,323	28,000	28,312	452,259	2,797,995

1) The Executive Board consisted of five members as of 31 December 2023 (incl. the CEO).

2) Allocated share entitlements in the 2023 financial year: Daniel Link 1'396, Désirée Heutschi 596, Reto Janser 641, Dr. Michael Kasch 843, Thorsten Tritschler 373

Total allocated share entitlements: Daniel Link 2'481, Désirée Heutschi 1'062, Reto Janser 1'110, Dr. Michael Kasch 1'504, Thorsten Tritschler 562

COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE 2022 FINANCIAL YEAR

in CHF	Fixed com- pensation	Short-term performan- ce-based compensa- tion	Long-term performan- ce-based compensa- tion	Premium allowances	Other pay- ments	Social security and pension fund ex- penses	Total 2022
	in cash	in cash	in shares	in cash			
Daniel Link, CEO Orell Füssli Group ¹⁾	408,000	177,888	88,944	–	1,055	139,323	815,210
Other members of the Executive Board ¹⁾	1,012,267	292,308	146,153	–	29,897	273,886	1,754,511
Total	1,420,267	470,196	235,097	–	30,952	413,209	2,569,721

1) The Executive Board consisted of five members as of 31 December 2022 (incl. the CEO).

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.

The amount of the long-term performance-based compensation (share entitlements) refers to the performance year (vesting period), which corresponds to the financial year. The amount recorded is an estimate since the exact amount of the allocated share entitlements is determined only after the General Meeting in the spring of the following year. The vesting period of three years begins from the date they are allocated. In accordance with Swiss GAAP FER, share entitlements are deferred over the entire term until the expected end of the vesting period.

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 2022 and 2023 financial years, no loans were granted to current or former 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 2023, no such loan receivables were disclosed on the balance sheet.

Further disclosures

The Orell Füssli Group did not make any payments to current or former members of the Board of Directors, the Executive Board or any related parties thereof, beyond the information disclosed in the Compensation Report. The Orell Füssli Group also did not waive any claims against such persons.

Shares held by members of the Board of Directors and the Executive Board

As of the balance sheet date, the Board Directors and the members of the Executive Board held the following shares in Orell Füssli AG: **SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS**

Number of shares at 31 December	2023		2022	
	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 Martin Folini	500	500	500	500

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 AG: **SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD**

Number of shares at 31 December	2023		2022	
	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
Daniel Link	1,008	1,008	500	500
Dr Michael Kasch	494	494	494	494
Thorsten Tritschler	150	150	100	100

ACTIVITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES AND ORGANISATIONS

Dr. Martin Folini	Listed companies: none Non-listed companies: - Folini Partners GmbH: Owner - Hans Oetiker Holding: Chairman of the Board of Directors - Integra Holding, Integra Sitek AG (subsidiary of Integra Holding), Signal AG (subsidiary of Integra Holding), Seitz Holding AG, Eugen Seitz AG (subsidiary of Seitz Holding AG), Kowema AG, Stadtmühle Schenk AG (subsidiary of Kowema AG), Landqart AG: Member of the Board of Directors
Dieter Widmer	Listed companies: none Non-listed companies: - Dieter Widmer valeth: Owner - EquityNova AG, RP Invest AG: Co-owner and Member of the Board of Directors - Stäubli Holding AG, Mühle Walther AG, Mühle Burgholz AG (85%-subsidiary of Mühle Walther AG), Blattmann Schweiz AG: Member of the Board of Directors - Kuoni und Hugentobler Stiftung: Member of the Foundation Council
Mirjana Blume	Listed companies: - W.A.G. payment solutions plc, UK: Senior Independent NED Non-listed companies: - SML Solutions AG: Managing Director - Synhelion SA: CFO - IWB, Industrielle Werke Basel: Vice Chairwoman of the Board of Directors & Chairwoman of the Audit Committee - EWE, Energie und Wasser Erlenbach AG: Chairwoman of the Board of Directors - WAZ, Werke am Zürichsee AG, Freigeist Asset Management AG: Member of the Board of Directors - Qnective AG: Secretary of the Board of Directors
Dr. Thomas Moser	Listed companies: - Swiss National Bank: Alternate Member of the Governing Board Non-listed companies: - Visiting Professor at the Faculty of Economics and Management, University of Lucerne
Dr. Luka Müller	Listed companies: none Non-listed companies: - Sygnum Bank AG: Co-owner and Chairman of the Board of Directors - MME Legal Tax Compliance AG: Partner - KYC Spider AG: Co-owner and Chairman of the Board of Directors - Marquard Media Group AG, Kapstein Immobilien AG, Hextra AG: Chairman of the Board of Directors
Johannes Schaede	Listed companies: none Non-listed companies: none

ACTIVITIES OF THE MEMBERS OF THE EXECUTIVE BOARD IN OTHER COMPANIES AND ORGANISATIONS

Daniel Link	Listed companies: none Non-listed companies: - Orell Füssli Thalia AG: Vice Chairman of the Board of Directors - Procivis AG, Orell Füssli Buchhandlungs AG: Chairman of the Board of Directors - izit AG: Member of the Board of Directors
Reto Janser	Listed companies: none Non-listed companies: - KXO AG, Chairman of the Board of Directors - Procivis AG, Orell Füssli Buchhandlungs AG: Member of the Board of Directors - Orell Füssli Personalvorsorgestiftung: Vice Chairman - izit AG: Managing Director
Désirée Heutschi	Listed companies: none Non-listed companies: - Procivis AG: Co-CEO & Member of the Board of Directors - izit AG: Chairwoman of the Board of Directors - hep Verlag AG: Member of the Board of Directors
Dr. Michael Kasch	Listed companies: none Non-listed companies: none
Thorsten Tritschler	Listed companies: none Non-listed companies: none

Report of the statutory auditor on the compensation report

Report of the statutory auditor

to the General Meeting of Orell Füssli AG

Zürich

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Orell Füssli AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to article 734a-734f CO in the sections marked 'audited by external auditor' on pages 70 to 73 of the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the compensation report (pages 70 to 73) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the sections marked 'audited by external auditor' in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report 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 a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
 Telefon: +41 58 792 44 00, www.pwc.ch

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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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

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

PricewaterhouseCoopers AG

Thomas Ebinger
Licensed audit expert
Auditor in charge

Dario Gassmann
Licensed audit expert

Zürich, 6 March 2024



Financial Report

1 Financial statements of the Orell Füssli Group

1.1 CONSOLIDATED INCOME STATEMENT

in CHF thousand	Notes	2023	2022
Revenue from sales to customers	3.1/3.2	232,227	217,277
Other operating income	3.2	5,260	4,425
Changes in inventories of semi-finished and finished products, capitalised costs	3.2	4,773	1,423
Operating income	3.2	242,260	223,125
Cost of materials		-89,413	-82,212
External production costs		-12,181	-9,612
Personnel expenses	3.3	-64,980	-61,500
Other operating expenses	3.4	-45,855	-43,939
Depreciation and impairment on tangible assets	4.6	-10,401	-10,086
Depreciation and impairment on intangible assets	4.7	-1,318	-853
Earnings before interest and taxes (EBIT)	3.1	18,112	14,923
Financial income		746	257
Financial expenses		-446	-923
Financial result	3.5	300	-666
Ordinary result		18,412	14,257
Income tax expenses	3.6	-3,820	-2,588
Net income for the period		14,592	11,669
Attributable to the shareholders of Orell Füssli AG		12,042	8,490
Attributable to minority interests		2,550	3,179
in CHF		2023	2022
Undiluted earnings per share	5.2	6.14	4.33
Diluted earnings per share	5.2	6.14	4.33

The disclosures on pages 80 to 106 form an integral part of the financial report.

1.2 CONSOLIDATED BALANCE SHEET

in CHF thousand	Notes	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents	4.1	61,692	62,538
Marketable securities and derivative financial instruments	4.2	22	105
Trade accounts receivable	4.3	13,221	11,331
Other receivables	4.4	8,750	8,897
Inventories	4.5	25,180	24,384
Accrued income and deferred expenses		4,135	4,455
Total current assets		113,000	111,710
Tangible assets	4.6	56,490	55,648
Intangible assets	4.7	3,012	2,589
Non-current financial assets	4.8	4,314	7,698
Deferred tax assets	4.13	1,802	1,729
Total non-current assets		65,618	67,664
Total assets		178,618	179,374
Liabilities and equity			
Trade payables		5,908	7,957
Other current liabilities	4.9	15,631	14,095
Accrued expenses and deferred income	4.10	19,955	16,796
Current financial liabilities	4.11	76	1,862
Current provisions	4.12	848	926
Total current liabilities		42,418	41,636
Other non-current liabilities		118	1,030
Non-current financial liabilities	4.11	1,774	1,864
Non-current provisions	4.12	869	309
Deferred tax liabilities	4.13	1,314	831
Total non-current liabilities		4,075	4,034
Share capital		1,960	1,960
Capital reserves		4,115	4,183
Own shares	5.2	–	–60
Retained earnings		126,097	122,301
Exchange differences		–8,376	–6,192
Total equity before minority interests		123,796	122,192
Minority interests		8,329	11,512
Total equity		132,125	133,704
Total liabilities and equity		178,618	179,374

The disclosures on pages 80 to 106 form an integral part of the financial report.

1.3 CONSOLIDATED CASH FLOW STATEMENT

in CHF thousand	Notes	2023	2022
Net income for the period		14,592	11,669
Change in employee equity incentive plans		8	16
Depreciation		11,293	10,518
Impairment and amortisation		426	421
Share of loss applicable to equity method		724	–
Other non-cash related income and expenses		–161	–291
Change in trade accounts receivable		–2,183	6,150
Change in inventories		–1,237	–6,809
Change in other receivables		114	–2,820
Change in accrued income and deferred expenses		269	–866
Change in trade payables		–2,006	2,312
Change in other liabilities		133	–385
Change in accrued expenses and deferred income		3,297	1,971
Change in provisions and deferred income tax		831	–2,345
Cash flow from operating activities		26,100	19,541
Purchase of tangible assets	4.6	–11,912	–8,545
Proceeds from disposals of tangible assets		180	1,917
Purchase of intangible assets	4.7	–1,782	–1,301
Investments in financial assets		–1,007	–11,434
Disposal of financial assets		2,138	42
Cash flow from investing activities		–12,383	–19,321
Repayment of financial liabilities		–1,828	–2,293
Dividends paid to minorities		–5,606	–3,869
Dividends paid	5.2	–6,664	–6,662
Cash flow from financing activities		–14,098	–12,824
Exchange differences		–465	–564
Change in cash and cash equivalents		–846	–13,168
Cash and cash equivalents at 1 January		62,538	75,706
Cash and cash equivalents at 31 December		61,692	62,538

The disclosures on pages 80 to 106 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 2022	1,960	4,167	-60	168,788	-43,572	-5,232	126,051	12,797	138,848
Change in scope of consolidation	-	-	-	-	-	-	-	-138	-138
Dividends paid	-	-	-	-6,662	-	-	-6,662	-3,869	-10,531
Offsetting goodwill against equity	-	-	-	-	-4,743	-	-4,743	-457	-5,200
Employee equity incentive plans	-	16	-	-	-	-	16	-	16
Currency translation effects	-	-	-	-	-	-960	-960	-	-960
Net income for the period	-	-	-	8,490	-	-	8,490	3,179	11,669
Total equity at 31 December 2022	1,960	4,183	-60	170,616	-48,315	-6,192	122,192	11,512	133,704
Equity at 1 January 2023	1,960	4,183	-60	170,616	-48,315	-6,192	122,192	11,512	133,704
Change in scope of consolidation	-	-	-	-	-	-	-	-75	-75
Dividends paid	-	-	-	-6,664	-	-	-6,664	-5,607	-12,271
Offsetting goodwill against equity	-	-	-	-	-1,582	-	-1,582	-51	-1,633
Employee equity incentive plans	-	-68	60	-	-	-	-8	-	-8
Currency translation effects	-	-	-	-	-	-2,184	-2,184	-	-2,184
Net income for the period	-	-	-	12,042	-	-	12,042	2,550	14,592
Total equity at 31 December 2023	1,960	4,115	-	175,994	-49,897	-8,376	123,796	8,329	132,125

The share capital as at 31 December 2023 and 31 December 2022 consisted of 1,960,000 registered shares with a par value of CHF 1.00 each.

The amount of accumulated non-distributable reserves is CHF 4,263k (2022: CHF 4,122k).

The disclosures on pages 80 to 106 form an integral part of the financial report.

2 General information

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 the Swiss stock exchange, SIX Swiss Exchange, and the Swiss law on companies limited by shares ("company law").

The consolidated financial statements apply the principle of historical (acquisition) cost and they are prepared under the assumption that the organisation is a going concern.

2.2 Key events in the reporting period

In November 2023, the stake in Procvivis AG was increased by 9.5%. As a result, Orell Füssli AG now holds a 86.2% stake in the company.

The loan taken out by Zeiser GmbH for the construction of the new production and administration building in order to benefit from the state support programme for energy-efficient buildings was repaid in full.

As a result of the sale of internally generated assets by Zeiser GmbH to Orell Füssli AG, costs amounting to around CHF 2,967k were capitalised in the course of consolidation.

3 Performance

3.1 Segment reporting

The business activities of the Orell Füssli Group largely comprise three segments: Security Printing, Industrial Systems and Book Retailing. The activities of the smaller businesses are summarised under "Other business areas". The activities of Group functions that are not directly attributable to the core business are not assigned to the segments.

The activities of the segments differ significantly in terms of markets, customers and, accordingly, opportunities and risks.

The segmentation of the business activities presented below forms the basis for regular internal segment reporting. The segments provide information on sales from goods and services as well as on the operating result (EBIT).

Orell Füssli Group

Security Printing	Industrial Systems	Book Retailing	Other business areas	Unallocated
Orell Füssli AG (OFS)	Zeiser GmbH Zeiser Inc. Zeiser Ltd. Zeiser SRL	Orell Füssli Buchhandlungs AG Orell Füssli Thalia AG Delivros Orell Füssli AG Lehmans Media AG	Orell Füssli AG, Publisher (OFV) hep Verlag AG Procivis AG izit AG	Orell Füssli AG, Group Functions (OFC)

Security Printing

Production and marketing of banknotes, security documents, identity cards and other documents with high security requirements as well as other services directly related to security printing solutions. These include consulting services or contracts for the development of designs or security elements. The segment generates sales from production orders, which are calculated using the percentage-of-completion method (PoC)

Industrial Systems

Construction, production, installation, sales and distribution and after sales service of equipment for the serialisation of banknotes and security documents. Implementation of control and inspection systems as well as software solutions for tracking security documents in the production process.

Book Retailing

Sales of books and similar products through 54 outlets in German-speaking Switzerland and an online shop. In addition, a proprietary e-reader device is sold. In particular, this segment includes the 50% of the income statement, the balance sheet and the statement of change in equity of the Orell Füssli Thalia AG joint venture.

Other business areas

This segment primarily relates to the Group's publishing business. In addition, it includes the digital identities business segment (Procivis AG and izit AG).

Unallocated

Infrastructure services as well as the costs and revenues of the central group functions are not allocated, unless they can be directly allocated to an individual segment. Further, consolidation effects arising from inter-segment revenue in this category are eliminated.

SEGMENT RESULTS 2023

in CHF thousand	Security Printing	Industrial systems	Book Retailing	Other business areas	Total segment	Not assigned	Total Group
Revenues from segment sales	77,152	21,344	117,480	16,251	232,227	–	232,227
Intersegment sales	–	245	–	210	455	–455	–
Revenue from sales to customers	77,152	21,589	117,480	16,461	232,682	–455	232,227
Earnings before interest and taxes (EBIT)	10,587	3,553	7,950	–902	21,188	–3,076	18,112

SEGMENT RESULTS 2022

in CHF thousand	Security Printing	Industrial systems	Book Retailing	Other business areas	Total segment	Not assigned	Total Group
Revenues from segment sales	70,439	20,802	112,174	13,612	217,027	250	217,277
Intersegment sales	–	146	–	90	236	–236	–
Revenue from sales to customers	70,439	20,948	112,174	13,702	217,263	14	217,277
Earnings before interest and taxes (EBIT)	9,669	925	9,254	–868	18,980	–4,057	14,923

3.2 Operating income

The operating income comprises the following:

OPERATING INCOME

in CHF thousand	2023	2022
Revenue from sales to customers		
Sales of goods and products	230,665	215,750
Revenue from services rendered	566	497
Revenue from license fees	996	1,030
Total revenue from sales to customers	232,227	217,277
Other operating income		
Rental income from operating leases	449	352
Gain from sales of non-current assets	180	1,067
Other income	4,631	3,006
Total other operating income	5,260	4,425
Changes in inventories of semi-finished and finished products, capitalised costs		
Changes in inventories of semi-finished and finished products	1,806	1,352
Capitalised costs	2,967	71
Total changes in inventories of semi-finished and finished products, capitalised costs	4,773	1,423
Total operating income	242,260	223,125

In the 2023 financial year, net sales of goods and products include revenue from production orders calculated using the PoC method in the amount of CHF 59,271k (2022: CHF 50,001k).

Other income includes income from the reversal of accruals for expired vouchers, commissions and grants from suppliers as well as research allowances for Zeiser GmbH.

Capitalised costs in the amount of CHF 2,967k relate to assets generated internally by Zeiser GmbH and sold to Orell Füssli AG.

Sales of goods and services are allocated to the following regions: SALES OF GOODS AND SERVICES BY REGION

in CHF thousand	2023	2022
Switzerland	184,938	174,059
Germany	3,471	3,846
The rest of Europe and Africa	16,675	13,673
North and South America	14,178	11,985
Asia and Oceania	12,965	13,714
Total revenue from sales to customers by region	232,227	217,277

Sales are allocated based on the country in which the customer's branch is located. This usually corresponds to the delivery location.

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

Accounting policies

Sales of goods and services resulting from the sale of trading goods, manufactured products and printed products are recognised after their delivery net of value-added tax and any rebates.

Sales from production orders (see note 4.4) are recorded using the percentage-of-completion method (PoC). As a result, sales are recorded as a 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.

3.3 Personnel expenses

The personnel expenses are composed as follows:

PERSONNEL EXPENSES

in CHF thousand	Notes	2023	2022
Wages and salaries		54,090	51,813
Social security costs		4,592	3,906
Pension costs	6.1	4,052	4,119
Other personnel expenditure		2,246	1,662
Total personnel expenses		64,980	61,500

Employee equity incentive plans

The compensation model for the Executive Board, which came into force on 1 January 2022, provides for one third of the variable component of compensation to be allocated as entitlements to shares in Orell Füssli AG. The variable component of the Executive Board's compensation is based on the bonus and LTI regulations (long-term incentive) as approved by the Board of Directors.

All members of the Executive Board participate in the plan. The allocated share entitlements are subject to a vesting period of three years from the date they are allocated. At the end of the vesting period, the participants in the plan can decide either to convert the entitlements into shares or to request a cash payment. If the employee leaves the firm before the end of the vesting period, any entitlement to employee shares is usually extinguished.

The personnel expenses of to the employee equity incentive plans amount to CHF 88k (2022: CHF 95k). For the 2023 financial year, 3,849 share entitlements were allocated (2022: 2,870).

Accounting policies

The share entitlements are valued as at the date they are allocated and thereafter annually as at the balance sheet date. The valuation is made on the basis of the option value and taking into account the likelihood that the employee remains with the company until the end of the vesting period. The corresponding personnel expenses are recorded under accrued expenses and taken to profit or loss for the period. 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.

3.4 Other operating expenses

OTHER OPERATING EXPENSES

in CHF thousand	Notes	2023	2022
Marketing and distribution expenses		14,714	13,522
Operating lease expenses	4.6	9,288	8,707
Repair and maintenance		3,124	3,760
Administration expenses		5,661	5,990
Losses on bad debts		847	1,793
Losses from disposal of fixed assets		–	17
Impairment of participations and loans		340	–
Share of loss applicable to equity method		724	–
Energy		1,898	2,116
IT		3,771	2,960
Other operating expenses		5,488	5,074
Total other operating expenses		45,855	43,939

3.5 Financial result

FINANCIAL RESULT

in CHF thousand at 31 December	Expenses	Income	Balance 2023	Expenses	Income	Balance 2022
Interest result						
Interest expenses and income	-49	445	396	-178	39	-139
Financial leasing	-7	-	-7	-8	-	-8
Total interest result	-56	445	389	-186	39	-147
Other financial income and expense						
Foreign exchange result	-232	301	69	-555	217	-338
Bank charges and other financial results	-158	-	-158	-182	1	-181
Other financial results	-390	301	-89	-737	218	-519
Total financial result	-446	746	300	-923	257	-666

3.6 Income taxes

INCOME TAXES

in CHF thousand at 31 December	2023	2022
Current income tax	3,501	2,879
Deferred income tax	319	-291
Total income tax expenses	3,820	2,588

The income tax expense on the Group's earnings before tax in the income statement differs from the theoretical amount which would result from applying the weighted-average interest rate of the Group to the Group's earnings before tax. The calculation is presented in the table below:

CALCULATION OF INCOME TAX

in CHF thousand at 31 December	2023	2022
Earnings before income taxes	18,412	14,257
Weighted average group tax rate	21.8%	20.7%
Expected income tax	4,010	2,946
Tax-exempt earnings	-811	-428
Effect of tax loss carry-forwards not capitalised	756	475
Capitalisation and use of previously unrecognised loss carry-forwards	-401	-180
Effects from derecognition of goodwill and currency differences	-	180
Tax effects relating to other periods and other tax effects	266	-405
Effective income tax expense	3,820	2,588

The "Capitalisation and use of previously unrecognised loss carry-forwards" line item mainly derives from the operating result of Zeiser GmbH and of Orell Füssli AG.

Accounting policies

Income taxes include both current and deferred taxes. Income taxes are calculated based on the applicable tax rate of the individual countries and expensed in the period in which the corresponding gain occurs. 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.

Management assumptions and estimates

The estimate of current tax liabilities is subject to the interpretation of the tax laws in the relevant countries. The adequacy of the estimates is assessed in the context of the final assessment or audits by the tax authorities. This may result in significant adjustments in tax expense. In addition, the assessment of the ability to capitalise of tax loss carry-forwards requires a critical assessment of the likely future taxable profits against which they may be offset, which depends on multiple factors and developments. Management works closely with local tax specialists in calculating and assessing tax liabilities.

4 Operating assets and liabilities

4.1 Cash and cash equivalents

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

LIQUIDITY RESERVES

in CHF thousand at 31 December	Notes	2023	2022
Cash in bank accounts and in hand		46,692	62,538
Current bank deposits		15,000	–
Advance payments PoC/from customers	4.9	– 11,566	– 11,456
Other financial assets/liabilities	4.4/4.11	– 1,850	– 3,726
Cash and cash equivalents net		48,276	47,356
Thereof companies with minorities		16,972	16,721
Freely available cash and cash equivalents		31,304	30,635

Accounting policies

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.

4.2 Securities and derivatives

In addition to derivatives recorded in the amount of CHF 16k (2022: CHF 99k) and securities of CHF 6k (2022: CHF 6k) as of 31 December 2023, there were no additional open forward exchange contracts not recognized in the balance sheet (2022: CHF 3,583k) to hedge future cash flows in foreign currencies. In the previous year, this resulted in an unrecognized value of CHF 47k. The total notional amount of foreign currencies that are hedged is CHF 513k (2022: CHF 6,273k).

Accounting policies

Securities are initially valued at cost plus transaction costs. All purchases and sales are recognised at the daily market price. Subsequently, securities are valued as of the balance sheet date and the price difference is recorded in the financial result on the income statement and in the corresponding item under current assets on the balance sheet. Derivatives area values as of the consolidated balance sheet date (see section 7.2).

Derivatives used to hedge transactions with future cash flows are recognised at fair value in the same line item where the underlying transaction is recorded on the balance sheet. Otherwise, they are disclosed in the notes to the financial statements in accordance with FER 27/18. The Orell Füssli Group does not buy or sell any derivative financial instruments without underlying transactions.

4.3 Trade accounts receivable

TRADE ACCOUNTS RECEIVABLE

in CHF thousand at 31 December	2023	2022
Trade accounts receivable gross	15,292	12,667
./. provisions for doubtful trade accounts receivable	-2,071	-1,336
Total trade accounts receivable net	13,221	11,331

The increase in provisions for doubtful trade accounts receivable is mainly due to a probable payment default by a customer of Zeiser GmbH.

There is no forfeiting on the receivables portfolio.

Accounting policies

Trade accounts receivable are recognised at nominal value less impairment. Due to the different customer structure and underlying transactions, the valuation of doubtful receivables by the Security Printing and Industrial Systems segments is based on an individual assessment. The other segments apply a flat-rate allowance based on actual experience.

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

Management assumptions and estimates

The recoverability of trade receivables is assessed on the basis of compliance with payment deadlines. If significant payments are overdue, management contacts the customer and assesses its ability to meet its obligations. The assessment of the assumptions regarding the status of the customer as a going concern requires that management evaluates both the customer's willingness to pay as well as the customer's business model. This procedure is subject to high estimation uncertainty.

4.4 Other receivables

OTHER RECEIVABLES

in CHF thousand at 31 December	2023	2022
Construction contracts gross	8,750	5,136
./. deductible customer advances received	-3,969	-917
Total construction contracts net	4,781	4,219
Advance payments to suppliers	2,715	2,607
Other receivables	1,254	2,071
Total other receivables	8,750	8,897

Accounting policies

In principle, the policies outlined under 4.3 Trade receivables also apply to other receivables.

Long-term production orders with a time frame of at least three months and representing a significant volume are recorded using the percentage-of-completion (PoC) method. 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 a 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 production orders are recognised immediately in the income statement as an expense.

Advance payments are recognised directly in equity. Advance payments are offset against the accrued costs of the production order to which the payments relate.

For the other production orders, which do not satisfy the PoC criteria, the direct production costs, including material and production costs as well as production overheads, are recorded on an accrual basis.

4.5 Inventories

INVENTORIES

in CHF thousand at 31 December	2023	2022
Raw materials, auxiliary materials and supplies	7,546	9,100
Semi-finished and finished products	7,383	5,908
Trading goods	13,182	11,346
Work in progress	272	94
Total inventories gross	28,383	26,448
./. allowance on inventories	-3,203	-2,064
Total inventories net	25,180	24,384

Accounting policies

Inventories include raw materials, auxiliary materials and supplies, semi-finished products, finished products, work in progress and trading goods. Inventories are valued using the lower of cost or market principle (the lower of the acquisition or production costs or the 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 until the sale is realised. In production, materials purchased for a specific order but not consumed are immediately impaired. Coverage analyses are carried out to evaluate inventories. In the Book Retailing division, the value of the goods as at the date of acquisition is used. Discounts are treated as reductions in the acquisition cost.

4.6 Tangible assets

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

MOVEMENTS IN TANGIBLE ASSETS 2023

in CHF thousand	Developed property and buildings	Un-developed property	Machinery and equipment	Other tangible assets	Assets under construction	Total
Cost at 1 January	55,970	–	122,201	20,547	898	199,616
Additions	1,363	–	3,256	2,253	5,040	11,912
Disposals	–533	–	–17,219	–675	–	–18,427
Reclassification	68	–	525	–	–559	34
Exchange differences	–583	–	–376	–264	–8	–1,231
Cost at 31 December	56,285	–	108,387	21,861	5,371	191,904
Accumulated depreciation and impairment at 1 January	–34,987	–	–94,492	–14,489	–	–143,968
Depreciation on disposals	533	–	17,214	625	–	18,372
Depreciation	–2,470	–	–5,931	–1,760	–	–10,161
Impairment	–147	–	–3	–90	–	–240
Exchange differences	113	–	294	176	–	583
Accumulated depreciation and impairment at 31 December	–36,958	–	–82,918	–15,538	–	–135,414
Net carrying amount at 1 January	20,983	–	27,709	6,058	898	55,648
Net carrying amount at 31 December	19,327	–	25,469	6,323	5,371	56,490
Net carrying amount of tangible assets under finance lease	–	–	215	–	–	215

MOVEMENTS IN TANGIBLE ASSETS 2022

in CHF thousand	Developed property and buildings	Un-developed property	Machinery and equipment	Other tangible assets	Assets under construction	Total
Cost at 1 January	57,815	47	116,591	19,212	3,314	196,979
Additions	2,171	–	3,847	1,896	795	8,709
Disposals	–3,533	–45	–1,052	–657	–	–5,287
Reclassification	31	–	3,071	282	–3,209	175
Exchange differences	–514	–2	–256	–186	–2	–960
Cost at 31 December	55,970	–	122,201	20,547	898	199,616
Accumulated depreciation and impairment at 1 January	–35,230	–	–89,840	–13,606	–	–138,676
Depreciation on disposals	2,732	–	955	646	–	4,333
Depreciation	–2,465	–	–5,590	–1,610	–	–9,665
Impairment	–160	–	–217	–44	–	–421
Exchange differences	136	–	200	125	–	461
Accumulated depreciation and impairment at 31 December	–34,987	–	–94,492	–14,489	–	–143,968
Net carrying amount at 1 January	22,585	47	26,751	5,606	3,314	58,303
Net carrying amount at 31 December	20,983	–	27,709	6,058	898	55,648
Net carrying amount of tangible assets under finance lease	–	–	309	–	–	309

The remaining tangible fixed assets stated at acquisition cost are as follows:

ACQUISITION COSTS OF OTHER TANGIBLE ASSETS

in CHF thousand at 31 December	2023	2022
Cost at furniture and fixtures	14,786	13,955
Cost at IT systems (hardware)	6,731	6,290
Cost at vehicle	344	302
Total cost at other tangible assets	21,861	20,547

As of 31 December 2023, commitments entered into for the purchase of tangible assets amount to CHF 1,552k (2022: CHF 1,548k), mostly relating to machinery in the Safety Printing segment.

The Orell Füssli Group has no bank borrowings secured on land and buildings. In the income statement, operating lease expenses for leased properties were recorded in the amount of CHF 8,970k (2022: CHF 8,364k) and for other leased tangible assets in the amount of CHF 317k (2021: CHF 344k).

Accounting policies

Additions to tangible assets are recognised at acquisition or production cost. The acquisition and production costs include the acquisition costs of tangible assets as well as the directly attributable costs to prepare the assets for their intended use .

Tangible assets are 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 need. Depreciation begins once the tangible asset is ready for use. The operating life of each asset category is as follows:

OPERATING LIFE OF EACH ASSET CATEGORY

in years	Estimated useful lives
Buildings	30–40
Fixed facilities and renovations	10–20
Machinery and technical installations	5–10
Movable properties, leasehold improvements, vehicles	5–8
IT systems (hardware)	3–5

Assets under construction are those assets that are not yet ready for use or not yet in operation. 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.

Assets held under finance leases are carried at the lower of the fair value of the asset or the present value of the minimum lease payments. The corresponding finance lease obligations are recorded under liabilities.

Impairment

Non-current assets are tested for impairment if events or changes of circumstances indicate that the value of the individual 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.

Management assumptions and estimates

Important assumptions for estimating the value of assets include sales and margin growth assumptions as well as the discount rates used. The assumptions made are based on publicly available data as well as internal documents (e. g. budgets) and management's analyses and estimates.

4.7 Intangible assets

Intangible assets comprise rights, licenses and software.

MOVEMENTS IN INTANGIBLE ASSETS 2023

in CHF thousand	Software and developments	Rights and licenses	Other intangible assets	Total
Cost at 1 January	11,825	1,370	662	13,857
Additions	1,649	15	118	1,782
Disposals	-975	-	-	-975
Reclassification	93	-	-127	-34
Exchange differences	-147	-	-32	-179
Cost at 31 December	12,445	1,385	621	14,451
Accumulated depreciation and impairment at 1 January	-9,574	-1,168	-526	-11,268
Depreciation on disposals	975	-	-	975
Depreciation	-1,059	-73	-	-1,132
Impairment	-186	-	-	-186
Exchange differences	140	-	32	172
Accumulated depreciation and impairment at 31 December	-9,704	-1,241	-494	-11,439
Net carrying amount at 1 January	2,251	202	136	2,589
Net carrying amount at 31 December	2,741	144	127	3,012

MOVEMENTS IN INTANGIBLE ASSETS 2022

in CHF thousand	Software and developments	Rights and licenses	Other intangible assets	Total
Cost at 1 January	10,847	1,501	893	13,241
Additions	1,192	-	109	1,301
Disposals	-250	-137	-	-387
Reclassification	141	-	-316	-175
Exchange differences	-105	6	-24	-123
Cost at 31 December	11,825	1,370	662	13,857
Accumulated depreciation and impairment at 1 January	-9,146	-1,226	-549	-10,921
Depreciation on disposals	249	138	-	387
Depreciation	-779	-74	-	-853
Exchange differences	102	-6	23	119
Accumulated depreciation and impairment at 31 December	-9,574	-1,168	-526	-11,268
Net carrying amount at 1 January	1,701	275	344	2,320
Net carrying amount at 31 December	2,251	202	136	2,589

Software and development item consists solely of bought-in products.

Accounting policies

Intangible assets valued at acquisition or production cost less accumulated amortisation and impairment. The acquisition costs of rights, licenses and software comprise the purchase price and directly attributable costs for their installation. Rights, licenses and software are amortised using the straight-line method over the useful life.

4.8 Financial assets

FINANCIAL ASSETS

in CHF thousand at 31 December	Notes	2023	2022
Participations in associated companies		201	925
Long-term securities		107	107
Loan assets		–	340
Long-term deposits		–	2,178
Pension fund assets	6.1	3,907	4,048
Other non-current financial assets		99	100
Total financial assets		4,314	7,698

The investment in Evrlearn AG recognised using the equity method was written down. The loan secured by means of liquid assets and recorded as a long-term deposit which was taken out by Zeiser GmbH in order to benefit from the state support programme for energy-efficient buildings was repaid in full.

Accounting policies

Financial assets are valued at nominal value less impairment.

4.9 Other current liabilities

OTHER CURRENT LIABILITIES

in CHF thousand at 31 December	2023	2022
Advance payments from customers on construction contracts gross	7,057	3,585
./. deductible customer advances received	–3,969	–917
Prepayments from customers on construction contracts net	3,088	2,668
Advance payments from customers	8,478	8,788
Liabilities to employees	380	271
VAT and similar taxes payable	899	533
Dividends payable	4	4
Other current payables	2,782	1,831
Total other current payables	15,631	14,095

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

Accounting policies

Trade accounts payable and liabilities are recognised at nominal value.

4.10 Accrued expenses and deferred income

ACCRUED EXPENSES AND DEFERRED INCOME

in CHF thousand at 31 December	2023	2022
Accrued expenses and deferred income for cost of materials	5,930	5,094
Accrued expenses and deferred income for personnel expenditure	5,361	4,453
Accrued expenses and deferred income for current income tax liabilities	3,206	2,522
Other accrued expenses and deferred income	5,458	4,727
Total accrued expenses and deferred income	19,955	16,796

4.11 Financial liabilities

Financial liabilities comprise borrowings, finance lease liabilities and other financial liabilities.

FINANCIAL LIABILITIES

in CHF thousand at 31 December	From borrowings	Liabilities from finance lease	Total 2023	From borrowings	Liabilities from finance lease	Total 2022
Current financial liabilities	–	76	76	1,782	80	1,862
Non-current financial liabilities	1,635	139	1,774	1,635	229	1,864
Total financial liabilities	1,635	215	1,850	3,417	309	3,726

Non-current financial liabilities from external financing include an interest-free, non-refundable loan to a related party in the amount of CHF 1,635k, which will be converted into equity in the 2024 financial year. As no repayment will be made, the loan remains in the non-current financial liabilities until its conversion. The building loan taken out by Zeiser GmbH in the amount of CHF 1,782k recorded as a current liability was repaid by the end of 2023.

Accounting policies

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 twelve 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.

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.

4.12 Provisions

MOVEMENTS IN PROVISIONS 2023

in CHF thousand	Personnel	Provisions for restructuring	Warranty provisions	Other provisions	Total
At 1 January	550	–	88	597	1,235
Additions (charged to income statement)	509	–	–	578	1,087
Reversals (charged to income statement)	–92	–	–3	–27	–122
Utilisation during the year	–172	–	–	–281	–453
Exchange differences	–	–	–5	–25	–30
At 31 December	795	–	80	842	1,717
Provisions maturing within 12 months	171	–	80	597	848
Provisions maturing over 1 year	624	–	–	245	869

MOVEMENTS IN PROVISIONS 2022

in CHF thousand	Personnel	Provisions for restructuring	Warranty provisions	Other provisions	Total
At 1 January	510	416	107	2,080	3,113
Additions (charged to income statement)	272	–	–	597	869
Reversals (charged to income statement)	–21	–302	–15	–286	–624
Utilisation during the year	–211	–103	–	–1,794	–2,108
Exchange differences	–	–11	–4	–	–15
At 31 December	550	–	88	597	1,235
Provisions maturing within 12 months	264	–	88	574	926
Provisions maturing over 1 year	286	–	–	23	309

Provisions are included for personnel, restructuring, warranties, commissions, unfinished projects and for the valuation of orders at net realisable value.

Personnel provisions include entitlements to long-service awards and share entitlements arising from the employee participation plans.

Other provisions relate to the costs for a license of Zeiser GmbH that most likely can no longer be passed on.

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

Accounting policies

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 operating losses.

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

Management assumptions and estimates

If contractual obligations exist, warranty claims or other obligations are expected, which affect the reporting period, then corresponding provisions are created. The provisions are based on experience or the reasoned expectations of management.

4.13 Deferred income taxes

Deferred income tax assets and liabilities were as follows:

COMPOSITION OF DEFERRED INCOME TAXES

in CHF thousand at 31 December	Deferred tax assets	Deferred tax liabilities	Balance 2023	Deferred tax assets	Deferred tax liabilities	Balance 2022
At 1 January	1,729	-831	898	2,169	-1,072	1,097
Change in scope of consolidation	-	-	-	-	-612	-612
Change recognized in profit or loss	164	-483	-319	-363	853	490
Exchange differences	-91	-	-91	-77	-	-77
At 31 December	1,802	-1,314	488	1,729	-831	898

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 ON LOSS CARRY-FORWARDS

in CHF thousand at 31 December	2023	2022
Deferred income tax assets on loss carry-forwards gross	8,970	10,088
./. allowance on inventories	-7,168	-8,359
Deferred income tax assets on loss carry-forwards net	1,802	1,729

Deferred income tax assets arising from tax loss carry-forwards are recognised in as far as the related tax benefits are likely to be realised through future taxable profits. Deferred tax assets on loss carry-forwards correspond to accumulated taxable losses in the amount of CHF 27,074k (2022: CHF 39,089k). The loss carry-forwards mainly arise from Zeiser GmbH.

Accounting policies

Deferred tax assets and liabilities are recognised for temporary differences between the values of assets and liabilities disclosed in the consolidated balance sheet and their corresponding tax accounting value in the local balance sheet 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.

5 Capital and financial risk management

5.1 Liquidity

LINES OF CREDIT

in CHF thousand at 31 December	2023	2022
Available lines of credit	59,430	61,701
./. Secured guarantees by banks (without prepayment guarantees)	-1,510	-2,779
./. Lines of credit used	-	-1,782
Total unused lines of credit	57,920	57,140

The used lines of credit from prior year include the building loan taken out by Zeiser GmbH.

As well as the lines of credit, sufficient funds will continue to 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 to the lines of credit may be considered. However, a mortgage could also be taken out on the unencumbered property at Dietzingerstrasse in Zurich.

5.2 Equity

Equity

Share capital is classified as equity. Transactions with minority interests are treated as transactions with the company's 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.

Own shares

Purchases of the company's 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.

As at 31 December 2023, Orell Füssli AG held none of its own shares (2022: 508 own shares). The 508 own shares from prior year were reserved for the equity participation plan of Group Management and were transferred to the authorised persons in the year under review after expiry of the vesting period. In the year under review and in the prior year, the company did not purchase any of its own shares.

Earnings per share

The earnings per share is calculated on the basis of the portion of the Group's results allocated to Orell Füssli AG'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 former equity participation plan.

EARNINGS PER SHARE

At 31 December	2023	2022
Net income for the period in CHF thousand	12,042	8,490
Weighted average numbers of shares in issue (in thousands)	1,960	1,959
Undiluted earnings per share in CHF	6.14	4.33
Diluted earnings per share in CHF	6.14	4.33

Dividend per share

In the current financial year, a dividend for the 2022 financial year in the amount of CHF 6,664k (CHF 3.40 per share) was paid out.

At the Ordinary General Meeting held on 7 May 2024, a dividend of CHF 7,644k (CHF 3.90 per share) will be proposed for the financial year 2023, which has not yet been recorded as a liability in the consolidated financial statements.

5.3 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

in CHF thousand at 31 December	2023	2022
Cost at 1 January	21,052	15,852
Inflow due to change in the scope of consolidation	931	6,973
Change revaluation earn-out payments	704	-1,773
Cost at 31 December	22,687	21,052
Accumulated depreciation and impairment at 1 January	-6,196	-2,279
Depreciation and impairment	-4,081	-3,917
Accumulated depreciation and impairment at 31 December	-10,277	-6,196
Theoretical net book value at 1 January	14,856	13,573
Theoretical net book value at 31 December	12,410	14,856

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

The additions to theoretical goodwill stem from the increase in the stake held in Procivis AG and from the revaluation of the earn-out payments for the residual purchase price of Inspectron Inc. and Lehmanns Media AG. In the prior year, the acquisition of hep Verlag AG and an asset deal in the Book Retailing segment led to an increase in theoretical goodwill.

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

THEORETICAL IMPACT ON NET INCOME FOR THE PERIOD

in CHF thousand	2023	2022
Earnings before interest and taxes (EBIT) according to consolidated income statement	18,112	14,923
Goodwill amortisation	-4,081	-3,917
Theoretical earnings before interest and taxes (EBIT) including goodwill amortisation	14,031	11,006
Net income for the period after minority interests	12,042	8,490
Goodwill amortisation	-3,945	-3,805
Net income for the period after minority interests including goodwill amortisation	8,097	4,685

THEORETICAL IMPACT ON EQUITY

in CHF thousand at 31 December	2023	2022
Equity before minority interests according to the consolidated balance sheet	123,796	122,192
Theoretical capitalisation of goodwill (net book value)	12,410	14,856
Theoretical equity before minority interests including goodwill (net book value)	136,206	137,048

Accounting policies

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. The goodwill arising from acquisitions is offset against the Group shareholders' equity as of 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 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.

Management assumptions and estimates

If the purchase price includes components that depend on future results, these are estimated and accounted for as best as possible at the date of acquisition. The goodwill offset with equity is modified accordingly if any differences result later from the determination of the final purchase price.

For goodwill items listed in the theoretical statement of goodwill, impairment is assessed based on indicators reflecting a possible impairment. If such indicators exist, the goodwill offset with equity is tested for impairment in order to determine the recoverable amount. The business plan for the next three to six years is used as the basis for this. The forecast is based on experience and on management's current assessment of the likely economic development of the relevant market.

6 Other financial information

6.1 Employee retirement benefit schemes

EMPLOYER'S CONTRIBUTION RESERVES

in CHF thousand	Nominal value ECR 31.12.2023	Waiver of usage 2023	Adjustments 2023	Balance Sheet 31.12.2023	Additions/ Reversals 2023	Balance Sheet 31.12.2022	Additions (charged to income statement) 2023	Additions (charged to income statement) 2022
Pension schemes without funding surplus/deficit (Switzerland)	3,907	–	–	3,907	–141	4,048	141	205

Hep Verlag AG used employer contribution reserves in the amount of CHF 141k to meet obligations to pay contributions.

The Orell Füssli Foundation has used the 2020 BVG (OPA) mortality table since 2021 to calculate pension obligations. The actuarial interest rate is 1.50% (2022: 1.50%).

FINANCIAL BENEFIT/LIABILITY AND PENSION COSTS

in CHF thousand	Funding surplus/deficit according to Swiss GAAP FER 26 31.12.2023	Economic benefit/liability Group 31.12.2023	Economic benefit/liability Group 31.12.2022	Translation differences with no impact on the income statement 2023	Change to prior-year or charged to income statement 2023	Contributions limited to the period 2023	Pension costs in personnel expenditure 2023	Pension costs in personnel expenditure 2022
Pension schemes without funding surplus/deficit (Switzerland)	–	–	–	–	–	–	3,426	3,489
Funded pension schemes (abroad)	–	–	–	–	–	–	626	630
Total	–	–	–	–	–	–	4,052	4,119

Accounting policies

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 the pension schemes on the company 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 expenses 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 recalculated according to nationally recognised methods and changes are recorded in the income statement as personnel expenditure.

6.2 Obligations from operating lease contracts

The Orell Füssli Group rents property, machinery, plant and equipment by means of operational leases. Some lease contracts cannot be terminated early, others have an option for cancellation of usually less than one year.

The future aggregated minimum lease payments that cannot be terminated early (mainly rental contracts) are as follows:

MATURITIES OF FUTURE AGGREGATED MINIMUM LEASE PAYMENTS

in CHF thousand at 31 December	2023	2022
No later than 1 year	8,373	8,106
Later than 1 year and no later than 5 years	22,919	22,752
Later than 5 years	8,061	5,780
Total future aggregate minimum lease payments	39,353	36,638

Accounting policies

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.

6.3 Related party transactions

All transactions with related companies and individuals are included in the consolidated financial statements for 2023 and 2022.

RELATED PARTY TRANSACTIONS

in CHF thousand	with associated entities and joint ventures	with shareholders	with other related parties	Total 2023	with associated entities and joint ventures	with shareholders	with other related parties	Total 2022
Revenue from sales to customers	129	33,749	–	33,878	276	37,031	–	37,307
Other operating income	651	–	–	651	372	–	–	372
Cost of materials	–	–	5,524	5,524	–	–	4,572	4,572
Other operating expenses	736	–	260	996	8	–	260	268

in CHF thousand at 31 December	with associated entities and joint ventures	with shareholders	with other related parties	Total 2023	with associated entities and joint ventures	with shareholders	with other related parties	Total 2022
Trade accounts receivable	26	–	–	26	6	–	–	6
Other receivables	19	–	–	19	1	–	–	1
Non-current financial assets	201	–	–	201	925	–	–	925
Trade payables	–	–	–	–	3	–	1,150	1,153
Other liabilities	2	3,300	–	3,302	–	2,879	–	2,879
Financial liabilities	1,635	–	–	1,635	1,635	–	–	1,635

In the 2023 financial year as in prior years, the sale of books and publishing products to related parties and to employees at favourable rates was continued.

Except for the compensation disclosed in the compensation report (pages 68 to 73 of this annual report), there were no other transactions with members of the Board of Directors or the Executive Board in 2023 and 2022.

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

As at 31.12.2023, contingent liabilities in the amount of CHF 1,454k (2022: CHF 0k) exist for share purchase options relating to minority interests.

7 Other disclosures

7.1 Consolidation

Subsidiaries

Subsidiaries comprise all domestic and foreign entities directly or indirectly controlled by Orell Füssli AG, 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 AG. They are deconsolidated as of the date that such control ceases. All identifiable assets and liabilities of the subsidiary are measured at fair value as of the acquisition date. The excess of acquisition cost over the newly valued net assets of the subsidiary is defined as goodwill and recognised in equity.

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

Investments in joint ventures

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

The merger of the book retailing activities of Thalia Bücher AG and Orell Füssli Buchhandlungs AG as of 1 October 2013, resulted in the creation of Orell Füssli Thalia AG. Each parent company holds a 50% interest. The Board of Directors consists of two representatives of each parent company. 50% of the income statement and the balance sheet line items is included in the consolidated financial statements of the Orell Füssli Group. Orell Füssli AG owns 51% of Orell Füssli Buchhandlungs AG and Hugendubel Holding AG owns 49%.

Investments in associates

Investments in associates in which Orell Füssli AG is able to exercise a significant influence are accounted for using the equity method. Influence is considered as significant if Orell Füssli AG 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, investments in associates are recognised initially at cost. Acquisition costs may include goodwill. Subsequently, the carrying amount of the participation is adjusted depending on the development of Orell Füssli AG's share of the associate's equity.

Other investments

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

7.2 Currency conversion

The Group companies keep accounts in their respective national currency. Transactions in a foreign currency are converted into the local currency using the daily exchange rate. Bank account balances in foreign currencies are valued using the Group's exchange rates. Currency conversion differences are recorded in the financial result.

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. Expenses and income are converted into Swiss francs at the average exchange rate for the year. Currency conversion differences and foreign currency gains on equity-like long-term loans are booked directly in equity. In the event of the disposal of a foreign subsidiary, the related accumulated currency conversion differences booked on the income statement are derecognised 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 2023 and 2022 financial years:

APPLIED EXCHANGE RATES

	Market rate		Annual average rate	
	31.12.2023	31.12.2022	2023	2022
EUR at a rate of CHF	0.9288	0.9899	0.9717	1.0052
USD at a rate of CHF	0.8415	0.9246	0.8986	0.9548
GBP at a rate of CHF	1.0711	1.1184	1.1170	1.1798

7.3 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 6 March 2024. 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 6 March 2024.

7.4 Changes in the scope of consolidation

In the 2023 financial year

Procivis AG: In the fourth quarter of 2023, Orell Füssli AG increased its stake in Procivis AG to 86.2%. The goodwill was written off directly via equity.

Zeiser Inc.: The expected earn-out payment for the acquisition of Inspectron Inc., which was merged with Zeiser GmbH in the 2022 financial year, increased by CHF 618k.

Delivros Orell Füssli AG: The expected earn-out payment for the acquisition of Lehmanns Media AG increased by CHF 173k.

In the 2022 financial year

izit AG: Founded as of 26 September 2022.

hep Verlag AG: As of 1 July 2022, Orell Füssli AG acquired hep Verlag AG. Besides liquidity in the amount of CHF 1,956k, the material balance sheet items representing trade accounts receivable in the amount CHF 1,637k and inventories in the amount of CHF 2,667k were also taken over. The goodwill was offset against equity in the period under review, hep Verlag AG contributed CHF 5,798k to consolidated sales.

Zeiser Inc.: As of 1 April 2022, Inspectron Inc. and Zeiser Inc. in the USA merged to form Zeiser Inc.. The expected earn-out payment for the acquisition of Inspectron Inc. has been reduced by CHF 1,773k.

Delivros Orell Füssli AG: As of 1 February 2022, Orell Füssli Thalia AG increased its stake in Delivros Orell Füssli AG by 10% to reach 80%. The goodwill was written off directly via equity.

Barth Bücher AG: mid-year, Thalia Bücher AG took over the assets of Barth Bücher AG. The resulting goodwill was offset against equity.

The goodwill from the transactions carried out in 2022 amounted to a total of CHF 6,973k.

7.5 Overview of significant investments

SIGNIFICANT INVESTMENTS

	City, Country	Currency	Nominal capital in thousand	% of capital held ¹⁾	
				direct	indirect ²⁾
Consolidated companies					
Orell Füssli Buchhandlungs AG	Zurich, CH	CHF	100	51	
hep Verlag AG	Bern, CH	CHF	542	100	
Procivis AG	Zurich, CH	CHF	277	86	
izit AG	Zurich, CH	CHF	100	100	
Zeiser GmbH	Emmingen, DE	EUR	869	100	
Zeiser Inc. ³⁾	West Caldwell, US	USD	0		100
Zeiser Ltd. ³⁾	Andover, GB	GBP	0		100
Zeiser SRL ³⁾	Milano, IT	EUR	100		100
Pro rata consolidated participation					
Orell Füssli Thalia AG ⁴⁾	Zurich, CH	CHF	9,500		50
Delivros Orell Füssli AG ⁵⁾	Zurich, CH	CHF	1,330		80
Lehmanns Media AG ⁶⁾	Hägendorf, CH	CHF	100		100
Equity accounted for participations					
Orell Füssli Kartographie AG	Zurich, CH	CHF	210	24	
Evrlearn AG ⁵⁾	Zurich, CH	CHF	190		37

¹⁾ Capital held and voting rights in % are identical

²⁾ Capital share of the respective parent company

³⁾ Held through Zeiser GmbH

⁴⁾ Held through Orell Füssli Buchhandlungs AG

⁵⁾ Held through Orell Füssli Thalia AG

⁶⁾ Held through Delivros Orell Füssli AG

Report of the statutory auditor on the consolidated financial statements

Report of the statutory auditor

to the General Meeting of Orell Füssli AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Orell Füssli AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2023, the consolidated balance sheet as at 31 December 2023, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 76 to 106) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 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 Standards on Auditing (SA-CH). 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 2,322k
	<p>We concluded full scope audit work and specified audit procedures at three Group companies in two countries.</p> <p>Our audit scope addressed 89% of the Group's revenue from sales to customers.</p>
	<p>As key audit matter the following area of focus has been identified:</p> <p>Revenue recognition relating to long-term production orders of Orell Füssli AG using the percentage-of-completion (PoC) method</p>

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
 Telefon: +41 58 792 44 00, www.pwc.ch

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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 2,322k
Benchmark applied	Revenue from sales to customers
Rationale for the materiality benchmark applied	We chose revenue from 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 consolidated 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.

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 specified 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 limited statutory examinations and analyses of significant changes.

Key audit matters

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 of Orell Füssli AG using the percentage-of-completion (PoC) method

Key audit matter

As can be seen in note 3.2 of the annual report, revenue from production orders accounted for using the percentage-of-completion (PoC) method amounted to CHF 59,271k in the 2023 financial year (prior year: CHF 50,001k). This represents about 26% (prior year: 26%) of revenue from sales to customers.

Long-term production orders with a timeframe of at least three months and representing a significant volume are recorded using the PoC method. This involves measuring the stage of completion of the total production order in percentage terms to determine what share of it should be attributed to total revenue in the reporting period. To do this, Management and the Board of Directors, by reference to the production processes that have been completed, make assumptions regarding the stage of completion and the cost rates to be used. If losses on production orders are likely, further estimates are necessary to assess their extent. Owing to the size of revenue from sales to customers accounted for using the PoC method and the significant scope for judgement by Management and the Board of Directors involved in recognising revenue in the appropriate period, we consider revenue recognition in this area as a key audit matter.

How our audit addressed the key audit matter

We tested the appropriateness of the Group's financial reporting in relation to revenue recognition relating to long-term production orders using the PoC method, including the accounting policies for the determination of the stage of completion and the cost rates used.

In order to test how Management and the Board of Directors made estimates regarding revenue recognition, we performed the following audit procedures:

- We gained an understanding of the process and controls for accounting for long-term production orders.
- We inspected and critically assessed selected Management memoranda on the recognition of revenue in the appropriate period for certain components of revenue and on the assessment of the recognition of revenue in the appropriate period for these components.
- We selected various long-term production orders and inspected the underlying contracts and reconciled the relevant components with the actual calculation.
- For selected long-term production orders, we physically examined the stage of completion as at the balance sheet date.
- For selected long-term production orders, we analysed and critically assessed the underlying cost rates used.

We consider the methods used to be an appropriate basis for revenue recognition relating to long-term production orders using the PoC method. The results of our audit support the data and assumptions applied by Group Management and the Board of Directors.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the sections marked 'audited by external auditor' in the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



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

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

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

Report on other legal and other regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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 recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Ebinger
Licensed audit expert
Auditor in charge

Dario Gassmann
Licensed audit expert

Zurich, 6 March 2024



8 Financial statements of Orell Füssli AG

8.1 INCOME STATEMENT

in CHF thousand	Notes	2023	2022
Revenue from sales to customers	9.4	82,318	78,461
Other operating expenses		2,573	1,640
Changes in inventories of semi-finished and finished products		395	290
Operating income		85,286	80,391
Cost of materials		-27,631	-24,360
Personnel expenses		-28,455	-28,508
Other operating expenses		-12,524	-13,221
Depreciation and impairment		-8,736	-8,258
Earnings before interest and taxes (EBIT)		7,940	6,044
Financial income		10,179	280
Financial expenses		-1,107	-972
Financial result	9.6	9,072	-692
Ordinary result		17,012	5,352
Extraordinary expenses		-112	-
Extraordinary result	9.7	-112	-
Earnings before income taxes (EBT)		16,900	5,352
Income tax expenses		-802	-751
Net income for the period		16,098	4,601

8.2 BALANCE SHEET

in CHF thousand	Notes	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents		31,732	26,575
Trade accounts receivable	9.9	4,412	2,401
Trade accounts receivable from related parties		3	–
Trade accounts receivable from Group companies		86	9
Advance payments to suppliers		1,678	1,541
Other current receivables	9.9	774	780
Other current receivables from Group companies	9.10	5,834	687
Inventories	9.11	7,897	9,400
Construction contracts	9.12	4,781	4,219
Accrued income and deferred expenses		829	1,031
Total current assets		58,026	46,643
Loans to consolidated companies	9.13	23,576	19,798
Participations in consolidated companies	9.13	35,180	34,173
Tangible assets	9.14	39,372	38,364
Intangible assets	9.15	1,750	1,306
Total non-current assets		99,878	93,641
Total assets		157,904	140,284
Liabilities and equity			
Trade payables to third parties		2,408	2,290
Trade payables to related parties		–	1,150
Current interest-bearing liabilities to Group companies	9.13	15,626	8,521
Other current payables to third parties		1,891	682
Advance payments from customers	9.16	4,632	4,752
Accrued expenses and deferred income		5,523	4,888
Current provisions	9.17	257	80
Total current liabilities		30,337	22,363
Non-current provisions	9.18	170	–
Total non-current liabilities		170	–
Share capital		1,960	1,960
./. Own shares	9.19	–	–60
Legal profit reserve		11,095	11,113
Retained earnings		98,244	100,307
Net income for the period		16,098	4,601
Total equity		127,397	117,921
Total liabilities and equity		157,904	140,284

9 Notes to the financial statements

9.1 Disclosures/Basis of accounting

Orell Füssli AG is a Swiss company with headquarters in Zurich. As of 31 December 2023 the company employed 200 full-time equivalents (2022: 221).

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

Where not prescribed by law, the significant accounting and valuation principles applied are described below.

9.2 Foregoing a cash flow statement and additional disclosures in the notes

As Orell Füssli AG prepares consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), it has decided to forego presenting a management report, a cash flow statement and additional information on audit fees in the notes in accordance with the law.

9.3 Currency conversion

Balance sheet items recorded in foreign currencies are converted into the functional currency, Swiss francs (CHF), using the exchange rate as of the balance sheet date. The price gain or loss resulting from the currency conversion is recognised in the income statement in the financial result. The items in the income statement are converted using the book rate (monthly average exchange rate).

9.4 Revenue from sales to customers

In the 2023 financial year, revenue from sales to customers includes revenue from production orders recognised using the PoC method in the amount of CHF 59,271k (2022: CHF 50,001k).

Revenue from sales to customers of trading goods and 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 production orders is recognised using the percentage-of-completion (PoC) method in order to record the portion of total sales realised for the reporting period (see section 9.11).

9.5 Derivative financial instruments

As of 31 December, there are outstanding foreign exchange forwards used for currency hedging of future cash flows. This resulted in an off-balance-sheet item in the amount of CHF 16k (2022: CHF 146k).

9.6 Financial result

Financial income includes dividends from Orell Füssli Buchhandlungs AG in the amount of CHF 9,592k (2022: CHF 0k) and interest income in the amount of CHF 587k (2022: CHF 233k). Financial expenses mainly comprise foreign currency losses on loans to Orell Füssli Group companies.

9.7 Extraordinary result

The extraordinary result is personnel expenses of CHF 112k relating to other periods. No extraordinary result was achieved in the prior year.

9.8 Liquidation of hidden reserves

No hidden reserves were released in either the year under review or prior year.

9.9 Trade accounts receivables and other receivables

Trade receivables and other receivables are recognised at their nominal value. Significant doubtful accounts receivable are individually valued and adjusted as of the balance sheet date. The other receivables are adjusted applying a flat-rate allowance based on actual experience.

9.10 Current receivables from Group companies

Current receivables from Group companies are dividends not yet disbursed in the amount of CHF 5,835k from Orell Füssli Buchhandlungs AG. In the prior year, there was a current loan receivable in the amount of CHF 687k.

9.11 Inventories

Inventories comprise various substrates, dyes, varnishes and other materials as well as books and non-book articles.

Inventories 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 trading goods, impairment charges are made for unsellable inventory or inventory with a low turnover. Books still in production are recorded at the accumulated production costs.

9.12 Production orders

Long-term production orders with a time frame of at least three months and representing a significant volume are recorded using the PoC method. 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 a receivable. To this end, the portion of the production stages that have been carried out is used as the valuation basis. Expected losses on production orders are recognised immediately in the income statement as an expense.

Advance payments are recognised directly in equity. Advance payments are offset against the accrued costs of the production order to which the payments relate.

For the other production orders, which do not satisfy the PoC criteria, the direct production costs, including material and production costs as well as production overheads, are recorded on an accrual basis.

9.13 Loans and investments

Orell Füssli AG provides its subsidiaries with required funds in the form of loans or receives from its subsidiaries cash in excess of requirements for investments.

INVESTMENTS

at 31 December		2023		2022	
		in CHF thousand	Capital held	in CHF thousand	Capital held
Zeiser GmbH	Emmingen, DE	8,891	100.0%	8,891	100.0%
hep Verlag AG	Bern, CH	12,243	100.0%	12,243	100.0%
izit AG	Zurich, CH	100	100.0%	100	100.0%
Procivis AG	Zurich, CH	13,895	86.2%	12,888	76.7%
Orell Füssli Buchhandlungs AG	Zurich, CH	51	51.0%	51	51.0%
Total Group companies		35,180		34,173	
Orell Füssli Kartographie AG	Zurich, CH	–	23.8%	–	23.8%
KXO AG	Zug, CH	–	39.2%	–	39.2%
Landqart AG	Landqart, CH	–	3.3%	–	3.3%
Total related parties		–		–	

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

9.14 Tangible assets

MOVEMENTS IN TANGIBLE ASSETS 2023

in CHF thousand at 31 December	Developed property and buildings	Machinery and equipment	Furniture and fixtures	Vehicles	IT systems (hardware)	Assets under construction	Total
Cost at 1 January	36,484	116,355	1,967	59	5,435	708	161,008
Additions	840	2,880	117	–	867	4,440	9,144
Disposals	–533	–17,217	–231	–	–424	–	–18,405
Reclassification	68	524	–	–	–	–558	34
Cost at 31 December	36,859	102,542	1,853	59	5,878	4,590	151,781
Accumulated depreciation and impairment at 1 January	–27,291	–89,924	–1,474	–59	–3,896	–	–122,644
Depreciation on disposals	533	17,211	182	–	424	–	18,350
Depreciation	–1,614	–5,620	–87	–	–554	–	–7,875
Impairment	–146	–5	–28	–	–61	–	–240
Accumulated depreciation and impairment at 31 December	–28,518	–78,338	–1,407	–59	–4,087	–	–112,409
Net carrying amount at 1 January	9,193	26,431	493	–	1,539	708	38,364
Net carrying amount at 31 December	8,341	24,204	446	–	1,791	4,590	39,372

MOVEMENTS IN TANGIBLE ASSETS 2022

in CHF thousand at 31 December	Developed property and buildings	Machinery and equipment	Furniture and fixtures	Vehicles	IT systems (hardware)	Assets under construction	Total
Cost at 1 January	36,286	110,914	2,107	59	4,681	3,173	157,220
Additions	813	3,398	152	–	720	616	5,699
Disposals	–613	–1,028	–292	–	–172	–	–2,105
Reclassification	–2	3,071	–	–	206	–3,081	194
Cost at 31 December	36,484	116,355	1,967	59	5,435	708	161,008
Accumulated depreciation and impairment at 1 January	–26,109	–85,383	–1,632	–59	–3,589	–	–116,772
Depreciation on disposals	613	941	292	–	171	–	2,017
Depreciation	–1,635	–5,264	–90	–	–478	–	–7,467
Impairment	–160	–218	–44	–	–	–	–422
Accumulated depreciation and impairment at 31 December	–27,291	–89,924	–1,474	–59	–3,896	–	–122,644
Net carrying amount at 1 January	10,177	25,531	475	–	1,092	3,173	40,448
Net carrying amount at 31 December	9,193	26,431	493	–	1,539	708	38,364

Tangible assets are recognised at cost or manufacturing cost less depreciation. The acquisition and production costs include the acquisition costs of tangible assets as well as the directly attributable costs to prepare the assets for their intended use.

Depreciation begins as soon as the fixed asset is ready for use or is operational. Land is not subject to depreciation.

Assets under construction are those assets that are not yet ready for use or not yet in operation. They are valued at accumulated acquisition or production costs and are not depreciated.

The operating life of tangible assets is as follows:

USEFUL LIFE OF TANGIBLE ASSETS

in years	Estimated useful lives
Buildings	30–40
Fixed facilities and renovations	10–20
Machinery and equipment	5–10
Movable properties, vehicles	5–8
IT systems (hardware)	3–5

9.15 Intangible assets

MOVEMENTS IN INTANGIBLE ASSETS 2023

in CHF thousand at 31 December	Software and developments	Rights and licenses	Intangible assets in the course of development	Total
Cost at 1 January	6,344	156	34	6,534
Additions	1,028	15	56	1,099
Disposals	-975	-	-	-975
Reclassification	-	-	-34	-34
Cost at 31 December	6,397	171	56	6,624
Accumulated depreciation and impairment at 1 January	-5,074	-154	-	-5,228
Depreciation on disposals	975	-	-	975
Depreciation	-433	-2	-	-435
Impairment	-186	-	-	-186
Accumulated depreciation and impairment at 31 December	-4,718	-156	-	-4,874
Net carrying amount at 1 January	1,270	2	34	1,306
Net carrying amount at 31 December	1,679	15	56	1,750

MOVEMENTS IN INTANGIBLE ASSETS 2022

in CHF thousand at 31 December	Software and developments	Rights and licenses	Intangible assets in the course of development	Total
Cost at 1 January	5,898	156	296	6,350
Additions	588	-	34	622
Disposals	-244	-	-	-244
Reclassification	102	-	-296	-194
Cost at 31 December	6,344	156	34	6,534
Accumulated depreciation and impairment at 1 January	-4,951	-151	-	-5,102
Depreciation on disposals	243	-	-	243
Depreciation	-366	-3	-	-369
Accumulated depreciation and impairment at 31 December	-5,074	-154	-	-5,228
Net carrying amount at 1 January	947	5	296	1,248
Net carrying amount at 31 December	1,270	2	34	1,306

Intangible assets comprise rights, licenses and software. They are valued at acquisition cost or production cost less accumulated depreciation and impairment. The acquisition costs of rights, licenses and software comprise the purchase price and directly attributable costs. Rights, licenses and software are amortised using the straight-line method over the contractually agreed duration. Software and development item consists solely of bought-in products.

9.16 Advance payments from customers

Advance payments from customers of CHF 4,632k (2022: CHF 4,752k) include advance payments from shareholders of CHF 3,326k (2022: CHF 2,879k) for production orders and payments in the amount of CHF 3,969k (2022: CHF 917k), which have been offset against the PoC production orders.

Advance payments are always made for long-term production orders. Advance payments by customers comprise only those payments that have not been offset against the accrued costs of the production orders.

9.17 Current provisions

Current provisions include costs for the necessary demolition work in the building and for ongoing proceedings. In the prior year, costs of underdeliveries and delivery delays in relation to production orders were included.

9.18 Non-current provisions

Non-current provisions include accruals for entitlements arising from the employee equity incentive plans.

9.19 Own shares

As at year-end 2023, Orell Füssli AG did not hold any of its own shares. The 508 own shares held in the prior year were reserved for the equity participation plan of Group Management and were transferred in the year under review in connection with share-based compensation.

9.20 Major shareholders

at 31 December 2023	Total registered shares	Participation
Swiss National Bank (SNB), Berne (CH)	653,460	33.3%
Dieter Meier, Zürich (CH) (held by Campdem Development SA)	264,030	13.5%
Fam. Siegert, Meerbusch (DE)	166,500	8.5%

9.21 Contingent liabilities

As at 31.12.2023, contingent liabilities of CHF 1,454k (2022: CHF 0k) exist for share purchase options relating to minority interests.

9.22 Obligations from operating lease contracts

Orell Füssli AG leases a property under a fixed-term operating lease. The future minimum lease payment from this contract amounts to CHF 1,269k (2022: CHF 634k). Payments will be made over the next four years.

9.23 Events after the balance sheet date

The financial statements were approved and released for publication by the Board of Directors on 6 March 2024. They are subject to approval by the Annual 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 6 March 2024.

Proposed appropriation of retained earnings and unrestricted reserves

The Board of Director's proposes to the Annual General Meeting on 7 May 2024 the payment of a dividend of CHF 3.90 per share.

PROPOSED APPROPRIATION OF RETAINED EARNINGS AND UNRESTRICTED RESERVES

in CHF thousand	2023
Retained earnings	98,244
Net income for the period	16,098
Retained earnings available to the Annual General Meeting	114,342
Dividend of CHF 3.90 per share	-7,644
Carried forward	106,698

Report of the statutory auditor on the financial statements

Report of the statutory auditor

to the General Meeting of Orell Füssli AG

Zürich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Orell Füssli AG (the Company) which comprise the income statement for the year ended 31 December 2023, the balance sheet as at 31 December 2023 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 112 to 120) 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 Standards on Auditing (SA-CH). 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 Company 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 823k

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 of Orell Füssli AG 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

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

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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 823k
Benchmark applied	Revenue from sales to customers
Rationale for the materiality benchmark applied	We chose revenue from 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.

Key audit matters

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 of Orell Füssli AG using the percentage-of-completion (PoC) method.

Key audit matter	How our audit addressed the key audit matter
<p>As can be seen in note 9.4 of the annual report, revenue from production orders accounted for using the percentage-of-completion (PoC) method amounted to CHF 59,271k in the 2023 financial year (prior year: CHF 50,001k). This represents about 72% (prior year: 64%) of revenue from sales to customers.</p> <p>Long-term production orders with a timeframe of at least three months and representing a significant volume are recorded using the PoC method. This involves measuring the stage of completion of the total production order in percentage terms in order to determine what share of it should be attributed to total revenue in the reporting period. To do this, Management and the Board of Directors, by reference to the production processes that have been completed, make assumptions regarding the stage of completion and the cost rates to be used. If losses on production orders are forecast, further estimates are necessary to assess their extent. Owing to the size of revenue from sales to customers accounted for using the PoC method and the significant scope for judgement by Management and the Board of Directors involved in recognising revenue in the</p>	<p>We tested the appropriateness of the Group's financial reporting in relation to revenue recognition relating to long-term production orders using the PoC method, including the accounting policies for the determination of the stage of completion and the cost rates used.</p> <p>In order to test how Management and the Board of Directors made estimates regarding revenue recognition, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • We gained an understanding of the process and controls for accounting for long-term production orders. • We inspected and critically assessed selected Management memoranda on the recognition of revenue in the appropriate period for certain components of revenue and on the assessment of the recognition of revenue in the appropriate period for these components. • We selected various long-term production orders and inspected the underlying contracts and reconciled the



appropriate period, we consider revenue recognition in this area as a key audit matter.

relevant contractual elements with the actual calculation.

- For selected long-term production orders, we physically examined the stage of completion as at the balance sheet date.
- For selected long-term production orders, we analysed and critically assessed the underlying cost rates used.

We consider the methods used to be an appropriate basis for revenue recognition relating to long-term production orders using the PoC method. The results of our audit support the data and assumptions applied by Group Management and the Board of Directors.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the sections marked 'audited by external auditor' in the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of 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 Company'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 Company 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:



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

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

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

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

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

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

PricewaterhouseCoopers AG

Thomas Ebinger

Licensed audit expert
Auditor in charge

Zürich, 6 March 2024

Dario Gassmann

Licensed audit expert





GRI-Index

Orell Füssli Ltd has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023. For the Content Index - Essentials Service, GRI Services has assessed whether the GRI Index has been presented in a manner consistent with the reporting requirements of the GRI Standards and whether the information in the GRI Index is clearly presented and accessible to stakeholders. This service was provided for the German version of the report.

UNIVERSAL STANDARDS

GRI 1	GRI 1: Foundation 2021		Omission (Requirements omitted (RO), Reason (R), Explanation (E))
GRI Standard	Disclosure	Reference/Information	
The organization and its reporting practices			
GRI2: General Disclosures 2021	2-1 Organizational details	S. 33	
	2-2 Entities included in the organization's sustainability reporting	S. 33	
	2-3 Reporting period, frequency and contact point	S. 33, 124	
	2-4 Restatements of information	In the last report, the energy consumption was accidentally presented in the energy unit kWh. This has been adjusted and corrected in the current report. Additional restatements and updates of information are identified where appropriate in the report.	
	2-5 External assurance	S. 33	
Activities and workers			
GRI2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	S. 33	
	2-7 Employees	S. 52	
	2-8 Workers who are not employees	S. 53	
Governance			
GRI2: General Disclosures 2021	2-9 Governance structure and composition	S. 35, 59-61	
	2-10 Nomination and selection of the highest governance body	S. 62	
	2-11 Chair of the highest governance body	S. 60	
	2-12 Role of the highest governance body in overseeing the management of impacts	S. 35	
	2-13 Delegation of responsibility for managing impacts	S. 35	
	2-14 Role of the highest governance body in sustainability reporting	S. 35	
	2-15 Conflicts of interest	S. 53	
	2-16 Communication of critical concerns	S. 49	
	2-17 Collective knowledge of the highest governance body	S. 35	
	2-18 Evaluation of the performance of the highest governance body	S. 35	
	2-19 Remuneration policies	S. 68-72	
	2-20 Process to determine remuneration	S. 68-72	

GRI Standard	Disclosure	Reference/Information	Omission (Requirements omitted (RO), Reason (R), Explanation (E))
	2-21 Annual total compensation ratio	Notes to the CEO compensation: Compensation report 2023, pp. 68-72	Information not available/incomplete Orell Füssli does not calculate the median total annual compensation for all employees because this figure is not meaningful from the company's perspective.
Strategy, policies and practices			
GRI2: General Disclosures 2021	2-22 Statement on sustainable development strategy	S. 4 (Editorial)	
	2-23 Policy commitments	S. 36, 49	
	2-24 Embedding policy commitments	S. 36, 49	
	2-25 Processes to remediate negative impacts	S. 50	
	2-26 Mechanisms for seeking advice and raising concerns	S. 49	
	2-27 Compliance with laws and regulations	S. 54	
	2-28 Membership associations	S. 36	
Stakeholder engagement			
GRI2: General Disclosures 2021	2-29 Approach to stakeholder engagement	S. 36	
	2-30 Collective bargaining agreements	No collective employment contracts apply to employees of the Orell Füssli Group. The employment conditions of employees differ from group company to group company.	

TOPIC STANDARDS

GRI Standard	Disclosure	Reference/Information	Omission (Requirements omitted (RO), Reason (R), Explanation (E))
MATERIAL TOPICS			
Materiality analysis and list of material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	S. 37	
	3-2 List of material topics	S. 38	
Economics success and profitability of the company			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 39	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	S. 10, 76	
Quality of service and products			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 39	
Digitalisation			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 41	
Energy efficiency and climate protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 40, 41	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	S. 42	
	302-4 Reduction of energy consumption	S. 42	

GRI Standard	Disclosure	Reference/Information	Omission (Requirements omitted (RO), Reason (R), Explanation (E))
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	S. 42	
	305-2 Energy indirect (Scope 2) GHG emissions	S. 42	
	305-4 GHG emissions intensity	S. 42	
	305-5 Reduction of GHG emissions	S. 42	
GRI 306: Waste 2020	306-3 Waste generated	S. 45	
Education and training			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 47	
Data security and data protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 47	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	S. 48	
Leadership culture and collaboration			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 49	
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 51	
GRI 403: 2018 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	S. 51	
	403-2 Hazard identification, risk assessment, and incident investigation	S. 51	
	403-3 Occupational health services	S. 51-52	
	403-5 Worker training on occupational health and safety	S. 51	
	403-9 Work-related injuries	S. 52	
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	S. 52	
	401-1 New employee hires and employee turnover	S. 53	
Compliance and business ethics			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 54	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	S. 55	
	205-2 Communication and training about anti-corruption policies and procedures	S. 54	
	205-3 Confirmed incidents of corruption and actions taken	S. 55	
Human rights assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	S. 56	

NOTE ON FORWARD-LOOKING STATEMENTS

No statement in this annual report that refers to the future constitutes a guarantee of future performance. They involve risks and uncertainty, including but not limited to future global economic conditions, foreign exchange rates, regulatory requirements, market conditions, activities of competitors and other factors beyond the company's control that may cause actual developments and results to differ significantly from the statements made in this document. Orell Füssli is under no obligation to adapt or modify forward-looking statements based on new information, future events or other reasons.

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INVESTOR RELATIONS

Tel.: +41 44 466 72 73
Email: investors@orellfuessli.com
www.orellfuessli.com



