Half-year Report 2024

Key figures
Half-year 2024

107.1
Revenue
in CHF m
previous year: 105.0

10.7
EBITDA
in CHF m
previous year: 11.0

4.6
EBIT
in CHF m
previous year: 5.4

630
Number of
employees (FTE)
previous year: 633

1.8
Half-year-result
in CHF m
previous year: 5.0

8.6
Cash flow from
operating activities
in CHF m
previous year: –0.9

Dear shareholder,

Orell Füssli continued to grow as planned in the first half of 2024. The Security Printing Division was awarded major new orders, and Procivis won a call for tenders from a US authority against large international competition.

In the first half of the year, which is typically weaker than the second, Orell Füssli generated revenue of CHF 107.1 million (previous year: CHF 105.0 million) and achieved an EBIT margin of 4.3% (previous year: 5.2%). As expected, the EBIT of CHF 4.6 million (previous year: CHF 5.4 million) was adversely affected by seasonal sales trends in book retailing and publishing, higher costs and the current product mix in Security Printing.

We achieved considerable market successes in the first six months of the year. The most significant of these include new customers and major contracts in the Security Printing Division and at Zeiser. Additionally, Procivis won a total of four new contracts from the public and the private sector. One of the customers is the U.S. Department of Homeland Security. In book retailing, three more book stores were opened and the publishers published various new works in the first half of the year.

The **Security Printing Division's** major contracts for printing banknotes come from customers located in the Global South. Contrary to the trend towards international central banks ordering banknotes at short notice, the printing works is now seeing an encouraging long-term planning horizon.

Following the first half of the year, the signs in the **Industrial Systems** division are also good. Zeiser has won several contracts in banknote serialisation and the order backlog is pleasingly high. The great interest in the Track & Trace system continues. The presentation of Zeiser's new solution for the real-time monitoring and traceability of products in the printing and packaging industry, which is now being pursued in addition to security printing, attracted numerous potential customers to the stand at drupa. Drupa is the world's largest trade fair for the print and paper industries and took place in Düsseldorf in June.

Subdued consumer sentiment continues to impact the retail trade. People in Switzerland have tightened their belts. Reasons for this include the continuing high costs for housing, health and mobility. Despite this challenging environment, the stationary and online **book retailing business** of Orell Füssli Thalia AG, in which Orell Füssli AG holds a stake, is going well.

"Orell Füssli has consistently worked on its growth strategy and increased sales in the first half of 2024."

Dr Martin Folini, Chairman of the Board of Directors

Additional stores were added to the bricks-and-mortar shop network in the first half of the year. Orell Füssli acquired the Rapunzel book store in Liestal in January and ensured that operations continued seamlessly with the same team. Schuler Bücher and Orell Füssli Thalia AG opened a new store together at Chur railway station in April. A third location in Aarau was opened in May. The new Orell Füssli bookstore in Aarau railway station complements the Orell Füssli Wirz and Orell Füssli Meissner branches.

The figures available for the **publishers** confirm that this area of the company is on track. The teaching and learning media programme is being prepared for the important months before the start of the new school year. The purely digital learning media introduced in 2023, myKV and myDetailhandel, are starting their second cycle. The licensing of the platforms is designed for the duration of the basic training courses, which last several years. Apprenticeships to become a commercial employee or a retail merchant are the largest apprenticeships in Switzerland in terms of numbers of students.

The 21st edition of the commercial edition of the Swiss Civil Code/Code of Obligations, a top seller from Orell Füssli's legal media programme and a key teaching aid in schools, was published at the beginning of the year alongside other books.
On top, the Orell Füssli commentary on financial market criminal law in Switzerland was published for the first time.

In June, the first event was held in a series of specialist conferences for legal practitioners on the subject of sports law. More than 50 specialist lawyers participated.
By establishing these series of events, Orell Füssli legal media creates synergies with the publishing business and opens up additional sources of income.

Just in time for this year's start of the prestigious Swiss cycling race, Orell Füssli published Globi's new adventure at the Tour de Suisse. Globi himself travelled to Vaduz for the departure of the race at the beginning of June.

At **Procivis**, the market launch of the Procivis One product and its further development are in full swing. The mentioned project for the

"The acquisition of new reference customers in security printing and at Procivis were highlights."

Daniel Link, CEO

U.S. Department of Homeland Security includes software modules for decentralised digital credentials. In total, 70 firms from around the globe competed for the tender, of which six were awarded a contract.

In the first half of the year, Procivis found a large and interested expert audience at the leading conferences on the topic of digital identities and security technologies in Washington, Berlin and Zurich.

The regulatory framework around digital identities is also developing positively. In Switzerland, the National Council and the Legal Affairs Committee of the Swiss Council of States endorsed the Federal Council's bill to introduce electronic identity credentials. The bill is to be discussed in the Council of States before the end of the year.

In the EU, the eIDAS 2.0 Regulation entered into force in May. By 2026, all member states must make a digital identity wallet available to their citizens, which must also be accepted by companies. The pioneering and scalable software platform from Procivis meets the requirements of both eIDAS 2.0 and the Swiss eID ecosystem.

At this year's **Annual General Meeting** on 7 May, Orell Füssli AG's shareholders approved all the Board of Directors' motions. Dieter Widmer stepped down after 13 years on the Board of Directors and was thanked for his service with a round of applause. Pascale Bruderer was elected as a new member. The independent entrepreneur and former member of the Swiss National Council brings her rich experience from several directorships on digital topics to our company. In a consultative vote, the more than 190 Orell Füssli shareholders present approved our report on non-financial matters, which was voted on for the first time.

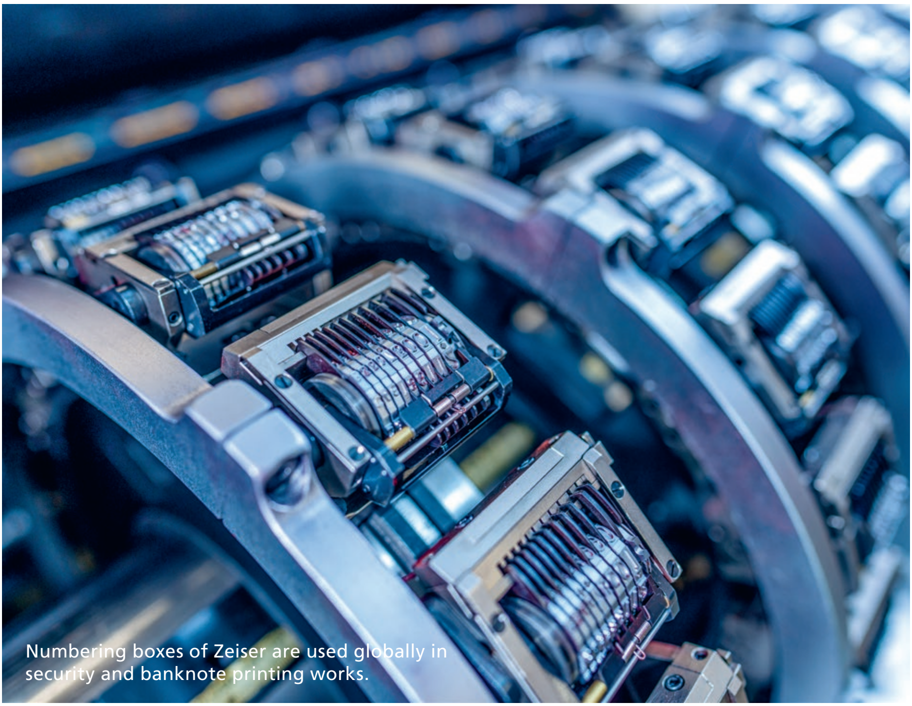
From the comments at the AGM and the numerous conversations around the event, we conclude that shareholders share our newly defined corporate values and our strategy enjoys broad support. Various communication activities to anchor them in the organisation and with customers, partners and investors have been underway since spring this year. An example of this is the Group's redesigned websites.

Orell Füssli achieved further successes in the implementation of its **growth strategy** in the first half of 2024 and is well on track to achieve the economic targets for the financial year. We expect Orell Füssli to grow in the mid to upper single-digit percentage range for the full year and thus to be in or above the communicated growth corridor. Based on our experience with the highly seasonal book retailing and publishing business, we assume a rise in revenue to the planned extent by the end of the year. As already announced, the EBIT margin for the full year will most likely be slightly lower than in the previous year.

Dear shareholders, we would like to thank you for your loyalty and your trust in the efforts of our management. We would like to thank our customers and all partners for their great cooperation and also our employees for their untiring and valuable work.

DR MARTIN FOLINI
Chairman of the Board of Directors

DANIEL LINK
CEO



Numbering boxes of Zeiser are used globally in security and banknote printing works.

SEGMENT DATA

The business activities of the Orell Füssli Group involve mainly the sub-areas Security Printing, Industrial Systems and Book Retailing. The activities of the smaller business units are grouped together as "Other business areas". Activities from Group functions not directly attributable to core businesses are not allocated to the sub-areas

Sales in the Industrial Systems Division in the first half of 2024 include the sale of machine components / machines in the amount of CHF 211k to the Security Printing Division (January to June 2023: CHF 2,691k). These sales are eliminated in the revenue from sales to customers under the "Not assigned" line item and reported as capitalised costs in the consolidated income statement.

January – June; in CHF thousand	2024	2023	2022	2021	2020
Security Printing					
Revenue from sales to customers	37,950	39,164	38,025	39,200	48,743
Operating earnings (EBIT)	5,469	6,082	7,798	4,183	5,886
Industrial Systems					
Revenue from sales to customers	11,427	11,778	11,010	13,191	12,422
Operating earnings (EBIT)	638	848	1,886	3,314	2,834
Book Retailing					
Revenue from sales to customers	50,979	49,938	44,981	41,396	38,156
Operating earnings (EBIT)	1,211	1,169	865	611	–559
Other business areas					
Revenue from sales to customers	7,169	6,984	3,587	3,385	4,652
Operating earnings (EBIT)	–1,325	–999	–1,143	128	45
Not assigned					
Revenue from sales to customers	–395	–2,839	31	105	96
Operating earnings (EBIT)	–1,437	–1,661	–1,994	–1,822	–1,483
Total Group					
Revenue from sales to customers	107,130	105,025	97,634	972,077	104,069
Operating earnings (EBIT)	4,556	5,439	7,412	6,214	6,723

Half-year Financial Report 2024

1.1 CONSOLIDATED INCOME STATEMENT

in CHF thousand	Jan–Jun 24	Jan–Jun 23
Revenue from sales to customers	107,130	105,025
Other operating income	1,303	1,740
Changes in inventories of semi-finished and finished products, capitalised costs	2,951	4,755
Operating income	**111,384**	**111,520**
Cost of materials	–40,407	–41,777
External production costs	–5,367	–5,469
Personnel expenses	–33,477	–31,740
Other operating expenses	–21,446	–21,584
Depreciation and impairment on tangible assets	–5,411	–4,988
Depreciation and impairment on intangible assets	–720	–523
Earnings before interest and taxes (EBIT)	**4,556**	**5,439**
Financial income	339	415
Financial expenses	–1,974	–435
Financial result	**–1,635**	**–20**
Ordinary result	**2,921**	**5,419**
Income tax expenses	–1,092	–462
Net income for the period	**1,829**	**4,957**
Attributable to the shareholders of Orell Füssli AG	**1,593**	**4,826**
Attributable to minority interests	**236**	**131**

in CHF	Jan–Jun 24	Jan–Jun 23
Undiluted earnings per share	**0.81**	**2.46**
Diluted earnings per share	**0.81**	**2.46**

1.2 CONSOLIDATED BALANCE SHEET

in CHF thousand	30.06.2024	31.12.2023
Assets		
Cash and cash equivalents	53,523	61,692
Marketable securities and derivative financial instruments	6	22
Trade accounts receivable	10,388	13,221
Other receivables	13,881	8,750
Inventories	31,181	25,180
Accrued income and deferred expenses	6,727	4,135
Total current assets	**115,706**	**113,000**
Tangible assets	55,906	56,490
Intangible assets	3,382	3,012
Non-current financial assets	4,279	4,314
Deferred tax assets	1,942	1,802
Total non-current assets	**65,509**	**65,618**
Total assets	**181,215**	**178,618**
Liabilities and equity		
Trade payables	11,850	5,908
Other current liabilities	21,876	15,631
Accrued expenses and deferred income	19,269	19,955
Current financial liabilities	78	76
Current provisions	731	848
Total current liabilities	**53,804**	**42,418**
Other non-current liabilities	118	118
Non-current financial liabilities	105	1,774
Non-current provisions	454	869
Deferred tax liabilities	929	1,314
Total non-current liabilities	**1,606**	**4,075**
Share capital	1,960	1,960
Capital reserves	4,949	4,115
Retained earnings	120,046	126,097
Exchange differences	−7,078	−8,376
Total equity before minority interests	**119,877**	**123,796**
Minority interests	**5,928**	**8,329**
Total equity	**125,805**	**132,125**
Total liabilities and equity	**181,215**	**178,618**

1.3 CONSOLIDATED CASH FLOW STATEMENT

in CHF thousand	Jan–Jun 24	Jan–Jun 23
Net income for the period	1,829	4,957
Change in employee equity incentive plans	–	8
Depreciation	6,131	5,509
Impairment and amortisation	–	2
Valuation of derivative financial instruments	1,581	82
Other non-cash related income and expenses	751	−206
Change in trade accounts receivable	2,997	−1,301
Change in inventories	−5,724	−3,448
Change in other receivables	−5,124	−2,627
Change in accrued income and deferred expenses	−2,569	1,200
Change in trade payables	5,923	−1,971
Change in other liabilities	4,554	−543
Change in accrued expenses and deferred income	−776	−2,447
Change in provisions and deferred income tax	−1,022	−127
Cash flow from operating activities	**8,551**	**−912**
Purchase of tangible assets	−4,478	−6,143
Proceeds from disposals of tangible assets	15	171
Purchase of intangible assets	−1,086	−714
Investments in financial assets	−33	–
Cash flow from investing activities	**−5,582**	**−6,686**
Repayment of financial liabilities	−39	−1,026
Dividends paid to minorities	−3,438	−5,606
Dividends paid	−7,644	−6,664
Cash flow from financing activities	**−11,121**	**−13,296**
Exchange differences	−17	−99
Change in cash and cash equivalents	**−8,169**	**−20,993**
Cash and cash equivalents at 1 January	**61,692**	**62,538**
Cash and cash equivalents at 30 June	**53,523**	**41,545**

1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF thousand	Share capital	Capital reserves	Own shares	Retained earnings and net income	Equity before minority interests	Minority interests	Total equity
Equity at 1 January 2023	**1,960**	**4,183**	**–60**	**116,109**	**122,192**	**11,512**	**133,704**
Dividends paid	–	–	–	–6,664	–6,664	–5,607	–12,271
Employee equity incentive plans	–	–68	60	–	–8	–	–8
Currency translation effects	–	–	–	–457	–457	–	–457
Net income for the period	–	–	–	4,826	4,826	131	4,957
Total equity at 30 June 2023	**1,960**	**4,115**	**–**	**113,814**	**119,889**	**6,036**	**125,925**
Net change 2nd half-year 2023	–	–	–	3,907	3,907	2,293	6,200
Equity at 1 January 2024	**1,960**	**4,115**	**–**	**117,721**	**123,796**	**8,329**	**132,125**
Dividends paid	–	–	–	–7,644	–7,644	–3,438	–11,082
Conversion of loan into equity	–	834	–	–	834	801	1,635
Currency translation effects	–	–	–	1,298	1,298	–	1,298
Net income for the period	–	–	–	1,593	1,593	236	1,829
Total equity at 30 June 2024	**1,960**	**4,949**	**–**	**112,968**	**119,877**	**5,928**	**125,805**

Retained earnings include currency translation differences of CHF –7,078k (as of 30.06.2023: CHF –6,649k) and goodwill of CHF –49,897k (as of 30.06.2023: CHF –48,315k).

2.1 Basis of accounting

This Half-year report includes the unaudited interim financial statements of the Orell Füssli Group for the reporting period ending 30 June 2024. The consolidated financial statements have been prepared in conformity with the current Swiss GAAP FER standards (Swiss Foundation for Accounting and Reporting Recommendations) as well as the provisions of the Listing Rules of the SIX Swiss Exchange and the Swiss law on companies limited by shares ("company law"). The consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements and they must therefore be read in conjunction with the consolidated annual financial statements prepared for the financial year ending 31 December 2023.

The consolidated interim financial statements include all entities which belonged to the Group and were managed and controlled by Orell Füssli AG during the reporting period. For the Orell Füssli Group, this applies when more than 50% of the entity's share capital or voting rights are directly or indirectly owned by Orell Füssli AG, Zurich. Investments in joint ventures under joint management, but not controlled by one of the parties, are consolidated on a pro rata basis.

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

The Orell Füssli Group's business is subject to significant seasonal and cyclical fluctuations. The seasonal fluctuations are in particular due to the Christmas business, which is very important for the book trade, as well as to the publishers' educational media business, which is mainly handled in the third quarter. The cyclical fluctuations are mainly due to the lifecycles and product mix of the products manufactured in the Security Printing Division.

Income taxes are calculated on the basis of the best estimate of the expected average tax rate for the entire financial year.

2.2 Consolidated income statement

Revenue from sales to customers of CHF 107.1 million represents an increase of CHF 2.1 million on prior year. In the current financial year, the Industrial Systems Division generated around CHF 2.0 million from sales with third parties, offsetting the CHF 2.7 million generated in 2023 with the Security Printing Division and eliminated during consolidation. The increase in sales of the Group is thus mainly attributable to the development of the Industrial Systems and Book Retailing Divisions.

Other operating income is at a typical level for Orell Füssli of CHF 1.3 million, compared to CHF 1.7 million in the prior year, and is mainly generated by the Book Retailing Division.

"Changes in inventories of semi-finished and finished products, capitalised costs" in the prior year were affected by the delivery in 2023 of machinery by Zeiser GmbH to the Security Printing Division for about CHF 2.7 million.

The cost of materials was around CHF 1.4 million lower than in the prior year. This is due to the product mix and the associated costs of materials.

The increase in personnel expenses of around CHF 1.7 million is primarily due to the growth of the brick-and-mortar business of the Book Retailing Division and higher labour costs as a result of inflation, particularly in the Industrial Systems Division.

The change in the financial result is mainly due to the valuation of hedging transactions that were carried out in connection with long-term (longer than one year) orders involving cash flows in foreign currencies. Information on the volume of transactions is disclosed under note 2.10 "Financial instruments".

Income taxes include current and deferred taxes. Tax expenses in the first half of 2024 were disproportionately high due to the effect of expenses not recognised for tax purposes (CHF 0.1 million) and non-capitalised loss carry-forwards (CHF 0.4 million).

2.3 Consolidated balance sheet

The progress of projects is recorded according to the percentage-of-completion (PoC) method and disclosed in "Other receivables". In addition, advance payments of CHF 2.3 million were made to a supplier in connection with an order for materials.

The increase in the "Inventories" line item by around CHF 6.0 million is mainly due to goods purchased in the amount of CHF 3.7 million for orders in the Security Printing Division. As a consequence of these deliveries, trade payables increased as at the cut-off date. In addition, inventory at the publishing house increased by around CHF 0.7 million in advance of the upcoming peak business months for study materials, while in book retailing the additional branches led to an increase of around CHF 0.9 million.

In particular, advance payments from customers and accruals on derivatives used for hedging purposes led to an increase in "Other short-term liabilities".

Accrued expenses and deferred income include employees' entitlements for 13th monthly salaries, bonuses, vacation and overtime, as well as current tax liabilities and outstanding invoices for materials and third-party services.

The reduction in non-current financial liabilities results from the conversion into equity of the non-interest-bearing loan of CHF 1.6 million from a related company.

The change in equity consists of CHF –11.1 million in dividend payments to shareholders and minority shareholders, the conversion of the loan mentioned above, the translation differences, and around CHF 1.8 million in semi-annual profit.

2.4 Liquidity reserves

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

in CHF thousand	30.06.2024	31.12.2023
Cash in bank accounts and in hand	43,523	46,692
Current bank deposits	10,000	15,000
Advance payments PoC / from customers	– 16,445	– 11,566
Other financial assets / liabilities	– 184	– 1,850
Cash and cash equivalents net	**36,894**	**48,276**
Thereof companies with minorities	6,142	16,972
Freely available cash and cash equivalents	**30,752**	**31,304**

2.5 Changes in the scope of consolidation

In the 2024 financial year (January bis June)
izit.: izit AG was merged into Orell Füssli AG with retroactive effect as of 1 January 2024.

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 of directly via equity.

Zeiser Inc.: The expected earn-out payment for the acquisition of Inspectron inc., which was merged with Zeiser Inc. 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.

2.6 Currency conversion

APPLIED EXCHANGE RATES

	Market rate		Annual average rate	
	30.06.2024	31.12.2023	2024	2023
EUR at a rate of CHF	0.9631	0.9288	0.9613	0.9856
USD at a rate of CHF	0.8988	0.8415	0.8893	0.9119
GBP at a rate of CHF	1.1366	1.0711	1.1249	1.1243

2.7 Segment reporting

SEGMENT RESULTS JANUARY – JUNE 2024

in CHF thousand	Revenues from segment sales	Inter-segment sales	Revenue from sales to customers	Earnings before interest an taxes (EBIT)
Security Printing	37,950	–	37,950	5,469
Industrial systems	11,092	335	11,427	638
Book Retailing	50,979	–	50,979	1,211
Other business areas	7,109	60	7,169	–1,325
Total segment	**107,130**	**395**	**107,525**	**5,993**
Not assigned	–	–395	–395	–1,437
Total Group	**107,130**	**–**	**107,130**	**4,556**

Inter-segment sales in the Industrial Systems Division in the first half of 2024 include the sale of machine components / machines in the amount of CHF 211k to the Security Printing Division (January to June 2023: CHF 2,691k). These sales are eliminated in the revenue from sales to customers under the "Not assigned" line item and reported as capitalised costs in the consolidated income statement.

SEGMENT RESULTS JANUARY – JUNE 2023

in CHF thousand	Revenues from segment sales	Inter-segment sales	Revenue from sales to customers	Earnings before interest an taxes (EBIT)
Security Printing	39,164	–	39,164	6,082
Industrial systems	9,068	2,710	11,778	848
Book Retailing	49,938	–	49,938	1,169
Other business areas	6,855	129	6,984	–999
Total segment	**105,025**	**2,839**	**107,864**	**7,100**
Not assigned	–	–2,839	–2,839	–1,661
Total Group	**105,025**	**–**	**105,025**	**5,439**

2.8 Related party transactions

In the first half of 2024, the Orell Füssli Group effected sales and accruals of goods and services to related parties amounting to CHF 18,926k (January to June 2023: CHF 18,800k). In connection with this, there are outstanding receivables of CHF 1,330k (31.12.2023: CHF 45k) and advance payments of CHF 2,972k (31.12.2023: CHF 3,302k). In addition, as at 31 December 2023 there was a non-current loan liability in the amount of CHF 1,635k, which was converted into equity in the first half of 2024.

2.9 Theoretical impact of goodwill capitalisations

The goodwill resulting from acquisitions is offset against the consolidated equity at the time of acquisition. A theoretical amortisation period over five years would have the following effects on the result and the balance sheet:

in CHF thousand	2024	2023
Impact on income statement – Depreciation and amortization (each as of June 30)	– 2,250	– 2,029
Impact on equity (previous year as of December 31)	10,160	12,410

Retained earnings include CHF 28,053k (31.12.2023: CHF 27,932k) of goodwill that is theoretically fully amortised.

2.10 Financial instruments

As at the balance sheet date, there are recognised derivatives in the amount of CHF – 1,565k (31.12.2023: CHF 16k). There are no off-balance-sheet foreign exchange forwards as of 30 June 2024 and 31 December 2023. The total notional amount of foreign currencies that are hedged is CHF 46,804k (31.12.2023: CHF 513k).

2.11 Events occurring after the balance sheet date

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 24 July 2024.

AGENDA

Publication of annual financial statements 2024	14.03.2025
Analyst conference	14.03.2025
General assembly 2025	13.05.2025

NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements in this Half-year Report that relate to the future are not guarantees of future performance. They involve risks and uncertainties, including but not limited to future global economic conditions, foreign exchange rates, regulatory requirements, market conditions, activities of competitors and other factors beyond the control of the company, which could cause actual developments and results to differ materially from the statements made in this document. Orell Füssli is not under any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise

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