

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

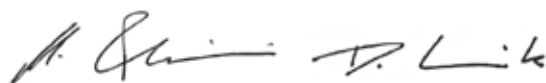
After 13 years on the Board of Directors, Dieter Widmer, Vice Chairman and Head of the Audit Committee, will not stand for re-election at the next Annual General Meeting. The Board of Directors will propose Pascale Bruderer to be elected as new Member of the Board. The former president of the National 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 Procivis 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