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# Short Annual Report 2020

# Editorial

## Dear Shareholder

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

### NET REVENUE

in CHF million

# 218.6

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

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

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

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

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

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

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**EBITDA**
*in CHF million*

# 24.1

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

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

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

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**EBIT**
*in CHF million*

# 14.4

**NET INCOME  
FOR THE PERIOD***in CHF million***15.0**

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

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

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

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

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

Zurich, March 2021



DR ANTON BLEIKOLM  
*Chairman of the Board of Directors*



DANIEL LINK  
*CEO*

**BOARD OF DIRECTORS ORELL FÜSSLI LTD**

Dr Anton Bleikolm	Chairman
Dr Martin Folini <sup>1</sup>	Vice Chairman
Mirjana Blume <sup>2</sup>	
Dr Thomas Moser <sup>1</sup>	
Dr Luka Müller	
Dieter Widmer <sup>2</sup>	

<sup>1</sup> Member of the Compensation Committee

<sup>2</sup> Member of the Audit Committee

# Key figures

## 2020

### INCOME STATEMENT

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

### NET REVENUE

*in CHF million*

# 218.6

### EBIT BEFORE SPECIAL ITEMS

*in CHF million*

# 14.2

## EQUITY RATIO

68.4%

## BALANCE SHEET

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

## ROCE

9.9%

## ADDITIONAL KEY FIGURES

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

## EARNINGS PER SHARE

*in CHF*

6.61

## SHARE FIGURES

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

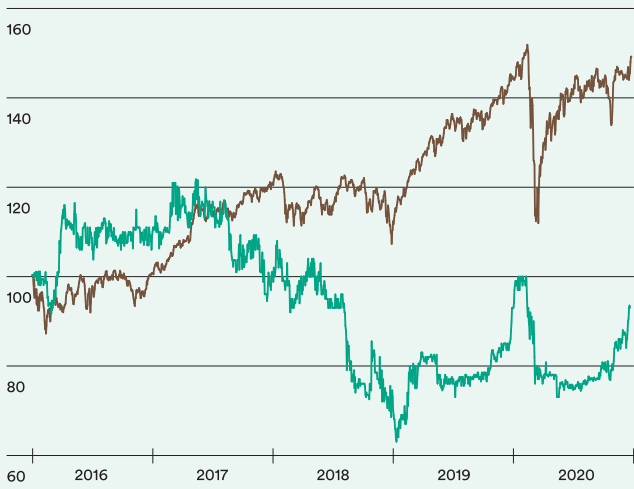
<sup>1)</sup> Change in net working capital: Sum of change in trade accounts receivable, change in inventories, change in other receivables, change in trade accounts payables, change in other liabilities

<sup>2)</sup> NOPAT: EBIT minus income tax expenses

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

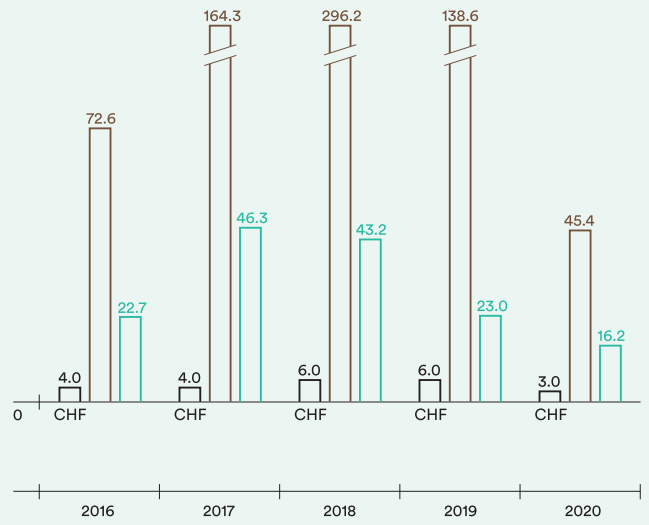
**SHARE PRICE DEVELOPMENT**

in %



Swiss Performance Index    OFN 342 080

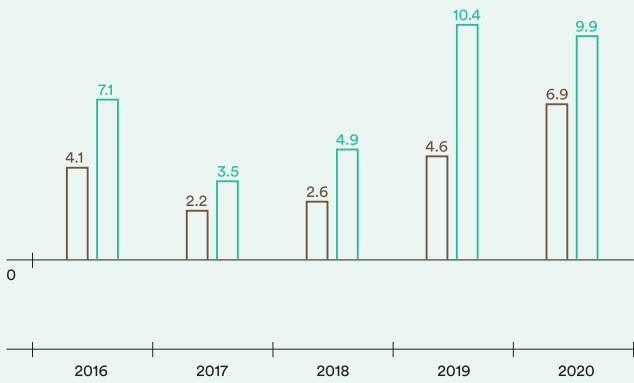
**INFORMATION ABOUT DIVIDEND <sup>1)</sup>**



Dividend per share in CHF    Dividend payout ratio in %    P/E ratio

**RETURN ON SALES (ROS) <sup>1)</sup>**  
**RETURN ON CAPITAL EMPLOYED (ROCE)**

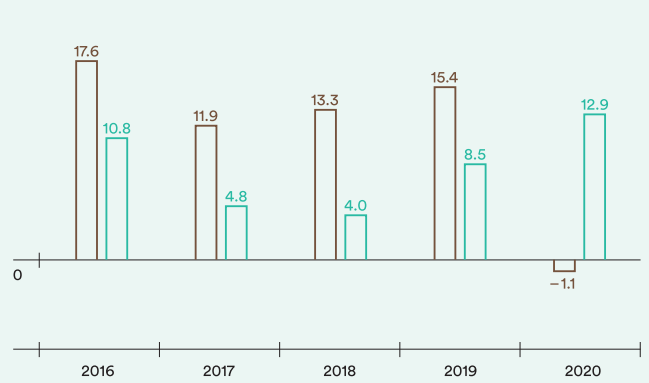
in %



ROS    ROCE

**FREE CASH FLOW (FCF)**  
**NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS <sup>1)</sup>**

in CHF million



FCF    Net income for the period after minority interests

<sup>1)</sup> In 2018 before extraordinary result



# Business in 2020

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

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

## SEGMENT FIGURES

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

### Security Printing Division

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

## NET REVENUE SECURITY PRINTING

*in CHF million*

# 87.3

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



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

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

#### Zeiser Division

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

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

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

**NET REVENUE  
ZEISER**

*in CHF million*

**24.8**

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

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

#### Book Retailing Division

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

#### NET REVENUE BOOK RETAILING

*in CHF million*

96.2

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

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

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

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

### Publishing

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

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

### NET REVENUE PUBLISHING

*in CHF million*

# 10.3

### Changes in the Board of Directors

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

### Personnel

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

### ORELL FÜSSLI LTD, GROUP EXECUTIVE BOARD (AT 31 DECEMBER 2020)

Daniel Link	CEO
Beat Müller	CFO
Dr Daniel Broger	Head of Corporate Development
Dr Michael Kasch	Head of Security Printing Division
Thorsten Tritschler	Head of Zeiser Division

# Condensed Financial Report 2020

## Financial statements of the Orell Füssli Group

### Consolidated income statement

<i>in CHF thousand</i>	2020	2019
Net revenue from sales to customers	218,556	237,423
Other operating income	2,668	4,121
Changes in inventories of semi-finished and finished products, capitalised costs	-1,483	-134
<b>Total operating income</b>	<b>219,741</b>	<b>241,410</b>
Cost of materials	-88,402	-94,626
External production costs	-13,544	-14,209
Personnel expenditure	-55,433	-61,711
Other operating expenses	-38,278	-41,692
Depreciation and impairment on tangible assets	-8,877	-10,299
Depreciation and impairment on intangible assets	-828	-708
<b>Earnings before interest and taxes (EBIT)</b>	<b>14,379</b>	<b>18,165</b>
Financial income	1,494	214
Financial expenses	-941	-4,880
<b>Financial result</b>	<b>553</b>	<b>-4,666</b>
<b>Earnings before income taxes (EBT)</b>	<b>14,932</b>	<b>13,499</b>
Income tax expenses	60	-2,618
<b>Net income for the period</b>	<b>14,992</b>	<b>10,881</b>
Attributable to the shareholders of Orell Füssli Ltd	12,945	8,479
Attributable to minority interests	2,047	2,402
<i>in CHF</i>	2020	2019
Earnings per share	6.61	4.33
Diluted earnings per share	6.60	4.33

**Consolidated balance sheet**

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

**Consolidated cash flow statement**

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

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

At At the ordinary general meeting held on 11 May 2021, a dividend of CHF 5,880,000 (CHF 3.00 per share) will be proposed.

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

**Liquidity reserves and credit facilities***in CHF thousand*

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

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



## Financial statements of Orell Füssli Ltd

(previously Orell Füssli Holding Ltd)

### General information

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

### Income statement

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

**Balance sheet***in CHF thousand*

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

# Sustainability and Social Responsibility

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

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

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

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

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

## **Environment**

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

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

When selecting suppliers and service providers OFS attaches great importance to working with companies which also operate certified environmental management systems and submit themselves to appropriate annual external audits. OFS is also a member of the energy model group of the Energie-Agentur für Wirtschaft (EnAW)\*. This entity specifies a clear target path and tightens the requirements for saving energy and reducing CO<sub>2</sub> emissions annually. In this way, OFS systematically makes an annually increasing contribution to environmental protection. This has enabled the Group to save over 1025 tonnes of CO<sub>2</sub> emissions since 2013, while improving energy efficiency by over 15 GWh.

## **Occupational safety**

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

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

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

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

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

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

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

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