

conzzeta



# ANNUAL REPORT 2020



# Table of Contents

## Overview

3	Key figures
5	Performance Indicators
6	Appreciation
7	Editorial
10	Strategy
15	<b>Business Review Group</b>
20	Segment Sheet Metal Processing
22	Segment Chemical Specialities
24	Segment Outdoor
26	<b>Responsibility</b>
33	<b>Corporate Governance</b>
35	Report of the Human Resources Committee
37	Report of the Audit Committee
39	Corporate Governance Report
58	Compensation Report
69	<b>Financial Report</b>
70	Consolidated Financial Statements
108	Financial Statements of Conzzeta AG
118	Five-Year-Summary
120	<b>Publication Details</b>

## Key figures – Group

CHF m	2020	2019	Changes
Net revenue	1,283.5	1,573.2	-18.4%
on a comparable basis <sup>1</sup>			-10.4%
Total revenue	1,273.6	1,579.1	-19.3%
Operating result (EBIT)	79.7	167.2	-52.3%
adjusted <sup>2</sup>	32.3	137.3	-76.5%
as a % of total revenue, adjusted <sup>2</sup>	2.5%	8.7%	-620 bp
Group result	66.9	136.8	-51.1%
as a % of total revenue	5.3%	8.7%	-340 bp
Minority interests	1.9	11.1	-83.2%
Operating free cash flow	51.5	40.6	26.8%
Cash and cash equivalents	273.3	300.9	-9.2%
Total assets	1,150.6	1,266.0	-9.1%
Shareholders' equity	796.1	880.1	-9.5%
as a % of total assets	69.2%	69.5%	-30 bp
Net operating assets (NOA)	507.8	550.7	-7.8%
Return on net operating assets (RONOA) <sup>2</sup>	4.1%	20.0%	-1590 bp
Number of employees on December 31	4,891	5,026	-2.7%
Earnings per class A share, in CHF	31.46	60.85	-48.3%
Dividend for class A shares, in CHF <sup>3</sup>	60.00	42.00	42.9%
Dividend for class B shares, in CHF <sup>3</sup>	12.00	8.40	42.9%

<sup>1</sup> At stable exchange rates and adjusted for changes in the scope of consolidation.

<sup>2</sup> 2020 excluding capital gain of CHF 47.4 million from the divestment of the business unit Schmid Rhyner and 2019 excluding capital gain of CHF 29.9 million from the divestment of the Glass Processing segment.

<sup>3</sup> 2020 as proposed by the Board of Directors. 2019 including special distribution of CHF 24.00 (class A shares) and CHF 4.80 (class B shares), respectively. Furthermore, a special dividend of CHF 30.00 (class A shares) and CHF 6.00 (class B shares), respectively, was paid in 2019.

## Key figures – Segments

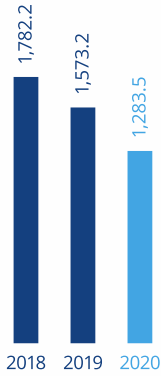
CHF m	2020	2019	Changes
<b>Sheet Metal Processing</b>			
Order intake	777.4	929.4	-16.4%
on a comparable basis <sup>1</sup>			-11.4%
Net revenue	801.4	936.0	-14.4%
on a comparable basis <sup>1</sup>			-9.4%
Total revenue	791.1	941.3	-16.0%
Operating result (EBIT)	52.3	121.1	-56.8%
as a % of total revenue	6.6%	12.9%	-630 bp
<b>Chemical Specialties (discontinued segment)</b>			
Net revenue	264.0	346.6	-23.8%
on a comparable basis <sup>1</sup>			-9.0%
Total revenue	264.4	341.8	-22.7%
Operating result (EBIT)	62.2	14.2	337.1%
adjusted <sup>2</sup>	14.8	14.2	3.8%
as a % of total revenue, adjusted <sup>2</sup>	5.6%	4.2%	140 bp
<b>Outdoor (discontinued segment)</b>			
Net revenue	218.4	268.4	-18.6%
on a comparable basis <sup>1</sup>			-16.2%
Total revenue	218.4	268.4	-18.6%
Operating result (EBIT)	-24.5	7.5	-
as a % of total revenue	-11.2%	2.8%	-

<sup>1</sup> At stable exchange rates and in the segment Chemical Specialties adjusted for changes in the scope of consolidation.

<sup>2</sup> 2020 excluding capital gain of CHF 47.4 million from the divestment of the business unit Schmid Rhyner.

# Performance indicators

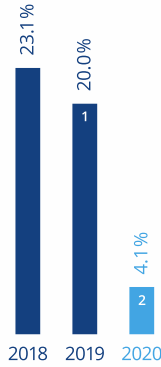
**Net revenue**  
(Net revenue in CHF m)



**Profitability**  
(EBIT in CHF m)



**Capital efficiency**  
(RONOA)



**Financial targets<sup>3</sup>**  
(mid-term)

**Net sales growth**

Over 5% growth in net sales

**Profitability**

EBIT margin over 12%

**Capital efficiency**

Over 25% return on net operating assets (RONOA)

<sup>1</sup> Excluding divestment gain of CHF 29.9 million.

<sup>2</sup> Excluding divestment gain of CHF 47.4 million.

<sup>3</sup> Financial targets Bystronic “Strategy 2025”.

## Stability from tradition – change as principle<sup>1)</sup>

The rationale for transforming Zürcher Ziegeleien into Conzzeta, to which the title refers, remains relevant. As then, we are facing major uncertainties today. The longer-term effects of the coronavirus pandemic can hardly be estimated. At the same time, digitalization is creating new challenges for the work world, right up for the call for an unconditional basic income. Climate change is also adding to the demands placed on us, while at the same time opportunities are arising.

The decision by the Board of Directors in December 2019 to focus Conzzeta's activities on Bystronic is largely attributable to Bystronic's solid performance and its existing critical size. Bystronic has a global presence and is well positioned in a promising market. Thanks to its increasingly integrated and energy-efficient solutions, customers are able to manufacture more productively and more sustainably at the same time. For the other business units, new owners will be better equipped to cope with the challenges of the time.

To take advantage of opportunities, a stable foundation and a willingness to adapt early are a must. As early as in 1999, when Zürcher Ziegeleien was sold, changes in the market demanded spirited "let go and get going". This can also be quite painful. The employees of FoamPartner, Schmid Rhyner and Mammut have developed their businesses over the decades and put their hearts and souls into moving them forward. The fundamental transformation that is about to be completed in 2021, was therefore also emotionally demanding.

It is already clear that the management team, led by Michael Willome, has successfully implemented the recent transformation in a challenging, pandemic-affected environment. I very much want to thank the entire team and employees at all levels for their efforts. It is impressive to see how, over the last few years, they have laid the foundations with innovative solutions and operational improvements for making this step one that adds value for all parties involved.

With Bystronic as its new focus, Conzzeta will also change its name. The Board of Directors will propose to the upcoming Annual General Meeting that Conzzeta AG be renamed Bystronic AG. The appointment of a new Executive Committee under the leadership of Alex Waser, current CEO of the Bystronic business unit, and his promotion to Group CEO, is also a logical consequence. We wish Alex Waser, his management team and all Bystronic employees the expected success with the implementation of their growth strategy.



**Ernst Bärtschi**  
Chairman of the Board of Directors

<sup>1)</sup> Title from the jubilee book, published in 2012, "Let Go and Get Going".



## Consistent implementation of the strategy

With the strategic realignment approved at the end of 2019 and the global coronavirus pandemic and its multi-layered impacts, we faced unprecedented challenges in 2020. We have endeavored to deal with the situation responsibly at all times, first to protect our employees, but also to protect our long-term business relationships. Also thanks to our solid capital position, we were able to respond quickly while continuing to make consistent progress with important projects as well as to develop digital solutions for internal cooperation and interaction with our customers. It is our goal to complete the Group's transformation with the focus on Bystronic in 2021.

The coronavirus pandemic and its impacts were the dominant themes for long periods, particularly in the first half of the year. Our businesses picked up as expected in the second half of the year compared with the mid-year low. In the fourth quarter, order intake at Bystronic and net revenue at FoamPartner exceeded the figures for the same period in 2019, before the outbreak of the pandemic. The Mammüt business unit's physical store sales were particularly affected by the repeated lockdowns of retail stores. In this environment, however, the expansion of digital sales channels, a strategy initiated some years before, proved successful, with revenue from those channels up 72.7%. On a comparable basis, the Group's net revenue in 2020 was 10.4% below the previous year. Not least thanks to the measures introduced in March under the heading "Cash, Cost, Complexity" to partially compensate for the economic impacts of the pandemic, the operating result reached CHF 79.7 million, including the divestment gain of CHF 47.4 million from the sales of the Schmid Rhyner business unit at the end of February 2020.

## Resignation of the Executive Committee

On November 10, 2020, we were also able to announce that an agreement to sell the FoamPartner business unit had been signed, and we expect the divestment of the Mammut business unit towards the middle of 2021, subject to market conditions. We are therefore on the finishing stretch with the focusing of the business portfolio announced on December 9, 2019, with buyers that will further develop the businesses and lead them into the future. The current structure for managing a Group with very different business activities is no longer required, which is why the Executive Committee will step down at the Annual General Meeting on April 21, 2021. In addition to the undersigned Group CEO Michael Willome, Group CFO Kaspar W. Kelterborn, General Counsel Barbara Senn as well as FoamPartner CEO Dr. Michael Riedel and Mammut CEO Dr. Oliver Pabst will leave the Group during the transformation, the latter two in the context of the planned sale of their business units they manage.

## Conzzeta to become Bystronic

Conzzeta will consist of the Bystronic business unit in future. This company has a strong market position globally and thus a promising starting position. Trends in the sheet metal processing market will allow it to establish even greater customer proximity with new technical solutions and services. In this context, Bystronic is pursuing an accelerated growth strategy, which was presented at the virtual Capital Markets Day on November 10, 2020 (see the [Strategy](#) section) and which will structurally improve Conzzeta's growth and margin potential to a significant extent. With the new focus, a change of name also seems appropriate, which is why the agenda for the upcoming Annual General Meeting will include a motion to change the name from Conzzeta AG to Bystronic AG. The aim of this is to position Bystronic as a modern, sustainably managed and future-oriented company.

## New management team

During the 2020 transition year, Bystronic has systematically prepared to implement its "Strategy 2025". This includes the development of a new management structure with a regional focus. Preparations were also made to strengthen certain management processes, taking into account the experience available at Conzzeta. Given the rapid progress of the Group's multi-layered transformation, the Board of Directors has appointed Bystronic's Executive Committee. In addition to Alex Waser as CEO, it comprises Beat Neukom, CFO (as of May 2021), Johan Elster, President Region EMEA, Robert St. Aubin, President Region Americas, Norbert Seo, President Region APAC, Dr. Song You, President Region China, and Eamon Doherty, Chief Service Officer, and will bear operational responsibility for the Group from April 22, 2021.

## Thanks

The Board of Directors would like to thank the departing members of the Executive Committee for their influential work, especially also during the challenging Group transformation with the successful divestment of several business units. It is mainly to their credit that, over the last few years, measures were developed and consistently implemented to strengthen the earnings potential and operational performance in all businesses while delivering above-average growth. The Board of Directors and Executive Committee would also like to thank all employees for their efforts in the last financial year. The successful implementation of the transformation was an additional strain for employees in an already challenging environment, and despite the associated uncertainties about their professional future, they handled it with a professional attitude. We wish all those involved every success for the future, particularly, of course, the new Bystronic, its management team and its over 3,000 employees.



## Outlook

Conzzeta is within reach of completing its strategic transformation. In addition to the change of name, the Board of Directors also proposes to the Annual General Meeting of April 21, 2021, the distribution of a dividend of CHF 124.2 million. The proposal allows shareholders to participate in the excess liquidity of the company, as announced in December 2019 in context of the strategic transformation. Bystronic, however, shall remain well capitalized for the implementation of its "Strategy 2025" in order to be able to act flexibly as a growth-oriented company in a market of the future.

All of Conzzeta's business units have started 2021 with positive momentum, while the business environment remains challenging due to the tense pandemic situation and ongoing macroeconomic uncertainties. For the continued business of Bystronic, a return to growth is expected in 2021 in line with the targets communicated at the Capital Markets Day on November 10, 2020, with revenue growth of 5% to 8% as well an EBIT margin of around 8%, which is still at the lower end of the target range.

Zurich, March 16, 2021



**Ernst Bärtschi**  
Chairman of the Board  
of Directors



**Michael Willome**  
Group CEO

# STRATEGY

Conzzeta is a diversified Swiss group of companies. About 5,000 employees at more than 60 locations worldwide work in the Sheet Metal Processing, Chemical Specialties and Outdoor segments. In December 2019, Conzzeta announced a focused growth strategy for the Sheet Metal Processing segment and its plan to sell all other activities.



## Transformation of the Conzzeta Group

Having already completed the sale of the Glass Processing segment on April 1, 2019, Conzzeta announced its intention on August 9, 2019, to accelerate the development of the potential inherent in the remaining business portfolio, taking into account all options, and to decentralize management. This culminated in the announcement on December 9, 2019, to focus the Group on the Sheet Metal Processing segment (Bystronic) and to gradually sell the other activities, market conditions permitting. Already on December 20, 2019, it was announced that a binding agreement had been entered into to sell the Schmid Rhyner business unit, part of the Chemical Specialties segment, which was completed at the end of February 2020. On November 10, 2020, Conzzeta then announced the conclusion of a binding agreement to sell the FoamPartner business unit. The transaction is expected to be completed by the end of the first quarter of 2021, subject to regulatory approval. The sale of the Mammut business unit (Outdoor segment) is also in progress and is currently expected towards the middle of 2021, subject to market conditions.

## Bystronic's "Strategy 2025" and financial targets

The decision to focus on becoming a technology-oriented industrial company is aimed at concentrating Conzzeta on its own strengths and accelerating the development of the potential created in recent years. With a net revenue share of 62% in 2020, Bystronic was responsible for the Group's entire adjusted operating result. The company is a leading global supplier of high-quality solutions for sheet metal processing. It covers the automation and integration of the entire material and data flow of the cutting and bending process chain. The portfolio includes laser cutting systems, press brakes as well as automation and software solutions, which play a central role in the global trend towards "smart factories". Comprehensive services complete the portfolio. Conzzeta's largest business unit by far has increased revenue at an annual average growth rate of 7.1% since the beginning of 2016, despite the slowdown in the industry since 2019 and the pandemic-related disruptions in 2020.

With around 3,000 employees worldwide, the company is well set up, operating in numerous markets with an efficient and effective local sales and service organization. Among other things, it has opened up additional market and earnings potential with innovative digital solutions. With its “Strategy 2025”, which was presented at a virtual Capital Markets Day on November 10, 2020, Bystronic intends to grow profitably and at an accelerated rate, with improved customer proximity and new technical solutions and services.

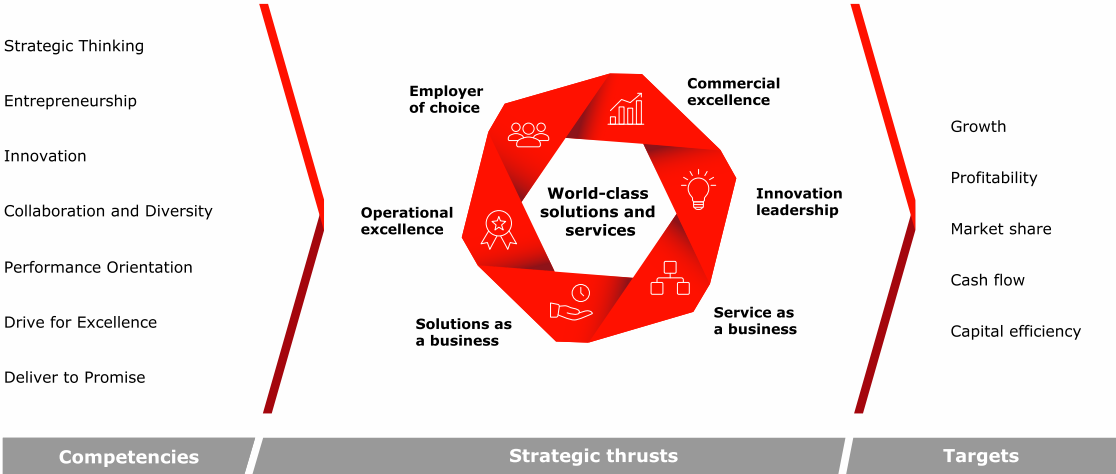
Bystronic also aims to gain market share with its first-class sheet metal processing solutions. The strategy’s objectives also include,

- to continue to position itself as an innovation leader;
- to support customers, in particular with digital smart factory solutions, in improving their productivity across the entire manufacturing process;
- to further refine the offering in a segment-oriented manner with a view to customer groups in certain end markets;
- to deepen market development globally with a regionally differentiated approach;
- to strengthen and rapidly develop the business with solutions and downstream services.

The newly launched products and solutions were presented to customers at regional Competence Days in the second half of 2020, and in part also at the Capital Markets Day. With the implementation of its strategy, Bystronic aims to achieve the following financial targets by 2025:

- compound annual growth rate (CAGR) of more than 5% from 2019, with additional potential from complementary acquisitions;
- industry-leading profitability with an EBIT margin of over 12%;
- return on net operating assets of over 25%, thanks to the capital-efficient business model.

## Bystronic’s “Strategy 2025”



## Further steps in the transformation process and outlook

Conzzeta's transformation has not only involved focusing of the business portfolio, but also adapting elements of corporate governance and changing the name from Conzzeta to Bystronic. With this in mind, during the transition year of 2020 various foundations were laid and preparations were made for organizational changes that will be implemented over the course of 2021. This includes defining the Group roles that will be required at Bystronic in the future, taking into account Conzzeta's available experience. A new management structure with a regional focus has been developed for Bystronic. With the sale of the discontinued businesses, the current management structure for a Group with very different business activities is no longer required, which is why the Executive Committee has announced that it will resign at the Annual General Meeting on April 21, 2021. From April 22 onwards, Bystronic's Executive Committee, as newly appointed by the Board of Directors, will have operational responsibility. The change of name is also on the agenda for the General Meeting. Subject to approval by the general meeting, the company's listed registered shares will be traded on SIX Swiss Stock Exchange under the ticker symbol BYS from the beginning of May 2021. Finally, with the Half-Year Report 2021, external reporting will also be adjusted and changed to align with reporting within Bystronic's new management structure.

## Priorities, targets, performance

### Priorities

#### Market orientation

The focusing of the business portfolio follows a realistic assessment of the company's own capabilities. Bystronic holds a strong market position with medium- and smaller-sized customers. The company also has the critical size to emphasize its mark in a dynamic market with innovation and to strengthen its presence in the growth regions. The areas to be sold lack the global market access to be able to survive in competition in the long term.

#### Internationalization

Bystronic is striving to develop its potential increasingly in the growth regions outside the European home markets. Bystronic has thus introduced a regional management structure as of the beginning of 2021 in order to be able to make decisions locally and closer to the market. The prospect of extended market access for the development of potential also plays a central role in the assessment of suitable buyers for the discontinued operations.

#### Employee development

Bystronic strives to be an attractive employer for talents from all over the world, at all career levels, and to offer interesting development opportunities. As such, Bystronic fosters a culture of lifelong learning with targeted training, further education and coachings. Employees should be able to develop in a targeted manner based on a clearly defined competency model, for which various talent development and leadership programs are being offered.

#### Business excellence

Bystronic strives for targeted development and continuous improvement with excellence programs based on the Six Sigma methodology. The common understanding of the importance of end-to-end considerations as well as holistic approaches are important foundations in the increasingly also cross-divisional international cooperation for the implementation of strategic initiatives and ongoing efficiency improvements.

## Financial targets (mid-term)

### Net revenue

As part of its “Strategy 2025”, Bystronic is aiming for organic growth of 5% (over the cycle from 2019 onwards). Additional impetus for growth will come from targeted acquisitions, along with systematic efforts to strengthen the market position and expand market share.

### Operating result

As part of its “Strategy 2025”, Bystronic is striving for an EBIT margin of over 12%. For the implementation of the strategy, increased costs are expected in an initial phase from 2021, resulting in an EBIT margin of 8% to 10% for this phase.

### Capital efficiency

As part of its “Strategy 2025”, Bystronic is striving for a return on net operating assets (RONOA) of over 25%. In the initial phase of strategy implementation starting in 2021, a RONOA of between 15% and 25% is expected.

## Business Review Group

### Lower revenue and result due to the pandemic

In a business environment marked by the coronavirus pandemic, the Conzzeta Group generated net revenue of CHF 1,283.5 million in 2020, 10.4% below the previous year on a comparable basis. The operating result (EBIT) was CHF 79.7 million and includes the extraordinary gain of CHF 47.4 million from the sale of the Schmid Rhyner business unit at the end of February 2020. The measures launched in March as part of the “Cash, Cost, Complexity” initiative were successful in partially compensating for the adverse impacts of the pandemic. The Group’s strategic transformation, which was steadily driven forward, shall be completed in 2021.

#### Financial performance

The 2020 annual financial statements, which report a decline in revenue of 18.4% compared with the previous year and an operating result (EBIT) of CHF 79.7 million, were strongly influenced both by the impact of the coronavirus pandemic and by the divestments of the Schmid Rhyner business unit at the end of February 2020 and the Glass Processing segment at the end of March 2019. The disposals resulted in a loss of contributions to revenue and earnings. However, the transactions also resulted in divestment gains of CHF 47.4 million in 2020 and CHF 29.9 million in 2019. On a comparable basis, i.e. adjusted for changes in the scope of consolidation and at stable exchange rates, the Group’s net revenue in 2020 was 10.4% below the previous year. Adverse effects from changes in the scope of consolidation amounted to CHF 63.8 million and adverse currency effects amounted to CHF 63.0 million.

The coronavirus pandemic and its impacts were the dominant theme for long periods of the reporting period. In the Bystronic and FoamPartner business units, various production facilities had to temporarily shut down in the first half of the year, while in the Mammut business unit, the physical stores, which are dominant in terms of revenue generation, remained closed for extended periods in both the first and the second half of the year. Business performance largely followed the staggered course of the pandemic in the regions relevant for Conzzeta. As expected, business activities in all segments accelerated in the second half of the year compared with the first half which was particularly weak due to the pandemic. In the fourth quarter, order intake at Bystronic and net revenue at FoamPartner exceeded the figures for the same period in 2019, before the outbreak of the pandemic. Bystronic’s order intake was CHF 241.6 million in the fourth quarter, up 2.4% from the previous year (or 8.4% at stable exchange rates), and the order book level at year-end was CHF 206.8 million (-14.6%).

The measures introduced in March as part of the “Cash, Cost, Complexity” initiative to mitigate the consequences of the pandemic included reducing outstanding accounts receivable, cost savings programs and targeted adjustments to organizational structure and/or workflows. The pandemic affected the business units and the corporate office differently, depending on the area of activity and business model. Accordingly, individual measures were defined for each specific unit. Thanks to the solid capital base, important projects to promote growth and operational improvements were able to continue. The operating result (EBIT) includes one-off effects of around CHF 14 million, mainly associated with organizational measures in the Outdoor segment and in context of the Group’s transformation. The reported EBIT reached CHF 79.7 million compared to CHF 167.2 million and includes the aforementioned divestment gains. Excluding these, adjusted EBIT was CHF 32.3 million (previous year: CHF 137.3 million), with an EBIT margin of 2.5% (8.7%). The divestment gain included in the Group result was tax-exempt, which is reflected by the tax rate of 12.8%. The Group result was CHF 66.9 million (CHF 136.8 million), with minority interests of CHF 1.9 million (CHF 11.1 million). The earnings per class A registered share were CHF 31.46 and as such 48.3% down on the previous year. The return on net operating assets in the reporting year was 4.1% (20.0%), primarily due to the lower operating result (not including the divestment gain).

### Financing, investments and divestitures

The sale of the Schmid Rhyner business unit and the acquisitions made for the Bystronic business unit (first, Weber Laserservice BV, a service partner predominantly servicing the Benelux and German markets, and second the 30% minority interest in DNE Laser, which operates in the Chinese entry-level product segment) resulted in a cash inflow of CHF 12.7 million.

The Group adhered to important initiatives, thanks to its substantial liquid assets and strong capital base. Investments in property, plant and equipment and intangible assets amounted to CHF 39.4 million (CHF 69.8 million). Free cash flow from operating activities was CHF 51.5 million, which exceeded the previous year’s figure (CHF 40.6 million) despite the lower operating result. Noteworthy individual investments, particularly in the Sheet Metal Processing segment, included a site optimization in Shenzhen (China) and the construction of two experience centers in Elgin (US) and Incheon (Korea). In the Chemical Specialties segment, warehouse capacities in Changzhou (China) were expanded and the construction of a new processing center for foams was completed in Duderstadt (Germany).

After the distribution of an unchanged ordinary dividend for the 2019 financial year and cash not required from the sale of Schmid Rhyner totaling CHF 86.8 million, Conzzeta held cash and cash equivalents of CHF 273.3 million at the end of 2020, with an equity ratio of 69.2%. Conzzeta thus continues to have a solid balance sheet to sustainably support its business development.

### Strategic development

Conzzeta strives to achieve leading positions in the markets in which it operates, demanding that all of its business units contribute to achieving the Group’s financial aspirations throughout their business cycles. The announcement on December 9, 2019, that the strategic focus would shift to sheet metal processing and that all other activities would be sold (see the [Strategy](#) section) was preceded by a careful evaluation of all options, with the aim of accelerating the development of the improved potential seen in all business units in recent years.



Already on December 20, 2019, it was announced that a binding agreement had been entered into to sell the Schmid Rhyner business unit, part of the Chemical Specialties segment, which was completed at the end of February 2020. On November 10, 2020, Conzzeta then announced that it had entered into a binding agreement to sell the FoamPartner business unit by the end of the first quarter of 2021, subject to regulatory approval. The sale of the Mammut business unit (Outdoor segment) is currently still expected towards the middle of 2021, subject to market conditions. As part of its “Strategy 2025”, which was presented at a virtual Capital Markets Day on November 10, 2020, Bystronic is seeking to further improve customer proximity with new technical solutions and services.

Conzzeta’s transformation has not only involved the focusing the business portfolio, but also adapting elements of corporate governance and changing the name from Conzzeta to Bystronic. With this in mind, during the transition year of 2020 various foundations were laid and preparations were made for organizational changes, which will be implemented over the course of 2021. With the divestment of the discontinued businesses, the current management structure for a Group with very different business activities is no longer required, which is why the Executive Committee will resign at the Annual General Meeting on April 21, 2021. From April 22 onwards, Bystronic’s Executive Committee, as newly appointed by the Board of Directors, will have operational responsibility. To ensure the stability required to implement the “Strategy 2025”, the existing shareholder agreement will remain in place. The name change from Conzzeta to Bystronic will also be on the agenda for the Annual General Meeting and will form the basis for the sharpened positioning of Bystronic in the capital market. Subject to shareholder approval and following official notification by SIX Swiss Stock Exchange, the company’s listed registered shares will trade under the ticker symbol BY5 (but with the same Swiss securities number and ISIN) as of the start of May 2021.

## Risk management and corporate responsibility

Conzzeta encourages responsible corporate behavior and a consistent focus on innovation and sustainable customer value, while carefully managing risks, seamlessly adhering to the binding standards of conduct laid down in the Code of Conduct, and appropriately considering the interests of all stakeholder groups.

As in every year, the audit schedule set by the internal audit function established in 2015 was carried out during the reporting year. In 2020, the Board of Directors again undertook an integral Group-wide risk assessment based on management reporting and the separate Group Risk Report, which contains the process of risk monitoring as well as the most significant risks. The risk management process, which has been implemented across the Group, encompasses the identification, evaluation and qualitative appraisal of operational, financial and strategic risks in all business units and at Group level. It is supported by risk monitoring, plans of action and standardized reporting.

As at the end of 2020, the Group had identified the following key risks:

- Competitiveness: missing out on technologies and trends, disruptive changes in new technologies, business models and other areas such as digitalization.
- Portfolio risk: unprofitable business areas, strategic misjudgments of markets, missed M&A opportunities and failed acquisitions.
- Geographic expansion: insufficiently aggressive expansion of business in Asia and the USA, resulting in continued subcritical mass and lost profits.
- Digital infrastructure: insufficient maintenance of adequate IT infrastructure and IT security, including digital products (for example, machine control systems, automation, mobile applications).
- Strategic transformation: losing executives and key employees at the level of the business units and at Group level. Effect on leadership, performance and reputation because one or more business units intended for sale are unable to be sold, and/or because Bystronic’s preparations for a future as an independent listed company prove inadequate.

- Business continuity management: disruptions or breakdowns in supply and sales channels or the closure of production facilities at the behest of government authorities, as a result of the coronavirus pandemic or future pandemics.

Conzzeta is committed to value-oriented corporate management with a long-term perspective. The annual risk assessment considers the future viability of the individual business activities and their ability to survive, and served as the basis for the decision taken at the end of 2019 in favor of the Group's strategic transformation. It also systematically takes into account environmental, social and governance (ESG) issues. In 2020, in light of the Group's strategic realignment and in preparation for listing separately on the stock exchange without Conzzeta as its holding company, Bystronic continued to develop the Group's materiality assessment (see the [Responsibility](#) section).

## Appropriation of profit

The Group result for 2020 amounted to CHF 31.46 for each class A registered share and CHF 6.29 for each class B registered share, compared with CHF 60.85 and CHF 12.17, respectively, the previous year.

The Board of Directors proposes to the Annual General Meeting of April 21, 2021, the distribution of a dividend of CHF 124.2 million. The proposal allows shareholders to participate in the excess liquidity of the company, as announced in December 2019 in context of the strategic transformation. Besides the transformation progress, the proposal also considers the capital needs of Bystronic and the current market environment. Subject to the approval of the General Meeting of Shareholders, CHF 60.00 will be distributed for registered share A and CHF 12.00 for registered share B.

## Employees

At the end of 2020, the Conzzeta Group had 4,891 employees worldwide, compared with 5,026 the previous year. The decrease is due to the sale of the Schmid Rhyner business unit at the end of February 2020 as part of the Group's strategic realignment, and the measures introduced in all business units in March 2020 as part of the "Cash, Cost, Complexity" initiative to contain the financial impact of the coronavirus pandemic. In the second half of 2020, longer-term operational improvements were also implemented, particularly in the Mammüt and FoamPartner business units, in order to relieve the cost bases also structurally. By contrast, the number of employees in the Bystronic business unit increased compared with the previous year in accordance with its "Strategy 2025". Traditionally, Conzzeta Group companies have participated in apprentice training programs. At the end of 2020, 168 apprentices were in training at 12 locations in a total of 25 disciplines.

The expertise, flexibility and commitment of our employees have always been among the key factors that ensure the long-term success of the Conzzeta Group companies. These skills were really put to the test in 2020 in light of the Group's strategic realignment and the pandemic. The Board of Directors and the Executive Committee would like to thank all employees for their dedication and efforts in 2020, in the conviction that the personnel development measures systematically implemented over the past few years have prepared employees well for future challenges and changes, whether as part of the team at Bystronic or in employment outside the Group.

## Outlook

Conzzeta is within reach of completing its strategic transformation. In addition to the change of name, the Board of Directors also proposes to the Annual General Meeting of April 21, 2021, the distribution of a dividend of CHF 124.2 million. The proposal allows shareholders to participate in the excess liquidity of the company, as announced in December 2019 in context of the strategic transformation. Bystronic, however, shall remain well capitalized for the implementation of its "Strategy 2025" in order to be able to act flexibly as a growth-oriented company in a market of the future.

All of Conzzeta's business units have started 2021 with positive momentum, while the business environment remains challenging due to the tense pandemic situation and ongoing macroeconomic uncertainties. For the continued business of Bystronic, a return to growth is expected in 2021 in line with the targets communicated at the Capital Markets Day on November 10, 2020, with revenue growth of 5% to 8% as well an EBIT margin of around 8%, which is still at the lower end of the target range.

# SHEET METAL PROCESSING – BYSTRONIC

## Solutions for cutting, bending and automation.

The Sheet Metal Processing segment generated net revenue of CHF 801.4 million in 2020 (previous year: CHF 936.0 million). On a comparable basis, i.e. at stable exchange rates, revenue declined by 9.4%. The operating result amounted to CHF 52.3 million (CHF 121.1 million), with an EBIT margin of 6.6% (12.9%). Order intake was CHF 777.4 million (CHF 929.4 million) which, at stable exchange rates, was 11.4% lower than the previous year, and the order book level at year-end was CHF 206.8 million (CHF 242.3 million). Following an already weaker trend in the sheet metal processing market in 2019, customer demand collapsed in the first half of the year due to the pandemic and the widespread lockdowns. On the production side, there were certain supply bottlenecks and the temporary shutdown of some of our own plants. In the second half of the year, there was a partial recovery in business activity across all regions and product areas, with order intake in the fourth quarter 2.4% higher than in the same quarter of the previous year (8.4% at stable exchange rates). The lower operating result compared with the previous year resulted from the loss of revenue, increased margin pressure as well as expenses in connection with the strategy implementation.

The new generation of BySmart Fiber products launched in 2019 met with increased global interest in cost-effective cutting solutions in 2020, and these products were able to be produced locally and also brought to market in the USA, thanks to the opening of an assembly plant during the reporting year. Other automation solutions for bending and sorting were launched in the market, with the presentation of new products, training and customer support increasingly moving online due to the pandemic. As before, and increasingly also in China, the trend in favor of higher performance systems with integrated automation is ongoing, which is why Bystronic continued to invest consistently in the development of smart factory solutions despite the challenging environment. The latest version was presented in October.

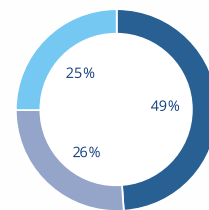
### Overview Bystronic

**Head:** Alex Waser

**Presence:** worldwide, 31 sales and service companies; 9 development and production sites in Switzerland, Germany, Italy, Romania, the USA and China

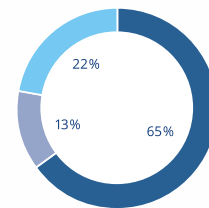
[www.bystronic.com](http://www.bystronic.com)

Nettoumsatz nach Regionen



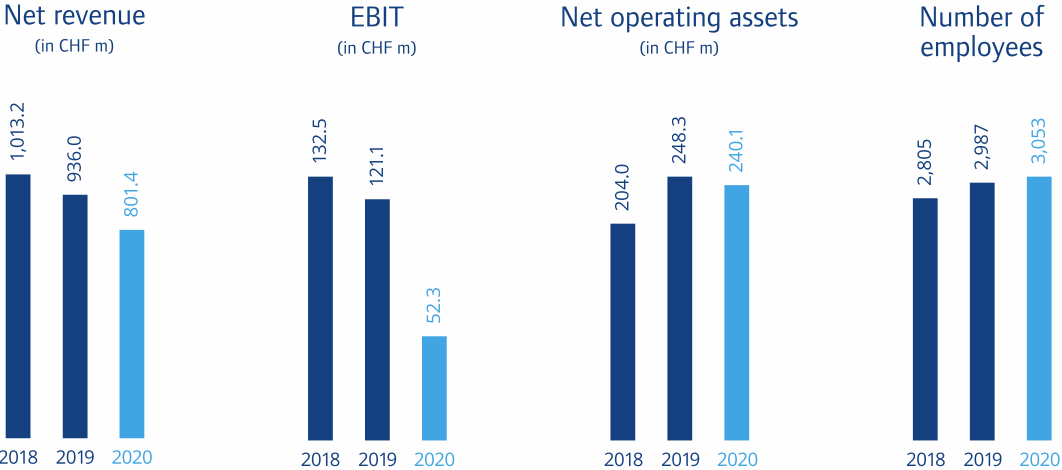
- Europa
- Amerika
- Asien und Übrige

Nettoumsatz nach Produkten



- Cutting
- Bending
- Services

Various steps were taken to strengthen Bystronic’s market position in the reporting year in light of the strategic transformation. They included the takeover of Weber Laserservice BV, a longstanding Benelux service partner, and the acquisition of the remaining minority interests in DNE Laser in China. In Korea, construction commenced on a new building with an area of more than 3,000 m<sup>2</sup>, which will serve as the headquarters for the local organization and also house a brand experience center for the Asian growth market. The consistent expansion of Bystronic’s profile in target markets and innovation in global first-class sheet metal processing solutions are at the heart of Bystronic’s “Strategy 2025”, which was presented at a Capital Markets Day in November 2020. To ensure its consistent implementation, a new management structure with regional responsibilities and a focus on the global service business came into effect at the beginning of 2021. The aim is to become more market- and customer-centric over the coming years, which should drive above-average revenue growth compared with the market and increase the share of revenue from customer services.



# CHEMICAL SPECIALTIES – FOAMPARTNER

## Polyurethane foams.

The Chemical Specialties segment (FoamPartner and Schmid Rhyner) generated net revenue of CHF 264.0 million in 2020 (previous year: CHF 346.6 million). On a comparable basis, i.e. adjusted for changes in the scope of consolidation and at stable exchange rates, revenue declined by 9.0%. A divestment gain of CHF 47.4 million resulted from the sale of the Schmid Rhyner business unit at the end of February 2020. Without this one-off effect, the operating result amounted to CHF 14.8 million (CHF 14.2 million) with an EBIT margin of 5.6% (4.2%). In the first half of the year, the FoamPartner business unit had to temporarily close various production sites in China, Europe and the USA due to the pandemic. As far as customers were concerned, the adverse effects of temporary production shutdowns in the automotive industry were particularly relevant. In the second half of the year, and despite additional challenges due to production disruptions experienced by suppliers of isocyanates and polyols, the business recovered from the mid-year pandemic-induced slump. Revenue continued to increase across the board in all regions and was, at stable exchange rates, 9.8% higher in the fourth quarter than in the fourth quarter of 2019.

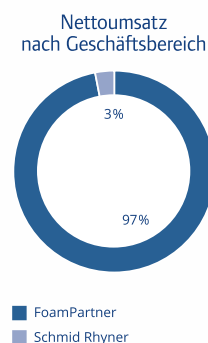
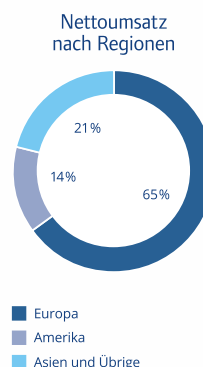
The impact on results from the decline in revenue at FoamPartner was mitigated through disciplined cost management, including recourse to assistance packages, selective organizational adjustments and accelerated process digitalization. The progress made with the infrastructure and innovation projects commenced before 2020 also provided structural benefits in terms of the earnings situation. The new converting center with additional capacity at the German facility in Duderstadt was commissioned on time in April and the Stadallendorf site was closed as of mid-year. Both, the production and storage areas, were extended at the Changzhou site in China in order to significantly improve logistics processes and enable future growth. The ongoing business excellence programs at the various sites progressed steadily, with the aim of further optimizing foaming and foam processing processes.

### Overview FoamPartner

**Head:** Michael Riedel

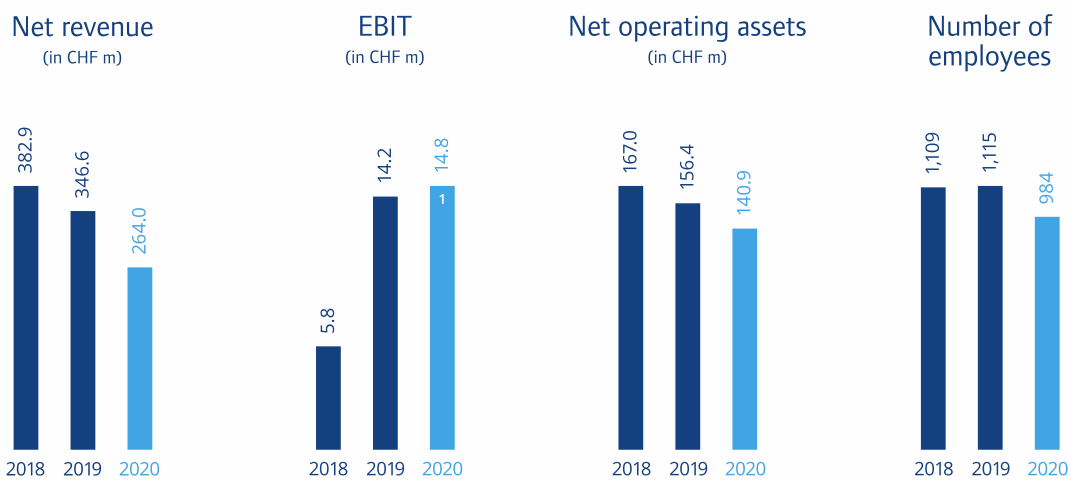
**Presence:** worldwide sales network in 54 countries; 12 production, processing and sales locations in Europe, Asia/Pacific and America

[www.foampartner.com](http://www.foampartner.com)



The market responded positively to various marketing initiatives to implement strategic development projects along the value chains, strengthening the product portfolio for future earnings. With RegiSeal® e-Thermo, a new solution for electric mobility was presented that reduces energy consumption and extends the range of vehicles thanks to improved insulation. Product innovations also include the OBoNature™ product family for vehicle interiors, manufactured from sustainable raw materials, which improves interior air quality and is more efficiently produced. Another innovation is the resource-saving B 2240 Eco packaging foam for the reliable protection of goods during transport.

As part of the Conzzeta Group's strategic transformation, a binding agreement was signed in November 2020 with Recticel, a Belgian polyurethane chemicals specialist based in Brussels and listed on Euronext, to sell the FoamPartner business unit for an enterprise value of CHF 270 million. The transaction is expected to be concluded by the end of the first quarter of 2021, subject to regulatory approval.



<sup>1</sup> Excluding capital gain of CHF 47.4 million.

# OUTDOOR – MAMMUT SPORTS GROUP

## Clothing and mountaineering equipment.

The Outdoor segment (Mammut) generated net revenue of CHF 218.4 million in 2020 (previous year: CHF 268.4 million). On a comparable basis, i.e. at stable exchange rates, revenue declined by 16.2%. The operating result was CHF – 24.5 million (CHF 7.5 million) and mainly reflects the pandemic-related volume losses. It also includes one-off effects in the amount of CHF 11.9 million, mainly associated with organizational measures targeted at strengthening future profitability by reducing the recurring cost base by over CHF 10 million compared to the previous year. In a challenging environment efforts were stepped up, building on the preparatory work of recent years, to implement the scalable online business models with a stronger end-customer focus. Consequently, the B2C business grew by 9.3% in 2020, despite the repeated retail store lockdowns, with a significant revenue increase in the digital channels: Revenue from Mammut’s own online stores increased by 82.3% to CHF 27.1 million, while revenue from digital marketplaces increased by 55.9% to CHF 13.2 million. Factors contributing to this included digital campaigns such as “Local Adventure” in Switzerland, which generated more than 100,000 new customers. Part of the restructuring measures were the optimization of Mammut’s international presence, the implementation of a more channel-centric sales structure and the streamlining of central processes with newly created overall responsibilities for “Brand & Consumer” and “Products”. These have already proven their worth, for example in the expansion of the retail business and in enhancing market presence across all channels.

The adverse effects of the pandemic initially included major supply chain disruptions, primarily at the beginning of the reporting year. The “WE CARE” sustainability strategy proved to be a robust orientation framework for dealing with suppliers that were often in a weaker position. In terms of revenue, the biggest contributor, physical retail stores, were repeatedly closed in the first, second and fourth quarters. With considerable effort, collection and sales plans were fundamentally revised and adjusted several times whereby the extensively rejuvenated collection over the past few years proved to be an advantage. The trend towards increased outdoor activities by the population in many sales markets could thus be served with attractive products. In the third quarter, the only quarter not affected by lockdowns and the closure of specialty retail stores, the business unit rapidly recovered almost to the previous year’s level with improved profitability. The business in the continuously dominant sales channel with the wholesale partners for the fall/winter collection 2021/2022 was about 7% higher than the previous year.

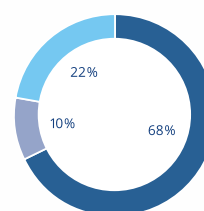
### Overview Mammut Sports Group

Head: Oliver Pabst

Presence: worldwide sales network in 40 countries; headquarters and product development in Seon (Switzerland)

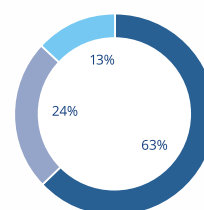
[www.mammut.com](http://www.mammut.com)

Nettoumsatz nach Regionen



- Europa
- Amerika
- Asien und Übrige

Nettoumsatz nach Produkten

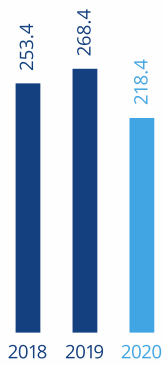


- Apparel
- Hardware
- Footware

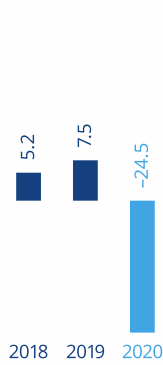


In October 2020, Mammut also presented the new collection to a broader audience for the first time as part of the Digital Brand Convention, at which talks were also presented on sustainability, innovation and safety. Various products launched in the clothing, footwear and equipment categories again won awards in 2020, including the Eiger X Halo clothing line, which won the ISPO Gold Award. Despite the challenging market environment created by the pandemic, work progressed on innovation projects, such as the project to expand the collection of laser-fused Photics down jackets and the market launch of T-shirts made from recycled climbing ropes. These projects also included market testing of Climbox, the world's first climbing tracker, which was also the winner of an ISPO Gold Award in January 2021.

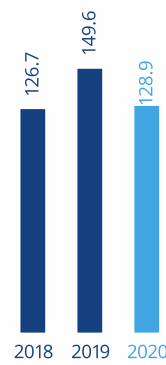
**Net revenue**  
(in CHF m)



**EBIT**  
(in CHF m)



**Net operating assets**  
(in CHF m)



**Number of employees**



# RESPONSIBILITY

## Integrated approach

In its business units, Conzzeta pursues strategies with a strong innovation focus that take both environmental and social aspects into account. The Code of Conduct, which was last updated in 2016, provides a specific framework for all employees. With the standards for compliant and responsible conduct in everyday business increasing markedly over the last few years and with increased transparency requirements, including at Group level, Conzzeta adopted an environmental, social and corporate governance (ESG) roadmap in 2016. The aim of this roadmap is to more clearly explain ongoing efforts in these areas and to proactively address new challenges such as climate change.

## ESG roadmap

The ESG roadmap takes into account the expectations of customers, business partners, employees and investors. As part of a materiality assessment, an important element in 2018 was the determination of the key sustainability themes as well as the associated principle managerial approaches and general objectives.

## Material sustainability topics for the Conzzeta Group

	Material topic	Approach <sup>1</sup>	Aim
Environmental aspects	Energy & Climate Change	2	To reduce greenhouse gas emissions and energy consumption in the organization, the supply chain and the products in order to support the transition to a low-carbon economy.
Environmental aspects	Chemicals in Production	3	To minimize potential hazardous impacts of chemicals.
Environmental aspects	Longevity & Cyclability	3	To lengthen the lifespan of products to the extent technically and economically feasible, and at the same time to continually invest in the transformation to a circular economy.
Social aspects	Product Safety	3	To avoid negative impacts on health and safety caused by products and services, and to promote products with neutral or positive health and safety profiles.
Social aspects	Working Conditions	1 / 3	To increase employee satisfaction and to provide a safe, healthy and attractive work environment.
Social aspects	Diversity & Inclusion	1	To promote diversity and inclusion by increasing or maintaining gender diversity, age diversity and diversity of ethnic/cultural background.
Economic aspects	Innovation	2	To promote sustainable innovation with long-term values for society, the environment and the economy.
Economic aspects	Viability of Business Model	2	To ensure the long-term sustainability of business models by incorporating long-term perspectives and megatrends in strategy determination and decision-making processes.
Economic aspects	Economic Performance	2	To maintain the healthy economic condition of the company.

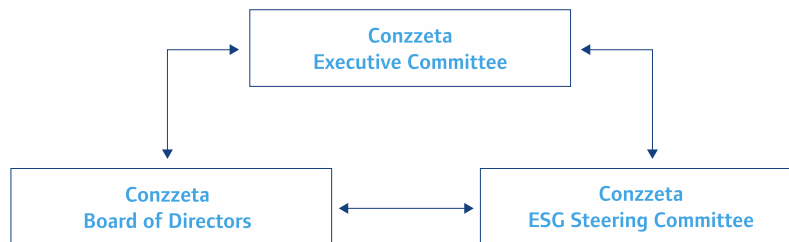
<sup>1</sup> Approach: 1) Group 2) Moderated by the Group 3) Business units

Taking into account also the potential impact on results, Conzzeta identified a total of nine key sustainability themes for the Group. For each of these, an objective, a target and specific indicators were also defined. In principle, Conzzeta strives for continuous improvement in all of these themes, with transparent annual reporting on progress.

### ESG governance

As a medium-sized company, Conzzeta focuses on implementing the Code of Conduct throughout the Group and on the identified key sustainability themes. The business units engage in additional activities that in some cases are industry-specific and closely associated with business strategies as part of innovation management. As a broadly diversified corporate Group, Conzzeta has largely delegated strategy implementation to the business units based on the Articles of Association and the Organizational Regulations of Conzzeta AG. Conzzeta’s corporate governance is based on the principles of the Swiss Code of Best Practice for Corporate Governance (see the [Corporate Governance](#) section). The ESG Steering Committee, which includes representatives from all the business units, ensures that sustainability activities are coordinated throughout the Group. The ESG Steering Committee reports through the Group CEO to the Board of Directors, which sets the strategic targets for the Group and the business units and receives regular reports on the progress of implementation.

### Conzzeta ESG Governance



### Code of Conduct

The [Code of Conduct](#), which was revised in 2016, defines the basic binding rules for day-to-day business to protect employees and the interests of the company. It also describes how the company and employees should behave towards customers, suppliers and investors, other employees and towards society and the state. It encourages employees to set an example and behave as “good citizens”, interpreting regional and local laws in favor of the weak and the environment, thus supporting positive change. The Code of Conduct also directs all employees to personally contribute to making their work environment a place of equal opportunity.

### Developments in the 2020 financial year

#### Strategic reorientation and focus on Bystronic

In December 2019, Conzzeta decided to focus on the Bystronic business unit in future and to sell the other business units, subject to the market situation. Based on a comprehensive analysis of the strategic options, the Board of Directors came to the conclusion that the business units to be sold would be in a better position to develop their potential in the hands of new owners. Accordingly, it is extremely important to Conzzeta that the new owners have appropriate market access and can therefore develop the business units sustainably.

The sale of the Schmid Rhyner business unit could already be completed at the beginning of 2020. For the FoamPartner business unit, a binding sale agreement with the Belgian polyurethane specialist Recticel was signed in November 2020. The transaction is expected to be completed in the course of the first quarter of 2021. The Outdoor segment is currently expected to be sold towards the middle of 2021.

Implementing this strategic reorientation in the 2020 financial year required substantial effort in all business units and at Group level. With regard to the dissolution of the Corporate Office, Conzzeta supported the employees concerned with transparent communication and transitional assistance, such as coachings for professional reorientation.

### Outbreak of the coronavirus pandemic

The outbreak of the coronavirus pandemic left its mark on the 2020 financial year. Extensive efforts were made during this challenging time to protect the health of both the company's own employees and those of its business partners to the extent possible. Thanks to its solid capital position, Conzzeta was able to steadily continue with important Group and business unit projects and offer customers innovative products and solutions, despite the pandemic-related restrictions.

Nevertheless, extensive measures were necessary to contain the financial impact of the pandemic. These included taking advantage of the government support mechanisms made available and selective organizational measures to ensure business activities (see the [Business Review](#) section). The measures were implemented following careful consideration of the associated consequences for employees, suppliers and customers. In this context, the [Mammut business unit's](#) WE CARE sustainability strategy (see below) in particular provided a solid basis for dealing fairly with suppliers that were hit particularly hard by the pandemic.

### Sustainability at Group level

As a result of the strategic reorientation, the continuation of ESG activities in the [business units](#) was a priority in 2020. At Group level, a particular focus was answering ESG-related questions from predominantly institutional investors, prompted by the sustainability ratings. Bearing in mind the identified key theme of "climate change & energy", Conzzeta participated again this year in the annual collection of data for the Carbon Disclosure Project (CDP). Thanks to improved input data in the business units, progress was made compared with the previous year.

### Training courses on the Code of Conduct and compliance

Conzzeta regularly trains employees in all business units and the Corporate Office to ensure that the Code of Conduct and its implementation are firmly anchored in day-to-day business. In addition, online and face-to-face compliance courses are offered on issues such as combating corruption, antitrust and competition law as well as data protection.

In connection with the strategic reorientation of the Conzzeta Group and the adjustment of Group functions, the training courses provided by the Group were discontinued in September 2020 and transferred to the business units. In the course of 2021, the Bystronic business unit will review Conzzeta's existing Code of Conduct on behalf of the Board of Directors and adapt it where necessary.

All employees are entitled and encouraged to report breaches of the Code of Conduct. Isolated reports of possible misconduct were received in 2020 through the reporting channels available throughout the Group (telephone and email). The majority of these reports could not be confirmed following internal investigations, which in some cases were conducted with external assistance. However, one case required disciplinary and legal action.

### Equal Pay Analysis 2020

With the revision of the Swiss Federal Act on Gender Equality (GEA), companies in Switzerland are required to carry out an internal analysis of equal pay. Accordingly, in 2020, all business units carried out an internal equal pay analysis for defined reference months at their Swiss sites and engaged an independent body (KPMG) to audit the findings. Bystronic met all the statutory equal pay requirements and satisfied the requirements under Art. 13d GEA and Art. 7 of the Ordinance in all respects. Mammut and FoamPartner reported minor deviations from the benchmark (less than percentage point above the reference value in each case) and have put measures in place for 2021 to eliminate these. Both business units will monitor the effectiveness of these measures through another equal pay analysis within the specified period.

## Sustainability in the business units

### Bystronic business unit

Sustainability is an integral part of Bystronic’s “Strategy 2025”. In 2020, in light of the Group’s strategic reorientation and in preparation for a direct stock exchange listing without Conzzeta as its holding company, Bystronic continued to develop the [Group’s materiality assessment](#) described above. Based on international standards and frameworks, the potentially material themes were assessed in terms of their relevance for stakeholders and their impact on the environment, society and the economy. During this updating process, some of the key issues identified in 2018 for Conzzeta as a Group were confirmed and new aspects relating to data security and resource efficiency were added. The update was approved by Bystronic’s management and Conzzeta’s Board of Directors and published on Capital Markets Day on November 10, 2020.

### Material sustainability topics for Bystronic

	Material topic	Ambition <sup>1</sup>	Aim
Economic aspects	Economic Performance	2	Maintaining a healthy economic condition of the company.
	Innovation and business model viability	3	Ensure the long-term sustainability of innovation and the viability of the business model.
	Data management	2	Ensure the governance, security and privacy of data.
Environmental aspects	Energy and climate change	2	Control of energy sources and consumption and minimizing the own contribution to climate change.
	Resource efficiency	3	Minimizing the use of resources in our and our customers’ production processes.
	Longevity and cyclability	2	Improvement of the longevity of the products and their recyclability.
Social aspects	Product safety	2	Safeguarding and promoting the safety and health of customers and their employees.
	Engagement and wellbeing	2	Promoting safe, healthy and motivating working conditions for our employees with inspiring development opportunities.
	Diversity and inclusion	2	Ensure equal treatment and inclusion of all employees and promote their diversity.

<sup>1</sup> Ambition: 1) Compliance, 2) Good practice, 3) Leadership

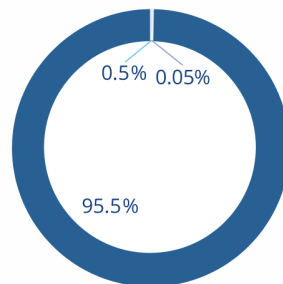
Based on the updated materiality assessment, initial preparations were also made in 2020 for Bystronic’s future integrated reporting.

In keeping with the classification of “Energy and climate change” as a material sustainability topic, Bystronic’s CO<sub>2</sub> footprint in 2019 at the Niederönz (Switzerland) site was calculated for the first time in 2020 (corporate carbon footprint). The calculations included the Bystronic Laser AG facility in Niederönz and the offices of Bystronic Sales AG in the same building. The greenhouse gas inventory was measured for the three scopes suggested in the greenhouse gas (GHG) protocol: scope 1 for emissions caused directly by the company, scope 2 for indirect emissions from purchased energy, and scope 3 for indirect emissions in the upstream and downstream value chain.

For the 2019 financial year, Bystronic's CO<sub>2</sub> footprint in Niederönz was 212,042 t of CO<sub>2</sub> equivalents. Of that total, approximately 0.5% was attributable to direct emissions (scope 1) and 0.05% to purchased energy (scope 2). At 99.45%, the majority of emissions occur at the upstream and downstream stages (scope 3). The total footprint corresponds approximately to the distance of 1.6 billion kilometers (around 40,000 circumnavigation of the earth) covered by an average passenger car with an internal combustion engine, or the average direct and indirect greenhouse gas emissions of close to 15,000 Swiss people per year. A more detailed analysis shows that 76% of the emissions associated with the production of goods and services in Switzerland occur during the utilization phase of the machines sold. Bystronic can therefore make the greatest contribution to reducing the climate-damaging impact of its own activities by further increasing the energy efficiency of the products and solutions it offers, as well as by providing corresponding application support for its customers.

This greenhouse gas inventory provides the quantitative basis for the optimization of Bystronic's CO<sub>2</sub> footprint and is thus a milestone in realizing the company's objectives in the key sustainability theme of "Energy and climate change". The successful data collection at the Niederönz site also provides a blueprint for extending the survey to the other Bystronic sites.

Bystronic's carbon footprint 2019  
location Switzerland



- Scope 1 (1,062t CO<sub>2</sub>-eq)
- Scope 2 (104t CO<sub>2</sub>-eq)
- Scope 3 (210,042t CO<sub>2</sub>-eq)

### FoamPartner business unit

In August 2020, FoamPartner published updated sustainability guidelines with a focus on “Planet, People & Performance”. These guidelines aim to promote responsible thought and action within the company as a pathway towards a sustainable future, with the help of innovative and industry-leading foam solutions. The sustainability strategy has been described in detail in a brochure and on the [business unit’s website](#) additional information – for example, on existing quality, environmental and product certifications – has been made available.

Conzzeta continued efforts to fundamentally modernize and improve the operational efficiency of the FoamPartner business unit in the extremely challenging financial year of 2020, which was affected by market developments, the pandemic and divestments. As part of these efforts, a highly modern foam processing center at the Duderstadt (Germany) site was put into operation in July 2020. The new plant enables energy and resource-efficient job planning, which minimizes waste and thus improves sustainability in the manufacturing process. The work environment also satisfies the latest ergonomic criteria to ensure the highest degree of occupational health and safety.

Innovation is a key priority at FoamPartner, and the business unit has anchored this in its sustainability strategy as part of sustainable product development, with a focus on the intelligent use of resources, low environmental impact and fair social conditions. In this context, products that meet eco-design standards and live up to the promise of “Best in Foam – Sustainable through Innovation” are awarded the “ecovative” label. For example, a new foam technology for vehicle interiors was developed in the 2020 financial year and launched under the brand name of OBoNature™. In close collaboration with leading polymer manufacturer Covestro, cardyon® is used as a raw material in the manufacture of foam technology – a much more environmentally friendly material since it is made with carbon dioxide instead of fossil fuels.



### Mammut business unit

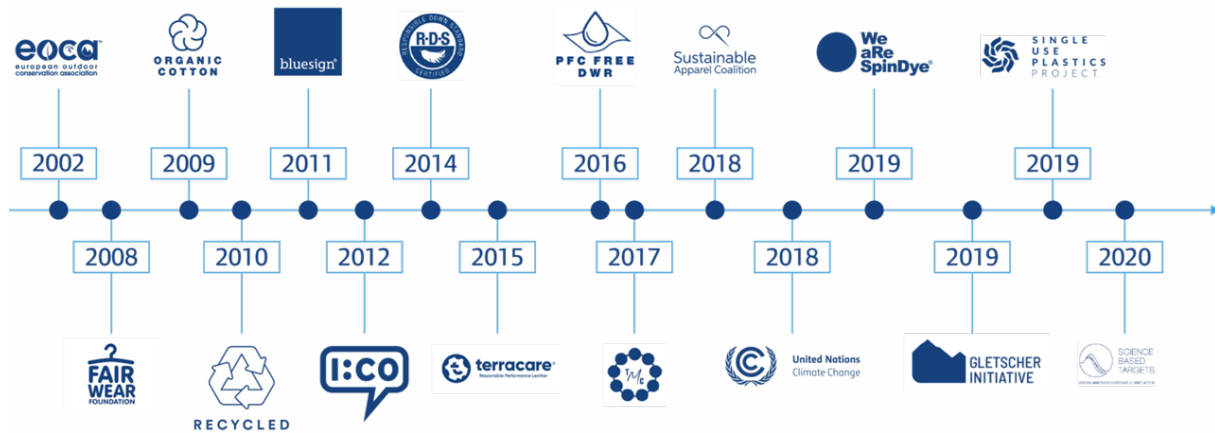
In 2020, Mammut’s WE CARE sustainability strategy provided an excellent framework for dealing responsibly with suppliers that were hit particularly hard by the coronavirus pandemic. By [largely refraining from canceling orders](#) and postponing product launches by mutual agreement, it was possible to protect these suppliers by keeping the cancellation rate to less than 5% of the average annual purchase value.



In 2008, Mammut was a founding member of the Fair Wear Foundation and has since then continued its efforts to integrate social responsibility and environmental sustainability in business processes (see diagram). As a founding signatory of the UN Fashion Industry Charter for Climate Action, Mammut has also actively engaged with the issue of climate change since the end of 2018: by 2030, it has set itself the target of reducing CO<sub>2</sub> emissions by 30% compared to 2018. In 2020, Mammut committed to the Science Based Targets initiative to ensure a scientific basis for CO<sub>2</sub> reduction and the associated reporting. This means that from 2021, the CO<sub>2</sub> reduction will be calculated in a manner consistent with the 1.5-degree target under the Paris Agreement. At the “[Mammut Digital Brand Convention](#)” in October 2020, Mammut presented its ongoing initiatives in the area of innovation and corporate responsibility. With its “Together for Glaciers” initiative, Mammut has also created a platform with a focus on climate change that mobilizes the outdoor industry to work together. Mammut is also continuing to work closely with the Swiss Glacier Initiative, which seeks to establish CO<sub>2</sub> reduction targets in the Swiss Federal Constitution.

Mammut [regularly reports](#) on its extensive activities in the area of sustainability. As part of the “WE CARE” sustainability strategy, the company also published comprehensive sustainability targets in the [Target Report 2025](#). Implementation progress is reported regularly and systematically, most recently in the [Social Report 2019](#) published in May 2020. 2020 was also the first time that Mammut submitted the “CDP (Carbon Disclosure Project) supply chain” survey (for 2019).

Sustainability-related agreements and commitments of the Mammut business unit



## Outlook

The increasing importance of the topic of sustainability for the various stakeholders of listed companies, as well as the transformation of the Group with the focus on Bystronic, which is scheduled for completion in 2021, will bring additional material and formal requirements for Bystronic. Conzzeta has thus made initial preparations to anchor the topic of sustainability strategically and organizationally at Bystronic. The indirect counterproposal of the Swiss Federal Council to the Corporate Responsibility Initiative envisages for companies as Bystronic an obligation to disclose non-financial information in the near future.

It is planned that Bystronic, as an independent listed industrial company, will formally commit to the appropriate sustainability standards like other Swiss industrial companies, as well as systematically process the key sustainability themes defined in the materiality assessment (see above) and to report on their progress as part of an integrated reporting from the 2021 financial year onward.

With the systematic consideration of these themes in its day-to-day business, Bystronic will be able to further improve its own sustainability. As shown by the analysis of greenhouse gas emissions carried out for the Niederönz site in 2020, their consideration in product development is of even greater importance. Energy-efficient systems and solutions, for example, will enable Bystronic to make a significant contribution to making the production processes of customers not only more productive, but also more energy-efficient and sustainable.

Bystronic’s preparations also include updating the Conzzeta Group’s Code of Conduct with a renewed commitment to the responsibility of Bystronic and its employees toward the environment and society. The introduction is planned for mid-2021, as soon as the last business unit to be divested has left the scope of consolidation.



# Corporate Governance

35 Report of the Human Resources Committee

37 Report of the Audit Committee

## 39 Corporate Governance Report

39 Group Structure and Shareholders

41 Capital Structure

42 Board of Directors

51 Executive Committee

53 Compensation, Shareholdings and Loans

54 Participation Rights of Shareholders

56 Change in Control and Defensive Measures

56 Auditors

57 Information Policy

## 58 Compensation Report

58 Compensation Governance

61 Priorities 2020

61 Principles of Compensation

62 Compensation System

65 Compensation of the Board of Directors

66 Compensation of the Executive Committee

68 Statutory Auditor's Report

## Corporate Governance

Conzzeta attaches great importance to good Corporate Governance and the provision of detailed information for shareholders. In this section, the Committee Chairmen report on their activities in 2020. These accounts are followed by the Corporate Governance Report based on the Swiss Stock Exchange Directive on Information relating to Corporate Governance as well as the Compensation Report.

## Report of the Human Resources Committee



“Our focus was on preparing Bystronic as an independent, stock-exchange-listed company.”

**Philip Mosimann**  
Chairman of the Human Resources Committee

### Dual challenge

The Human Resources Committee, made up of Philip Mosimann (Chairman), Robert F. Spoerry and Urs Riedener, met five times during 2020. As a general rule, the Chairman of the Board of Directors, the Group CEO and the Group HR manager also participate in meetings of the Human Resources Committee in an advisory capacity, albeit not when it comes to determining their own compensation.

The work of the Human Resources Committee was largely dictated by the Group’s strategic reorientation announced at the end of 2019 and the necessary organizational and personnel adjustments this entailed, as well as the impact of the global coronavirus pandemic.

The pandemic had multi-layered impacts on performance: disrupted supply chains, plant closures and protective measures impacted the business. In consultation with the Executive Committee, the Human Resources Committee supported various measures to protect the health of employees and mitigate the economic impact of the pandemic. These measures included both the use of support mechanisms made available in various countries and selective organizational measures to secure jobs in the long term.

The Human Resources Committee’s priority during the realignment process was to prepare Bystronic as an independent, stock-exchange-listed company. This involved, in particular, the organizational structure, the staffing of key positions at Bystronic as well as the transfer of individual Group functions from Conzzeta.

Despite the realignment and the pandemic, employee training and development was not neglected. The existing succession planning for key positions proved particularly valuable. Wherever possible, employees affected by organizational measures were supported in their professional reorientation with transparent communication and transitional assistance.

On behalf of the Human Resources Committee, a company-internal equal pay analysis was carried out at all Swiss sites of the Group, the results of which were verified by an independent body (KPMG) in the first quarter of 2021. At Bystronic, the legally required equal pay was determined, confirmed and certified. At Mammut and FoamPartner, minimal deviations were found, each of which was less than one percentage point above the reference value. The results were communicated in the business units and steps were initiated to correct partial inequalities.

The compensation budgets for the Board of Directors and the Executive Committee as approved at the 2019 and 2020 Annual General Meetings were adhered to in accordance with the Articles of Association. At the 2021 Annual General Meeting, the shareholders will decide on the future compensation budgets for the Board of Directors and the Executive Committee and voice their opinion on the 2020 Compensation Report by means of a consultative vote.



**Philip Mosimann**  
Chairman of the Human Resources  
Committee

## Report of the Audit Committee



“Ensuring the functioning of the newly created structures will be a focus in the current year.”

**Roland Abt**  
Chairman of the Audit Committee

### Under the sign of realignment

In 2020, the Audit Committee was again made up of Matthias Auer and Roland Abt (Chairman). Four meetings were held in the reporting year. The Chairman of the Board, Group CEO and Group CFO generally also attend the meetings in an advisory capacity alongside the committee members. Where items of relevance to the external auditors were on the agenda, their representatives were also present.

In addition to addressing the standard topics, such as the analysis of the annual and half-year financial statements, risk management and the monitoring of internal and external auditing, some special aspects of financial management were again analyzed in greater depth.

Extensive preparations have been made for the realignment of the Group with a focus on the Bystronic business unit. With the forthcoming departure of current Conzzeta Group staff, Bystronic must be in a position to perform all the functions of a listed entity in the future. The prerequisites for an efficient financial organization have been established, particularly in the areas of Group Accounting (consolidation), Treasury, Legal, Risk Management, Compliance and Investor Relations. Ensuring that the newly created structures function properly will be a priority in the coming year. Conzzeta's realignment also affects the previous pension fund, which is why a new pension solution has been drawn up not only for the actively insured at Bystronic but also for those in the discontinued business units. The Audit Committee has closely monitored these processes and also provided advisory input.

The standard process for acquisitions and divestments called for by management in 2019 has now been introduced. Among other things, this involves the monitoring the success of acquisitions made. During the reporting year, the acquisitions of the Italian companies Antil and TTM in 2018 were analyzed. On the one hand, systematic lessons are to be learned from the transaction processes, and on the other hand, the business plans on which management based the transactions are to be reviewed.

The internal audit function, which is carried out by the accountancy firm Deloitte, performed valuable work again in the reporting year. Nine internal audits were carried out, and the Audit Committee discussed the presented reports in detail. It also discussed and approved the audit schedule for 2021. The Audit Committee regularly monitors management's progress to address follow-up items identified during the audits.

The effects of the Swiss tax reforms were also analyzed in 2020. The newly established patent box offers tax benefits for Bystronic in particular. The Audit Committee ensured that measures were rigorously implemented to take advantage of these opportunities.

Raw materials and spare parts are a significant item in Bystronic's balance sheet. Spare parts have to be kept in stock for customers over a very long time period. The corresponding valuation method was examined in depth by the Audit Committee with regard to its plausibility.



**Roland Abt**  
Chairman of the  
Audit Committee

# CORPORATE GOVERNANCE REPORT

The following information is provided in accordance with the Directive on Information relating to Corporate Governance published by the Swiss Stock Exchange as valid on December 31, 2020, insofar as it is applicable to Conzzeta AG.

Conzzeta AG also acts in accordance with the principles set forth in the Swiss Code of Best Practice for Corporate Governance of *economiesuisse* and implements these in a manner commensurate with its size and structure. It acts under all circumstances according to statutory and regulatory requirements and requires its staff to comply with the law.

Much of the following information has been taken from the Articles of Association and Organizational Regulations of Conzzeta AG. These two documents may be consulted on the website of Conzzeta AG.

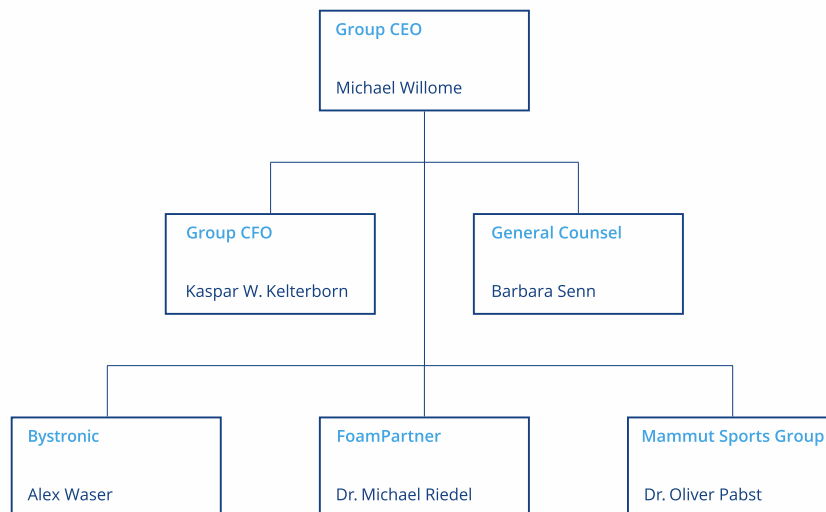
## 1 Group Structure and Shareholders

### 1.1 Group Structure

The Conzzeta Group was made up on December 31, 2020, of the three business units Bystronic, FoamPartner<sup>1)</sup> and Mammüt Sports Group. The business unit Schmid Rhyner was sold effective February 28, 2020. At the Group level, the Group staff supports the activities of the holding company Conzzeta AG and the operating units. Conzzeta AG, which is based in Zurich, holds direct or indirect equity interests in the companies listed in [Section 4.2. of the Financial Report](#). Conzzeta AG is the only listed company. The Conzzeta Class A registered share (securities code number 24401750 and ISIN CH0244017502) is listed on the Swiss Stock Exchange. The stock market capitalization (Class A registered shares) on December 31, 2020, amounted to CHF 1,987,776,000, while the total capitalization (Class A registered shares and Class B registered shares) amounted to CHF 2,252,160,000.

<sup>1)</sup> On November 10, 2020, Conzzeta AG announced the sale of the business unit FoamPartner to the Belgian Recticel Group. However, at the time of publication of this Annual Report, the transaction has not yet been closed.

### Organization chart as at December 31, 2020



### 1.2 Significant Shareholders

According to the disclosure reports made to the company pursuant to Articles 120 f. of the Financial Market Infrastructure Act (FMIA) on the balance sheet date, the shareholder group Auer, Schmidheiny and Spoerry held more than 3% of the voting rights in Conzzeta AG. The members of the shareholder group Auer, Schmidheiny and Spoerry are listed in the Financial Report under [Notes to the Financial Statements of Conzzeta AG](#). During the reporting year, no disclosure reports were made. Previous disclosure reports may be consulted on the website of the Swiss Stock Exchange (<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>). On December 31, 2020, the share of voting rights of the shareholder group Auer, Schmidheiny and Spoerry in Conzzeta AG amounted to 51.063%. Out of this figure, 0.063% relate to treasury shares held by Conzzeta AG.

### 1.3 Cross-Shareholdings

Conzzeta AG does not have any cross-shareholdings with other companies accounting for more than 5% of the voting rights or capital.



## 2 Capital Structure

### 2.1 Capital

According to Article 3 of the Articles of Association of Conzzeta AG, the share capital amounts to CHF 4,140,000, consisting of 1,827,000 Class A registered shares with a nominal value of CHF 2.00 each and 1,215,000 Class B registered shares with a nominal value of CHF 0.40 each. On December 31, 2020, the company did not have any conditional or authorized capital.

### 2.2 Changes in Capital

There has been no change in the share capital of Conzzeta AG in the last three reporting years.

### 2.3 Shares and participation certificates

Each share establishes entitlement to one vote at the general meeting. According to Article 15 of the Articles of Association of Conzzeta AG, at least two representatives from each share Class are entitled to a seat on the Board of Directors. The dividend entitlement of Class A registered shares and Class B registered shares (voting shares, unlisted) corresponds to the ratio between the nominal values of the two share classes. The company endeavors to distribute a proportion of between one third and one half of the group profit. The share capital has been fully paid up.

The company has not issued any participation certificates.

### 2.4 Dividend-Right Certificates

Conzzeta AG has not issued any dividend-right certificates.

### 2.5 Limitations on Transferability and Nominee Registrations

Shares in the company are not subject to any restrictions on transfer. Accordingly, nominees are also entered in the share register.

### 2.6 Convertible Bonds and Options

Conzzeta AG has no outstanding convertible bonds and neither the company itself nor its Group companies have issued options on Conzzeta shares.

### 2.7 Shares of the company

	Class A registered shares nominal value CHF 2.00	Class B registered shares nominal value CHF 0.40	Total
Number of shares	1,827,000	1,215,000	3,042,000
Share capital in CHF	3,654,000.0	486,000.0	4,140,000.0

## 3 Board of Directors

### 3.1 Members of the Board of Directors

According to Article 14 of the Articles of Association, the Board of Directors of Conzzeta AG consists of between five and eight members. On December 31, 2020, it was composed of eight members.

Name	Function	Appointment
Ernst Bärtschi	Chairman of the Board of Directors	2014
Jacob Schmidheiny	Member of the Board of Directors (from 1984 until 2014: Chairman)	1977
Dr. Matthias Auer	Member of the Board of Directors	1996
Robert F. Spoerry	Member of the Board of Directors	1996
Philip Mosimann <sup>1</sup>	Member of the Board of Directors	2007
Dr. Roland Abt	Member of the Board of Directors	2014
Urs Riedener	Member of the Board of Directors	2014
Michael König <sup>1</sup>	Member of the Board of Directors	2019

<sup>1</sup> Philip Mosimann and Michael König will not stand for reelection at the Annual General Meeting scheduled for April 21, 2021.

### 3.2 Curriculum Vitae and Other Activities and Vested Interests



#### Ernst Bärtschi

lic. oec. HSG, born in 1952, a Swiss national. Since 2012 he has been a member of the advisory board of the private-equity investor CRCI (China). In 2002, he joined Sika Ltd, Baar, where he worked until 2004 as chief financial officer and from 2005 until 2011 as chief executive officer. After working at Nestlé, Vevey, Ernst Bärtschi occupied various management positions between 1980 and 2002 at the Schindler Group, Ebikon, including managing director of Schindler Switzerland and chief financial officer of the Schindler Group.



#### Jacob Schmidheiny

lic. oec. publ., born in 1943, a Swiss national. Since 1977, he has been a member of the Board of Directors of Conzzeta AG, previously Zürcher Ziegeleien, which he chaired from 1984 until 2014. In 1976, he was appointed to the Executive Committee of Zürcher Ziegeleien. He was Chairman of the Executive Committee from 1978 until 2001. Under the leadership of Jacob Schmidheiny, the Group transformed itself from a supplier of construction materials into the current industrial holding company.



### Dr. Roland Abt

Dr. oec. HSG, born in 1957, a Swiss national. He is a member of the board of directors of Swisscom AG, Bern, and chairman of the board of directors of Aargau Verkehr AG (AVA), Aarau. Previously, between 2004 and 2017, he was chief financial officer at Georg Fischer Ltd., Schaffhausen, which he joined in 1996, initially working as chief financial officer for the Agie Charmilles Group (1997 to 2004). He held various positions at the Eternit Group in Switzerland and in Venezuela (1987 to 1996).



### Robert F. Spoerry

Dipl. Masch.-Ing. ETH, MBA, born in 1955, a Swiss national. He is chairman of the board of directors of Mettler-Toledo International Inc., Greifensee, which he also headed as CEO from 1993 until 2007, and of Sonova Holding Ltd., Stäfa.



### Michael König

Dipl. Ing. chemical engineering, University of Dortmund, born in 1963, a German national. Since December 2019 he has been Chief Executive Officer of Elkem ASA, a listed company in Oslo, Norway. From 2016, he was previously Chief Executive Officer of China National Bluestar (Group) Co., Ltd, a Chinese state-owned company with global operations and a registered office in Beijing, the People's Republic of China. Until 2015, he held various management positions at Bayer AG, Leverkusen (Germany), and was a member of the executive board between 2013 and 2015. Michael König has spent more than ten years of his whole career in various positions in the People's Republic of China.



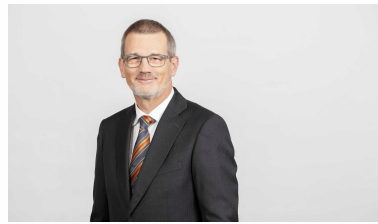
### Dr. Matthias Auer

Dr. iur., born in 1953, a Swiss national. He has been an independent attorney and notary public in Glarus since 1981. He is also vice-chairman of the board of the Cooperative Migros Zurich.



### Urs Riedener

lic. oec. HSG, born in 1965, a Swiss national. Since 2008, he has been chief executive officer at Emmi, Lucerne. Until 2008, he headed the Marketing department and was a member of the general management at the Federation of Migros Cooperatives MGB in Zurich. From 1995 until 2000, he worked at the Lindt & Sprüngli Group, Kilchberg, in various management roles nationally and internationally. He started his career working in various positions at Kraft Jacobs Suchard. Urs Riedener is also a member of the board of Promarca (Swiss Association of Brand Articles), a member of the board of the Swiss Management Association (SMG) and a member of the executive committee of the Institute for Marketing at the University of St. Gallen.



### Philip Mosimann

Dipl. Ing. ETH, born in 1954, a Swiss national. He has been chairman of the board of directors of Bucher Industries Ltd, Niederweningen, since 2016, which he has led as chairman of the executive committee since 2002. Between 1980 and 2001, he held various management positions within the Sulzer Group from Winterthur, including at Sulzer Innotec Ltd (1980 to 1992), then as head of division at Sulzer Thermtec (1992 to 1996) and as head of division at Sulzer Textil, Rüti (1997 to 2001). He is also chairman of the board of directors of Uster Technologies Ltd, Uster, and Ammann Group Holding AG, Langenthal, and a member of the boards of directors of Bobst Group SA, Mex, and of Vanderlande Industries B.V., Veghel, The Netherlands.

No member of the Board of Directors has worked in an executive role for the Conzzeta Group within the last four years and no member and no enterprise or organization represented by that member has any significant business relationship with the Group – other than with the status as a shareholder (under Financial Report, [Notes to the Financial Statements of Conzzeta AG](#)).

When filling future vacancies, it will continue to ensure that the Board has a diverse composition in terms of experience, knowledge of the sector, geographical origin and gender.

### 3.3 Rules Contained in the Articles of Association Relating to the Number of Permitted Activities under Article 12 para. 1 point 1 OaEC<sup>1</sup>

According to Article 28 of the Articles of Association of the company, no member of the Board of Directors may accept more than ten additional appointments, including no more than four in companies listed on the stock exchange. These restrictions do not apply to:

- appointments to companies controlled by the company or that control the company;
- appointments taken up by a member of the Board of Directors on the instructions of the company. No member of the Board of Directors may take up more than ten such appointments; and
- appointments to associations, charitable foundations and staff pension funds. No member of the Board of Directors may take up more than ten such appointments.

Appointments include appointments to the highest management body of a legal entity that must be entered into the Commercial Register or an equivalent foreign register. Appointments to different legal entities under joint control or with the same economic beneficiary are regarded as one single appointment.

<sup>1)</sup> Ordinance against Excessive Compensation at Listed Joint-Stock Companies.

### 3.4 Elections and Terms of Office

The date of first election to the Board of Directors of each member is presented in the table under Section 3.1 “Members of the Board of Directors”. There are no limitations on the term of office. The Articles of Association do not contain any rules concerning the appointment of the Chairman, the members of the Remuneration Committee and the independent proxy deviating from those prescribed by law.

### 3.5 Internal Organization

The powers and tasks of the Board of Directors are determined by law and the Articles of Association along with the Organizational Regulations of Conzzeta AG (see further also “Definition of Areas of Responsibility”, Section 3.6). The Articles of Association and the Organizational Regulations of Conzzeta AG may be consulted on the company’s website <https://conzzeta.com/en/company/corporate-governance/>, the latter not including the annexes.

#### Chairman of the Board of Directors

The Chairman of the Board of Directors coordinates the work of the Board of Directors, issues invitations to the meetings of the Board of Directors, determines the agenda, prepares for meetings along with the Group CEO and chairs the meetings. He monitors the implementation of resolutions of the Board of Directors and the general meeting.

#### Board of Directors

The Board of Directors meets as often as required by business activities, but on no less than five occasions each year. Normally, two meetings are held in the first half of the year and three in the second half of the year. Due to the COVID-19 pandemic, the frequency of meetings was increased temporarily during the first half of 2020. Accordingly, during the reporting year, the Board of Directors held six full-day meetings, one two-hour meeting as well as three one to one-and-a-half-hour telephone conferences. Two members of the Board of Directors were unable to attend one meeting each, and one member was absent with apologies at four meetings due to the pandemic. The other members of the Board of Directors were present at all meetings. The Group CEO, the Group CFO and the General Counsel, who also serves as the Secretary to the Board of Directors, are included in meetings of the Board of Directors, unless decided otherwise by the Board of Directors in relation to individual agenda items. In addition, the relevant heads of the business units and other managers and, on occasion, external advisors may also be included. During the reporting year, representatives of four external advisors were invited to five meetings in relation to various agenda items.

#### Cooperation between the Board of Directors and its Committees

The Board of Directors may establish committees, unless such a right is vested by law in the general meeting. It has established an Audit Committee with tasks relating to finances and auditing and a Human Resources Committee with tasks relating to personnel and remuneration. After Conzzeta AG announced a more decentralized management and the evaluation of options for the accelerated development of the present potential in all business units in August 2019, the Board of Directors created three additional committees in 2019. In connection with the new strategic focus which was announced in December 2019 (see in this regard the details on [Business Review](#)) these committees are closely accompanying the implementation in the business units Bystronic, FoamPartner and Mammüt Sports Group.

The Board of Directors determines the duties of the committees, subject to provisions of law. Overall responsibility for the tasks transferred to the committees remains with the Board of Directors. However, if the Board of Directors has granted a committee decision-making powers in areas that lie outside the non-transferable powers of the Board of Directors, the committee concerned bears sole responsibility for such decisions. Ordinarily, no specific responsibility for decisions is transferred to the committees. They thus bear responsibility for the preparation of decisions and for the detailed examination of the affairs to be handled by them, and they submit proposals to the Board of Directors or inform the Board of Directors of their conclusions. The Human Resources Committee and the Audit Committee report on their activities, results and proposals at the next Board of Directors meeting. The Board of Directors is informed immediately of important events. Minutes are taken concerning the meetings of the committees and their decisions, which are also presented to the other members of the Board of Directors.

#### Human Resources Committee

The Human Resources Committee consists of those members of the Remuneration Committee appointed to the task in the course of the Annual General Meeting held on April 22, 2020. These are namely Philip Mosimann (Chairman), Urs Riedener and Robert F. Spoerry. The Chairman of the Board of Directors also participates in meetings of the Human Resources Committee as a general rule, as well as the Group CEO and the Group HR manager, in an advisory capacity, albeit it not when it comes to determining their own salaries. With regard to using external advisors, reference is made to the [Report of the Human Resources Committee](#) and to the Compensation Report, Section 2, “[Priorities in 2020](#)”.

In addition to the tasks essentially outlined in Article 21 of Conzzeta AG’s Articles of Association, the Remuneration Committee, acting in its capacity as the Human Resources Committee, executes other tasks which are all described in the Organizational Regulations. Its tasks essentially comprise the following:

- Presentation of proposals to the Board of Directors concerning rules on the remuneration of the Board of Directors and the Executive Committee;
- Examination of all remuneration as to its permissibility;
- Recommendation to the Board of Directors concerning proposals to the Annual General Meeting on remuneration;
- Proposal to the Board of Directors concerning the annual remuneration of the members of the Board of Directors, the Group CEO and the other members of the Executive Committee;
- Preparation of the Compensation Report and discussion of the report with the auditors; presentation of proposals to the Board of Directors;
- Assessment of share and option plans in addition to bonus plans and other performance-related remuneration with regard to compliance with the provisions of the Articles of Association applicable to such matters, and the payment of variable remuneration in cash or as options and shares to members of the Board of Directors and the Executive Committee; presentation of proposals to the Board of Directors;
- Proposal to the Board of Directors concerning the setting of the principles applicable to the selection procedure for candidates for election to the Board of Directors or the Executive Committee and preparation of the short-list of candidates;
- Preparation of medium- to long-term succession planning for members of the Board of Directors and members of the Executive Committee;
- Recommendation concerning appointments of members of the Executive Committee for the attention of the Board of Directors;
- Monitoring of training and staff advancement measures;
- Assessment of managers and internal talent;
- Assessment of staff pension benefits;

- Any recommendations and monitoring of compliance with Group targets in relation to personnel.

The Human Resources Committee meets at least twice annually. In the reporting year, four meetings each lasting around two hours and one lasting four hours were held. Additional details can be found in the Compensation Report, Section 2 "Priorities in 2020" as well as the [Report of the Human Resources Committee](#).

#### Audit Committee

The Audit Committee consists of Roland Abt (Chairman) and Matthias Auer. As a rule, the meetings of the Audit Committee are also attended in an advisory capacity by the Chairman of the Board of Directors, the Group CEO and the Group CFO. Upon invitation by the Chairman, the external auditors and internal auditors of the company may also attend meetings or participate in discussions of individual items on the agenda. The essential tasks of the Audit Committee are described in the Organizational Regulations. They include in particular:

- Examination of and presentation of proposals to the Board of Directors concerning the organization of the accounting, financial control and financial planning systems;
- Critical analysis of individual company and Group financial statements (annual and half-year financial statements). Discussion of these financial statements with the Group CFO and the external auditors. Presentation of proposals to the Board of Directors concerning these financial statements;
- Assessment of the efficacy and performance of the external auditors and their fee, as well as their independence. Decision regarding the issue of additional mandates to the external auditors other than the auditing mandate; Preparation of the proposal of the Board of Directors to the general meeting regarding the election of the external auditors. Presentation of proposals to the Board of Directors concerning the form of the auditing mandate. Assessment of the reports of the external auditors (including in particular the audit report and the comprehensive report pursuant to Article 728b CO) and the discussion of these reports with the external auditors;
- Assessment of the functional capability of the internal control system, taking account of risk management, compliance and internal auditing. Discussion and establishment of the audit program for the internal auditors. Acceptance of reports from internal auditors and discussion of these reports with the internal auditors. Reporting to the Board of Directors;
- Approval of the method used for assessing acquisitions at the Group level and individual assessment of major acquisitions for presentation to the Board of Directors;
- Assessment of pension plans and the associated risks;
- Assessment of further Group solutions in the financial field such as treasury, taxation and dividend payments by the direct subsidiaries of Conzzeta AG, etc.;
- Assessment of initiatives by the Board of Directors in the area of finance and accounting such as, for example, the achievement of specific financial targets and key performance indicators (KPI); reporting to the Board of Directors on fulfillment of targets.

The Audit Committee meets upon invitation by the Chairman as often as required by business, but on no less than three occasions each year. It normally meets in March, August and November and at these meetings discusses, among other things, any annually recurring issues in accordance with the description of tasks provided above and following a standard agenda. During the reporting year, the Audit Committee held three meetings lasting around four hours and one telephone conference of just under one hour. Additional details can be found in the [Report of the Audit Committee](#).

### BU Committees

In 2019, as part of the strategic transformation of the Group, the Board of Directors formed three new committees for the business units Bystronic, FoamPartner and Mammut Sports Group (hereafter "BU Committees"). The three BU Committees each comprise the Group CEO, the Chairman of the Board of Directors, an additional member of the Board of Directors, and other individuals as required. The three committees have consisted of the following members since they were formed:

- Bystronic Committee: Michael Willome (Chairman), Ernst Bärtschi and Roland Abt
- FoamPartner Committee: Michael Willome (Chairman), Ernst Bärtschi and Michael König
- Mammut Committee: Michael Willome (Chairman), Ernst Bärtschi and Urs Riedener

The main responsibilities of the BU Committees are as follows:

- Supporting the new strategic focus of the Conzzeta Group;
- Determining and providing support for all appropriate measures necessary to achieve in a timely fashion the business unit strategy adopted by the Board of Directors, the budget and the strategic financial planning;
- Reviewing progress in implementing the business unit strategy, achievement of the budget, and compliance with the strategic financial planning;
- Assessing the composition of the management of the relevant business unit and its cooperation; and
- Additional responsibilities delegated to them by the Board of Directors.

According to the Organizational Regulations, the BU Committees meet at least three times each year. Their meetings will normally also be attended by the head of the business unit and, in relation to individual agenda items, the members of the management of the relevant business unit. The FoamPartner Committee and the Mammut Committee each had three meetings and the Bystronic Committee had two meetings during the reporting year, each lasting around four hours.

### 3.6 Definition of Areas of Responsibility

The Board of Directors of Conzzeta AG bears responsibility for the overall management, supervision and control of the Group and its management and monitors compliance with the provisions of applicable legislation. It decides on the strategic targets of the Group and the financial and human resources necessary in order to achieve the targets. In addition, the Board of Directors determines the values and standards of the Group and ensures that duties towards shareholders and other stakeholders are complied with. Specifically, the Board of Directors is vested in particular with the following tasks:

- Overall management of the company and the setting of targets relating to corporate policy and culture, approval of Group strategy and the strategic priorities of individual business units;
- Approval of the strategic and financial targets of the Group and the business units;
- Risk assessment for the Group;
- Decisions on the creation of new business units or the abandonment of existing business units. Approval of significant acquisitions, mergers, sales, or individual projects;
- Adoption of resolutions relating to contracts under which Conzzeta AG acts as a party to mergers, spin-offs, transformations or transfers of assets under the Mergers Act;



- The organization of the accounting, financial control and financial planning for the Group and the business units and the organization of a comprehensive reporting system in line with strategy;
- Approval of the applicable accounting standards, the framework conditions for financial control and the internal control system along with any significant changes to the same;
- Annual assessment and approval of the budget and the strategic financial planning for the Group and business units;
- Examination and approval of the (annual and half-year) financial statements and Group and business unit reporting;
- Compilation of the Annual and the Compensation Report;
- Notification of the court in the event that the company is overindebted;
- Assessment of liquidity with reference to Group goals;
- Determination of the organization and the issuance of organizational regulations for the Group;
- Examination and approval of management principles, Group guidelines and the Group management structure;
- Overall supervision of the persons entrusted with managing the company, including with regard to compliance with laws, the Articles of Association and regulations and the implementation of the resolutions of the Board of Directors and of the general meeting;
- Appointment and removal of members of the Executive Committee;
- Calling of annual and extraordinary general meetings;
- Adoption of resolutions on proposals presented to shareholders;
- Implementation of resolutions adopted by shareholders.

On the basis of the Organizational Regulations, the Board of Directors has delegated the operational management of business to the heads of the business units, who are also members of the Executive Committee, under the leadership of the Group CEO. The heads of the business units are responsible for the comprehensive operational management of their business units. They manage them in accordance with the strategy approved by the Board of Directors, strategic financial planning, and the annual budget. Important transactions that exceed a particular financial threshold must be presented to the Board of Directors in advance for approval, such as in particular decisions concerning the incorporation or sale of subsidiaries, the acquisition or sale of equity interests, restructuring projects, investments, acquisitions, divestments, the purchase and sale of real estate, the conclusion of rental agreements and leases, consultancy contracts, cooperations and strategic partnerships, major projects (e.g. in the area of IT, development, organization) and financial obligations, the threshold values for which lie between CHF 3 and 10 million, depending on the transaction.

### 3.7 Information and Control Tools vis-à-vis the Executive Committee

The Conzzeta Group has a well-developed planning and information system. It is built from the bottom up with increasing consolidation. The Board of Directors is informed in writing and orally of the strategies, plans and results of all business units. The Board of Directors receives a consolidated monthly statement containing the key figures on Group level and for the business units and a commentary on the most important occurrences. In addition, the Board of Directors is also provided on a quarterly basis with further detailed reports containing the consolidated accounts for the business units and the Group. Each year the Board of Directors is presented with strategic financial planning and operational annual plans for approval.

The Group CEO normally informs the Board of Directors at every meeting of the current development of the business activities of the Group along with important developments, projects and risks. The heads of the business units inform the Board of Directors at every meeting of the most important key performance indicators and the development of their business unit, as well as any deviations from the budget and strategic financial planning based on analyses of the performance of the principal markets as well as measures to ensure that targets are achieved. In an emergency, the Board of Directors is informed immediately.

The Board of Directors engaged intensively with the 2025 Strategy of Bystronic during the reporting year, which was finally presented on November 10, 2020 on a digital capital markets day. As announced in December 2019 structured sales processes were launched for the two other business units, FoamPartner and Mammut Sports Group, following which on November 10, 2020 Conzzeta was able to report the sale of FoamPartner to the Belgian Recticel Group. At the time of publication of this Annual Report, the share purchase agreement has not yet been implemented.

The Conzzeta Group applies methodological processes, which the Board of Directors uses as a basis for assessing the business outlook and strategic, financial and operational risks. Alongside the financial reports and analyses, these constitute the internal control system and the strategic and operational risk management. The Board of Directors receives an annual report concerning the risk situation drawn up by the Group CEO in consultation with the Group CFO and the General Counsel, which is based on the written risk reports of the business units following the discussions of the same. As regards the risk management process, reference is made to the statements “[Risk Management and Corporate responsibility](#)” in the Business Review. In addition, the Board of Directors receives a report on the internal control system, the management letter from the external auditors, the comprehensive report of the external auditors for the Board of Directors each year along with a report on the employee pension funds in Switzerland.

The internal audit function was carried out by the auditing company Deloitte. The internal auditors perform the internal operational audit function within the Group. They report to the Chairman of the Audit Committee. Coordination of the implementation of auditing tasks is delegated to the Group CFO. The internal auditors carry out audits within the Group in accordance with the auditing plan proposed by the Audit Committee and determined by the Board of Directors. The audits cover the following areas on a rolling basis:

- effectiveness of selected operational processes on the level of the Group, business units and selected Group companies, in particular with regard to the requirements of the Group and the business unit concerned;
- effectiveness of governance and risk management requirements and processes;
- effectiveness of internal control processes;
- reliability and comprehensiveness of financial and operational information;
- compliance with provisions of law, the Articles of Association and internal regulations.

The internal auditors draw up reports containing recommendations for the local management and the Audit Committee. The local management states its position regarding the recommendations and, where it agrees with the recommendations, implements corrective measures promptly. If local management rejects a recommendation whilst the internal auditors and the Group CEO wish to pursue it, it is implemented on the instructions of the Audit Committee. During the reporting year, nine internal inspections were carried out by Deloitte. The internal auditors attended three out of the four meetings of the Audit Committee.

With regard to participation by the Group CEO and the Group CFO at meetings of the committees of the Board of Directors, reference is made to Section 3.5.

## 4 Executive Committee

### 4.1 Members of the Executive Committee

On December 31, 2020, the Executive Committee was composed of the following persons<sup>1</sup>:

Name	Function	In office since
Michael Willome	Group CEO	2016
Kaspar W. Kelterborn	Group CFO	2006
Dr. Oliver Pabst	CEO Mammut	2016
Dr. Michael Riedel	CEO FoamPartner	2018
Barbara Senn	General Counsel	2014
Alex Waser	CEO Bystronic	2013

<sup>1)</sup> As Head of the Schmid Rhyner business unit, Jakob Rohner was a member of the Executive Committee from 2011 to February 28, 2020.

### 4.2 Curriculum Vitae and Other Activities and Vested Interests



#### Michael Willome

lic. oec. HSG, born in 1966, a Swiss national. He previously worked from 1997 in various management positions at Clariant AG. From 2010 onwards, he was responsible there for the global Industrial & Consumer Specialties (ICS) business unit, after serving for 14 years in management roles in Hong Kong, Canada and Turkey. He previously worked at Novartis in Group Auditing. Michael Willome is a member of the board of directors of Glaston Corporation, Helsinki (Finland) and the subsidiaries based in Switzerland, Germany and Austria of the Swedish industrial group Indutrade.



#### Kaspar W. Kelterborn

lic. oec. HSG, born in 1964, a Swiss national. Between 2003 and 2005, he was the chief financial officer and a member of the executive committee at the Unaxis Group. Between 1996 and 2002, he worked for the Clariant Group abroad, performing managerial roles in the areas of finance and controlling, including as chief financial officer at a division with global operations based in Manchester, UK, or as chief financial officer of the ASEAN region based in Singapore. Between 1992 and 1995, he worked for Sandoz International Ltd in Switzerland and abroad. Kaspar W. Kelterborn is a member of the board of directors of CPH Chemie + Papier Holding AG, Root, Suhner Holding AG, Brugg, Integra Holding AG, Wallisellen, and Wipf Holding AG, Brugg.



### Dr. Michael Riedel

Dr. rer. nat., born in 1968, a German national. From 2009, he held various positions at Clariant, including as Head of Business Excellence, overseeing the integration of Süd-Chemie, as Head of the EMEA region in the area of “Industrial and Consumer Specialties”, and most recently as Group Head Human Resources. His earlier professional career included management positions in research and development, production and operations at Höchst, Celanese and SGL Carbon.



### Dr. Oliver Pabst

Dr. oec. HSG, born in 1966, a German national. From 2006, he was a member of the executive board at Willy Bogner KGaA, Munich, and general manager of various units with strategic and operational responsibility for international business, retail and e-commerce. From 2002 until 2005, he was Managing Partner at Boards & More Holding SA, Montreux. Oliver Pabst started his career in 1993 at McKinsey & Company in Zurich. He is chairman of the supervisory board at Bergfürst AG, Berlin, and a member of the Board of Directors at Swisscommerce Holding AG, Langenthal.



### Barbara Senn

lic. iur., Attorney-at-Law, LL.M., born in 1967, a Swiss national. She has been General Counsel for the Conzzeta Group since 2010. She previously worked at Georg Fischer AG, Schaffhausen, as a legal advisor and corporate compliance officer (2002 to 2010) and, between 1996 and 2001, as legal counsel at the Rieter Group in Winterthur.



### Alex Waser

Automotive engineer HTL, MBA, born in 1967, a Swiss national. Between 2010 until his arrival at the Conzzeta Group, he managed the majority of European markets for Ecolab, a US provider of systems solutions for the food industry, out of its European branch Ecolab Europe GmbH, Wallisellen. Between 1994 and 2010, he worked at the SPX Group, a business offering workshop equipment and diagnostic systems for the automotive industry worldwide. During this time, he performed various management functions in Europe and in the United States, including most recently that of president of Service Solutions for SPX Europe GmbH, Hainburg (Germany), for the Europe, Middle East and Africa regions.

Upon the closing of the sale of the business unit Schmid Ryhner to the German specialty chemicals group Altana on February 28, 2020, Jakob Rohner (<https://report.conzzeta.com/2019/en/executive-committee/>) stepped down from the Conzzeta Executive Committee and left the Group.

The members of the Executive Committee do not carry out any significant activities outside the Conzzeta Group other than those specified above.

### 4.3 Rules Contained in the Articles of Association Relating to the Number of Permitted Activities under Article 12 para. 1 point 1 OaEC

According to Article 28 of the Articles of Association of the company, no member of the Executive Board<sup>1</sup> may accept more than four appointments, including no more than two in companies listed on the stock exchange. Each appointment must be approved by the Board of Directors. These restrictions do not apply to:

- appointments to companies controlled by the company or that control the company;
- appointments taken up by a member of the Executive Board on the instructions of the company. No member of the Executive Board may take up more than ten such appointments; and
- appointments to associations, charitable foundations and staff pension funds. No member of the Executive Board may take up more than ten such appointments.

Appointments mean appointments to the highest management body of a legal entity that must be entered into the Commercial Register or an equivalent foreign register. Appointments to different legal entities under joint control or with the same economic beneficiary are regarded as one single appointment.

<sup>1</sup> The term “Executive Board” used in the Articles of Association refers to the group of individuals designated in the Annual Report, in the Organizational Regulations, on the website of the Conzzeta Group or elsewhere as the Executive Committee.

### 4.4 Management Contracts

Conzzeta AG has not concluded any management contracts with companies or natural persons from outside the Group.

## 5 Compensation, Shareholdings and Loans

### 5.1 Content and Method for Determining Compensation and Shareholding Programs

Regarding compensation and shareholdings of members of the Board of Directors and the Executive Committee, along with the content of, responsibility for and the procedures for determining compensation and shareholding programs and any loans, credit or retirement benefits, please refer to the statements in the Compensation Report, [Section 1](#) and [4 – 6](#).

### 5.2 Rules contained in the Articles of Association

According to Article 25 of the Articles of Association of Conzzeta AG, the company may pay the members of the Executive Board a performance-related remuneration in addition to their fixed remuneration. The performance-related remuneration paid in any given year may not exceed 150% of the fixed remuneration for that year.

The performance-related remuneration is determined in accordance with company targets. It takes account in particular of:

- a. the achievement of planned targets within the area of responsibility;
- b. the further development of the business;
- c. staff management and development.

The remuneration of the Board of Directors and the performance-related remuneration of the Executive Board may be paid in cash or through the allocation of shares or options. The shares must be acquired on the market. The remuneration may be paid by the company or by companies controlled by it.

According to Article 24 of the Articles of Association of Conzzeta AG, the company or the companies controlled by it are empowered to pay an additional amount of up to 35% of the relevant approved overall amount for the duration of the remuneration periods already approved to any member who joins the Executive Board or is promoted within the Executive Board after remuneration has been approved by the general meeting.

According to Article 27 of the Articles of Association of Conzzeta AG, the company or companies controlled by it may arrange for alternative retirement benefits for members of the Executive Board who do not or only partially benefit from Swiss pension funds.

The company or companies controlled by it may grant loans up to the value of the annual remuneration to members of the Executive Board.

The Articles of Association do not contain any rules on loans, credit or retirement benefits with respect to members of the Board of Directors.

The general meeting has the non-transferable power to approve the remuneration of the Board of Directors and the Executive Board (Article 9 para. 5 of the [Articles of Association of Conzzeta AG](#)). According to Article 23 of the Articles of Association, the general meeting approves the proposals of the Board of Directors concerning the maximum overall amounts a) of the direct and indirect remuneration of the Board of Directors for the period until the next ordinary general meeting; b) of the direct and indirect remuneration of the Executive Board for the following financial year.

The Board of Directors may present additional or differing proposals relating to the same period or other periods for approval by the general meeting.

## 6 Participation Rights of Shareholders

### 6.1 Restrictions on Voting Rights and Representation

Each Class A registered share and each Class B registered share is entitled to one vote at the general meeting of the company (Article 13 para. 1 of the Articles of Association). The shares of Conzzeta AG are not subject to any restrictions on voting rights per the Articles of Association.

Pursuant to Article 689 para. 2 CO, a shareholder may represent his or her own shares at the general meeting or arrange to be represented by a third party. According to Article 9 OaEC, the shareholders may also authorize the independent proxy to exercise their voting rights. In addition, according to Article 13 of the Articles of Association, the Board of Directors issues rules of procedure concerning participation in and representation at the general meeting. The company recognizes only one representative per share.

The Articles of Association of Conzzeta AG do not contain any regulations governing the issue of instructions to the independent proxy or concerning electronic participation at the general meeting.

## 6.2 Quora Stipulated in the Articles of Association

According to Article 11 of the Articles of Association of Conzzeta AG, a resolution by the general meeting requires at least two-thirds of the votes represented and an absolute majority of the nominal value of shares represented for:

- any amendment of the Articles of Association;
- any change to the share capital;
- any restriction or cancellation of the subscription right;
- the dissolution of the company.

Except as provided by Article 704 CO, the general meeting passes all other resolutions and conducts elections by an absolute majority of the votes cast, excluding blank or invalid votes.

## 6.3 Calling of the General Meeting

According to Article 8 of the Articles of Association of Conzzeta AG, invitations to ordinary and extraordinary general meetings are issued no later than 20 days prior to the date of the meeting by the Board of Directors, or as the case may be, by the external auditors, by a notice published in the Swiss Official Gazette of Commerce, which must state the agenda items and the proposals of the Board of Directors, and as the case may be, of the shareholders who have requested that a general meeting be held or that a specific item be placed on the agenda.

Shareholders representing at least 10% of the share capital may request that a general meeting be called.

## 6.4 Inclusion of Items on the Agenda

Article 8 of the Articles of Association of Conzzeta AG provides that shareholders representing at least 5% of the share capital may request that a specific item be placed on the agenda. The request must be filed with the company at least 40 days before the general meeting.

Subsequent to the reduction of the share capital approved at the Annual General Meeting of April 29, 2014 (see, in this regard, 2016 Annual Report, “Changes in Capital”, page 25 f., [www.conzzeta.com/en/media-center](http://www.conzzeta.com/en/media-center)), the Board of Directors considered reducing the percentage threshold required in order to place a certain item on the agenda and arrived at the conclusion that, in view of the shareholder structure of Conzzeta AG, it was not advisable to reduce the threshold.

## 6.5 Entries in the Share Register

According to Article 13 para. 2 of the Articles of Association of Conzzeta AG, the Board of Directors issues rules of procedure concerning participation in and representation at the general meeting. The Board of Directors has resolved to set the cut-off date for participation in a general meeting at five working days before the date of the meeting. The cut-off date is announced in the invitation to the shareholders. No entries may be made in the share register between the cut-off date and the date of the meeting. There are no rules that allow for any exceptions.

## 7 Change in Control and Defensive Measures

### 7.1 Duty to Offer

According to Article 6 of the Articles of Association of Conzzeta AG, purchasers of shares in the company are not obligated to present a public offer to buy in accordance with Article 135 (1) of the Financial Market Infrastructure Act (FMIA) (opting-out).

### 7.2 Change of Control Clauses

No agreements or plans contain any change of control clauses in favor of the members of the Board of Directors. Regarding the share rights granted to certain employees of Conzzeta Group (restricted share units; see further [Compensation Report, Section 4.2.3](#)), a change of control at the level of Conzzeta AG, its merger with an unrelated company or the disposal of the entirety of or a majority of a business unit to an unrelated company would trigger the early transformation of the entitlements over Conzzeta shares, although in the last-mentioned case only for employees whose employment relationship with a company from the Conzzeta Group has ended for this reason or has been transferred to the new owner. The lock-up periods for the Conzzeta shares allocated to the members of the Executive Committee also end under the same circumstances (see further the [Compensation Report, Section 4.2.3](#)).

## 8 Auditors

### 8.1 Duration of the Mandate and Term of Office of the Chief Auditor

Since 1939, the statutory auditors of Conzzeta AG have been KPMG Ltd, based in Zurich, or its legal predecessor. Based on Conzzeta's internal rotation rules according to which tenders for the role of statutory auditors are called every ten to fourteen years a new tender should have been made until 2020. Given the Group's new strategic direction, the Audit Committee has postponed the tender process in consultation with the Board of Directors until the new structure has been implemented. The chief auditor, François Rouiller, has been responsible for the mandate since financial year 2017. According to Article 730a (2) CO, the chief auditor changes every seven years.

### 8.2 Auditing fee

The auditing company KPMG charged the following fees for the reporting year:

- Auditing fees: CHF 1,412,000.
- Additional fees for audits relating to M&A projects, tax and legal advice and consultancy services in connection with acquisitions: CHF 350,000.

### 8.3 Information Tools Pertaining to the External Auditors

The Audit Committee established by the Board of Directors for finance and auditing assesses the efficacy, performance, fee and independence of the auditors and presents a report concerning these matters once each year to the Board of Directors. This assessment by the Audit Committee, in particular also in relation to the quality of the inspection work, is made during a discussion conducted following the presentation by the external auditors concerning the interim audit and the audit on the yearly financial statements. The Board of Directors does not carry out any further assessment without cause.



The auditors are invited to the meetings of the Audit Committee where the issues dealt with are relevant. During the reporting year, they participated in three of the four meetings. In particular, the interim audit report, the annual financial statement, the management letter and the comprehensive report to the Board of Directors are discussed between the Audit Committee and the auditors, the first in November and the others in March. The Chairman of the Audit Committee and the Group CFO inform the Board of Directors at the Board of Directors' meeting in March about the auditors' reports, their own assessment of the issues raised and the action to be taken. At its meeting in August, the Audit Committee establishes the key points of the audit along with the auditors for presentation to the Board of Directors.

The Group CFO prepares all of these matters in conjunction with the auditors for discussion by the Audit Committee and approval by the Board of Directors and implements the recommended improvements.

As regards non-audit services, care is taken to ensure that no mandates are placed with KPMG that could result in a conflict of interest with the auditing mandate or impair its independence.

Regarding the information tools available to the internal auditors, reference is made to the comments provided under the title "[Information and Control Tools vis-à-vis the Executive Committee](#)", [Section 3.7](#).

## 9 Information Policy

According to Article 32 of the Articles of Association of Conzzeta AG, the publication organ of the company is the Swiss Official Gazette of Commerce. In the situations prescribed by law, written notices are sent by the company to the shareholders or beneficial owners registered at the time of the notice by ordinary letter to the service address included in the share register.

The company publishes an annual report for the period ending December 31 and an interim report for the period ending June 30, and reports in February, April and October respectively on the consolidated revenues of the Group and the segments as well as the order intake in the Sheet Metal Processing segment as at the end of the previous quarter. Interested persons can obtain information at Conzzeta AG's website, via the company's press releases (pull-service: <https://conzzeta.com/en/media-center/news-releases/>) or subscribe to an e-mail distribution list (push-service: <https://conzzeta.com/en/media-center/>). A financial press and analysts' conference is held for media and financial analysts in conjunction with the publication of the Annual Report. The interim report as at June 30 is explained during a telephone conference for analysts on the day it is issued. The Group accounts drawn up according to Swiss GAAP FER provide an overview that corresponds to the actual circumstances.

The above and further information concerning the company, including next events and contacts, are available on the website [www.conzzeta.com](http://www.conzzeta.com) (contact data and agenda on the start page).

# COMPENSATION REPORT

The Compensation Report provides an overview of the compensation programs and the method for determining compensation at Conzzeta. It documents the compensation awarded to the Board of Directors and the Executive Committee for the financial year 2020.

The report conforms to the relevant provisions of the Ordinance against excessive pay in stock-listed companies (“VegüV”), the standards relating to information on corporate governance issued by SIX Swiss Exchange and the principles of the *economiesuisse* “Swiss Code of Best Practice for Corporate Governance”.

## 1 Compensation Governance

### 1.1 Shareholder involvement

At the last Annual General Meeting (AGM) on April 22, 2020, the shareholders elected the members of the Compensation Committee, which was established in 2014. They also adopted the 2019 Compensation Report presented for a consultative vote and approved the maximum total compensation for the Board of Directors for the 2020/2021 term of office in the amount of CHF 1.6 million and for the Executive Committee for the 2021 financial year in the amount of CHF 8.2 million.

At the upcoming AGM on April 21, 2021, shareholders will be able to adopt a binding vote on the prospective total compensation to be awarded to the Board of Directors and to the Executive Committee, respectively. They will also be able to voice their opinion retrospectively on this Compensation Report by way of a consultative vote.

### 1.2 Duties of the Board of Directors

At the request of the Compensation Committee, the Board of Directors approves the personnel and compensation policy for the Group, and the general terms of employment of the members of the Executive Committee.

At the AGM, the Board of Directors puts forward its own total compensation amount and that of the Executive Committee for approval. It also approves the compensation to be awarded individually to the members of the Board of Directors and Executive Committee, based on the proposal of the Compensation Committee and with reference to the total compensation amounts agreed at the AGM.

### 1.3 Duties of the Compensation Committee

As determined in the Articles of Association and in the Organizational Regulations of Conzzeta AG, the Compensation Committee, which also performs additional tasks in its role as the Human Resources Committee (HR Committee), is responsible for preparing proposals for the attention of the Board of Directors in relation to nomination and compensation matters:

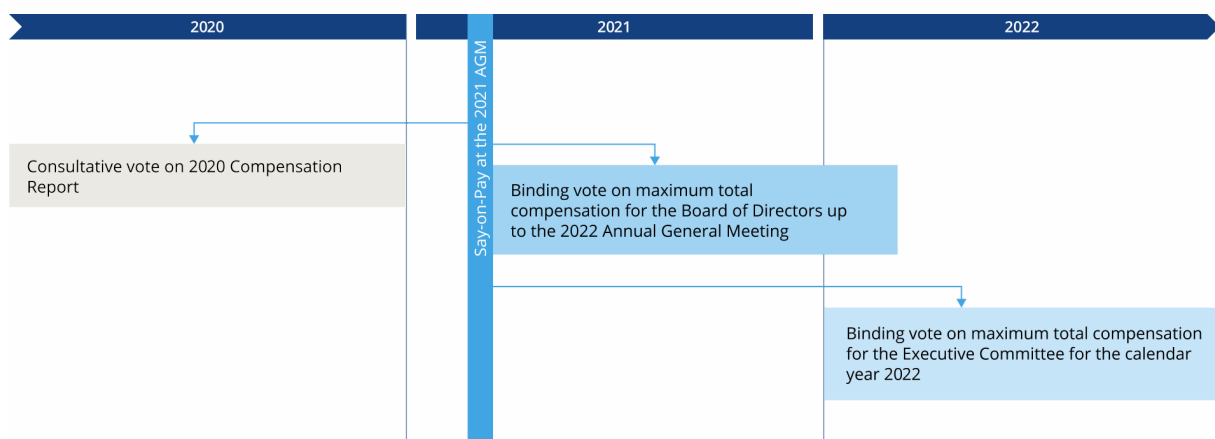
#### Compensation:

- Motion to the Board of Directors on the compensation policy for members of the Board of Directors and of the Executive Committee
- Review of compensation system and related payments, and of their compliance with the provisions of the Articles of Association
- Preparation of motions to the AGM on the maximum total compensation for the Board of Directors and Executive Committee
- Proposal on the compensation of the individual members of the Board of Directors and of the Executive Committee
- Review and assessment of pension plans
- Preparation of the Compensation Report

#### Nomination:

- Development of the selection criteria for positions on the Board of Directors and on the Executive Committee
- Succession planning for positions on the Board of Directors and on the Executive Committee
- Review of diversity at all management levels in the company, with a focus specifically on the promotion of female executives at management and Executive Committee level and future Board of Directors’ mandates
- Assessment and encouragement of managers and emerging talent
- Supervision of the human resources policy and personnel development plans
- Responsibility for the guideline on permissible external mandates for the members of the Executive Committee and preparation of the respective requests to the Board of Directors

### Structure of shareholder voting on compensation at the 2021 AGM



The Compensation Committee meets as often as business requires, but at least three times a year. At the start of the year, the Compensation Committee proposes to the Board of Directors the variable compensation of the Group CEO and the other members of the Executive Committee for the previous financial year based on the assessment of business and individual performance. The Committee also proposes the compensation of the members of the Board of Directors for the term of office completed and presents the Compensation Report to the Board of Directors. The meeting at year-end deals with nomination matters such as the succession planning for positions on the Board of Directors and on the Executive Committee, the definition of appropriate selection criteria for such positions and the review of personal development plans. At the same meeting, the (target) compensation amounts for the Group CEO and the other Executive Committee members for the following year are established.

## Responsibilities

	CEO	Compensation Committee	Board of Directors	Annual General Meeting
Compensation policy		proposes	approves	
Total compensation of Board of Directors		proposes	proposes	approves
Compensation of individual members of Board of Directors		proposes	approves	
Total compensation of Executive Committee		proposes	proposes	approves
Individual compensation of CEO		proposes	approves	
Compensation of individual members of Executive Committee	proposes	proposes	approves	
Compensation Report		proposes	approves	consultative vote

As a general rule, the Chairman of the Board of Directors, the Group CEO and the Head of Corporate Human Resources are invited to join the meetings of the Compensation Committee in an advisory capacity. The Compensation Committee Chairman may invite other members of the Executive Committee as appropriate.

The Compensation Committee Chairman reports to the Board of Directors on the activities of the Committee after each meeting. The minutes of the Compensation Committee meetings are made available to all members of the Board of Directors.

## 2 Priorities in 2020

The composition, the priorities and the activities of the HR Committee are presented in its report [in section 3.5, "Internal Organization"](#).

The work of the Human Resources Committee in 2020 was largely dictated by the Group's strategic realignment announced the year before and the associated organizational and personnel adjustments, as well as the impact of the coronavirus pandemic.

The Human Resources Committee also resolved that an internal equal pay analysis should be carried out at all the Group's Swiss sites, the results of which were audited by an independent body (KPMG) in Q1/2021.

## 3 Principles of Compensation

Compensation of the Executive Committee is awarded on a performance- and results-related basis. Alongside a fixed base salary, the compensation also comprises a variable annual performance-related component in cash (STI) and a long-term, share-based component (LTI) aligned to long-term corporate goals, therefore covering the interests of shareholders and management:

- Compensation must be appropriate for and in line with the company's values. These values foster a balanced approach to risk and opportunity with regard to the short- and long-term success of the company.
- Total compensation levels should be attractive and in line with market practice for comparable positions in similar companies.
- Compensation is based on the responsibilities of the role, the skill set required to be successful in the role and on the individual profile of the executive.
- A portion of compensation is linked to ambitious business performance and to the achievement of individual targets.

When determining the target compensation of the Board of Directors and of the Executive Committee, the level of compensation paid by other international industrial companies based in Switzerland is taken into consideration, insofar as these companies are comparable in terms of complexity, size (market capitalization, revenue, number of employees) and geographical reach.

For this purpose, the compensation of the Board of Directors and of the Executive Committee is periodically reviewed on the basis of compensation studies conducted by third-party providers, or publicly available data such as the compensation disclosure in the annual reports of the relevant companies.

The financial performance of the company and the relevant businesses, as well as the achievement of individual objectives determined within the annual goal-setting process, influence the compensation effectively paid out to the Group CEO and the other members of the Executive Committee in a given year. In addition, the Board of Directors considers the overall economic and market environment and their impact on business performance, and any special factors as well as additional aspects relevant to individuals.

The compensation awarded to the Board of Directors is aligned to the market situation and the specific responsibilities. In order to guarantee independent supervision, the compensation awarded to Board members does not contain a performance-related component. However, approximately 50% of the compensation is awarded in the form of restricted shares.

## 4 Compensation System

### 4.1 Board of Directors

Compensation for the members of the Board of Directors is based on their term of office and is composed of a base amount that is not results-based, and an additional amount for committee work. The base compensation is paid partly in cash and partly in shares that are subject to a four-year vesting period. In addition to this, Board of Directors members are eligible for additional benefits including flat-rate expenses and social security contributions.

The share-based component is awarded in the form of restricted shares. The number of shares is calculated according to the net payment amount divided by the applicable share price. This is the average price from November 1 to January 31. The shares are usually allocated in April, after the Annual General Meeting.

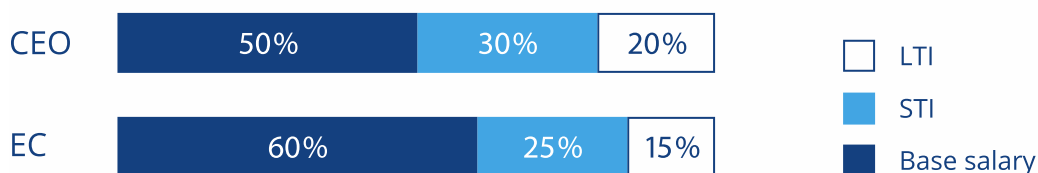
### 4.2 Executive Committee

The compensation system is based on an annual target income comprised of a base salary, a variable performance-related cash component (short-term incentive plan; STI) and a variable share-based performance-related component (long-term incentive plan; LTI). The breakdown of the aggregate compensation for the Group CEO and the other members of the Executive Committee given 100% achievement of targets is shown in the diagram below.

The compensation system for the Executive Committee is performance- and results-related and is intended to provide tangible incentives for the Executive Committee to act in line with strategy to generate profitable growth and therefore in line with the interests of the shareholders, the owners of the company.

Depending on the target achievement, the variable compensation varies between 0% up to a maximum of 150% of the agreed target amounts (cap). The maximum STI here, given 150% achievement of targets, can be up to 90% of base salary for the CEO and 62.5% of base salary for the members of the Executive Committee. The maximum amounts for the LTI are 60% of base salary for the Group CEO and 37.5% for the members of the Executive Committee.

Breakdown of compensation  
(assuming target achievement rate of 100%)



#### 4.2.1 Base salary

The base salary is fixed and is determined on the basis of the following factors:

- Scope and responsibilities of the respective function (job profile)
- Market value of the role (competitiveness)
- Internal peer comparisons (internal equity)
- Individual profile of the incumbent, such as skill set, capabilities, experience and performance

#### 4.2.2 Variable cash compensation (STI)

The performance parameters for the STI comprise 75% financial (KPIs) and 25% individual targets, which are agreed on an annual basis during the budget- and individual target-setting processes. For members of the Executive Committee with a Group role, the financial performance parameters correspond with the Conzzeta Group's consolidated figures, whereas the financial performance parameters for the heads of the business units are based 25% on the Group figures and 50% on the figures for the relevant business unit. The measurement of financial performance covers the following performance parameters (KPIs):

- Total revenue (TR)
- Operating result (EBIT)
- Ratio of net operating assets to total revenue (NOA/TR)

For the financial targets, the target amount is generally the budget allowance and is paid out at 100% on achievement of targets; for each individual parameter, any deviations from the budget cause upward or downward adjustments in line with a predefined scale, so that payments may vary between 0% and 150% (cap).

The assessment of individual performance is based on the achievement of personal targets determined at the beginning of the year. As well as quantitative targets, these may also include qualitative targets of a strategic nature, such as the implementation of important projects in market, project and personnel development, as well as mergers and acquisition activities.

#### Performance parameters and target weighting for short-term incentive (STI)

		Financial targets			Personal target
		Total revenue	EBIT	NOA	Individual
Group CEO, Group CFO, General Counsel	Conzzeta	20%	35%	20%	25%
	Business unit	10%	10%	5%	
Business unit heads	Business unit	10%	30%	10%	25%

#### 4.2.3 Long-term incentive (LTI)

Of the target compensation, the LTI represents 15% (or 20% in the case of the CEO). Of this, the only performance parameter is the earnings per share (EPS) for the financial year. Depending on the actual value, the monetary value of the share allocation can vary between 0% and 150% (cap) according to EPS target achievement. The number of shares allocated is the product of the LTI monetary value divided by the average share price from November 1 in the current year to January 31 in the following period, with a reduction of 10% allowed. To qualify for the share allocation, the recipient must be in employment on the date of the allocation, with no period of notice served by either side. Shares are allocated to employees after the Board of Directors has approved the annual financial statements, usually after the Annual General Meeting, and the number of shares allocated is rounded up to the next whole number. The shares allocated for the LTI remain restricted for four years. In the event of invalidity, death or termination of the employment relationship following a change of control, this vesting period is canceled.

#### 4.2.4 Additional benefits

Members of the Executive Committee participate in the benefit plans available in their country of employment. Benefits consist mainly of retirement plans that are designed to ensure a reasonable standard of living for the employees and their dependents with regard to retirement and the risk of sickness, disability and death.

Members of the Executive Committee with a Swiss employment contract are insured with the standard pension fund available to all Group employees in Switzerland. The fund covers annual income (fixed base salary and variable STI target compensation) up to the maximum amount permitted by law. The benefits go beyond the statutory requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans ("BVG").

Members of the Executive Committee with a foreign employment contract are insured according to local market practice and legislation.

In addition, members of the Executive Committee are entitled to certain perquisites such as a car allowance and other benefits in kind. Executive Committee members in Switzerland also receive flat-rate expenses in line with the applicable expense regulations approved by the tax authorities.

#### 4.2.5 Employment contract terms

The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a notice period of nine months (12 months for the Group CEO). They do not contain any agreement on severance payments or change-of-control provisions.

### Compensation system for the Executive Committee

Elements	Description
Fixed base salary	Monthly cash compensation for execution of the role and to attract, retain and motivate executives. Based on the current market practice and on the individual executing a leadership role conducive to achieving profitable growth.
Variable cash compensation (STI)	Annual cash compensation to reward achievement of financial results and individual targets within the financial year (short-term incentive; STI).
Long-term incentive (LTI)	The share-based component ensures that compensation is aligned with the interests of shareholders over the long term. The shares are restricted for four years.
Additional benefits	Retirement and insurance plans to establish a reasonable level of income in retirement, further benefits based on market practice (e.g. flat-rate expenses).

#### 4.2.6 Additional compensation

As a further contractual provision, the Board of Directors approved a one-off additional compensation payment for members of the Executive Committee, which is available progressively from 2019 until 2022. A lump sum covers additional tasks and expenses associated with projects not allocated to a member's existing job profile, and serves as consideration for members' compliance with the additionally agreed conditions of the retention plan resolved by Conzzeta AG's Board of Directors (no notice of termination given as at the relevant date, and constructive and active assistance with projects).



## 5 Compensation of the Board of Directors for the 2020/2021 term of office

At the AGM on April 22, 2020, a maximum total amount of CHF 1.6 million was approved for the Board of Directors for the term of office up to the 2021 AGM. This sum covers the fixed base compensation in cash and shares, the additional compensation for committee work, as well as additional benefits, including flat-rate expenses and social security contributions.

For the 2020/2021 term of office, the members of the Board of Directors received total compensation of CHF 1.3 million. This total corresponds with the total sum approved and is CHF 0.1 million less than the previous year, despite the new committees that were formed in connection with the strategic reorientation and the associated additional expenses. The fixed base compensation of the Board of Directors includes a total of 514 shares, which are restricted for four years. Information on the shareholdings of members of the Board of Directors can be found in the [Notes to the financial statements of Conzzeta AG](#). The rest of the base compensation is awarded in cash together with the compensation for committee work. In addition, each member of the Board of Directors was paid flat-rate expenses of CHF 5,000 per year (CHF 21,600 for the Chairman). The business unit committees established in 2019 on which Urs Riedener (Mammut), Michael König (FoamPartner) and Roland Abt (Bystronic) sit continued in 2020. The committee members were remunerated to the same extent as the Audit and Personnel Committee with CHF 10,000. Roland Abt also received CHF 10,000 for his additional work in connection with the dissolution of the Conzzeta pension fund; the costs are borne by the pension fund and are not shown in the Compensation Report.

No loans or credits were granted to members of the Board of Directors or related parties in the reporting year.

### Compensation of the Board of Directors for the 2020/2021 term of office

	Fixed cash component CHF thousand	Share component <sup>1</sup> CHF thousand	Committee work CHF thousand	Additional benefits CHF thousand	Total CHF thousand
Ernst Bärtschi, Chairman	199.2	200.8		41.0	441.0
Roland Abt, Member	44.0	51.0	30.0	17.6	142.6
Matthias Auer, Member	44.0	51.0	10.0	9.2	114.2
Michael König, Member	44.0	51.0	10.0	15.3	120.3
Philip Mosimann, Member	44.0	51.0	20.0	9.8	124.8
Urs Riedener, Member	44.0	51.0	20.0	16.5	131.5
Jacob Schmidheiny, Member	44.0	51.0		8.7	103.7
Robert F. Spoerry, Member	44.0	51.0	10.0	15.3	120.3
<b>Total</b>	<b>507.0</b>	<b>558.0</b>	<b>100.0</b>	<b>133.4</b>	<b>1,298.4</b>

<sup>1</sup> Shares allocated at a price of CHF 1,085.53 (rounded up to the next whole number of shares)

## Compensation of the Board of Directors for the 2019/2020 term of office

	Fixed cash component CHF thousand	Share component <sup>1</sup> CHF thousand	Committee work CHF thousand	Additional benefits CHF thousand	Total CHF thousand
Ernst Bärtschi, Chairman	219.0	221.0		42.9	482.9
Roland Abt, Member	49.2	55.8	30.0	18.6	153.6
Matthias Auer, Member	49.2	55.8	10.0	9.7	124.7
Michael König, Member <sup>2</sup>	49.2	55.8	10.0	16.3	131.3
Philip Mosimann, Member	49.2	55.8	30.0	10.8	145.8
Urs Riedener, Member	49.2	55.8	20.0	17.4	142.4
Jacob Schmidheiny, Member	49.2	55.8		9.2	114.2
Robert F. Spoerry, Member	49.2	55.8	10.0	16.3	131.3
<b>Total</b>	<b>563.7</b>	<b>611.3</b>	<b>110.0</b>	<b>141.3</b>	<b>1,426.3</b>

<sup>1</sup> Shares allocated at a price of CHF 1,052.15 (rounded up to the next whole number of shares)

<sup>2</sup> Additional CHF 50,000.00 compensation for introductory phase

## 6 Compensation of the Executive Committee for 2020

For the 2020 financial year, the members of the Executive Committee received total compensation of CHF 6.0 million compared with CHF 7.2 million the year before. This complied with the maximum total compensation for the Executive Committee of CHF 8.2 million approved at the AGM in April 2019.

The STI target attainment figure for all members of the Executive Committee was 49% lower than the previous year, due to the financial results. The target figure for reported earnings per share (EPS), which determines the monetary value of the share allocation for the 2020 financial year, was 35%. The EPS achieved was thus less than the threshold required for a share allocation to the Executive Committee. Therefore, members of the Executive Committee did not receive any shares under the LTI scheme in the 2020 reporting year. Information on the shareholdings of members of the Executive Committee can be found in the [Notes to the financial statements of Conzzeta AG](#).

In addition, the Board of Directors approved a retention plan for the members of the Executive Committee of Conzzeta Management AG, the business unit heads of FoamPartner and Mammüt and other specialists in connection with the strategic realignment and the associated additional work. Payments are made on an individually predetermined date, but no earlier than 2021.

The total amount payable to the Group CEO under the retention plan is CHF 571,000. He also receives a payment of the same amount as consideration for his non-compete clause. The other members of the Executive Committee receive a total of CHF 1.6 million.

For the year 2020, the Group CEO and the members of the Executive Committee were granted a pro rata amount of CHF 1.6 million, which corresponds to 50% of the total amount (previous year CHF 0.8 million) was awarded to in 2020. The amount is assigned to the 2020 financial year and is reported under the STI.

As of December 31, 2020, there were no current loan or credit contracts between the company and the members of the Executive Committee or related parties.

## Compensation of the Executive Committee for financial year 2020

	Base salary CHF thousand	STI CHF thousand	LTI CHF thousand	Pension contribution 1 + 2 pillar CHF thousand	Additional benefits CHF thousand	Total compensation 2020 CHF thousand
<b>Executive Committee</b>						
Total compensation of the Executive Committee	2,875.3	2,150.1 <sup>1</sup>	0.0	824.1	199.7	6,049.2
Highest single amount: Group CEO, M. Willome	761.1	865.2 <sup>2</sup>	0.0	208.3	36.0	1,870.7

<sup>1</sup> Incl. special allocation from the retention plan in the amount of 1.6 million.

<sup>2</sup> Incl. special allocation from the retention plan in the amount of 0.7 million.

## Compensation of the Executive Committee for financial year 2019

	Base salary CHF thousand	STI CHF thousand	LTI CHF thousand	Pension contribution 1 + 2 pillar CHF thousand	Additional benefits CHF thousand	Total compensation 2019 CHF thousand
<b>Executive Committee</b>						
Total compensation of the Executive Committee	3,170.0	2,012.1 <sup>1</sup>	853.3	901.1	234.9	7,171.4
Highest single amount: Group CEO, M. Willome	761.1	502.1 <sup>2</sup>	290.4	202.2	36.0	1,791.7

<sup>1</sup> Incl. special allocation from the retention plan in the amount of 0.8 million.

<sup>2</sup> Incl. special allocation from the retention plan in the amount of 0.1 million.

## Report of the Statutory Auditor to the General Meeting of Shareholders of Conzzeta AG, Zurich

We have audited the compensation report dated December 31, 2020, of Conzzeta AG for the year ended December 31, 2020. The audit was limited to the disclosures required under Articles 14–16 of the Ordinance against Excessive Pay at Listed Stock Corporations contained in the sections “[Compensation of the Board of Directors for the 2020/2021 term of office](#)” and “[Compensation of the Executive Committee for 2020](#)” of the compensation report.

### Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor’s Responsibility

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

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

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

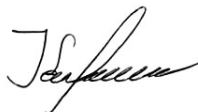
### Opinion

In our opinion, the Compensation Report for the year ended December 31, 2020, of Conzzeta AG complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG



**François Rouiller**  
Licensed Audit Expert  
Auditor in Charge



**Reto Kaufmann**  
Licensed Audit Expert

Zurich, March 12, 2021

# Financial Report

70	<b>Consolidated Financial Statements</b>
70	Income Statement
71	Balance Sheet
72	Statement of Changes in Shareholders' Equity
73	Cash Flow Statement
74	Notes to the Consolidated Financial Statements
76	1. Performance
83	2. Invested Capital
92	3. Financing and Risk Management
96	4. Group Structure
100	5. Other Notes
102	Statutory Auditor's Report
108	<b>Financial Statements of Conzzeta AG</b>
108	Income Statement
109	Balance Sheet
110	Notes to the Financial Statements
114	Proposed Appropriation of Available Earnings
115	Statutory Auditor's Report
118	<b>Five-Year-Summary</b>

## Consolidated income statement – Group

CHF million	Notes	2020	2019
<b>Net revenue</b>	1.2	<b>1,283.5</b>	<b>1,573.2</b>
Changes in inventories and own work capitalized		-9.9	6.0
<b>Total revenue</b>		<b>1,273.6</b>	<b>1,579.1</b>
Other operating income	1.2	55.8	43.0
Material expenses	1.3	-609.3	-738.9
Personnel expenses	1.3	-340.7	-378.9
Other operating expenses	1.3	-258.5	-298.7
Depreciation/impairments on property, plant and equipment	2.2	-30.4	-30.0
Amortization/impairments on intangible assets	2.3	-10.8	-8.5
<b>Operating result (EBIT)</b>	1.1	<b>79.7</b>	<b>167.2</b>
Financial result	3.3	-2.9	-0.1
<b>Result before taxes</b>		<b>76.7</b>	<b>167.1</b>
Income taxes	1.4	-9.8	-30.3
<b>Group result</b>		<b>66.9</b>	<b>136.8</b>
Attributable to Conzzeta AG shareholders		65.0	125.8
Attributable to minority interests		1.9	11.1
Earnings per class A registered share, in CHF	1.5	31.46	60.85
Earnings per class B registered share, in CHF	1.5	6.29	12.17
Diluted earnings per class A registered share, in CHF	1.5	31.46	60.85
Diluted earnings per class B registered share, in CHF	1.5	6.29	12.17

## Consolidated balance sheet at December 31 – Group

CHF million	Notes	2020	2019
Cash and cash equivalents	3.1	273.3	300.9
Trade receivables	2.1	191.4	226.1
Prepayments to suppliers		5.6	4.5
Other receivables	2.1	41.4	42.1
Prepaid expenses and accrued income		17.3	11.1
Inventories	2.1	284.5	304.2
<b>Current assets</b>		<b>813.5</b>	<b>889.1</b>
Property, plant and equipment	2.2	255.0	276.1
Intangible assets	2.3	25.4	28.0
Financial assets	2.4	45.7	59.2
Deferred tax assets	1.4	11.0	13.7
<b>Non-current assets</b>		<b>337.2</b>	<b>377.0</b>
<b>Assets</b>		<b>1,150.6</b>	<b>1,266.0</b>
Trade payables		118.6	129.2
Advance payments from customers	2.1	49.5	54.6
Short-term financial liabilities		4.8	0.1
Other short-term liabilities	2.1	32.2	30.2
Accrued expenses and deferred income	2.1	87.2	84.5
Short-term provisions	2.5	21.3	31.2
<b>Short-term liabilities</b>		<b>313.8</b>	<b>329.8</b>
Long-term financial liabilities		2.9	4.1
Other long-term liabilities			0.4
Pension fund liabilities	5.1	1.2	1.3
Long-term provisions	2.5	22.1	27.3
Deferred tax liabilities	1.4	14.5	23.1
<b>Long-term liabilities</b>		<b>40.8</b>	<b>56.1</b>
Share capital	3.2	4.1	4.1
Capital reserves		-19.5	37.5
Treasury shares	3.2	-2.1	-3.9
Retained earnings		812.2	836.9
<b>Shareholders' equity excluding minority interests</b>		<b>794.7</b>	<b>874.6</b>
Minority interests		1.3	5.5
<b>Shareholders' equity including minority interests</b>		<b>796.1</b>	<b>880.1</b>
<b>Liabilities and shareholders' equity</b>		<b>1,150.6</b>	<b>1,266.0</b>

## Consolidated statement of changes in shareholders' equity at December 31 – Group

CHF million	Notes	Share capital	Agio/ capital reserves	Treasury shares	Retained earnings			Total excluding minority interests	Minority interests	Total including minority interests
					Currency translation effects	Value fluctuation financial instruments	Other retained earnings			
<b>At 12/31/2018</b>		<b>4.1</b>	<b>99.8</b>	<b>-4.0</b>	<b>-97.6</b>	<b>0.7</b>	<b>899.1</b>	<b>902.0</b>	<b>24.8</b>	<b>926.9</b>
Group result 2019							125.8	125.8	11.1	136.8
Dividends							-99.2	-99.2	-29.6	-128.8
Change resulting from hedging transactions	3.6					-0.1		-0.1		-0.1
Acquisition of minority interests	4.1		-61.9					-61.9	-0.8	-62.7
Purchase of treasury shares	3.2			-2.5				-2.5		-2.5
Share-based remuneration										
Contribution	3.2		-2.7	2.6				-0.1		-0.1
Allocation	3.2		2.4					2.4		2.4
Currency translation effects					8.4			8.4		8.4
<b>At 12/31/2019</b>		<b>4.1</b>	<b>37.5</b>	<b>-3.9</b>	<b>-89.3</b>	<b>0.6</b>	<b>925.7</b>	<b>874.6</b>	<b>5.5</b>	<b>880.1</b>
Group result 2020							65.0	65.0	1.9	66.9
Dividends							-86.8	-86.8	-3.7	-90.6
Change resulting from hedging transactions	3.6					1.4		1.4		1.4
Acquisition of minority interests	4.1		-56.8					-56.8	-2.2	-58.9
Recognition of goodwill in equity	4.1						-0.8	-0.8		-0.8
Recycling of goodwill in the income statement	4.1						6.1	6.1		6.1
Purchase of treasury shares	3.2			-0.1				-0.1		-0.1
Share-based remuneration										
Contribution	3.2		-2.2	2.0				-0.2		-0.2
Allocation	3.2		2.0					2.0		2.0
Currency translation effects					-9.6			-9.6	-0.1	-9.7
<b>At 12/31/2020</b>		<b>4.1</b>	<b>-19.5</b>	<b>-2.1</b>	<b>-99.0</b>	<b>2.0</b>	<b>909.1</b>	<b>794.7</b>	<b>1.3</b>	<b>796.1</b>



## Consolidated cash flow statement – Group

CHF million	Notes	2020	2019
Group result		66.9	136.8
Depreciation of property, plant and equipment and amortization of intangible assets		38.1	38.5
Impairments of property, plant and equipment and intangible assets		3.1	0.1
Gain on disposal of non-current assets and investments		-51.1	-32.4
Change in provisions and pension fund liabilities		-16.5	-2.9
Change in employer contribution reserves in Financial assets		14.4	
Other non-cash items		8.1	-4.3
<b>Cash flow from operating activities before change in net working capital</b>		<b>63.2</b>	<b>135.8</b>
Change in inventories		4.1	-21.7
Change in trade receivables		19.0	-14.3
Change in prepayments to suppliers		-1.5	-0.8
Change in other receivables, prepaid expenses and accrued income		-8.6	-3.5
Change in trade payables		-7.0	28.7
Change in advance payments from customers		-2.7	2.1
Change in other liabilities, accrued expenses and deferred income		12.3	-26.3
<b>Cash flow from operating activities</b>		<b>78.7</b>	<b>100.1</b>
Investment in property, plant and equipment	2.2	-30.5	-54.9
Divestment of property, plant and equipment		8.7	4.3
Investment in intangible assets	2.3	-8.9	-14.9
Investment in financial assets and securities		-3.7	-1.5
Divestment of financial assets and securities		7.2	57.6
Acquisition of business activities	4.1	-1.7	-0.2
Sale of business activities	4.1	73.4	74.3
<b>Cash flow from investing activities</b>		<b>44.5</b>	<b>64.6</b>
<b>Cash flow from operating and investing activities</b>		<b>123.2</b>	<b>164.7</b>
Purchase of treasury shares	3.2	-0.1	-2.5
Dividends paid to shareholders Conzzeta AG		-86.8	-99.2
Dividends paid to minority shareholders		-6.0 <sup>1</sup>	-27.2
Purchase of minority interests	4.1	-58.9	-62.7
Change in short-term financial liabilities		4.7	-10.5
Change in long-term financial liabilities		-1.0	-0.2
Change in other long-term liabilities		-0.3	-0.1
<b>Cash flow from financing activities</b>		<b>-148.5</b>	<b>-202.6</b>
Effect of currency translation on cash and cash equivalents		-2.3	-0.8
<b>Change in cash and cash equivalents</b>		<b>-27.7</b>	<b>-38.7</b>
Cash and cash equivalents at 1/1		300.9	339.6
Cash and cash equivalents at 12/31		273.3	300.9

<sup>1</sup> Dividends to minorities of CHF 2.4 million that were already approved by the Annual General Meeting as of December 31, 2019, were paid in 2020.

# Notes to the consolidated financial statements

## Information on the report

### General information

The consolidated financial statements comprise the separate financial statements of the Group companies of Conzzeta AG at December 31, prepared in accordance with uniform guidelines and in compliance with Swiss GAAP FER and Swiss law. With the exception of derivative financial instruments, which are measured at fair value, the consolidated financial statements are based on historical costs. The same accounting and valuation principles have been used as in the previous year. The principle of individual valuation has been applied to assets and liabilities. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

The consolidated financial statements were approved for publication by the Board of Directors on March 12, 2021. They are also subject to approval by the Annual General Meeting.

### Scope and method of consolidation

The consolidated financial statements include the financial statements of Conzzeta AG and of all companies directly or indirectly controlled by Conzzeta AG, through investments with more than 50% of the votes or by another means, and uniformly managed. These investments are fully consolidated. The share of the minority shareholders in the net assets and net result is disclosed separately. Intragroup receivables and payables as well as expenses and income are offset against each other, and intragroup profits have been eliminated.

The assets and liabilities of companies included in consolidation for the first time are measured at fair value. Goodwill arising from this revaluation is offset against equity. First-time consolidations are included from the date on which control is acquired; deconsolidations from the date on which control is relinquished. When companies are sold or liquidated, goodwill offset against equity is recognized in the income statement.

Investments in associates (at least 20%, but less than 50% of the voting rights) are accounted for under the equity method. Securities held as non-current assets are valued at acquisition cost, less any necessary value adjustments.

### Currency translation

The consolidated financial statements of Conzzeta AG are presented in Swiss francs (CHF). The financial statements of foreign companies are prepared in their respective functional currencies and translated into Swiss francs for consolidation purposes. The resulting currency effects are recognized directly in equity. Foreign currency gains and losses on long-term equity-like loans to Group companies are also recorded directly in equity. Following the sale or liquidation of companies, these effects are recycled through the income statement. All gains and losses resulting from foreign currency transactions and adjustments to foreign currency balances at the balance sheet date are recognized in the income statement.

#### Significant estimates made by management

In preparing the Group financial statements, certain assumptions must be made which affect the accounting basis to be used and the amounts reported as assets, liabilities, income and expenses and the presentation of these amounts. The assumptions are set out in the following notes:

- Income taxes – [note 1.4](#)
- Inventories – [note 2.1](#)
- Property, plant and equipment – [note 2.2](#)
- Intangible assets – [note 2.3](#)
- Provisions – [note 2.5](#)

#### Impact of the coronavirus pandemic

The coronavirus pandemic had a significant impact on the Conzzeta Group's business performance in 2020. Its business units, which operate in various sectors and markets, were affected to varying degrees. The Board of Directors and the Executive Committee analyzed the possible scenarios depending on the course of the pandemic and have defined and introduced corresponding measures. The situation is continuously reassessed and implementation of the measures systematically monitored.

#### Definition of non-Swiss GAAP FER key figures

Where relevant for the reader, Conzzeta has included specific subtotals, which can be found directly in the relevant table. Conzzeta also uses the key figures operating free cash flow, net operating assets/return on net operating assets (RONOA) and comparable net revenue in its external financial communication. Further details can be found in notes [1.2](#) and [2](#).

#### Events after the balance sheet date

There were no events after the balance sheet date which would necessitate adjustments to the book value of the Group's assets or liabilities, or which require additional disclosure.

# 1. Performance

## 1.1 Segment information

CHF million	Net revenue		Total revenue		Operating result (EBIT)	
	2020	2019	2020	2019	2020	2019
Sheet Metal Processing	801.4	936.0	791.1	941.3	52.3	121.1
Chemical Specialties (discontinued operations)	264.0	346.6	264.4	341.8	62.2	14.2
Outdoor (discontinued operations)	218.4	268.4	218.4	268.4	-24.5	7.5
Glass Processing (discontinued operations)		22.4		27.8		31.1
<b>Total as per segment reporting</b>	<b>1,283.7</b>	<b>1,573.4</b>	<b>1,273.8</b>	<b>1,579.4</b>	<b>90.0</b>	<b>173.8</b>
Other	-0.2	-0.2	-0.2	-0.2	-10.4	-6.6
<b>Total as per income statement</b>	<b>1,283.5</b>	<b>1,573.2</b>	<b>1,273.6</b>	<b>1,579.1</b>	<b>79.7</b>	<b>167.2</b>

CHF million	Net operating assets		Employees	
	2020	2019	2020	2019
Sheet Metal Processing	240.1	248.3	3,053	2,987
Chemical Specialties (discontinued operations)	140.9	156.4	984	1,115
Outdoor (discontinued operations)	128.9	149.6	833	899
Glass Processing (discontinued operations)				
<b>Total as per segment reporting</b>	<b>509.9</b>	<b>554.3</b>	<b>4,870</b>	<b>5,001</b>
Other	-2.1	-3.6	21	25
<b>Total as per income statement</b>	<b>507.8</b>	<b>550.7</b>	<b>4,891</b>	<b>5,026</b>

### Discontinued operations

Conzzeta sold the Glass Processing segment to the Finnish company Glaston Corporation on April 1, 2019. The transaction produced a gain of CHF 29.9 million, which is reported in the operating result 2019 of the Glass Processing segment. The segment is shown under discontinued operations in the overview below. Net revenue, total revenue and operating result for 2019 comprise a three-month period. Refer to [note 4.1](#) for additional information on the transaction.

On December 9, 2019, Conzzeta announced that the Board of Directors of Conzzeta AG has decided that the Group's future focus will be on the Bystronic business unit. The other business units are to be divested step by step within the period of a year, market conditions permitting. The segments Chemical Specialties and Outdoor are shown under discontinued operations in below overview. All companies in the business unit are affected by the sale. The companies are listed in [note 4.2](#).

As of February 28, 2020, Conzzeta sold its Schmid Rhyner business unit to the German specialty chemicals group Altana. The transaction produced a gain of CHF 47.4 million, which is reported in the 2020 operating result of the Chemical Specialties segment. Net revenue, total revenue and the operating result for 2020 comprise a two-month period, whereas the comparison period comprises a 12-month period. Refer to [note 4.1](#) for additional information on the transaction.

On November 10, 2020, Conzzeta announced that it had signed a binding agreement to sell its FoamPartner business unit for an enterprise value of CHF 270.0 million to Recticel, a Belgian polyurethane chemicals specialist based in Brussels and listed on Euronext (REC). The transaction is expected to be completed in the course of the first quarter of 2021, subject to regulatory approvals.

#### Additional information to continuing operations and discontinued operations

The following table shows the income statement divided into continuing and discontinued operations. The discontinued operations comprise the Glass Processing and Schmid Rhyner business units until their sale, and the FoamPartner and Mammut Sports Group business units, which are available for sale. The continuing operations comprise the Bystronic business unit and the corporate center. Transactions between continuing operations and discontinued operations are eliminated in the Group.

Gains from the sale of the Glass Processing business unit (CHF 29.9 million in 2019) and the Schmid Rhyner business unit (CHF 47.4 million in 2020) are allocated to discontinued operations under "Other operating income".

CHF million	Continuing operations		Discontinued operations		Total Group	
	2020	2019	2020	2019	2020	2019
<b>Net revenue</b>	<b>801.4</b>	<b>935.8</b>	<b>482.2</b>	<b>637.4</b>	<b>1,283.5</b>	<b>1,573.2</b>
Changes in inventories and own work capitalized	-10.3	5.3	0.3	0.6	-9.9	6.0
<b>Total revenue</b>	<b>791.1</b>	<b>941.1</b>	<b>482.5</b>	<b>638.0</b>	<b>1,273.6</b>	<b>1,579.1</b>
Other operating income	5.9	10.5	49.9	32.5	55.8	43.0
Material expenses	-368.8	-424.1	-240.5	-314.7	-609.3	-738.9
Personnel expenses	-215.6	-222.6	-125.1	-156.3	-340.7	-378.9
Other operating expenses	-152.4	-175.3	-106.1	-123.4	-258.5	-298.7
Depreciation/impairments on property, plant and equipment	-13.3	-11.0	-17.1	-19.0	-30.4	-30.0
Depreciation/impairments on intangible assets	-4.8	-4.2	-6.0	-4.3	-10.8	-8.5
<b>Operating result (EBIT)</b>	<b>42.0</b>	<b>114.4</b>	<b>37.7</b>	<b>52.7</b>	<b>79.7</b>	<b>167.2</b>
Financial result	0.3	3.9	-3.2	-3.9	-3.0	-0.1
<b>Result before taxes</b>	<b>42.2</b>	<b>118.3</b>	<b>34.5</b>	<b>48.8</b>	<b>76.7</b>	<b>167.1</b>
Income taxes	-13.7	-24.8	3.9	-5.6	-9.8	-30.3
<b>Group result</b>	<b>28.5</b>	<b>93.6</b>	<b>38.4</b>	<b>43.3</b>	<b>66.9</b>	<b>136.8</b>

### Accounting principles

For the purposes of segment reporting the revenues of the economically similar FoamPartner and Schmid Rhyner business units are grouped together in a single reporting segment. Given that this aggregated reporting segment is characterized by similar value drivers (e.g. innovation, life cycle, raw materials used) and risk factors, the informative value of the disclosed key figures per segment is not adversely affected.

Segment	Business unit	Description
Sheet Metal Processing	Bystronic	Bystronic is a global manufacturer of laser cutting machinery and press brakes. The company also offers automation systems and integrated software solutions as well as maintenance and support services. The most important source of revenue is the sale and installation of machinery and spare parts and the provision of maintenance and other services.
Chemical Specialties (discontinued operations)	FoamPartner and Schmid Rhyner	The FoamPartner business unit operates worldwide, developing, producing and processing high-grade polyurethane foam materials for the industry and comfort market segments. Schmid Rhyner develops and manufactures print varnishes for the graphics industry. The most important source of revenue in the Chemical Specialties segment is the sale of products to original equipment manufacturers.
Outdoor (discontinued operations)	Mammut Sports Group	Mammut Sports Group develops, produces and markets equipment for mountaineering, climbing and winter sports worldwide. Its offering includes technical hardware, clothing and footwear. The most important source of revenue is the sale of such products. Products are sold mostly through specialist retailers as well as Mammut's own stores and digital sales channels.
Glass Processing (discontinued operations)	Bystronic glass	Bystronic glass is a global manufacturer of machinery and systems for processing flat glass in the architectural and automotive glass market sectors. The company's offering ranges from individual machines, via spare parts and service to complete production lines. The most important source of revenue is the sale and installation of machinery, systems and spare parts, and the provision of maintenance and other services.

## 1.2 Revenue and other operating income

### Geographical information

CHF million	2020	2020	2019	2019
Europe	711.1	55.4%	893.3	56.8%
North and South America	268.1	20.9%	322.9	20.5%
Asia and others	304.3	23.7%	356.9	22.7%
<b>Total</b>	<b>1,283.5</b>	<b>100.0%</b>	<b>1,573.2</b>	<b>100.0%</b>

### Comparable net revenue

CHF million		
<b>Net revenue 2019</b>	<b>1,573.2</b>	<b>100.0%</b>
Changes in Group revenue 2020 due to:		
– currency translation effects	–63.0	–4.0%
– divestments	–63.8	–4.1%
– changes in quantity and price	–162.9	–10.4%
<b>Total change</b>	<b>–289.6</b>	<b>–18.4%</b>
<b>Net revenue 2020</b>	<b>1,283.5</b>	

The effects of transactions as part of acquisitions and divestments are recognized as changes in the scope of consolidation. Figures on a comparable basis take account of currency translation effects and changes in the scope of consolidation.

### Other operating income

Other operating income includes gains from the sale of the Schmid Rhyner business unit in 2020 of CHF 47.4 million and the Glass Processing business unit in 2019 of CHF 29.9 million (see [note 4.1](#)). Furthermore, this item includes revenue from the sale of materials, waste and scrap, insurance contracts, subsidies and the sale of property, plant and equipment and investments.

### Accounting principles

Revenue is recognized when goods or products are delivered or a service performed, and the benefits and risks as well as the power of disposal are transferred to the buyer. If the installation of the product at the recipient's premises is an essential contract component, the revenue is not recognized until the installation is concluded. Longer-term orders are recognized using the completed contract method. The net revenue corresponds to the expected equivalent value of the service rendered, net of sales and value-added tax, any sales deductions such as sales bonuses, granted rebates and discounts as well as value adjustments and currency effects on trade receivables. Separable revenue is recognized and measured individually.

## 1.3 Operating expenses

### Material expenses

Material expenses include the overall cost of raw materials, intermediates and supplies, as well as merchandise held for resale and expenses for third-party manufacturing, handling or processing of the Group's products (external services).

Material expenses decreased less sharply compared with total revenue, falling by 17.5% versus 19.3%. The ratio of material expenses to total revenue (materials ratio) was 47.8%, which is 1.0 percentage point higher than in the previous year. The materials ratio is influenced mainly by changes in inventories of semi-finished products, work in progress and finished products. Adjusted for this effect, it was 1.7 percentage points higher than in the previous year. The increase in the materials ratio was mainly due to pricing pressure in the tougher competitive environment in the Outdoor and Sheet Metal Processing segments and to shifts in the product mix in the latter.

### Personnel expenses

CHF million	2020	2019
Wages and salaries	278.0	308.5
Social security benefits	53.3	59.2
Other personnel expenses	9.5	11.2
<b>Total</b>	<b>340.7</b>	<b>378.9</b>

The decrease in personnel expenses amounted to 10.1% compared with the previous year. Personnel expenses in relation to total revenue increased by 2.7 percentage points and is at 26.7%.

Due to the coronavirus pandemic, some Swiss Conzzeta companies benefited from short-time working compensation in 2020. Many Conzzeta companies domiciled abroad benefited from similar state aid. Personnel-related state aid was credited to personnel expenses and stood at CHF 9.7 million (2019: CHF 0.0 million).

As at the balance sheet date, the number of employees declined by 2.7% over the previous year to 4,891. This was due to the sale of the Schmid Rhyner business unit and a fall in headcount in the Chemical Specialties and Outdoor segments, partly offset by an increased headcount in the Sheet Metal Processing segment. The average number of employees in the reporting year was 4,700 full-time equivalents (2019: 5,086).

### Other operating expenses

Other operating expenses include the cost of repairs and maintenance on property, plant and equipment, sales provisions, expenses for guarantees, assembly, transport and energy, as well as sundry expenses for production, development, sales and administration. In 2020, this line item also includes the reclassification of CHF 2.2 million goodwill originally recognized in equity from the liquidation of Mammut Korea Inc, Seoul (Korea) (see [note 4.1](#)). The decrease in other operating expenses amounted to 13.4% compared with the previous year. Other operating expenses in relation to total revenue increased by 1.4 percentage points and is at 20.3%.



## 1.4 Income taxes

CHF million	2020	2019
Current taxes on income	14.5	25.6
Deferred taxes	-4.7	4.7
<b>Total</b>	<b>9.8</b>	<b>30.3</b>

Current taxes on income include taxes paid and owed on taxable income of the individual companies.

	Tax rate 2020	Income taxes 2020	Tax rate 2019	Income taxes 2019
Average applicable tax rate and income taxes (before consideration of tax loss carryforwards)	20.4%	15.6	19.7%	33.0
Effects of change in tax loss carryforwards	4.8%	3.7	1.3%	2.2
<b>Average applicable tax rate and income taxes (after consideration of tax loss carryforwards)</b>	<b>25.2%</b>	<b>19.3</b>	<b>21.0%</b>	<b>35.3</b>
Other influences	-12.4%	-9.5	-2.9%	-5.0
<b>Effective tax rate and income taxes</b>	<b>12.8%</b>	<b>9.8</b>	<b>18.1%</b>	<b>30.3</b>

The expected tax rate of 20.4% (2019: 19.7%) corresponds to the weighted average tax rate in the respective tax jurisdictions. The effective tax rate for the ordinary result before taxes was 12.8% (2019: 18.1%). The decrease resulted mainly from non-taxable capital gains from the sale of the Schmid Rhyner business unit.

Deferred taxes are measured using the announced tax rates for the temporary differences in individual companies. The deferred tax assets from offsettable loss carryforwards and from temporary valuation differences amounted to CHF 11.0 million (2019: CHF 13.7 million). In view of uncertainty about the future scope for offsetting, the tax effects from loss carryforwards amounting to CHF 9.3 million (2019: CHF 7.5 million) were not capitalized. This evaluation is based on the projected income tax rates. Deferred tax liabilities amount to CHF 14.4 million (2019: CHF 23.1 million).

The change in tax rates following the adoption of the reform of corporate taxation in Switzerland effective as of January 1, 2020, did not have a material impact on deferred tax assets and liabilities recognized in the balance sheet at year-end.

### Significant estimates made by management

In order to determine the amount of current and deferred income tax assets and liabilities, significant estimates need to be made. Some of these estimates are based on the interpretation of existing tax legislation and regulations. Various internal and external factors may have favorable or unfavorable effects on the income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws and regulations, changing interpretations of existing tax laws and regulations, changes in tax rates, and changes in overall levels of pre-tax earnings. Any such changes may impact the current and deferred income tax assets and liabilities recognized in the balance sheet in future reporting periods.

### Accounting principles

Income taxes include current and deferred income taxes. Provisions are made for all tax obligations, regardless of their payment date. Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for reporting purposes, using the currently enacted tax rates on an entity level. The change in these deferred taxes is recorded under tax expenditure. The deferred tax assets from offsettable loss carryforwards and from temporary valuation differences are only capitalized when in all probability future taxes on profits can be offset.

## 1.5 Earnings per share

CHF	2020	2019
Group profit attributable to Conzzeta AG shareholders	65,021,000	125,770,000
Average number of class A registered shares (par value: CHF 2.00)	1,824,050	1,823,881
Average number of class B registered shares (par value: CHF 0.40)	1,215,000	1,215,000
<b>Earnings per class A registered share</b>	<b>31.46</b>	<b>60.85</b>
<b>Earnings per class B registered share</b>	<b>6.29</b>	<b>12.17</b>

The share-based compensation did not result in any material dilution of earnings per share in the reporting year or in the previous year.

### Accounting principles

Earnings per category of share were calculated on the basis of the portion of net income attributable to the shareholders of Conzzeta AG, based on their portion of the share capital and the average number of outstanding shares (issued shares less treasury shares).

## 2. Invested capital

Conzzeta uses net operating assets and operating cash flow as defined below for the management of operating performance:

### Net operating assets

CHF million	2020	2019
Inventories	284.5	304.2
Trade receivables	191.4	226.1
Prepayments to suppliers	5.6	4.5
Other receivables, prepaid expenses and accrued income	53.0	47.6
Property, plant and equipment	255.0	276.1
Financial assets (long-term receivables and loans)	21.4	19.0
Intangible assets	25.4	28.0
Trade payables	-118.6	-129.2
Advance payments from customers	-49.5	-54.6
Other liabilities, accrued expenses and deferred income	-116.9	-112.6
Provisions	-43.5	-58.5
<b>Net operating assets (NOA)</b>	<b>507.8</b>	<b>550.7</b>
<b>Net operating assets (NOA), average</b>	<b>529.3</b>	<b>535.4</b>
Operating result	79.7	167.2
Chargeable taxes	-10.2	-30.3
<b>Operating result after taxes</b>	<b>69.5</b>	<b>136.9</b>
<b>Return on net operating assets (RONOA) after tax</b>	<b>13.1%</b>	<b>25.6%</b>

Return on net operating assets (RONOA) after tax is calculated from the operating profit (EBIT) after deduction of the chargeable tax expense in relation to the average net operating assets as of January 1 and the relevant balance sheet date. The chargeable tax expense is calculated by multiplying the operating profit by the effective tax rate.

## Operating cash flow

CHF million	2020	2019
Cash flow from operating activities	78.7	100.1
Investment in property, plant and equipment	-30.5	-54.9
Divestment of property, plant and equipment	8.7	4.3
Investment in intangible assets	-8.9	-14.9
Investment in financial assets without securities	-3.7	-1.5
Divestment of financial assets without securities	7.2	7.6
<b>Operational free cash flow</b>	<b>51.5</b>	<b>40.6</b>
<b>as a % of total revenue</b>	<b>4.0%</b>	<b>2.6%</b>
Sale of securities		50.0
Acquisition of business activities	-1.7	-0.2
Sale of business activities	73.4	74.3
<b>Free cash flow</b>	<b>123.2</b>	<b>164.7</b>

Operating free cash flow is calculated on the basis of free cash flow, excluding changes in securities and money market instruments with a term of more than 90 days, and acquisition and divestment of business activities and investments.

## 2.1 Net working capital

## Trade receivables

CHF million	2020	2019
Trade receivables (nominal)	203.7	238.3
Value adjustment	-12.4	-12.2
<b>Total</b>	<b>191.4</b>	<b>226.1</b>

For doubtful accounts, individual and overall value adjustments have been deducted. The overall value adjustment is based on the experience of the respective company.

## Other receivables

Other receivables largely consist of recoverable value-added tax, other tax credits and the positive market values of outstanding derivative financial instruments as at the balance sheet date.

## Inventories

CHF million	2020	2019
Raw materials and supplies	102.9	95.1
Merchandise for resale	77.4	86.1
Semifinished products and work in progress	22.2	31.9
Finished products	82.0	91.2
<b>Total</b>	<b>284.5</b>	<b>304.2</b>

The inventory of merchandise for resale primarily concerns the Outdoor segment. Overall, the value adjustments on inventories amount to CHF 56.5 million (2019: CHF 49.3 million).

#### Advance payments from customers

Customer payments on account originate from the companies in the machinery businesses.

#### Other short-term liabilities

Other short-term liabilities include taxes owed, social security contributions and negative market values of derivative financial instruments outstanding at the balance sheet date.

#### Accrued expenses and deferred income

CHF million	2020	2019
Accruals and deferrals for current taxes	8.5	8.8
Accruals and deferrals for personnel expenses	35.4	37.7
Other accruals and deferrals	43.3	38.0
<b>Total</b>	<b>87.2</b>	<b>84.5</b>

Accrued expenses and deferred income show all expenses and income determined on an accrual basis. Other accruals and deferrals contains commissions, volume discounts, assembly and maintenance services, and goods and services obtained from third parties but not yet invoiced.

#### Significant estimates made by management

In assessing the value of inventories, estimates are based on expected consumption, price trend (lowest value principle) and valuation at lower of cost or net realizable value. The estimates used to determine inventory value adjustments are reviewed on an annual basis and changed as needed. Changes in sales figures or other circumstances (e.g. seasonality) may therefore lead to an adjustment of the book value.

#### Accounting principles

Trade receivables and other receivables are stated at nominal value, less appropriate value adjustments for debtors' risks.

Inventories are stated at the lower of acquisition or production cost and fair value less cost to sell. Production cost is calculated without imputed interest. Value adjustments are made for inventories that are difficult to realize or slow-moving.

Liabilities are recognized in the balance sheet at par value.

## 2.2 Property, plant and equipment

CHF million	Factory buildings	Plant and machinery	Fixtures and fittings, vehicles	Assets under construction	Undeveloped real estate	Total property, plant and equipment
<b>Cost at 12/31/2018</b>	<b>291.6</b>	<b>239.2</b>	<b>67.0</b>	<b>31.2</b>	<b>9.9</b>	<b>638.9</b>
Additions	0.6	10.4	10.2	33.4	0.4	54.9
Disposals	-10.0	-6.7	-6.1	-0.4		-23.2
Changes in scope of consolidation	-20.7	-6.8	-6.9			-34.4
Reclassifications	4.4	3.8	0.7	-5.4	-3.5	
Currency translation effects	-4.0	-4.1	-1.1	-1.4	-0.1	-10.7
<b>Cost at 12/31/2019</b>	<b>261.9</b>	<b>235.8</b>	<b>63.8</b>	<b>57.3</b>	<b>6.7</b>	<b>625.4</b>
Additions	2.2	7.9	4.7	15.7		30.5
Disposals	-7.9	-5.3	-5.5	-0.1		-18.7
Changes in scope of consolidation	-26.4	-19.0	-1.8	-0.3		-47.5
Reclassifications	42.7	6.2	0.8	-55.2	5.6	
Currency translation effects	-2.8	-2.1	-1.2	-1.1	-0.4	-7.7
<b>Cost at 12/31/2020</b>	<b>269.6</b>	<b>223.5</b>	<b>60.8</b>	<b>16.3</b>	<b>11.9</b>	<b>582.1</b>
<b>Accumulated depreciation at 12/31/2018</b>	<b>154.5</b>	<b>169.8</b>	<b>45.9</b>			<b>370.2</b>
Ordinary depreciation	7.6	14.8	7.5			29.9
Impairments		0.2				0.2
Disposals	-7.6	-6.3	-5.9			-19.8
Changes in scope of consolidation	-15.0	-6.1	-5.3			-26.4
Currency translation effects	-1.3	-2.8	-0.7			-4.8
<b>Accumulated depreciation at 12/31/2019</b>	<b>138.2</b>	<b>169.7</b>	<b>41.4</b>			<b>349.3</b>
Ordinary depreciation	7.3	13.6	8.1			29.0
Impairments		0.8	0.6			1.4
Disposals	-3.0	-5.2	-5.5			-13.7
Changes in scope of consolidation	-19.0	-15.5	-1.6			-36.0
Currency translation effects	-0.5	-1.5	-0.9			-2.9
<b>Accumulated depreciation at 12/31/2020</b>	<b>123.0</b>	<b>161.9</b>	<b>42.2</b>			<b>327.1</b>
<b>Net book value of property, plant and equipment at 12/31/2019</b>	<b>123.7</b>	<b>66.0</b>	<b>22.4</b>	<b>57.3</b>	<b>6.7</b>	<b>276.1</b>
<b>Net book value of property, plant and equipment at 12/31/2020</b>	<b>146.6</b>	<b>61.6</b>	<b>18.6</b>	<b>16.3</b>	<b>11.9</b>	<b>255.0</b>

The additions to property, plant and equipment in 2020 arose mainly from investments in operating facilities at the production site in Niederönz (Switzerland), the construction of a new production facility in Shenzhen (China) and the construction of two experience centers in Elgin (USA) and Incheon (Korea) in the Sheet Metal Processing segment, the expansion of the production facilities in Changzhou (China) and the construction of a new processing center for industrial specialty foams in Duderstadt (Germany) in the Chemical Specialties segment, and investments at the headquarters of the Outdoor segment in Seon (Switzerland).

### Significant estimates made by management

The value of property, plant and equipment is assessed whether there are any indicators that assets may be impaired. Where there are indicators of a loss of value, the realizable value is calculated. If the book value of an asset or the asset's cash-generating unit exceeds the realizable value, an additional depreciation adjustment is made. The calculation of the realizable value includes an estimate of future cash flows, the calculation of the discount rate and the growth rate based on forecast expectations. The actual cash flows may vary from the discounted future cash flows based on these estimates. In addition, useful lives may be shorter or a loss of value may occur due to a change of use if sites are relocated or closed, or if medium-term revenues are lower than expected.

### Accounting principles

Land has been valued at acquisition cost less impairment adjustments. Other tangible fixed assets are valued at acquisition or production cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Estimated useful lives are as follows:

Factory buildings	30 to 40 years
Plant and machinery	5 to 12 years
Tools, fixtures and fittings, vehicles	2 to 8 years
IT hardware and office machinery	3 to 5 years

## 2.3 Intangible assets

CHF million	2020	2019
<b>Cost at 1/1</b>	<b>79.2</b>	<b>72.3</b>
Additions	8.9	14.9
Disposals	-1.0	-1.1
Changes in scope of consolidation	-2.5	-6.5
Currency translation effects	-0.2	-0.4
<b>Cost at 12/31</b>	<b>84.4</b>	<b>79.2</b>
<b>Accumulated depreciation at 1/1</b>	<b>51.2</b>	<b>50.2</b>
Ordinary depreciation	9.1	8.5
Impairments	1.7	
Disposals	-1.0	-1.1
Changes in scope of consolidation	-1.9	-6.1
Currency translation effects	-0.1	-0.3
<b>Accumulated depreciation at 12/31</b>	<b>59.0</b>	<b>51.2</b>
<b>Net book value of intangible assets at 1/1</b>	<b>28.0</b>	<b>22.1</b>
<b>Net book value of intangible assets at 12/31</b>	<b>25.4</b>	<b>28.0</b>

The intangible assets mainly comprise software and licenses. Additions include larger software investments to digitalize the business processes of the Sheet Metal Processing, Chemical Specialties and Outdoor segment.

## Goodwill

Theoretical capitalization of goodwill would have the following effects on the consolidated financial statements:

### Theoretical asset register – goodwill

CHF million	2020	2019
<b>Cost at 1/1</b>	<b>248.0</b>	<b>252.2</b>
Increase from acquisitions	0.8	
Decrease from divestments and liquidations	-6.1	
Currency translation effects	-2.2	-4.2
<b>Cost at 12/31</b>	<b>240.5</b>	<b>248.0</b>
<b>Accumulated depreciation at 1/1</b>	<b>130.8</b>	<b>86.4</b>
Ordinary depreciation	45.0	46.7
Decrease from divestments and liquidations	-3.9	
Currency translation effects	-1.6	-2.4
<b>Accumulated depreciation at 12/31</b>	<b>170.3</b>	<b>130.8</b>
<b>Net book value of goodwill at 1/1</b>	<b>117.2</b>	<b>165.8</b>
<b>Net book value of goodwill at 12/31</b>	<b>70.1</b>	<b>117.2</b>

The increase from acquisitions arose from the takeover of the business of Weber Laserservice BV, Heteren (Netherlands). The decrease from divestments and liquidations arose from the sale of the Schmid Rhyner business unit and the liquidation of Mammut Korea Inc, Seoul (Korea) (see [note 4.1](#)).

### Impact on income statement

CHF million	2020	2019
Operating result (EBIT)	79.7	167.2
EBIT margin in %	6.3%	10.6%
Amortization of goodwill	-45.0	-46.7
Reversal of recycling of goodwill in consolidated financial statements	3.9	
Theoretical operating result (EBIT), incl. amortization of goodwill	38.5	120.5
Theoretical EBIT margin in %	3.0%	7.6%
Group result	66.9	136.8
Amortization of goodwill	-45.0	-46.7
Reversal of recycling of goodwill in consolidated financial statements	3.9	
Theoretical Group result, incl. amortization of goodwill	25.7	90.1



## Impact on balance sheet

CHF million	2020	2019
Equity as per balance sheet	796.1	880.1
Theoretical activation of net book value of goodwill	70.1	117.2
Theoretical equity, incl. net book value of goodwill	866.2	997.3
Shareholders' equity in % of total assets	69.2%	69.5%
Theoretical equity, incl. net book value of goodwill in % of total assets	71.0%	72.1%

### Significant estimates made by management

The value of intangible assets (including goodwill) is assessed whether there are any indicators that intangible assets may be impaired. Where there are indicators of a loss of value, the realizable value is calculated. If the book value of an asset or the asset's cash-generating unit exceeds the realizable value, an additional depreciation adjustment is made. The calculation of the realizable value includes an estimate of future cash flows, the calculation of the discount rate and the growth rate based on forecast expectations. The actual cash flows may vary from the discounted future cash flows based on these estimates.

### Accounting principles

Intangible assets are amortized using the straight-line method over their economically useful life; normally, this is between three and five years for software and licenses.

Research and development costs are fully charged to the income statement.

The goodwill resulting from acquisitions is offset against retained earnings at the time of acquisition. On divestment of a business activity, the goodwill offset against equity at an earlier date is transferred to the income statement. For the shadow accounting, the goodwill is amortized in principle on a straight-line basis over its estimated useful life, normally five years.

## 2.4 Other financial assets

CHF million	2020	2019
Employer contribution reserves held as assets	20.9	37.6
Long-term receivables and loans	21.4	19.0
Equity holdings in associated companies	0.3	0.3
Securities held as non-current assets	3.2	2.3
<b>Total</b>	<b>45.7</b>	<b>59.2</b>

The statement of the change in the employer contribution reserves held as assets can be found in [note 5.1](#). The long-term receivables and loans comprise long-term hire-purchase business with customers and deposits for rents. A value adjustment amounting to CHF 2.4 million (2019: CHF 2.0 million) was made to financial assets.

### Accounting principles

Financial assets are valued at acquisition cost, less appropriate provisions for value adjustments. Also recognized in the financial assets are employer contribution reserves not subject to renounced use.

## 2.5 Provisions and contingent liabilities

CHF million	Guarantee	Litigation	Restructuring	Other	Total provisions
<b>Provisions at 12/31/2018</b>	<b>43.7</b>	<b>8.2</b>		<b>19.2</b>	<b>71.1</b>
Additions	27.1	2.8	1.7	3.0	34.5
Use	-24.5			-4.3	-28.8
Release	-7.3	-3.6		-2.4	-13.3
Changes in scope of consolidation	-3.9			-0.1	-4.1
Currency translation effects	-0.6			-0.3	-1.0
<b>Provisions at 12/31/2019</b>	<b>34.5</b>	<b>7.4</b>	<b>1.6</b>	<b>15.0</b>	<b>58.5</b>
Additions	14.6	0.5		3.2	18.3
Use	-17.6	-2.2	-1.5	-1.7	-23.0
Release	-5.0	-1.5		-2.0	-8.6
Changes in scope of consolidation	-0.3			-0.4	-0.6
Currency translation effects	-0.9			-0.1	-1.1
<b>Provisions at 12/31/2020</b>	<b>25.3</b>	<b>4.1</b>		<b>14.0</b>	<b>43.5</b>
of which short-term 2019	28.3	0.9	1.6	0.4	31.2
of which short-term 2020	20.8	0.1		0.4	21.3

The guarantee provisions are mainly attributable to the Sheet Metal Processing segment. They relate to product sales and are based on past experience. Experience shows the corresponding outflow of funds is evenly spread over the warranty period of one to five years.

The provisions for litigation are essentially cases concerning intellectual property rights, where the timing of the outflow of funds is uncertain since it depends on the outcome of negotiations or legal proceedings.

The restructuring provisions recognized in 2019 related to restructuring measures in Germany in the FoamPartner business unit and were used in 2020.

Other liabilities includes provisions for onerous contracts on purchase commitments from framework purchasing contracts, provisions for seniority and anniversary premiums, and provisions for old age that do not qualify as pension obligations. Further other liabilities contain conditional purchase-price obligations from acquisitions and provisions for environmental liabilities. There are land holdings that are contaminated due to previous operating activities and landfilling. These are shown in the register of polluted sites.

#### Contingent liabilities

In connection with customer financing, repurchase obligations against leasing companies for machinery amounted to CHF 29.3 million (2019: CHF 22.8 million). Conzzeta companies have provided a guarantee to acquire machinery in the above-mentioned amount from the beneficiary leasing companies if their lessees fail to pay the agreed installments.

#### Significant estimates made by management

The amount of provisions is largely based on an estimate of future costs. The calculation for guarantee claims is based on product sales, contractual agreements and past experience. In addition to the flat-rate calculation, individual provisions for incurred or reported claims are taken into account based on an assessment by management.

#### Accounting principles

Provisions are recognized when an event likely to give rise to an obligation occurs prior to the balance sheet date, and the amount involved and/or the settlement date are uncertain, but can be estimated. This obligation can have legal or factual grounds.

## 3. Financing and risk management

### 3.1 Cash, cash equivalents and securities

Cash and cash equivalents include cash on hand, postal checking and bank account balances as well as fixed-term deposits with a maximum residual term of 90 days. Securities consists of money market instruments denominated in Swiss francs with a residual term of more than 90 days.

### 3.2 Shareholders' equity

#### Share capital

The share capital of CHF 4.1 million is divided into 1,827,000 class A registered shares with a nominal value of CHF 2.00 each and 1,215,000 class B registered shares with a nominal value of CHF 0.40 each.

#### Treasury shares/share-based compensation

The holding as of December 31, 2020, was 1,929 class A registered shares acquired at an average purchase price of CHF 1,089 each. At the end of 2019, 4,187 class A registered shares acquired at an average purchase price of CHF 941 each were held. In the reporting year, 116 class A registered shares (2019: 2,484 class A registered shares) were acquired at an average transaction price of CHF 1,162 (2019: CHF 1,025) each for the share-based compensation program. The Board of Directors and members of the Executive Committee received 2,374 class A registered shares (2019: 2,083 class A registered shares) at an average transaction price of CHF 905 (2019: CHF 907) each. The monetary value was CHF 2.1 million (2019: CHF 2.5 million). In each case, the transaction price corresponded to the market value.

The base compensation for members of the Board of Directors is paid in cash and shares (approx. 50% each) that are subject to a four-year vesting period. Neither discounts nor performance components are taken into consideration when calculating the share allocation of the Board of Directors. The calculation is based on the average share price for the three months from November 1 to January 31.

For members of the Executive Committee, there is a deferred share-based performance component (LTI). Of the variable performance-related target compensation, the LTI represents 15% (or 20% in the case of the CEO). Of this, the only performance parameter is the earnings per share (EPS) for the financial year. Depending on the actual value, the monetary value of the share allocation can vary between 0% and 150% (cap) according to EPS target achievement. The number of shares allocated is the product of the LTI monetary value divided by the average share price from November 1 in the current year to January 31 in the following period, with a reduction of 10% allowed. To qualify for the share allocation, the recipient must be in employment on the date of the allocation, with no period of notice served by either side. The shares allocated for the LTI remain restricted for four years. In the event of invalidity, death or termination of the employment relationship following a change of control this vesting period is canceled.

Members of business unit management and persons in selected Group roles are eligible to participate in a share-based LTI scheme representing no more than 10% of annual base salary. The first allocation of restricted stock units (RSUs) was made at the end of March 2018. The value of the LTI allocation for the aforementioned level of management depends on earnings per share (EPS) and may vary between 100% and 150% of the target amount. The number of allocated restricted stock units is determined by dividing the monetary value of the LTI (EPS rate of target achievement × LTI target amount) by the average share price from November 1 of the current period to January 31 of the following period. The restricted stock units are subject to a three-year vesting period and will thereafter be converted into Conzzeta AG shares based on a ratio of 1:1. This is conditional upon the employees concerned being in employment at the time of the conversion and allocation of shares, with no period of notice served by either side. Employees who terminate their employment forfeit their restricted stock units.

The value of the share-based, performance-related component and the corresponding number of shares (LTI) are determined by the Board of Directors in the year following completion of the respective financial statement.

Personnel expenses contain deferred expenses for the reporting year amounting to CHF 2.0 million (2019: CHF 2.4 million) for the share-based component of compensation.

#### Compensation and shareholdings

The compensation to members of the Board of Directors and Executive Committee is shown in the Compensation Report, which forms an integral part of this Annual Report. Their holdings in Conzzeta AG are disclosed in the [notes to the financial statements of Conzzeta AG](#).

#### Accounting principles

Treasury shares are recognized at cost at the time of acquisition. The holding of treasury shares is disclosed as a negative item in equity. Upon resale, the profit or loss is allocated directly to the capital reserves.

Share-based compensation for members of the Board of Directors and Executive Committee is measured at cost at the grant date and charged to personnel expenses in the period in which the service is rendered.

### 3.3 Financial result

CHF million	2020	2019
Financial income	2.8	6.5
Financial expenses	-5.7	-6.6
<b>Total</b>	<b>-2.9</b>	<b>-0.1</b>

Financial income includes interest income of CHF 0.8 million (2019: CHF 1.6 million) and a positive performance on the assets of the employer contribution reserves of CHF 1.9 million (2019: CHF 4.9 million).

Financial expenses contain interest of CHF 4.9 million (2019: CHF 4.5 million) and currency losses of CHF 0.8 million (2019: CHF 2.1 million). Interest is primarily due to the cost of currency hedging (interest differences) to finance foreign locations, as well as interest expenses. Currency losses include currency effects from the valuation of liquid assets, short-term loans between Group companies and other financial assets.

### 3.4 Operational leasing

Maturity of operational leasing contracts at 12/31 in CHF million	2020	2019
Under 1 year	12.3	13.7
1 to 5 years	17.4	18.6
Over 5 years	0.8	1.3
<b>Total</b>	<b>30.5</b>	<b>33.6</b>

### 3.5 Other commitments and pledged assets

Long-term purchase commitments in the amount of CHF 9.2 million (2019: CHF 7.4 million) secured exclusive supplies at the balance sheet date.

Assets to the value of CHF 4.5 million (2019: CHF 3.7 million) are held with retention of title as security for bank loans. Sureties for rental obligations of franchise stores amounted to CHF 0.3 million (2019: CHF 0.6 million).

### 3.6 Financial risk management

Due to its business activities, the Conzzeta Group is exposed to various financial risks, including currency, credit, liquidity and interest rate risks. The Group's comprehensive risk management policy focuses on the unpredictability of financial markets and aims to minimize any negative impact on the Group's financial position. Risk management is carried out by the Conzzeta Group's finance department in accordance with guidelines approved by the Board of Directors. These guidelines regulate the use of derivatives, as well as the handling of foreign currency risk, interest-rate risk and credit risk. The guidelines are binding upon all Conzzeta Group companies.

Risk	Source	Risk management
Currency risks	Conzzeta operates internationally and is therefore exposed to currency risks, which may affect operating profit and the financial result, as well as the Group's equity.	<ul style="list-style-type: none"> <li>- Where possible, natural hedging is used in the individual groups of companies (purchasing goods in the currency they will be sold in).</li> <li>- Currency risks hedged using derivative financial instruments.</li> </ul>
Credit risks arising from business operations and financial transactions	The credit risk is the risk of suffering a financial loss if a customer or counterparty is unable to meet their contractual obligations. Credit risks may arise from receivables, financial assets, credit balances with financial institutions, securities and derivative financial instruments.	<ul style="list-style-type: none"> <li>- Independent ratings of financial institutions periodically reviewed.</li> <li>- Risks of liquid assets further reduced by using different financial institutions instead of a single bank.</li> <li>- Cluster risks of receivables and financial assets reduced through broad geographical distribution and a large number of customers.</li> <li>- Customers' creditworthiness is assessed taking account of specific checks and past experience.</li> </ul>
Liquidity risk	A liquidity risk results from the risk of being unable to meet financial obligations when they fall due.	<ul style="list-style-type: none"> <li>- A prudent liquidity management includes holding sufficient reserves of liquid funds, which are constantly monitored, and the option of financing through lines of credit.</li> </ul>
Interest rate risk	Interest rate risk arises from changes in future interest payments due to fluctuations of market interest rates and in interest-related risks due to changes in market value.	<ul style="list-style-type: none"> <li>- The Conzzeta Group does not have any assets and liabilities that would be substantially affected by significant changes in the interest rate environment.</li> </ul>

## Currency translation rates

CHF			Year-end exchange rates 2020	Year-end exchange rates 2019	Annual average rates 2020	Annual average rates 2019
Euro area	1	EUR	1.08	1.09	1.07	1.11
USA	1	USD	0.88	0.97	0.94	0.99
Great Britain	1	GBP	1.20	1.28	1.21	1.27
Sweden	100	SEK	10.77	10.39	10.19	10.53
China	100	CNY	13.46	13.88	13.59	14.42
South Korea	100	KRW	0.08	0.08	0.08	0.09
Japan	100	JPY	0.85	0.89	0.88	0.91

## Derivative financial instruments

Values at 12/31 in CHF million	2020	2019
Contract or nominal values (gross)	462.9	458.6
Replacement value, positive	5.7	5.6
Replacement value, negative	2.6	2.1

The contracts were entered into as a hedge against exchange risks in various currencies arising from business operations.

## Accounting principles

All outstanding derivatives are recognized at market value as at the balance sheet date and shown at gross values under other receivables or other liabilities. Value changes on derivatives for hedges of recognized underlying transactions are shown like the underlying transaction. Value changes on derivatives for hedges of future cash flows will be shown directly in equity until completion of the underlying transaction. At the time of recognition of the underlying transaction the gain or loss recorded in equity will be transferred to the income statement.

## 4. Group structure

### 4.1 Acquisitions and divestments

#### Acquisitions and divestments in the reporting year

As of February 28, 2020, Conzzeta sold its Schmid Rhyner business unit to the German specialty chemicals group Altana. The transaction resulted in a gain from the sale of CHF 47.4 million that was recorded under "Other operating income". This gain includes the reclassification of goodwill in the amount of CHF 3.9 million, which was offset against equity at the time of acquisition.

CHF million	February 28, 2020
Current assets	19.2
Non-current assets	13.6
<b>Assets</b>	<b>32.8</b>
Short-term liabilities	17.1
Long-term liabilities	2.2
<b>Liabilities</b>	<b>19.3</b>
<b>Net assets divested</b>	<b>13.5</b>
Consideration	67.2
Net assets divested	-13.5
Transaction costs	-2.4
Recycling of goodwill	-3.9
<b>Gain on disposal</b>	<b>47.4</b>
Consideration received	67.2
Transaction costs paid	-2.4
Cash and cash equivalents disposed of	-3.1
Settlement intercompany receivable/debt	11.6
<b>Net cash flow</b>	<b>73.4</b>

On May 1, 2020, the Bystronic business unit acquired the business of Weber Laserservice BV, Heteren (the Netherlands). The purchase price was EUR 1.6 million (CHF 1.7 million). The transaction gave rise to goodwill of EUR 0.8 million (CHF 0.8 million), which was offset directly in equity.

On September 30, 2020, Bystronic Laser AG, Niederönz (Switzerland), acquired the remaining 30% share capital in Shenzhen DNE Laser Science and Technology Co. Ltd, Shenzhen (China), from the minority shareholder. Conzzeta now owns 100% of the voting and share capital of the company. The purchase price for the remaining 30% of the shares amounted to CHF 58.9 million (including transaction costs of CHF 0.6 million) and was recognized in equity.

As of December 30, 2020, Mammut Korea Inc, Seoul (Korea) was liquidated. The goodwill of CHF 2.2 million, which was offset against equity at the time of acquisition, was booked to the income statement under "Other operating expenses" in the reporting year.



### Acquisitions in the previous year

Conzzeta sold the Glass Processing segment to the Finnish company Glaston Corporation on April 1, 2019. The transaction resulted in a non-taxable gain from the sale of CHF 29.9 million that was recorded under "Other operating income".

CHF million	April 1, 2019
Current assets	57.2
Non-current assets	9.3
<b>Assets</b>	<b>66.4</b>
Short-term liabilities	51.1
Long-term liabilities	1.0
<b>Liabilities</b>	<b>52.0</b>
<b>Net assets divested</b>	<b>14.4</b>
Consideration	63.4
Net assets divested	-14.4
Transaction costs	-4.3
Recycling of currency translation adjustments	-14.8
<b>Gain on disposal</b>	<b>29.9</b>
Consideration	63.4
Transaction costs already paid	-2.9
Cash and cash equivalents disposed of	-5.6
Settlement intercompany receivable/debt	19.4
<b>Net cash flow</b>	<b>74.3</b>

In May 2019, Bystronic Laser AG, Niederönz (Switzerland), exercised an option to purchase an additional 19% of the share capital of Shenzhen DNE Laser Science and Technology Co. Ltd., Shenzhen (China). The closing of the transaction was on August 31, 2019, and led to an increase in the share capital from 51% to 70%. The purchase price of the additional shares was CHF 62.4 million and was, including transaction costs of CHF 0.3 million, recognized in equity.

In 2019, the remaining purchase price liability of CHF 0.2 million related to the acquisition of the company ISATEC GmbH, Wohlenschwil (Switzerland) in 2018, was settled.

## 4.2 Affiliated companies

Company, domicile	Notes	Country	Company capital	Investment in % direct	Investment in % indirect
<b>Bystronic</b>					
Bystronic Laser AG, Niederörs		CH CHF	50,000	100	
Bystronic Maschinenbau GmbH, Gotha		DE EUR	3,400,100		100
Bystronic (Tianjin) Laser Ltd, Tianjin		CN USD	12,000,000		100
Shenzhen DNE Laser Science and Technology Co. Ltd, Shenzhen	1	CN CNY	44,600,000		100
FMG Verfahrenstechnik AG, Sulgen		CH CHF	100,000		100
Bystronic Manufacturing Americas, LLC, Elgin, IL		US USD	1,000,000		100
Bystronic Tube Processing S.p.A., Cazzago San Martino		IT EUR	750,000		100
ANTIL S.p.A., San Giuliano Milanese		IT EUR	250,000		70
Bystronic, Inc., Elgin IL		US USD	250,000		100
Bystronic Scandinavia AB, Rosersberg		SE SEK	200,000		100
Bystronic France SAS, Les Ulis		FR EUR	2,500,000		100
Bystronic Italia S.r.l., Bovisio Masciago		IT EUR	900,000		100
Bystronic Deutschland GmbH, Heimsheim		DE EUR	52,000		100
Bystronic (Shanghai) Co. Ltd, Shanghai		CN USD	6,500,000		100
Bystronic Ibérica S.A., San Sebastián de los Reyes		ES EUR	262,000		100
Bystronic Mexico S.A. de C.V., Apodaca		MX MXN	2,500,000		100
Bystronic Austria GmbH, Linz		AT EUR	300,000		100
Bystronic do Brasil Ltda., Colombo PR		BR BRL	9,000,000		100
Bystronic Pte. Ltd, Singapore		SG SGD	2,500,000		100
Bystronic Benelux B.V., Hardinxveld-Giessendam		NL EUR	18,151		100
Bystronic UK Ltd, Coventry		GB GBP	1,200,000		100
Bystronic Sales AG, Niederörs		CH CHF	200,000		100
Bystronic Korea Ltd, Anyang-si		KR KRW	11,600,000,000		100
Bystronic Polska Sp. z o.o., Raszyn		PL PLN	1,000,000		100
Bystronic Czech Republic s.r.o., Brno		CZ CZK	6,000,000		100
Bystronic Laser India Private Ltd, Pune		IN INR	602,420		100
Bystronic Lazer ve Su Isinlari Makineleri Sanayi ve Ticaret Limited Sirketi, Istanbul		TR TRY	660,000		100
Bystronic Japan Ltd, Tokyo		JP JPY	60,000,000		100
Bystronic Canada Ltd, Mississauga ON		CA CAD	100,000		100
OOO Bystronic Laser, Moscow		RU RUB	30,000,000		100
S.C. Bystronic Laser S.R.L., Brasov		RO RON	3,277,000		100
Bystronic International Laser Ltd, New Taipei City		TW TWD	5,000,000		100
LLC Bystronic Ukraine, Kyiv		UA UAH	172,245		100
Bystronic Australia Pte. Ltd, Cranbourne West		AU AUD	100,000		100
Bystronic Hungary Kft, Budaörs		HU HUF	25,000,000		100
Bystronic Vietnam Co. Ltd, Ho Chi Minh City		VN VND	6,600,000,000		100
<b>FoamPartner</b>					
FoamPartner Switzerland AG, Wolfhausen		CH CHF	5,000,000	100	
FoamPartner Leverkusen GmbH, Leverkusen		DE EUR	1,000,000		100
Frina Mousse France S.à r.l., Wittenheim		FR EUR	117,386		100
Büttikofer AG, Gontenschwil		CH CHF	250,000		100
FoamPartner Holding AG, Zug		CH CHF	1,000,000		100
FoamPartner Trading (Shanghai) Ltd., Shanghai		CN USD	600,000		100
FoamPartner Polyurethane Materials (Changzhou) Co. Ltd., Changzhou		CN USD	14,250,000		100
Kureta GmbH, Stadtallendorf		DE EUR	100,000		100

FoamPartner Singapore Pte. Ltd, Singapore	SG	SGD	100,000	100
FoamPartner Delmenhorst GmbH, Delmenhorst	DE	EUR	500,000	100
FoamPartner Germany GmbH, Duderstadt	DE	EUR	52,000	100
FoamPartner Converting Center GmbH, Duderstadt	DE	EUR	25,000	100
FoamPartner Besitz- und Verwaltungs BmbH, Duderstadt	2	DE	EUR	
FoamPartner Americas, Inc., Wilmington DE	US	USD	0	100

#### Schmid Rhyner

Schmid Rhyner AG, Adliswil	3	CH		
Schmid Rhyner (USA), Inc., Marlton NJ	3	US		
Schmid Rhyner Sales AG, Adliswil	3	CH		

#### Mammut Sports Group

Mammut Sports Group AG, Seon	CH	CHF	5,000,000	100
Mammut Sports Group GmbH, Wolfertschwenden	DE	EUR	500,000	100
Mammut Sports Group, Inc., Williston VT	US	USD	51	100
Mammut Ajungilak AS, Oslo	NO	NOK	2,000,000	100
Mammut Sports Group Japan Inc., Tokyo	JP	JPY	30,000,000	100
Mammut UK Ltd, Macclesfield	GB	GBP	1,000	100
Mammut Korea, Inc., Seoul	4	KR		
Mammut Outdoor Equipment (Beijing) Co. Ltd, Beijing	CN	USD	1,500,000	100
Mammut Sports Group Asia Ltd, Hong Kong	HK	HKD	100,000	100
Mammut France, Epagny Metz-Tessy	FR	EUR	10,000	100

#### Bystronic glass

Bystronic Maschinen AG, Bützberg	5	CH		
Bystronic Lenhardt GmbH, Neuhausen-Hamberg	5	DE		
Bystronic Glass Machinery (Shanghai) Co. Ltd, Shanghai	5	CN		
Bystronic Glass UK Ltd, Telford	5	GB		
Bystronic Asia Pte. Ltd, Singapore	5	SG		
LLC Bystronic Steklo RUS, Moscow	5	RU		
Bystronic Glass (Shanghai) Co. Ltd, Shanghai	5	CN		
Bystronic Glass, Inc., Aurora CO	5	US		

#### Holding and management companies

Conzzeta Holding Deutschland AG, Leverkusen	DE	EUR	6,000,000	100
Conzzeta Grundstücksverwaltungs GmbH, Leverkusen	DE	EUR	50,000	100
Conzzeta Vermögensverwaltungs GmbH & Co. KG, Leverkusen	DE	EUR	100,000	100
Conzzeta Management AG, Zurich	CH	CHF	100,000	100

#### Associated companies

Mammut Sports Group Austria GmbH, Steyr	AT	EUR	363,400	25
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<sup>1</sup> Increase investment from 51% to 70% on August 1, 2019, and from 70% to 100% on September 30, 2020

<sup>2</sup> Merger with Conzzeta Grundstücksverwaltungs GmbH, Leverkusen DE, on December 2, 2020

<sup>3</sup> Divested as of February 28, 2020

<sup>4</sup> Liquidated as of December 30, 2020

<sup>5</sup> Divested as of April 1, 2019

## 5. Other notes

### 5.1 Employee pension plans

CHF million	Balance sheet 12/31/2020	Balance sheet 12/31/2019	Result in personnel expenses 2020	Result in financial income 2020	Other changes 2020	Result in personnel expenses 2019	Result in financial income 2019
<b>Employer contribution reserves</b>							
Employer-funded pension fund	20.9	37.6	-16.4	1.9	-2.3		4.9

There are no waivers of use. In the current year, pension fund contributions of CHF 16.4 million (2019: CHF 0.0 million) were offset against the employer contribution reserves. The other change in 2020 of CHF 2.3 million (2019: CHF 0.0 million) arose from divestment of business units. The financial result comprises the return on the asset investment.

CHF million	Surplus/ deficit 12/31/2020	Economic benefit/ obligation 12/31/2020	Economic benefit/ obligation 12/31/2019	Currency translation effect/ Change in scope of consolidation/ use	Change to prior-year- affecting result in reporting period	Contributions to be allocated to reporting period	Current service cost in personnel expenses 2020	Current service cost in personnel expenses 2019
<b>Economic benefit/ obligation and current service cost</b>								
Employer-funded pension fund	3.0							
Pension funds without surplus/deficit						11.8	11.8	12.1
Pension funds with deficit	-0.8	-0.8	-0.9	-0.1		0.5	0.5	0.1
Pension funds without own assets		-0.4	-0.4			2.0	2.0	0.8
<b>Total</b>	<b>2.2</b>	<b>-1.2</b>	<b>-1.3</b>			<b>14.3</b>	<b>14.3</b>	<b>13.1</b>

In the previous year, the surpluses/deficits amounted to CHF 5.0 million and the contributions to be allocated to the reporting period were CHF 13.7 million.

It is not planned to use the free reserves of the employer-funded pension fund for the economic benefit of the Group.

### Accounting principles

The pension obligations of Group companies related to retirement, death and disability benefits are based on the rules and customs in each country. Regular contributions are paid. The pension and benefit payments and outstanding benefits during the accounting period and the regular contributions to the various pension funds are charged to the income statement. Private pension plans in Switzerland serve to build up retirement assets for conversion into fixed pensions, with additional risk benefits. Any actual economic impact of the pension funds on the company is calculated at the balance sheet date. An economic benefit is only capitalized when this is to be used for the future service cost of the company. An economic obligation is recognized as a liability when the requirements for the formation of a provision are met. Freely available employer contribution reserves are shown as assets. The difference between the annually determined economic benefits and obligations and the change in the employer contribution reserves are included in the income statement.

## 5.2 Related-party transactions

Transactions with related parties consist of normal business transactions under normal market conditions with an associated company as commercial agent and distributor.

CHF million	2020	2019
Trade receivables	0.5	1.1
Net revenue	1.8	3.3
Commission expenses	1.6	1.7

# Statutory Auditor's Report to the General Meeting of Conzzeta AG, Zurich

## Report on the Audit of the Consolidated Financial Statements

### Opinion

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

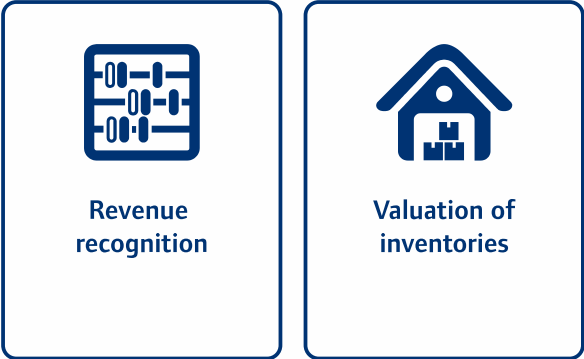
In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Revenue recognition

**Key Audit Matter**

Revenue represents the basis for assessing Conzzeta’s performance and is thus at the center of the company’s targets. Therefore, the pressure that may arise to achieve revenue targets leads to an increased risk with respect to recognizing revenue in the proper period.

With its diversified businesses, different aspects are of relevance for Conzzeta. Revenue is recognized, when goods or products have been delivered or services are rendered and when risk and reward as well as control have been transferred to the buyer, depending on the relevant terms and conditions. In the business area Bystronic, there is a higher degree of judgement when it comes to revenue recognition, as in some cases multiple components and their installation are included in the assessment.

**Our response**

During our audit, we analysed the process established to determine revenue recognition and assessed whether goods sold were recorded in the appropriate accounting period. We identified the key controls relevant for revenue recognition and tested them for their operating effectiveness on a sample basis.

Moreover, we performed the following audit procedures to assess the correctness of revenue recognition in the business areas described.

- Testing of the accuracy of revenue recognition as at 31 December 2020 by reconciling invoices with bills of delivery.
- Critically assessed sales margins and deviations to prior year for major product groups and compared reported results with our expectations, based on inquiries of management and challenge of the analyses presented.
- Assessing the completeness and accuracy of sales deductions by inspecting credit notes issued in 2020 and by retrospectively comparing actual sales deductions with the estimates of prior year.
- In the business area Sheet Metal Processing, we tested the transfer of risks and rewards based on the estimates for installation costs to be incurred and by comparing actual costs to those of prior year. Furthermore, we inspected handover certificates and correspondence with clients on machine acceptance and assessed the transfer of risk and rewards.

For further information regarding revenue recognition, refer to [section 1.2](#) in the notes to the consolidated financial statements.



## Valuation of inventories

### Key Audit Matter

As at 31 December 2020, inventories amounted to CHF 284.5 million (CHF 304.2 million as at 31 December 2019), representing one of the most significant assets. Proper valuation of inventories is therefore of importance for the overall understanding of the consolidated financial statements.

The valuation of inventories is affected by specific risks in the following business areas:

#### Sheet Metal Processing

- For semifinished products, work in progress and finished goods with a high proportion of value creation, the determination of the current production costs involves judgement and depends on the progress of the order fulfillment.
- Moreover, finished goods bear the risk that production costs exceed their net realisable value (lower of cost or market).
- Further management judgement is required for spare parts with longer turnover periods.

#### Outdoor

- Amounts for value adjustments essentially depend on management's assumptions regarding future fashion trends and seasonal customer behavior in the outdoor industry. We consider the estimation uncertainty relating to the amount of the of value adjustments as a significant risk.

### Our response

During our audit, we analysed and assessed the process applied to the measurement of inventories. For this purpose, we identified the relevant controls relevant and tested their effectiveness on a sample basis.



Moreover, we performed the following audit procedures to assess the adequacy of the inventory valuation in the business areas as follows:

#### **Sheet Metal Processing**

- In order to assess cost of inventory we particularly verified the calculation of production costs, performed an analysis of differences between standard and actual costs, and reviewed the calculations of average cost prices and their standard costs in samples.
- The valuation at lower of cost or net realisable value was tested by using data analytics, comparing production costs with actual sales prices, net of distribution costs to be incurred, before and after the balance sheet date.
- In order to assess the inventory of spare parts considered to be difficult to sell or with long turnover periods, we particularly tested the calculation of the value adjustments and the appropriateness of the assumptions used.

#### **Outdoor**

- We evaluated the adequacy of the process to identify obsolete inventories, considering their seasonality and expectations regarding fashion trends and challenged the basic principles and assumptions used to measure inventories.
- We also retroactively tested the assumptions used and analyzed deviations from the estimates.
- We tested the mathematical accuracy of the calculation of the value adjustments as well as the completeness of the underlying data.

For further information regarding valuation of inventories refer to the following [section 2.1](#) in the notes to the consolidated financial statements.

## **Responsibility of the Board of Directors for the Consolidated Financial Statements**

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 consolidated 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 the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG



**François Rouiller**  
Licensed Audit Expert  
Auditor in Charge



**Reto Kaufmann**  
Licensed Audit Expert

Zurich, 12 March 2021

## Income statement – Conzzeta AG

CHF 1,000	2020	2019
Income from equity holdings	70,600	77,600
Income from the sale of equity holdings	51,597	16,878
Financial income	7,798	7,633
<b>Income</b>	<b>129,995</b>	<b>102,111</b>
Financial expenses	-4,587	-4,339
Personnel expenses	-1,372	-1,527
Other operating expenses	-7,230	-5,982
Direct taxes	-106	-6
<b>Expenses</b>	<b>-13,295</b>	<b>-11,854</b>
<b>Net income</b>	<b>116,700</b>	<b>90,257</b>

## Balance sheet at December 31 – Conzzeta AG

CHF 1,000	2020	2019
Cash and cash equivalents	217,699	249,984
Other accounts receivable		
due from third parties	6,141	5,959
due from equity holdings	395	1,156
Prepaid expenses and accrued income	5,218	522
<b>Current assets</b>	<b>229,453</b>	<b>257,621</b>
Financial assets		
Receivables from equity holdings	547,960	466,252
Equity holdings	198,701	211,901
<b>Fixed assets</b>	<b>746,661</b>	<b>678,153</b>
<b>Assets</b>	<b>976,114</b>	<b>935,774</b>
Interest-bearing liabilities		
due to third parties		1
due to equity holdings	43,166	39,459
Other payables		
due to third parties	2,690	2,475
due to associates	149	147
due to equity holdings	2,963	1,977
Accrued expenses and deferred income	4,907	1,355
<b>Short-term liabilities</b>	<b>53,875</b>	<b>45,414</b>
Share capital	4,140	4,140
Legal capital reserves		
Reserve from capital contributions	72	72
Other capital reserves	97,648	97,470
Legal retained earnings	13,409	13,409
Voluntary retained earnings	650,000	650,000
Retained earnings	159,071	129,207
Treasury shares	-2,101	-3,938
<b>Shareholders' equity</b>	<b>922,239</b>	<b>890,360</b>
<b>Liabilities and shareholders' equity</b>	<b>976,114</b>	<b>935,774</b>

# Notes to the financial statements – Conzzeta AG

## Principles

### General

The financial statements 2020 of Conzzeta AG have been prepared in accordance with the provisions of the Swiss Code of Obligations. The significant valuation policies applied, over and above those required by law, are described in the following.

The financial statements were approved for publication by the Board of Directors on Friday, March 12, 2021. They are also subject to approval by the Annual General Meeting.

### Financial assets

The financial investments comprise securities held as a long-term investment. Loans granted in foreign currencies are valued at year-end exchange rates.

### Derivative financial instruments

Currency hedges are used against currency risks arising from business operations. All outstanding derivatives are recognized at market value on the balance sheet date and shown at gross values under other receivables or other short-term liabilities. Changes in the value of derivatives used to hedge recognized underlying transactions are reported in the income statement, as is the underlying transaction.

### Interest-bearing liabilities

Interest-bearing liabilities are shown at par value.

### Treasury shares

Treasury shares are recognized at cost at the time of acquisition. The holding of treasury shares is disclosed as a negative item in equity. Upon resale, the profit or loss is allocated directly to the capital reserves.

### Share-based compensation

Share-based compensation for members of the Board of Directors is measured at cost at the grant date and charged to personnel expenses in the period in which the service is rendered.

## Information on the income statement and balance sheet items

### Income

The dividend payments by the subsidiaries were determined in relation to available retained earnings and capital requirements. The sale of Schmid Rhyner AG resulted in a gain from the sale of equity holdings of CHF 51.6 million. The financial income includes the interest income on accounts receivable from equity holdings of CHF 7.8 million (2019: CHF 7.5 million). In 2019, this item included interest income from third parties in the amount of CHF 0.1 million.

### Expenses

Financial expenses are the result of interest on liabilities towards equity holdings of CHF 0.2 million (2019: CHF 0.4 million), the cost of currency hedging (interest rate differences) for balance sheet items in foreign currencies of CHF 3.9 million (2019: CHF 3.6 million), currency losses on liquid assets and on accounts receivable from equity holdings of CHF 0.2 million (2019: CHF 0.2 million) and commitment fees for bank loans of CHF 0.3 million. In 2019, this item included interest on short-term bank loans of CHF 0.1 million. Personnel and other operating expenses include current administration expenses, the cost of organizing the Annual General Meeting, the production of the annual report, project costs, taxes on capital, as well as fees to the Board of Directors.

### Current assets

Liquid assets consist of current account bank balances, the majority of which are in Swiss francs. Other accounts receivable due from third parties include recoverable input tax and withholding tax of CHF 0.4 million (2019: CHF 0.4 million) and a balance of CHF 5.7 million (2019: CHF 5.6 million) from exchange rate hedges due from banks. Other accounts receivable due from equity holdings include balances from foreign exchange hedging transactions of CHF 0.4 million (2019: CHF 0.9 million). In 2019, this item also included other accounts receivable from equity holdings of CHF 0.3 million.

### Fixed assets

The financial investments comprise securities held as a long-term investment. In the year under review, accounts receivable from equity holdings grew by CHF 81.7 million. Equity holdings fell by CHF 13.2 million due to the sale of Schmid Rhyner AG.

### Liabilities

Other payables include mainly debts of CHF 2.6 million (2019: CHF 2.1 million) resulting from exchange rate hedges owed to banks, debts of CHF 3.0 million (2019: CHF 2.0 million) resulting from exchange rate hedges against equity holdings, and trade payables of CHF 0.1 million (2019: CHF 0.4 million).

### Shareholders' equity

The share capital of CHF 4.1 million (2019: CHF 4.1 million) is divided into 1,827,000 class A registered shares and 1,215,000 class B registered shares. At the end of 2019, 4,187 class A registered shares acquired at an average purchase price of CHF 941 each were held. In the reporting year, 116 class A registered shares were acquired at an average transaction price of CHF 1,162 each for the share-based compensation program. The Board of Directors received 589 class A registered shares at an average transaction price of CHF 861 each. A total of 1,785 class A registered shares were sold to Group companies at an average transaction price of CHF 920 each for allocation to members of the Executive Committee and other members of the management team. In each case, the transaction price corresponded to the market value. The holding as of December 31, 2020, was 1,929 class A registered shares acquired at an average purchase price of CHF 1,089 each.

## Further information

### Full-time positions

Conzzeta AG has no employees.

### Contingent liabilities

CHF 1,000	2020	2019
Sureties and guarantee obligations for subsidiaries	64,688	69,946
Effective obligations	3,181	8,084

### Equity holdings

See [note 4.2 to the consolidated financial statements](#) for details of equity holdings. The voting shares correspond to the capital shares.

## Significant shareholders

		2020	2019
Auer, Schmidheiny and	Capital rights	29.0%	29.1%
Spoerry shareholder group	Voting rights	51.1%	51.1%

The Auer, Schmidheiny and Spoerry shareholder group comprises Dr. Matthias Auer, Ruth Byland-Auer, Martin Byland, Caliza Holding AG, Marina Marti-Auer, Marina Milz, Adrian and Annemarie Herzig-Büchler, Sven and Rosmarie Mumenthaler-Sigrist, Jacob Schmidheiny, Margrit Schmidheiny, Felix Schmidheiny, Helen Schmidheiny, Kathrin Spoerry, Christina Spoerry, Heinrich Spoerry-Niggli, Lotti Spoerry and Robert F. Spoerry.

## Shareholdings held by members of the Board of Directors, Executive Committee and related persons

Number	Class A	Class A	Class B	Class B
	registered shares 12/31/2020	registered shares 12/31/2019	registered shares 12/31/2020	registered shares 12/31/2019
<b>Board of Directors</b>				
E. Bärtschi, Chairman	1,107	1,596		
R. Abt, Member	311	257		
M. Auer, Member	26,735	28,681	1,008	1,008
M. König, Member	54			
P. Mosimann, Member	987	933		
U. Riedener, Member	311	257		
J. Schmidheiny, Member	129,423	129,369	5,072	1,220
R. F. Spoerry, Member	12,555	12,501	148	148

M. Auer, J. Schmidheiny and R. F. Spoerry hold further registered shares under a shareholder agreement within the Auer, Schmidheiny and Spoerry shareholder group.

Number	Class A	Class A	Class B	Class B
	registered shares 12/31/2020	registered shares 12/31/2019	registered shares 12/31/2020	registered shares 12/31/2019
<b>Executive Committee</b>				
M. Willome, Group CEO	1,963	1,687		
K. W. Kelterborn, Group CFO	983	884		
O. Pabst, Head of the Mammut Sports Group business unit	492	393		
M. Riedel, Head of the FoamPartner business unit	547	396		
B. Senn, General Counsel	481	416		
A. Waser, Head of the Bystronic business unit	1,054	943		

Compensation paid to members of the [Board of Directors](#) and [Executive Committee](#) is shown in the Compensation Report.



#### Share-based compensation

The base compensation for members of the Board of Directors is paid in cash and shares (approx. 50% each) that are subject to a four-year vesting period. Neither discounts nor performance components are taken into consideration when calculating the share allocation of the Board of Directors. The calculation is based on the average share price for the three months from November 1 to January 31.

In 2020, a total of 589 class A registered shares were allocated to the Board of Directors for 2019. The CHF 0.5 million valuation was based on a share price of CHF 861 each. Personnel expenses contain deferred expenses for the reporting year amounting to CHF 0.4 million (2019: CHF 0.4 million) for the share-based component of compensation.

#### Events after the balance sheet date

There were no events after the balance sheet date which would necessitate adjustments to the book value of the company's assets or liabilities, or which require additional disclosure.

## Proposed appropriation of available earnings – Conzzeta AG

CHF	2020
The Board of Directors proposes to the Annual General Meeting on April 21, 2021, that the total sum available for appropriation, consisting of:	
Net income	116,700,222
Retained earnings carried forward from previous year	42,371,045
<b>Retained earnings</b>	<b>159,071,267</b>
Treasury shares (held directly)	2,101,424
<b>Total sum available for appropriation</b>	<b>156,969,843</b>
be appropriated as follows:	
Dividend of CHF 60.00 per class A registered share	109,620,000
Dividend of CHF 12.00 per class B registered share	14,580,000
<b>Total dividend</b>	<b>124,200,000</b>
Retained earnings to be carried forward	34,871,267

If this proposal is approved, the dividend distribution for the 2020 reporting year will be:

CHF	Gross dividend	35% withholding tax	Net dividend
Per class A registered share	60.00	21.00	39.00
Per class B registered share	12.00	4.20	7.80

The dividend will be paid out with the value date of Tuesday, April 27, 2021.

# Statutory Auditor's Report to the General Meeting of Conzzeta AG, Zurich

## Report on the Audit of the Financial Statements

### Opinion

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

In our opinion the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Responsibility of the Board of Directors for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism 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 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 entity'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 entity 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG AG



**François Rouiller**  
Licensed Audit Expert  
Auditor in Charge



**Reto Kaufmann**  
Licensed Audit Expert

Zurich, 12 March 2021

## Five-year summary

		2020	2019	2018	2017	2016
<b>Segment Sheet Metal Processing</b>						
Net revenue	CHF m	801.4	936.0	1,013.2	856.1	650.9
Operating result (EBIT)	CHF m	52.3	121.1	132.5	98.0	63.0
Net operating assets	CHF m	240.1	248.3	204.0	173.0	159.0
<b>Segment Chemical Specialties</b>						
Net revenue	CHF m	264.0	346.6	382.9	279.2	219.7
Operating result (EBIT)	CHF m	62.2	14.2	5.8	24.8	23.1
Net operating assets	CHF m	140.9	156.4	167.0	186.9	112.7
<b>Segment Outdoor</b>						
Net revenue	CHF m	218.4	268.4	253.4	228.6	232.9
Operating result (EBIT)	CHF m	-24.5	7.5	5.2	0.1	1.2
Net operating assets	CHF m	128.9	149.6	126.7	116.5	108.1
<b>Segment Glass Processing</b>						
Net revenue	CHF m		22.4	133.3	119.3	106.9
Operating result (EBIT)	CHF m		31.1	7.6	6.3	1.0
Net operating assets	CHF m			21.9	23.1	19.3
<b>Consolidated income statement</b>						
Net revenue	CHF m	1,283.5	1,573.2	1,782.2	1,482.8	1,210.0
Operating result (EBIT)	CHF m	79.7	167.2	146.8	123.2	84.4
Group result	CHF m	66.9	136.8	114.8	97.4	63.9
<b>Consolidated balance sheet</b>						
Current assets	CHF m	813.5	889.1	1,009.0	993.6	977.2
Non-current assets	CHF m	337.2	377.0	357.2	329.7	278.2
Short-term liabilities	CHF m	313.8	329.8	379.7	366.7	269.3
Long-term liabilities	CHF m	40.8	56.1	59.6	53.7	44.6
Shareholders' equity	CHF m	796.1	880.1	926.9	902.9	941.5
Total assets	CHF m	1,150.6	1,266.0	1,366.2	1,323.3	1,255.4
Shareholders' equity as % of total assets	%	69.2	69.5	67.8	68.2	75.0
<b>Net operating assets/employees</b>						
Net operating assets	CHF m	507.8	550.7	520.1	490.7	401.6
Employees 12/31	Number	4,891	5,026	5,259	4,717	4,098
Ø employees in full-time positions	Number	4,711	5,086	5,091	4,328	3,814
Net revenue per full-time position	CHF thousand	272.5	309.3	350.1	342.6	317.2
Personnel expenses per full-time position	CHF thousand	72.3	74.5	79.4	78.4	79.7
<b>Share information</b>						
Share capital	CHF m	4.1	4.1	4.1	4.1	4.1
Number of shares issued at 12/31						
Class A registered shares	Number	1,827,000	1,827,000	1,827,000	1,827,000	1,827,000
Class B registered shares	Number	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000
Market prices of class A registered share						
High	CHF	1,176.00	1,174.00	1,320.00	1,067.00	747.00
Low	CHF	716.00	714.00	731.00	721.00	570.00

Year-end		CHF	1,088.00	1,156.00	769.00	1,016.00	720.00
Total dividend		CHF m	124.2	149.0 <sup>1</sup>	39.3	33.1	22.8
<b>Key indicators per share</b>							
Earnings	per class A registered share	CHF	31.46	60.85	46.76	40.47	29.10
	per class B registered share	CHF	6.29	12.17	9.35	8.09	5.82
Cash flow from operating activities	per class A registered share	CHF	38.07	48.43	69.65	45.52	46.37
	per class B registered share	CHF	7.61	9.69	13.93	9.10	9.27
Shareholders' equity	per class A registered share	CHF	384.28	423.37	436.71	428.00	451.70
	per class B registered share	CHF	76.86	84.67	87.34	85.60	90.34
Gross dividend	per class A registered share	CHF	60.00 <sup>2</sup>	72.00 <sup>3</sup>	18.00	16.00	11.00
	per class B registered share	CHF	12.00 <sup>2</sup>	14.40 <sup>4</sup>	3.60	3.20	2.20

<sup>1</sup> Including special distribution of CHF 49.7 million and special dividend of CHF 62.1 million.

<sup>2</sup> As proposed by the Board of Directors.

<sup>3</sup> Including special distribution of CHF 24.00 and special dividend of CHF 30.00.

<sup>4</sup> Including special distribution of CHF 4.80 and special dividend of CHF 6.00.

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