



Bystronic 2022 Annual Report

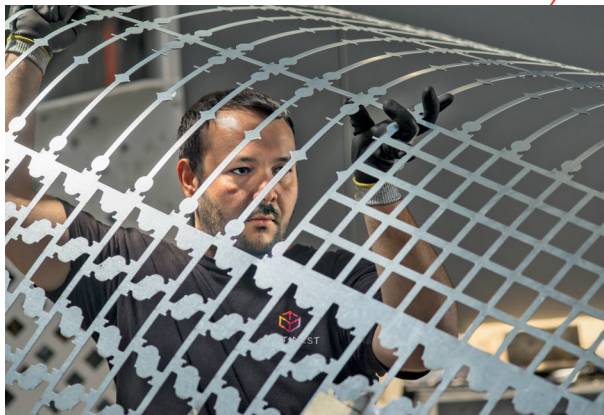


Table of Contents

Overview

- 3 Editorial
- 5 Performance indicators and key figures

6 Strategy and Sustainability

Proof Points of Execution

- 9 Our Markets
- 13 Innovation and Technology
- 16 Digitalization
- 20 Sustainability

Business Review

- 23 Group
- 26 Regions
- 28 Discontinued operations

Corporate Governance

- 30 Report of the Human Resources Committee and Audit Committee
- 33 Corporate Governance Report
- 50 Compensation Report

Financial Report

- 75 Consolidated Financial Statements
- 108 Financial Statements of Bystronic AG
- 118 Five-Year Summary

120 Publication Details



Continued growth and successful expansion of the portfolio

The trends towards an increased level of automation, digitalization, and sustainable business processes shaped the sheet metal processing market in the 2022 financial year, enabling Bystronic to leverage growth opportunities in the three segments of systems, software, and service. The Group achieved robust order intake and solid sales growth. However, supply chain delays, higher procurement costs, and the targeted expansion of growth areas had a temporary negative impact on profitability. Thanks to our solid market position, we are confident that we can continue to grow and achieve the ambitious goals of our strategy over the medium term.

Demand at a robust level

Our customers operate in a wide range of industries. This is due to the versatility of sheet metal, which makes it suitable for a virtually unlimited array of applications. Thanks to the diversity of the markets serviced by our customers, our cyclical risks are highly diversified. This diversification was crucial to our success in the 2022 financial year and makes our business model resilient. In spite of the subdued momentum in certain sectors, we achieved robust order intake, notwithstanding a noticeable slowdown in demand in the second half-year.

In total, order intake amounted to CHF 1,009.5 million. The APAC (Asia-Pacific) region once again developed very positively, posting double-digit growth, while the EMEA (Europe, Middle East, and Africa), the Americas, and China regions experienced a decline.

Solid growth with lower profitability

Bystronic generated sales growth of 8.1% to CHF 1,015.9 million. Considering the market environment, this can be seen as a solid performance. The operating result (EBIT) stood at CHF 48.1 million (EBIT margin: 4.7%).

Profitability was impacted by three effects: Firstly, revenue recognition was delayed owing to a lack of components as a result of supply bottlenecks. Secondly, we again expanded strategic growth areas. Thirdly, problems in the supply chain and inflation resulted in higher procurement and shipping costs.

Focus on strategic growth areas and sustainability

The trends toward increased automation and digitalization continued to gain momentum in the 2022 financial year. As a supplier of end-to-end solutions, we support our customers not only with machines and automation systems, but also with software and maintenance services. We made healthy progress in all three strategic growth areas—systems, software, and service.

In the systems business, we strengthened our market-leading position with additional product innovations. We were successful in selling our 20-kilowatt laser cutting system, and towards the end of the year we introduced our innovation, a 30-kilowatt laser cutter. In the software business, we launched the groundbreaking “BySoft Suite” solution. This modular software family supports our customers in digitalizing their business processes. Furthermore, in the service business, we invested in the build-up of additional capacities. We are very pleased to have once again achieved double-digit sales growth in this area.

Another milestone was the publication of our very first Sustainability Report in accordance with GRI standards. We thus underlined our determination to make both our own business activities and those of our customers more sustainable. In order to achieve this, we established a dedicated Sustainability Council, embedded the ESG target achievement in the remuneration of the Group management, and published data such as our carbon footprint and energy consumption.

Dividend

Bystronic looks to the future with confidence. In view of the solid liquidity, the Board of Directors proposes to the Annual General Meeting of Shareholders that slightly more than two-thirds of the net result be distributed to the shareholders for the financial year 2022. The total dividend thus amounts to CHF 24.8 million or CHF 12.00 per class A registered share and CHF 2.40 per class B registered share. Even after this distribution, Bystronic continues to enjoy a strong balance sheet and high liquidity. The company is thus in a strong position to pursue further organic and acquisitive growth.

Outlook and medium-term targets

Bystronic’s very strong position in an attractive, growing market promises market share gains and profitable growth. In the mid-term, subject to the recovery of the economy, we continue to aim for annual organic sales growth in excess of 5%, an EBIT margin in excess of 12%, and a RONO of more than 25%.

Thanks to the high order backlog, the highly diversified customer base, and the encouraging growth of the service business, we look to 2023 with confidence. We expect a higher operating result with slightly lower sales.

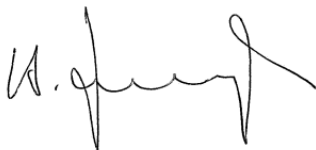
Outstanding team spirit

During the reporting year, we made further progress in our strategic growth areas. We owe this success to the commitment and team spirit of our employees. We would like to take this opportunity to thank them for their outstanding performance. For example, the exceptional commitment of our procurement and supply chain management teams enabled us to keep the lead times for our customers as short as possible. We would also like to thank all our business partners and our shareholders for their great support and their trust.

Changes in the Board of Directors

After 46 years on the Board of Directors – 30 of which as its Chairman – Jacob Schmidheiny is stepping down on account of his age with effect from the 2023 Annual General Meeting. The Board of Directors extends its appreciation and gratitude to Jacob Schmidheiny for his many years of farsighted service and outstanding collaboration and sincerely wishes him all the best for the future. The Board of Directors proposes Felix Schmidheiny and Eva Zauke for election as new members of the Board of Directors to the ordinary Annual General Meeting in April 2023.

Zurich, March 2, 2023



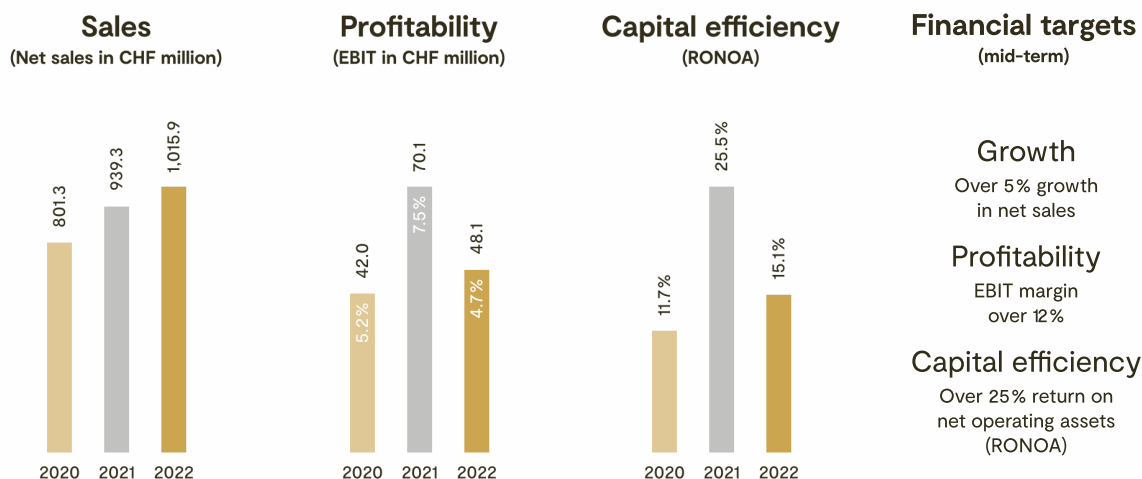
Dr. Heinz O. Baumgartner
Chairman of the Board
of Directors



Alex Waser
CEO

Performance indicators and key figures

Performance indicators



Key figures

CHF million	2022	2021
Order intake	1,009.5	1,175.5
Increase compared to prior year	-14.1%	51.2%
Increase compared to prior year at constant exchange rates	-10.2%	51.3%
Backlog	413.0	435.2
Net sales	1,015.9	939.3
Increase compared to prior year	8.1%	17.2%
Increase compared to prior year at constant exchange rates	13.0%	16.6%
EBITDA	69.9	88.5
in % of net sales	6.9%	9.4%
Operating result (EBIT)	48.1	70.1
in % of net sales	4.7%	7.5%
Net result	36.6	56.8
in % of net sales	3.6%	6.0%
Operating free cash flow	-40.6	64.8
CAPEX	23.4	28.8
Net operating assets (NOA)	288.0	218.9
Return on net operating assets (RONOA)	15.1%	25.5%
Equity attributable to shareholders of Bystronic AG	724.2	815.2
in % of total assets	63.4%	66.0%
Earnings per registered share A, in CHF	17.69	27.08
Number of employees as of reporting date	3,609	3,543
Dividend for class A registered shares, in CHF	12.00	60.00
Dividend for class B registered shares, in CHF	2.40	12.00



Focus on sustainable growth

Strengthening resilience in challenging market conditions

Bystronic offers energy-efficient solutions for the sheet metal processing of tomorrow. Our strategy is designed to further advance our market position and make Bystronic more resilient in volatile times. We have strengthened our position in our individual regions by further developing local supply chains and customized product solutions and significantly enhancing our service capabilities. Last year saw the launch of the BySoft Suite, a comprehensive software solution for the sheet metal industry that enables our customers to digitalize their business – from the incoming order right through to the shipping of the finished product. In October 2022, following successful trials resulting in very satisfied test customers, Bystronic launched the software at EuroBLECH, the leading trade fair for the sheet metal industry, in Hanover (Germany). Automating the entire workflow is a critical factor that allows our customers to increase their efficiency and productivity. Automation enables reshoring efforts while ensuring competitiveness. A strong focus of our R&D has been on advancing cleantech solutions by boosting the energy and resource efficiency of our systems and solutions and the entire customer workflow.

Sheet metal is a material of the future

From agriculture and construction to automotive and food, virtually every sector relies on sheet metal. The material is tried and tested and offers numerous advantages: metals such as steel or aluminum are robust, easy to handle, durable, and recyclable. Sheet metal will undoubtedly remain one of the key building blocks of future industry. New coal- and fossil-free processes will make steel production much more sustainable and substantially reduce its carbon footprint. At Bystronic, we are already testing hydrogen-produced steel, for which we now include the necessary parameters in our cutting systems. This means that once sustainable steel enters the broader market, our customers are one step closer to net-zero production.

Our strategy: growth across systems, service, and software

We have defined ambitious mid-term targets: We aim to achieve annual organic sales growth of more than 5%, industry-leading profitability with an EBIT margin in excess of 12%, and a return on net operating assets (RONOA) above 25%.

We rely on **our innovative portfolio** as one of the main drivers of our future growth. 35 years after its founding, Bystronic's innovative drive remains steadfast. Today, we generate almost half of our sales with products that have been on the market for less than three years. We consistently place our customers' needs at the center of our innovation process.

In addition, we will achieve these targets by increasing our focus on **regionalization**. We are committed to being as close as possible to our customers everywhere around the globe in order to provide them with local support. Within our strategy framework, we are further strengthening our position in the regional markets to respond even more effectively to the requirements of the individual regions.

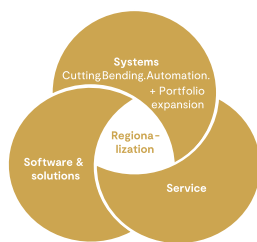
Furthermore, we are investing in the **service business** and expanding our teams in this field. In 2022, it generated sales of CHF 227 million and will grow overproportionally by 2025. One way to achieve this is our modular and globally standardized service program, that will significantly increase our customers' productivity. Since the program's launch in early 2021, we have been selling more than 90% of our new machines in the premium and mid-range segments in combination with a service contract.

We are a market leader for **automation** and can thus help our customers stay one step ahead in an increasingly fierce competitive environment of more competitors, smaller batch sizes, shorter lead times, and faster production – all while delivering the highest quality.

Digitalization and **software** will be a game changer for the sheet metal industry. This is why Bystronic acquired the Spanish software specialist Kurago in 2021. In January 2022, our Chief Digital Officer Alberto Martinez was appointed to the Executive Committee, further strengthening our focus on software solutions and digitalization.

Mid-term targets

Mid-term targets



> **5%** annual organic sales growth

> **12%** EBIT margin

> **25%** RONOA

Systems

As an innovation leader, Bystronic creates added value for its customers by continuously innovating its product portfolio for all market segments and regions.

Software & solutions

As a market leader, Bystronic offers software solutions for automated and digitalized manufacturing processes, thus boosting its customers' productivity.

Service

Bystronic offers its customers a global, standardized, and modular service program to ensure highest productivity and longevity of the machines.

Focus on sustainability

Sustainability is an integral part of our strategy at Bystronic. With our legacy in innovation, we are passionate about creating an impact for a sustainable future with sheet metal and beyond. We are committed to advancing the sustainability and future viability of sheet metal as a material, and we encourage our customers and the industry as a whole to advocate for change. Bystronic actively drives change throughout its entire value chain, focusing on where we can achieve the greatest impact for our company, our customers, and the environment. We view sustainability as a collaborative effort to advance our industry towards zero carbon emissions in order to fulfill the commitments made under the Paris Agreement, but also to achieve a positive impact on society at large. Our collaboration with innovative startups helps us accelerate sustainable technologies, and we are confident that these partnerships will bring us closer to achieving our sustainability goals. Our sustainability strategy and material topics were developed in close alignment with the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI).

For our customers, we are accelerating our efforts to improve the energy and resource efficiency of our systems and solutions. We are also boosting the circularity of our own production by using less energy-intensive materials and engineering solutions that offer even longer service lives and require less energy to operate.

Our employees around the globe are at the heart of our sustainability efforts. Striving for sustainability is not just a strategy but an intrinsic motivation that each of us must embrace. At Bystronic, we are proud of the many initiatives our employees are putting forward and implementing to improve sustainability for us, for our customers, and for our entire industry.

Based on our material topics, we identified three important pillars upon which we are building our strategy:

Empowered people

- Talent development (SDG 4: Quality education)
- Diversity (SDG 5: Gender equality)
- Workplace (SDG 3: Good health and wellbeing; SDG 8: Decent work and economic growth)

Sustainable solutions

- Decarbonization (SDG 9: Industry, innovation, and infrastructure; SDG 13: Climate action)
- Resource efficiency and circular economy (SDG 12: Responsible consumption and production)

Responsive business

- Supply chain (SDG 12: Responsible consumption and production; SDG 13: Climate action)
- Partnerships (SDG 17: Partnerships for the goals)
- Sustainable services (SDG 13: Climate action; SDG 8: Decent work and economic growth)





New Brand Experience Center in Korea

On June 9, Bystronic Korea officially inaugurated the new Brand Experience Center with a total footprint of over 3,000 square meters. The new center enables us to offer our customers throughout the entire APAC region an even better level of service.



Brand Experience Center for the APAC region in Songdo-dong (South Korea)

Close to our customers

Demand in South Korea has been developing positively over the last few years. Consequently, establishing a new Brand Experience Center in this region was high on our list of priorities as a means of moving closer to local customers and more effectively tapping into the market’s considerable potential.

The new site is located in a key strategic region for Bystronic: Bystronic Korea’s Brand Experience Center was built in Songdo-dong, an industrial area also known as the Incheon Free Economic Zone (IFEZ). It is situated some 50 kilometers southwest of the South Korean capital Seoul.

The economic output of the IFEZ makes up some 65% of South Korea’s GDP, and many of our customers are located in this region. The new premises are a mere 30 kilometers from Incheon International Airport, making our Brand Experience Center easily accessible to customers from other regions of Asia.

Modern building with state-of-the-art showroom

With the new building, we now have a universal service center for the APAC region. This means that our customers there now have direct access to our services. On an area of 3,360 square meters – three times what we had previously – a building with a striking glass façade has been created. It provides a new base for approximately 70 people who work for Bystronic Korea.

In the Brand Experience Center, visitors can experience the latest manufacturing systems, software applications, and services related to all aspects of metal processing. This includes live demonstrations, software and hardware training, and comprehensive consulting and support services. In addition, the site also offers the necessary space for sales and service. Our customers' interest in the new Brand Experience Center has been strong, and feedback from the initial visitors has been overwhelmingly positive.

Innovations in the spotlight: the trade shows are back

Last year, two of our industry's most important trade shows were finally held again in their proper format: At EuroBLECH in Hanover (Germany) and at FABTECH in Atlanta (USA) we presented our innovations to our customers.



EuroBLECH 2022 in Hanover, from left to right: Davide Rebessi (Product Manager Tube Laser, Italy), Florian Zogu (Service Technician, Germany), and Donatas Kuznecovas (Sales Manager, Lithuania)

EuroBLECH 2022 in Hanover

Our participation in EuroBLECH in late October was marked by innovation and emotion. Four exhibition days, thousands of visitors and leads, excited and satisfied faces everywhere – following a four-year hiatus, EuroBLECH proved a resounding success.

Customer interest in laser cutting systems, press brakes, automation, software, services, and solutions was largely on a par with the pre-pandemic level. Bystronic staff from all around the globe were thrilled to finally be able to welcome existing and potential customers at EuroBLECH again.

More than 3,800 visitors braved a ride in our immersive “Flying Theater”. In contrast to a typical movie theater, this experience gives you the feeling of being right in the middle of all the action. Here, the audience witnessed an impressive demonstration of the way sheet metal epitomizes a material of the future, not least thanks to its potential to become a truly sustainable building block of industry. The palpable passion of so many of the visitors for sheet metal processing illustrated that our industry can look to the future with a great deal of optimism.

FABTECH 2022 in Atlanta

FABTECH in Atlanta (USA) in early November was also a resounding success. Following the 2021 edition, which was hampered by COVID restrictions, North America's most important industry trade show was once again staged in its accustomed setting.

We showcased a wide range of products to the US audience: In the cutting segment, we exhibited the 20-kilowatt ByStar Fiber and the 12-kilowatt BySmart Fiber – both in conjunction with our ByTrans Extended loading and unloading solution – as well as the 4-kilowatt ByTube Star 130.

From our bending portfolio, we presented the ByBend Smart 160 for the very first time, showcased our flagship Xpert Pro 150, and in the field of bending automation, we featured the crowd favorite Xpert 40 in combination with a Mobile Bending Cell.



FABTECH 2022 in Atlanta with Nikola Panic (Global Second Level Support Tube, USA).

Competence Center Automation in Shanghai

The opening of our Competence Center Automation (CCA) in Shanghai (China) has enabled us to provide even faster and more effective service to our customers in China and the neighboring regions in Asia.



The new Competence Center Automation in Shanghai (China) for automation solutions.

The new CCA offers automation and integration solutions for laser cutting and bending, primarily for our customers in China and other Asian countries. For customers in the Far East, this means that they can gain a more close-up impression of our automation solutions and now also have the option of purchasing more cost-effective systems.

For Bystronic, the new location speeds up the development cycle for automation products. Also, it eliminates the need for long shipping routes, and the successful integration of DNE has expanded our product range.

Expansion of the Competence Center Bending in Germany

Development and production now go hand in hand in Gotha (Germany): With the construction of the annex for the new ramp-up hall, we intend to combine the two in the best possible way.



Groundbreaking ceremony for the new ramp-up hall in Gotha with Frank Nosek (Head of Development, Germany), Christoph Rüttimann (CTO), and Daniel Burek (Managing Director, Bystronic Maschinenbau GmbH).

Ready to handle higher demand

In order to reduce complexity in the development and production of our bending machines, we are now using modular building blocks, which allow us to design according to customer specifications. This means we can provide our customers with optimal support and make their production more cost-effective and energy-efficient.

The growing demand for bending machines with automation solutions and modular bending cells is very encouraging. However, this also presents us with new challenges when it comes to utilizing the available space. With the new ramp-up hall, we will be able to more closely integrate development and production – from the creation of initial prototypes right through to series production.

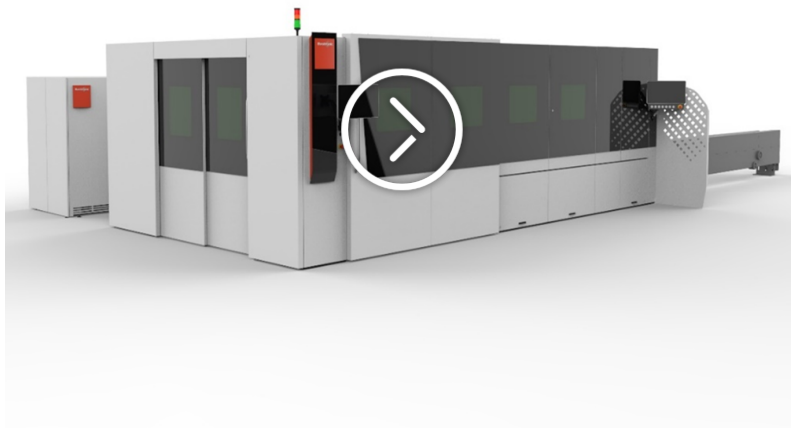


ByCut Star: the new star among cutting machines – with a modular core

One platform for different machines: We have developed a machine concept that allows us to derive the two formats 3015 and 4020 in both gold and silver configurations to service the premium and mid-range segment.

We are simplifying the concept of our production creation process from development, procurement, and production, right through to training and maintenance of the machines. This is enabling us to reduce costs and enhance the reliability of our systems.

The ByCut Star 4020 is the first machine developed based on this new machine concept. We unveiled this laser cutter to our customers at EuroBLECH, and production will commence in the spring of 2023.



The ByCut Star 4020 is the first machine to be created using the OnePlatform.

Market demands high laser power

The advantage of the modular platform lies in the fact that it provides a standardized basic concept and allows us to significantly accelerate the development of specific features for each additional segment and format. For example, compared with the ByCut Star 4020, we only needed half the time to create the complete production documentation for the ByCut Smart 3015, because we can derive the 3015 format directly from the 4020.

Thanks to the large number of identical parts in the various machine versions, we greatly reduce the work involved in subsequent product updates. Simultaneously, the fact that parts are identical increases the quantities purchased, which in turn has a positive effect on procurement costs. This enables us to more effectively meet the market demand for high laser performance while ensuring low production costs.

Sustainable engineering at the core of our research and development

“Sustainable Engineering” is one of the four initiatives of our sustainability strategy. The objective: To develop products that have a long service life and we help our customers to produce in a more resource- and energy-efficient manner.

Our solution is the circular economy

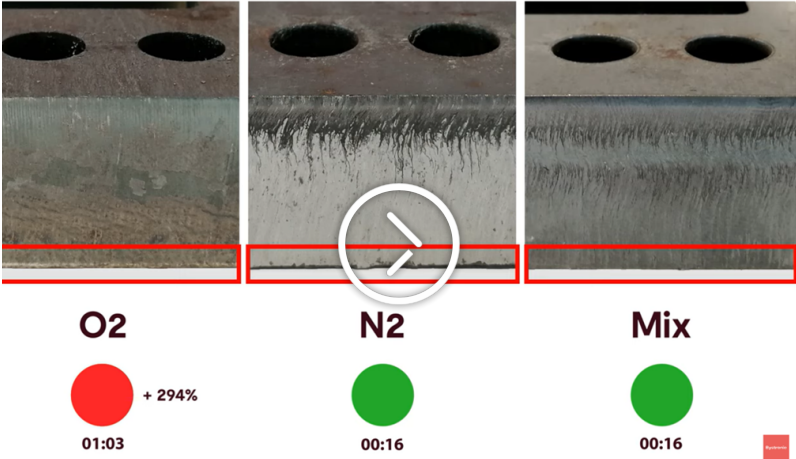
The demand for resources is constantly growing, while fossil raw materials are becoming increasingly scarce. We are convinced that the problem of resource scarcity can only be solved if we manage to make our economy circular. In Europe, the sharp rise in energy prices is also posing new challenges for both us and our customers, and increasingly putting energy efficiency high on the agenda.

Although many customers do not yet attach the level of importance to sustainability that can be found in other industries, we are experiencing growing interest in solutions that save energy and costs. Solutions that reduce scrap and waste are also in high demand, since minimizing the consumption of sheet metal naturally also has a positive impact on procurement costs.

Resource and energy efficiency are therefore key topics for us and our customers. With the “Sustainable Engineering” initiative, we have integrated these sustainability topics into our research and development. This enables us to optimize the life cycle of our products and use resources more efficiently. At the same time, our customers also benefit from enhanced resource and energy efficiency.

We are recognized as an innovation leader in our industry – also in terms of sustainability. Our priorities are:

- Making our machines modular
- Optimizing productivity as well as material and energy consumption
- Investing in cleantech solutions and developing sustainable services for our customers



Smart features offer our customers simple ways to reduce energy consumption and waste. As example with MixGas - a mixture of nitrogen and oxygen - we combine the advantages of the respective cutting processes.



BySoft Suite: award-winning software brings all the processes together

Bystronic enables sheet metal processing companies to digitalize their processes: The new BySoft Suite allows our customers to interlink all their systems.



Alberto Martinez, Chief Digital Officer (CDO), accepts the EuroBLECH Award 2022 in the Automation and Handling category for the BySoft Suite.

As a first of its kind in the world, our BySoft Suite convinced the expert panel at our industry's leading trade fair in Europe: At EuroBLECH, the software took first place in the "Automation and handling" category.

In order to systematically implement digitalization, sheet metal processing companies require software that acts as an interface to the systems they already have. Our BySoft Suite makes precisely this possible. It can be used to integrate systems from third-party suppliers: The software is capable of interacting with business management systems as well as with machines from other manufacturers.

This means that the BySoft Suite offers our customers genuine added value:

- Our customers boost their efficiency by completely digitalizing their business.
- They benefit from interoperability as a result of the networking of all their systems.
- They improve their overview and streamline their workflows.



Our individually customized solutions include laser cutting, bending, automation, stock management, and manufacturing software, all of which are combined to create a smart factory.

Six product families cover the processes

The BySoft Suite expands the popular BySoft software products that many of our customers already rely on.

The software suite consists of the six software product families Insight, Business, Shop Floor, CAD, CAM, and Cell Control. The comprehensive solution enables our customers to digitally monitor, manage, and analyze data throughout every phase of the business process – from the quotation all the way through to the shipping of the finished product.

The BySoft Suite gives customers greater control over their business. It allows them to manage their activities using a single platform. In addition, instant access to comprehensive information about all operations within their company allows them to accelerate their business. This allows our customers to more rapidly adapt to the ever-changing market environment and make business decisions based on extensive and centralized data.

One step closer to sustainability

Thanks to the BySoft Suite, our customers have the opportunity to digitalize their business and build a smart factory in which they have full control over all operations – regardless of their size or current level of digitalization. The technology offers a hybrid solution: It combines cloud and on-premises software, making it affordable even for small and medium-sized enterprises.

Here, digitalization and sustainability go hand in hand. Because the BySoft Suite helps our customers to achieve their sustainability goals. BySoft enables them to improve their energy and resource efficiency, resulting in reduced production waste, lower energy consumption, and more efficient material utilization.

Smart factory: our vision for the networked shop floor

The digital transformation of our industry is in full swing. The vision is called smart factory – the completely networked shop floor. Intelligent software enables our customers to digitalize their processes and consolidate them in a single system.



Watch our video to gain an impression of this vision.

Our smart factory system showcases how we envision the future of sheet metal processing: The data and material flow is completely networked and the processes are seamlessly connected – from the warehouse to production, right through to sorting. Everything comes together in an intelligent software system that controls production from a central location.

A vision becomes a reality: flagship project in the Netherlands

The future of sheet metal processing begins in Hapert near Eindhoven (Netherlands). There, VD Leegte Metaal is building a smart factory together with Bystronic: 99.5% waste-free cut parts, integrating machines from different manufacturers into the production environment, and the vision of Industry 4.0.

The smart factory solution for VD Leegte Metaal takes sheet metal processing to the next level. The two-year project represents a milestone in fully automated manufacturing. The main challenge for this flagship project is the software for the seamless integration of all components. The key factor for the success of the project was that we were able to offer a hands-on solution for all of VD Leegte Metaal's specific requirements.



The sheet metal warehouse: the intelligent heart of the factory

The sheet metal warehouse consists of 37 towers with a total of 1,395 storage positions. These are accessed by two elevators. Each tower is 9.5 meters high. On the left side, the warehouse is equipped with four input-output stations. These can handle up to 24 metric tons of material per hour. On the right is the unloading station for the removal of cut parts, which can be removed using automated guided vehicles (AGVs). The material flow between the warehouse and the shop floor is self-organizing. The laser cutting machines request the raw material directly from the warehouse and return the cut parts as required. This applies both to Bystronic laser cutters and to third-party machines integrated into the solution.

The software: the brain of the smart factory

Bystronic's Shop Floor Control Server makes it possible to manage the entire process flow from the file to the finished part, including intralogistics solutions. The programming of the bending cell is handled by two BySoft 7 Bending and Robot Manager controls. All software modules such as BySoft 7 Cutting, Plant Manager Cutting (PMC), BySoft 7 Bending, and Robot Manager are integrated in the latest system solutions.

Cybersecurity partnership with NanoLock

Bystronic has established a partnership with NanoLock. The reputable supplier of cybersecurity solutions is supporting us in protecting our systems against cyberattacks.

The increasing digitalization of our industry also creates new demands in terms of security. As smart factory solutions evolve, machines and systems are increasingly being connected to the cloud, to software systems and robots, automation solutions, and other machines. Cybersecurity is thus becoming a challenge, because this connectivity also opens up new vulnerabilities for cyberattacks.

Our new partnership in the field of cybersecurity assures the operational integrity of our machines. The solution, developed together with NanoLock, prevents unauthorized changes to critical content without compromising performance or functionality. The solution protects against cyberattacks both from external sources and from trusted ones, as cybersecurity incidents are often the result of employee carelessness and human error. In addition, we are also planning to provide online monitoring and analytics services.



Sheet metal: a material with a bright future

We only have one planet. And we only have one opportunity to get it right. This is why we are committed to advancing sustainability within our own company, for our customers, and for our entire industry.



Our corporate strategy entails striving for sustainable value creation that brings ecology and economy into alignment. This way we can make a significant contribution towards a brighter future and ensure that there will continue to be demand for sheet metal as a material in the decades to come.

In 2022, we published our first [Sustainability Report](#).

The sun: employee of the year

At our headquarters in Niederönz (Switzerland) we have opted for renewable energy: The new photovoltaic system on the roof of Production Hall 1 supplies Bystronic with energy for the manufacturing of laser cutting machines and the charging of electric vehicles.



Solar electricity to power production and electric vehicles

Together with Helion, a sustainable energy specialist from Solothurn (Switzerland) we have installed a photovoltaic (PV) system on Production Hall 1 so that we can generate our own green power. The system enables us to produce more than half a million kilowatt hours of electricity a year – enough to cover more than 10% of our consumption in Niederönz.

The solar panels power both our laser machine production and our fleet of electric vehicles. In addition, they are connected to 15 charging stations for private e-vehicles and to power outlets for the e-bikes of our staff.

Circular economy: an opportunity for the sheet metal industry

The circular economy holds enormous potential for a wide range of industries. What are the prospects for the sheet metal processing industry? And how can Bystronic help its customers to become more sustainable? We talked about this at the first Backstage Lab.



Bystronic is committed to pioneering sustainable development in the sheet metal industry. One of the main things we can contribute to achieve this is our innovation expertise. That is why we launched the Backstage Lab series of events to address the topic in collaboration with our customers and partners.

The very first Backstage Lab was all about jointly launching the topic. Find more information about the circular economy and the Backstage Lab here: [Whitepaper](#) and [Video](#).

Closing the cycle requires teamwork

We cannot implement the circular economy all by ourselves. The Backstage Lab illustrated how important it is to work together throughout the value chain. Collaboration is key.

The Backstage Lab also revealed possible first steps on the road to a green future. Johannes Brennig, who is in charge of product ecology and certification at our customer König + Neurath in Germany, says:

“The circular economy is becoming increasingly important for our customers. They have recognized that the circular economy is the answer to the ecological issues of our time. Our product design is guided by the environmental standards that are already in place. We integrate them into our day-to-day work and also obtain our certifications in accordance with them.”



Group Business Review

On a growth trajectory in a challenging market environment

Bystronic achieved solid sales growth in the 2022 financial year. In spite of the challenging environment, further progress was achieved in the strategic growth areas. These comprise the expansion of the product portfolio with innovations, the launch of the pioneering BySoft Suite software family, and the further expansion of the service portfolio. In addition, Bystronic published its first Sustainability Report in accordance with GRI standards, thus underscoring its strong commitment to sustainability throughout all its business processes.

Order intake and sales development

In the 2022 financial year, order intake decreased by 14.1% (-10.2% at constant exchange rates) to CHF 1,009.5 million. On the one hand, the Group benefited significantly from pandemic-related catch-up effects in the previous year. On the other, the customers adopted an increasingly cautious approach during the course of the reporting year as a result of economic uncertainties. Order intake declined in the EMEA (Europe, Middle East & Africa), Americas, and China regions. In the APAC (Asia-Pacific) region, by contrast, order intake again increased, driven in particular by attractive solutions in the mid-range/silver segment.

The high order backlog enabled Bystronic to increase sales by 8.1% (13.0% at constant exchange rates) to CHF 1,015.9 million in 2022. The three regions EMEA, Americas, and APAC all performed well and contributed toward this growth. In China, business slowed as a result of the ongoing COVID restrictions and economic uncertainties.

Due to a lack of components caused by supply bottlenecks, it was not possible to realize the full sales potential, in particular during the first half-year. In spite of a significant improvement in the availability of components in the second half of the year, the final installation of a number of systems at customer sites remains outstanding. This means that these sales can only be recognized with a delay. By the end of the year, the effect still amounts to about CHF 50 million.

Operating result and profitability

The operating result (EBIT) amounted to CHF 48.1 million. The EBIT margin stood at 4.7% compared to 7.5% in the previous year. The reduced profitability is attributable chiefly to three effects: Firstly, Bystronic achieved lower sales growth than anticipated due to supply bottlenecks for components. Secondly, in pursuit of its growth strategy, the Group expanded its service business and increased its production capacities. Thirdly, Bystronic incurred significantly higher costs relating to procurement, transport, and sales as a result of inflation. In order to counteract these effects, the Group explored the utilization and development of alternative components to ensure higher availability and faster delivery of systems to customers. In addition, Bystronic repeatedly implemented price increases for new orders.

Net result, cash flow, and dividend

The net result stood at CHF 36.6 million (2021: CHF 56.8 million). The earnings per class A registered share amounted to CHF 17.69. Advance payments from customers continued to increase, but, were not able to compensate for the inventory build-up. The latter was the result of the targeted build-up of key components on the one hand and the increase in products awaiting installation due to missing components on the other. In total, the operating free cash flow decreased to CHF –40.6 million (2021: CHF 64.8 million). With CHF 341.6 million as of December 31, 2022, cash and cash equivalents and marketable securities remained at a very high level.

The Board of Directors proposes to the Annual General Meeting on April 25, 2023, that a dividend of CHF 12.00 per class A registered share and CHF 2.40 per class B registered share be distributed. In total, CHF 24.8 million will thus be distributed to shareholders. Bystronic looks to the future with confidence. In view of the solid liquidity, the proposal reflects an ordinary distribution of slightly more than two-thirds of the net result.

Following the distribution of the dividend, liquidity will remain at over CHF 310 million with an equity ratio of 63%. This means that the Group is in a good position to continue its organic and acquisitive growth and also has sufficient liquidity to face a challenging market environment. In the future, in line with its dividend policy, Bystronic plans to continue to distribute between one-third and one-half of the net result as dividends each year, taking into account the liquidity situation and the company's future requirements.

Strategy implementation

In line with its strategy, Bystronic successfully expanded all three of its growth areas – systems, software, and service: In the systems business, the Group unveiled new product innovations, including a laser cutting system with an output of 30-kilowatt. This enables us to offer our customers even more efficient processes, particularly for the processing of thick sheet metal. In the software business, Bystronic launched the groundbreaking BySoft Suite solution. This modular software family helps our customers to digitalize their business processes. In the service business, the Group built up additional capacities and increased sales by 10.7% to CHF 227.2 million, thus contributing 22.4% to the Group's sales (previous year: 21.9%).

In addition, Bystronic published its first Sustainability Report in accordance with GRI standards. On the one hand, this creates transparency with regard to the relevant business areas. On the other, it underscores the Group's commitment to make both its own business activities and those of its customers in the sheet metal processing industry more sustainable. For this purpose, Bystronic established, among other things, a Sustainability Committee comprising all the relevant operational functions and anchored the achievement of ESG targets in the compensation of the Executive Committee. In addition, the Group published data on KPIs such as the carbon footprint, energy consumption, employee engagement, and diversity.

Outlook

Bystronic is in a strong position to achieve further growth in an attractive market. On the one hand, the Group can benefit from structural growth drivers: Sheet metal is a highly versatile, recyclable, easy to process, and lightweight material that will remain in demand in the future. On the other hand, Bystronic supplies customers from various industries that have diverse exposures to economic cycles. Bystronic has successfully boosted the proportion of stable, recurring sales from its service business in the recent years. In addition, our Smart Factory solutions increase the productivity of our customers. All of this gives the business model resilience in the face of an economically challenging market environment. Furthermore, Bystronic has a strong balance sheet and high liquidity, which will allow the Group to continue to resolutely implement its strategy.

In the medium term, subject to the recovery of the economy, Bystronic continues to aim for annual organic sales growth in excess of 5%, an EBIT margin of over 12%, and a RONOA of over 25%.

For the 2023 financial year, Bystronic expects order intake in the systems business to drop due to the economic slowdown, but it continues to enjoy a high order backlog in excess of CHF 400 million. The Group will drive its service business forward and systematically implement cost-saving measures in order to offset rising personnel and energy costs. For the 2023 financial year, Bystronic expects a higher operating result with slightly lower sales.

Discontinued operations

In 2021, the Group successfully completed the transformation from Conzzeta to Bystronic. The FoamPartner business unit was divested in March 2021 and the Mammut business unit in June 2021.

Net sales of the discontinued operations amounted to CHF 183.6 million in 2021, to which FoamPartner contributed CHF 76.3 million in the first quarter of 2021 and Mammut CHF 107.3 million in the first half-year of 2021. The operating result (EBIT) of the discontinued operations was CHF –88.8 million. At CHF –80.1 million, the bulk of this is attributable to the loss on sale in connection with FoamPartner resulting from the goodwill recycling as prescribed by the Swiss GAAP FER accounting standards.

Total group

In the 2022 financial year net sales of the entire Group amounted to CHF 1,015.9 million (2021: CHF 1,122.9 million.). The operating result (EBIT) was CHF 48.1 million, while in the previous year, the loss due to the divestment of FoamPartner amounted to CHF –18.7 million. Overall, the Group result was CHF 36.6 million, compared with CHF –27.8 million in the previous year.



EMEA region

The EMEA (Europe, Middle East & Africa) region developed solidly in the 2022 financial year in spite of the challenging market environment. Order intake decreased from CHF 571.1 million in 2021 to CHF 508.8 million in 2022, a decline of 10.9% (-1.8% at constant exchange rates). Although customers adopted a more cautious approach in the second half of the year, the agricultural, construction machinery, transport, and sustainable energy sectors in particular continued to develop dynamically.

With a share of 49%, EMEA is Bystronic's strongest region in terms of sales. On the one hand, sales continued to develop positively thanks to the high order backlog and the solid demand. On the other, supply bottlenecks for key components caused delays in the delivery of larger system solutions. Overall, sales increased by 6.5% (17.5% at constant exchange rates) to CHF 500.1 million. All market segments contributed to this growth.

After four years, the industry's most important exhibition in the EMEA region, EuroBLECH in Hanover (Germany), was held again in October 2022. During the trade show, Bystronic was able to further strengthen its direct and personal contacts with customers, showcase a number of innovations, and successfully position itself as a supplier of end-to-end solutions comprising systems, software, and service.

Americas region

The Americas region saw a drop in order intake of 15.6% (-19.1% at constant exchange rates). However, the previous year was significantly impacted by catch-up effects associated with the pandemic. Order intake totaled CHF 308.7 million, well above pre-pandemic levels.

Sales increased by 34.8% (29.2% at constant exchange rates) to CHF 315.9 million, with the region achieving high growth levels across all applications (cutting, bending, automation) and market segments. This underscores Bystronic's strong market position in the region. The Group's profile in the American growth market has been considerably stepped up over the past few years. Here, the establishment of the US production site in Hoffman Estates (Chicago) represented a major milestone. It allows the Group to now produce laser cutting systems – in particular in the mid-range segment – locally and in closer proximity to customers.

China region

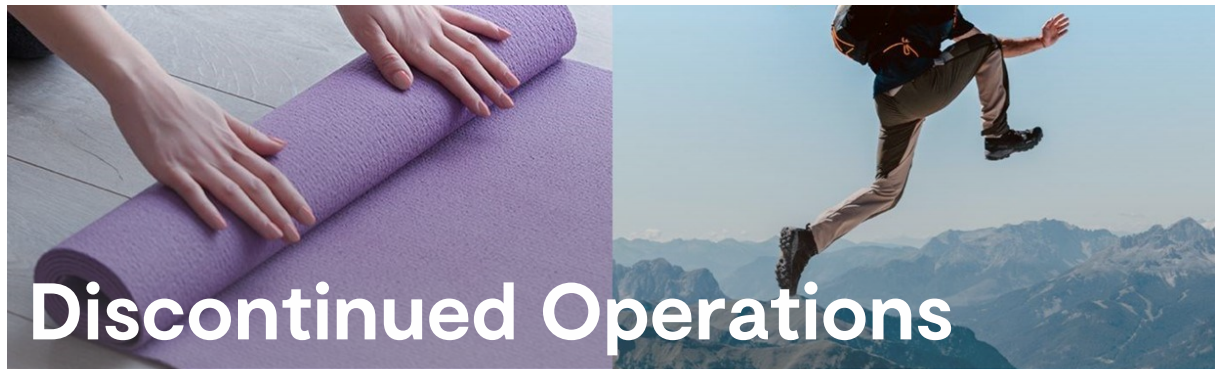
In the China region, the market environment was difficult. The measures to combat COVID and continuing economic uncertainties led to a significant slowdown of the industry. This resulted in a sharp decline in market demand. China domestic order intake decreased by 43.0% (-43.4% at constant exchange rates) to CHF 77.4 million and sales by 40.6% (-41.0% at constant exchange rates) to CHF 83.3 million. While the share of the service business in China remains below the Group average, the region successfully expanded these recurring sales, achieving double-digit growth rates.

In China, in addition to the sales and service organization, Bystronic also operates three production sites: In Shenzhen, the Group manufactures the entry-level product range under the DNE brand. In Tianjin, Bystronic produces laser cutting systems and press brakes for the mid-range/silver segment. From this site, the Group also services the increasing demand from the APAC region, which also ensures consistently high capacity utilization. Since the site in Shanghai was established in late 2021, Bystronic has also initiated the development of automation solutions there. Above all, these serve as a key differentiating factor in relation to local competitors, and lately the Group has successfully driven forward the expansion of its expertise in this field.

APAC region

Order intake for the APAC (Asia-Pacific) region developed favorably and again increased by 11.2% (18.0% at constant exchange rates) to CHF 114.7 million compared with the already strong previous year. All applications developed positively, and the region benefited above all from strong demand in the silver and entry-level segments. The fact that many customers are increasingly relocating production capacities from China to other countries in the APAC region also had a positive impact. Sales grew by 22.5% (30.2% at constant exchange rates) to CHF 116.5 million.

In line with its regionalization strategy, Bystronic is positioning itself even closer to its customers and building up local expertise. In June 2022, for example, the Group opened a new Brand Experience Center in Incheon, near Seoul, offering customers a local opportunity to experience the latest solutions first hand, which will significantly boost customer loyalty in this growth market.



The discontinued operations include the Chemical Specialities (FoamPartner) segment and the Mammut business unit.

FoamPartner was divested at the end of March 2021 and contributed CHF 76.3 million to net sales in the first quarter. Mammut was divested at the end of June 2021 and contributed CHF 107.3 million to net sales in the first half-year.

In total, the contribution to sales from these operations in 2021 was CHF 183.6 million, and the operating result (EBIT) was CHF -88.8 million.

Chemical Specialities

The Chemical Specialities segment, consisting of the Schmid Rhyner and FoamPartner business units, was successfully divested within the framework of the Group's transformation, which was announced in December 2019. Schmid Rhyner was sold to the specialty chemicals group Altana, headquartered in Wesel (Germany), at the end of February 2020 and deconsolidated. FoamPartner was sold to Recticel, a Belgian polyurethane chemicals specialist that is listed on Euronext (REC) and based in Brussels. The transfer of control and the corresponding deconsolidation took effect on March 31, 2021. The enterprise value of this transaction amounted to CHF 270 million. The net cash inflow from the divestment was CHF 230.5 million in 2021 and CHF 19.7 million in 2022.

Since Swiss GAAP FER stipulates that goodwill and currency conversion differences that have been offset against equity must be recorded in the profit or loss at the date of divestment, the transaction resulted in a loss on sale of CHF 80.1 million for the first half of 2021, which is reflected in the income statement under "Other operating expenses".

In the first quarter of 2021, the Chemical Specialities segment generated net sales of CHF 76.3 million.

Mammut

Within the framework of the Group's transformation announced in December 2019, the Mammut business unit was sold to Telemos Capital, headquartered in London (UK), for an enterprise value of CHF 230 million. The handover of control and the corresponding deconsolidation took effect on June 30, 2021. The cash inflow from this transaction amounted to CHF 89.8 million and the loss on sale was CHF 0.3 million. As part of the transaction, the parties agreed on an interest-bearing vendor loan of CHF 60.0 million, which will be repaid by the purchaser by January 2027 at the latest, and together with the accrued interest of CHF 2.5 million it is recorded under the position "Financial assets".

In the first half of 2021, Mammut generated net sales of CHF 107.3 million.

Corporate Governance

- 30 Report of the Human Resources Committee
- 32 Report of the Audit Committee

Corporate Governance Report

- 33 Group structure and shareholders
- 34 Capital structure
- 35 Board of Directors
- 43 Executive Committee
- 46 Compensation, shareholdings, and loans
- 47 Participation rights of shareholders
- 48 Change of control and defensive measures
- 48 Auditors
- 49 Information policy
- 49 Trading blackout periods

Compensation Report

- 50 Compensation at a glance
- 52 Governance framework for the compensation
- 55 Compensation system and elements
- 63 Compensation in the financial year
- 67 Information on shareholdings
- 69 Information on functions in other companies and associations
- 71 Outlook
- 72 Report of the Statutory Auditor

CORPORATE GOVERNANCE

Bystronic attaches great importance to good corporate governance and consequently to providing shareholders with detailed information. In this section, the chairpersons of the committees report on their activities in 2022. It is followed by the Corporate Governance Report in accordance with the Swiss Stock Exchange Directive on Information Relating to Corporate Governance and by the Compensation Report.

Report of the Human Resources Committee



“Compensation has been aligned with Bystronic’s long-term success.”

Urs Riedener
Chairman of the Human Resources Committee

In 2022, the Human Resources Committee convened five times while also maintaining regular contact with a view to advancing strategic projects and succession planning. The Human Resources Committee was composed of Urs Riedener (Chairman), Robert F. Spoerry, and Heinz O. Baumgartner. As a general rule, the CEO, and the Group CHRO participate in the meetings in an advisory capacity, albeit not when it comes to their own compensation.

The change of name of Conzzeta AG to Bystronic AG in 2021 resulted in a number of follow-up tasks and activities relating to the development of contemporary human resources tools. The guidelines for the further development of topics relating to human resources and compensation consist of the axes of action that were elaborated within the framework of Bystronic AG’s medium-term strategy:

- i) Culture & leadership: Focusing on the subtopics performance and learning culture, leadership effectiveness, leadership development, diversity and inclusion, and employer branding.
- ii) Talent management & performance management: Focusing on subtopics such as talent acquisition, talent identification, development, and retention, career development, succession planning, employee engagement opportunities, succession planning, and engagement.
- iii) Efficiency & effectiveness: Here, the focus is on optimizing existing HR processes and concepts and building new ones (e.g., compensation models), standardization, optimizing HR systems, data analytics, and the provision of knowledge databases.

A great deal of attention was paid to the training and continuing education of technical specialists and management staff. Within the framework of comprehensive workshops, the employer value proposition was honed and measures to strengthen the company’s employer branding were defined. Particularly in light of the scarcity of skilled workers and a rapidly changing labor market, a strong employer brand is an important factor in attracting talent and safeguarding the company’s future success. A global employee survey confirmed a very high level of employee engagement and satisfaction. A well-structured succession planning process supports the targeted development and promotion of top talents.

Already for the 2022 financial year, initial compensation elements, in particular the STI (Short-Term Incentive), were linked more closely to Bystronic’s business success. In future, in addition to the four performance components sales, operating result (EBIT), operating free cash flow, and individual target achievement, the achievement of ESG targets will also have a 10% weighting.

The elements of the LTI (Long-Term Incentive) have been redesigned. The objective of this is to ensure closer alignment between the interests of shareholders and the management, to appropriately reward challenging performance conditions as measured over three years in comparison with other companies, and generally to achieve a higher level of engagement by means of long-term capital commitment. With the issuance of grants as a component of annual compensation, PSUs (Performance Share Units) are awarded, which are converted into vested PSUs after a three-year vesting period and depending on the performance relative to the EPS (earnings per share) and TSR (total shareholder return) after vesting targets. This results in participants holding shares in the company, 60% of which they are required to hold for at least two years. For the time being, the participants comprise the Executive Committee and the Extended Executive Committee. The initial plan cycle will begin in 2023. In order to improve the effectiveness of the tool, the share of the LTI in the total compensation of the participants has been increased. The Board of Directors approved the LTI Plan on October 27, 2022, in compliance with the Articles of Association. The Human Resources Committee will monitor the implementation and submit the necessary decisions to the Board of Directors in accordance with the Organizational Regulations.

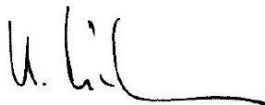
The regular review and further development of our compensation system will be undertaken in the light of the ongoing dialog with different stakeholders and in consideration of our business strategy, best practices, and market trends. For example, the expansion of the redesigned compensation system to additional selected management positions is envisaged.

Within the framework of the Bystronic Group's first Sustainability Report, objectives were also defined for the field of human resources. The legally required equal pay was determined, confirmed, and certified in Switzerland.

Furthermore, it was possible to systematically expand the expertise, diversity, and rejuvenation of the Board of Directors with the proposal for the election of Eva Zauke and Felix Schmidheiny as new members. In addition, the performance targets set at the beginning of the year were assessed. Moreover, the compensation of the Executive Committee and the Board of Directors was specified and submitted to the respective bodies.

We are convinced that the targeted activities will boost enthusiasm for Bystronic and that performance is rewarded in line with the market and in a sustainable manner in accordance with the interests of the shareholders.

The compensation budgets for the Board of Directors and the Executive Committee as approved at the 2021 and 2022 Annual General Meetings were adhered to in accordance with the Articles of Association. At the 2023 Annual General Meeting, the shareholders will decide on the future compensation budgets for the Board of Directors and the Executive Committee and express their opinion on the 2022 Compensation Report by way of a consultative vote.



Urs Riedener
Chairman of the Human
Resources Committee

Report of the Audit Committee



“The tender for the audit mandate has been successfully completed.”

Dr. Roland Abt
Chairman of the Audit Committee

In 2022, the Audit Committee was again made up of Matthias Auer and Roland Abt (Chairman). In the reporting year, four regular meetings and one extraordinary meeting for the selection of the new external auditors were convened. In addition to the members of the Audit Committee, the Chairman of the Board of Directors, the CEO, and the CFO of the Group generally also attend the regular meetings in an advisory capacity. Where items of relevance to the external auditors are on the agenda, their representatives are also present.

The tendering of the auditors' mandate was the most important item on the agenda of the Audit Committee in the reporting year. According to Bystronic's rules relating to corporate governance with regard to the rotation of the external auditors, the mandate should have been put out to tender by 2020. At that time, due to the strategic realignment, the Board of Directors decided to postpone this until the process had been completed. Following the completion of the strategic realignment, a comprehensive tender process was conducted in 2022. As a result, the Audit Committee submitted a proposal to the Board of Directors regarding the audit firm to be proposed to the 2023 Annual General Meeting. The Board of Directors resolved to recommend to the General Meeting the election of PricewaterhouseCoopers as the Group auditor from the 2023 financial year.

The treasury organization was scrutinized by external specialists. The result of the analysis was very positive. The Audit Committee addressed the report and the recommendations during a meeting and initiated the corresponding modifications of the Treasury Policy.

Bystronic offers its customers financing plans for the purchase of their machines. This is done out either via leasing companies or directly by means of customer loans. The prerequisites for the granting of financing to a customer are clearly defined. The resulting risks that Bystronic may incur are also limited by means of contracts with the leasing companies or via internal credit limits. The Audit Committee periodically reviews these plans and pays particular attention to compliance with the risk limits. The result of this review was very positive.

The internal audit function, which is carried out by the accountancy firm Deloitte, once again performed valuable work in the reporting year. Nine internal audits were carried out, and the Audit Committee deliberated the presented reports in detail. It also discussed and approved the audit schedule for 2023. The Audit Committee regularly monitors the management's progress in addressing the follow-up items identified during the audits.

A key factor in the achievement of a high cash flow is the management of the net working capital. In order to assess where we stand in terms of best practices in this field, a specialized consulting firm was employed. The results and conclusions of this study were discussed in detail by the Audit Committee. The measures derived from this study are currently being implemented.

A handwritten signature in black ink, appearing to read 'Roland Abt'. The signature is fluid and cursive, written in a professional style.

Dr. Roland Abt
Chairman of the
Audit Committee



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, 2022. Bystronic AG also acts in accordance with the principles set forth by the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*, which it implements in a manner commensurate with its size and structure. It consistently adheres to the statutory and regulatory requirements and requires its employees to comply with them.

Much of the following information has been taken from the Articles of Association and the Organizational Regulations of Bystronic AG. These two documents can be consulted on the [website of Bystronic AG](#).

1 Group structure and shareholders

1.1 Group structure

Bystronic AG was previously named Conzzeta AG. The change of name was resolved at the Annual General Meeting on April 21, 2021. In the following, whenever exclusive reference is made to Bystronic, this always also refers to the former Conzzeta up to the date of the name change on April 21, 2021.

On December 31, 2022, the Bystronic Group consisted exclusively of the Bystronic business unit. Bystronic AG, which is based in Zurich, holds direct or indirect equity interests in the companies listed in [Section 4.3 of the Financial Report](#).

Bystronic AG is the only listed company. The Bystronic 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, 2022, amounted to CHF 1,171,107,000, while the total capitalization (class A registered shares plus class B registered shares) amounted to CHF 1,326,870,000.

1.2 Significant shareholders

According to the disclosure reports made to the company pursuant to Articles 120 ff. of the Financial Market Infrastructure Act (FMIA) the shareholder group Auer, Schmidheiny, and Spoerry held more than 3% of the voting rights in Bystronic AG on the balance sheet date. The members of the shareholder group Auer, Schmidheiny, and Spoerry are listed in the Financial Report under [Notes to the Financial Statements of Bystronic AG](#). On April 9, 2022, a disclosure notification was made regarding a change in the composition of the shareholder group due to a death and the resulting inheritance. This notification amended and superseded an earlier notification dated May 19, 2021. Disclosure notifications can be consulted on the [website of the Swiss Stock Exchange](#). On December 31, 2022, the share of voting rights of the shareholder group Auer, Schmidheiny, and Spoerry in Bystronic AG amounted to 51.0%. This takes into account that treasury shares do not carry voting rights and have been deducted from the total outstanding shares.

1.3 Cross-shareholdings

Bystronic AG does not have any cross-shareholdings with other companies that account for more than 5% of voting rights or capital.

2 Capital structure

2.1 Capital

According to Art. 3 of the Articles of Association of Bystronic 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, 2022, 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 Bystronic AG in the last three reporting years.

2.3 Shares and participation certificates

Each share entitles to one vote at the General Meeting. According to Art. 15 of the Articles of Association of Bystronic 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 net result, taking into account the Company's liquidity situation and future needs. The share capital has been fully paid up.

The company has not issued any participation certificates.

2.4 Dividend-right certificates

Bystronic 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

Bystronic AG has no outstanding convertible bonds, and neither the company itself nor its Group companies have issued options on Bystronic 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	486,000	4,140,000

3 Board of Directors

3.1 Members of the Board of Directors

According to Art. 14 of the Articles of Association, the Board of Directors of Bystronic AG consists of between five and eight members. On December 31, 2022, it was composed of the following seven members:

Name	Function on the Board of Directors	Function on the Audit Committee	Function on the Human Resources Committee	Year of appointment
Dr. Heinz O. Baumgartner	Chairman		Member	2021
Dr. Roland Abt	Member	Chairman		2014
Dr. Matthias Auer	Member	Member		1996
Inge Delobelle	Member			2022
Urs Riedener	Member		Chairman	2014
Jacob Schmidheiny	Member (from 1984 to 2014: Chairman)			1977
Robert F. Spoerry	Member		Member	1996

Effective from the date of the Annual General Meeting of April 26, 2022, the former Chairman Ernst Bärtschi stepped down from the Board of Directors. At that meeting, the existing Board member Dr. Heinz O. Baumgartner was appointed as the new Chairman of the Board of Directors. Additionally, Inge Delobelle was elected as a new member of the Board of Directors.

On February 15, 2023, Bystronic AG announced that Jacob Schmidheiny would step down from the Board of Directors with effect as of the Annual General Meeting 2023.

The Board of Directors proposes Felix Schmidheiny and Eva Zauke for election as new members of the Board of Directors to the ordinary Annual General Meeting in April 2023.

3.2 Curriculum vitae, other activities and vested interests



Dr. Heinz O. Baumgartner

Dr. oec. HSG, born in 1963, a Swiss national, was Chief Executive Officer of Schweiter Technologies from 2008 to 2022 and has been a member of its Board of Directors since 2020. From 1996 to 2013, he was Chief Financial Officer of Schweiter Technologies. From 1992 to 1995, he was Controller at ABB Switzerland. Heinz O. Baumgartner is a member of the Board of Directors of the United Grinding Group. Further mandates are listed in [section 6.1 of the Compensation Report](#).



Dr. Roland Abt

Dr. oec. HSG, born in 1957, a Swiss national, 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 of Georg Fischer Ltd., Schaffhausen, which he joined in 1996, initially as Chief Financial Officer of the Agie Charmilles Group (1997 to 2004). He held various positions at the Eternit Group in Switzerland and in Venezuela (1987 to 1996). Further mandates are listed in [section 6.1 of the Compensation Report](#).



Dr. Matthias Auer

Dr. iur., born in 1953, a Swiss national, has worked as an independent attorney and notary public in the Swiss canton of Glarus since 1981. He is also Vice Chairman of the Board of the Migros Zurich Cooperative. Further mandates are listed in [section 6.1 of the Compensation Report](#).



Inge Delobelle

Inge Delobelle, lic. oec. KU Leuven, born in 1969, a Belgian national, has been Chief Executive Officer of the BU Europe Africa at TK Elevator GmbH, Düsseldorf, since 2018. She joined the ThyssenKrupp Group in 2001 and held various management positions in the services, steel, and elevator divisions. Among other things, as CFO and later CEO, she was responsible for the steel service activities of TK Service Acier (France) and the global access solutions business of TK Elevator. Prior to 2001, she was an investment banking consultant with the Metzler private bank, Frankfurt, for seven years. Further mandates are listed in [section 6.1 of the Compensation Report](#).



Robert F. Spoerry

Dipl. Masch.-Ing. ETH, MBA, born in 1955, a Swiss national, is Chairman of the Board of Directors of Mettler-Toledo International Inc., which he also headed as CEO from 1993 to 2007, and of Sonova Holding Ltd., Stäfa. Further mandates are listed in [section 6.1 of the Compensation Report](#).



Urs Riedener

lic. oec. HSG, born in 1965, a Swiss national, was Chief Executive Officer at Emmi, Lucerne, from 2008 until the end of 2022. Until 2008, he headed the marketing department and was a member of the General Directorate of the Federation of Migros Cooperatives MGB in Zurich. From 1992 until 2000, he worked for Kraft Jacobs Suchard and the Lindt & Sprüngli Group in various management roles. Urs Riedener is the designated Chairman of the Board of Directors of the Emmi Group (from April 2023) and has been a member of the Advisory Board of Schwarz Unternehmenstreuhand KG since 2022. He is also 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. Further mandates are listed in [section 6.1 of the Compensation Report](#).



Jacob Schmidheiny

lic. oec. publ., born in 1943, a Swiss national, has been a member of the Board of Directors of Bystronic AG (previously Zürcher Ziegeleien and Conzzeta AG) since 1977, which he chaired between 1984 and 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 from a supplier of construction materials into an industrial holding company. Further mandates are listed in [section 6.1 of the Compensation Report](#).

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

When filling future vacancies, attention will continue to be paid to ensuring that the Board has a diverse composition in terms of experience, industry know-how, geographical origin, and gender.

3.3 Rules contained in the Articles of Association relating to the number of permitted activities under Art. 12 para. 1 sec. 1 OaEC¹

According to Art. 28 of the Articles of Association of the company, no member of the Board of Directors may accept more than ten additional mandates, including no more than four in listed companies. This restriction does not apply to:

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

Mandates are understood to be appointments to the highest management body of a legal entity that are subject to registration in the Commercial Register or an equivalent foreign register. Mandates in different legal entities under joint control or with the same economic beneficiary are regarded as a single mandate.

¹Ordinance against Excessive Remuneration in Listed Companies Limited by Shares in force until December 31, 2022, revoked with effect January 1, 2023 and superseded by the revised legislation on companies limited by shares.

3.4 Elections and terms of office

The date of first election to the Board of Directors of each member is listed 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 Compensation Committee, and the independent proxy that deviate from those prescribed by law.

3.5 Organization and definition of areas of responsibility

The powers and tasks of the Board of Directors are determined by law and the Articles of Association along with the Organizational Regulations of Bystronic AG. These can be found on the [company's website](#), the latter not including the annexes.

Board of Directors

The Board of Directors of Bystronic AG bears responsibility for the overall management, supervision, and control of the Group and its management, and it monitors compliance with the applicable legal provisions. It decides on the strategic targets of the Group and the financial and human resources necessary in order to achieve the targets. In doing so, the Board reviews the strategy and targets, particularly in the context of Bystronic's sustainability endeavors. In addition, the Board of Directors determines the values and standards of the Group and ensures that the duties towards shareholders and other stakeholders are complied with. Specifically, the Board of Directors is vested with the following tasks in particular:

- Overall management of the company and the setting of targets relating to corporate policy and culture; approval of the Group strategy and the strategic priorities of the individual business units;
- Approval of the strategic and financial targets;
- Risk assessment for the Group;
- Decisions on the creation of new business units or the discontinuation of existing business units; approval of significant acquisitions, mergers, sales or individual projects;
- Adoption of resolutions relating to contracts under which Bystronic AG acts as a party to mergers, spin-offs, transformations, or transfers of assets under the Mergers Act;
- The structuring of the accounting, financial control, and financial planning and the structuring of a comprehensive reporting system in line with the strategy;
- Approval of the applicable accounting standards, the framework 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;
- Review and approval of the (Annual and Half-Year) Financial Statements and reporting;
- Compilation of the Annual Report and the Compensation Report;
- Notification of the court in the event of overindebtedness;
- Assessment of liquidity with reference to the Group objectives;
- Determination of the organization and the issuance of Organizational Regulations for the Group;
- Review and approval of the 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 dismissal of members of the Executive Committee;
- Calling of Annual General Meetings 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 Executive Committee under the leadership of the CEO. The members of the Executive Committee are responsible for the comprehensive operational management of their fields. They manage them in accordance with the strategy approved by the Board of Directors, the strategic financial planning, and the annual budget.

Important transactions that exceed a certain 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 field of IT, development, and organization), and financial obligations, the threshold values for which lie between CHF 3 and 10 million, depending on the transaction.

The Board of Directors is authorized to pass resolutions on all matters not delegated or reserved to the General Meeting.

The Board of Directors convenes as often as business requires, but no fewer than five times a year. The CEO, the 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, members of the Executive Committee, the Extended Executive Committee, and other executives, as well as, on an occasional basis, external consultants are consulted on specific topics. In the reporting year, no representatives of external consultants were invited to meetings.

Chairman of the Board of Directors

The Chairman of the Board of Directors is elected by the Annual General Meeting. He coordinates the work of the Board of Directors, issues invitations to the meetings of the Board of Directors, determines the agenda, prepares the meetings together with the CEO, and chairs the meetings. He monitors the implementation of resolutions of the Board of Directors and the General Meeting.

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.

Subject to legal provisions, the Board of Directors determines the duties of the committees. The 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 decision-making responsibilities are transferred to the committees. They thus bear responsibility for the preparation of decision-making and for the detailed examination of the matters they are to handle, 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 as well as their 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 Compensation Committee appointed to the task in the course of the Annual General Meeting held on April 26, 2022, see Section 3.1 "Members of the Board of Directors." As a general rule, the CEO and the Chief HR Officer of the Group participate in meetings of the Human Resources Committee in an advisory capacity, albeit not when it comes to the determination of their own salaries.

In addition to the tasks outlined in a general manner in Art. 21 of Bystronic AG's Articles of Association, the Compensation Committee, acting in its capacity as the Human Resources Committee, executes additional tasks. Its tasks, which are described in the Organizational Regulations, essentially comprise the following:

- Proposals to the Board of Directors concerning rules on the compensation 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 compensation of the members of the Board of Directors, the 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 compensation with regard to compliance with the relevant provisions of the Articles of Association, and the payment of variable remuneration in cash or as options and shares to members of the Board of Directors and the Executive Committee; proposals to the Board of Directors;
- Proposal to the Board of Directors concerning the definition of the principles applicable to the selection procedure for candidates for election to the Board of Directors or the Executive Committee and preparation of a candidate shortlist;
- Preparation of medium- to long-term succession planning for members of the Board of Directors and members of the Executive Committee;
- Recommendation concerning nominations of members of the Executive Committee for the attention of the Board of Directors;
- Monitoring of diversity across all management levels within the Group, focusing on the promotion of female leaders on management and Executive Committee level as well as future Board mandates;
- Monitoring of training and personnel development measures;
- Assessment and promotion of management staff and internal talent;
- Assessment of staff retirement benefits;
- Recommendations, if necessary, and monitoring of compliance with Group objectives in relation to personnel;
- Responsibility for the rules relating to permitted external mandates of Executive Committee members; presentation of relevant proposals to the Board of Directors.

The Human Resources Committee convenes at least twice a year.

Additional details can be found in the activity report of the Human Resources Committee ("Human Resources Committee Report").

Audit Committee

In addition to its members (see Section 3.1 "Members of the Board of Directors"), the Chairman of the Board of Directors, the CEO, and the CFO generally also attend the meetings of the Audit Committee in an advisory capacity. Upon invitation by the Chairman, the company's external auditors and internal auditors may also attend meetings or participate in the deliberations on individual items on the agenda. The essential tasks of the Audit Committee are described in the Organizational Regulations. They include in particular:

- Review and proposal 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 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 granting 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; proposals to the Board of Directors concerning the structure of the auditing mandate; assessment of the reports of the external auditors (in particular of the audit report and the comprehensive report pursuant to Art. 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; deliberation and definition of the audit program for the internal auditors; acceptance of reports from internal auditors and deliberation of these reports with the internal auditors; reporting to the Board of Directors;
- Approval of the method used for assessing acquisitions within the Group and individual assessment of major acquisitions for the attention of the Board of Directors;
- Assessment of pension plans and the associated risks;
- Assessment of further Group solutions relating to finance, such as treasury, taxation, and dividend payments by the direct subsidiaries of Bystronic AG, etc.;
- Assessment of initiatives by the Board of Directors relating to finance and accounting such as the achievement of specific financial targets and key performance indicators (KPI); reporting to the Board of Directors on the fulfillment of targets.

The Audit Committee meets upon invitation by its Chairman as often as required by business, but no less than three times a year. At its meetings, it deliberates, among other things, any annually recurring issues in accordance with the description of tasks provided above and on the basis of a standard agenda. Additional details can be found in the “[Report of the Audit Committee](#)”, which precedes the Corporate Governance Report.

Meetings of the Board of Directors and attendance

The Board of Directors and its committees hold regular meetings. These can be supplemented by additional meetings (in person or via video/telephone conference call). The meetings of the Board of Directors are called by the Chairman or at the request of a member of the Board of Directors. An outline of the various agenda items for each meeting is sent to all members in advance so that they can consider the matters to be discussed prior to the meeting.

As a general principle, the meetings of the Board of Directors include a closed session excluding the CEO and CFO or any other persons. Minutes of the Board of Directors’ deliberations and the adopted resolutions are kept in writing.

The following table shows the number of meetings of the Board of Directors and its regular committees held in 2022, the average duration of the meetings, and the attendance of the individual members of the Board of Directors.

Meetings of the Board of Directors and attendance	Prior to the 2022 AGM				After the 2022 AGM			
	Meeting	Telephone Conference	Audit Committee	Human Resources Committee	Meeting	Telephone Conference	Audit Committee	Human Resources Committee
Average duration (hours)	7.0	-	4.0	3.0	7.25	0.75	3.0	3.0
Number of meetings	2	-	1	2	4	1	3	4
Meetings attended								
Ernst Bärtschi ¹	2	-	1	2	-	-	-	-
Dr. Heinz O. Baumgartner	2	-	-	2	4	1	3	4
Dr. Roland Abt	2	-	1	-	4	1	3	-
Dr. Matthias Auer	2	-	1	-	4	1	3	-
Inge Delobelle ²	-	-	-	-	4	1	-	-
Urs Riedener	2	-	-	2	4	1	-	4
Jacob Schmidheiny	2	-	-	-	4	1	-	-
Robert F. Sperry	2	-	-	2	4	1	-	4

¹ Ernst Bärtschi stepped down with effect from the Annual General Meeting in April 2022.

² Inge Delobelle was elected to the Board of Directors for the first time at the Annual General Meeting in April 2022.

3.6 Information and control instruments vis-à-vis the Executive Committee

Bystronic has a sophisticated 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 the company. The Board of Directors receives a consolidated monthly statement outlining the key figures and commentaries on the relevant occurrences. In addition, the Board of Directors has access to the more detailed quarterly reports on the consolidated accounts for the Group. Each year, the Board of Directors is presented with the strategic financial planning and the annual operational plans for approval.

As a general rule, at each meeting, the CEO informs the Board of Directors of the current business performance along with important developments, projects, and risks. In urgent cases, the Board of Directors is informed immediately.

In the reporting year, in addition to periodic deliberations on the business development in the individual regions and the business units, the Board of Directors focused on other topics, such as: the strategy in the China region, the impact of Russia's attack on Ukraine, various acquisition projects, a contingency plan for gas, oil, and power shortages, the impact of and response to global economic developments; environmental, social, and governance (ESG) issues and reporting, and the implementation of the strategy.

Bystronic 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 system. The Board of Directors receives an annual report concerning the risk situation drawn up by the CEO in consultation with the CFO and the General Counsel. This report is based on individual risk analyses conducted with each member of the Executive Committee and the Extended Executive Committee.

Please refer to [Section 3.7 "Risk management"](#) for information on the risk management process. Each year, the Board of Directors also receives the management letter from the external auditors and the comprehensive report of the external auditors for the Board of Directors.

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. The coordination of the implementation of audit tasks has been delegated to the CFO. The internal auditors carry out audits within the Group in accordance with the audit plan proposed by the Audit Committee and approved by the Board of Directors. The audits cover the following topics on a rolling basis:

- Effectiveness of selected operational processes at Group level, in the regions, and of selected Group companies;
- Effectiveness of governance and risk management guidelines and processes;
- Effectiveness of internal control processes;
- Reliability and comprehensiveness of financial and operational information;
- Compliance with legal, statutory, 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, promptly implements corrective measures. If the local management rejects a recommendation whilst the internal auditors and the CEO wish to pursue it, it is implemented on the instructions of the Audit Committee. During the reporting year, eight internal inspections were carried out by Deloitte. The internal auditors attended three out of the four meetings of the Audit Committee.

Please refer to Section 3.5 for details regarding the CEO and the CFO's attendance of meetings of the committees of the Board of Directors.

3.7 Risk management

Bystronic promotes an entrepreneurial mindset and a systematic focus on innovation and sustainable value for the customer, while carefully managing risks, fully complying with the binding rules set out in the Code of Conduct, and taking appropriate account of the interests of all stakeholders. As is the case every year, the internal audit program was implemented in the reporting year. In 2022, the Board of Directors again undertook an integral Group-wide risk assessment based on the management reporting and the separate Group Risk Report, which covers the risk assessment process and the most significant risks. The risk management process, which has been implemented throughout the Group, encompasses the identification, evaluation, and qualitative appraisal of operational, financial, and strategic risks. It is combined with risk monitoring, action plans, and standardized reporting.

In the reporting year, the following risks were the main focus at Group level:

- Economic cycles and competitiveness: dependence on economic cycles, risk of high inflation and recession, growing global competition from Chinese suppliers in particular, challenges along the supply chains, dependence on individual suppliers, impact of Covid lockdowns and the war in Ukraine
- Gas and electricity shortages: geopolitical uncertainties can cause shortages in gas and electricity supplies, impacting Bystronic as well as its suppliers
- Software/IT security/data protection: risk of cyber-attacks against Bystronic and its customers, protection of customer data, and compliance with data protection regulations
- Employees: competing to recruit and retain talent, culture and dynamics in the aftermath of the Covid pandemic
- Taxes: compliance with the relevant country-specific legislation during Bystronic's ongoing development from a supplier of individual products to a provider of complex automation solutions with a growing services business
- Decoupling United States/China: deterioration of the economic relations between the US and China with the resulting increase in state control and regulation

In addition, other topics are systematically taken into account at Group level and at the level of the country subsidiaries, in particular with regard to environmental, social, and governance (ESG) issues.

4 Executive Committee

4.1 Members of the Executive Committee

The members of the Executive Committee report directly to the CEO. The CEO reports to the Board of Directors. On December 31, 2022, the Executive Committee was composed of the following persons:

Name	Function	In function since
Alex Waser	CEO	2013
Beat Neukom	CFO	2021
Johan Elster	President Region EMEA	1996
Robert St. Aubin	President Region Americas	2010
Norbert Seo	President Region APAC	2015
Dr. Song You	President Region China	2016
Eamon Doherty	Chief Service Officer	2016
Alberto Martinez	Chief Digital Officer	2018



Alex Waser

Automotive engineer HTL, MBA, born in 1967, a Swiss national. From 2010 until joining Bystronic, Alex Waser managed the majority of European markets for Ecolab, a US provider of systems solutions for the food industry, working from Ecolab’s European headquarters at Ecolab Europe GmbH, Wallisellen. Between 1994 and 2010, he worked for the SPX Group, a company that offers workshop equipment and diagnostic systems for the automotive industry worldwide. During this time, he performed a number of management functions in Europe and in the United States, including most recently as President of Service Solutions responsible for the Europe, Middle East, and Africa regions at SPX Europe GmbH, Hainburg (Germany). Alex Waser is member of the machine tools committee at Swissmem as well as Swiss Delegate at the European association CECIMO.

Beat Neukom

Business economist HWV/ Certified Management Accountant (CMA), born in 1970, a Swiss national. Beat Neukom joined Bystronic as Chief Financial Officer in May 2021, also taking over responsibility for the global IT organization in January 2022. Prior to joining Bystronic, he worked for the Merz Pharma Group, Germany, where he was group CFO from 2014 to 2021, responsible for finance, IT, and strategic sourcing. In addition, he was responsible for Merz Pharma’s commercial operations in Latin America. Previously, Beat Neukom was CFO of two startup companies in the life sciences industry, one of which he co-founded. From 1997 to 2008, he worked for the medical technology company Johnson & Johnson in Switzerland, the Netherlands, and the US.

Johan Elster

Dipl.-Ing. ETH (mechanical engineering), born in 1964, a Norwegian national. Johan Elster is responsible for all European Group entities. In addition, he holds the position of Chief Sales Officer, responsible for global sales. Johan Elster joined Bystronic in October 1996 as Managing Director of Bystronic Scandinavia. From 2007 to 2008, he was Head of Market Region Northern Europe and from 2009 to 2012, President of Market Division NAFTA and Europe North. Between 2013 and 2020, he was President of Business Unit Markets, responsible for all markets except China. Prior to joining Bystronic, Johan Elster was Commissioning and Startup Manager at Ems Inventa AG. Johan Elster has more than 25 years of sales and service experience in the sheet metal processing industry.



Robert St. Aubin

Bachelor of business in marketing, MBA, born in 1956, a US national. Robert St. Aubin has been responsible for the Market Region Americas since January 2013. In this position, he is responsible for the sales and service subsidiaries as well as the manufacturing subsidiary in the North and South American market. He joined Bystronic in September 2010 as Managing Director of Bystronic Incorporated in the United States. The entirety of his more than 30-year career has revolved around the sheet metal industry, starting with the sale of bending machines and then transitioning to laser cutting systems more than 25 years ago. Prior to joining Bystronic, he held a number of positions within the industry, including VP of sales and marketing for a major machine tool company.



Norbert Seo

Master's degree in electrical engineering and communications technology, born in 1964, a German national. Norbert Seo joined Bystronic in January 2015 as Senior Vice President of Market Division Asia & Australia. He is responsible for the expansion of Bystronic's activities in the Asia and Pacific region with the objective of increasing Bystronic's customer proximity in Asia and increasing the expertise of the sales and service organization in the region. Prior to joining Bystronic, he was President of FFG Asia Pacific. Norbert Seo has 24 years of experience in the machine tools sector, including various management positions in Asia with Hwacheon and DMG.



Dr. Song You

Doctorate in robotics and automation, MBA, born in 1970, a US national. Dr. Song You joined Bystronic in March 2016 as Representative Director and President of Bystronic China. Since then, his responsibilities have included sales, services, marketing, R&D, strategic development, and production in China. Prior to joining Bystronic, Dr. Song You held various management positions with the Delphi Corporation and the SPX Corporation in the US and China, most recently as Vice President of the SPX Corporation in charge of the Asia Pacific region. He has a track record with responsibilities ranging from R&D to operations and general management functions.



Eamon Doherty

Degrees in business administration, born in 1968, an Irish national. Eamon Doherty assumed the role of Chief Service Officer with responsibility for the Services business unit on January 1, 2021. This role covers commercial aspects including customer satisfaction and improvements across all technologies. Joining Bystronic in 2016, he took over the responsibility for commercial excellence, supporting the organization on its journey towards world-class service. From 1994 to 2016, he worked for Ecolab Inc., a global organization that develops and offers services, technology, and systems for the chemical industry. During this time, he held various management positions, most recently as Vice President of North & Western Europe.



Alberto Martinez

Computer engineer (University of Deusto), MBA (IESE Business School), born in 1971, a Spanish national. Alberto Martinez has headed the Competence Center Software Services since September 2018 and the Solution Center since August 2020, initially as a member of the Extended Executive Committee and since January 2022 as a member of the Executive Committee. From August 2020 until December 2021 he also headed the global IT department. Prior to joining Bystronic, Alberto Martinez worked as a software engineer for Lantek, from 1999 as Chief Technical Officer (CTO) and from 2004 to 2018 as CEO. He has profound knowledge of the sheet metal processing industry and more than 25 years of experience in the field of software.

The members of the Executive Committee do not perform any significant activities outside the Bystronic Group other than those specified above.

4.2. Rules contained in the Articles of Association relating to the number of permitted activities under Art. 12 para. 1 sec. 1 OaEC¹

According to Art. 28 of the Articles of Association of the company, no member of the Executive Committee² may accept more than four mandates, including no more than two in companies listed on the stock exchange. Any such mandate must be approved by the Board of Directors.

These restrictions do not apply to:

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

Mandates are understood to be appointments to the highest management body of a legal entity that are subject to registration in the Commercial Register or an equivalent foreign register. Mandates in different legal entities under joint control or with the same economic beneficiary are regarded as a single mandate.

¹⁾ Ordinance against Excessive Remuneration in Listed Companies Limited by Shares in force until December 31, 2022, revoked with effect January 1, 2023 and superseded by the revised legislation on companies limited by shares.

²⁾ 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 Bystronic Group, and elsewhere as the Executive Committee.

4.3 Management contracts

Bystronic AG has not concluded any management contracts with companies or individuals from outside the Group.

5 Compensation, shareholdings, and loans

5.1 Content and procedure for the determination of 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 the determination of the compensation and shareholding programs and any loans, credit, or retirement benefits, please refer to the [Compensation Report](#).

5.2 Rules contained in the Articles of Association

According to Art. 25 of the Articles of Association of Bystronic 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. In particular, it takes account of

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

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

The remuneration may be paid out by the company or by companies controlled by it.

According to Art. 24 of the Articles of Association of Bystronic AG, the company or the companies controlled by it are empowered to pay an additional amount of up to 35% of the relevant approved total 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 Art. 27 of the Articles of Association of Bystronic AG, the company or companies controlled by it may arrange for alternative retirement benefits for members of the Executive Board who do not or who only partially benefit from Swiss pension funds.

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

The Articles of Association do not contain any rules on loans, credits 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 ([Art. 9 sec. 5 of the Articles of Association of Bystronic AG](#)). According to Art. 23 of the Articles of Association, the General Meeting approves the proposals of the Board of Directors concerning the maximum total amounts a) of the direct and indirect remuneration of the Board of Directors for the period until the next Annual 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 (Art. 13 para. 1 of the Articles of Association). The shares of Bystronic AG are not subject to any restrictions on voting rights per the Articles of Association.

Pursuant to Art. 689 para. 2 CO¹, a shareholder may represent his or her own shares at the General Meeting or arrange for them to be represented by a third party. According to Art. 9 OaEC, shareholders may also authorize the independent proxy to exercise their voting rights. In addition, according to Art. 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 Bystronic AG do not contain any regulations governing the issue of instructions to the independent proxy or concerning electronic participation at the General Meeting.

¹Regulated by Art. 689b CO as of January 1, 2023.

6.2 Quorums stipulated in the Articles of Association

According to Art. 11 of the Articles of Association of Bystronic 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 Art. 704 CO, the General Meeting passes all other resolutions and conducts elections by an absolute majority of the votes cast, excluding blank and invalid votes.

6.3 Calling of the General Meeting

According to Art. 8 of the Articles of Association of Bystronic AG, invitations to Annual General Meetings and extraordinary General Meetings are issued no later than 20 days prior to the date of the meeting by the Board of Directors or, where applicable, 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, where applicable, of the shareholders who requested that a General Meeting be held or that a specific item be placed on the agenda.

Shareholders representing at least 10%² of the share capital may request that a General Meeting be called.

²This quorum was reduced to 5% according to Art. 699 CO, which has been in force since January 1, 2023.

6.4 Inclusion of items on the agenda

Art. 8 of the Articles of Association of Bystronic AG stipulates that shareholders representing at least 5%³ 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.

³This quorum was reduced to 0.5% according to Art. 699b CO, which has been in force since January 1, 2023.

6.5 Entries in the share register

According to Art. 13 para. 2 of the Articles of Association of Bystronic 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 any exceptions to be granted.

7 Change of control and defensive measures

7.1 Duty to make an offer

According to Art. 6 of the Articles of Association of Bystronic AG, purchasers of shares in the company are not obligated to submit a public purchase offer in accordance with Art. 135 para. 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 Bystronic (restricted share units), a change of control at the level of Bystronic AG, its merger with an unrelated company or the disposal of the entirety or majority of a business unit to an unrelated company would trigger the early transformation of the entitlement to Bystronic shares, although in the latter case only for those employees whose employment relationship with a company of the Bystronic Group has ended for this reason or has been transferred to the new owner. The vesting periods for the Bystronic shares allocated to the members of the Executive Committee also terminate under the same circumstances.

8 Auditors

8.1 Duration of the mandate and term of office of the chief auditor

Since 1939, the statutory auditor of Bystronic AG has been KPMG AG, based in Zurich, or its legal predecessor. According to Bystronic's internal rotation rules, which stipulate that the mandate of the statutory auditor must be re-tendered every 10 to 14 years, a new call for tenders should have been issued in 2020. Given the Group's new strategic direction, the Audit Committee postponed the tender process in consultation with the Board of Directors until the new structure is implemented. The chief auditor, François Rouiller, has been responsible for the mandate since the 2017 financial year. According to Art. 730a para. 2 CO, the chief auditor changes every seven years.

The Board of Directors put the auditors' mandate out to tender in 2022. It proposes PricewaterhouseCoopers, Zurich, as the new auditor for election at the 2023 Annual General Meeting.

8.2 Auditing fee

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

- Auditing fees related to Bystronic: CHF 926,000
- Additional fees for audits relating to organizational, tax and legal advice: CHF 207,000.

8.3 Information tools pertaining to the external auditors

The Audit Committee, which was established by the Board of Directors to deal with financial and auditing matters, assesses the efficacy, performance, fees, and independence of the auditors, and reports to the Board of Directors on these matters on an annual basis. This assessment by the Audit Committee, in particular also regarding the quality of the auditing, is made during a discussion conducted following the presentation by the external auditors concerning the interim audit and the audit of the Annual Financial Statements. Without due cause, the Board of Directors does not carry out any further assessment.

When relevant to the subject matter, the auditors are invited to the meetings of the Audit Committee. During the reporting year, they attended all four meetings. In particular, the Audit Committee and the external auditors deliberate the interim audit report, the Annual Financial Statements, the management letter, and the comprehensive report to the Board of Directors. The Chairman of the Audit Committee and the CFO inform the Board of Directors of the external auditors' reports, of their own assessment of the issues raised, and the measures taken. Together with the auditors, the Audit Committee establishes the key points of the audit for the attention of the Board of Directors.

The CFO prepares the matters in collaboration with the external auditors for deliberation by the Audit Committee and approval by the Board of Directors and he implements the recommended improvement measures.

With respect to non-audit services, attention is paid to ensuring that KPMG is not awarded any contracts that could lead to a conflict of interest with the audit mandate or to an impairment of its independence.

Please refer to [Section 3.6 "Information and control tools vis-à-vis the Executive Committee"](#) for further details regarding the information tools available to the internal auditors.

9 Information policy

According to Art. 32 of the Articles of Association of Bystronic AG, the publication organ of the company is the Swiss Official Gazette of Commerce. In the cases prescribed by law, the company sends written notices to the shareholders or usufructuaries registered at the time of the notice by conventional mail to the address recorded in the share register.

The company publishes an Annual Report for the period ending December 31 and a Half-Year Report for the period ending June 30, and releases information on order intake and consolidated revenues for the previous end of quarter in February, April, and October. Interested parties can access the relevant media releases on Bystronic AG's website ([pull service](#)) or subscribe to an e-mail distribution list ([push service](#)). A media and analysts' conference is held for journalists and capital market participants in connection with the publication of the Annual Report and the Half-Year Report as per June 30. The Consolidated Financial Statements in accordance with Swiss GAAP FER provide a true and fair view.

This information and further details about the company, upcoming events, and contacts can be found on the [website](#).

10 Trading blackout periods

In accordance with the internal regulations on insider trading, general trading blackouts apply during the following periods:

- December 1 until the day after the publication of the Annual Financial Statements of Bystronic AG
- July 1 until the day after the publication of the Half-Year Financial Statements of Bystronic AG

These general blackout periods apply to the Board of Directors, the Executive Committee, the Extended Executive Committee, the employees of Group Finance, and their support staff (e.g. assistants, consultants, and auditors).

In the context of special projects (primarily major acquisitions and divestments), the announcement of which could have a significant impact on the Bystronic share price, the CEO and CFO determine the point in time from which the persons involved are no longer permitted to trade Bystronic securities. The General Counsel maintains a list of insiders for the duration of the blackout period, which he updates in the event of changes and of which he notifies the insiders.



The Compensation Report sets out the compensation principles, compensation programs, and the governance framework for the compensation of the Board of Directors and of the members of the Executive Committee of the Bystronic Group. In addition, the report contains detailed information on the compensation programs and the compensation paid to the Board of Directors for the 2022/2023 term of office and to the Executive Committee for the 2022 financial year.

The report conforms to the relevant regulatory provisions, i.e. the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO)¹, the SIX Swiss Exchange Directive on Information Relating to Corporate Governance, and the Swiss Code of Best Practice for Corporate Governance published by the Swiss corporate union economiesuisse.

¹In force until December 31, 2022, superseded by the revised law on companies limited by shares on January 1, 2023.

1 Compensation at a glance

1.1 Compensation of the Board of Directors

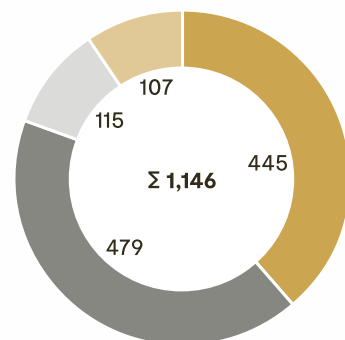
The total compensation and benefits of the Board of Directors (BoD), consisting of seven members, for the 2022/2023 term of office is comprised as shown on the right and will be paid out no later than ten days after the Annual General Meeting on April 25, 2023.

The shares remain restricted for a period of four years from the date of transfer. In total, 719 class A registered shares will be transferred to the members of the Board of Directors at a share price of CHF 665.63 (average share price from November 1, 2022 to January 31, 2023).

In order to ensure the independence of the members of the Board of Directors in the exercise of their supervisory function, the compensation of the Board of Directors does not contain any performance-related elements.

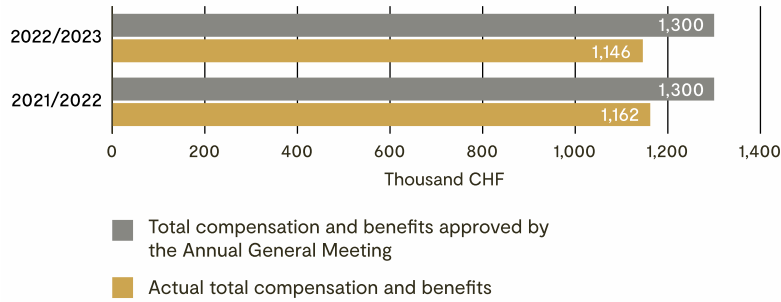
The total compensation and benefits of the Board of Directors for the 2022/2023 term of office are CHF 0.15 million below the maximum amount of CHF 1.30 million approved by the shareholders.

Total compensation and benefits BoD 2022/2023 term of office
(in thousand CHF)



- Base fee in cash
- Base fee in shares
- Committee fee
- Benefits

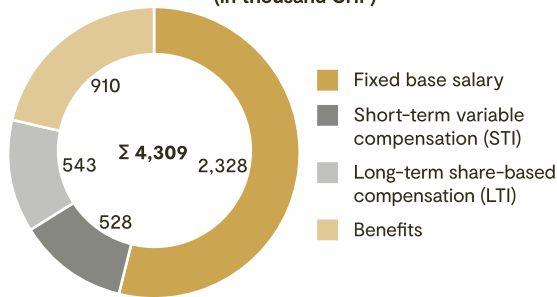
Total compensation and benefits BoD
(in thousand CHF)



1.2 Compensation of the Executive Committee

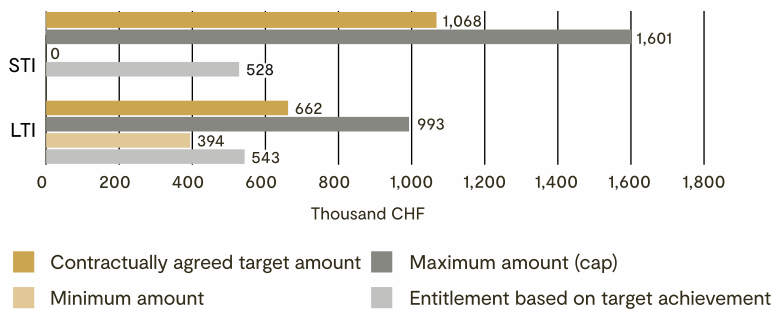
The Executive Committee comprised eight members in the reporting year. Its composition remained unchanged during the reporting year. For the 2023 financial year, the total compensation and benefits of the Executive Committee are comprised as follows:

Total compensation and benefits Executive Committee 2022 financial year
(in thousand CHF)



The following chart shows the target achievement levels with regard to the Short-Term Incentive (STI) and the Long-Term Incentive (LTI) 2022 for the members of the Executive Committee:

Target achievement STI and LTI 2022
Executive Committee (in thousand CHF)



The maximum amount (cap) of the short-term variable compensation (STI) is 150% of the contractually agreed target amount; the minimum level is 0%. The low overall degree of target achievement of 49% (entitlement based on target achievement as a percentage of the contractually agreed target amount) is primarily attributable to the fact that the threshold value triggering bonus entitlement was not reached for both the performance parameter “operating result (EBIT) Bystronic Group” and “operating free cash flow Bystronic Group”. In contrast, the target for “net sales Bystronic Group” was undershot by only 5%, resulting in target achievement of 88%. The individual targets, which were weighted at 20% (incl. ESG targets), were exceeded; the average degree of target achievement was 118%.

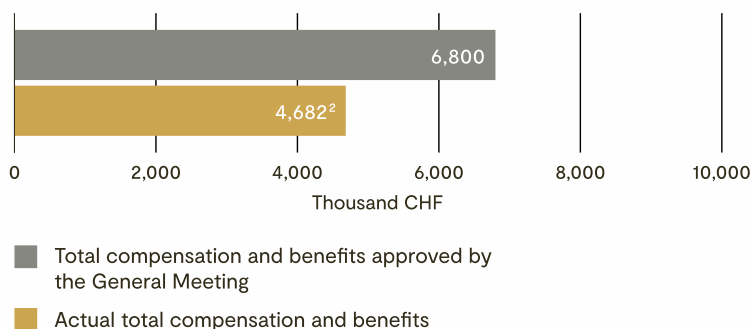
The maximum amount (cap) of the long-term share-based compensation (LTI) stands at 150% of the contractually agreed target amount; the minimum level is 0% for the CEO and 100% for the remaining members of the Executive Committee, which results in a weighted value of 60%. The LTI overall target achievement level of 82% in 2022 (entitlement based on target achievement as a percentage of the contractually agreed target amount) results from the following two outcomes:

- EPS factor of 0% under the Restricted Share Plan (RSP) due to the 2022 EPS achievement, which lies below the threshold;
- EPS factor of 120% under the Restricted Share Unit (RSU) Plan based on the EPS achievement in 2021, which exceeded the target level.

The total compensation and benefits granted to the active and former members of the Executive Committee for the 2022 financial year lie within the maximum amount approved by the General Meeting.

Total compensation and benefits of current and former members of the Executive Committee 2022

(in thousand CHF)



²⁾The share for former members of the Conzzeta Executive Committee amounts to CHF 373,000. They stepped down from office in April 2021.

2 Governance framework for compensation

2.1 Involvement of the shareholders

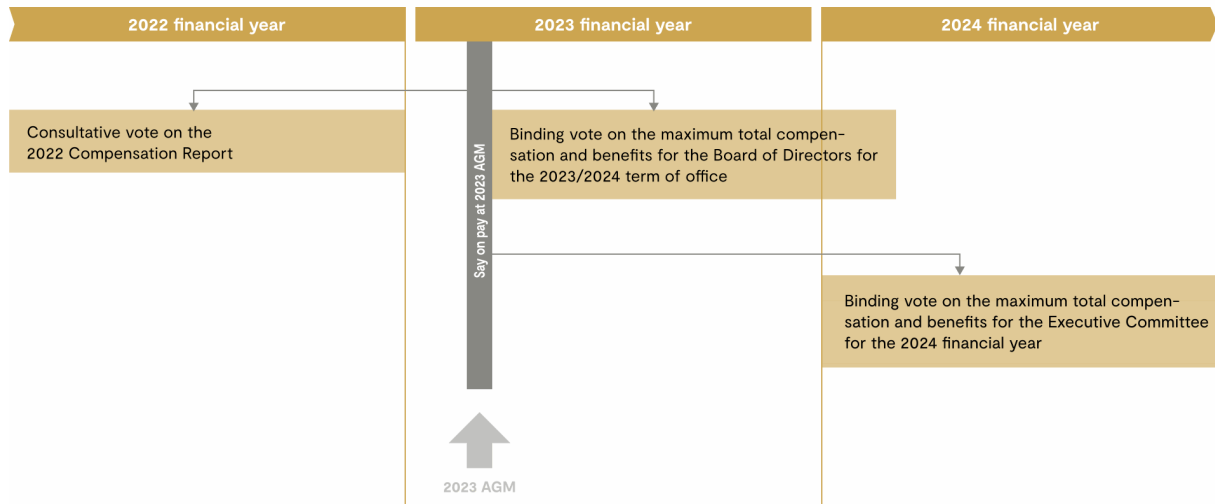
Over the past few years, the shareholders have played an increasingly important role in matters relating to compensation. In particular, the General Meeting approves the Articles of Association and their compensation-related provisions. These are available [here](#) and cover the following:

- Election for a one-year term of office of the members of the Compensation Committee (Art. 21)
- Approval of the maximum total compensation and benefits of the members of the Board of Directors for the next term of office (Art. 23 para. a)
- Approval of the maximum total compensation and benefits of the members of the Executive Committee for the following financial year (Art. 23 para. b)
- Additional compensation for new members of the Executive Committee (Art. 24)

- Principles governing the variable, performance-related compensation of the Executive Committee and Board of Directors (Art. 25)
- Provisions regarding employment contracts of members of the Executive Committee (Art. 26)
- Rules concerning loans and retirement benefits for members of the Executive Committee (Art. 27)

Although not required by provisions of the Articles of Association, the Board of Directors also submits the Compensation Report to the Annual General Meeting each year for a consultative vote.

The following chart illustrates how the General Meeting (GM) exerts its “say on pay”:



2.2 Compensation Committee

2.2.1 Organization and tasks

The Compensation Committee consists of three members of the Board of Directors. The General Meeting individually elects the members of the Compensation Committee for the term of office until the conclusion of the next Annual General Meeting. In its function as the Human Resources Committee, the Compensation Committee also assumes other responsibilities. At the Annual General Meeting on April 26, 2022, Urs Riedener (Chairman), Robert F. Spoerry, and Dr. Heinz O. Baumgartner were elected to the Compensation Committee.

The Compensation Committee convenes as often as business requires, but at least three times a year. The tasks and responsibilities of the Compensation Committee comprise the following:

- Periodic review of Bystronic’s compensation policy and principles
- Review of the compensation system, the resulting payments to the Executive Committee, and the compliance of these with the Articles of Association
- Annual review of the individual compensation of the CEO, the members of the Executive Committee, and the members of the Board of Directors as well as regular benchmarking with regard to compensation
- Review, adaptation, and approval of the performance assessment of the CEO and the other members of the Executive Committee
- Preparation of the Compensation Report and deliberation of the report with the external auditors

As a general rule, the CEO and the Chief Human Resources Officer (CHRO) of the Group are invited to join the meetings of the Compensation Committee in an advisory capacity. The Committee Chairman may also invite other individuals as appropriate. The CEO does not attend the meeting when his own compensation is the subject of deliberation.

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

The following table summarizes the decision-making powers for the most important compensation-related topics as stipulated by the Articles of Association and the Organizational Regulations of Bystronic AG:

Decision-making powers	CEO	Compensation Committee	Board of Directors	Annual General Meeting
Topic				
Compensation policy		proposes	approves	
Maximum total compensation and benefits of the Board of Directors		proposes	proposes	approves (binding vote)
Individual compensation of the members of the Board of Directors		proposes	approves	
Maximum total compensation and benefits of the Executive Committee		proposes	proposes	approves (binding vote)
Individual compensation and terms of employment of the CEO		proposes	approves	
Individual compensation and terms of employment of the members of the Executive Committee	proposes	proposes	approves	
Compensation Report		proposes	approves	approves (consultative vote)

The approval of the actual compensation of the Board of Directors and the Executive Committee within the limits of the maximum compensation approved by the General Meeting is the responsibility of the Board of Directors.

2.2.2 Focus topics in the reporting year

In the reporting year, the Compensation Committee held five meetings in accordance with a predefined annual schedule focusing on the following topics:

Review of the compensation strategy, policy, and governance
Motion to the Board of Directors on the compensation policy for members of the Board of Directors and of the Executive Committee
Development of a new Long-Term Incentive Plan for the members of the Executive Committee and Extended Executive Committee; see also Section 7 Outlook
Review and adaptation of the compensation system for the Executive Committee, focusing on the compensation mix and the alignment with environmental, social, and governance (ESG) criteria
Preparation of motions to the Annual General Meeting on the maximum total compensation and benefits of the Board of Directors and Executive Committee for the attention of the Board of Directors
Preparation of the Compensation Report for approval by the members of the Board of Directors
Compensation of the Board of Directors
Proposal of compensation for the next term of office
Compensation of the Executive Committee
Determination of management KPIs and objectives
Review and assessment of performance targets, performance assessment, and target compensation
Benchmark studies related to the compensation mix

Additional information about the tasks and activities of the Human Resources Committee/Compensation Committee are described in the Corporate Governance Report, Section 3.5 “[Organization and definition of areas of responsibility](#)” and in the “[Human Resources Committee Report](#)”.

3 Compensation system and elements

3.1 Compensation of the Board of Directors

3.1.1 Principles of the compensation policy

The compensation of the Board of Directors is guided by the market situation and the specific tasks. In order to ensure the independence of the members of the Board of Directors in the exercise of their supervisory function, the compensation of the Board of Directors does not contain any performance-related elements. The compensation is based on the term-of-office compensation system and is partially paid out in the form of Bystronic AG shares, which remain restricted for a period of four years. This long-term vesting is aimed at ensuring sustainable corporate governance and aligning compensation with the interests of the shareholders.

The structure and amount of the compensation of the Board of Directors are periodically reviewed on the basis of publicly available information about comparable Swiss companies. Comparable companies are defined as globally active companies listed in Switzerland of similar size (market capitalization, sales, number of employees) and complexity. No such review was carried out in the reporting year.

3.1.2 Compensation mix

The compensation of the members of the Board of Directors is comprised as follows:

Base fee in cash
+ Base fee in shares
+ Committee fee
= Total compensation
+ Benefits
= Total compensation and benefits

3.1.3 Description of compensation elements

Base fee in cash

The annual base fee in cash is CHF 175,000 for the Chairman of the Board of Directors and CHF 45,000 for the other members of the Board. It is paid out annually for the previous term of office no later than ten days after the Annual General Meeting.

Base fee in shares

The annual base fee in the form of restricted shares is CHF 175,000 for the Chairman of the Board of Directors and CHF 50,000 for the other members of the Board.

The number of shares allocated is calculated on the basis of the regulatory entitlement divided by the average share price from November 1 to January 31 of the corresponding term of office (rounded up to the next whole number of shares). The transfer takes place no later than ten days after the Annual General Meeting. The allocated shares remain restricted for a period of four years. In the event that a member of the Board of Directors steps down, the allocated shares remain restricted until the four-year period has expired.

The allocated shares are repurchased on the market or taken from the company's treasury shares.

Committee fee

The annual committee fee in cash is CHF 30,000 for the Chairman of the committee and CHF 15,000 for the other members. The Board of Directors has established two committees, the Audit Committee and the Human Resources Committee. The committee fee is paid out annually in cash no later than ten days after the Annual General Meeting.

Benefits

The benefits comprise the employee’s share of the statutory Swiss social security contributions on the total compensation (monetary benefit), the employer’s share of the statutory social security contributions insofar as these are pension-forming, as well as lump-sum expenses. The latter amount to CHF 6,000 per year for the Chairman of the Board of Directors and CHF 5,000 per year for the other members of the Board. The Board of Directors’ fees are not insured in the pension fund of Bystronic AG.

The chart below provides a summary of the compensation model:

BoD compensation per year / term of office (in thousand CHF)				
Position	Base fee in cash	Base fee in shares	Committee fee in cash	Lump-sum expenses
Chairman of the Board of Directors	175	175		6
Member of the Board of Directors	45	50		5
Chairman of the Audit Committee			30	
Member of the Audit Committee			15	
Chairman of the HR Committee			30	
Member of the HR Committee			15	

3.2 Compensation of the Executive Committee

3.2.1 Principles of the compensation policy

The principles of Bystronic’s compensation policy support performance orientation within the company, a strategy geared towards profitable and capital-efficient growth, and the core values responsibility, innovation, respect, and financial soundness. The principles comprise:

<p>Market orientation</p> <p>The compensation level must be competitive and in line with the relevant market environment. Competitiveness is systematically reviewed on a regular basis.</p>	<p>Performance orientation</p> <p>A significant portion of the compensation must be linked to the financial success of the company, the successful implementation of the strategy, and the individual performance.</p>
<p>Sustainability and long-term value creation</p> <p>A substantial portion of compensation must be paid in the form of shares in order to align the interests of the management with those of the shareholders. In addition, the compensation must incentivize and reward responsible behavior towards other stakeholders – in particular customers, employees, suppliers, and the general public.</p>	<p>Transparency and fairness</p> <p>The compensation must be structured in a comprehensible, transparent, and fair manner.</p>

When determining the target compensation for the members 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, sales, number of employees), and geographical reach.

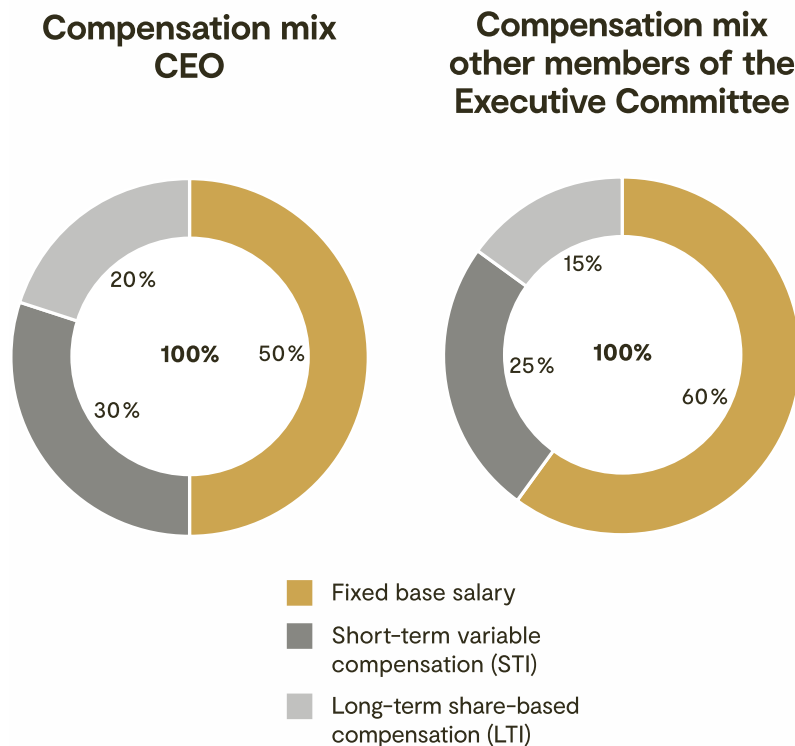
For this purpose, the compensation of the Executive Committee is periodically reviewed on the basis of compensation studies conducted by third-party providers or publicly available data such as the compensation disclosure in the annual reports of relevant companies. No such review was carried out in the reporting year.

3.2.2 Compensation mix

The annual compensation of the members of the Executive Committee is comprised as follows:

Fixed base salary
+ Short-term variable (target)compensation (Short-Term Incentive STI)
+ Long-term share-based (target)compensation (Long-Term Incentive LTI)
= Total (target)compensation
+ Social security and pension plans
+ Fringe benefits
= Total (target)compensation and benefits

The following chart shows the composition of the total target compensation for the CEO and the other members of the Executive Committee in the reporting year. The share of short-term variable target compensation for members of the Executive Committee (excluding the CEO) was increased year-on-year from 22% to 25% and that for long-term share-based target compensation from 11% to 15% of total target compensation.



The structure of the variable compensation plans plays a key role in the compensation policy. The following overview summarizes this structure for the members of the Executive Committee; the plans are described in detail in the following Section 3.2.3:

	Short-Term Incentive (STI)	Long-Term Incentive (LTI)	
		Restricted Share Plan	Restricted Share Unit Plan
Purpose	Incentivization of individual performance and the achievement of overriding financial results	<ul style="list-style-type: none"> - Alignment of the interests of the participants with those of the shareholders - Participation in profit development 	<ul style="list-style-type: none"> - Employee retention - Alignment of the interests of the participants with those of the shareholders - Participation in profit development
Eligible participants	All members of the EC	CEO	Members of the EC (excluding CEO)
Target value in % of total target compensation	<ul style="list-style-type: none"> - CEO: 30% - Other members: 25% 	<ul style="list-style-type: none"> - CEO: 20% - Other members: plan not applicable 	<ul style="list-style-type: none"> - CEO: plan not applicable - Other members: 15%
Maximum value (cap) in % of target value	150%	150%	150%
Maximum value (cap) in % of annual base salary	<ul style="list-style-type: none"> - CEO: 90% - Other members: 62.5% 	<ul style="list-style-type: none"> - CEO: 60% - Other members: plan not applicable 	<ul style="list-style-type: none"> - CEO: plan not applicable - Other members: 37.5%
Minimum value in % of target value	0%	0%	100%
Key performance indicators (KPIs)	<ul style="list-style-type: none"> - Net sales (group and regions) - EBIT (group and regions) - Operating free cash flow (group and regions) - ESG targets (group) 	Earnings per share (EPS)	Earnings per share (EPS) previous year
LTIs: Discount on share price	Not applicable	10%	0% (no discount)
Payout/transfer/grant date	Payout in March or April of the following year	Transfer of shares in April of the following year	Grant of RSU as per April 1 of the current year
LTIs: Vesting period and vesting conditions	Not applicable	No vesting	<ul style="list-style-type: none"> - Vesting period: 3 years - Vesting condition: continuing employment relationship with the Bystronic Group
LTIs: Blocking period	Not applicable	4 years from the transfer of shares	No blocking period for vested RSUs/shares
Effect of termination of employment	Pro rata entitlement	4-year blocking period remains in effect	<ul style="list-style-type: none"> - Forfeiture of all RSUs (see section 3.2.3 for exceptions) - Vested RSUs/shares remain in possession of the participants

3.2.3 Description of compensation elements

Fixed base salary

The fixed base salary is paid out monthly in cash and is based on 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 employee (skills, expertise, experience, and performance)

Short-term variable compensation (STI)

Bystronic’s short-term variable compensation incentivizes both the achievement of the annual financial targets in terms of profit, sales/growth, and capital employed at Group and regional level, as well as the achievement of individual performance targets. All targets are agreed in writing at the beginning of the year. In addition to quantitative targets, qualitative targets of a strategic nature can also be applied as individual targets, such as the implementation of important projects relating to market, product, and human resources development, as well as ESG and M&A activities.

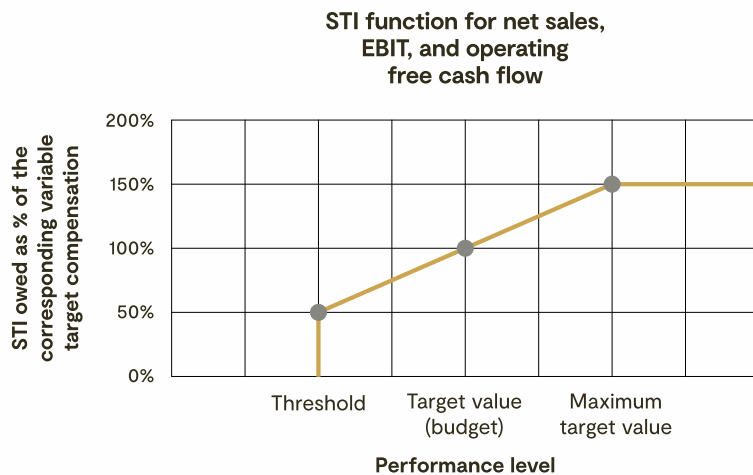
The short-term variable target compensation is defined as a percentage of the total target compensation. It amounts to 30% for the CEO and 25% for the other members of the Executive Committee.

The weighting of financial targets for members of the Executive Committee is 80%; correspondingly, the weighting of individual targets is 20%, of which 10% relate to ESG targets. The targets are set annually within the framework of the budget and/or the individual target agreement process. The financial performance parameters for the CEO and CFO refer exclusively to the consolidated values of Bystronic; those for the regional heads of EMEA, Americas, APAC, and China refer in equal parts to Bystronic and the corresponding region, those of the heads of Global Service and Global Solutions relate approximately 60% to Bystronic and 40% to the corresponding global segment.

In the reporting year, the measurement of the financial performance was based on the following performance parameters (KPIs):

- Net sales
- Operating result (EBIT)
- Operating free cash flow

For the financial targets, the target value generally reflects the budget target and is paid out at 100% upon target attainment; for each individual parameter, any deviations from the budget cause upward or downward adjustments using the following linear function, so that payments may vary between 0% and 150% (cap).



Long-term share-based compensation (LTI)

Bystronic’s long-term share-based compensation incentivizes the achievement of set targets in terms of earnings per share (EPS) over a one-year period and makes a part of the compensation of the members of the Executive Committee dependent on the development of the Bystronic share price over a multiple-year period. The LTI plans thus allow members of the Executive Committee to share in the long-term success of Bystronic and they align the interests of the Executive Committee with those of the shareholders.

Two separate LTI plans were in effect in the reporting year:

- For the CEO: Restricted Share Plan (RSP)
- For the other members of the Executive Committee: Restricted Share Unit (RSU) Plan

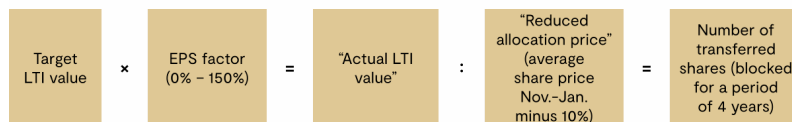
In the reporting year, the Board of Directors developed and approved a new LTI plan; the new plan will replace the above two plans for the members of the Executive Committee and the Extended Executive Committee. The first allocation under the new plan will be made in the 2023 financial year. It is a Performance Share Unit (PSU) Plan based on the best practice among listed Swiss companies and tailored to Bystronic’s business model. The new plan is described in more detail in [Section 7 Outlook](#).

Below, the two performance share plans to date are described in more detail:

Restricted Share Plan (RSP) for the CEO

Following the retirement of the Conzzeta Executive Committee, the CEO is the only remaining participant in the Restricted Share Plan (RSP), both in the reporting year and in the previous year. The target LTI value corresponds to the long-term share-based target compensation and accounts for 20% of the total target compensation for the CEO (previous year: 20%).

The target LTI value is multiplied by the EPS factor (earnings per share) of the relevant financial year to determine the CEO’s actual entitlement (= “actual LTI value”). The “actual LTI value”, in turn, is divided by the average price of the Bystronic share in the period from November 1 of the current period to January 31 of the following period, whereby a discount of 10% is applied (“reduced allocation price”), in order to determine the CEO’s entitlement to restricted shares. The following chart shows how the Restricted Share Plan (RSP) functions:



To qualify for the transfer of shares, the recipient must be in employment on the date of the transfer, with no period of notice served by either side. Shares are transferred in the following year after the Board of Directors has approved the Annual Financial Statements, and the number of shares is rounded up to the next whole number. The transferred shares remain blocked for a period of four years from the date of transfer. Even upon termination of employment of the CEO, the transferred shares remain blocked, unless the termination of employment occurs in the context of a change of control (see [Corporate Governance Report, Section 7.2](#)). The transferred class A shares are registered in the name of the CEO and bear voting and dividend rights.

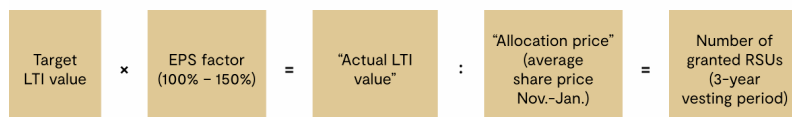
The EPS factor is based on the attainment of a target EPS value. The target EPS value (100%) corresponds to the budget value and is determined annually by the Board of Directors. The Board of Directors also determines a minimum EPS value (= budget value -20%) and a maximum EPS value (= budget value +20%). If the actual EPS is equal to the minimum EPS value, the EPS factor is 50%; if it is lower than the minimum EPS value, the EPS factor is 0%, i.e. no shares are transferred to the CEO; if the actually achieved EPS reaches or exceeds the maximum EPS value, the factor is 150% (cap). The factor for the actual values between the minimum and maximum EPS values is determined by means of linear interpolation.

The owed class A registered shares are repurchased on the market or taken from the company’s treasury shares.

Restricted Share Unit (RSU) plan for the members of the Executive Committee (excl. CEO)

The target LTI value corresponds to the long-term share-based target compensation and accounts for 15% of the total target compensation for the members of the Executive Committee (excl. CEO) (previous year: 11%).

The target LTI value is multiplied by the EPS factor (earnings per share) of the prior financial year to determine the plan participant’s actual entitlement (= “actual LTI value”). The “actual LTI value”, in turn, is divided by the average price of the Bystronic share from November 1 of the previous period to January 31 of the current period (allocation price) in order to determine the plan participant’s entitlement to Restricted Share Units (RSUs). RSUs represent a conditional right to receive one share of Bystronic free of charge after the expiry of a 3-year vesting period (conversion at a ratio of 1:1), provided that the employment relationship is ongoing. The RSUs do not confer any voting or dividend rights and cannot be traded. The following chart shows how the RSU Plan functions:



The prerequisite for the grant of RSUs is an indefinite employment contract that has not been terminated at the time of grant. The grant takes place in the current year after the Board of Directors has approved the previous year’s Annual Financial Statements, and the number of RSUs granted is rounded up to the next whole number.

The EPS factor is based on the achievement of a target EPS value in the financial year prior to the grant of the RSUs. The target EPS value (100%) corresponds to the budget value and is determined annually by the Board of Directors. The EPS factor can range between 100% and 150% of the target LTI value, as outlined below:

Result in % of target EPS value	EPS factor
EPS ≤ 100%	100% (target & minimum value)
EPS > 100%; ≤ 105%	110%
EPS > 105%; ≤ 110%	120%
EPS > 110%; ≤ 115%	130%
EPS > 115%; ≤ 120%	140%
EPS > 120%	150% (cap)

RSUs are subject to a three-year vesting period (“cliff vesting”) beginning on the grant date and ending on the vesting date. The conversion of non-forfeitable RSUs into shares takes place on the vesting date, provided that the employment relationship is ongoing at that time, whereas under the following circumstances, forfeitable RSUs will vest on a pro rata basis, provided that the event occurred after the expiration of a one-year period from the grant date:

- Qualified retirement: Retirement of a plan participant who has reached the age of 60 and 5 years of service
- Termination without significant cause by the employer
- Permanent disability or death of the plan participant

Unless otherwise determined by the Board of Directors, forfeitable RSUs will immediately vest on a pro rata basis, irrespective of the timing of the event, in the event of a change of control at the level of Bystronic AG, its merger with a non-affiliated company, or the sale of all or a majority of a business unit to a non-affiliated company (see [Corporate Governance Report, Section 7.2](#)).

The plan participant may freely dispose of the shares transferred to him/her. The transferred shares are registered in the name of the plan participant and bear voting and dividend rights.

The necessary shares are repurchased on the market or taken from the company’s treasury shares. The Board of Directors may in individual cases elect to make a corresponding cash payment in lieu of a share transfer.

Social security and pension plan

The members of the Executive Committee are covered by social security in accordance with the legal regulations and they participate in the social security and pension plans available in their country of employment. Their primary purpose is to ensure a reasonable standard of living for the members of the Executive Committee and their dependants after retirement or in the event of sickness, disability, or death.

Members of the Executive Committee with a Swiss employment contract are insured with the standard pension fund set up for all employees in Switzerland. The fund covers the annual income (fixed base salary and short-term variable target compensation) up to the maximum amount permitted by law. The benefits go above and beyond the statutory requirements of the Swiss Federal Act on Occupational Old Age, Survivors', and Invalidity Pension Provision (OPA).

Members of the Executive Committee with an employment contract outside of Switzerland are insured according to local market practice and legislation.

Fringe benefits

In addition, members of the Executive Committee are entitled to certain fringe benefits that are customary in the respective country of employment, such as a company car and other benefits in kind. Executive Committee members in Switzerland also receive a lump sum expense allowance in line with the applicable expense regulations approved by the tax authorities.

3.3 Contractual terms of the Executive Committee

The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a notice period of twelve months for the CEO and as a general rule six months for the remaining members of the Executive Committee. They do not contain any agreement on severance payments or change-of-control clauses.

4 Compensation in the financial year

4.1 Compensation of the Board of Directors for the 2022/2023 term of office

At the Annual General Meeting on April 26, 2022, a maximum amount of CHF 1.30 million was approved for the total compensation and benefits for the Board of Directors for the 2022/2023 term of office; the actual total compensation and benefits of the members of the Board of Directors amounts to CHF 1.15 million (prior year CHF 1.16 million).

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

The following tables list the compensation of the individual members of the Board of Directors for the 2022/23 (7 members) and 2021/22 (7 members) terms of office.

Compensation of the members of the Board of Directors for the 2022/2023 term of office

Compensation of Board of Directors for the 2022/2023 term of office	Base fee in cash	Base fee in shares ¹	Committee fee	Benefits	Total compensation and benefits ²
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Dr. Heinz O. Baumgartner Chairman of the Board of Directors	175.0	175.1	15.0	43.7	408.8
Dr. Roland Abt Chairman of the Audit Committee	45.0	50.6	40.0 ³	12.1	147.7
Dr. Matthias Auer Member of the Audit Committee	45.0	50.6	15.0	9.7	120.3
Inge Delobelle	45.0	50.6	0.0	5.0	100.6
Urs Riedener Chairman of the Human Resources Committee	45.0	50.6	30.0	18.2	143.8
Jacob Schmidheiny	45.0	50.6	0.0	8.8	104.4
Robert F. Spoerry Member of the Human Resources Committee	45.0	50.6	15.0	9.5	120.1
Total	445.0	478.7	115.0	107.0	1,145.7

¹ In total, 719 shares will be transferred to members of the Board of Directors at the average share price of CHF 665.63; the transferred shares will remain restricted for a period of 4 years.

On April 25, 2022, the blocking on a total of 488 shares of current and former members of the Board of Directors was lifted; these shares were transferred in 2018.

² The total compensation will be paid out to the members of the Board of Directors no later than ten days after the Annual General Meeting on April 25, 2023.

³ The transition from Conzeta to Bystronic requires the Board of Directors to oversee operational processes. To compensate for this additional workload, the Board of Directors granted Dr. Roland Abt an additional fee of CHF 10,000.

Dr. Roland Abt has been Chairman of the Board of Trustees of the Conzeta Pension Fund since 2022. This function entitles him to a gross annual fee of CHF 15,000, which is not included in the amount disclosed.

Compensation of the members of the Board of Directors for the 2021/2022 term of office

Compensation of Board of Directors for the 2021/2022 term of office	Base fee in cash	Base fee in shares ¹	Committee fee	Benefits	Total compensation and benefits ²
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Ernst Bärtschi Chairman of the Board of Directors	175.0	175.1	0.0	39.1	389.2
Dr. Roland Abt Chairman of the Audit Committee	45.0	51.1	40.0 ³	19.1	155.2
Dr. Matthias Auer Member of the Audit Committee	45.0	51.1	15.0	9.7	120.8
Dr. Heinz O. Baumgartner Member of the Human Resources Committee	45.0	51.1	15.0	16.2	127.3
Urs Riedener Chairman of the Human Resources Committee	45.0	51.1	30.0	18.0	144.1
Jacob Schmidheiny	45.0	51.1	0.0	8.8	104.9
Robert F. Spoerry Member of the Human Resources Committee	45.0	51.1	15.0	9.5	120.6
Total	445.0	481.7	115.0	120.4	1,162.1

¹ In total, 377 shares were transferred to members of the Board of Directors at the average share price of CHF 1,278.40; the transferred shares will remain restricted for a period of 4 years.

On April 26, 2021, the blocking on a total of 739 shares of current and former members of the Board of Directors was lifted; these shares were transferred in 2017.

² The total compensation was paid out to the Board of Directors in April 2022.

³ The transition from Conzzeta to Bystronic required the Board of Directors to oversee operational processes. To compensate for this additional workload, the Board of Directors granted Dr. Roland Abt an additional fee of CHF 10,000.

4.2 Compensation of the Executive Committee for the 2022 financial year

For the 2022 financial year, the active and former members of the Executive Committee received total compensation and benefits totaling CHF 4.7 million (previous year: CHF 7.7 million). This complied with the maximum total compensation for the Executive Committee of CHF 6.8 million approved at the Annual General Meeting in April 2021.

The average target attainment figure of the 2022 Short-Term Incentive (STI) of all active members of the Executive Committee is 51% below target based on the 2022 financial and individual results (previous year, 22% above target).

The 2022 short-term variable compensation for the active members of the Executive Committee amounted to between 16% and 28% of the fixed base salary (previous year: between 32% and 77%), or between 39% and 68% of the contractually agreed variable target compensation (previous year: between 98% and 142%).

The EPS factor, which determines the monetary value of the share allocation for the CEO, is calculated based on the result in the reporting year and is 0% (previous year: 117%). The EPS factor, which determines the monetary value of the RSU grant for the remaining active members of the Executive Committee, is calculated based on the result in the previous year and is 120%.

On December 31, 2022, there were no open loan or credit contracts between the company and members of the Executive Committee or related third parties.

The following tables show the compensation paid to the members of the Executive Committee in the reporting year and in the previous year. The table for the prior year shows the pro rata annual compensation for the Executive Committee of the Bystronic Group from April 22, 2021 to December 31, 2021, for the former Executive Committee of the Conzzeta Group for the 2021 financial year, and the highest individual compensation.

Compensation of the Executive Committee for the 2022 financial year

Compensation of the Executive Committee for the 2022 financial year	Fixed compensation		Variable compensation		Benefits		Total compensation and benefits
	Base salary	Short-term variable compensation	Long-term share-based compensation	Social security and pension plan	Fringe benefits		
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand	
Active Executive Committee (8 members) ²	2,327.8	528.3 ³	543.3 ⁴	519.6	390.2	4,309.2	
Former Executive Committee (2 members) ⁵	180.8	75.3	45.2	46.0	25.9	373.2	
Total active and former Executive Committee	2,508.6	603.6	588.5	565.6	416.1	4,682.4	
Highest individual amount: CEO, A. Waser	533.2	150.9 ³	0.0 ⁶	154.9	29.4	868.4	

¹ These figures include all employer contributions to compulsory and supplementary social security plans. Due to the social nature of public insurance plans, a significant portion of the reported contributions does not result in benefits for the individuals concerned.

² The contractually agreed total target compensation of the members of the Executive Committee (including CEO) was adjusted once in the reporting year with effect from January 1, 2022.

One member was appointed to the Executive Committee with effect from January 1, 2022. The composition of the Executive Committee remained unchanged throughout the reporting year.

³ These figures relate to the expected variable compensation for the reporting year (payment effected in the following year).

⁴ This figure relates to Restricted Share Units (RSUs) allocated during the reporting year. The EPS factor (calculated based on the result for the 2021 financial year) was 120%; at an allocation price of CHF 1,278.40, this resulted in a grant of a total of 425 RSUs on April 1, 2022; the RSUs are forfeitable for a period of 3 years.

In the reporting year, a total of 187 Restricted Share Units of active members of the Executive Committee have vested; these RSUs were granted in 2019. Of these, 83 RSUs were settled by means of a cash payment in lieu of a transfer of shares.

⁵ The employment contracts of two members of the Conzzeta Executive Committee who departed in April 2021 terminated on March 31, 2022. The figures relate to the regular, fixed base salary and the pro rata entitlement to short-term and long-term variable compensation. The figure under "Fringe benefits" includes one-off special compensation amounting to CHF 14,500 for losses in connection with the discontinuation of the Conzzeta pension plan for executive-level staff.

⁶ This figure refers to the Restricted Share Plan (RSP). The EPS factor (calculated based on the result for the 2022 financial year) is 0%, meaning that the CEO is not entitled to a share allocation.

The blocking on 118 shares of the CEO was lifted on March 25, 2022. These shares were transferred to him in 2018.

Compensation of the Executive Committee for the 2021 financial year

At the Annual General Meeting on April 21, 2021, the Executive Committee of the Conzzeta Group was superseded by the new Executive Committee of the Bystronic Group. The following overview table documents the pro rata annual compensation of the current Executive Committee since April 22, 2021, as well as the compensation of the former Conzzeta Executive Committee for the entire 2021 financial year, or until the end of the employment contract of the respective member. The annual compensation of the current CEO (Alex Waser) is included on a pro rata basis in the total of the former Executive Committee for the period between January 1 and April 21, 2021 and in the total of the current Executive Committee for the remainder of the year.

Compensation of the Executive Committee for the 2021 financial year

Compensation of the Executive Committee in the 2021 financial year	Fixed compensation		Variable compensation		Benefits		Total compensation and benefits
	Base salary	Short-term variable compensation	Long-term share-based compensation	Social security and pension plan	Fringe benefits		
	CHF thousand					CHF thousand	
Current Executive Committee (from April 22, 2021, 7 members) ¹	1,455.0	680.1	316.3 ⁷	403.3	279.7	3,134.4	
Former Executive Committee (6 members) ²	1,824.6	1,477.4 ⁵	590.3 ⁸	419.2	254.9 ¹⁰	4,566.4	
Total current and former Executive Committee	3,279.6	2,157.5	906.6	822.5	534.6	7,700.8	
Highest individual amount: former CEO, M. Willome ³	634.3	728.6 ⁶	253.7	145.7	77.4 ¹¹	1,839.7	

¹ The contractually agreed total target compensation of the members of the current Executive Committee (including CEO) was adjusted once in the reporting year with effect from January 1, 2021. One member joined the company on May 1, 2021.

² The amounts include the pro rata annual compensation for the current CEO (Alex Waser) for the period from January 1, 2021 to April 21, 2021, as well as for the former CEO until October 31, 2021, for the former CEO of FoamPartner until March 31, 2021 (FoamPartner divestment date), and for the former CEO of Mammut until June 30, 2021 (Mammut divestment date). For the remaining two members of the former Executive Committee, the amounts include the full 2021 financial year; their employment contracts expired on March 31, 2022.

³ Michael Willome was in office as CEO of the Conzzeta Group until the Annual General Meeting on April 21, 2021. His employment relationship with the company ended on October 31, 2021.

⁴ These figures refer to the 2021 variable compensation as well as to the special allocations resulting from the retention plan 1 (see footnotes 5 and 6). The variable compensation was paid out in 2022 and corresponded precisely to the amounts shown.

⁵ Including special allocation resulting from the retention plan 1 totaling CHF 550,000; within the framework of the retention plan 1, entitlements of former members of the Executive Committee totaling CHF 2,156,000 were paid out in 2021. The members of the former Executive Committee were entitled to the contractually agreed variable target compensation (100%); the payout was effected in the 2022 financial year or upon expiry of the employment contract of the respective member.

⁶ Incl. special allocation resulting from the retention plan 1 totaling CHF 348,000; within the framework of the retention plan 1, entitlements of the former CEO totaling CHF 1,142,000 were paid out in 2021 (including compensation for the non-competition clause). The former CEO was entitled to the contractually agreed variable target compensation (100%; pro rata until his employment terminated); the payout was effected in the 2022 financial year.

⁷ These figures refer to the Restricted Share Plan (RSP) in the case of the current CEO and to the allocated Restricted Share Units (RSU) in 2021 in the case of the other members of the current Executive Committee, although one member was not yet entitled to RSUs in the reporting year due to his joining Bystronic during the course of 2021. The EPS factor under the RSP (2021) is 117%; at a reduced allocation price of CHF 1,150.56, this translated into a transfer of 194 shares on April 1, 2022. The discount on the share price is included in the amount shown. The blocking on 128 shares of the current CEO was lifted on March 24, 2021. These shares were transferred to him in 2017.

For the 2020 financial year, the minimum EPS was not achieved, which meant that the EPS factor within the RSU Plan 2021 was 100% (= minimum); at an allocation price of CHF 1,058.53, this resulted in the grant of a total of 196 RSUs on April 1, 2021; the RSUs are forfeitable for a period of 3 years.

In 2021, a total of 21 Restricted Share Units of members of the current Executive Committee vested; these RSUs were granted in 2018. Of these, 11 were settled by means of a cash payment in lieu of a transfer of shares.

⁸ Upon termination of their employment contract (or in January 2022 in the case of the former CEO), a cash payment based on the target LTI value (100%; pro rata until the expiry of the employment contract) was made to the members of the former Executive Committee to settle their entitlement to the 2021 LTI (exception: A. Waser – see footnote 7).

⁹ The figures for the current Executive Committee include all employer contributions to compulsory and supplementary social security plans. By contrast, the figures for the former members of the Executive Committee include only pension-forming employer contributions. A common factor to both approaches is that, due to the social nature of public insurance plans, a significant portion of the contributions shown do not result in benefits for the individual concerned.

¹⁰ Including a one-off special compensation amounting to CHF 146,000 for losses in connection with the discontinuation of the Conzzeta pension plan for executive-level staff.

¹¹ Including a one-off special compensation amounting to CHF 47,000 for losses in connection with the discontinuation of the Conzzeta pension plan for executive-level staff.

¹⁾ For a more in-depth description of the retention plan, please refer to the 2021 Compensation Report.

5 Information on shareholdings

5.1 Equity holdings of the members of the Board of Directors

The shareholdings of the members of the Board of Directors are verified by the external statutory auditors within the scope of the audit of the statutory Annual Financial Statements of Bystronic AG. The following table lists the shareholdings of the individual members of the Board of Directors and of related parties.

	Class A registered shares ¹		31.12.2022		Class A registered shares ¹		31.12.2021	
	freely tradable	blocked ³	Class B ² registered shares		freely tradable	blocked ³	Class B ² registered shares	
			total	freely tradable			total	freely tradable
Dr. Heinz O. Baumgartner Chairman ⁴	0	40	40	0	0	0	0	0
Dr. Roland Abt Member	196	202	202	0	147	211	358	0
Dr. Matthias Auer Member	22,409	202	22,611	1,008	22,360	211	22,571	1,008
Inge Delobelle Member ⁵	0	0	0	0	0	0	0	0
Urs Riedener Member	196	202	398	0	147	211	358	0
Jacob Schmidheiny Member	129,308	202	129,510	6,032	129,259	211	129,470	6,032
Robert F. Spoerry Member	7,343	202	7,545	148	7,019	211	7,230	148
Total members of the Board of Directors	159,452	1,050	160,502	7,188	158,932	1,055	159,987	7,188

¹ Class A registered shares have a par value of CHF 2.00, carry one voting right, and are traded on the SIX Swiss Exchange.

² Class B registered shares have a par value of CHF 0.40, carry one voting right, and are not traded on the SIX Swiss Exchange.

³ These figures refer to the shares allocated as a base fee over the past four terms of office. They carry voting and dividend rights.

⁴ Joined the Board of Directors in April 2021.

⁵ Joined the Board of Directors in April 2022.

Dr. Matthias Auer, Jacob Schmidheiny, and Robert F. Spoerry hold further registered shares under a shareholder agreement within the Auer, Schmidheiny, and Spoerry shareholder group.

The terms of ownership according to the share ownership guidelines are fully met by all members of the Board of Directors.

5.2 Equity holdings of the members of the Executive Committee

The shareholdings of the members of the Executive Committee are verified by the external statutory auditors within the scope of the audit of the statutory Annual Financial Statements of Bystronic AG. The following table indicates the shareholdings of the individual members of the Executive Committee and of related parties.

	Class A registered shares ¹			31.12.2022	Class A registered shares ¹			31.12.2021
	freely tradable	blocked	total	Entitlement to class A registered shares / RSUs vested	freely tradable	blocked	total	Entitlement to class A registered shares / RSUs vested
Alex Waser (CEO)	578	670 ³	1,248	0	460	594 ³	1,054	0
Beat Neukom (CFO)	0	0	0	88	0	0	0	0
Johan Elster	69	0	69	120	30	0	30	103
Robert St. Aubin	0	0	0	112	0	0	0	71
Norbert Seo	0	0	0	96	0	0	0	62
Dr. Song You	0	0	0	148	0	0	0	118
Eamon Doherty	33	0	33	106	0	0	0	86
Alberto Martinez	32	0	32	106	0	0	0	84
Total	712	670	1,382	776	490	594	1,084	524

¹ Class A registered shares have a par value of CHF 2.00, carry one voting right, and are traded on the SIX Swiss Exchange.

² These figures relate to the entitlements granted under the Restricted Share Unit (RSU) Plan. RSUs represent a conditional right to receive one registered share free of charge after the expiry of a 3-year vesting period, provided that the employment relationship is ongoing. The RSUs do not confer any voting or dividend rights and cannot be traded.

³ These figures relate to the shares allocated under the Restricted Share Plan (RSP). They carry voting and dividend rights.

6 Information on functions in other companies and associations

6.1 Functions of the members of the Board of Directors in other companies and associations

The following table lists all functions of the individual members of the Board of Directors in other companies and associations that pursue an economic purpose.

	Companies and associations	Country	Function	Function since
Dr. Heinz O. Baumgartner Chairman	Schweiter Technologies AG ¹	Switzerland	Member of the Board of Directors	2020
	3A Composites Holding AG ²	Switzerland	Chairman of the Board of Directors	2010
	3A Composites Germany GmbH ²	Germany	Managing Director	2009
	United Grinding Group AG	Switzerland	Member of the Board of Directors	2018
	Bluearbre AG	Switzerland	Member of the Board of Directors	2020
Dr. Roland Abt Member	Swisscom AG	Switzerland	Member of the Board of Directors, Chairman of the Audit Committee	2016
	Aargau Verkehr AG	Switzerland	Chairman of the Board of Directors	2017
	Limmat Bus AG ³	Switzerland	Chairman of the Board of Directors	2017
	Eisenbergwerk Gonzen AG	Switzerland	Chairman of the Board of Directors	2008
	Raiffeisenbank Zufikon Genossenschaft	Switzerland	Member of the Board	2013
	Fürsorgestiftung Conzzeta	Switzerland	Chairman of the Board of Trustees	2015
	Pensionskasse Conzzeta	Switzerland	Chairman of the Board of Trustees	2022
Dr. Matthias Auer Member	Genossenschaft Migros Zürich	Switzerland	Vice-Chairman of the Board	2008
	Kalkfabrik Netstal AG	Switzerland	Vice-Chairman of the Board of Directors	1981
	Elggis Kraft AG	Switzerland	Chairman of the Board of Directors	1991
	GTLM Immobilien AG	Switzerland	Vice-Chairman of the Board of Directors	1985
	Stucki AG, Bauunternehmung	Switzerland	Chairman of the Board of Directors	1984
	Fritz Landolt AG	Switzerland	Member of the Board of Directors	2015
	Schwert AG	Switzerland	Member of the Board of Directors	1994
	Meda Holding AG	Switzerland	Chairman of the Board of Directors	2007
	Ram Resources Management AG	Switzerland	Chairman of the Board of Directors	1999
	Unaba AG	Switzerland	Chairman of the Board of Directors	1999
Inge Delobelle Member	TK Elevator Europe Africa GmbH	Germany	Chairwoman / CEO	2018
	TK Aufzüge GmbH ⁴	Germany	Chairwoman of the Supervisory Board	2018
	Tepper Aufzüge GmbH ⁴	Germany	Chairwoman of the Supervisory Board	2018
	TK Elevator France Holding S.A.S. ⁴	France	Chairwoman of the Supervisory Board	2019

	Companies and associations	Country	Function	Function since
Urs Riedener Member	Emmi AG ⁵	Switzerland	CEO	2008
	Emmi Finanz AG ⁶	Switzerland	Chairman of the Board of Directors	2008
	Emmi International AG ⁶	Switzerland	Chairman of the Board of Directors	2008
	Emmi Management AG ⁶	Switzerland	Chairman of the Board of Directors	2008
	Emmi Schweiz AG ⁶	Switzerland	Chairman of the Board of Directors	2008
	Laticínios Porto Alegre Industria e Comercio S/A, Ponte Nova, MG ⁶	Brazil	Member of the Board of Directors	2017
	Kaiku Corporation Alimentaria, S.L. ⁶	Spain	Member of the Board of Directors	2008
	Schweizerische Management Gesellschaft (Verein)	Switzerland	Member of the Board	2015
	Institut für Marketing und Customer Insight, Universität St. Gallen	Switzerland	Member of the Executive Committee	2006
	Schwarz Unternehmenstreuhand KG	Germany	Member of the Advisory Board	2022
Jacob Schmidheiny Member	Les Verts Pommiers SA	Switzerland	Chairman of the Board of Directors	1997
Robert F. Spoerry Member	Mettler Toledo International Inc.	USA	Chairman of the Board of Directors	1998
	Sonova Holding AG	Switzerland	Chairman of the Board of Directors	2011

¹ Dr. Heinz O. Baumgartner stepped down as CEO of the Schweiter Technologies Group with effect from September 30, 2022.

² Subsidiary of Schweiter Technologies AG

³ Subsidiary of Aargau Verkehr AG

⁴ Subsidiary of TK Elevator Europe Africa GmbH

⁵ Urs Riedener stepped down as CEO of the Emmi Group with effect from December 31, 2022.

⁶ Subsidiary of Emmi AG

6.2 Functions of the members of the Executive Committee in other companies and associations

The following table lists all functions of the members of the Executive Committee in other companies and associations that pursue an economic purpose.

	Companies and associations	Country	Function	Function since
Alex Waser, CEO	Swissmem	Switzerland	Member of the Machine Tool Committee	2015
	CECIMO (European Association of the Machine Tool Industries and related Manufacturing Technologies)	Belgium	Swiss delegate	2020

The remaining members of the Executive Committee do not have any functions in other companies or associations.

7 Outlook

New Long-Term Incentive Plan for the members of the Executive Committee

In the reporting year, the Board of Directors dealt intensively with the question of how in the context of long-term compensation, the interests of the members of the Executive Committee can be optimally aligned with those of the shareholders. In the course of these deliberations, the Board of Directors decided to replace the two existing long-term incentive plans (Restricted Share Plan and Restricted Share Unit Plan) with a new plan that will apply to all members of the Executive Committee, including the CEO, starting in the 2023 financial year.

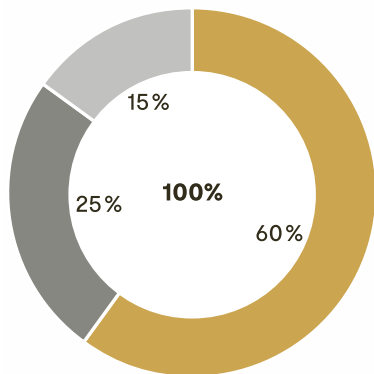
The new plan is a Performance Share Unit (PSU) Plan with a vesting period starting on the grant date (April 1 of each year; first grant date April 1, 2023) and ending after three years. 50% of the allocated PSUs are multiplied by a performance factor that reflects a defined EPS growth target over three financial years, and the remaining 50% are multiplied by a performance factor that reflects the total shareholder return (TSR) achieved over three years in relation to the corresponding TSR performance of all companies of the "Swiss Performance Index SPI® Industrials" (relative TSR). Both performance factors can lie between 0% and 200%.

Correspondingly, this means that at the end of the vesting period, between 0% and 200% of the vested PSUs are converted into shares. For each vested PSU, the participant is entitled to one class A registered share. 60% of the transferred shares remain restricted for two years, bringing the total duration of the plan to five years.

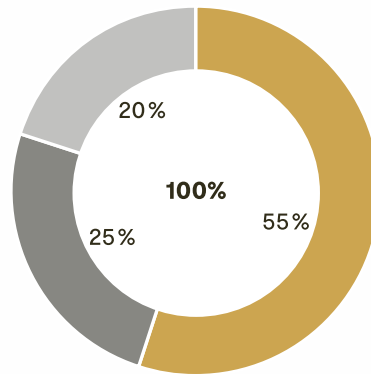
Within the context of the introduction of the new plan, the Board of Directors has also decided to shift the composition of the compensation elements for the members of the Executive Committee (excluding the CEO) in favor of long-term share-based compensation, i.e. the new Long-Term Incentive Plan. Starting January 1, 2023, their compensation mix will be as follows:

The compensation mix for the CEO will remain unchanged in the 2023 financial year.

Previous compensation mix of members of the Executive Committee (excl. CEO)



Compensation mix of members of the Executive Committee (excl. CEO) as of 1.1.2023



- Fixed based salary
- Short-term variable compensation (STI)
- Long-term share-based compensation (LTI)

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

Opinion

We have audited the Compensation Report of Bystronic AG (the Company) for the year ending December 31, 2022. The audit was limited to the information on compensation, loans, and credits according to articles 14–16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) in the tables “Compensation of the Board of Directors for the 2022/2023 term of office”, “Compensation of the Board of Directors for the 2021/2022 term of office”, “Compensation of the Executive Committee for the 2022 financial year”, and “Compensation of the Executive Committee for the 2021 financial year” on pages 63 to 66 of the Compensation Report.

In our opinion, the disclosures regarding compensation, loans, and credits in the accompanying Compensation Report comply with Swiss law and articles 14–16 ERCO.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss auditing standards (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” Section of our report. We are independent of the 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.

Remaining information

The Board of Directors bears the responsibility for the remaining information. The remaining information comprises the information included in the Annual Report, but does not include the tables in the Compensation Report marked “audited”, the Consolidated Financial Statements, the Annual Financial Statements, and our associated reports.

Our opinion on the Compensation Report does not cover the remaining information, and we do not express any form of assurance conclusion thereon.

For the purpose of our audit, we have the responsibility to read the remaining information and, in doing so, to evaluate whether the remaining information presents material inconsistencies with the audited financial information in the Compensation Report or with the findings we have obtained during our audit, or appears otherwise to be materially misstated.

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

Responsibilities of the Board of Directors for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company’s Articles of Association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor’s responsibilities for the audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the disclosures made in the Compensation Report with respect to compensation, loans, and credits are free from material misstatement, whether due to fraud or error, in accordance with articles 14–16 ERCO, and to issue a report that incorporates our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

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

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

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

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

KPMG AG



François Rouiller
Licensed Audit Expert Auditor in
Charge



Raphael Gähwiler
Licensed Audit Expert

Zurich, February 27, 2023

Financial Report

Consolidated Financial Statements

75	Income statement
76	Balance sheet
77	Statement of changes in shareholders' equity
78	Cash flow statement
79	Notes to the consolidated financial statements
81	1. Performance
86	2. Invested capital
94	3. Financing and risk management
98	4. Group structure
102	5. Other notes
104	Statutory Auditor's Report

Financial Statements of Bystronic AG

108	Income statement
109	Balance sheet
110	Notes to the financial statements
114	Proposed appropriation of available earnings
115	Statutory Auditor's Report
118	Five-year summary

Consolidated income statement

CHF million	Note	Bystronic 2022	Bystronic 2021	Discontinued operations 2021	Group 2021
Net sales	1.1	1,015.9	939.3	183.6	1,122.9
Other operating income	1.3	5.5	7.3	3.0	10.4
Changes in inventories of unfinished and finished goods		19.1	69.6	2.9	72.5
Material expenses	1.4	-488.4	-491.5	-98.8	-590.3
Personnel expenses	1.4	-260.0	-242.5	-49.3	-291.8
Depreciation and impairment on fixed assets	2.3	-14.6	-13.4	-5.6	-19.0
Amortization and impairment on intangible and financial assets	2.4/ 2.5	-7.1	-5.1	-1.8	-6.9
Other operating expenses	1.4	-222.1	-193.8	-122.8	-316.6
Operating result (EBIT)		48.1	70.1	-88.8	-18.7
Financial result	3.3	-2.7	-0.9	-0.5	-1.4
Result before income taxes		45.4	69.2	-89.2	-20.0
Income taxes	1.5	-8.9	-12.5	4.6	-7.9
Net result		36.6	56.8	-84.6	-27.8
Attributable to shareholders of Bystronic AG		36.6	56.0	-84.6	-28.6
Attributable to minority interests			0.7		0.7
Earnings per class A registered share in CHF	1.6	17.69	27.08	-40.89	-13.81
Earnings per class B registered share in CHF	1.6	3.54	5.42	-8.18	-2.76
Diluted earnings per class A registered share in CHF	1.6	17.69	27.08	-40.89	-13.81
Diluted earnings per class B registered share in CHF	1.6	3.54	5.42	-8.18	-2.76

Consolidated balance sheet

CHF million	Note	12/31/2022	12/31/2021
ASSETS			
Current assets			
Cash and cash equivalents	3.1	216.6	465.7
Securities	3.1	125.0	30.0
Trade receivables	2.2	167.2	133.7
Prepayments to suppliers		6.0	6.5
Other receivables	2.2	46.0	59.3
Inventories	2.2	287.7	249.1
Prepaid expenses and accrued income		14.0	14.1
Total current assets		862.5	958.4
Non-current assets			
Fixed assets	2.3	134.2	133.1
Intangible assets	2.4	11.0	11.4
Financial assets	2.5	110.6	109.2
Deferred tax assets	1.5	24.2	22.8
Total non-current assets		280.0	276.4
TOTAL ASSETS		1,142.5	1,234.8
LIABILITIES			
Current liabilities			
Short-term financial liabilities		0.5	4.1
Trade payables		69.9	79.5
Advance payments from customers	2.2	158.7	153.4
Other short-term liabilities	2.2	34.3	30.1
Short-term provisions	2.6	28.3	24.6
Accrued expenses and deferred income	2.2	83.7	80.3
Total current liabilities		375.4	372.0
Non-current liabilities			
Long-term financial liabilities			1.7
Pension fund liabilities	5.1	0.6	0.6
Long-term provisions	2.6	22.1	23.6
Deferred tax liabilities	1.5	20.3	21.7
Total non-current liabilities		42.9	47.6
Total liabilities		418.3	419.6
Equity			
Share capital	3.2	4.1	4.1
Capital reserves		-31.4	-30.8
Treasury shares	3.2	-2.2	-2.3
Retained earnings		753.7	844.2
Equity attributable to shareholders of Bystronic AG		724.2	815.2
TOTAL LIABILITIES AND EQUITY		1,142.5	1,234.8

Consolidated statement of changes in shareholders' equity

CHF million	Note	Share capital	Capital reserves	Treasury shares	Translation differences	Cash flow hedges	Other retained earnings	Retained earnings	Equity attributable to shareholders Bystronic AG	Minority interests	Total equity
Total equity December 31, 2020		4.1	-19.5	-2.1	-99.0	2.0	909.1	812.1	794.7	1.3	796.1
Net result							-28.6	-28.6	-28.6	0.7	-27.8
Dividends							-124.1	-124.1	-124.1	-0.1	-124.3
Changes of cash flow hedging						-1.6		-1.6	-1.6		-1.6
Recognition of goodwill in equity	4.2						-0.5	-0.5	-0.5		-0.5
Recycling of goodwill from sale of business units	4.1						155.0	155.0	155.0		155.0
Acquisition of minority interests	4.2		-11.4						-11.4	-2.0	-13.4
Purchase of treasury shares				-1.6					-1.6		-1.6
Share-based compensation			0.1	1.4					1.4		1.4
Recycling of translation differences from sale of business units					34.3			34.3	34.3		34.3
Translation differences					-2.3			-2.3	-2.3	0.0	-2.3
Total equity December 31, 2021		4.1	-30.8	-2.3	-66.9	0.4	910.8	844.2	815.2		815.2
Net result							36.6	36.6	36.6		36.6
Dividends							-124.1	-124.1	-124.1		-124.1
Changes of cash flow hedging						4.3		4.3	4.3		4.3
Purchase of treasury shares				-1.0					-1.0		-1.0
Share-based compensation			-0.6	1.0					0.4		0.4
Recycling of translation differences from sale of group companies	4.1				1.4			1.4	1.4		1.4
Translation differences					-9.4		0.7	-8.7	-8.7		-8.7
Total equity December 31, 2022		4.1	-31.4	-2.2	-74.9	4.7	824.0	753.7	724.2		724.2

Consolidated cash flow statement

CHF million	Note	Group 2022	Group 2021
Net result		36.6	-27.8
Depreciation and impairment on fixed assets		14.6	19.0
Amortization and impairment on intangible and financial assets		7.1	6.9
Gain/loss on disposal of non-current assets		-0.1	-4.2
Gain/loss on disposal of investments	4.1	1.4	80.4
Change in provisions, deferred taxes and non-current customer loans ¹		-3.2	-8.4
Other non-cash items ¹		8.9	-6.7
Increase/decrease in:			
inventories		-49.3	-82.3
trade receivables		-41.1	-41.9
prepayments to suppliers		0.2	-1.3
other receivables, prepaid expenses and accrued income		-8.2	-20.1
trade payables		-7.7	17.4
advance payments from customers		11.0	106.6
other liabilities, accrued expenses and deferred income		13.3	20.7
Cash flow from operating activities		-16.5	58.3
Investment in fixed assets	2.3	-18.1	-28.4
Divestment of fixed assets		0.2	21.1
Investment in intangible assets	2.4	-5.3	-5.6
Investment in financial assets and securities		-126.3	-33.2
Divestment of financial assets and securities ¹		30.4	0.6
Acquisition of business activities	4.2		0.7
Sale of business activities	4.1	19.1	320.3
Cash flow from investing activities		-99.9	275.4
Cash flow from operating and investing activities		-116.4	333.7
Purchase of treasury shares	3.2	-1.0	-1.6
Dividends paid to shareholders of Bystronic AG		-124.1	-124.1
Dividends paid to minority shareholders			-0.1
Acquisition of minority interests	4.2		-13.4
Change in short-term financial liabilities		-3.4	-0.4
Change in long-term financial liabilities		-1.7	-0.9
Change in other long-term liabilities		-0.0	-0.0
Cash flow from financing activities		-130.1	-140.6
Effect of currency translation on cash and cash equivalents		-2.5	-0.7
Change in cash and cash equivalents		-249.1	192.4
Reconciliation of change in cash and cash equivalents			
Cash and cash equivalents at beginning of period		465.7	273.3
Cash and cash equivalents at the end of period		216.6	465.7

¹ The previous year's figures have been adjusted due to a new presentation of long-term customer loans. Both the granting (previously shown under "Other non-cash items") and the repayment (previously shown under "Divestment of financial assets and securities") are now shown under "Change in provisions, deferred taxes and non-current customer loans".

Notes to the consolidated financial statements

Information on the report

General information

The consolidated financial statements comprise the individual financial statements of the group companies of Bystronic AG for the financial year from January 1, 2022, to December 31, 2022, 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 February 27, 2023. They are also subject to approval by the General Assembly.

Scope and method of consolidation

The consolidated financial statements include the financial statements of Bystronic AG and of all group companies directly or indirectly controlled by Bystronic AG, through investments with more than 50% of the votes or by other means. These group companies 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, the goodwill offset against equity is reflected in the income statement.

Investments in associated companies or entities (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.

Additional information to the continuing operations Bystronic and the discontinued operations

The previous year's consolidated income statement has been divided into continuing operations Bystronic including the corporate headquarters and discontinued operations. The discontinued operations include the activities of FoamPartner and Mammüt Sports Group until their sale in 2021. Transactions between continuing and discontinued operations are eliminated in the continuing operations.

Currency translation

The consolidated financial statements of Bystronic 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 in equity. Foreign currency gains and losses on long-term equity-like loans to group companies are also recorded in equity. Following the sale or liquidation of companies, these effects are reflected in 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 consolidated financial statements, certain assumptions are 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 1.5](#)
- Inventories – [note 2.2](#)
- Fixed assets – [note 2.3](#)
- Intangible assets – [note 2.4](#)
- Provisions – [note 2.6](#)

Situation on procurement markets

Although the availability of components improved slightly in the second half of 2022, the situation remains tense. This led in particular to supply bottlenecks for individual components as well as to higher material and transportation costs.

Definition of alternative performance measures

Where relevant for the reader, Bystronic has included specific subtotals, which can be found in the relevant table. Furthermore, Bystronic uses the following key figures in its external financial communications:

- Order intake – [note 1.1](#)
- Backlog – [note 1.2](#)
- Net operating assets and return on average net operating assets (RONOA) – [note 2.1](#)
- Operating free cash flow – [note 2.1](#)

Events after the balance sheet date

There are no events after the balance sheet date that require a value adjustment to the assets and liabilities recognized in the balance sheet or that require disclosure.

1 Performance

1.1 Segment information: order intake/net sales

Order intake¹

Order intake is an important performance indicator. An order is recognized when a sales contract is signed, an initial down payment is received and the customer's product orders have been placed at the production plants.

CHF million	2022	2021
EMEA	508.8	571.1
Americas	308.7	365.5
China	77.4	135.8
APAC	114.7	103.1
Order intake	1,009.5	1,175.5

¹ Order intake was not subject to the audit.

Net sales

The following overview shows the net sales by segment, for the previous year divided into continuing operations Bystronic and discontinued operations.

CHF million January - December 2022	Net sales third parties	Net sales interregion	Total net sales
EMEA	500.1	222.1	722.2
Americas	315.9	4.5	320.4
China	83.3	77.0	160.3
APAC	116.5	3.6	120.1
Eliminations		-307.1	-307.1
Net sales	1,015.9		1,015.9

CHF million January - December 2021	Net sales third parties	Net sales interregion	Total net sales
Bystronic			
EMEA	469.7	199.3	669.0
Americas	234.3	3.7	238.0
China	140.3	51.5	191.8
APAC	95.1	3.2	98.3
Eliminations		-257.7	-257.7
Net sales Bystronic	939.3		939.3
Discontinued operations			
Chemical Specialities (FoamPartner)	76.3		76.3
Mammut Sports Group	107.3		107.3
Total discontinued operations	183.6		183.6
Total Group	1,122.9		1,122.9

With reference to the recommendation for listed companies (FER 31/8), Bystronic refrains from disclosing segment results in the interest of the shareholders for the following reasons:

- Impairment of negotiating positions:
The disclosure of segment results would allow conclusions to be drawn about the pricing, which could significantly affect Bystronic's negotiating position.
- Competitive disadvantage compared to competitors:
Bystronic's competitors do not disclose segment information and detailed segment results. The disclosure of segment results would put Bystronic at a competitive disadvantage compared to its competitors as the results allow conclusions to be drawn about the margin and cost situation per segment.

Accounting principles

External segment reporting is based on the internal reporting used by the Executive Committee and the Board of Directors for corporate management purposes. There are four regional segments at Bystronic: EMEA, Americas, China and APAC.

Machine sales are recognized when the risks and rewards of ownership have been transferred to the buyer. Hence, revenue is recognized upon completion of the installation and when the machine is ready for operation. This is generally recorded in an acceptance protocol. The revenue is recognized separately for transactions with separable components. Services rendered are recognized as revenue based on their stage of completion if this can be reliably estimated. Net sales correspond to the expected value of the services provided, net of sales and value-added taxes, sales deductions such as sales bonuses, rebates and discounts granted as well as value adjustments and currency effects on trade receivables.

1.2 Backlog¹

The backlog at the end of the period equals the backlog at the end of the previous period, adjusted for foreign currency effects, plus the order intake of the reporting period minus net sales of the reporting period.

CHF million	2022	2021
Backlog	413.0	435.2

¹ Backlog was not subject to the audit.

1.3 Other operating income

Other operating income includes proceeds from the sale of fixed assets and obsolete materials and income from subsidies and insurance payments.

1.4 Operating expenses

Material expenses

Material expenses include all expenses for raw materials, supplies and merchandise as well as expenses for the external manufacture, processing or treatment of own products (external services).

Compared to the increase in net sales of 8.1%, material expenses rose disproportionately by 11.3% taking into account the changes in inventories of unfinished and finished goods. The ratio of the adjusted material expenses to net sales (materials ratio) amounted to 46.2%, 1.3 percentage points higher than in the previous year. The higher materials ratio compared to the previous year is due to increased purchasing and transportation costs and additionally to higher procurement costs due to supply bottlenecks for key components. On the other hand, Bystronic was able to benefit from the slightly higher share of sales from the service business compared to the previous year.

Personnel expenses

CHF million	Bystronic 2022	Bystronic 2021	Discontinued operations 2021	Group 2021
Wages and salaries	210.2	196.8	40.7	237.4
Social security benefits	42.4	38.6	6.9	45.5
Other personnel expenses	7.3	7.1	1.8	8.9
Total personnel expenses	260.0	242.5	49.3	291.8
Number of employees as of reporting date	3,609	3,543		3,543
Average number of full-time equivalents	3,679	3,362	689	4,051

Bystronic's personnel expenses increased by 7.2% compared to the previous year. In relation to sales, personnel expenses decreased by 0.2 percentage points to 25.6%.

Due to the coronavirus pandemic, some Bystronic companies received short-time working compensation or similar state subsidies. The personnel-related compensations and subsidies were credited to personnel expenses and amounted to CHF 0.1 million (previous year: CHF 0.7 million).

As of the balance sheet date, the number of Bystronic employees increased by 1.9% to 3,609. The increase was mainly due to the strategic expansion of the service business. The average number of employees rose by 9.4% to 3,679 full-time equivalents.

Other operating expenses

CHF million	Bystronic 2022	Bystronic 2021	Discontinued operations 2021	Group 2021
Direct costs of sold products	88.7	70.7	10.7	81.4
Purchased services ¹	49.3	46.1	6.3	52.4
Maintenance, rent, leasing and energy	30.1	29.5	8.8	38.3
Sales, marketing and administration	36.4	29.2	9.4	38.7
Sundry operating expenses	17.5	18.2	87.6	105.8
Total other operating expenses	222.1	193.8	122.8	316.6

¹ Among others, purchased services include consulting and audit, IT, research and development and insurances.

Compared to the previous year, other operating expenses of Bystronic increased by 14.6%. Both the direct costs of goods sold and the costs of purchased services as well as for exhibitions and travelling increased. In relation to net sales, other operating expenses increased by 1.2 percentage points to 21.9%.

1.5 Income taxes

CHF million	Bystronic 2022	Bystronic 2021	Discontinued operations 2021	Group 2021
Current income taxes	13.2	18.9	-1.2	17.7
Deferred taxes	-4.3	-6.4	-3.4	-9.8
Total income taxes	8.9	12.5	-4.6	7.9

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

	Tax rate 2022	Income taxes 2022	Tax rate 2021	Income taxes 2021
Average applicable tax rate and income taxes	20.0%	9.1	21.0%	14.6
Effects of change in tax loss carryforwards	-0.9%	-0.4	-1.1%	-0.8
Other influences	0.5%	0.2	-1.9%	-1.3
Effective tax rate and income taxes Bystronic	19.5%	8.9	18.0%	12.5
Effective tax rate and income taxes of discontinued operations			5.2%	-4.6
Effective tax rate and income taxes group	19.5%	8.9	-39.3%	7.9

The expected tax rate for Bystronic of 20.0% (previous year: 21.0%) corresponds to the weighted average of tax rates in the respective tax jurisdictions. The effective tax rate is 19.5% (previous year: 18.0%) on the ordinary income before taxes. The decrease from the average applicable tax rate to the effective tax rate is mainly due to the utilization of loss carryforwards.

Bystronic calculates deferred taxes at the tax rates actually expected to apply to the temporary differences in the individual companies. Deferred tax assets from loss carryforwards, temporary differences and from the elimination of intercompany profits amounted to CHF 24.2 million (previous year: CHF 22.8 million). Due to uncertainties regarding future offset possibilities, tax effects from loss carryforwards in the amount of CHF 0.7 million (previous year: CHF 0.3 million) were not capitalized. This evaluation is based on the expected income tax rates. Deferred tax liabilities amounted to CHF 20.3 million (previous year: CHF 21.7 million).

Significant estimates made by management

Significant estimates have to be made to determine the amount of current and deferred income tax assets and liabilities. 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 income tax assets and liabilities. These factors include, but are not limited to, changes in tax legislation and regulations and their interpretation as well as changes in tax rates and in the overall level of earnings before taxes. Such changes may impact the current and deferred income tax assets and liabilities recognized in future reporting periods.

Accounting principles

Income taxes include current and deferred income taxes. All tax liabilities are accrued, irrespective of their maturity. The expected taxes on the valuation differences between the group's carrying amounts and the tax bases are accrued at the applicable income tax rates for the companies. The change in these deferred taxes is recognized through tax expenses. The deferred tax assets from offsetting loss carryforwards and temporary valuation differences are only capitalized if it is highly probable that future taxes on profits can be offset.

1.6 Earnings per share

CHF	Bystronic 2022	Bystronic 2021	Discontinued operations 2021	Group 2021
Net result attributable to shareholders of Bystronic AG	36,584,000	56,022,000	-84,586,000	-28,564,000
Average number of class A registered shares (nominal value: CHF 2.00)	1,825,040	1,825,798	1,825,798	1,825,798
Average number of class B registered shares (nominal value: CHF 0.40)	1,215,000	1,215,000	1,215,000	1,215,000
Earnings per class A registered share	17.69	27.08	-40.89	-13.81
Earnings per class B registered share	3.54	5.42	-8.18	-2.76

Share-based payments do not lead to a dilution of earnings per share.

Accounting principles

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

2 Invested capital

2.1 Net operating assets and operating free cash flow

Among others, Bystronic uses the key figures “Net operating assets”, “Return on net operating assets (RONOA)” and “Operating free cash flow” to manage its operating performance.

Net operating assets and return on net operating assets

CHF million	12/31/2022	12/31/2021
Trade receivables	167.2	133.7
Prepayments to suppliers	6.0	6.5
Other receivables (without derivatives)	33.9	35.9
Inventories	287.7	249.1
Prepaid expenses and accrued income	14.0	14.1
Fixed assets	134.2	133.1
Intangible assets	11.0	11.4
Long-term receivables and loans	24.2	22.8
Deferred tax assets	24.2	22.8
Trade payables	-69.9	-79.5
Advance payments from customers	-158.7	-153.4
Other liabilities (without derivatives)	-31.5	-27.3
Accrued expenses and deferred income	-83.7	-80.3
Short-term and long-term provisions	-50.4	-48.2
Deferred tax liabilities	-20.3	-21.7
Net operating assets (NOA)	288.0	218.9
Net operating assets (NOA), average	253.4	225.1
Operating result (EBIT)	48.1	70.1
Effective tax rate	20.3%	18.0%
Return on net operating assets (RONOA) after tax	15.1%	25.5%

For the calculation of the net operating assets (NOA) at the end of 2022, effects from the disposals of discontinued operations are not taken into account. Therefore, in the calculation of the NOA, financial assets (non-current receivables and loans) are reduced by CHF 62.5 million (previous year: CHF 60.8 million). In the prior year, other receivables (excluding derivatives) were additionally reduced by CHF 20.0 million. The interest on the vendor loan of CHF 1.7 million (previous year: CHF 0.8 million) is also not taken into account when calculating the allowable tax expense or the effective tax rate.

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 between January 1st and the relevant balance sheet date.

Operating free cash flow

Cash flow from operating activities	-16.5	92.1
Investment in fixed assets	-18.3	-25.4
Divestment of fixed assets	0.2	3.7
Investment in intangible assets	-5.1	-3.4
Investment in financial assets and securities	-1.3	-2.7
Divestment of financial assets and securities	0.4	0.5
Operating free cash flow	-40.6	64.8
in % of net sales	-4.0%	6.9%
Acquisition of business activities		0.7
Sale of business activities	19.1	320.3
Purchase of marketable securities	-125.0	-30.0
Sale of marketable securities	30.0	
Free cash flow	-116.4	355.8

Operating free cash flow is calculated on the basis of cash flows from operating activities less selected items of cash flows from investment activities. Compared to free cash flow, operating free cash flow excludes changes in marketable securities and money market instruments with a maturity of more than 90 days as well as the acquisition and divestment of business activities.

2.2 Net working capital**Trade receivables**

CHF million	12/31/2022	12/31/2021
Gross values	176.7	141.4
Value adjustments	-9.5	-7.8
Net values	167.2	133.7

Specific and general value adjustments were recognized for receivables at risk. The general value adjustment is based on empirical values.

Other receivables

Other receivables mainly include recoverable value-added taxes, other tax refund claims and the positive market values of open derivative financial instruments as of the balance sheet date. The decrease compared to the prior year is primarily due to the settlement of the receivable of CHF 20.0 million from Recticel in connection with the sale of FoamPartner.

Inventories

CHF million	12/31/2022	12/31/2021
Raw materials, supplies and spare parts	145.4	132.1
Semi-finished goods and work in progress	45.2	40.2
Finished goods	148.2	123.2
Value adjustment on inventories	-51.2	-46.3
Total inventories	287.7	249.1

The categorization of inventories was adapted to Bystronic's requirements in the reporting year and the corresponding previous year's figures are shown identically. Due in particular to delayed machine acceptances, inventories increased by CHF 38.6 million.

Advance payments from customers

After placing their orders, customers make corresponding advance payments. Due to delayed machine acceptances, advance payments increased although order intake declined.

Other short-term liabilities

The position includes taxes owed, social security contributions and negative market values of open derivative financial instruments as of the balance sheet date.

Accrued expenses and deferred income

CHF million	12/31/2022	12/31/2021
Accruals for personnel expenses	20.6	24.0
Deferred income	20.7	21.6
Accruals and deferrals for current income taxes	19.5	14.0
Other accruals and deferrals	22.9	20.7
Total accrued expenses and deferred income	83.7	80.3

Accrued expenses and deferred income include amounts from the accrual of expenses and deferred income. Other accruals and deferrals include commissions, volume discounts, installation and service costs as well as goods and services purchased from third parties but not yet invoiced.

Significant estimates made by management

In assessing the recoverability of inventories, estimates are made on the basis of expected consumption, price trends (lower of cost or market principle) and loss-free valuation. The estimates used to determine value adjustments on inventories are reviewed annually and amended as necessary.

Accounting principles

Trade and other receivables are stated at nominal value, less value adjustments for doubtful accounts.

Inventories are valued at the lower of cost or market. Production costs are calculated without imputed interest. Risks arising in connection with inventories difficult to sell or with a long storage period are accounted for by means of value adjustments.

Liabilities are recognized in the balance sheet at nominal value.

2.3 Fixed assets

CHF million	Factory buildings	Plant and machinery	Tooling, furniture, vehicles	Assets under construction	Undeveloped real estate	Total fixed assets
Cost at 12/31/2020	107.6	89.4	27.5	8.1	9.2	241.9
Additions	0.7	12.8	3.3	8.5		25.4
Disposals	-1.5	-8.8	-1.2		-1.2	-12.7
Changes in scope of consolidation	0.2		0.2	0.1		0.4
Reclassifications	0.5	0.4	0.1	-0.6		0.4
Currency translation effects	0.4	-0.4	-0.3	-0.5	0.2	-0.6
Cost at 12/31/2021	107.9	93.5	29.6	15.6	8.2	254.7
Additions	2.7	10.0	3.3	2.2		18.1
Disposals		-3.1	-1.3	-0.1		-4.6
Changes in scope of consolidation		-0.0	-0.1	-0.0		-0.2
Reclassifications	10.0	3.3	1.2	-14.5		
Currency translation effects	-1.6	-1.8	-1.0	-0.4	0.1	-4.7
Cost at 12/31/2022	119.0	101.9	31.6	2.7	8.3	263.4
Accumulated depreciation at 12/31/2020	40.3	60.2	19.3			119.8
Ordinary depreciation	3.5	5.7	3.8			13.0
Impairments		0.3	0.0			0.3
Disposals	-0.9	-8.6	-1.2			-10.7
Changes in scope of consolidation	0.1		0.0			0.1
Currency translation effects	-0.2	-0.6	-0.2			-1.0
Accumulated depreciation at 12/31/2021	42.8	57.1	21.8			121.6
Ordinary depreciation	3.4	7.0	3.8			14.2
Impairments		0.3	0.1			0.4
Disposals		-3.1	-1.4			-4.5
Changes in scope of consolidation		-0.0	-0.1			-0.2
Currency translation effects	-0.6	-1.0	-0.7			-2.3
Accumulated depreciation at 12/31/2022	45.5	60.2	23.5			129.3
Net book value of fixed assets at 12/31/2021	65.1	36.4	7.8	15.6	8.2	133.1
Net book value of fixed assets at 12/31/2022	73.5	41.6	8.1	2.7	8.3	134.2

Additions to fixed assets in 2022 mainly relate to investments in operating facilities at the production sites in Niederönz (Switzerland) and Gotha (Germany), investments in factory buildings in Tianjin (China) and in the Experience Center in Incheon (Korea).

Significant estimates made by management

The recoverability of fixed assets is assessed when there are indications of impairment. If there are indications of impairment, the recoverable amount is calculated. If the carrying amount of an asset exceeds its recoverable amount, an additional value adjustment is recognized. The calculation of the recoverable amount includes the estimation of future cash flows, the determination of the discount factor and the growth rate based on forecasted expectations. Actual cash flows may differ from the discounted future cash flows based on these estimates. Likewise, useful lives may be shortened or values may decline as a result of changes in use due to the relocation or abandonment of sites or if sales are lower than expected in the medium term.

Accounting principles

Land is carried at acquisition cost less any value adjustments. Other fixed assets are valued at acquisition or production cost less any necessary depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The useful lives are as follows:

Factory buildings	30 to 40 years
Plant and machinery	5 to 12 years
Tooling, furniture and vehicles	2 to 8 years
IT hardware and office machinery	3 to 5 years

2.4 Intangible assets

CHF million	2022	2021
Cost at 1/1	43.8	40.9
Additions	5.3	3.4
Disposals	-6.2	-0.5
Changes in scope of consolidation		
Currency translation effects	-0.3	-0.0
Cost at 12/31	42.7	43.8
Accumulated depreciation at 1/1	32.5	27.9
Ordinary depreciation	5.8	5.1
Impairments		
Disposals	-6.2	-0.5
Changes in scope of consolidation		
Currency translation effects	-0.3	-0.0
Accumulated depreciation at 12/31	31.7	32.5
Net book value of intangible assets at 1/1	11.4	13.0
Net book value of intangible assets at 12/31	11.0	11.4

Intangible assets mainly include software. The additions basically relate to investments in the digitalization and automation of business processes.

Goodwill

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

Theoretical assets analysis of goodwill:

CHF million	2022	2021
Cost at 1/1	90.8	88.1
Increase from acquisitions		0.5
Decrease from divestments and liquidations		
Currency translation effects	-5.4	2.2
Cost at 12/31	85.4	90.8
Accumulated depreciation at 1/1	81.6	66.8
Ordinary depreciation	6.1	12.5
Decrease from divestments and liquidations		
Currency translation effects	-5.1	2.3
Accumulated depreciation at 12/31	82.6	81.6
Net book value of goodwill at 1/1	9.2	21.3
Net book value of goodwill at 12/31	2.8	9.2

The additions are related to the acquisition of Kurago Software S.L.U (Spain) (see [note 4.2](#)).

Theoretical impact on income statement:

CHF million	2022	2021
Operating result (EBIT)	48.1	70.1
EBIT margin in %	4.7%	7.5%
Amortization of goodwill	-6.1	-12.5
Theoretical operating result (EBIT) incl. amortization of goodwill	42.0	57.6
Theoretical EBIT margin in %	4.1%	6.1%
Net result	36.6	56.8
Amortization of goodwill	-6.1	-12.5
Theoretical net result incl. amortization of goodwill	30.5	44.3

Theoretical impact on balance sheet:

CHF million	12/31/2022	12/31/2021
Equity as per balance sheet	724.2	815.2
Theoretical activation of net book value of goodwill	2.8	9.2
Theoretical equity incl. net book value of goodwill	727.0	824.4
Shareholders' equity in % of total assets	63.4%	66.0%
Theoretical equity incl. net book value of goodwill in % of total assets	63.5%	66.3%

Significant estimates made by management

The recoverability of intangible assets (including goodwill) is assessed when there are indications of impairment. If there are indications of impairment, the recoverable amount is calculated. If the carrying amount of an asset or the cash-generating unit to which the asset belongs exceeds its recoverable amount, an additional impairment loss is recognized. The calculation of the recoverable amount includes the estimation of future cash flows, the determination of the discount factor and the growth rate based on forecasted expectations. Actual cash flows may differ from the discounted future cash flows based on these estimates.

Accounting principles

Intangible assets are carried at acquisition cost less any value adjustments. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets, which is normally between three and five years for software.

Research and development costs are reflected in the income statement.

Goodwill resulting from acquisitions of control is offset against retained earnings at the time of acquisition. On disposal or liquidation of a business unit, the goodwill previously offset against equity is reflected in the income statement. For shadow accounting purposes, goodwill is generally amortized on a straight-line basis over its useful life, which is normally five years.

2.5 Other financial assets

CHF million	12/31/2022	12/31/2021
Assets from employer contribution reserves	20.4	21.7
Long-term receivables and loans	86.8	83.6
Securities held as non-current assets	3.4	3.9
Total financial assets	110.6	109.2

Further details on the change in assets from employer contribution reserves can be found in [note 5.1](#). Non-current receivables and loans include long-term repayment contracts with customers, deposits for rents and the granting of a vendor loan (including accrued interest) of CHF 62.5 million (previous year: CHF 60.8 million) in connection with the sale of Mammut Sports Group. Financial assets are value adjusted by CHF 3.7 million (previous year: CHF 2.3 million).

Accounting principles

Financial assets are recorded at acquisition cost, less any value adjustments.

2.6 Provisions and contingent liabilities

CHF million	Warranty	Litigation	Other	Total provisions
Provisions at 12/31/2020	24.3	4.1	11.7	40.2
Additions	25.4	2.7	8.5	36.6
Use	-18.0	-0.0	-0.8	-18.8
Release	-8.0	-2.2	-0.7	-10.9
Changes in scope of consolidation			1.8	1.8
Currency translation effects	-0.2		-0.4	-0.6
Provisions at 12/31/2021	23.5	4.6	20.1	48.2
Additions	27.0	0.1	2.1	29.2
Use	-18.7	-0.0	-0.7	-19.5
Release	-3.9	-1.8	-0.4	-6.2
Changes in scope of consolidation	-0.0			-0.0
Currency translation effects	-0.9	-0.0	-0.4	-1.3
Provisions at 12/31/2022	26.9	2.8	20.6	50.4
of which short-term 2021	18.8	0.3	5.5	24.6
of which short-term 2022	22.4	0.0	5.9	28.3

Warranty provisions relate to the sale of products and are based on empirical values. Experience shows that the corresponding cash outflow occurs evenly over the warranty period of one to five years.

Provisions for litigations mainly relate to legal cases arising from intellectual property rights and potential guarantees and indemnities in connection with the sale of discontinued operations, where the timing of the cash outflow of the liabilities is uncertain as it depends on the progress of the negotiations or proceedings.

Other provisions include in particular provisions for long-service awards and retirement benefits that do not qualify as employee benefit obligations, provisions for impending losses on purchase commitments under master purchase agreements and provisions for environmental and tax liabilities.

Contingent liabilities

In connection with customer financing, there were repurchase obligations for machines to leasing companies in the amount of CHF 31.2 million (previous year: CHF 36.7 million). Bystronic companies guarantee the beneficiary leasing companies to take back machines in the above-mentioned amount if their lessees fail to pay the agreed installments.

Significant estimates made by management

The amount of provisions is primarily determined by the estimate of future costs. The calculation for warranty claims is based on sales of products, contractual agreements and empirical values. In addition to the lump-sum calculation, individual provisions are taken into account for claims that have occurred or have been reported based on the management's assessment.

Accounting principles

Provisions are recognized when an event has occurred prior to the balance sheet date that gives rise to a probable obligation where the amount and/or timing is uncertain but estimable. This obligation may be based on legal or factual grounds.

3 Financing and risk management

3.1 Cash, cash equivalents and securities

Cash and cash equivalents include cash on hand, bank account balances and time deposits with a remaining maturity of 90 days or less.

Securities include time deposits with a remaining maturity 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

CHF million		12/31/2022	12/31/2021
Treasury shares held			
Class A registered shares	Number	1,951	1,815
Average purchase price	CHF	1,145	1,259
Acquisition for participation program			
Class A registered shares	Number	1,000	1,200
Average purchase price	CHF	981	1,309
Disposal of treasury shares			
to the Board of Directors and Executive Committee	Number	864	1,314
Average transaction price ¹	CHF	911	1,232
Cash value	CHF million	0.8	1.6

¹ The transaction price corresponded to the market value.

The basic compensation of the members of the Board of Directors is paid in cash and in shares (approx. 50% each). The shares are subject to a four-year vesting period. Neither discounts nor performance components are taken into account for the calculation of the allocation of shares to members of the Board of Directors. The average share price over three months from November 1st to January 31st of the respective term of office is used.

There is a deferred share-based performance component (long-term incentive LTI) for the CEO. The contractually agreed target LTI value is 20% of the total target compensation. The sole performance parameter is earnings per share (EPS) for the current financial year. Depending on the actual EPS target achievement, the cash value of the share allocation can vary between 0% and a maximum of 150% (cap) of the target LTI value. The calculated monetary value is divided by the average share price from November 1st of the current period to January 31st of the following period to determine the number of shares allocated, with a discount of 10%. The prerequisite for a share allocation is an employment relationship that has not been terminated at the time of allocation. The shares transferred remain blocked for four years. In the event of disability, death or termination of employment following a change of control, the blocking period does not apply.

The remaining members of the Executive Committee and selected corporate functions are entitled to participate in the share-based LTI program. This is a "restricted share unit" (RSU) plan. The target LTI value for members of the Executive Committee (excluding the CEO) is 15% of the total target compensation. The first allocation of share rights (RSUs) took place at the end of March 2018. The actual LTI value for the management level mentioned above depends on earnings per share (EPS) and can vary between 100% and 150% of the target LTI value. The calculated monetary value is divided by the average share price from November 1st of the previous period to January 31st of the current period to determine the number of RSUs granted, with no discount. The RSUs are subject to a vesting period of three years, starting on the grant date and ending on the vesting date. The conversion of the vested RSUs into shares of Bystronic AG (conversion at a ratio of 1:1) takes place at the vesting date, provided that there is a continuing employment relationship at that time. The shares transferred to the plan participant can be freely disposed of by the plan participant. They are in the name of the plan participant and carry voting and dividend rights.

Further information on share-based compensation can be found in the compensation report.

For the share-based compensation component for the reporting year, personnel expenses of CHF 0.8 million (previous year: CHF 1.6 million) were recognized.

Compensation and shareholdings

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

Non-distributable reserves

As of the balance sheet date, the non-distributable reserves of the holding company Bystronic AG amount to CHF 3.1 million (previous year: CHF 3.1 million). Included therein are CHF 2.2 million related to treasury shares (previous year: CHF 2.3 million) and non-distributable reserves of CHF 0.8 million (previous year: CHF 0.8 million).

Accounting principles

Treasury shares are recognized at cost at the time of acquisition. Treasury shares are recognized as a negative item in equity. In the event of a subsequent resale, the profit or loss is credited to legal capital reserves.

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

3.3 Financial result

CHF million	Bystronic	Bystronic	Discontinued operations	Group
	2022	2021	2021	2021
Financial income	3.3	3.3	0.8	4.1
Financial expenses	-6.0	-4.2	-1.3	-5.4
Total financial result	-2.7	-0.9	-0.5	-1.4

Financial income includes interest income of CHF 3.2 million (previous year: CHF 0.9 million) and a gain on marketable securities of CHF 0.1 million (previous year: CHF 0.2 million). In the previous year, a positive performance on the assets of the employer contribution reserve of CHF 0.8 million and foreign exchange gains of CHF 1.4 million were realized.

Financial expenses include interest and currency hedging costs (interest rate difference) of CHF 3.5 million (previous year: CHF 4.2 million) for the financing of foreign group companies in foreign currencies, a negative performance on the assets of the employer contribution reserve of CHF 1.2 million and foreign exchange losses of CHF 1.2 million. The foreign exchange losses include currency effects from the valuation of cash and cash equivalents, short-term loans between group companies and other financial assets.

3.4 Operating lease

Maturity of operating lease contracts in CHF million	12/31/2022	12/31/2021
Under 1 year	5.3	5.1
1 to 5 years	6.8	7.1
Total operating lease contracts	12.1	12.2

3.5 Other commitments and pledged assets

At balance sheet date, there were no off-balance sheet commitments and no pledged assets. In the previous year, assets in the amount of CHF 4.2 million were subject to ownership restrictions.

3.6 Financial risk management

Through its business activities, Bystronic is exposed to financial risks such as in particular currency, credit, liquidity and interest rate risks. Risk management is focused on the unpredictability of developments in the financial markets and aims to minimize the potential negative impact on the group's financial position. Risk management is carried out by Bystronic's finance department in accordance with guidelines approved by the Board of Directors. They define the use of derivatives as well as the handling of foreign currency risks, interest rate risks and credit risks. The guidelines are binding for all Bystronic companies.

Risk	Source	Risk management
Currency risks	Bystronic 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"> - Natural hedging is used by purchasing goods in the currency they will be sold in. - Currency risks are hedged using derivative financial instruments.
Credit risks arising from business operations and financial transactions	The credit risk is the risk of suffering a financial loss if a counterparty is unable to meet its 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"> - Independent ratings of financial institutions are periodically reviewed. - Risks of liquid assets are further reduced by using different financial institutions instead of a single bank. - Cluster risks of receivables and financial assets are reduced through broad geographical distribution and a large number of customers. - Customers' creditworthiness is assessed taking account of specific checks and past experience.
Liquidity risks	A liquidity risk results from the risk of being unable to meet financial obligations when they fall due.	<ul style="list-style-type: none"> - A prudent liquidity management includes holding sufficient reserves of liquid funds, which are constantly monitored, and the option of financing through lines of credit.
Interest rate risks	Interest rate risks arise from changes in future interest payments due to fluctuations of market interest rates and from interest-related risks due to changes in market value.	<ul style="list-style-type: none"> - Bystronic does not have any assets and liabilities that would be substantially affected by significant changes in the interest rate environment.

Conversion rates

Currency	Unit	Closing rate		Average rate	
		12/31/2022	12/31/2021	2022	2021
EUR	1	0.9847	1.0331	1.0064	1.0845
USD	1	0.9232	0.9121	0.9539	0.9126
CNY	100	13.3823	14.3592	14.2287	14.1295

Derivative financial instruments

CHF million	12/31/2022	12/31/2021
Contract or nominal values (gross)	407.4	392.5
Positive replacement values	12.1	3.5
Negative replacement values	2.8	2.8

The contracts were concluded to hedge currency risks arising from operating activities in various currencies.

Accounting principles

All open derivatives are recognized at fair value as of the balance sheet date and reported gross in the balance sheet under other receivables or other liabilities. Changes in the value of derivatives used to hedge recognized underlying transactions are recognized in the same way as the underlying transaction. Changes in the value of derivatives used to hedge future cash flows are recognized in equity until the underlying transaction is settled. At the time the hedged item is recognized in the balance sheet, the gain or loss recognized in equity is transferred to the income statement.

4 Group structure

4.1 Disposals

Bystronic

As of June 8, 2022, Bystronic sold the group company OOO Bystronic Laser, Moscow (Russia). The year 2022 includes net sales and operating profit until June 8, 2022 while the comparative period includes twelve months. The transaction resulted in a loss on sale of CHF 1.4 million, related to translation differences, which is included in "Other operating expenses".

Discontinued operations

On December 9, 2019, Bystronic (reported before the change of name by the holding company Conzzeta AG) announced the decision of the Board of Directors to focus the group on the Bystronic business unit. The other business units were to be sold within the year, market conditions permitting. In 2021, the last two business units Chemical Specialities (FoamPartner) and Mammut Sports Group were divested. Both business units are allocated to discontinued operations.

As of March 31, 2021, Bystronic sold the FoamPartner activities to Recticel, the Belgian polyurethane chemicals specialist based in Brussels and listed on Euronext (REC). The year 2022 includes neither net sales nor operating profit, while the comparative period includes three months. The transaction resulted in a loss on sale of CHF 80.1 million, which was included in "Other operating expenses" in the prior year. The loss on sale includes goodwill in the amount of CHF 152.2 million, which was offset against equity at the time of the acquisition. The remaining purchase price receivable of CHF 20.0 million was a deferred purchase price payment recognized in 2021 in the position "Other receivables" and was paid in January 2022. The remaining purchase price receivable resulted in a foreign exchange loss of CHF 0.3 million.

On June 30, 2021, Bystronic sold the Mammut Sports Group to Telemos Capital, an investment company based in London (UK). The year 2022 includes neither net sales nor operating profit, while the comparative period comprises six months. The transaction resulted in a loss on sale of CHF 0.3 million, which was recognized in 2021 in the position "Other operating expenses". The transaction included an earn-out structure of up to CHF 45.0 million. Due to the earn-out relevant result as of December 31, 2021, no fair value for the earn-out is included in the loss on sale. The parties also agreed on an interest-bearing vendor loan of CHF 60.0 million, which will be repaid by the buyer by January 2027 at the latest and which has been recognized together with the accrued interest of CHF 2.5 million (previous year: CHF 0.8 million) in the position "Financial assets".

CHF million	Bystronic	Discontinued operations	
	OOO Bystronic Laser June 8, 2022	Mammut June 30, 2021	FoamPartner March 31, 2021
Current assets	0.6	141.7	116.5
Non-current assets		54.4	103.1
Assets	0.6	196.2	219.7
Current liabilities	0.6	176.6	138.9
Non-current liabilities		2.2	12.7
Liabilities	0.6	178.8	151.7
Net assets divested	0.0	17.4	68.0
Selling price	0.0	42.4	171.7
Net assets divested	-0.0	-17.4	-68.0
Transaction costs	-0.0	-6.6	-13.1
Recycling of goodwill		-2.8	-152.2
Recycling of translation differences	-1.4	-15.8	-18.5
Loss on disposal	-1.4	-0.3	-80.1
Selling price received	0.0	42.4	151.4
Transaction costs paid	-0.0	-5.0	-9.7
Cash and cash equivalents disposed of	-0.6	-32.5	-21.7
Settlement of intercompany receivables and debts	0.0	144.9	110.5
Granting of vendor loan		-60.0	
Net cash flow 2021		89.8	230.5
Deferred purchase price payment			19.7
Net cash flow 2022	-0.6		19.7
Total net cash flow	-0.6	89.8	250.2

4.2 Changes in the scope of consolidation

Changes in the current year

- As of January 1, 2022, FMG Verfahrenstechnik AG, Sulgen (Switzerland) was merged with Bystronic Laser AG, Niederönz (Switzerland).
- On June 8, 2022, Bystronic sold the company OOO Bystonic Laser, Moscow (Russia).

Changes in the previous year

- On March 26, 2021, Bystronic acquired Kurago Software S.L.U, Bilbao (Spain). The acquisition price amounted to CHF 0.5 million. The transaction resulted in goodwill of CHF 0.5 million, which was offset against equity. Cash and cash equivalents of CHF 1.2 million were acquired.
- As of March 31, 2021, Bystronic sold the activities of FoamPartner.
- As of June 30, 2021, Bystronic sold the business unit Mammut Sports Group.
- On August 4, 2021, Bystronic founded the company Kurago Asia Ltd., Changwon (Korea).
- On August 10, 2021, Bystronic founded the production company Bystronic (Shanghai) Automation Technology Co., Shanghai (China).
- As of November 30, 2021, Bystronic Laser AG, Niederönz (Switzerland), acquired the remaining 30% of the capital shares in Bystronic Automation Technology S.p.A. (formerly ANTIL S.p.A.), San Giuliano Milanese (Italy), from the minority shareholder. Bystronic now owns 100% of the voting and capital shares in the company. The acquisition price for the remaining 30% of the shares amounted to CHF 13.4 million (including transaction costs of CHF 0.1 million), which was offset against equity.

4.3 Group companies

Company, domicile	Notes	Country	Company capital	Investment in % direct	Investment in % indirect
Bystronic					
EMEA					
Bystronic Laser AG, Niederönz		CH	CHF 50,000	100	
Bystronic Scandinavia AB, Rosersberg		SE	SEK 200,000		100
Bystronic Maschinenbau GmbH, Gotha		DE	EUR 3,400,100		100
Bystronic Italia S.r.l., Pieve Emanuele		IT	EUR 900,000		100
Bystronic France SASU, Les Ulis		FR	EUR 2,500,000		100
Bystronic Deutschland GmbH, Heimsheim		DE	EUR 52,000		100
Bystronic Ibérica S.A.U, San Sebastián de los Reyes		ES	EUR 262,000		100
Bystronic Austria GmbH, Pasching		AT	EUR 300,000		100
Bystronic Benelux B.V., Meerkerk		NL	EUR 18,151		100
Bystronic UK Ltd, Coventry		UK	GBP 1,200,000		100
Bystronic Sales AG, Niederönz		CH	CHF 200,000		100
Bystronic Polska Sp. z o.o., Komorów		PL	PLN 1,000,000		100
Bystronic Czech Republic s.r.o., Brno		CZ	CZK 6,000,000		100
Bystronic Lazer ve Bükme Makineleri Sanayi ve Ticaret Ltd Şti, Istanbul		TR	TRY 660,000		100
OOO Bystronic Laser, Moscow	1	RU			
S.C. Bystronic Laser S.R.L., Brasov		RO	RON 3,277,000		100
LLC Bystronic Ukraine, Kyiv		UA	UAH 172,200		100
FMG Verfahrenstechnik AG, Sulgen	2	CH			
Bystronic Hungary Kft, Budaörs		HU	HUF 25,000,000		100
Bystronic Automation Technology S.p.A., San Giuliano Milanese	3	IT	EUR 250,000		100
Bystronic Tube Processing S.p.A., Cazzago San Martino		IT	EUR 750,000		100
Kurago Software, S.L.U, Bilbao	4	ES	EUR 3,000		100
Americas					
Bystronic Inc., Hoffman Estates		US	USD 250,000		100
Bystronic Mexico S.A. de C.V., Apodaca		MX	MXN 2,500,000		100
Bystronic do Brasil Ltda., Colombo		BR	BRL 9,000,000		100
Bystronic Canada Ltd, Mississauga		CA	CAD 100,000		100
Bystronic Manufacturing Americas LLC, Hoffman Estates		US	USD 1,000,000		100
China					
Bystronic (Shanghai) Co. Ltd., Shanghai		CN	CNY 43,406,070		100
Bystronic (Tianjin) Laser Ltd., Tianjin		CN	CNY 76,792,070		100
Bystronic (Shenzhen) Laser Technology Co., Ltd., Shenzhen		CN	CNY 44,600,000		100
Bystronic (Shanghai) Automation Technology Co., Ltd., Shanghai	5	CN	CNY 30,000,000		100
APAC					
Bystronic Pte. Ltd., Singapore		SG	SGD 4,050,000		100
Bystronic Korea Ltd., Anyang		KR	KRW 11,600,000,000		100
Bystronic Laser India Private Ltd., Pune		IN	INR 602,420		100
Bystronic Japan Ltd., Tokyo		JP	JPY 485,000,000		100
Bystronic International Laser Ltd., New Taipei City		TW	TWD 5,000,000		100

Bystronic Australia Pte. Ltd., Cranbourne West	AU	AUD	100,000	100	
Bystronic Vietnam Co. Ltd., Ho Chi Minh City	VN	VND	6,798,000,000	100	
Bystronic (Thailand) Co., Ltd., Bangkok	TH	THB	3,000,000	100	
Kurago Asia Ltd., Changwon	⁶	KR	KRW	100,000,000	100

Corporate entities

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

FoamPartner

FoamPartner Switzerland AG, Wolfhausen	⁷	CH		
FoamPartner Leverkusen GmbH, Leverkusen	⁷	DE		
Frina Mousse France S.à r.l., Wittenheim	⁷	FR		
Büttikofer AG, Gontenschwil	⁷	CH		
FoamPartner Holding AG, Zug	⁷	CH		
FoamPartner Trading (Shanghai) Ltd., Shanghai	⁷	CN		
FoamPartner Polyurethane Materials (Changzhou) Co. Ltd., Changzhou	⁷	CN		
FoamPartner Singapore Pte. Ltd, Singapore	⁷	SG		
FoamPartner Delmenhorst GmbH, Delmenhorst	⁷	DE		
FoamPartner Germany GmbH, Duderstadt	⁷	DE		
FoamPartner Converting Center GmbH, Duderstadt	⁷	DE		
FoamPartner Americas, Inc., Wilmington DE	⁷	US		

Mammut Sports Group

Mammut Sports Group AG, Seon	⁸	CH		
Mammut Sports Group GmbH, Wolfertschwenden	⁸	DE		
Mammut Sports Group, Inc., Williston VT	⁸	US		
Mammut Ajungilak AS, Oslo	⁸	NO		
Mammut Sports Group Japan Inc., Tokyo	⁸	JP		
Mammut UK Ltd, Macclesfield	⁸	GB		
Mammut Outdoor Equipment (Beijing) Co. Ltd, Beijing	⁸	CN		
Mammut Sports Group Asia Ltd, Hong Kong	⁸	HK		
Mammut France, Epagny Metz-Tessy	⁸	FR		
Mammut Sports Group Austria GmbH, Steyr	⁸	AT		

¹ Divested as per June 8, 2022

² Merger with Bystronic Laser AG as per January 1, 2022

³ Increase of investment from 70% to 100% on November 30, 2021

⁴ Acquisition as of March 26, 2021

⁵ Foundation as per August 10, 2021

⁶ Foundation as per August 4, 2021

⁷ Divested as of March 31, 2021

⁸ Divested as of June 30, 2021

5 Other notes

5.1 Employee benefit plans

CHF million	Balance sheet 12/31/2022	Balance sheet 12/31/2021	Result in personnel expenses 2022	Result in financial income 2022	Result in personnel expenses 2021	Result in financial income 2021
Employer contribution reserves						
Employer-funded pension fund Bystronic	20.4	21.7		-1.2		0.8

There is no waiver of use of the employer contribution reserve. No pension fund contributions were offset against the employer contribution reserve in either the reporting year or the previous year. The change of CHF 1.2 million resulted from the negative performance on the assets of the employer contribution reserve which was allocated to the financial result. In the previous year, a positive performance of CHF 0.8 million was achieved.

CHF million	Surplus/ deficit 12/31/2022	Economic benefit/ obligation 12/31/2022	Economic benefit/ obligation 12/31/2021	Currency translation effect/use 2022	Change to prior year - affecting result 2022	Contribu- tions to be allocated to reporting period 2022	Current service cost in personnel expenses 2022	Current service cost in personnel expenses 2021
Economic benefit/ obligation and current service cost								
Employer-funded pension fund	3.0							
Pension funds without surplus/deficit						6.8	6.8	6.4
Pension funds with deficit	-0.6	-0.6	-0.6	0.0		0.8	0.8	0.5
Total Bystronic	2.4	-0.6	-0.6	0.0		7.7	7.7	7.0
Total discontinued operations								1.5
Total Group	2.4	-0.6	-0.6	0.0		7.7	7.7	8.5

In the previous year, the net surplus amounted to CHF 2.0 million and the contributions accrued for the reporting period amounted to CHF 7.0 million.

The reported surplus from free reserves of the employer's pension plan is not intended for economic use by the group.

Accounting principles

The pension obligations of the group companies for retirement, death or disability are based on the regulations and practices applicable in the respective countries. Contributions are made on an ongoing basis. The income statement includes the pension and benefit payments and outstanding benefits during the accounting period and the regular contributions to the various pension funds. The private pension plans in Switzerland are designed to build up retirement assets with conversion into fixed retirement pensions and with supplementary risk benefits. The actual economic effects of pension plans on the company are calculated as of the balance sheet date. An economic benefit is capitalized if it will be used for the company's future pension expenses. An economic obligation is recognized as a liability if the conditions for recognizing a provision are met. Separately existing, freely available employer contribution reserves are recognized as assets. The difference between the economic benefits and obligations determined each year and the change in the employer contribution reserve is recognized in the income statement.

5.2 Related-party transactions

As in the previous year, there were no transactions with related parties and companies at Bystronic in 2022.

Statutory auditor's report to the General Assembly of Bystronic AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bystronic AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated cash flow statement 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 2022, 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 Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with 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.

Key Audit Matters



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 an important basis for assessing Bystronic’s performance and is thus at the center of the company’s internal targets and external communication. Therefore, the pressure that may arise to achieve revenue targets leads to an increased risk with respect to recognizing revenue in the proper accounting period.

Bystronic recognizes revenue when goods or products have been delivered or services have been rendered and when risk and reward as well as control have been transferred to the buyer, depending on the relevant terms and conditions. There is a 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

As part of our audit, we analyzed 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 selected controls for their operating effectiveness on a sample basis.

Moreover, we performed essentially the following audit procedures to assess the correctness of revenue recognition:

- Testing of the accuracy of revenue recognition as at 31 December 2022 by reconciling invoices with bills of delivery on a sample basis.
- Testing of handover protocols and correspondence with clients on a sample basis in view of revenue recognition in the correct period.

- Assessing the transfer of risk and reward based on installation costs to be incurred and by retrospectively comparing actual costs to prior year estimates.

For further information on Revenue Recognition refer to [section 1.1 in the notes to the consolidated financial statements](#).

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the company and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the 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 PS-CH 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



Raphael Gähwiler
Licensed Audit Expert

Zurich, February 27, 2023

Income statement Bystronic AG

CHF 1,000	2022	2021
Income from investments	40,000	49,900
Income from the sale of investments		46,807
Financial income	8,159	6,907
Other operating income	217	377
Total income	48,376	103,991
Financial expenses	-3,975	-3,235
Other operating expenses	-5,253	-6,211
Income taxes	-133	-144
Total expenses	-9,361	-9,590
Net result	39,015	94,401

Balance sheet Bystronic AG

CHF 1,000	12/31/2022	12/31/2021
ASSETS		
Current assets		
Cash and cash equivalents	184,849	413,654
Securities	125,000	30,000
Other receivables		
from third parties	12,474	13,978
from investments	1,329	713
Prepaid expenses and accrued income	310	6
Total current assets	323,962	458,351
Non-current assets		
Financial assets		
Receivables from investments	348,463	317,387
Other financial assets from third parties	62,544	60,848
Investments	118,381	157,701
Total non-current assets	529,388	535,936
TOTAL ASSETS	853,350	994,287
LIABILITIES		
Current liabilities		
Interest-bearing liabilities		
to investments	35,407	96,077
Other payables		
to third parties	1,810	3,180
to associates	156	154
to investments	7,102	1,140
Accrued expenses and deferred income	1,593	1,194
Total current liabilities	46,068	101,745
Equity		
Share capital	4,140	4,140
Legal capital reserves		
Reserve from capital contributions	72	72
Other capital reserves	97,635	97,881
Legal retained earnings	13,409	13,409
Voluntary retained earnings	650,000	650,000
Retained earnings	44,260	129,326
Treasury shares	-2,234	-2,286
Total equity	807,282	892,542
TOTAL LIABILITIES AND EQUITY	853,350	994,287

Notes to the financial statements of Bystronic AG

Principles

General remarks

The financial statements 2022 of Bystronic AG have been prepared in accordance with the provisions of the Swiss Code of Obligations. The significant accounting policies applied but not required by law are described below.

The financial statements were approved for publication by the Board of Directors on February 27, 2023. They are also subject to approval by the General Assembly.

Financial assets

Financial assets consist of investments with a long-term investment purpose. Loans granted in foreign currencies are valued at the current closing rate.

Derivative financial instruments

Foreign exchange hedging transactions are entered into in order to hedge currency risks arising from operating activities. All open derivatives are recognized at fair value as of the balance sheet date and reported gross in the balance sheet under other receivables or other current liabilities. Changes in the value of derivatives used to hedge recognized underlying transactions are recognized in the income statement in the same way as the underlying transaction.

Interest-bearing liabilities

Interest-bearing liabilities are recognized at nominal value.

Treasury shares

Treasury shares are recognized at cost at the time of acquisition. Treasury shares are recognized as a negative item in equity. In the event of subsequent resale, the gain or loss is credited to legal capital reserves.

Share-based compensation

Share-based compensation to members of the Board of Directors is measured at fair value at the grant date and charged to other operating expenses in the period in which the service is rendered.

Disclosures on income statement and balance sheet items

Income

Dividend payments of the subsidiaries are determined depending on retained earnings and capital requirements. Financial income includes interest income on receivables from investments of CHF 6.1 million (previous year: CHF 5.1 million), interest income from third parties of CHF 2.1 million (previous year: 0.9 million). In the prior year, foreign exchange gains on cash and cash equivalents and on receivables from investments of CHF 0.7 million and a gain on marketable securities of CHF 0.2 million was included in the financial income. Other operating income of CHF 0.2 million (previous year: CHF 0.4 million) is related to brokerage fees from insurance companies. The gain from the sale of investments in the previous year of CHF 46.8 million originated from the sale of FoamPartner Switzerland AG of CHF 43.1 million and of Mammüt Sports Group AG of CHF 3.7 million.

Expenses

Financial expenses result from interest on liabilities to investments of CHF 0.5 million (previous year: CHF 0.3 million), currency hedging costs (interest differences) of balance sheet items in foreign currencies of CHF 2.4 million (previous year: CHF 2.3 million), commitment fees for bank loans of CHF 0.4 million (previous year: CHF 0.3 million) and negative interest on bank balances of CHF 0.4 million (previous year: CHF 0.3 million) and foreign exchange losses on cash and cash equivalents and on receivables from investments of CHF 0.3 million. Other operating expenses include current administrative costs, project costs, capital taxes and the fees of the Board of Directors amounting to CHF 1.0 million (previous year: CHF 1.2 million).

Current assets

Cash and cash equivalents comprise bank deposits, mostly in Swiss francs. Marketable securities include time deposits in Swiss francs with a remaining maturity of more than 90 days. Other receivables from third parties include recoverable input and withholding taxes as well as taxes at source of CHF 0.3 million (previous year: CHF 0.1 million), balances from foreign exchange hedging transactions with banks of CHF 12.1 million (previous year: CHF 3.5 million) and receivables from social insurances of CHF 0.1 million. In the previous year, a residual purchase price receivable from the sale of FoamPartner Switzerland AG of CHF 10.4 million was included. Other receivables from investments include the credit balances from currency hedging transactions of CHF 0.8 million (previous year: CHF 0.5 million) and other receivables from investments of CHF 0.5 million (previous year: CHF 0.2 million).

Non-current assets

Financial assets consist of investments with a long-term investment purpose. Receivables from investments increased by CHF 31.1 million in the reporting year. Other financial assets from third parties relate to a vendor loan in connection with the sale of Mammut Sports Group AG. Due to a capital repayment, investments decreased by CHF 39.3 million.

Liabilities

Other short-term liabilities mainly include liabilities from currency hedging transactions to banks of CHF 1.8 million (previous year: CHF 2.8 million) and liabilities from currency hedging transactions to group companies of CHF 7.1 million (previous year: CHF 1.1 million).

Equity

The share capital of CHF 4.1 million (previous year: 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 2021, the company held 1,815 class A registered shares at an average purchase price of CHF 1,259 each. For the participation program, 1,000 class A registered shares were acquired in the reporting year at an average transaction price of CHF 981 each. The Board of Directors was allocated 377 class A registered shares at an average transaction price of CHF 900 each. Members of the Executive Committee and other members of management were allocated 487 class A registered shares at an average transaction price of CHF 919 each. These costs were invoiced to the group companies with which these persons have an employment relationship. The transaction price corresponded to the market value in each case. As of December 31, 2022, 1,951 class A registered shares are held at an average purchase price of CHF 1,145 each.

Further disclosures

Full-time positions

No employees are employed at Bystronic AG.

Contingent liabilities

CHF 1,000	2022	2021
Sureties and guarantee obligations for subsidiaries	105,119	64,356
Effective obligations	17,884	12,279

Investments

The investments are listed in [note 4.3 of the consolidated financial statements](#). The voting shares correspond to the capital shares.

Significant shareholders

Auer, Schmidheiny and Spoerry shareholder group	2022	2021
Capital rights	28.9%	28.9%
Voting rights	51.0%	51.0%

The Auer, Schmidheiny and Spoerry shareholder group consists of Dr. Matthias Auer, Martin Byland, Rudolf Byland, Christina 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 and Executive Committee and by related persons

Number	Class A registered shares 12/31/2022	Class A registered shares 12/31/2021	Class B registered shares 12/31/2022	Class B registered shares 12/31/2021
Board of Directors				
Dr. Heinz O. Baumgartner, Chairman	40			
Dr. Roland Abt, Member	398	358		
Dr. Matthias Auer, Member	22,611	22,571	1,008	1,008
Inge Delobelle, Member				
Urs Riedener, Member	398	358		
Jacob Schmidheiny, Member	129,510	129,470	6,032	6,032
Robert F. Spoerry, Member	7,545	7,230	148	148

Dr. Matthias Auer, Jacob Schmidheiny and Robert F. Spoerry hold further registered shares under a shareholder agreement within the Auer, Schmidheiny and Spoerry shareholder group.

Number	Class A registered shares 12/31/2022	Class A registered shares 12/31/2021	Class B registered shares 12/31/2022	Class B registered shares 12/31/2021
Executive Committee				
Alex Waser (CEO)	1,248	1,054		
Beat Neukom (CFO)				
Johan Elster	69	30		
Robert St. Aubin				
Norbert Seo				
Dr. Song You				
Eamon Doherty	33			
Alberto Martinez	32			

Compensation paid to members of the **Board of Directors** and **Executive Committee** is shown in the compensation report.

Share-based compensation

The basic compensation of the members of the Board of Directors is paid in cash and in shares (approx. 50% each) with a four-year vesting period. Neither discounts nor performance components are taken into account for the calculation of the Board of Directors' share allocation. The average share price over three months from November 1st to January 31st of the respective term of office is used.

In 2022, a total of 377 class A registered shares were allocated to the Board of Directors for the previous year. The valuation was made using a share price of CHF 900 and amounted to CHF 0.3 million. For the share-based compensation component for the reporting year, an expense accrual in the amount of CHF 0.3 million (previous year: CHF 0.3 million) is included in other operating expenses.

Events after the balance sheet date

There are no events after the balance sheet date that require a value adjustment to the assets and liabilities recognized in the balance sheet or that require disclosure.

Proposal of the Board of Directors on the appropriation of retained earnings and legal retained earnings of Bystronic AG

CHF	2022
The Board of Directors proposes to the Annual General Meeting on April 25, 2023 a transfer from the legal retained earnings into the retained earnings of:	12,581,216
The Board of Directors proposes to the Annual General Meeting on April 25, 2023, that the total sum available for appropriation, consisting of:	
Net income	39,014,671
Retained earnings carried forward from previous year	5,244,785
Transfer from legal retained earnings (subject to approval)	12,581,216
Retained earnings	56,840,672
Treasury shares (held directly)	2,234,065
Total retained earnings available for appropriation	54,606,607
be appropriated as follows:	
Dividend of CHF 12.00 per class A registered share	21,924,000
Dividend of CHF 2.40 per class B registered share	2,916,000
Total dividend	24,840,000
Retained earnings to be carried forward	32,000,672

If the proposal is approved, the dividend payment for the year 2022 will be:

CHF	Gross dividend	35% withholding tax	Net dividend
Per class A registered share	12.00	4.20	7.80
Per class B registered share	2.40	0.84	1.56

The dividend will be paid out with the value date of May 2, 2023.

Statutory Auditor's Report to the General Assembly of Bystronic AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bystronic AG (the Company), which comprise the balance sheet as at 31 December 2022, 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 comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

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

Key Audit Matters

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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the Company and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm 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



Raphael Gähwiler
Licensed Audit Expert

Zurich, February 27, 2023

Five-year summary

		2022	2021	2020	2019	2018
Bystronic¹						
Order intake	CHF m	1,009.5	1,175.5	777.4	929.4	1,002.9
Backlog	CHF m	413.0	435.2	206.8	242.3	254.8
Net sales	CHF m	1,015.9	939.3	801.3	935.8	1,012.6
EBITDA	CHF m	69.9	88.5	60.1	129.6	142.2
Operating result (EBIT)	CHF m	48.1	70.1	42.0	114.4	128.1
Net operating assets	CHF m	288.0	218.9	231.4	244.7	204.5
Employees 12/31	Number	3,609	3,543	3,074	3,012	2,832
Discontinued operations						
Net sales	CHF m		183.6	482.3	637.4	769.6
Operating result (EBIT)	CHF m		-88.8	37.7	52.7	18.7
Net operating assets	CHF m			276.4	306.0	315.6
Employees 12/31	Number			1,817	2,014	2,427
Consolidated income statement						
Net sales	CHF m	1,015.9	1,122.9	1,283.5	1,573.2	1,782.2
Operating result (EBIT)	CHF m	48.1	-18.7	79.7	167.2	146.8
Net result	CHF m	36.6	-27.8	66.9	136.8	114.8
Consolidated balance sheet						
Current assets	CHF m	862.5	958.4	813.5	889.1	1,009.0
Non-current assets	CHF m	280.0	276.4	337.2	377.0	357.2
Short-term liabilities	CHF m	375.4	372.0	313.8	329.8	379.7
Long-term liabilities	CHF m	42.9	47.6	40.8	56.1	59.6
Shareholders' equity	CHF m	724.2	815.2	796.1	880.1	926.9
Total assets	CHF m	1,142.5	1,234.8	1,150.6	1,266.0	1,366.2
Shareholders' equity as % of total assets	%	63.4	66.0	69.2	69.5	67.8
Employees						
Employees 12/31	Number	3,609	3,543	4,891	5,026	5,259
Average number of full-time equivalents	Number	3,679	4,051	4,711	5,086	5,091
Net sales per full-time equivalent	CHF thousand	276.1	277.2	272.5	309.3	350.1
Personnel expenses per full-time equivalent	CHF thousand	70.7	72.0	72.3	74.5	79.4
Share information						
Share capital	CHF m	4.1	4.1	4.1	4.1	4.1
Number of shares issued on 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	1,332	1,370	1,176	1,174	1,320
Low	CHF	495	1,086	716	714	731
Year-end	CHF	641	1,282	1,088	1,156	769
Total dividend	CHF m	24.8	124.2	124.2	149.0 ²	39.3

Key indicators per share							
Earnings	per class A registered share	CHF	17.69	-13.81	31.46	60.85	46.76
	per class B registered share	CHF	3.54	-2.76	6.29	12.17	9.35
Cash flow from operating activities	per class A registered share	CHF	-7.99	23.89	38.07	48.43	69.65
	per class B registered share	CHF	-1.60	4.78	7.61	9.69	13.93
Shareholders' equity	per class A registered share	CHF	350.18	394.05	384.28	423.37	436.71
	per class B registered share	CHF	70.04	78.81	76.86	84.67	87.34
Gross dividend	per class A registered share	CHF	12.00 ³	60.00	60.00	72.00 ⁴	18.00
	per class B registered share	CHF	2.40 ³	12.00	12.00	14.40 ⁵	3.60

¹ The continuing operations consist of Bystronic and the historical Conzzeta segment "Others"

² Including special distribution of CHF 49.7 million and special dividend of CHF 62.1 million

³ As proposed by the Board of Directors

⁴ Including special distribution of CHF 24.00 and special dividend of CHF 30.00

⁵ Including special distribution of CHF 4.80 and special dividend of CHF 6.00

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