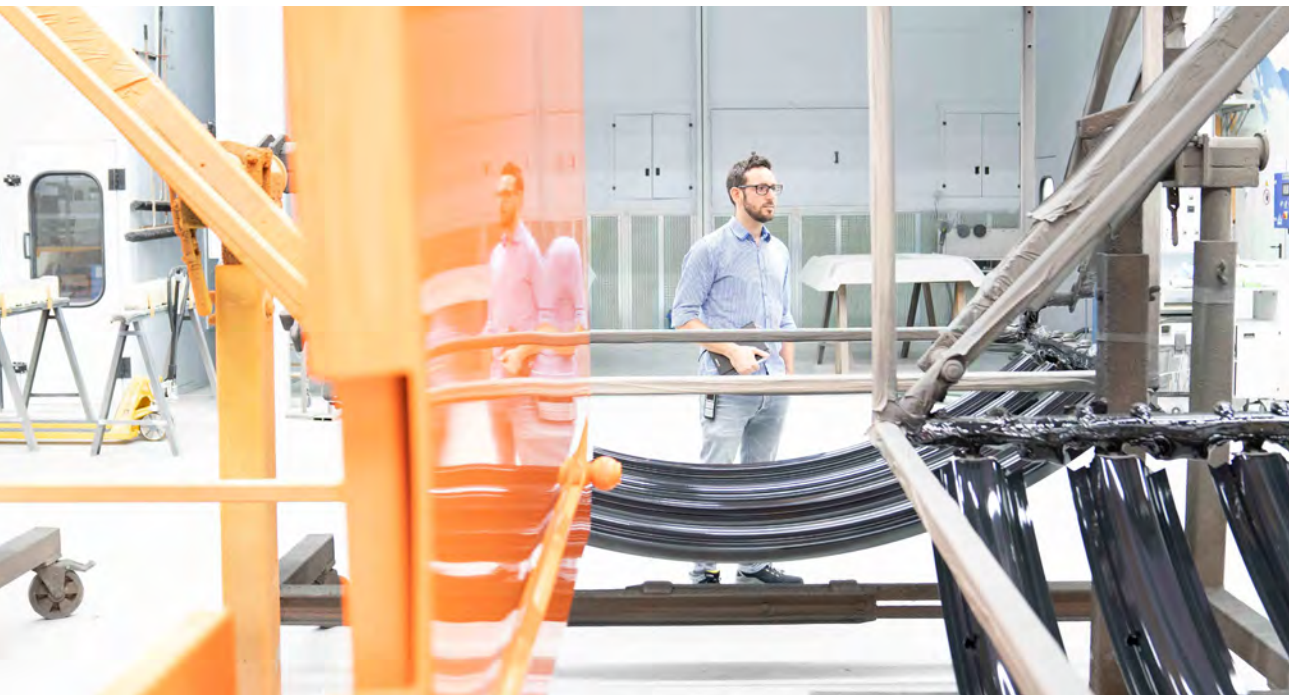




# ANNUAL REPORT 2021



# Table of Contents

## Overview

- 3 Editorial
- 5 Performance indicators and key figures

## Strategy & sustainability

- 6 Strategy 2025

## Proof Points of Execution

- 9 Innovation & technology
- 13 Customer relationship
- 17 Software as a business
- 20 Service as a business
- 23 Regionalization
- 26 Employer of Choice

## Business Review

- 29 Group
- 32 Regions
- 34 Discontinued operations

## Corporate Governance

- 37 Report of the Human Resources Committee & Audit Committee
- 41 Corporate Governance Report
- 66 Compensation Report

## Financial Report

- 87 Consolidated Financial Statements
- 126 Financial Statements of Bystronic AG
- 136 Five-year summary

## Publication Details



## Strong financial year and successful conclusion of transformation

2021 was a successful year for Bystronic at the strategic, operational and financial levels. The transformation into an independent innovation leader has been concluded, and the new organizational structure is in line with the Strategy 2025. At the same time, we achieved strong growth in a challenging market environment. We are thus on track to reaching our ambitious targets.

### Successful transformation

In 2019, Conzzeta's Board of Directors decided to focus on Bystronic's fast-growing business and to divest the remaining operations. With the sale of FoamPartner at the end of March and Mammut at the end of June 2021, this transformation was brought to a successful conclusion.

Since May 3, 2021, the Bystronic shares have been listed on the SIX Swiss Exchange. We have thus established ourselves on the capital market as an independent company. Simultaneously, we adapted our organizational structure in line with our growth targets for the individual regions. Today we are in a good position to expand our position as one of the leading suppliers of sheet metal processing solutions.

### Expansion of service and software

The transformation was a challenge for our more than 3,500 employees worldwide, especially given the many pandemic-related difficulties in the year 2021. However, we demonstrated our ability to remain productive and develop innovations even under difficult circumstances. We have also realigned our sustainability endeavors in order to drive them forward in a focused manner.

In order to strengthen our market position, we are constantly enhancing our product range and expanding both our service business and our software solutions. Last year, we made major progress in all these areas. For example, we successfully positioned our range of systems in the global entry-level segment, launched our modular service portfolio and installed and tested our new software solutions in collaboration with a number of customers.

## Growth in a challenging market environment

The market environment in 2021 developed very positively. Following the cautious investment behavior of our customers in the previous year in response to the pandemic, demand increased strongly in the reporting year. For Bystronic's continuing operations, order intake increased by more than 50% to CHF 1.2 billion and net sales by 17% to CHF 939.3 million. We achieved growth in all regions. This is attributable not only to catch-up effects, but also to our innovative portfolio: particularly our automation solutions generated a great deal of interest.

At the same time, we mastered the challenges of ensuring the availability of key components and efficient shipping to cope with the high order volume. Although procurement and logistics costs increased significantly in the second half of the year, we achieved disproportionately strong growth of the operating result (EBIT) from CHF 42.0 million in 2020 to CHF 70.1 million in 2021. Bystronic's net result doubled to CHF 56.8 million.

## Shareholders are paid out a part of the excess liquidity

As a result of the cash inflow from the divestments and the positive operating free cash flow, cash, cash equivalents, and securities totaled CHF 495.7 million. The Board of Directors proposes to the General Meeting a dividend of CHF 60 per class A registered share and CHF 12 per class B registered share. In this way, shareholders are paid out a part of the existing excess liquidity. The proposal takes into account not only the successful conclusion of the transformation, but also Bystronic's future capital needs.

Bystronic continues to enjoy a strong capitalization to pursue organic and acquisitive growth. With regard to the future dividend policy, we plan to distribute between one third and one half of the net result to our shareholders.

## Outlook

Bystronic holds a very strong position in an attractive, growing market, promising further market share gains and profitable growth. During our strategy cycle from 2019 to 2025, we aim to achieve annual organic sales growth exceeding 5%, an EBIT margin in excess of 12% and a return on capital employed (RONOA) of more than 25%.

Assuming that the situation on the procurement markets normalizes during the course of the year, Bystronic expects sales growth of between 10% and 12% and an EBIT margin of between 8% and 9% for 2022. At this time, Bystronic is unable to assess potential impacts of the war in Ukraine on the global economy and the development of business.

We owe our success to the outstanding commitment of our employees. We would therefore like to take this opportunity to express our gratitude and appreciation to our employees for their outstanding work. We would also like to thank our business partners and shareholders for their great support and their continued trust.

Zurich, March 15, 2022



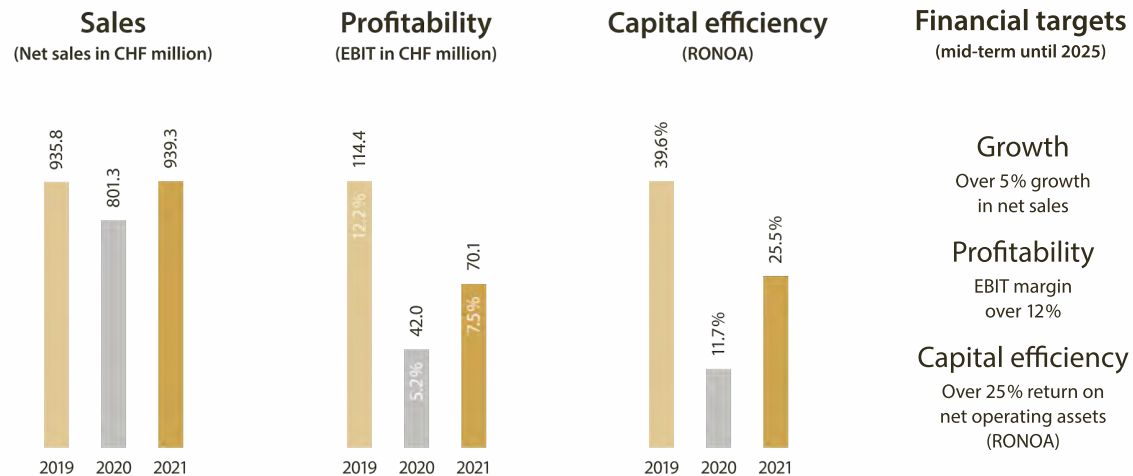
Ernst Bärtschi  
Chairman of the Board  
of Directors



Alex Waser  
CEO

## Continuing operations

### Performance indicators



### Key figures

CHF million	2021	2020
Order intake	1,175.5	777.4
Increase compared to prior year	51.2%	-16.4%
Increase compared to prior year at constant exchange rates	51.3%	-11.4%
Net sales	939.3	801.3
Increase compared to prior year	17.2%	-14.4%
Increase compared to prior year at constant exchange rates	16.6%	-9.4%
Total revenue	1,009.0	791.0
EBITDA	88.5	60.1
in % of net sales	9.4%	7.5%
Operating result (EBIT)	70.1	42.0
in % of net sales	7.5%	5.2%
Net result	56.8	28.5
in % of net sales	6.0%	3.6%
Operating free cash flow	64.8	49.1
CAPEX	28.8	13.3
Net operating assets (NOA)	218.9	231.4
Return on net operating assets (RONOA)	25.5%	11.7%
Equity attributable to shareholders of Bystronic AG	815.2	683.9
in % of total assets	66.0%	71.2%
Earnings per registered share A, in CHF	27.08	12.89
Number of employees as of reporting date	3,543	3,074
Dividend for class A registered shares, in CHF	60.00	60.00
Dividend for class B registered shares, in CHF	12.00	12.00





## Focus on sustainable growth

Sheet metal has a bright future and promising growth potential. Bystronic offers innovative solutions today for the sheet metal processing of tomorrow. With the Strategy 2025, we intend to further advance our market position: last year, we laid the groundwork to strengthen our presence in the local markets and in the service business. Simultaneously, with software and automation solutions for the smart factory, we are expanding our portfolio in a targeted manner – and we are focusing even more closely on sustainability.

In the 2021 financial year, we successfully completed the transformation from Conzzeta to Bystronic. The former conglomerate has been transformed into an independent, pure-play company that has successfully established itself on the capital market. The Bystronic shares have been traded on the SIX Swiss Exchange since May.

This has raised Bystronic's profile: investors now recognize us as a technology group that ranks among the global leaders in the sheet metal processing industry. Our intelligent solutions enable our customers to fully automate their sheet metal processing workflows: our portfolio permits the entire process chain to be networked – from the warehouse to cutting and bending right through to downstream processes. Among other things, this is made possible thanks to the associated software and automation solutions.

### Our market: sheet metal processing has a bright future

Be it the agricultural, construction, automotive, or food industry – virtually every industrial sector relies on sheet metal. The material is tried and tested and offers numerous advantages: metals such as steel or aluminum are inexpensive, 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 are making steel production much more sustainable and dramatically reducing the carbon footprint.

The sheet metal processing market is very dynamic and has enormous growth potential: the global steel output is constantly increasing. At the same time, the production environment of sheet metal processing companies is transforming. Technologies such as the fiber laser, end-to-end automation systems, and intelligent software are massively accelerating the material flow. The future lies in the fully automated and networked factory. With our solutions, we are committed to pioneering the rapid advancement of the vision of the smart factory.

## Our Strategy 2025: regionalization and world-class service

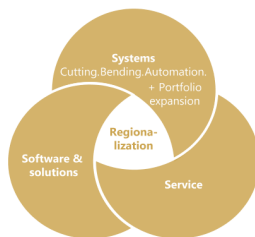
Bystronic's has ambitious growth targets: we aim to achieve organic sales growth of more than 5% per year until 2025 and industry-leading profitability with an EBIT margin in excess of 12%. By 2025, our return on capital employed (RONOA) is to exceed 25%.

We intend to achieve these targets firstly 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 the framework of the Strategy 2025, we are further strengthening our position in the regional markets in order to respond even more effectively to the requirements of the individual regions.

Secondly, we are investing in the service business and expanding our teams in this field. The service business is very profitable: in 2021, it generated sales of CHF 205 million. By 2025, we aim to increase this to CHF 330 million. One way to achieve this is our modular and globally standardized service program, which significantly increases recurring and value-added sales. Since its launch in early 2021, we have been selling more than 90% of our new machines with a service contract.

## Bystronic "Strategy 2025"

### Targets by 2025



> 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 is increasing its recurring and value-adding sales based on its global, standardized, and modular service program

## Our portfolio: innovative solutions for the smart factory

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 the innovation process.

Our customers are facing increasingly tough competition: more competitors, smaller batch sizes, shorter lead times, faster production – all while delivering the highest quality. The key to meeting these challenges lies in automation. With the complete takeover of the Italian automation specialist Antil, we are now a market leader in this field. In addition, software is playing an ever more decisive role. This is why Bystronic took over the Spanish software specialist Kurago in 2021. Together we developed software that enables our customers to control all their manufacturing processes. In January 2022, our Chief Digital Officer Alberto Martinez was appointed to the Executive Committee, further strengthening our focus on software solutions and digitalization.

In addition, we are continuing to develop our portfolio in a targeted manner to address specific market segments and regions. In order to more effectively meet the requirements of the individual markets, our market regions are being given more freedom in product development. Our strategic focus also entails an expansion into additional sheet metal processing applications such as punching or welding. We are already engaging in strategic partnerships in these fields, for example with the German welding specialist Cloos.

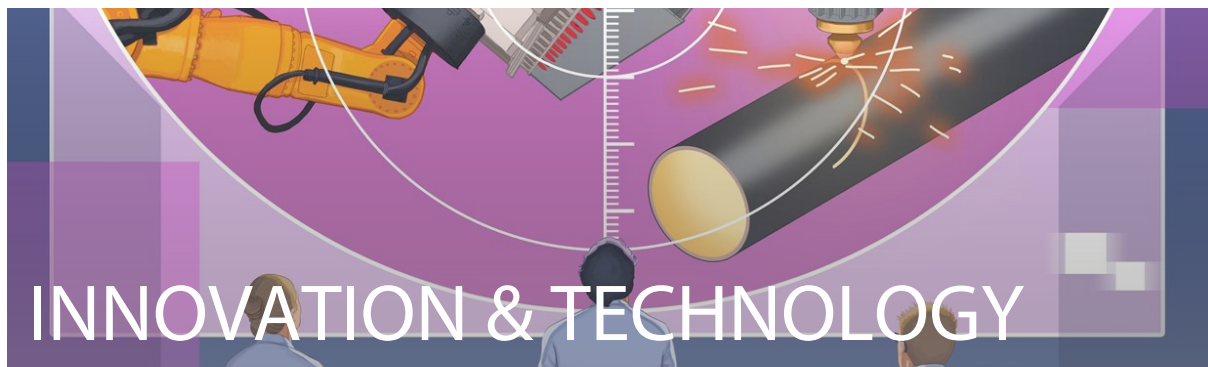
### **Our mindset: focus on sustainability**

Sustainability is the foundation upon which we run our company. Bystronic has integrated ecological and social criteria as well as responsible corporate governance principles into its strategy process and resolutely implements these initiatives. Consequently, the topic also plays a key role in the Strategy 2025. In 2021, we dealt intensively with our sustainability strategy and carried out a materiality assessment. Subsequently, we defined five sustainability topics (Energy & Climate Change, Resource Efficiency, Circular Economy & Zero Waste, Innovation, and Talent Attraction) on the basis of which we will publish our first dedicated sustainability report in accordance with GRI standards.

In view of our industry and our strategy, we are convinced that these are the fields in which we can generate the greatest impact. All of our subsidiaries have defined initiatives and KPIs for each of the five sustainability topics. In addition, we have evaluated our carbon output at the local level and are thus well on track to improving our global climate footprint. We will report on this for the first time in our Sustainability Report 2021.

In addition to our own footprint, we also want to help our customers improve their sustainability: with energy-efficient solutions, we can achieve a major impact that extends beyond our own operations. This is why we also place sustainability at the center of our product development. In this way, we are pioneering the transformation of the sheet metal sector into a clean, environmentally friendly industry.





## We invest in tech pioneers

With our corporate venturing program, we invest in innovative startups – such as Embotech. The company is helping us to make our systems even faster and more precise. In November 2021, the Zurich-based startup won the Swiss Technology Award.



Innovative young companies can provide us with valuable impulses to solve technical challenges. Within the framework of the “Bystronic Ventures” program, we make targeted investments in startups that develop technologies that help us advance. Our focus lies on cleantech, industrial image processing, and artificial intelligence. As a prerequisite for an investment, the companies must have already implemented projects in collaboration with Bystronic and they must have launched initial products on the market.

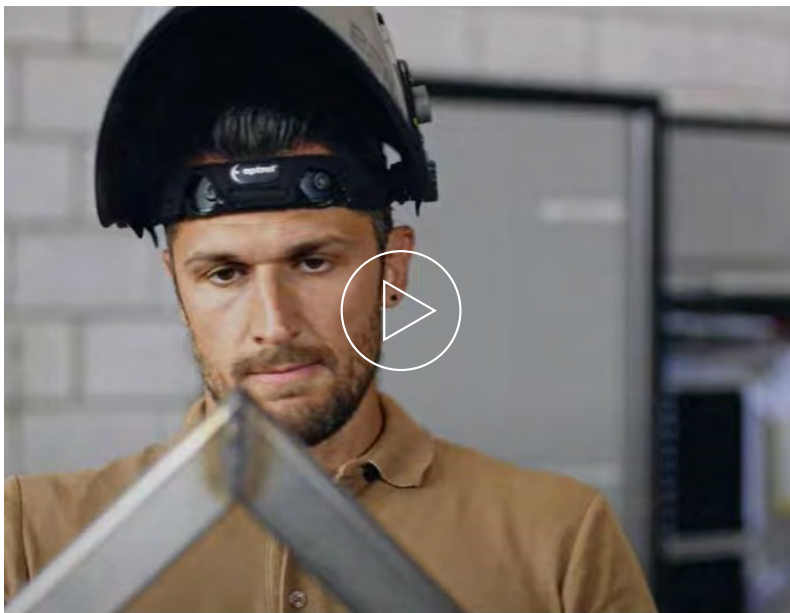
### Embotech is helping us become even faster and more precise

We have been a shareholder of Embotech since 2018. The Swiss startup develops solutions that optimize the movements of autonomous systems such as machines, robots, or vehicles. The company was founded in 2013 as a spin-off from the Swiss Federal Institute of Technology (ETH) in Zurich and is now a leader in the development of decision-making software to solve optimization problems. This is underscored by the latest Swiss Technology Award: At the Swiss Innovation Forum in November 2021, Embotech took first place in the startup category.

The still fledgling collaboration with Embotech is already bearing fruit: Together with the startup, we managed to rapidly develop “Quick Cut”, a feature that makes our tube laser cutting systems even faster and more precise. And it has convinced our customers: Most choose this optional feature when they purchase a tube laser.

## Our tube technology opens up new opportunities

Furniture design, architecture, commercial vehicles, or plant engineering – the laser-assisted processing of tubes and profiles is in high demand in a wide range of industries. Thanks to our tube lasers, sheet metal processing companies can expand their manufacturing spectrum and thus tap into new customer segments.



All what is needed for the tube laser business. Quality and performance in one machine – now also for open sections.

Nowadays, many sheet metal processing companies exclusively manufacture parts made of flat sheet metal. Manufacturers that can also process tubes and profiles gain an edge over their competitors: For sheet metal processing companies, tube lasers open up new customer segments in sectors such as agricultural machinery, commercial vehicles, the construction industry, furniture production, and the petrochemical industry. For these industries, laser processing offers an interesting alternative to the conventional processing of tubes and profiles using saw cutting.

The ByTube Star 130, which we launched in September 2021, offers our customers a uniquely simple way to get started in the field of tube and profile processing. An intuitive user interface, fully automatic setup, and intelligent handling of the loading and unloading process ensure world-class results right from the outset. Manual operations are reduced to a minimum. This enables our customers to expand their portfolio with ease.

## Making laser cutting more sustainable

Sheet metal processing companies used to be forced to purchase the nitrogen required for laser cutting from external suppliers. Now, they can simply produce it themselves. This is both convenient and environmentally friendly. In collaboration with specialized partners, we can now equip our laser cutting machines with nitrogen generators.



Our partner Airco explains the advantages of the N2 generator.

Fiber laser cutting requires nitrogen to prevent oxidation during the cutting process. Our nitrogen generator allows our customers to produce this gas in-house, eliminating the need for an external supplier. This offers many advantages: Only the amount of nitrogen that is actually required is produced. Moreover, supplementary costs, for example the rental fee for nitrogen tanks, the heavy vehicle toll for the transport, and remote monitoring costs are eliminated. This increases our customers' independence and protects the environment by eliminating the carbon emissions from gas deliveries. And if our customers install solar panels on their factory roofs, they can generate completely carbon-free nitrogen.

For the development of appropriate solutions, we collaborate with specialized partners. Together with Airco Systemdruckluft GmbH from Frankfurt, we have been offering customers from Germany and Switzerland a solution for the in-house production of virtually 100% pure nitrogen since 2020. Recently, we also rolled out the solution to our customers in Italy. We are certainly fulfilling a demand: In Switzerland, nine out of ten orders of laser cutting systems include a nitrogen generator.

In May 2021, we concluded a partnership with MSS Nitrogen Inc. to launch nitrogen generator sales in the North American market. Based in Rock Hill, South Carolina, MSS Nitrogen supplies the nitrogen generation and mixing hardware and takes care of the installation, training, and maintenance for our US customers.

## Customer voice: Belma, Poland

Our solutions grow with our customers' requirements. We have been supporting Belma for 20 years. Today, the Polish company is a job shop extraordinaire and has a fully networked system with a high degree of automation.



"Bystronic's innovative solutions allow us to eliminate unnecessary logistics processes," Piotr Królak, Belma AS Sp z o.o., Poland.

Belma is one of Europe's largest sheet metal processing companies. The Polish company has more than 900 employees. On a production area of 32,000 m<sup>2</sup> they manufacture components for major players such as Siemens. Belma purchased its first Bystronic laser cutting system in 2001. Today, their shop floor is home to ten of our machines. Their most recent purchase comprised four ByStar 3015 laser cutting machines, which are connected to loading and unloading systems and the material warehouse. The seamless automation has considerably boosted the efficiency of their production and logistics processes.



## Demonstrating our expertise

At the Competence Days, we show our customers what we are capable of. In 2021, we presented our latest innovations in Switzerland and China. The Digital Competence Days complemented the on-site events and offered the opportunity for a virtual exchange of information and ideas.



In September 2021, we welcomed some 800 customers and account managers from 20 European countries to our headquarters in Niederörsz.

### European Competence Days

We have been presenting our innovations at the Competence Days since 2007, showcasing our solutions in operation, and strengthening customer relationships during face-to-face dialog. Over the years, our in-house exhibition has continually grown. In September 2021 – in spite of the challenges in connection with the pandemic – we were able to welcome some 800 customers and account managers from 20 European countries to our headquarters in Niederörsz.



In order to address all target groups and comprehensively reflect our portfolio, we divided the two-week event into three sections: manual production, automated production, and the smart factory. In this way, we showed our customers our entire spectrum – from stand-alone machines and automation solutions to end-to-end networked manufacturing.

In our Experience Center we unveiled two brand-new machines: the ByTube Star 130 tube and profile cutting machine and the ByBend Star 120 press brake. With regard to automation solutions, our Cutting Cell – consisting of a ByStar Fiber, a ByTrans Modular, a BySort, and a ByTower – attracted a great deal of attention. In addition to machine demos and software presentations, we also offered our customers a glimpse into the future: Our smart factory system in Oberbipp allows the digitally networked sheet metal processing of tomorrow to be experienced first-hand.

## Competence Days China

Bystronic China held its three-day Competence Days under the motto “smart factory” at the end of July 2021. We welcomed some 300 guests to our production location in Tianjin. Here, we primarily create solutions for the Chinese market in the silver and entry-level segments. One of the highlights was the unveiling of the new BySprint Fiber 6225 with 10 kilowatts.





## Digital Competence Days

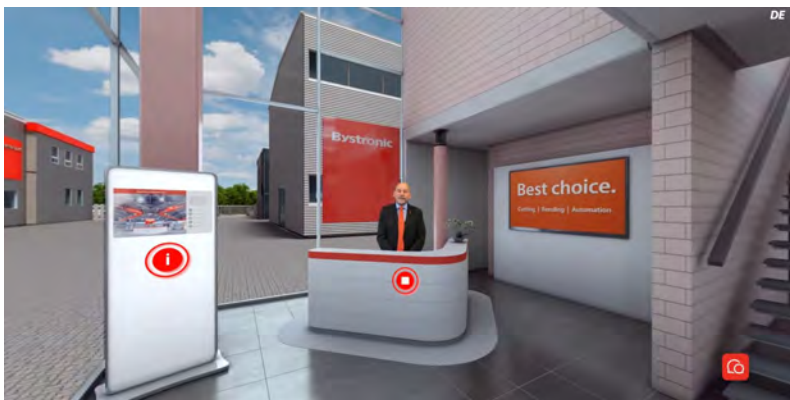
The Digital Competence Days are the virtual extension of Bystronic's in-house exhibition. This new digital experience enables us to present our innovations at any location and at any time. It is based on the European Competence Days and focuses on the three sections of **manual production**, **automated production**, and the **smart factory**.



A look behind the camera during the shoot for the first Digital Competence Days.

## Virtual showroom creates a new touchpoint

Our Experience Center in Gotha can now also be explored using a smartphone: Bystronic's first virtual showroom offers a vivid first impression of our portfolio.



Bystronic's first virtual **showroom** offers a vivid first impression of our portfolio.

Our Experience Center in Germany is now also accessible digitally: Thanks to an intuitive navigation system, visitors can take a tour of our showroom in Gotha using their smartphone, tablet, or computer. Detailed information and multimedia content is available for all products. We have thus created a new touchpoint on our customer journey: Potential customers can now gain a vivid first impression of our solutions – whenever they want and from anywhere in the world.

## Customer Voice

### From a vintage car to an electric racer – Ray-Cut, Switzerland

During the development of our solutions, we maintain a constant dialog with our customers. The Swiss sheet metal processing company Ray-Cut supports us with the further development of our cutting heads. They are a long-standing test customer who also implements unconventional projects in their own production. “Our field tests help Bystronic to advance their fiber lasers,” says Sven Heukeroth, Ray-Cut, Switzerland.

Ray-Cut, a Swiss company specializing in laser cutting, also fulfills unusual customer requests: When a trio of automotive enthusiasts at Triamp needed components for the electrification of three vintage cars, Ray-Cut manufactured the parts using a 10-kilowatt ByStar Fiber. The machine is already equipped with the next-generation cutting head. The company from the small Swiss town of Lyss is one of our loyal customers who put our new products through their paces before we launch them on the market.

10-kilowatt ByStar Fiber. The machine is already equipped with the next-generation cutting head. The company from the small Swiss town of Lyss is one of our loyal customers who put our new products through their paces before we launch them on the market.

[Read the full story of how the 1969 Jaguar was transformed into a state-of-the-art electric car here.](#)





## Our vision of the smart factory

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.



Our tailor-made solutions contain laser cutting, bending, automation, storage, and shop floor software and they all come together in the Smart Factory.

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

## Acquisition of the software specialist Kurago

With the acquisition of Kurago, we are strengthening our digital expertise. Over the past few years, within the framework of our innovation partnership with the Spanish software specialist, we have already developed initial solutions for the smart factory.



On March 26, 2021, we acquired 100% of the shares from the company's founders – we celebrated together (from left to right): Jesus Martinez (Kurago), Alberto Martinez (CDO Bystronic), Alex Waser (CEO Bystronic) and Asier Ortiz (Kurago).

As part of our growth strategy, we are responding to our customers' increasing demand for automation and digital processes by offering new, intelligent software solutions and manufacturing processes. The acquisition of the Spanish software specialist Kurago marked the next important step towards achieving this goal. On March 26, 2021, we acquired 100% of the shares from the company's founders. Kurago will continue to operate on the market under its own successful brand.

We initiated an innovation partnership in 2019, within the framework of which we jointly developed smart factory software solutions, including the Bystronic Smart Factory Software Suite. This open solution allows a wide range of systems to be integrated into our customers' manufacturing environment, regardless of the supplier. In this way – in contrast to the closed approach of our competitors – machines from a wide range of manufacturers can be networked under the umbrella of our software. The suite thus offers our customers a high degree of flexibility and also boosts their efficiency, since it allows all their processes to be consolidated within a single software framework.



## Customer Voice: Laser 24, United Kingdom

Software from Bystronic is powering the digitalization of the sheet metal industry. The UK company Laser 24 wants to banish paper. Already during their test phase with the “BySoft Business” software, they were able to cut their paper consumption in half.



“Thanks to Bystronic’s software, we have been able to digitalize our processes and offer our customers even faster service.” Tung Dao, Laser 24 Limited, United Kingdom.

The UK sheet metal processing company Laser 24 used to struggle with two different software systems. This meant that all the data had to be entered twice and much of it was still recorded on paper. Thanks to our “BySoft Business” software, they can now finally handle everything in a single system, thus eliminating the need for paper documents: Already during the test phase, the company was able to cut its paper consumption in half.



## Increased sales thanks to service contracts, spare parts, and tooling

One way to achieve this is our modular and globally standardized service program, which significantly increases recurring and value-added sales. Since its launch in early 2021, we have been selling more than 90% of our new machines in the gold and silver segment with a service contract.

By 2025, Bystronic will have expanded its service business into a second main pillar alongside the business with machine sales. The service business is highly profitable and reduces the dependence on economic cycles by providing recurring revenues. Bystronic offers a modular and globally standardized service portfolio, for example for maintenance or access to a support hotline.

Simultaneously, conventional services, such as training courses for machine operation and programming, will continue to be expanded. And we will tap into unexploited potential: The stepped-up sales of tooling for bending machines facilitates regular contact with customers that would otherwise not exist in the case of the low-maintenance bending machines – this boosts sales.



## Spare parts – only the original

Quality has its price. Why we advise our customers to invest in Bystronic spare parts and consumables.



With our original spare parts, we guarantee a reliable cutting process and maximize uptime.

Only genuine high-quality spare parts and consumables unleash the full potential of a Bystronic laser or bending machine. Precision and quality are crucial in the field of industrial manufacturing. With our original parts, we guarantee a reliable cutting process and reduced reworking requirements.

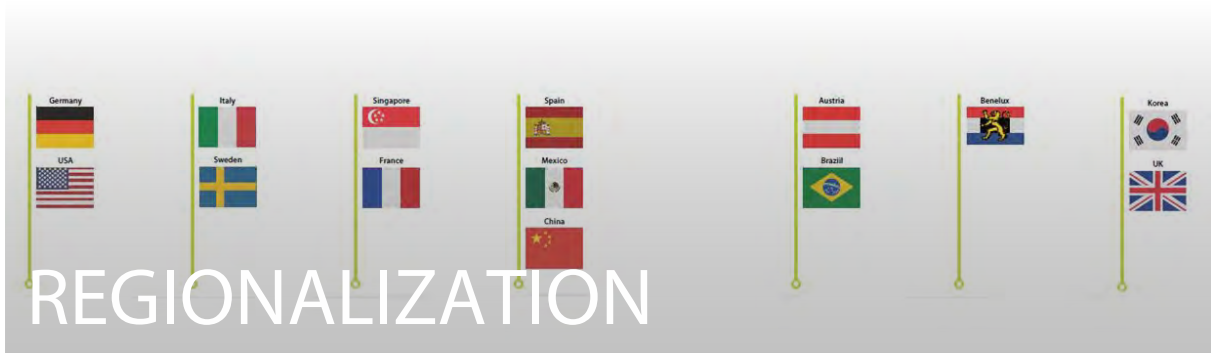
## Customer Voice: Stadler Blechtechnik, Switzerland

One of Bystronic's unique selling points is its excellent service. We have been supporting Stadler Blechtechnik AG since it was founded. The fact that we are always there even for smaller companies is a key reason for the loyalty of the family-owned company.



"Bystronic is at the cutting edge of innovation and offers world-class service," Urs Stadler, Stadler Blechtechnik AG, Switzerland.

Stadler Blechtechnik AG has been a Bystronic customer for more than 30 years. During this time, the sheet metal processing technologies have changed just as much as the market. Over the years, we have continually modernized and automated the production environment of the family-run company in eastern Switzerland. But there is one thing that has not changed over all this time: Our outstanding service continues to set us apart.



## Brand Experience Centers bring us closer to our customers

We are investing in regional Brand Experience Centers in order to offer our customers around the globe even better advice and service on their doorstep. The first center for the Americas region opened in October 2021. The planning of the Global Brand Experience Center at our headquarters in Switzerland was kicked off in December 2021. In Asia, three new centers are under construction.



The Global Brand Experience Center in Niederönz is scheduled to open its doors in spring 2024.

### Planned Global Brand Experience Center in Niederönz

We are strengthening our presence in Switzerland and building a Global Brand Experience Center in Niederönz. The Board of Directors approved the project in October 2021, and the kick-off meeting was held in December. The center is scheduled to open its doors in spring 2024.

In 2022, the focus will be on the planning of the project and the submission of the building application. The groundbreaking is scheduled for late fall of 2022. We estimate that the construction phase will take up to 20 months, and we aim to have the center up and running in the spring of 2024. The Global Brand Experience Center will be our sixth building in Niederönz alongside the production hall (Hall 1), the test and assembly halls (Hall 2 and 3), and the two office buildings.

The almost 4,800 m<sup>2</sup> Global Brand Experience Center will allow us to show customers, visitors, and guests not only our brand world and the entire product and service portfolio, but also our vision of the smart factory. In addition, the new center will be home to an applications and training center, a multipurpose shared zone, and a restaurant.

### Opening of the Americas headquarters

With our new headquarters for the Americas region in Hoffman Estates, Illinois, we are strengthening our presence in North and South America. At the grand opening in October 2021, we welcomed more than 300 guests from the Americas region – among other things with traditional Swiss alphorn music.

The new 15,000 m<sup>2</sup> premises feature a state-of-the-art production facility and a Brand Experience Center. Here, we showcase the latest Bystronic products, services, and our vision of the smart factory.

The new production center in Hoffman Estates enables us to assemble machines in the United States. Eliminating the need to import from Europe reduces delivery and shipping costs, and brings us even closer to our customers in the US.



### New Brand Experience Centers in Asia

The opening of the center for the APAC region in Seoul, South Korea, is scheduled for the summer of 2022. In the China region, there are two Brand Experience Centers – one in Shanghai for Bystronic and one in Shenzhen for DNE, our new brand with which we serve the entry-level segment.

## New subsidiary in Thailand

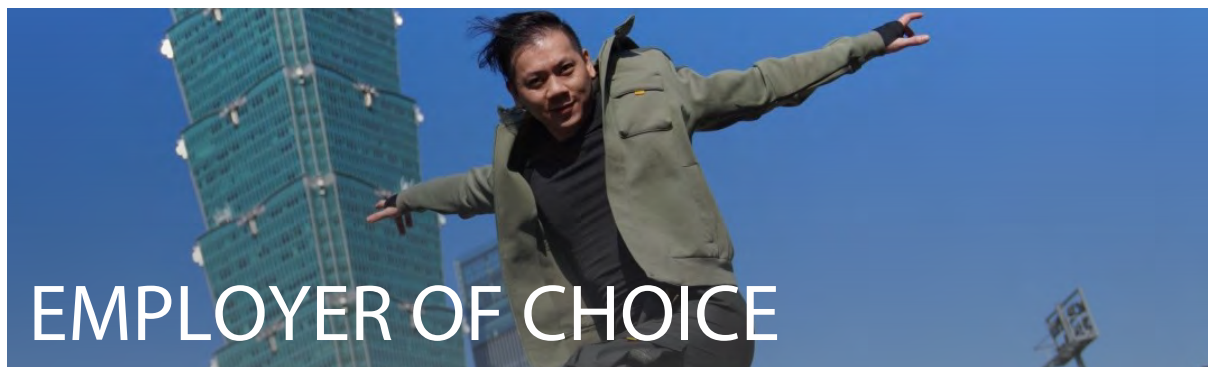
In March 2021, we opened a new country subsidiary in Thailand, thus positioning ourselves even closer to our customers in one of Southeast Asia's largest markets.



Alongside Vietnam, Thailand is the largest market in Southeast Asia. Bystronic has been active here with a local representative for around ten years. In 2021 the time was ripe for the foundation of a new country subsidiary: With Bystronic Thailand Co. Ltd. we are now in a position to offer our customers in Thailand even more direct support and to venture into segments that we were previously unable to address.

With the new location in Bangkok, we now have an additional sales and service center in this important region. In addition to sales, service, spare parts management, consulting, and hotline services, the site also offers software and hardware training. Customers thus benefit from comprehensive expertise right on their doorstep.

The new offices were inaugurated in March with a traditional Buddhist ceremony, where monks blessed the team and the new premises.



## ByAcademy promotes talents

Every day, 3500 employees do their best for Bystronic. Several years ago, in order to support our talents in a targeted manner, we founded the ByAcademy. In this way we are attaching even greater importance to training and further education.

The ByAcademy is our internal talent development platform. It offers employees from all areas a multifaceted range of training and further education courses. It covers internal technical and methodological competencies as well as language, personal, social, and leadership skills. Moreover, we also support advanced further education courses offered by external institutions, ranging from specialist courses to PhD programs.

### Our Training Centers

The Training Centers in Niederönz and Gotha offer several-day courses for service technicians, service managers, and staff in sales, the back office, product management, and development. The participants gain insights into product management, our portfolio, and our support and manufacturing processes.

In total, at our Training Centers in Niederönz (cutting), Gotha (bending), Cazzago San Martino (tube processing), San Giuliano Milanese (automation), as well as in the United States, South Korea, and China, 14 instructors share their knowledge of Bystronic systems. They are supported by our trainers around the globe.

### Black Belt and Green Belt training

Within the framework of the Business Excellence (BEX) initiative, we are training so-called Black Belts and Green Belts. With BEX, we are promoting, among other things, a collaborative culture based on personal accountability and shared success. After completing the course, the staff are deployed in initiatives around the globe to help the business units to respond to new requirements in a flexible and speedy manner. The BEX organization facilitates international, cross-divisional knowledge transfer and the sharing of experience. Currently, some 30 employees around the globe are taking part in Green Belt training courses.



## Leadership Development Programs

With our Leadership Development Programs, we help our managers to master the challenges they face on the job. For this purpose, we have developed dedicated training programs.



End of September 2021, we launched the Leadership Development Program 2 (LDP 2) for middle and senior managers for the second time.

### Leadership Development Program 1 & 2

In 2017, we launched the Leadership Development Program 1 (LDP 1) for junior managers and employees who are assuming a new management function. In addition, since 2018, the LDP 2 has been available for managers with between 12 and 20 years of work experience. Since then, more than 100 employees have benefited from this program.

The participants of both programs gain insights into the Strategy 2025, the concepts of service and solutions as a business, as well as operational excellence. The workshop also covers topics such as intercultural competencies, change management, communication within teams, conflict management, leadership, and dealing with stress during day-to-day work.

LDP 2 is structured as two modules, each lasting five days. In the six-month project phase between the two modules, the participants form groups of four and jointly develop a concept including an implementation scenario for a topic relevant to business. In the second module, they present their projects and run a business simulation in order to apply in practice what they learned in the first module.

Since one focus of our Strategy 2025 is regionalization, we want to increasingly support managers in their native language. In 2021, Bystronic China conducted the first locally oriented Leadership Development Program. The six-month course, which kicked off in mid-October, is being attended by staff in cross-functional positions.

### Leadership roles in service

With the “Manager Self Development Program” (MSDP), which was launched in 2019, we develop the leadership skills of service managers. These are the people who are in day-to-day contact with our customers. Since some 30% of all Bystronic employees report to a service manager, leadership skills are a key aspect of this function. Since the program was introduced, it has been attended by some 100 employees worldwide who have a leadership role in our service operations.

## Leadership curriculum

A leadership curriculum for managers is now available at our headquarters. This enables the participants to master the challenges of the future. They learn the principles and modes of action of future-oriented organizations, how to deal with complexity and change, and can actively shape the path to a culture of feedback and learning from one another. The focus is on a growth mindset, service orientation (alignment with internal and external customers), the ability to change, interdisciplinary leadership and collaboration, communication and reflection, and self-leadership.

## Bright prospects for apprentices

Vocational training has always taken a high priority at Bystronic. Today, we train young people in eleven different professions. Currently 55 apprentices in Switzerland, 41 apprentices in Germany, and around 100 apprentices worldwide are completing their apprenticeships with us.



20 apprentices had successfully completed their training in Niederörsz in 2021.

We are delighted about numerous completed apprenticeships: 20 apprentices in Niederörsz and two in Gotha successfully completed their training in 2021. After their apprenticeship, approximately 80% of the young professionals have the opportunity to stay on with us for a bridging year.

At the same time, new talents are joining our ranks. In August 2021, 17 apprentices started their training at our headquarters in Niederörsz. A special aspect this year: Some of the new apprentices are joining us after already having gained several years of professional experience. Over the coming three to four years, we will offer our young colleagues vocational training in the following professions: plant and equipment technician, commercial specialist, logistics technician, design engineer, polymechanic, IT technician, automation technician, electronics technician, and mediamatician.

At Bystronic Maschinenbau GmbH in Gotha and Bystronic Deutschland in Heimsheim, nine apprentices embarked on their apprenticeships last year. Over the coming three to three and a half years, they will complete their training in the following professions: metal technology specialist, industrial electronics technician, construction mechanic, cutting machine operator, mechatronics technician, process mechanic for coating technology, and office management specialist.



## Bystronic looks back on a successful financial year with strong growth

In the 2021 financial year, Bystronic successfully completed its transformation into an independent, listed innovation leader. The continuing operations developed well in the reporting year: order intake increased by 51.2%, net sales by 17.2%, and the operating result (EBIT) over-proportionally by 67.0%. This success was driven by strong growth in all regions. The divestment of the discontinued operations FoamPartner and Mammut resulted in a cash inflow of CHF 320.3 million.

### Continuing operations

#### **Order intake and sales development**

Our customers exhibited a positive investment behavior in the 2021 financial year. Following the pandemic-related slowdown in the previous year, most industries experienced a significant upswing. Thanks to an innovative product and service portfolio, Bystronic benefited from catch-up effects, in particular in the construction and semiconductor industries as well as the agricultural and steel services sectors. Order intake increased by 51.2% to CHF 1,175.5 million and sales by 17.2% to CHF 939.3 million.

#### **Operating result and profitability**

The operating result (EBIT) grew over-proportionally by 67.0% to CHF 70.1 million. Bystronic thus achieved an EBIT margin of 7.5% compared to 5.2% in the previous year. In addition to the strong sales growth, the expansion of the service business had a positive impact on profitability. On the downside, the situation on the procurement markets deteriorated significantly in the second half of the year. This led to pandemic-related increases in costs along the supply chain, in particular for components and shipping. Thanks to its strong regional presence, Bystronic was nevertheless able to successfully ensure deliveries and installation of systems for its customers. As part of reassessments, Bystronic also recognized provisions totaling CHF 6 million.

#### **Net result, divestments and dividend**

The net result for Bystronic amounted to CHF 56.8 million (2020: CHF 28.5 million) and earnings per class A registered share were CHF 27.08. The operating free cash flow increased by 32.0% to CHF 64.8 million.

The divestment of the activities of FoamPartner and Mammut in the first half of 2021 resulted in a cash inflow of CHF 320.3 million. As per December 31, 2021 cash, cash equivalents, and securities totaled CHF 495.7 million. The Board of Directors proposes a dividend of CHF 60 per class A registered share. As a result, shareholders are paid out a part of the existing excess liquidity. The proposal takes into account not only the successful conclusion of the transformation, but also Bystronic's future capital needs.

#### **Acquisitions and strategy implementation**

In the reporting year, Bystronic further strengthened its position as a supplier of end-to-end solutions for automated sheet metal processing. Our innovative product portfolio is helping our customers to progressively digitalize their production. In this context, in particular our automation solutions are generating a great deal of interest. For this reason, Bystronic acquired the remaining minority shares in the Italian automation specialist Antil in November 2021 and will continue to expand this line of business.

In line with the trend towards fully automated and digitalized manufacturing processes, Bystronic also offers its customers integrated software solutions. In March 2021, the group acquired the remaining minority shares in the Spanish software specialist Kurago. The smart factory software developed in collaboration with Kurago put through its paces by seven test customers last year and will be launched on the market in 2022. By offering combined solutions comprising systems, software and service, Bystronic is positioning itself in even closer proximity to its customers.

In the reporting year, in line with its Strategy 2025, Bystronic strengthened its service business and launched a modular portfolio covering maintenance, hotline support, spare parts management, and consumables. The service business grew by 30%, thus accounting for 22% of total revenue.

#### **Outlook**

Bystronic's very strong position in an attractive, growing market promises further market share gains and profitable growth. During the strategy cycle from 2019 to 2025, Bystronic aims to achieve annual organic sales growth exceeding 5%, an EBIT margin in excess of 12% and a return on capital employed (RONOA) of more than 25%.

The conditions on the procurement markets and with regard to shipping capacities continue to be very tense. For Bystronic, this primarily entails challenges in purchasing, longer shipping lead times, and correspondingly higher costs in production, which can only be passed on to customers with a time delay – especially in view of the high order backlog. Assuming that the situation on the procurement markets normalizes during the course of the year, Bystronic expects sales growth of between 10% and 12% and an EBIT margin of between 8% and 9% for 2022. At this time, Bystronic is unable to assess potential impacts of the war in Ukraine on the global economy and the development of business.

## Discontinued operations

Net sales of the discontinued operations amounted to CHF 183.6 million, to which FoamPartner contributed CHF 76.3 million in the first quarter of 2021 and Mammut CHF 107.3 million for the first half-year 2021.

The operating result (EBIT) of the discontinued operations amounted to CHF -88.8 million. The divestment loss of FoamPartner accounted for CHF -80.1 million, resulting from the goodwill recycling as prescribed by the Swiss GAAP FER accounting standards.

## Total group

In the 2021 financial year, net sales of the entire group amounted to CHF 1,122.9 million (2020: CHF 1,283.5 million), which corresponds to a decrease of 12.5%. The operating result (EBIT) was CHF -18.7 million, due to the loss in connection with the divestment of FoamPartner. In the previous year, the operating result (EBIT) was CHF 79.7 million, including CHF 47.4 million gain on sale from the divestment of Schmid Rhyner, which was completed at the end of February 2020.

Overall, the net result was CHF -27.8 million, compared to CHF 66.9 million in the previous year.





## EMEA region

The Europe Middle East Africa (EMEA) region developed very positively in the 2021 financial year. Order intake rose steadily throughout all four quarters by a total of 41.1% to CHF 571.1 million, which is significantly higher than the pre-pandemic level of CHF 489.7 million in 2019 (+16.6%). On the one hand, catch-up effects following the previous year's weaker performance due to the pandemic led to strong growth. On the other hand, the region benefited from a strong demand for laser cutting systems in the silver segment and automation solutions. Demand from customers in the agricultural, construction, semiconductor, and mechanical engineering sectors developed particularly well.

With a share of 50%, EMEA is Bystronic's strongest region in terms of sales. In the reporting year, sales increased by 13.7% to CHF 469.7 million. All markets developed positively, although the recovery in Russia, Eastern Europe and the Middle East was somewhat less dynamic. Market shares in the region were gained in particular in the field of high-performance lasers and automation solutions.

Due to the positive investment environment for customers, we are confident that we will continue to grow in the EMEA region in 2022.

## Americas region

The Americas region recorded the group's strongest growth in order intake. Increasing by 97.9% to CHF 365.5 million, new orders almost doubled. All applications across cutting, bending and automation achieved strong growth. Over the past few years, Bystronic has vigorously intensified its presence in the American growth market, opening its first US production location in Hoffman Estates (Chicago) at the end of 2021. This means that we can now produce locally and in closer proximity to the customer, in particular laser cutting systems in the silver segment.

Sales increased by 17.0% to CHF 234.3 million, thus reaching the pre-pandemic level. Laser cutting machines in the silver segment, for example the new BySmart, experienced the strongest growth. Our market share in the region increased in all areas, particularly with regard to laser systems, laser automation, and press brakes.

Even excluding the pandemic-related catch-up effects, the region expects further growth in 2022, particularly in the agricultural, transport and energy sectors. Starting in the second half of 2022, in addition to the development of the automation solutions business, Bystronic will drive forward the sales of its own software for smart factory solutions. This is being met with great interest in the region and has already been successfully installed for a number of test customers.

## China region

In the China region, order intake also grew significantly and has now returned to pre-pandemic levels. In total, demand increased by 17.2% to CHF 135.8 million. Following the complete takeover of DNE Laser in 2020, Bystronic continued to focus on developing the entry-level segments for cutting and bending, which has resulted in solid growth.

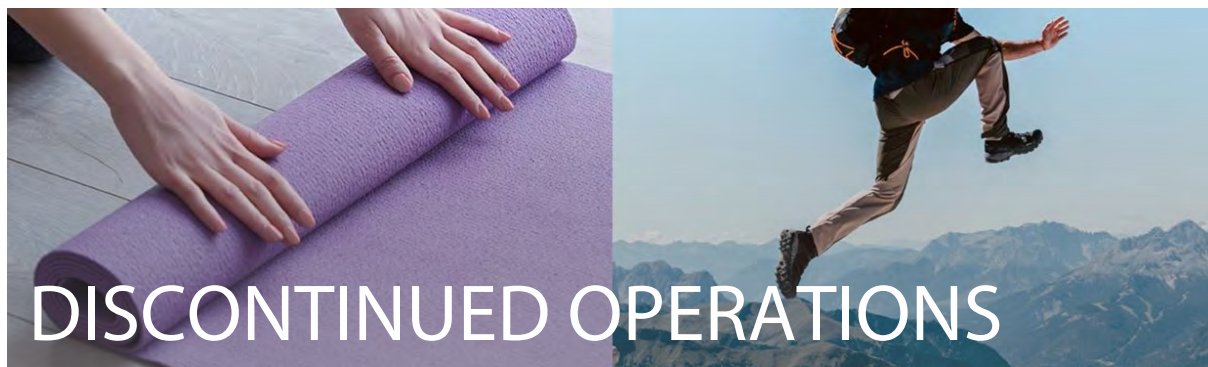
Demand in the first half of the year was very positive, growing by 63.9%. However, after the first half of the year, the market momentum slackened significantly and customers took a more cautious investment approach. Due to increased macroeconomic uncertainties caused by component shortages and shipping and energy supply challenges, order intake developed less dynamically in the second half of the year. Net sales grew by 21.0% to CHF 140.3 million and are thus significantly above both 2019 and 2020.

Thanks to the acquisition of DNE and the innovative advancement of the product portfolio, Bystronic has a very sound position in all price segments of the Chinese market. Therefore, in spite of the fierce competition, we expect continued growth in China in the year 2022.

## APAC region

Order intake in the Asia Pacific (APAC) region increased by 43.1% to a total of CHF 103.1 million and is significantly higher than in 2019 and 2020. Demand developed favorably throughout all four quarters and in a wide range of industries, such as agriculture and construction, and for medical, electronics, and electrical applications. All areas contributed to this growth: cutting, bending, and automation, as well as both the gold and silver segment.

With 31.9%, Bystronic achieved the highest sales growth in the APAC region. Overall, net sales in the year 2021 stood at CHF 95.1 million, thus outperforming the previous two years. Within the region, the situation was mixed: on the one hand, markets such as Korea, Japan, and Australia recovered very well due to government support programs and strong demand. On the other hand, customers in the Southeast Asian markets and in India continued to adopt a cautious approach amid ongoing COVID-19 related regulations. Therefore, the recovery of the investment volume of these customers was less dynamic.



The discontinued operations include the business units Chemical Specialties (FoamPartner) and Mammut.

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) of the discontinued operations was CHF -88.8 million.

## Chemical Specialities

The Chemical Specialities segment, consisting of the Schmid Rhyner and FoamPartner businesses, was successfully divested in accordance with the group's transformation announced in December 2019. The Chemical Specialities segment, consisting of the Schmid Rhyner and FoamPartner business units, was successfully divested in accordance with the group's transformation announced in December 2019.

Schmid Rhyner was already sold to the specialty chemicals group Altana, headquartered in Wesel, Germany, and deconsolidated at the end of February 2020.

FoamPartner was sold to Recticel, a Belgian polyurethane chemicals specialist based in Brussels and listed on Euronext (REC). 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 is CHF 250.5 million, of which the final payment of CHF 20.0 million was made in January 2022.

Since Swiss GAAP FER stipulates that goodwill and 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 divestment loss 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 (Q1 2020: CHF 73.8 million, including CHF 6.9 million from Schmid Rhyner), an increase of 3.5%. At constant exchange rates and adjusted for the change in the scope of consolidation, the sales growth was 13.6%. This is attributable to a visible recovery across all regions and the Mobility, Specialities and Living & Care segments.

## Mammut

In accordance with 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, including an earn-out structure of up to CHF 45.0 million. The transfer of control and the corresponding deconsolidation took effect on June 30, 2021.

The cash inflow from the transaction amounted to CHF 89.8 million and the loss on sale was CHF 0.3 million. Due to the estimated earn-out-relevant result as per December 31, 2021, no fair value for the earn-out is included in the loss on sale. 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.

In the first half of 2021, Mammut generated net sales of CHF 107.3 million (prior year period: CHF 80.9 million), corresponding to a growth of 32.6%. Adjusted for exchange rates, sales increased by 32.9% compared to the prior-year period. Ongoing lockdowns across various regions in the first half of 2021 affected the physical sales channels consisting of specialist retailers and mono-brand stores, the dominant source of revenue. Despite this, the offline channels achieved good sales growth in the first half of 2021. Sales via the digital sales channels almost doubled year-on-year, building on the very strong growth momentum that already began in 2020.

Mammut has thus continued to execute its three-pillar strategy: promoting the e-commerce business as the lead channel, establishing a sustainable supply chain despite certain challenges with the short-term availability of products and developing Mammut in the Nordics.

# Corporate Governance

- 37 Report of the Human Resources Committee
- 39 Report of the Audit Committee

## Corporate Governance Report

- 41 Group structure and shareholders
- 42 Capital structure
- 43 Board of Directors
- 53 Executive Committee and Extended Executive Committee
- 61 Compensation, shareholdings and loans
- 62 Participation rights of shareholders
- 63 Change in control and defensive measures
- 63 Auditors
- 64 Information policy
- 65 Trading blackout periods

## Compensation Report

- 67 Compensation at a glance
- 69 Governance framework for the compensation
- 72 Compensation system and elements
- 79 Compensation in the financial year
- 85 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 2021. It is followed by the Corporate Governance Report in accordance with the Swiss Stock Exchange Directive on Information Relating to Corporate Governance as well as the Compensation Report.

### Report of the Human Resources Committee



**“We are realigning our HR tools towards Bystronic.”**

**Urs Riedener**  
Chairman of the Human Resources Committee

#### Alignment towards Bystronic’s business success

Following the General Meeting on April 21, 2021, which approved the renaming of Conzzeta to Bystronic on the one hand and the personnel changes on the Human Resources Committee on the other, the main task of the Human Resources Committee was to finalize the design of the organization, to support the development of the human resources tools, to adapt the compensation to the new business conditions, and to lay the groundwork for the succession on the Board of Directors.

The Human Resources Committee convened six times during the course of 2021. Following the departure of Philip Mosimann (Chairman until the 2021 AGM), it is composed of Urs Riedener (new Chairman), Heinz O. Baumgartner (new member), and Robert F. Sperry. As a general rule, the Chairman of the Board of Directors, the CEO, and the Group CHRO also participate in the committee’s meetings in an advisory capacity, albeit not when it comes to the determination of their own compensation.

At the beginning of the year, the focus was still on concluding the tasks arising from the transformation. The parting of the former members of the Executive Committee of Conzzeta was handled in an equitable manner by means of additional compensation for their additional workload and a retention plan, thus ensuring that the important work within the previous structure, in particular in connection with the Mammut transaction, was brought to a successful conclusion.

After the Annual General Meeting, the focus increasingly turned to matters relating to Bystronic AG. The committee reviewed the existing HR tools and KPIs, and defined the direction for the future development. The most important areas of focus for Bystronic AG until 2025 are:

- i) Culture & leadership: focus on the subtopics performance and learning culture, leadership development, diversity and inclusion, and employer branding.
- ii) Talent management & performance management: focus on subtopics such as attractiveness, talent development and retention, fostering learning and development opportunities, succession planning, and engagement.
- iii) Efficiency & effectiveness: addressing reward and compensation issues, standardization, data analytics, learning management, and the optimization of HR systems.

The recruitment of the first level of the operational organization was concluded. The compensation principles for the current financial year were updated to more accurately reflect Bystronic's situation. It increasingly became possible to return to face-to-face training and further education courses, and the talents are being systematically evaluated. In addition, the succession planning for the top management level was initiated.

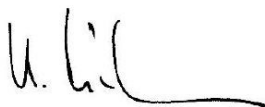
For Bystronic Laser AG, the legally required equality of pay was ascertained, confirmed, and certified. For the 2022 financial year, initial compensation elements, in particular the STI (Short-Term Incentive), have been linked more closely to Bystronic's business success. In future, in addition to the four components sales, EBIT, operating free cash flow, and individual target achievement, the achievement of ESG targets will also have a 10% weighting. The regular review and development of our compensation system will be conducted in the light of our ongoing dialog with different stakeholders and in consideration of our business strategy, the best practices, and the market trends.

In the exercise of its regular duties, the succession planning at BoD level was concluded with the proposal for election of Inge Delobelle. She will further strengthen and expand the expertise of the Board of Directors, in particular with regard to international management experience and the service business. In addition, at the beginning of the year, the performance targets for the Executive Committee were defined, and the performance review was carried out at the end of the year. The compensation of the Executive Committee and the Board of Directors was defined and submitted to the relevant bodies.

The compensation budgets for the Board of Directors and the Executive Committee as approved at the 2020 and 2021 Annual General Meetings were adhered to in accordance with the Articles of Association. At the 2022 Annual General Meeting, the shareholders will decide on the future compensation budgets for the Board of Directors and the Executive Committee and express their position on the 2021 Compensation Report by means of a consultative vote.

We are convinced that during the past year, we laid important foundations to attract people to Bystronic and to reward performance in a fair and sustainable manner and in line with the shareholders' interests.

In the coming year, the alignment of the compensation will remain a topic for us. Following the adaptation of Bystronic AG's target values to the 2022 financial year and the inclusion of ESG targets, the compensation mix and share-based performance plans will be more closely linked to the achievement of the strategic objectives.



**Urs Riedener**  
Chairman of the Human Resources  
Committee

## Report of the Audit Committee



**“We successfully established a new, potent financial organization.”**

**Roland Abt**  
Chairman of the Audit Committee

### Realignment successfully concluded

Within the framework of the transformation from Conzzeta to Bystronic, the Audit Committee successfully supported the far-reaching changes in the financial organization of the Bystronic Group in order to adapt the structure to the new requirements of a listed company.

In 2021, the Audit Committee was again made up of Matthias Auer and Roland Abt (Chairman). Four meetings were held in the reporting year. As a general rule, the Chairman of the Board, the CEO, and the CFO also attend the meetings in an advisory capacity alongside the committee members. Where items of relevance to the external auditors were on the agenda, their representatives were also present.

The establishment of a potent financial organization was the most important task in the reporting year, which the Audit Committee monitored closely. The search for and selection of a new CFO and a number of specialist staff in the financial department was successfully completed. The new organization has already demonstrated that it is fully functional and well prepared for future challenges.

According to the rules relating to corporate governance in force at Bystronic 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 transformation has been completed. Consequently, we will issue a call for tenders for the group audit mandate in 2022.

The focus on Bystronic has also made it necessary to make adjustments to our external reporting. Changes have already been implemented in the Half-Year Report. The segment reporting was modified to reflect the geographical market segments, which also correspond to the internal management structure.

The internal reporting was also restructured and adapted to the requirements of a company that offers not only machines but also end-to-end sheet metal processing solutions, including the related software. In this context, we also completely overhauled the Accounting Handbook, which reflects the specific requirements of Bystronic. The Audit Committee closely monitored this process and also provided advisory input.

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 2022. The Audit Committee regularly monitors the management's progress in addressing the follow-up items identified during the audits.

Within the framework of the Conzzeta Group's focus on Bystronic, the employee pension plans were also restructured. On its own, Bystronic does not have the necessary size to be able to optimally operate its own independent pension plan in the future. Consequently, all employees of Bystronic, Mammut, and FoamPartner were transferred to collective pension foundations. The pensioners will remain with the Conzzeta Pension Fund, which will continue to operate as a pure pensioners' fund. This conversion is a complex process that will only be fully completed in 2022.

2021 was a successful year: Together with the management, the Audit Committee restructured the financial organization and the core processes, thus laying the foundations for future growth.



**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, 2021. 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 is the legal successor of the former 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, 2021, the Bystronic Group consisted exclusively of the Bystronic business unit. The sale of the former FoamPartner business unit was closed with effect as of March 31, 2021. The sale of the former Mammut business unit was closed with effect as of June 30, 2021. 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, 2021, amounted to CHF 2,342,214,000, while the total capitalization (class A registered shares plus class B registered shares) amounted to CHF 2,653,740,000.



## 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 May 19, 2021, a disclosure notification was made regarding a change in the composition of the shareholder group due to a death and the resulting inheritance. The disclosure notifications can be consulted on the [website of the Swiss Stock Exchange](#). On December 31, 2021, the share of voting rights of the shareholder group Auer, Schmidheiny and Spoerry in Bystronic AG amounted to 51.07%. Out of this figure, 0.07% relate to treasury shares held by Bystronic AG.

## 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, 2021, 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 group's net result. 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, 2021, 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
Ernst Bärtschi	Chairman			2014
Jacob Schmidheiny	Member (from 1984 to 2014: Chairman)			1977
Dr. Matthias Auer	Member	Member		1996
Robert F. Spoerry	Member		Member	1996
Dr. Roland Abt	Member	Chairman		2014
Urs Riedener	Member		Chairman	2014
Dr. Heinz O. Baumgartner	Member		Member	2021

On November 8, 2021, Bystronic AG announced that Ernst Bärtschi will step down from the Board of Directors with effect from the date of the 2022 Annual General Meeting.

The Board of Directors nominates Dr. Heinz O. Baumgartner for election as the new Chairman by the shareholders at the Annual General Meeting in April 2022. In addition, the Board of Directors nominates Inge Delobelle for election as a new member of the Board.

### 3.2 Curriculum vitae, other activities and vested interests



#### Ernst Bärtschi

lic. oec. HSG, born in 1952, a Swiss national, has been a member of the Advisory Board of the private equity investor CRCI (China) since 2012. In 2002, he joined Sika AG, Baar, where he worked as Chief Financial Officer until 2004 and as Chief Executive Officer between 2005 and 2011. After working at Nestlé, Vevey, Ernst Bärtschi occupied various management positions at the Schindler Group, Ebikon, between 1980 and 2002, including as Managing Director of Schindler Switzerland and Chief Financial Officer of the Schindler Group.



#### Dr. Matthias Auer

Dr. iur., born in 1953, a Swiss national, has worked as independent attorney and notary public in Glarus since 1981. He is also Vice-Chairman of the Board of the Migros Zurich Cooperative.



#### Dr. Heinz O. Baumgartner

Dr. oec. HSG, born in 1963, a Swiss national, has been Chief Executive Officer of Schweiter Technologies since 2008 and 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 Asea Brown Boveri Switzerland. Heinz O. Baumgartner is a member of the Board of Directors of the United Grinding Group.



#### Dr. Roland Abt

Dr. oec. HSG, born in 1957, a Swiss national, is a member of the Board of Directors of Swisscom AG, Berne, 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).



### Urs Riedener

lic. oec. HSG, born in 1965, a Swiss national, has been Chief Executive Officer at Emmi, Lucerne, since 2008. 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 1995 until 2000, he worked for the Lindt & Sprüngli Group, Kilchberg, in various management roles in Switzerland and abroad. He started his career working in various positions at Kraft Jacobs Suchard. Urs Riedener is also a member of the Board of Promarca (Swiss Association of Brand Articles), a member of the Board of the Swiss Management Association (SMG), and a member of the Executive Committee of the Institute for Marketing at the University of St. Gallen.



### 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.



### 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., Greifensee, which he also headed as CEO from 1993 to 2007, and of Sonova Holding Ltd., Stäfa.



### Inge Delobelle

**Inge Delobelle is nominated by the Board of Directors as a new member of the Board of Directors for election at the Annual General Meeting in April 2022.**

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.

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 OaEC<sup>1</sup>

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.

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<sup>1)</sup> Ordinance against Excessive Remuneration in Listed 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. The Articles of Association and the Organizational Regulations of Bystronic AG 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 of the group and the business units;
- 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 for the group and the business units, and the structuring of a comprehensive reporting system in line with the strategy;
- Approval of the applicable accounting standards, the framework conditions for financial control and the internal control system along with any significant changes to the same;
- Annual assessment and approval of the budget and the strategic financial planning;
- 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 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, 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 on no less 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, representatives of external consultants were invited to two 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. In 2019, when the strategic realignment was decided, it temporarily created three additional committees, one each for the FoamPartner, Mammut, and Bystronic business units. Following the successful sale of the FoamPartner and Mammut business units, these three committees were dissolved, since from this point, the Board of Directors was able to concentrate fully on the continuing operations of the Bystronic business unit.

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, 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 21, 2021, see Section 3.1. “[Members of the Board of Directors](#)”. As a general rule, the Chairman of the Board of Directors, the CEO, and the Chief HR Officer of the group also 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 layers 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 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 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 2021, 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 2021 AGM				After the 2021 AGM			
	Meeting	Telephone Conference	Audit Committee	Human Resources Committee	Meeting	Telephone Conference	Audit Committee	Human Resources Committee
Average duration (hours)	8.0	0.5	4.0	3.0	8.75	-	3.25	3.0
Number of meetings	1	1	1	2	4	-	3	4
Attended meetings								
Ernst Bärtschi	1	1	1	2	4	-	3	4
Jacob Schmidheiny	1	1	-	-	4	-	-	-
Dr. Matthias Auer	1	1	1	-	4	-	3	-
Robert F. Spoerry	1	1	-	2	4	-	-	4
Philip Mosimann <sup>1</sup>	1	1	-	2	-	-	-	-
Dr. Roland Abt	1	1	1	-	4	-	3	-
Urs Riedener	1	1	-	2	4	-	-	4
Michael König <sup>1</sup>	1	1	-	-	-	-	-	-
Dr. Heinz O. Baumgartner <sup>2</sup>	-	-	-	-	4	-	-	4

<sup>1</sup> Philip Mosimann and Michael König stepped down from the Board of Directors in April 2021.

<sup>2</sup> Heinz O. Baumgartner was elected to the Board of Directors for the first time at the Annual General Meeting in April 2021.

### 3.6 Information and control tools 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 a commentary on the most important 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, the Board of Directors dealt intensively with Bystronic's Strategy 2025 and the focus on the Bystronic business following the successful sale of FoamPartner and Mammut. The strategy, the business model, and the unique selling points of Bystronic were presented to interested investors and analysts at a Capital Markets Day in Niederörs on November 30, 2021.



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, which 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 a report on the internal control system, 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 auditing 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 2021, 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, growing global competition from Chinese suppliers in particular, challenges along the supply chains, dependence on individual suppliers
- Software / IT security / data protection: risk of cyber-attacks, protection of customer data, and compliance with data protection regulations

- 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 and Extended 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, 2021, 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 Services Officer	2016



### 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.



### Beat Neukom

Business economist HWV / Certified Management Accountant (CMA), born 1970, a Swiss national. Beat Neukom joined Bystronic as Chief Financial Officer in May 2021, also taking over the 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 start-up 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 a Commissioning and Start-up Manager at Ems Inventa AG. Johan Elster has more than 25 years of sales and service experience in the sheet metal 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. His entire 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 and held 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, business 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 an outstanding track record with responsibilities ranging from engineering and R&D to operations, and from sales and markets to 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.

**4.2 Members of the Extended Executive Committee**

The members of the Extended Executive Committee report directly to the CEO. On December 31, 2021, the Extended Executive Committee was composed of the following persons:

Name	Function	In function since
Nicole Progin	Chief Human Resources Officer	2013
Dr. Christoph Rüttimann	Chief Technology Officer	2017
Alberto Martinez	Chief Digital Officer	2018
Marco Vinanti	Chief Operating Officer	2010
Florian Wimmer	Chief Marketing Officer	2021
Dr. Marie José Estevão	Chief Transformation Officer	2021





### Nicole Progin

MSc in business and economics, University of Bern, born in 1972, a Swiss national. Nicole Progin was appointed Chief Human Resources Officer in May 2013. Prior to joining Bystronic, she held various senior HR positions in industries such as logistics automation, healthcare, and IT, most recently as Head of HR in charge of Switzerland and EMEA at Swisslog AG in Buchs, Switzerland. She has more than 20 years of experience in strategic and operational human resources management.



### Dr. Christoph Rüttimann

PhD, born in 1979, a Swiss national. Dr. Christoph Rüttimann joined Bystronic as Chief Technology Officer (CTO) in November 2017. In this position, he is responsible for the group's development and innovation activities. Prior to joining Bystronic, he served as Head of Customer Applications and Head of Research & Development, most recently for Trumpf Laser Marking Systems AG. With more than 15 years of experience, Christoph Rüttimann has extensive expertise in the fields of mechanical engineering and technology management. He is also a member and, since January 1, 2022, Vice President of the Innovation Council of Innosuisse, the Swiss Innovation Agency.



### 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 Solutions Center since August 2020. From August 2020 until December 2021 he has also been responsible for the Global IT organization. As Chief Digital Officer (CDO), he drives forward the implementation of Bystronic's Smart Factory vision. 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. Effective as of January 1, 2022, Alberto Martinez was appointed as a member of the Executive Committee.



### Marco Vinanti

Operations and production engineer HTL, business administration engineer FH, born in 1973, a Swiss national. Marco Vinanti has been Chief Operating Officer (COO) since January 2021. He is responsible for all production plants worldwide including the Shared Service Center. Previously, he was in charge of Bystronic Laser AG and responsible for the Competence Center Cutting since 2015. He joined the company in 2010 as Head of Production. Prior to this, he held various senior positions in the power tools, medical devices, and mechanical engineering industries. His expertise covers all aspects of leadership relating to strategy, operations, business excellence, as well as project and product management.



### Florian Wimmer

Master's degree in business administration and economics, MBA, born in 1980, an Austrian national. Florian Wimmer was appointed Chief Marketing Officer in July 2021. In this role, he is responsible for all global marketing activities related to products, services, and software, with the objective of analyzing the customer journey and improving customer satisfaction. Prior to joining Bystronic, he held various positions with Hilti AG in the United States, the UK, and Germany. He has extensive marketing and sales experience focused primarily on product portfolio management, customer segmentation, sales steering, sales transformation, and marketing automation.



### Dr. Marie José Estevão

Doctorate in business administration, a Portuguese national. Dr. Marie José Estevão was appointed Chief Transformation Officer in September 2021. In this role, she is responsible for the organizational transformation, strategic innovation, and the corporate development of the Bystronic Group. Prior to joining Bystronic, Dr. Marie José Estevão led the strategy process and corporate transformation of the ebm-papst Group. She started her career in the field of management consulting. For more than ten years, she has been active in various areas of corporate transformation and has gained experience in various sectors – from the chemical and process industry to industrial services and consumer goods.

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

### 4.3. Rules contained in the Articles of Association relating to the number of permitted activities under Art. 12 para. 1 sec. 1 OaEC

According to Art. 28 of the Articles of Association of the company, no member of the Executive Committee<sup>1</sup> 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.

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

#### 4.4 Management contracts

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

## 5 Compensation, shareholdings and loans

### 5.1 Content and 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 CO, 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.

### 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% of the share capital may request that a General Meeting be called.

## 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% 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.

## 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 in 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 Board of Directors resolved to invite new tenders for the mandate in 2022. 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.



## 8.2 Auditing fee

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

- Auditing fees related to Bystronic: CHF 1,013,000
- Auditing fees related to discontinued operations: CHF 80,500
- Additional fees for audits relating to organizational, tax and legal advice: CHF 306,000.

## 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 Statement 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, 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 for 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 2021/2022 term of office and to the Executive Committee for the 2021 financial year.

The report conforms to the relevant provisions of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), 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*.

# 1 Compensation at a glance

## 1.1 Compensation of the Board of Directors

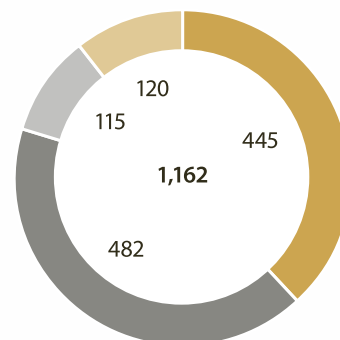
The total compensation and additional benefits of the Board of Directors (BoD), consisting of seven members, for the 2021/2022 term of office is comprised as follows and will be paid out no later than ten days after the Annual General Meeting on April 26, 2022:

The shares remain blocked for a period of four years from the date of transfer. In total, 377 class A registered shares will be transferred to the members of the Board of Directors at a share price of CHF 1,278.40 (average share price from November 1, 2021 to January 31, 2022).

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.

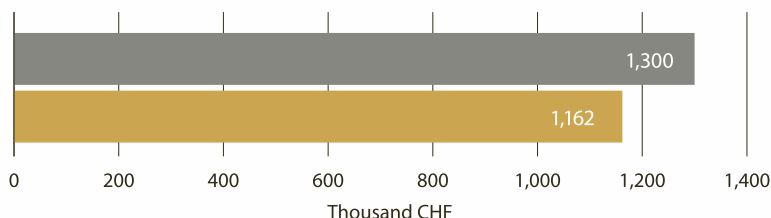
The total compensation and benefits of the Board of Directors for the 2021/2022 term of office is TCHF 138 below the maximum amount of CHF 1.30 million approved by the shareholders.

**Total compensation and benefits BoD 2021/2022 term of office**  
(in thousand CHF)



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

**Total compensation and benefits BoD 2021/2022** (in thousand CHF)

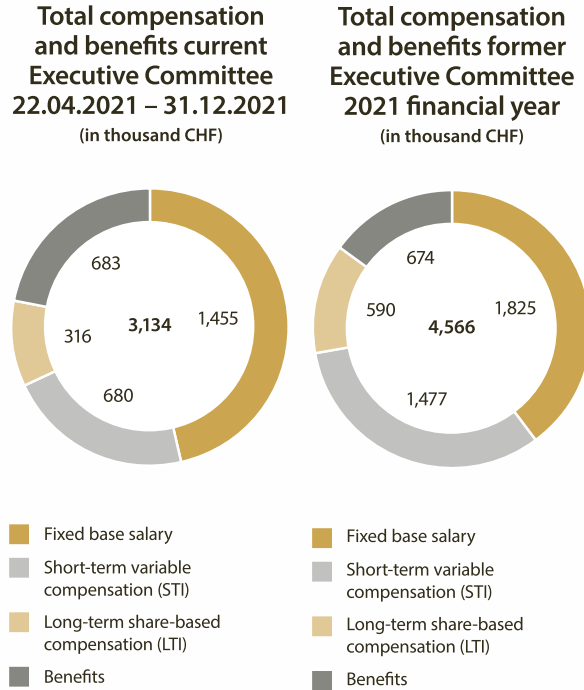


- Total compensation and benefits approved by the Annual General Meeting for the 2021/2022 term of office
- Actual total compensation and benefits for the 2021/2022 term of office

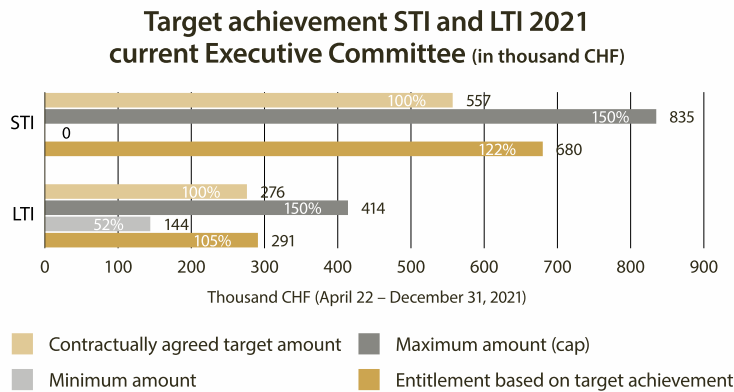
## 1.2 Compensation of the Executive Committee

At the Annual General Meeting on April 21, 2021, the Executive Committee of the Conzzeta Group (hereinafter referred to as “the former Executive Committee”) was superseded by the new Executive Committee of the Bystronic Group (hereinafter referred to as “the current Executive Committee”). This Compensation Report documents the pro rata annual compensation of the current Executive Committee since April 22, 2021, as well as the compensation of the former 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 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.

For the 2021 financial year, the total compensation and benefits of the current Executive Committee and the former Executive Committee, which stepped down during the reporting year, consisting of seven and six members respectively, are comprised as follows:



The following chart shows the target achievement levels with regard to the Short-Term Incentive (STI) and the Long-Term Incentive (LTI) 2021 for the members of the current Executive Committee:



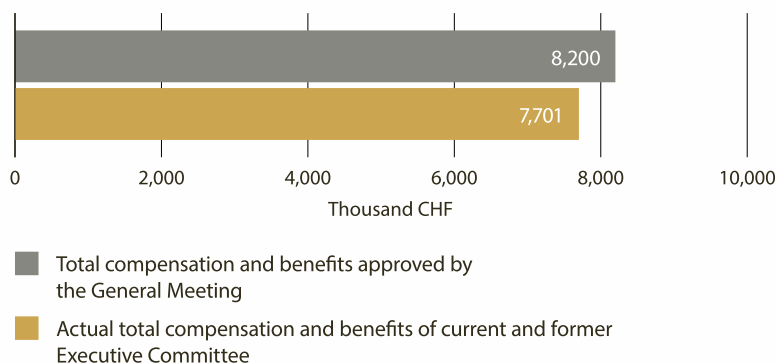
The maximum amount (cap) of the short-term variable compensation (STI) is 150% of the contractually agreed target amount; the minimum level is 0%. The overall target achievement level of 122% (payout amount as a percentage of the contractually agreed target amount) is primarily attributable to the fact that the target values for total revenue were significantly exceeded in all regions. The target values for net operating assets/total revenue (NOA/TR) and the individual targets were also exceeded. However, the operating result (EBIT) remained largely below expectations.

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 current CEO and 100% for the remaining members of the current Executive Committee, which results in a weighted value of 52%. The overall target achievement of 105% can be attributed to the fact that the adjusted EPS target 2021 for the continuing operations of Bystronic was exceeded.

The members of the former Executive Committee are entitled to the contractually agreed variable target compensation. The payment will be effected in March 2022.

The total compensation and benefits granted to the Executive Committee for the 2021 financial year lie within the maximum amount approved by the Annual General Meeting. The comparison reflects the pro rata total annual compensation and benefits of the current Executive Committee since April 22, 2021 (seven members) as well as the total compensation and benefits of the former Executive Committee (six members) for the full year 2021, or until the end of the employment contract of the respective member.

### Total compensation and benefits of current and former Executive Committee 2021 (in thousand CHF)



## 2 Governance framework for the 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 Incorporation and their compensation-related provisions. These are available [here](#) and cover the following:

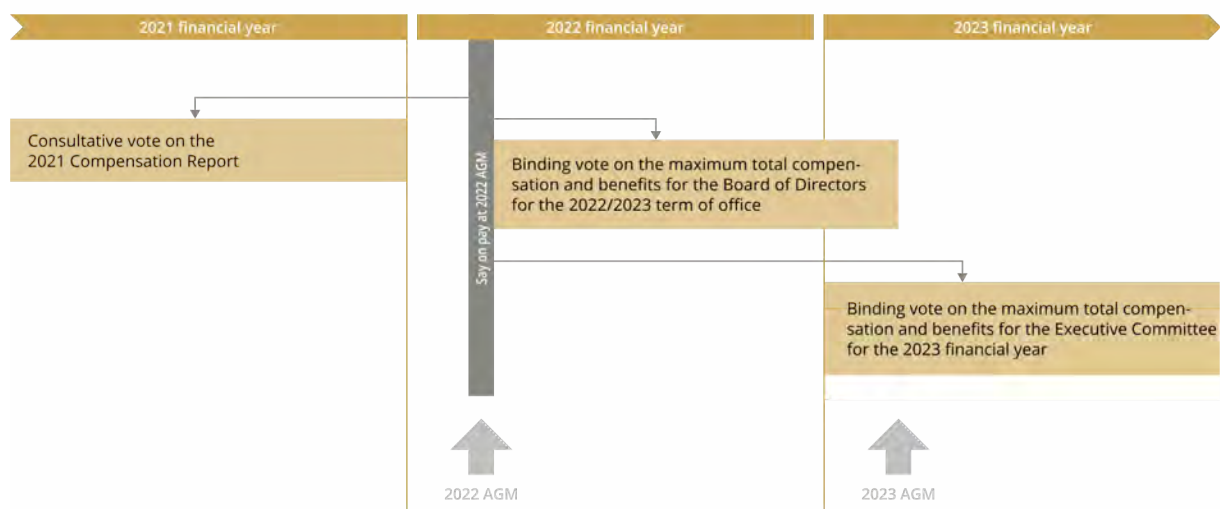
- Election for a one-year term of office of the members of the Compensation Committee (Art. 21)
- Approval of the maximum total compensation and benefits of the members of the Board of Directors for the next term of office (Art. 23 para. a)



- 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)

In addition to the provisions of the Articles of Association, the Board of Directors submits the Compensation Report to the General Meeting every year for a consultative vote.

The following chart illustrates how the Annual General Meeting (AGM) 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 Annual 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 Human Resources Committee, the Compensation Committee also assumes other responsibilities. At the Annual General Meeting on April 21, 2021, 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 members of the Executive Committee

- Preparation of the Compensation Report and deliberation of the report with the external auditors

As a general rule, the Chairman of the Board of Directors, the CEO, and the Chief Human Resources Officer of the group (CHRO) 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 Chairman of the Board of Directors and the CEO do not attend the meeting when their own compensation is the subject of deliberation.

The Chairman of the Compensation Committee reports to the Board of Directors on the activities of the committee after each meeting. 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 Topic	CEO	Compensation Committee	Board of Directors	Annual General Meeting
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 at the Annual 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 six meetings in accordance with a predefined annual schedule focusing on the following topics:

<b>Review of the compensation strategy, policy, and governance</b>
Motion to the Board of Directors on the compensation policy for members of the Board of Directors and of the Executive Committee
Review and adaptation of the compensation system for the Executive Committee, focusing on the Short-Term Incentive (STI) 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
<b>Compensation of the Board of Directors</b>
Proposal of compensation for the next term of office
<b>Compensation of the Executive Committee</b>
Review and adaptation of management KPI
Review of performance targets, performance assessment, and target compensation
Benchmark studies related to compensation

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 blocked for a period of four years. The long blocking period 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 blocked 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). They are allocated no later than ten days after the Annual General Meeting. The allocated shares remain blocked for a period of four years. In the event that a member of the Board of Directors steps down, the allocated shares remain blocked 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 following chart summarizes the compensation model, which – in this form – was first applied to the 2021/2022 term of office:

(in thousand CHF)	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 current 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><b>Market orientation</b></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><b>Performance orientation</b></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><b>Sustainability and long-term value creation</b></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><b>Transparency and fairness</b></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, revenue, number of employees), and geographical reach.

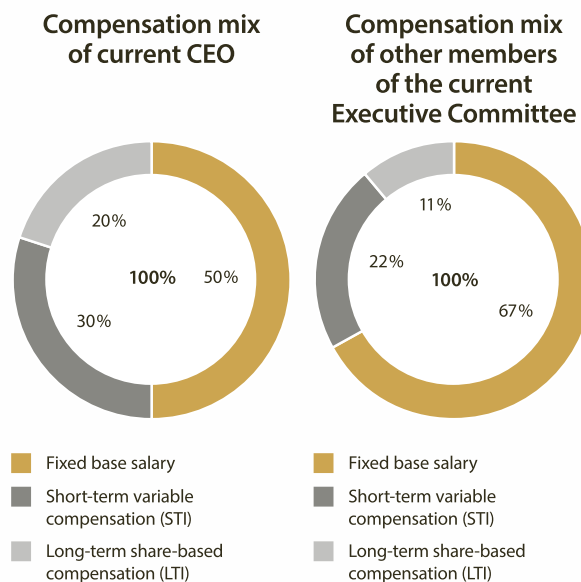
For this purpose, the compensation of the Executive Committee is periodically reviewed on the basis of compensation studies conducted by third-party providers or publicly available data such as the compensation disclosure in the annual reports of relevant companies. No such review was carried out in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

### 3.2.2 Compensation mix

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

Fixed base salary
+ Short-term variable compensation (Short-Term Incentive STI)
+ Long-term share-based 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 current CEO and the other members of the current Executive Committee.



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

Variable compensation plans of the current Executive Committee (EC)	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	– Alignment of the interests of the EC with those of the shareholders – Foster profit orientation	– Employee retention – Alignment of the interests of the EC with those of the shareholders – Foster profit orientation	
Eligible participants	All members of the EC	CEO	Members of the current EC (excluding CEO)	
Target value amount in % of total compensation	– CEO: 30% – Other members of the EC: 22%	– CEO: 20% – Other members of the EC: plan not applicable	– CEO: plan not applicable – Other members of the EC: 11%	
Maximum value (cap) in % of target value	150%	150%	150%	
Maximum value (cap) in % of base salary	– CEO: 90% – Other members of the EC: 49%	– CEO: 60% – Other members of the EC: plan not applicable	– CEO: plan not applicable – Other members of the EC: 25%	
Minimum value in % of target value	0%	0%	100%	
Key Performance Indicators (KPI)	– Total revenue (group & regions) – Operating result (group & regions) – Net operating assets / total revenue (group)	Earnings per share (EPS)	Earnings per share (EPS) previous year	
LTI: Discount on share price	Not applicable	10%	0% (no discount)	
Payout/transfer/allocation date	Payout in March or April of the following year	Transfer of shares in March of the following year	Allocation of RSU in March of the current year	
LTI: Vesting period and vesting conditions	Not applicable	No vesting	– Vesting period: 3 years – Vesting conditions: continuing employment relationship with the Bystronic Group	
LTI: Blocking period	Not applicable	4 years from the allocation by transfers of shares	No blocking period for vested RSUs/shares	
Effect of termination of employment	Pro rata entitlement	4-year blocking period remains in effect	– Forfeiture of all RSU (for exception see section 3.2.3, page 78) – Vested RSUs/shares remain in the possession of the EC member	

### 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 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 22% for the other members of the Executive Committee.



The weighting of the financial targets for members of the Executive Committee is at least 75%; correspondingly, the weighting of individual targets is a maximum of 25%. The targets are set annually within the framework of the budget and the individual objective-setting 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.

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

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

Total revenue is defined as net sales plus changes in inventories and own work capitalized. Starting in the 2022 financial year, net sales will replace total revenue as a performance indicator. Furthermore, the Board of Directors has decided to replace the performance indicator “ratio of net operating assets to total revenue” with “operating free cash flow”.

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

Performance parameters and target weighting for Short-Term Incentive (STI)

	Financial targets			Individual targets
	Total revenue	Operating result (EBIT)	Net operating assets (NOA)/ total revenue (TR)	
CEO	20%	35%	20%	25%
CFO	20%	35%	20%	25%
Other members of the Executive Committee	30%	35%	10%	25%

### 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 several-years 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 current CEO: Restricted Share Plan (RSP)<sup>1)</sup>
- For the current Executive Committee (excluding CEO): Restricted Share Unit (RSU) plan

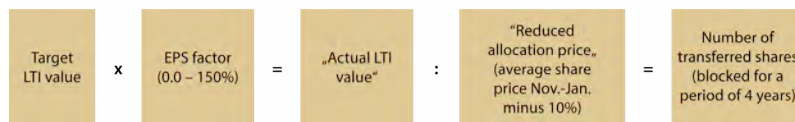
<sup>1)</sup> Until 2020, this plan also applied to the former Executive Committee

Below, the two performance-related share plans are described in more detail:

#### Restricted Share Plan (RSP) for the current CEO

The target LTI value is contractually agreed with each plan participant. For the current CEO it amounts to 20% of the total target compensation.

The target LTI value is multiplied by the EPS factor (earnings per share) of the according business 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 current period to January 31 of the following period, whereby a discount of 10% is applied (“reduced allocation price”), in order to determine the plan participant’s entitlement to blocked shares. The following illustration shows how the Restricted Share Plan (RSP) works:



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 a plan participant, 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 plan participant and bear voting and dividend rights.

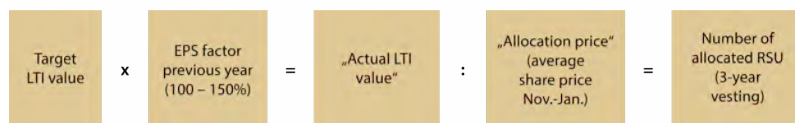
The EPS factor is based on the achievement of a target EPS value. The target EPS value (100%) corresponds to the budget value and is determined annually by the Board of Directors. The Board of Directors also determines a minimum EPS value and a maximum EPS value. If the actual EPS is equal to the minimum 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 plan participants; 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 necessary class A registered shares are repurchased on the market or taken from the company’s treasury shares.

**Restricted Share Unit (RSU) plan for the current Executive Committee**

The target LTI value is contractually agreed with each plan participant. For the current Executive Committee (excluding the CEO) it amounts to 11% of the total target compensation.

The target LTI value is multiplied by the EPS factor (earnings per share) for the previous business 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 (RSU). RSUs represent a conditional right to receive one share of Bystronic free of charge after the expiry of a vesting period (conversion at a ratio of 1:1), provided that the employment relationship is ongoing. The RSUs do not bear any voting or dividend rights and cannot be traded. The following illustration shows how the RSU plan works:



The prerequisite for the allocation of RSUs is an open-ended employment contract that has not been terminated at the time of allocation. The allocation 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 allocated is rounded 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 allocation 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 allocation 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 allocation date:

- Qualified retirement: retirement of a plan participant who has reached the age of 60 and 5 years of service
- Termination without 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 Law on Occupational Retirement, Survivors' and Disability Pension Plans ("BVG").

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 perquisites 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 current Executive Committee**

The employment contracts of members of the current Executive Committee are concluded for an indefinite period and stipulate a notice period of six months (12 months for the current CEO). 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 (2021/2022 term of office)**

At the Annual General Meeting on April 21, 2021, a maximum amount of CHF 1.30 million was approved for the total compensation and benefits for the Board of Directors for the 2021/2022 term of office; the actual total compensation and benefits of the members of the Board of Directors amounts to CHF 1.16 million, which also corresponds to CHF 0.14 million less than in the previous year (with one member less during the reporting year).

The business unit (BU) committees established in 2019 were not continued in 2021. However, as in the previous year, the reorganization of the Conzzeta Pension Fund resulted in an additional workload for Dr. Roland Abt, which was compensated with CHF 7,500 for the 2021 financial year. These costs are borne by the Conzzeta Pension Fund and are not declared in the Compensation Report.

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

Information on the shareholdings of the members of the Board of Directors can be found in the [Notes to the Financial Statements of Bystronic AG](#).

The following tables lists the compensation of the individual members of the Board of Directors for the 2021/22 (7 members) and 2020/21 (8 members) terms of office.

**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 <sup>1</sup>	Committee fee	Benefits	Total compensation and benefits <sup>2</sup>
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Ernst Bärtschi Chairman of the Board of Directors	175.0	175.1		39.1	389.2
Dr. Roland Abt Chairman of the Audit Committee	45.0	51.1	40.0 <sup>3</sup>	19.1	155.2
Dr. Matthias Auer Member of the Audit Committee	45.0	51.1	15.0	9.7	120.8
Dr. Heinz 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		8.8	104.9
Robert F. Spoerry Member of the Human Resources Committee	45.0	51.1	15.0	9.5	120.6
<b>Total</b>	<b>445.0</b>	<b>481.7</b>	<b>115.0</b>	<b>120.4</b>	<b>1,162.1</b>

<sup>1</sup> In total, 377 shares will be transferred to the members of the Board of Directors at the average share price of CHF 1,278.40; the transferred shares will remain blocked 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.

<sup>2</sup> The total compensation will be paid out latest 10 days after the Annual General Meeting on April 26, 2022.

<sup>3</sup> The transition from Conzzeta 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 10.0 thousand.

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

Compensation of Board of Directors for the 2020/2021 term of office	Base fee in cash CHF thousand	Base fee in shares <sup>1</sup> CHF thousand	Committee fee CHF thousand	Benefits CHF thousand	Total compensation and benefits <sup>2</sup> CHF thousand
Ernst Bärtschi - Chairman of the Board of Directors - Member of the Bystronic Committee - Member of the FoamPartner Committee - Member of the Mammut Committee	199.2	200.8		41.0	441.0
Dr. Roland Abt - Chairman of the Audit Committee - Member of the Bystronic Committee	44.0	51.0	30.0	17.6	142.6
Dr. Matthias Auer Member of the Audit Committee	44.0	51.0	10.0	9.2	114.2
Michael König Member of the FoamPartner Committee	44.0	51.0	10.0	15.3	120.3
Philip Mosimann Chairman of the Human Resources Committee	44.0	51.0	20.0	9.8	124.8
Urs Riedener - Member of the Human Resources Committee - Member of the Mammut Committee	44.0	51.0	20.0	16.5	131.5
Jacob Schmidheiny	44.0	51.0		8.7	103.7
Robert F. Spoerry Member of the Human Resources Committee	44.0	51.0	10.0	15.3	120.3
<b>Total</b>	<b>507.2</b>	<b>557.8</b>	<b>100.0</b>	<b>133.4</b>	<b>1,298.4</b>

<sup>1</sup> In total, 514 shares were transferred to the Board of Directors at the average share price of CHF 1,085.53.

On April 27, 2020, the blocking on a total of 882 shares of current and former members of the Board of Directors was lifted; these shares were transferred in 2016.

<sup>2</sup> The total compensation was paid out latest 10 days after the Annual General Meeting on April 21, 2021.

## 4.2 Compensation of the Executive Committee 2021

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. This Compensation Report documents the pro rata annual compensation of the current Executive Committee since April 22, 2021, as well as the compensation of the former 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 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.

For the 2021 financial year, the members of the current and former Executive Committee received a total compensation and benefits totaling CHF 7.7 million (previous year: CHF 6.0 million). This complied with the maximum total compensation for the Executive Committee of CHF 8.2 million approved at the Annual General Meeting in April 2020.

The average target achievement figure of the 2021 Short-Term Incentive (STI) of all members of the current Executive Committee is 22% above target based on the 2021 financial and individual results (previous year, excluding retention plan: 62% below target).

The short-term variable compensation for the members of the current Executive Committee amounted to between 32% and 77% of the fixed base salary (previous year, excluding retention plan: between 11% and 42%), or between 98% and 142% of the contractually agreed variable target compensation respectively (previous year: between 27% and 80%).

The 2021 EPS factor, which determines the monetary value of the share allocation for the current CEO for the 2021 financial year, is 117% (previous year: 0%). The 2020 EPS factor, which determines the monetary value of the RSU allocation for the 2021 financial year for the remaining members of the current Executive Committee, is 100% (minimum value).

The retention plan approved by the Board of Directors in the 2019 financial year for the members of the former Executive Committee in connection with the strategic realignment and the associated additional workload was concluded in the reporting year, with the exception of the final payouts which are not due until 2022.

The following overview summarizes the entitlements and payouts in connection with the retention plan (including compensation for non-competition clause):

	Entitlement (according to Compensation Report)					Payout				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
<b>Retention plan 2019-2022 (in thousand CHF)</b>										
CEO (M. Willome) <sup>1</sup>	100	694	348	0	1,142	0	0	1,142	0	1,142
Other 5 members of the former Executive Committee <sup>2</sup>	492	913	202	0	1,607	0	292	1,014	301	1,607
<b>Total former Executive Committee<sup>2</sup></b>	<b>592</b>	<b>1,607</b>	<b>550</b>	<b>0</b>	<b>2,749</b>	<b>0</b>	<b>292</b>	<b>2,156</b>	<b>301</b>	<b>2,749</b>

<sup>1</sup> The total amount for the former CEO under the retention plan was CHF 571 thousand. He also received an additional equal amount to compensate for his non-competition clause. The table shows both the retention plan and the compensation for the non-competition clause.

<sup>2</sup> Excluding the current CEO (Alex Waser) who did not participate in the retention plan.

Information on the shareholdings of the members of the Executive Committee can be found in the [Notes to the Financial Statements of Bystronic AG](#).

On December 31, 2021, 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 reporting year shows the pro rata annual compensation for the current Executive Committee of the Bystronic Group from April 22 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 2021 financial year

2021	Fixed compensation	Variable compensation		Benefits		Total compensation and benefits CHF thousand
	Base salary CHF thousand	Short-term variable compensation <sup>4</sup> CHF thousand	Long-term share-based compensation CHF thousand	Social security and pension plan <sup>9</sup> CHF thousand	Fringe benefits CHF thousand	
Current Executive Committee (from April 22, 2021, 7 members) <sup>1</sup>	1,455.0	680.1	316.3 <sup>7</sup>	403.3	279.7	3,134.4
Former Executive Committee (6 members) <sup>2</sup>	1,824.6	1,477.4 <sup>5</sup>	590.3 <sup>8</sup>	419.2	254.9 <sup>10</sup>	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 Group CEO, M. Willome <sup>3</sup>	634.3	728.6 <sup>6</sup>	253.7	145.7	77.4 <sup>11</sup>	1,839.7

<sup>1</sup> The contractually agreed target compensation of the members of the current Executive Committee (including CEO) has solely been adjusted in the reporting year with effect from January 1, 2021.

One member joined the company as per 1 May 2021.

<sup>2</sup> 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 Group CEO until October 31, 2021, for the former CEO of FoamPartner until March 31, 2021 (FoamPartner divestment date), and for the former CEO of Mammüt until June 30, 2021 (Mammüt divestment date). For the remaining two members of the former Executive Committee, the amounts include the full financial year; their employment contracts expire on March 31, 2022.

<sup>3</sup> Mr. 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.

<sup>4</sup> The figures refer to the projected variable compensation for the reporting year (the payout will be effected in the following year) as well as the special allocations resulting from the retention plan (see footnotes 5 and 6).

<sup>5</sup> Including special allocation resulting from the retention plan totaling CHF 550 thousand; within the scope of the retention plan, entitlements of former members of the Executive Committee totaling CHF 2,156 thousand were paid out in the reporting year. The members of the former Executive Committee are entitled to the contractually agreed variable target compensation (100%); the payout will be effected in the 2022 financial year or upon expiry of the employment contract of the respective member.

<sup>6</sup> Including special allocation from the retention plan totaling CHF 348 thousand; within the framework of the retention plan, entitlements of the former CEO totaling CHF 1,142 thousand were paid out in the reporting year (including compensation for the non-competition clause). The former CEO is entitled to the contractually agreed variable target compensation (100%; pro rata until his employment terminated); the payout will be effected in the 2022 financial year.

<sup>7</sup> The figures refer to the Restricted Share Plan (RSP) in the case of the current CEO, and to the allocated Restricted Share Units (RSU) in the reporting year in the case of the other members of the current Executive Committee, whereby one member was not yet entitled to RSUs in the reporting year due to his joining of the company during the reporting year. The EPS factor within the RSP (2021) is 117%; at a reduced allocation price of CHF 1,150.56, this translates 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 an allocation of a total of 196 RSUs on April 1, 2021; the RSUs are forfeitable for a period of 3 years.

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

<sup>8</sup> Upon termination of their employment contract, a cash payment based on the target LTI value (100%; pro rata until the expiry of the employment contract) will be made to the members of the former Executive Committee to settle their entitlement to LTI 2021 (exception: A. Waser – see footnote 7).

<sup>9</sup> The figures for the current Executive Committee include all employer contributions to compulsory and supplementary social security plans. In contrast, as in the previous year, 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 statutory social security plans, a significant portion of the contributions shown do not result in benefits for the individual concerned.

<sup>10</sup> Incl. a one-off special compensation amounting to CHF 146 thousand for losses in connection with the discontinuation of the Conzzeta pension plan for executive-level staff.

<sup>11</sup> Incl. a one-off special compensation amounting to CHF 47 thousand for losses in connection with the discontinuation of the Conzzeta pension plan for executive-level staff.

**Compensation of the Executive Committee for the 2020 financial year**

2020	Fixed compensation	Variable compensation			Benefits		Total compensation and benefits CHF thousand
	Base salary CHF thousand	Short-term variable compensation <sup>2</sup> CHF thousand	Long-term share-based compensation <sup>5</sup> CHF thousand	Social security and pension plan <sup>6</sup> CHF thousand	Fringe benefits CHF thousand		
Executive Committee (7 members) <sup>1</sup>	2,875.3	2,150.1 <sup>3</sup>	0.0	824.1	199.7	6,049.2	
Highest individual amount: Group CEO, M. Willome	761.1	865.2 <sup>4</sup>	0.0	208.3	36.0	1,870.6	

<sup>1</sup> One member of the Executive Committee stepped down on February 28, 2020.

<sup>2</sup> The figures refer to the special allocations resulting from the retention plan (see footnotes 3 and 4) and to the 2020 variable compensation. The variable compensation was paid out in the following year and corresponded precisely to the amounts shown.

<sup>3</sup> Incl. special allocation resulting from the retention plan totaling CHF 1,607 thousand; within the framework of the retention plan, entitlements of former members of the Executive Committee totaling CHF 292 thousand were paid out in the 2020 financial year.

<sup>4</sup> Incl. special allocation from the retention plan amounting to CHF 694 thousand; in the 2020 financial year, no payment was made to the former CEO within the framework of the retention plan.

<sup>5</sup> The figures refer exclusively to the Restricted Share Plan (RSP). For the 2020 financial year, the minimum EPS value was not achieved, which means that the members of the former Executive Committee were not entitled to a share transfer for the year 2020.

<sup>6</sup> The figures only include pension-forming contributions by the employer. Due to the social nature of statutory social security plans (in particular the Swiss OASI), a significant portion of the reported contributions does not result in benefits for the individuals concerned.

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

We have audited the accompanying remuneration report dated March 11, 2022 of Bystronic AG for the year ended December 31, 2021. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables “Compensation of the Board of Directors for the 2021/2022 term of office”, “Compensation of the Board of Directors for the 2020/2021 term of office”, “Compensation of the former Executive Committee”, “Compensation of the Executive Committee for the financial year 2020” and “Compensation of the Executive Committee for the financial year 2021” on pages 80-84 of the compensation report.

### Responsibility of the Board of Directors

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

### Auditor’s Responsibility

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

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

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

### Opinion

In our opinion, the remuneration report for the year ended December 31, 2021 of Bystronic AG complies with Swiss law and articles 14-16 of the Ordinance.

KPMG AG



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



**Raphael Gähwiler**  
Licensed Audit Expert

Zurich, March 11, 2022

# Financial Report

## Consolidated Financial Statements

87	Income statement
88	Balance sheet
89	Statement of changes in shareholders' equity
90	Cash flow statement
91	Notes to the consolidated financial statements
93	1. Performance
98	2. Invested capital
108	3. Financing and risk management
113	4. Group structure
118	5. Other notes
120	Statutory Auditor's Report

## Financial Statements of Bystronic AG

126	Income statement
127	Balance sheet
128	Notes to the financial statements
132	Proposed appropriation of available earnings
133	Statutory Auditor's Report
136	Five-year summary

## Consolidated income statement

CHF million	Note	Bystronic		Discontinued operations		Group	
		2021	2020	2021	2020	2021	2020
<b>Net sales</b>	1.1	<b>939.3</b>	<b>801.3</b>	<b>183.6</b>	<b>482.3</b>	<b>1,122.9</b>	<b>1,283.5</b>
Other operating income	1.3	7.3	5.9	3.0	49.9	10.4	55.8
Changes in inventories of unfinished and finished goods		69.6	-10.3	2.9	0.3	72.5	-9.9
Material expenses	1.4	-491.5	-368.7	-98.8	-240.6	-590.3	-609.3
Personnel expenses	1.4	-242.5	-215.6	-49.3	-125.1	-291.8	-340.7
Depreciation and impairment on fixed assets	2.3	-13.4	-13.3	-5.6	-17.1	-19.0	-30.4
Amortization and impairment on intangible assets	2.4	-5.1	-4.8	-1.8	-6.0	-6.9	-10.8
Other operating expenses	1.4	-193.8	-152.4	-122.8	-106.1	-316.6	-258.5
<b>Operating result (EBIT)</b>		<b>70.1</b>	<b>42.0</b>	<b>-88.8</b>	<b>37.7</b>	<b>-18.7</b>	<b>79.7</b>
Financial result	3.3	-0.9	0.3	-0.5	-3.2	-1.4	-2.9
<b>Result before income taxes</b>		<b>69.2</b>	<b>42.2</b>	<b>-89.2</b>	<b>34.5</b>	<b>-20.0</b>	<b>76.7</b>
Income taxes	1.5	-12.5	-13.7	4.6	3.9	-7.9	-9.8
<b>Net result</b>		<b>56.8</b>	<b>28.5</b>	<b>-84.6</b>	<b>38.4</b>	<b>-27.8</b>	<b>66.9</b>
Attributable to shareholders of Bystronic AG		56.0	26.6	-84.6	38.4	-28.6	65.0
Attributable to minority interests		0.7	1.9			0.7	1.9
Earnings per class A registered share in CHF	1.6	27.08	12.89	-40.89	18.57	-13.81	31.46
Earnings per class B registered share in CHF	1.6	5.42	2.58	-8.18	3.71	-2.76	6.29
Diluted earnings per class A registered share in CHF	1.6	27.08	12.89	-40.89	18.57	-13.81	31.46
Diluted earnings per class B registered share in CHF	1.6	5.42	2.58	-8.18	3.71	-2.76	6.29

## Consolidated balance sheet

CHF million	Note	Bystronic 12/31/2021	Bystronic 12/31/2020	Discontinued operations 12/31/2020	Group 12/31/2020
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	3.1	465.7	255.1	18.2	273.3
Securities	3.1	30.0			
Trade receivables	2.2	133.7	111.9	79.4	191.4
Prepayments to suppliers		6.5	5.2	0.4	5.6
Other receivables	2.2	59.3	34.9	6.5	41.4
Net receivables to discontinued operations	2.2		158.4	-158.4	
Inventories	2.2	249.1	179.5	105.0	284.5
Prepaid expenses and accrued income		14.1	11.1	6.2	17.3
<b>Total current assets</b>		<b>958.4</b>	<b>756.2</b>	<b>57.3</b>	<b>813.5</b>
<b>Non-current assets</b>					
Fixed assets	2.3	133.1	122.0	133.0	255.0
Intangible assets	2.4	11.4	13.0	12.4	25.4
Financial assets	2.5	109.2	41.9	3.8	45.7
Loans (net) to discontinued operations	2.5		23.4	-23.4	
Deferred tax assets	1.5	22.8	4.8	6.3	11.0
<b>Total non-current assets</b>		<b>276.4</b>	<b>205.0</b>	<b>132.1</b>	<b>337.2</b>
<b>TOTAL ASSETS</b>		<b>1,234.8</b>	<b>961.2</b>	<b>189.4</b>	<b>1,150.6</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Short-term financial liabilities		4.1	4.7	0.1	4.8
Trade payables		79.5	78.9	39.8	118.6
Advance payments from customers	2.2	153.4	48.7	0.8	49.5
Other short-term liabilities	2.2	30.1	27.4	4.8	32.2
Short-term provisions	2.6	24.6	20.8	0.5	21.3
Accrued expenses and deferred income	2.2	80.3	61.0	26.3	87.2
<b>Total current liabilities</b>		<b>372.0</b>	<b>241.5</b>	<b>72.3</b>	<b>313.8</b>
<b>Non-current liabilities</b>					
Long-term financial liabilities		1.7	2.9		2.9
Pension fund liabilities	5.1	0.6	0.8	0.4	1.2
Long-term provisions	2.6	23.6	19.4	2.7	22.1
Deferred tax liabilities	1.5	21.7	11.4	3.1	14.5
<b>Total non-current liabilities</b>		<b>47.6</b>	<b>34.5</b>	<b>6.2</b>	<b>40.8</b>
<b>Total liabilities</b>		<b>419.6</b>	<b>276.0</b>	<b>78.5</b>	<b>354.5</b>
<b>Equity</b>					
Share capital	3.2	4.1	4.1		4.1
Capital reserves		-30.8	-19.5		-19.5
Treasury shares	3.2	-2.3	-2.1		-2.1
Retained earnings		844.2	701.3	110.9	812.2
<b>Equity attributable to shareholders of Bystronic AG</b>		<b>815.2</b>	<b>683.9</b>	<b>110.9</b>	<b>794.7</b>
Minority interests			1.3		1.3
<b>Total equity</b>		<b>815.2</b>	<b>685.2</b>	<b>110.9</b>	<b>796.1</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,234.8</b>	<b>961.2</b>	<b>189.4</b>	<b>1,150.6</b>

## 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 of Bystronic AG	Minority interests	Total equity
<b>Total equity December 31, 2019</b>		<b>4.1</b>	<b>37.5</b>	<b>-3.9</b>	<b>-89.3</b>	<b>0.6</b>	<b>925.7</b>	<b>836.9</b>	<b>874.6</b>	<b>5.5</b>	<b>880.1</b>
Net result							65.0	65.0	65.0	1.9	66.9
Dividends							-86.8	-86.8	-86.8	-3.7	-90.6
Changes of cash flow hedging						1.4		1.4	1.4		1.4
Recognition of goodwill in equity	4.2						-0.8	-0.8	-0.8		-0.8
Recycling of goodwill from sale of business units	4.1						6.1	6.1	6.1		6.1
Acquisition of minority interests	4.2		-56.8						-56.8	-2.2	-58.9
Purchase/sale of treasury shares				-0.1					-0.1		-0.1
Share-based compensation			-0.2	2.0					1.8		1.8
Translation differences					-9.6			-9.6	-9.6	-0.1	-9.7
<b>Total equity December 31, 2020</b>		<b>4.1</b>	<b>-19.5</b>	<b>-2.1</b>	<b>-99.0</b>	<b>2.0</b>	<b>909.1</b>	<b>812.1</b>	<b>794.7</b>	<b>1.3</b>	<b>796.1</b>
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/sale 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
<b>Total equity December 31, 2021</b>		<b>4.1</b>	<b>-30.8</b>	<b>-2.3</b>	<b>-66.9</b>	<b>0.4</b>	<b>910.8</b>	<b>844.2</b>	<b>815.2</b>	<b>0.0</b>	<b>815.2</b>



## Consolidated cash flow statement

CHF million	Note	Group 2021	Group 2020
Net result		-27.8	66.9
Depreciation and impairment on fixed assets		19.0	30.4
Amortization and impairment on intangible assets		6.9	10.8
Gain/loss on disposal of non-current assets		-4.2	-3.7
Gain/loss on disposal of investments	4.1	80.4	-47.4
Change in provisions and pension fund liabilities		-5.2	-16.5
Other non-cash items		-18.6	22.5
<b>Cash flow from operating activities before change in net working capital</b>		<b>50.3</b>	<b>63.2</b>
Increase/decrease in:			
inventories		-82.3	4.1
trade receivables		-41.9	19.0
prepayments to suppliers		-1.3	-1.5
other receivables, prepaid expenses and accrued income		-20.1	-8.6
trade payables		17.4	-7.0
advance payments from customers		106.6	-2.7
other liabilities, accrued expenses and deferred income		20.7	12.3
<b>Cash flow from operating activities</b>		<b>49.4</b>	<b>78.7</b>
Investment in fixed assets	2.3	-28.4	-30.5
Divestment of fixed assets		21.1	8.7
Investment in intangible assets	2.4	-5.6	-8.9
Investment in financial assets and securities		-33.2	-3.7
Divestment of financial assets and securities		9.4	7.2
Acquisition of business activities	4.2	0.7	-1.7
Sale of business activities	4.1	320.3	73.4
<b>Cash flow from investing activities</b>		<b>284.3</b>	<b>44.5</b>
<b>Cash flow from operating and investing activities</b>		<b>333.7</b>	<b>123.2</b>
Purchase/sale of treasury shares	3.2	-1.6	-0.1
Dividends paid to shareholders of Bystronic AG		-124.1	-86.8
Dividends paid to minority shareholders		-0.1	-6.0
Acquisition of minority interests	4.2	-13.4	-58.9
Change in short-term financial liabilities		-0.4	4.7
Change in long-term financial liabilities		-0.9	-1.0
Change in other long-term liabilities		-0.0	-0.3
<b>Cash flow from financing activities</b>		<b>-140.6</b>	<b>-148.5</b>
Effect of currency translation on cash and cash equivalents		-0.7	-2.3
<b>Change in cash and cash equivalents</b>		<b>192.4</b>	<b>-27.7</b>
<b>Reconciliation of change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		273.3	300.9
Cash and cash equivalents at the end of period		465.7	273.3

# 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, 2021, to December 31, 2021, prepared in accordance with uniform guidelines and in compliance with Swiss GAAP FER and Swiss law. With the exception of derivative financial instruments, which are measured at fair value, the consolidated financial statements are based on historical costs. The same accounting and valuation principles have been used as in the previous year. The principle of individual valuation has been applied to assets and liabilities. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

The consolidated financial statements were approved for publication by the Board of Directors on March 11, 2022. 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 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 consolidated financial statements are divided into continuing operations Bystronic including the corporate headquarters and discontinued operations. The discontinued operations include the activities of Schmid Rhyner, FoamPartner and Mammut Sports Group until their sale. 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](#)

### **Impact of the coronavirus pandemic**

The coronavirus pandemic had a significant impact on Bystronic's business performance in 2020 and 2021. Its business units, which operate in various sectors and markets, were impacted in varying degrees. The Board of Directors and the Executive Committee analyzed the possible scenarios depending on the course of the pandemic and have defined and introduced corresponding measures. Although the situation eased somewhat in the first half of 2021, the situation on the procurement markets worsened in the second half of the year. This led to supply bottlenecks for individual components as well as 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 communication:

- Order intake – [note 1.1](#)
- Total revenue – [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**

Russia and Ukraine have been at war since February 24, 2022. This represents an event without impact on the consolidated financial statements 2021. Further impacts of the conflict on the global economy and business performance cannot be assessed at this stage. Assets at risk in Russia and Ukraine are estimated to be less than 1% and a potential loss of sales less than 2% of the group.

# 1. Performance

## 1.1 Segment information: Order intake / Net sales

### Order intake<sup>1)</sup>

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 products ordered by the customer have been placed at the production plants.

CHF million	Bystronic	
	2021	2020
EMEA	571.1	404.7
Americas	365.5	184.7
China	135.8	115.9
APAC	103.1	72.1
<b>Total Order intake</b>	<b>1,175.5</b>	<b>777.4</b>

<sup>1)</sup> Order intake was not subject of the audit.

### Net sales

The following overview shows the segment net sales divided into continuing operations Bystronic and discontinued operations.

CHF million January – December 2021	Net sales third parties	Net sales interregion	Total net sales
<b>Bystronic</b>			
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
<b>Total Bystronic</b>	<b>939.3</b>	<b>0.0</b>	<b>939.3</b>
<b>Discontinued operations</b>			
Chemical Specialities (FoamPartner)	76.3		76.3
Mammut Sports Group	107.3		107.3
<b>Total discontinued operations</b>	<b>183.6</b>		<b>183.6</b>
<b>Total Group</b>	<b>1,122.9</b>		<b>1,122.9</b>

CHF million January – December 2020	Net sales third parties	Net sales interregion	Total net sales
<b>Bystronic</b>			
EMEA	413.0	174.3	587.3
Americas	200.3	4.6	204.9
China	116.0	40.7	156.7
APAC	72.1	3.0	75.1
Eliminations		-222.6	-222.6
<b>Total Bystronic</b>	<b>801.3</b>	<b>0.0</b>	<b>801.3</b>
<b>Discontinued operations</b>			
Chemical Specialities (FoamPartner + Schmid Rhyner)	263.9		263.9
Mammut Sports Group	218.4		218.4
<b>Total discontinued operations</b>	<b>482.3</b>		<b>482.3</b>
<b>Total Group</b>	<b>1,283.5</b>		<b>1,283.5</b>

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 positions.
- 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 in 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 it 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 Total revenue

Among others, Bystronic uses the following key figure to manage its operating performance:

CHF million	Bystronic	
	2021	2020
Net sales	939.3	801.3
Changes in inventories of unfinished and finished goods	69.6	-10.3
<b>Total revenue</b>	<b>1,009.0</b>	<b>791.0</b>

## 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 17.2%, material expenses increased at a disproportionately low rate of 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 44.9%, 2.4 percentage points lower than in the previous year. The materials ratio is significantly influenced by the change in inventories of unfinished and finished goods. Although costs for important components increased, as a result of supply bottlenecks, Bystronic was able to achieve savings in other areas of procurement. This led to a reduction of the materials ratio. Furthermore, Bystronic benefited from a higher share of sales from the service business and a more favorable product mix.

### Personnel expenses

CHF million	Bystronic		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
Wages and salaries	196.8	173.7	40.7	104.2	237.4	278.0
Social security benefits	38.6	34.6	6.9	18.7	45.5	53.3
Other personnel expenses	7.1	7.3	1.8	2.2	8.9	9.5
<b>Total personnel expenses</b>	<b>242.5</b>	<b>215.6</b>	<b>49.3</b>	<b>125.1</b>	<b>291.8</b>	<b>340.7</b>
Number of employees as of reporting date	3,543	3,074		1,817	3,543	4,891
Average number of employees	3,362	2,982	689	1,729	4,051	4,711

Bystronic's personnel expenses increased by 12.5% compared to the previous year. In relation to sales, personnel expenses decreased by 1.1 percentage points to 25.8%.

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 0.7 million for Bystronic (previous year: CHF 6.0 million).

As of the balance sheet date, the number of Bystronic employees increased by 15.3% to 3,543. The increase was due to the acquisition of the software company Kurago and the strategic expansion of the service business. The average number of employees rose by 12.7% to 3,362 full-time equivalents.

### Other operating expenses

CHF million	Bystronic		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
Direct costs of sold products	70.7	47.9	10.7	27.7	81.4	75.7
Purchased services <sup>1</sup>	46.1	46.9	6.3	13.4	52.4	60.3
Maintenance, rent, leasing and energy	29.5	23.8	8.8	25.7	38.3	49.5
Sales, marketing and administration	29.2	21.4	9.4	19.9	38.7	41.3
Sundry operating expenses	18.2	12.3	87.6	19.5	105.8	31.7
<b>Total other operating expenses</b>	<b>193.8</b>	<b>152.4</b>	<b>122.8</b>	<b>106.1</b>	<b>316.6</b>	<b>258.5</b>

<sup>1</sup> 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 27.2%. After the strong pandemic-related decrease in the previous year, both the direct costs of goods sold and the costs for exhibitions and travelling increased again. In relation to net sales, other operating expenses increased by 1.6 percentage points to 20.6%.

### 1.5 Income taxes

CHF million	Bystronic		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
Current income taxes	18.9	10.2	-1.2	4.3	17.7	14.5
Deferred taxes	-6.4	3.6	-3.4	-8.2	-9.8	-4.7
<b>Total</b>	<b>12.5</b>	<b>13.7</b>	<b>-4.6</b>	<b>-3.9</b>	<b>7.9</b>	<b>9.8</b>

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

	Tax rate 2021	Income taxes 2021	Tax rate 2020	Income taxes 2020
Average applicable tax rate and income taxes	21.0%	14.6	29.6%	12.5
Effects of change in tax loss carryforwards	-1.1%	-0.8	-9.0%	-3.8
Other influences	-1.9%	-1.3	11.9%	5.0
<b>Effective tax rate and income taxes Bystronic</b>	<b>18.0%</b>	<b>12.5</b>	<b>32.5%</b>	<b>13.7</b>
Effective tax rate and income taxes of discontinued operations	5.2%	-4.6	-11.4%	-3.9
<b>Effective tax rate and income taxes group</b>	<b>-39.3%</b>	<b>7.9</b>	<b>12.8%</b>	<b>9.8</b>

The expected tax rate for Bystronic of 21.0% (previous year: 29.6%) corresponds to the weighted average of tax rates in the respective tax jurisdictions. The effective tax rate is 18.0% (previous year: 32.5%) on the ordinary income before taxes. The decrease is mainly due to tax rate changes in Switzerland as a result of the corporate tax reform.



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 amount to CHF 22.8 million (previous year: CHF 4.8 million). Due to uncertainties regarding the future offset possibility, tax effects from loss carryforwards in the amount of CHF 0.3 million (previous year: CHF 6.9 million) were not capitalized. This evaluation is based on the expected income tax rates. Deferred tax liabilities amount to CHF 21.7 million (previous year: CHF 11.4 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		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
Net result attributable to shareholders of Bystronic AG	56,022,000	26,639,000	-84,586,000	38,383,000	-28,564,000	65,021,000
Average number of class A registered shares (nominal value: CHF 2.00)	1,825,798	1,824,050	1,825,798	1,824,050	1,825,798	1,824,050
Average number of class B registered shares (nominal value: CHF 0.40)	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000
<b>Earnings per class A registered share</b>	<b>27.08</b>	<b>12.89</b>	<b>-40.89</b>	<b>18.57</b>	<b>-13.81</b>	<b>31.46</b>
<b>Earnings per class B registered share</b>	<b>5.42</b>	<b>2.58</b>	<b>-8.18</b>	<b>3.71</b>	<b>-2.76</b>	<b>6.29</b>

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

#### Accounting principles

Earnings per category of share 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	Bystronic	Bystronic
	December 31, 2021	December 31, 2020
Inventories	249.1	179.5
Trade receivables	133.7	112.2
Prepayments to suppliers	6.5	5.2
Other receivables (without derivatives)	35.9	29.2
Prepaid expenses and accrued income	14.1	11.3
Fixed assets	133.1	122.0
Financial assets (long-term receivables and loans)	45.6	23.9
Intangible assets	11.4	13.0
Trade payables	-79.5	-78.9
Advance payments from customers	-153.4	-48.7
Other liabilities	-27.3	-24.8
Accrued expenses and deferred income	-80.3	-61.0
Provisions	-69.9	-51.6
<b>Net operating assets (NOA)</b>	<b>218.9</b>	<b>231.4</b>
<b>Net operating assets (NOA), average</b>	<b>225.1</b>	<b>242.4</b>
Operating result	70.1	42.0
Chargeable taxes	-12.6	-13.7
<b>Operating result after taxes</b>	<b>57.5</b>	<b>28.3</b>
<b>Return on net operating assets (RONOA) after tax</b>	<b>25.5%</b>	<b>11.7%</b>

For the calculation of the net operating assets (NOA) at the end of 2021, effects from the disposals of discontinued operations in the amount of CHF 80.8 million are not taken into account. Therefore, in the calculation of the NOA, other receivables (excluding derivatives) are reduced by CHF 20.0 million and financial assets (non-current receivables and loans) by CHF 60.8 million. Trade receivables at the end of 2020 include a receivable of CHF 0.3 million from discontinued operations.

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

## Operating free cash flow

CHF million	Bystronic	
	2021	2020
Cash flow from operating activities	83.2	54.3
Investment in fixed assets	-25.4	-10.1
Divestment of fixed assets	3.7	5.8
Investment in intangible assets	-3.4	-3.2
Investment in financial assets and securities	-2.7	-3.4
Divestment of financial assets and securities	9.4	5.7
<b>Operational free cash flow</b>	<b>64.8</b>	<b>49.1</b>
<b>in % of net sales</b>	<b>6.9%</b>	<b>6.1%</b>
Acquisition of business activities	0.7	-1.7
Sale of business activities	320.3	73.4
Purchase of marketable securities	-30.0	
<b>Free cash flow</b>	<b>355.8</b>	<b>120.8</b>

Operating free cash flow is calculated on the basis of cash flows from operating activities less selected items of cash flows from investing 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	Bystronic	Bystronic	Discontinued operations	Group
	December 31, 2021	December 31, 2020	December 31, 2020	December 31, 2020
Trade receivables (gross)	141.4	120.4	83.3	203.7
Value adjustments	-7.8	-8.5	-3.9	-12.4
<b>Total trade receivables</b>	<b>133.7</b>	<b>111.9</b>	<b>79.4</b>	<b>191.4</b>

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 increase compared to prior year is primarily due to the receivable of CHF 20.0 million from Recticel in connection with the sale of FoamPartner.

### Net receivables from discontinued operations

At the end of 2020, Bystronic held short-term loans to discontinued operations in the amount of CHF 158.4 million.

## Inventories

CHF million	Bystronic	Bystronic	Discontinued operations	Group
	December 31, 2021	December 31, 2020	December 31, 2020	December 31, 2020
Raw materials and supplies	89.3	86.3	16.6	102.9
Merchandise	2.6	4.5	73.0	77.4
Semi-finished products and work in progress	42.6	19.7	2.6	22.2
Finished products	114.7	69.1	12.9	82.0
<b>Total inventories</b>	<b>249.1</b>	<b>179.5</b>	<b>105.0</b>	<b>284.5</b>

Due to the high order intake and transportation and procurement bottlenecks, Bystronic's inventories increased by CHF 69.6 million. The value adjustment of inventories amounted to CHF 46.3 million (previous year: CHF 46.6 million).

### Advance payments from customers

After placing their orders, customers make corresponding advance payments. Due to high demand, advance payments increased sharply compared to the previous year.

### 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	Bystronic	Bystronic	Discontinued operations	Group
	December 31, 2021	December 31, 2020	December 31, 2020	December 31, 2020
Accruals for personnel expenses	24.0	24.5	10.8	35.4
Deferred income	21.6	5.6	0.0	5.6
Accruals and deferrals for current income taxes	14.0	6.7	1.8	8.5
Other accruals and deferrals	20.7	24.1	13.6	37.7
<b>Total accrued expenses and deferred income</b>	<b>80.3</b>	<b>61.0</b>	<b>26.3</b>	<b>87.2</b>

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 Bystronic	Total fixed assets discontinued operations	Total fixed assets
<b>Cost at 12/31/2019</b>	<b>85.8</b>	<b>85.1</b>	<b>28.0</b>	<b>42.0</b>	<b>4.0</b>	<b>244.9</b>	<b>380.6</b>	<b>625.4</b>
Additions	1.0	5.3	0.8	3.0		10.1	20.5	30.5
Disposals	-4.4	-3.1	-1.3	-0.1		-8.9	-9.8	-18.7
Changes in scope of consolidation			0.1			0.1	-47.5	-47.5
Reclassifications	27.4	2.6	0.4	-35.8	5.6	0.1	-0.1	
Currency translation effects	-2.0	-0.5	-0.5	-0.9	-0.4	-4.3	-3.4	-7.7
<b>Cost at 12/31/2020</b>	<b>107.6</b>	<b>89.4</b>	<b>27.5</b>	<b>8.1</b>	<b>9.2</b>	<b>241.9</b>	<b>340.3</b>	<b>582.1</b>
Additions	0.7	12.8	3.3	8.5		25.4	3.0	28.4
Disposals	-1.5	-8.8	-1.2		-1.2	-12.7	-67.4	-80.1
Changes in scope of consolidation	0.2		0.2	0.1		0.4	-280.1	-279.7
Reclassifications	0.5	0.4	0.1	-0.6		0.4	-0.4	
Currency translation effects	0.4	-0.4	-0.3	-0.5	0.2	-0.6	4.6	4.0
<b>Cost at 12/31/2021</b>	<b>107.9</b>	<b>93.5</b>	<b>29.6</b>	<b>15.6</b>	<b>8.2</b>	<b>254.7</b>		<b>254.7</b>
<b>Accumulated depreciation at 12/31/2019</b>	<b>38.6</b>	<b>56.8</b>	<b>17.5</b>			<b>112.9</b>	<b>236.4</b>	<b>349.3</b>
Ordinary depreciation	2.8	6.2	3.4			12.5	16.5	29.0
Impairments		0.8	0.0			0.8	0.6	1.4
Disposals	-0.9	-3.0	-1.3			-5.2	-8.4	-13.7
Changes in scope of consolidation							-36.0	-36.0
Currency translation effects	-0.2	-0.6	-0.4			-1.2	-1.7	-2.9
<b>Accumulated depreciation at 12/31/2020</b>	<b>40.3</b>	<b>60.2</b>	<b>19.3</b>			<b>119.8</b>	<b>207.3</b>	<b>327.1</b>
Ordinary depreciation	3.5	5.7	3.8			13.0	5.6	18.6
Impairments		0.3	0.0			0.3		0.3
Disposals	-0.9	-8.6	-1.2			-10.7	-20.7	-31.4
Changes in scope of consolidation	0.1		0.0			0.1	-194.5	-194.4
Currency translation effects	-0.2	-0.6	-0.2			-1.0	2.3	1.4
<b>Accumulated depreciation at 12/31/2021</b>	<b>42.8</b>	<b>57.1</b>	<b>21.8</b>			<b>121.6</b>		<b>121.6</b>
<b>Net book value of fixed assets at 12/31/2020</b>	<b>67.3</b>	<b>29.2</b>	<b>8.2</b>	<b>8.1</b>	<b>9.2</b>	<b>122.0</b>	<b>133.0</b>	<b>255.0</b>
<b>Net book value of fixed assets at 12/31/2021</b>	<b>65.1</b>	<b>36.4</b>	<b>7.8</b>	<b>15.6</b>	<b>8.2</b>	<b>133.1</b>		<b>133.1</b>

Additions to fixed assets in 2021 mainly relate to investments in operating facilities at the production sites in Niederörsz (Switzerland) and Shenzhen (China) and the construction of an 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 lower than expected sales 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	Bystronic		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
<b>Cost at 1/1</b>	<b>40.9</b>	<b>38.0</b>	<b>43.5</b>	<b>41.2</b>	<b>84.4</b>	<b>79.2</b>
Additions	3.4	3.2	2.2	5.7	5.6	8.9
Disposals	-0.5	-0.6	-0.0	-0.5	-0.5	-1.0
Changes in scope of consolidation		0.4	-45.9	-2.9	-45.9	-2.5
Currency translation effects	-0.0	-0.2	0.2	-0.1	0.2	-0.2
<b>Cost at 12/31</b>	<b>43.8</b>	<b>40.9</b>		<b>43.5</b>	<b>43.8</b>	<b>84.4</b>
<b>Accumulated depreciation at 1/1</b>	<b>27.9</b>	<b>23.8</b>	<b>31.1</b>	<b>27.5</b>	<b>59.0</b>	<b>51.2</b>
Ordinary depreciation	5.1	4.8	1.8	4.3	6.9	9.1
Impairments				1.7		1.7
Disposals	-0.5	-0.6		-0.5	-0.5	-1.0
Changes in scope of consolidation			-33.0	-1.9	-33.0	-1.9
Currency translation effects	-0.0	-0.1	0.1	-0.0	0.1	-0.1
<b>Accumulated depreciation at 12/31</b>	<b>32.5</b>	<b>27.9</b>		<b>31.1</b>	<b>32.5</b>	<b>59.0</b>
<b>Net book value of intangible assets at 1/1</b>	<b>13.0</b>	<b>14.3</b>	<b>12.4</b>	<b>13.7</b>	<b>25.4</b>	<b>28.0</b>
<b>Net book value of intangible assets at 12/31</b>	<b>11.4</b>	<b>13.0</b>		<b>12.4</b>	<b>11.4</b>	<b>25.4</b>

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	Bystronic		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
<b>Cost at 1/1</b>	<b>88.1</b>	<b>89.1</b>	<b>152.4</b>	<b>158.9</b>	<b>240.5</b>	<b>248.0</b>
Increase from acquisitions	0.5	0.8			0.5	0.8
Decrease from divestments and liquidations			-152.5	-6.1	-152.5	-6.1
Currency translation effects	2.2	-1.8	0.1	-0.4	2.3	-2.2
<b>Cost at 12/31</b>	<b>90.8</b>	<b>88.1</b>	<b>0.0</b>	<b>152.4</b>	<b>90.8</b>	<b>240.5</b>
<b>Accumulated depreciation at 1/1</b>	<b>66.8</b>	<b>50.5</b>	<b>103.5</b>	<b>80.3</b>	<b>170.3</b>	<b>130.8</b>
Ordinary depreciation	12.5	17.6	8.9	27.4	21.4	45.0
Decrease from divestments and liquidations			-111.6	-3.9	-111.6	-3.9
Currency translation effects	2.3	-1.3	-0.8	-0.3	1.6	-1.6
<b>Accumulated depreciation at 12/31</b>	<b>81.6</b>	<b>66.8</b>	<b>-0.0</b>	<b>103.5</b>	<b>81.6</b>	<b>170.3</b>
<b>Net book value of goodwill at 1/1</b>	<b>21.3</b>	<b>38.6</b>	<b>48.8</b>	<b>78.6</b>	<b>70.1</b>	<b>117.2</b>
<b>Net book value of goodwill at 12/31</b>	<b>9.2</b>	<b>21.3</b>		<b>48.8</b>	<b>9.2</b>	<b>70.1</b>

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

Theoretical impact on income statement:

CHF million	Bystronic		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
Operating result (EBIT)	70.1	42.0	-88.8	37.7	-18.7	79.7
EBIT margin in %	7.5%	5.2%	-48.2%	7.8%	-1.7%	6.2%
Amortization of goodwill	-12.5	-17.6	-8.9	-27.4	-21.4	-45.0
Recycling of goodwill in income statement			111.6	3.9	111.6	3.9
Theoretical operating result (EBIT) incl. amortization of goodwill	57.6	24.4	14.0	14.2	71.6	38.5
<b>Theoretical EBIT margin in %</b>	<b>6.1%</b>	<b>3.0%</b>	<b>7.8%</b>	<b>2.9%</b>	<b>6.4%</b>	<b>3.0%</b>
Net result	56.8	28.5	-84.6	38.4	-27.8	66.9
Amortization of goodwill	-12.5	-17.6	-8.9	-27.4	-21.4	-45.0
Reversal of recycling of goodwill in consolidated financial statements			111.6	3.9	111.6	3.9
<b>Theoretical net result incl. amortization of goodwill</b>	<b>44.3</b>	<b>10.9</b>	<b>18.2</b>	<b>14.9</b>	<b>62.4</b>	<b>25.7</b>

Theoretical impact on balance sheet:

CHF million	Bystronic	Bystronic	Discontinued operations	Group
	December 31, 2021	December 31, 2020	December 31, 2020	December 31, 2020
Equity as per balance sheet	815.2	685.2	110.9	796.1
Theoretical activation of net book value of goodwill	9.2	21.3	48.8	70.1
<b>Theoretical equity incl. net book value of goodwill</b>	<b>824.4</b>	<b>706.5</b>	<b>159.7</b>	<b>866.2</b>
Shareholders' equity in % of total assets	66.0%	91.8%	27.5%	69.2%
<b>Theoretical equity incl. net book value of goodwill in % of total assets</b>	<b>66.3%</b>	<b>92.0%</b>	<b>35.3%</b>	<b>71.0%</b>

### 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 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	Bystronic	Bystronic	Discontinued operations	Group
	December 31, 2021	December 31, 2020	December 31, 2020	December 31, 2020
Assets from employer contribution reserves	21.7	20.9	0.0	20.9
Long-term receivables and loans	83.6	19.1	2.3	21.4
Investments in associated companies	0.0	0.0	0.3	0.3
Securities held as non-current assets	3.9	1.9	1.3	3.2
<b>Total financial assets</b>	<b>109.2</b>	<b>41.9</b>	<b>3.8</b>	<b>45.7</b>

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 60.8 million in connection with the sale of Mammut Sports Group. Financial assets are value adjusted by CHF 2.3 million (previous year: CHF 2.4 million).

**Net loans to discontinued operations**

At the end of 2020, Bystronic held long-term loans to discontinued operations in the amount of CHF 23.4 million.

**Accounting principles**

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

Financial assets also include employer contribution reserves without waiver of use.

**2.6 Provisions and contingent liabilities**

CHF million	Warranty	Litigation	Other	Total provisions Bystronic	Total provisions discontinued operations	Total provisions
<b>Provisions at 12/31/2019</b>	<b>33.1</b>	<b>6.4</b>	<b>11.6</b>	<b>51.1</b>	<b>7.4</b>	<b>58.5</b>
Additions	14.4	0.5	2.4	17.3	1.0	18.3
Use	-17.5	-1.7	-1.3	-20.5	-2.5	-23.0
Release	-4.9	-1.0	-0.8	-6.7	-1.9	-8.6
Changes in scope of consolidation					-0.6	-0.6
Currency translation effects	-0.9	0.0	-0.1	-1.1	-0.0	-1.1
<b>Provisions at 12/31/2020</b>	<b>24.3</b>	<b>4.1</b>	<b>11.7</b>	<b>40.2</b>	<b>3.3</b>	<b>43.5</b>
Additions	25.4	2.7	8.5	36.6	1.8	38.3
Use	-18.0	-0.0	-0.8	-18.8	-0.3	-19.1
Release	-8.0	-2.2	-0.7	-10.9	-0.2	-11.1
Changes in scope of consolidation			1.8	1.8	-4.5	-2.7
Currency translation effects	-0.2		-0.4	-0.6	0.0	-0.6
<b>Provisions at 12/31/2021</b>	<b>23.5</b>	<b>4.6</b>	<b>20.1</b>	<b>48.2</b>		<b>48.2</b>
of which short-term 2020	20.3	0.1	0.4	20.8	0.5	21.3
of which short-term 2021	18.8	0.3	5.5	24.6		24.6

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. In the context of reassessments, provisions increased by CHF 6 million.

**Contingent liabilities**

In connection with customer financing, there were repurchase obligations for machines to leasing companies in the amount of CHF 36.7 million (previous year: CHF 29.3 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 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, postal check balances and bank account balances. Securities include time deposits with a remaining maturity of 90 days or less.

### 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

Treasury shares held		31. Dezember 2021	31. Dezember 2020
Class A registered shares	Number	1,815	1,929
Average purchase price	CHF	1,259	1,089
<b>Acquisition for participation program</b>		<b>2021</b>	<b>2020</b>
Class A registered shares	Number	1,200	116
Average purchase price	CHF	1,309	1,162
<b>Disposal of treasury shares</b>		<b>2021</b>	<b>2020</b>
to the Board of Directors and Executive Committee	Number	1,314	2,374
Average transaction price <sup>1</sup>	CHF	1,232	905
<b>Cash value</b>	<b>CHF million</b>	<b>1.6</b>	<b>2.1</b>

<sup>1</sup> 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 Board of Directors' shares allocation. The average share price over three months from November 1 to January 31 of the respective term of office is used.

There is a deferred share-based performance component (long-term incentive LTI) for the current 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 number of shares allocated is calculated by dividing the actual LTI value (target LTI value multiplied by the EPS factor) by the average share price from November 1 of the current period to January 31 of the following period, 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 11% of the total target compensation. The first allocation of share rights (RSU) took place at the end of March 2018. The actual LTI value for the above management level depends on earnings per share (EPS) and can vary between 100% and 150% of the target LTI value. The number of share rights granted (RSU) is calculated by dividing the actual LTI value (target LTI value multiplied by the EPS factor) by the average share price from November 1 of the previous period to January 31 of the current period. The RSU 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 RSU 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 1.6 million (previous year: CHF 2.0 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](#).

#### 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		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
Financial income	3.3	2.6	0.8	0.1	4.1	2.8
Financial expenses	-4.2	-2.4	-1.3	-3.3	-5.4	-5.7
<b>Total financial result</b>	<b>-0.9</b>	<b>0.3</b>	<b>-0.5</b>	<b>-3.2</b>	<b>-1.4</b>	<b>-2.9</b>

Financial income includes interest income of CHF 0.9 million (previous year: CHF 0.7 million), a positive performance on the assets of the employer contribution reserve of CHF 0.8 million (previous year: CHF 1.9 million), a gain on marketable securities of CHF 0.2 million (previous year: CHF 0) and foreign exchange gains of CHF 1.4 million. The foreign exchange gains include currency effects from the valuation of cash and cash equivalents, short-term loans between group companies and other financial assets

Financial expenses include interest and currency hedging costs (interest rate difference) for the financing of foreign locations in foreign currencies. In the previous year, currency losses amounted to CHF 0.6 million.

### 3.4 Operating lease

Maturity of operating lease contracts in CHF million	Bystronic	Bystronic	Discontinued operations	Group
	December 31, 2021	December 31, 2020	December 31, 2020	December 31, 2020
Under 1 year	5.1	5.3	7.0	12.3
1 to 5 years	7.1	7.3	10.0	17.4
Over 5 years	0.0	0.5	0.3	0.8
<b>Total operating lease contracts</b>	<b>12.2</b>	<b>13.2</b>	<b>17.3</b>	<b>30.5</b>

### 3.5 Other commitments and pledged assets

At balance sheet date, there were no other obligations that were not recognized in the balance sheet.

Assets in the amount of CHF 4.2 million (previous year: CHF 4.5 million) are subject to ownership restrictions for bank loans.

### 3.6 Financial risk management

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

#### Conversion rates

Currency	Unit	Closing rate		Average rate	
		December 2021	December 2020	December 2021	December 2020
EUR	1	1.0331	1.0802	1.0845	1.0706
USD	1	0.9121	0.8803	0.9126	0.9435
CNY	100	14.3592	13.4646	14.1295	13.5944



**Derivative financial instruments**

CHF million	Bystronic	Bystronic	Discontinued operations	Group
	December 31, 2021	December 31, 2020	December 31, 2020	December 31, 2020
Contract or nominal values (gross)	392.5	449.4	13.5	462.9
Positive replacement values	3.5	5.7	0.0	5.7
Negative replacement values	2.8	2.6	0.0	2.6

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 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. The Chemical Specialities (Schmid Rhyner and FoamPartner) and Mammut Sports Group business units are allocated to discontinued operations. All companies of the business units are affected by the sale.

Effective February 28, 2020, Bystronic sold the activities of Schmid Rhyner to the German specialty chemicals group Altana. Net sales and operating profit for 2020 cover a two-month period. The transaction resulted in a gain on sale of CHF 47.4 million, which was recognized in the position "Other operating income".

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). Net sales and operating profit for 2021 cover three months, while the comparative period covers twelve months. The transaction resulted in a loss on sale of CHF 80.1 million, which is included in "Other operating expenses". The remaining purchase price receivable of CHF 20.0 million is a deferred purchase price payment recognized in the position "Other receivables" and was paid in January 2022. 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.

As of June 30, 2021, Bystronic sold the Mammut Sports Group business to Telemos Capital, an investment company based in London (UK). Net sales and operating profit for the year 2021 comprise six months, while the comparative period comprises twelve months. The transaction resulted in a loss on sale of CHF 0.3 million, which was recognized in the position "Other operating expenses". The transaction includes an earn-out structure of up to CHF 45.0 million. Due to the estimated 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 has been recognized together with the accrued interest of CHF 0.8 million in the position "Financial assets".

CHF million	Schmid Rhyner February 28, 2020	FoamPartner March 31, 2021	Mammut June 30, 2021
Current assets	19.2	116.5	141.7
Non-current assets	13.6	103.1	54.4
<b>Assets</b>	<b>32.8</b>	<b>219.7</b>	<b>196.2</b>
Current liabilities	17.1	138.9	176.6
Non-current liabilities	2.2	12.7	2.2
<b>Liabilities</b>	<b>19.3</b>	<b>151.7</b>	<b>178.8</b>
<b>Net assets divested</b>	<b>13.5</b>	<b>68.0</b>	<b>17.4</b>
Selling price	67.2	171.7	42.4
Net assets divested	-13.5	-68.0	-17.4
Transaction costs	-2.4	-13.1	-6.6
Recycling of goodwill	-3.9	-152.2	-2.8
Recycling of translation differences		-18.5	-15.8
<b>Gain/Loss on disposal</b>	<b>47.4</b>	<b>-80.1</b>	<b>-0.3</b>
Selling price received	67.2	151.4	42.4
Transaction costs paid	-2.4	-9.7	-5.0
Cash and cash equivalents disposed of	-3.1	-21.7	-32.5
Settlement of intercompany receivables and debts	11.6	110.5	144.9
Granting of vendor loan			-60.0
<b>Net cash flow</b>	<b>73.4</b>	<b>230.5</b>	<b>89.8</b>

## 4.2 Changes in the scope of consolidation

### Changes in the previous year

- As of February 28, 2020, Bystronic sold the activities of Schmid Rhyner.
- On May 1, 2020, Bystronic acquired the business of Weber Laserservice BV, Heteren (Netherlands). The acquisition price amounted to CHF 1.7 million. The transaction resulted in goodwill of CHF 0.8 million, which was offset against equity.
- On June 5, 2020, Bystronic founded the sales and service company Bystronic (Thailand) Co., Ltd. in Bangkok.
- As of September 30, 2020, Bystronic Laser AG, Niederönz (Switzerland), acquired the remaining 30% capital shares in Shenzhen DNE Laser Science and Technology Co. Ltd, Shenzhen (China), 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 58.9 million (including transaction costs of CHF 0.6 million), which was offset against equity.
- As of December 30, 2020, the company Mammut Korea Inc., Seoul (Korea), was liquidated. The goodwill of CHF 2.2 million, which was offset against equity at the time of acquisition, was recorded via the position "Other operating expenses".

### Changes in the current year

- On March 26, 2021, Bystronic acquired Kurago Software S.L., 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% 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
<b>Bystronic</b>					
<b>EMEA</b>					
Bystronic Laser AG, Niederörsz		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., Bovisio Masciago		IT	EUR	900,000	100
Bystronic France SAS, Les Ulis		FR	EUR	2,500,000	100
Bystronic Deutschland GmbH, Heimsheim		DE	EUR	52,000	100
Bystronic Ibérica S.A., 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, Niederörsz		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		RU	RUB	30,000,000	100
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		CH	CHF	100,000	100
Bystronic Hungary Kft, Budaörs		HU	HUF	25,000,000	100
Bystronic Automation Technology S.p.A., San Giuliano Milanese	1	IT	EUR	250,000	100
Bystronic Tube Processing S.p.A., Cazzago San Martino		IT	EUR	750,000	100
Kurago Software, S.L., Bilbao	2	ES	EUR	3,000	100
<b>Americas</b>					
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
<b>China</b>					
Bystronic (Shanghai) Co. Ltd., Shanghai		CN	CNY	43,406,070	100
Bystronic (Tianjin) Laser Ltd., Tianjin		CN	CNY	76,870,870	100
Shenzhen DNE Laser Science and Technology Co. Ltd., Shenzhen	3	CN	CNY	44,600,000	100
Bystronic (Shanghai) Automation Technology Co., Ltd., Shanghai	4	CN	CNY	30,000,000	100
<b>APAC</b>					
Bystronic Pte. Ltd., Singapore		SG	EUR	2,238,000	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	180,000,000	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	5	TH	THB	100,000	100
Kuago 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, Stadtallendorf	DE	EUR	100,000	100

**Schmid Rhyner**

Schmid Rhyner AG, Adliswil	7	CH		
Schmid Rhyner (USA), Inc., Marlton NJ	7	US		
Schmid Rhyner Sales AG, Adliswil	7	CH		

**FoamPartner**

FoamPartner Switzerland AG, Wolfhausen	8	CH		
FoamPartner Leverkusen GmbH, Leverkusen	8	DE		
Frina Mousse France S.à r.l., Wittenheim	8	FR		
Büttikofer AG, Gontenschwil	8	CH		
FoamPartner Holding AG, Zug	8	CH		
FoamPartner Trading (Shanghai) Ltd., Shanghai	8	CN		
FoamPartner Polyurethane Materials (Changzhou) Co. Ltd., Changzhou	8	CN		
FoamPartner Singapore Pte. Ltd, Singapore	8	SG		
FoamPartner Delmenhorst GmbH, Delmenhorst	8	DE		
FoamPartner Germany GmbH, Duderstadt	8	DE		
FoamPartner Converting Center GmbH, Duderstadt	8	DE		
FoamPartner Americas, Inc., Wilmington DE	8	US		

**Mammut Sports Group**

Mammut Sports Group AG, Seon	9	CH		
Mammut Sports Group GmbH, Wolfertschwenden	9	DE		
Mammut Sports Group, Inc., Williston VT	9	US		
Mammut Ajungilak AS, Oslo	9	NO		
Mammut Sports Group Japan Inc., Tokyo	9	JP		
Mammut UK Ltd, Macclesfield	9	GB		
Mammut Outdoor Equipment (Beijing) Co. Ltd, Beijing	9	CN		
Mammut Sports Group Asia Ltd, Hong Kong	9	HK		
Mammut France, Epagny Metz-Tessy	9	FR		
Mammut Sports Group Austria GmbH, Steyr	9	AT		

<sup>1</sup> Increase investment from 70% to 100% on November 30, 2021

<sup>2</sup> Acquisition as of March 26, 2021

<sup>3</sup> Increase investment from 70% to 100% on September 30, 2020

<sup>4</sup> Foundation as per August 10, 2021

<sup>5</sup> Foundation as per June 5, 2020

<sup>6</sup> Foundation as per August 4, 2021

<sup>7</sup> Divested as of February 28, 2020

<sup>8</sup> Divested as of March 31, 2021

<sup>9</sup> Divested as of June 30, 2021

## 5. Other notes

### 5.1 Employee benefit plans

CHF million	Balance sheet 12/31/2021	Balance sheet 12/31/2020	Result in personnel expenses 2021	Result in financial income 2021	Result in personnel expenses 2020	Result in financial income 2020	Other changes 2020
<b>Employer contribution reserves</b>							
Employer-funded pension fund Bystronic	21.7	20.9		0.8	-10.3	1.9	
Employer-funded pension fund discontinued operations					-6.1		-2.3
<b>Total employer-funded pension fund</b>	<b>21.7</b>	<b>20.9</b>		<b>0.8</b>	<b>-16.4</b>	<b>1.9</b>	<b>-2.3</b>

There is no waiver of use of the employer contribution reserve. In the reporting year, no pension fund contributions were offset against the employer contribution reserve (previous year: CHF 16.4 million). The change of CHF 0.8 million results from the positive performance on the assets of the employer contribution reserve (previous year: CHF 1.9 million), which was allocated to financial income. In the previous year, the employer contribution reserve decreased by CHF 2.3 million due to divestments of business units.

CHF million	Surplus/ deficit 12/31/2021	Economic benefit/ obligation 12/31/2021	Economic benefit/ obligation 12/31/2020	Currency translation effect/ Change in scope of consolidation/ use	Change to prior- year- affecting result in reporting period	Contributions to be allocated to reporting period	Current service cost in personnel expenses 2021	Current service cost in personnel expenses 2020
<b>Economic benefit/ obligation and current service cost</b>								
Employer-funded pension fund	2.6							
Pension funds without surplus/deficit						6.4	6.4	9.4
Pension funds with deficit	-0.6	-0.6	-0.8		0.2	0.7	0.5	0.5
<b>Total Bystronic</b>	<b>2.0</b>	<b>-0.6</b>	<b>-0.8</b>		<b>0.2</b>	<b>7.0</b>	<b>7.0</b>	<b>9.9</b>
<b>Total discontinued operations</b>			<b>-0.4</b>	<b>-0.4</b>		<b>1.5</b>	<b>1.5</b>	<b>4.4</b>
<b>Total Group</b>	<b>2.0</b>	<b>-0.6</b>	<b>-1.2</b>	<b>-0.4</b>	<b>0.2</b>	<b>8.5</b>	<b>8.5</b>	<b>14.3</b>

In the previous year, the surpluses/deficits amounted to CHF 2.2 million and the contributions accrued for the reporting period amounted to CHF 14.3 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. 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 2021.

CHF million	Bystronic	Bystronic	Discontinued operations	Group
Trade receivables			0.5	0.5

CHF million	Bystronic		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020
Net sales				1.8		1.8
Commission expenses				1.6		1.6



# 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 December 31, 2021 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

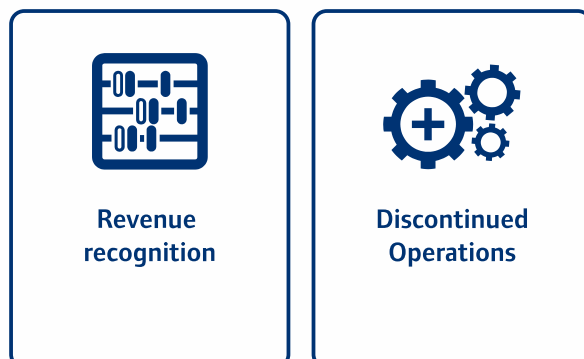
In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for Opinion

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

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

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



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



### Revenue recognition

#### Key Audit Matter

Revenue represents 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 December 31, 2021 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 regarding revenue recognition, refer to [section 1.2](#) in the notes to the consolidated financial statements.



## Discontinued Operations

### Key Audit Matter

Following a strategic realignment, Bystronic has sold the two business areas FoamPartner and Mammut Sports Group. The divestitures of the two businesses were executed in 2021. The transactions resulted in a net loss of CHF 80.4 million.

These transactions have a significant influence on the consolidated financial statements. The determination of the result from the sales has to take into consideration previous goodwill transactions in equity as well as currency translation effects.

### Our response

As part of our audit, we have critically assessed the deconsolidation, the determination of the result from the sales as well as the disclosures of the discontinued operations in the consolidated financial statements.

For this purpose we have performed essentially the following procedures:

- Inspection of the relevant contracts between Bystronic and the acquiring parties of the discontinued businesses.
- Comprehension of the deconsolidation entries and comparing them to applicable accounting standards.
- Verifying that the result from the sales has been appropriately calculated, taking into consideration the attributable goodwill positions as well as currency translation effects.
- Reviewing the effects of the disposals on the elements of the financial statements and assessing the appropriateness of the notes on the discontinued operations.

For further information regarding discontinued operations, refer to [section 4.1](#) in the notes to the consolidated financial statements.

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

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

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

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

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

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

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG



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



**Raphael Gähwiler**  
Licensed Audit Expert

Zurich, March 11, 2022

## Income statement Bystronic AG

CHF 1,000	2021	2020
Income from investments	49,900	70,600
Income from the sale of investments	46,807	51,597
Financial income	6,907	7,798
Other operating income	377	
<b>Total income</b>	<b>103,991</b>	<b>129,995</b>
Financial expenses	-3,235	-4,587
Personnel expenses	-1,205	-1,372
Other operating expenses	-5,006	-7,230
Income taxes	-144	-106
<b>Total expenses</b>	<b>-9,590</b>	<b>-13,295</b>
<b>Net result</b>	<b>94,401</b>	<b>116,700</b>

## Balance sheet Bystronic AG

CHF 1,000	12/31/2021	12/31/2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	413,654	217,699
Securities	30,000	
Other receivables		
from third parties	13,978	6,141
from investments	713	395
Prepaid expenses and accrued income	6	5,218
<b>Total current assets</b>	<b>458,351</b>	<b>229,453</b>
<b>Non-current assets</b>		
Financial assets		
Receivables from investments	317,387	547,960
Other financial assets from third parties	60,848	
Investments	157,701	198,701
<b>Total non-current assets</b>	<b>535,936</b>	<b>746,661</b>
<b>TOTAL ASSETS</b>	<b>994,287</b>	<b>976,114</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Interest-bearing liabilities		
to investments	96,077	43,166
Other payables		
to third parties	3,180	2,690
to associates	154	149
to investments	1,140	2,963
Accrued expenses and deferred income	1,194	4,907
<b>Total current liabilities</b>	<b>101,745</b>	<b>53,875</b>
<b>Equity</b>		
Share capital	4,140	4,140
Legal capital reserves		
Reserve from capital contributions	72	72
Other capital reserves	97,881	97,648
Legal retained earnings	13,409	13,409
Voluntary retained earnings	650,000	650,000
Retained earnings	129,326	159,071
Treasury shares	-2,286	-2,101
<b>Total equity</b>	<b>892,542</b>	<b>922,239</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>994,287</b>	<b>976,114</b>



# Notes to the financial statements of Bystronic AG

## Principles

### General

The financial statements 2021 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 March 11, 2022. 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 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 personnel 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. Gain from the sale of investments consists of the sale of FoamPartner Switzerland AG of CHF 43.1 million and Mammut Sports Group AG of CHF 3.7 million. Financial income includes interest income on receivables from investments of CHF 5.1 million (previous year: CHF 7.8 million), interest income from third parties of CHF 0.9 million, 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. Other operating income of CHF 0.4 million is related to brokerage fees from insurance companies.

### Expenses

Financial expenses result from interest on liabilities to investments of CHF 0.3 million (previous year: CHF 0.2 million), currency hedging costs (interest differences) of balance sheet items in foreign currencies of CHF 2.3 million (previous year: CHF 3.9 million), commitment fees for bank loans of CHF 0.3 million (previous year: CHF 0.3 million) and negative interest on bank balances of CHF 0.3 million. In the previous year, this position included foreign exchange losses on cash and cash equivalents and on receivables from investments of CHF 0.2 million. Personnel and other operating expenses include current administrative costs, project costs, capital taxes and the fees of the Board of Directors.

### Current assets

Cash and cash equivalents comprise bank deposits, mostly in Swiss francs. Marketable securities include time deposits in Swiss francs with a remaining term of more than 90 days. Other receivables from third parties include recoverable input and withholding taxes as well as taxes at source of CHF 0.1 million (previous year: CHF 0.4 million), balances from foreign exchange hedging transactions with banks of CHF 3.5 million (previous year: CHF 5.7 million) and a residual purchase price receivable from the sale of FoamPartner Switzerland AG of CHF 10.4 million. Other receivables from investments include the credit balances from currency hedging transactions of CHF 0.5 million (previous year: CHF 0.4 million) and other receivables from investments of CHF 0.2 million.

### Non-current assets

Financial assets consist of investments with a long-term investment purpose. Receivables from investments decreased by CHF 230.6 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 the sale of FoamPartner Switzerland AG and Mammut Sports Group AG, investments decreased by CHF 41.0 million.

### Liabilities

Other short-term liabilities mainly include liabilities from currency hedging transactions to banks of CHF 2.8 million (previous year: CHF 2.6 million), liabilities from currency hedging transactions to group companies of CHF 1.1 million (previous year: CHF 3.0 million) and trade payables of CHF 0.4 million (previous year: CHF 0.1 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 2020, 1,929 class A registered shares were held at an average purchase price of CHF 1,089 each. For the participation program, 1,200 class A registered shares were acquired in the reporting year at an average transaction price of CHF 1,309 each. The Board of Directors was allocated 514 class A registered shares at an average transaction price of CHF 1,226 each. A total of 800 class A registered shares were sold to the group companies at an average transaction price of CHF 1,236 each for allocation to members of the Executive Committee and other members of management. The transaction price corresponded to the market value in each case. As of December 31, 2021, 1,815 class A registered shares are held at an average purchase price of CHF 1,259 each.

## Further disclosures

### Full-time positions

No employees are employed at Bystronic AG.

### Contingent liabilities

CHF 1,000	2021	2020
Sureties and guarantee obligations for subsidiaries	64,356	64,688
Effective obligations	12,279	3,181

### Investments

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

### Significant shareholders

		2021	2020
Auer, Schmidheiny and	Capital rights	29.0%	29.0%
Spoerry shareholder group	Voting rights	51.1%	51.1%

The shareholder group Auer, Schmidheiny and Spoerry 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, Executive Committee and related persons

Number	Class A	Class A	Class B	Class B
	registered shares 12/31/2021	registered shares 12/31/2020	registered shares 12/31/2021	registered shares 12/31/2020
<b>Board of Directors</b>				
Ernst Bärtschi, Chairman	1,102	1,107		
Roland Abt, Member	358	311		
Matthias Auer, Member	22,571	26,735	1,008	1,008
Heinz O. Baumgartner, Member				
Urs Riedener, Member	358	311		
Jacob Schmidheiny, Member	129,470	129,423	6,032	5,072
Robert F. Spoerry, Member	7,230	12,555	148	148

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 12/31/2021	Class A registered shares 12/31/2020	Class B registered shares 12/31/2021	Class B registered shares 12/31/2020
<b>Executive Committee</b>				
Alex Waser, CEO	1,054	1,054		
Eamon Doherty, Chief Services Officer				
Johan Elster, President Region EMEA	30	30		
Beat Neukom, CFO				
Norbert Seo, President Region APAC				
Robert St. Aubin, President Region Americas				
Song You, President Region China				

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 1 to January 31 of the respective term of office is used.

A total of 514 class A registered shares were allocated to the Board of Directors for the previous year in 2021. The valuation was made at the share price of CHF 1,226 and amounted to CHF 0.6 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 0.4 million) is included in personnel expenses.

#### Events after the balance sheet date

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

## Proposal of the Board of Directors on the appropriation of retained earnings of Bystronic AG

CHF	2021
The Board of Directors proposes to the Annual General Meeting on April 26, 2022, that the total sum available for appropriation, consisting of:	
Net income	94,401,438
Retained earnings carried forward from previous year	34,924,487
<b>Retained earnings</b>	<b>129,325,925</b>
Treasury shares (held directly)	2,285,866
<b>Total sum available for appropriation</b>	<b>127,040,059</b>
be appropriated as follows:	
Dividend of CHF 60.00 per class A registered share	109,620,000
Dividend of CHF 12.00 per class B registered share	14,580,000
<b>Total dividend</b>	<b>124,200,000</b>
Retained earnings to be carried forward	5,125,925

If the proposal is approved, the dividend payment for the year 2021 will be:

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

The dividend will be paid out with the value date of May 2, 2022.

# 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, which comprise the balance sheet as at December 31, 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements for the year ended December 31, 2021 comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG AG



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



**Raphael Gähwiler**  
Licensed Audit Expert

Zurich, March 11, 2022



## Five-year summary

		2021	2020	2019	2018	2017
<b>Bystronic<sup>1</sup></b>						
Order intake	CHF m	1,175.5	777.4	929.4	1,002.9	943.2
Net sales	CHF m	939.3	801.3	935.8	1,012.6	855.7
EBITDA	CHF m	88.5	60.1	129.6	142.2	103.8
Operating result (EBIT)	CHF m	70.1	42.0	114.4	128.1	92.0
Net operating assets	CHF m	218.9	231.4	244.7	204.5	164.2
Employees 12/31	Number	3,543	3,074	3,012	2,832	2,442
<b>Discontinued operations</b>						
Net sales	CHF m	183.6	482.3	637.4	769.6	627.1
Operating result (EBIT)	CHF m	-88.8	37.7	52.7	18.7	31.2
Net operating assets (NOA)	CHF m		276.4	306.0	315.6	326.5
Employees 12/31	Number		1,817	2,014	2,427	2,275
<b>Consolidated income statement</b>						
Net sales	CHF m	1,122.9	1,283.5	1,573.2	1,782.2	1,482.8
Operating result (EBIT)	CHF m	-18.7	79.7	167.2	146.8	123.2
Net result	CHF m	-27.8	66.9	136.8	114.8	97.4
<b>Consolidated balance sheet</b>						
Current assets	CHF m	958.4	813.5	889.1	1,009.0	993.6
Non-current assets	CHF m	276.4	337.2	377.0	357.2	329.7
Short-term liabilities	CHF m	372.0	313.8	329.8	379.7	366.7
Long-term liabilities	CHF m	47.6	40.8	56.1	59.6	53.7
Shareholders' equity	CHF m	815.2	796.1	880.1	926.9	902.9
Total assets	CHF m	1,234.8	1,150.6	1,266.0	1,366.2	1,323.3
Shareholders' equity as % of total assets	%	66.0	69.2	69.5	67.8	68.2
<b>Employees</b>						
Employees 12/31	Number	3,543	4,891	5,026	5,259	4,717
Ø employees in full-time positions	Number	4,051	4,711	5,086	5,091	4,328
Net sales per full-time position	CHF thousand	277.2	272.5	309.3	350.1	342.6
Personnel expenses per full-time position	CHF thousand	72.0	72.3	74.5	79.4	78.4
<b>Share information</b>						
Share capital	CHF m	4.1	4.1	4.1	4.1	4.1
Number of shares issued at 12/31						
Class A registered shares	Number	1,827,000	1,827,000	1,827,000	1,827,000	1,827,000
Class B registered shares	Number	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000
Market prices of class A registered share						
High	CHF	1,370.00	1,176.00	1,174.00	1,320.00	1,067.00
Low	CHF	1,086.00	716.00	714.00	731.00	721.00
Year-end	CHF	1,282.00	1,088.00	1,156.00	769.00	1,016.00
Total dividend	CHF m	124.2	124.2	149.0 <sup>2</sup>	39.3	33.1

<b>Key indicators per share</b>							
Earnings	per class A registered share	CHF	-13.81	31.46	60.85	46.76	40.47
	per class B registered share	CHF	-2.76	6.29	12.17	9.35	8.09
Cash flow from operating activities	per class A registered share	CHF	23.89	38.07	48.43	69.65	45.52
	per class B registered share	CHF	4.78	7.61	9.69	13.93	9.10
Shareholders' equity	per class A registered share	CHF	394.05	384.28	423.37	436.71	428.00
	per class B registered share	CHF	78.81	76.86	84.67	87.34	85.60
Gross dividend	per class A registered share	CHF	60.00 <sup>3</sup>	60.00	72.00 <sup>4</sup>	18.00	16.00
	per class B registered share	CHF	12.00 <sup>3</sup>	12.00	14.40 <sup>5</sup>	3.60	3.20

<sup>1</sup> The continuing operations consist of Bystronic and the historical Conzzeta segment "Others"

<sup>2</sup> Including special distribution of CHF 49.7 million and special dividend of CHF 62.1 million

<sup>3</sup> As proposed by the Board of Directors

<sup>4</sup> Including special distribution of CHF 24.00 and special dividend of CHF 30.00

<sup>5</sup> Including special distribution of CHF 4.80 and special dividend of CHF 6.00

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**<https://ir.bystronic.com/en/reports.php>**

## Publication details

**Publisher:** Bystronic AG, Zurich

**Photography:** © Bystronic, Mammut Sports Group,  
FoamPartner, Stefan Jermann, Julian Salinas

**Photography Cover:**

**All pictures are taken by Stefan Jermann**

- Top: Martin Fischer, watchmaker, Zurich (Switzerland)
- Middle: Bühler Group, Appenzell (Switzerland)
- Bottom: CWA Constructions AG, Olten (Switzerland)

**Translation:** worder AG, Bern

**Publishing system:** ns.wow by Multimedia Solutions AG, Zurich

**Concept and design:** Bystronic

The annual report is published in German and English.

The German version prevails.

Published on March 15, 2022.