

## REPORT TO THE SHAREHOLDERS

# Back on the growth track



**Dr. Daniel Bossard**  
CEO

**Dr. Thomas Schmuckli**  
Chair of the board of directors

### Dear Shareholders,

The past financial year was also dominated by the COVID-19 pandemic. On the one hand, our economic and social life was marked by constant change. And protecting the health of our employees was paramount. On the other hand, the global economic upturn, which had begun in the prior year, continued although a trend toward normalization became apparent at the end of the year.

Thanks to strong demand in all three market regions, Bossard hit new records in terms of sales as well as EBIT and net income in spite of major challenges on the procurement market. Sales in the 2021 financial year totaled CHF 995.1 million (prior year: CHF 812.8 million). EBIT was CHF 123.3 million (prior year: CHF 86.4 million), corresponding to an EBIT margin of 12.4 percent (prior year: 10.6 percent) – a record result in an extremely demanding year. This is equally true for net income, which reached CHF 98.0 million (prior year: CHF 67.8 million).

### Strengthened through the crisis

Bossard's strong performance was sustained by a broad and solid foundation consisting of three elements. Firstly, by the high degree of flexibility and commitment of our employees, whose performance was exceptional under difficult conditions. Secondly, our long-standing proven purchasing strategy, which is based on multiple sources of procurement. And thirdly, due to our generous stock-keeping. During the last 24 months, these elements were essential in ensuring the best possible delivery capability to our customers and underlining our reliability as a partner.

### Expanded market position

In addition to our sustained delivery capability, our expanded market position is the outcome of the business model we have systematically refined in recent years. Our ongoing geographic diversification is another contributing factor. This, along with market share gains in growth industries such as robotics, electromobility, railway vehicle construction, and medical technology, has led to accelerated growth. Recently won customer projects will also have a positive impact on our future growth.

### Digitalization of assembly

The gradual introduction of our new standalone Smart Factory Assembly service was well received by our customers. Along with improved process reliability and productivity, it reduces production costs in manufacturing. As a result, Smart Factory Assembly meets an important customer need, enabling the documentation of production processes, flexible employee deployment, and consistently high quality. This minimizes possible sources of error in assembly as well as defective products.

### Broad performance across the regions

All three market regions benefited from the market recovery and posted impressive double-digit growth rates. The aforementioned sustained delivery capability to our customers led to above-average benefits in the European region, contributing significantly to the marked improvement in results. Furthermore, the region won new customer projects in the focus industries of railway vehicle construction and medical technology. The appreciation of the Swiss franc against the euro to the highest level in the last six years, had a slightly negative impact on sales in the fourth quarter.

### Active market consolidation and expansion

In October, Bossard acquired Jeveka B.V., a leading Benelux supplier of product solutions as well as logistics and engineering services in industrial fastening and assembly technology. The company primarily serves customers in the mechanical engineering and high-tech segments. The acquisition of this long-standing partner is in line with the Bossard Group's strategic approach of broadening its market presence in technologically advanced end markets.

Strong sales development in America was driven by our expertise in the electromobility sector built up over the last years. We completed several exciting projects, which helped us solidify new, long-term customer relationships.

With consistently high growth rates above 30 percent, the Asia region affirmed the years-long upward trend during the last financial year. On the one hand, the Group benefited from the investments made in the expansion and modernization of its infrastructure over the recent years. On the other hand, the growth initiatives in the robotics and electronics segments lead to a pleasing growth in the project pipeline and gains in market share.

### Strategy 200 – Capital Markets Day 2021

For the first time, the Bossard Group held a Capital Markets Day (CMD) at its company headquarters in Zug. This event for institutional investors, analysts, and media representatives introduced the Bossard Group’s business model and provided a deeper look at the Strategy 200 announced in spring. In addition, higher financial targets were announced at the well attended event. Bossard plans to permanently increase its average organic growth rate to over 5 percent after a period of increased investments. As a result, the Group is targeting mid-term a new EBIT margin of 12 percent to 15 percent (currently 10 percent to 13 percent). Bossard continues to rely on a strong balance sheet with an equity ratio of at least 40 percent. The stepped-up growth initiatives notwithstanding, the dividend payout is expected to remain at about 40 percent of the Group’s net income.

### Strategy 200 – the strategic significance of our services

The quality and deliverability of our product solutions are the foundation of our business and the results we achieve. The value of our cooperation with our customers – Proven Productivity – grows with the performance of our services. Our Smart Factory solutions enable logistics and product managers to optimize their supply and production workflows. Our Assembly Technology Expert services seek

out, test, and implement the most suitable fastening solutions for each set of requirements. Consequently, we not only increase safety but also reduce costs for our customers.

Taken as a whole, our services establish Bossard as a strategic C-level partner to our customers that can boost their ability to compete. This creates a level of customer loyalty that we could never achieve by selling products alone.

### Strategy 200 – sustainability

Along with our Proven Productivity brand promise, our business model stands for a successful and sustainable future. As an environmentally conscious company, we are committed to the careful and efficient use of natural resources and energy and to minimizing our environmental impact. Through our “Together We Create” strategy initiative, we highlight the importance of our existing values and operating principles. We create equal opportunities regardless of factors such as nationality, gender, sexual orientation, religion, or age. As part of Strategy 200, Bossard will analyze the current state and formulate achievable CO<sub>2</sub> neutrality goals for publication in 2022.

### With momentum into the future

Bossard is entering the next stage of its 190-year history with great momentum. Over the past quarters, the Group has shown that after a year of economic uncertainty it is not only able to rapidly adapt high growth dynamics, but to substantially exceed them. From today’s perspective, it is difficult to forecast how procurement costs and the stability of supply chains will evolve over the coming months. A lot depends on people’s behavior, politics, and government measures in the individual countries – factors outside our scope of influence. Nonetheless, we are pleased that over the last few months governments have made every effort to support the economy and maintain the pace of production in companies. The way in which Bossard mastered the recovery in 2021 gives us confidence, and we are optimistic about the future. Globally committed employees, stable cash flows, and a solid balance sheet with an equity ratio of 45.2 percent enable the Bossard Group to move ahead with its strategically important projects at full speed.

### Proposals at the annual general meeting of shareholders

At the 2022 annual general meeting of shareholders, the board of directors will propose a gross dividend of CHF 5.10 per registered A share (prior year: CHF 4.40 gross), in line with our dividend policy of a 40 percent payout of net income. This represents an increase of 15.9 percent.

At last year's annual general meeting of shareholders, Petra Maria Ehmann and Marcel Keller were elected as independent board members. We are pleased that both board members broadly support Bossard with their expertise in digitalization and artificial intelligence in market development.

For the current year, no new elections are proposed. We express our deep gratitude to all our employees for their tireless dedication, solidarity, team spirit, and enthusiasm – they are the core of the Bossard Group's success. We thank our customers for their years of loyalty, and our partners and suppliers for their outstanding cooperation. And we thank you, valued Shareholders, for your continued trust.

Dr. Thomas Schmuckli  
Chair of the board  
of directors

Dr. Daniel Bossard  
CEO

Zug, February 25, 2022