

## REPORT TO THE SHAREHOLDERS

# New records in a challenging environment



**Dr. Daniel Bossard**  
CEO

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

### Dear Shareholders,

After two years marked by the pandemic, numerous lock-downs, and persistent interruptions in the global supply chains, we faced additional challenges due to the shortage of skilled labor and the wage and cost inflation in the past financial year. Furthermore, the war in Ukraine and the resulting European energy crisis as well as the increasing tensions between China and Taiwan have led to further market uncertainties.

In this challenging environment, and despite the strong Swiss franc, Bossard achieved new records in sales as well as EBIT and net income thanks to strong demand across all three market regions. Sales in the financial year 2022 totaled CHF 1,153.8 million (prior year: CHF 995.1 million). EBIT was CHF 141.5 million (prior year: CHF 123.3 million), corresponding to an EBIT margin of 12.3 percent (prior year: 12.4 percent). Net income increased by 7.7 percent to CHF 105.6 million (prior year: CHF 98.0 million). For the first time in its history, the Bossard Group achieved sales of over 1 billion Swiss francs and a net income of more than 100 million Swiss francs.

## Optimal use of market momentum

The quality of our product solutions and our delivery capability are the foundation of our business. In times of various regional lockdowns, our long-standing proven purchasing strategy, which is based on multiple sources of procurement, once again proved beneficial. In combination with its strategically generous stock-keeping, Bossard was able to ensure the best-possible delivery capability to its customers and expand its market position as a reliable partner.

## Digital customer retention

The value of the cooperation with our customers grows thanks to our digital customer services. We help our customers design their processes more efficient, thus increasing productivity. We call this "Proven Productivity."

Even 20 years after the market launch of the first fully digitalized and automated C-parts management system, there is unbroken demand for our solutions. With over 437,000 installed Smart Devices, more than 1,100 customers globally rely on our proven Smart Factory Logistics (SFL) applications. The Bossard Group provides its customers a comprehensive supply of C-parts for production without manual intervention, thereby ensuring optimized stock level and a seamless flow of parts through production. At the same time, Bossard SFL solutions provide customers with permanent visibility of their C-parts inventories, including their material flows.

## "Nearshoring" – back to the future

Complex procurement markets, high transportation costs, and increasing requirements for a responsible handling of resources have strengthened the trend toward "nearshoring." As a result, the structural shortage of skilled workers manifested itself clearly in the past year, triggering increased demand for Bossard's Smart Factory Assembly (SFA) solutions. Through smart tools and digital work instructions, these services help customers avoid errors in the assembly process while simultaneously accelerating it and training new employees very efficiently. Our Smart Factory Assembly solutions allow us to make another contribution toward increasing our customers' productivity.

## Continued strong growth across all regions

The Bossard Group's positive business development, ongoing since the fourth quarter of 2020, continued, especially in America and Asia. The market upturn was supported by recently won customer projects and the higher structural growth in the focus industries. Continued diversification of the customer base in the electromobility sector was reflected in the solid order situation from manufacturers of passenger and commercial vehicles as well as from manufacturers of charging stations for electrical vehicles.

Demand in Europe remained at a constantly high level in spite of geopolitical tensions and the resulting challenges. In an environment marked by inflation and a shortage of skilled labor, Bossard's Smart Factory services drew even more attention from customers.

The positive business development in America was driven by ongoing dynamic economic growth. In the electro-mobility sector, exciting commercial vehicle projects were implemented. In November, Bossard acquired PENN Engineered Fasteners Corporation, the Canadian distribution business of PennEngineering®, a US manufacturer of innovative fastening solutions. The acquisition is in line with the strategic approach to further expand Bossard's capabilities in America.

In Asia, the Group benefited from growth initiatives of recent years, resulting in expanded customer relationships, especially in the focus industries of railway, electromobility, and robotics. Despite repeated lockdowns in China, Bossard was able to maintain double-digit sales growth in local currency in this region for the ninth quarter in a row.

## Sustainability at Bossard

The Bossard Group has been committed to sustainable corporate development for generations. Innovative, efficient, and holistic solutions – that is Bossard's approach. With products and services that simplify and optimize our customers' processes, sustainability is an integral component of Bossard's business model.

## Focus thanks to materiality analysis

In a strategic approach, Bossard identified the essential topics where its business activities have the greatest impact on the economy, people, and the planet as well as its own long-term business success. These insights were prioritized to determine the current challenges as well as solutions for the future. Bossard's four focus topics – Future Proven Solutions, Reduced Footprint, Empowered People and Fair Partnership – cover the economic, environmental, and social dimensions of responsible governance.

## Carbon strategy to reduce emissions

For the first time, Bossard published its emissions (scope 1 and 2) within the framework of the Greenhouse Gas Protocol and identified the major polluters. The results provide valuable indications of where emissions can be reduced. All data relevant for sustainability are defined as targets with specific measures for implementation. In the next step, Bossard will define achievable targets for carbon neutrality and publish them in 2023.

## Changes in the executive committee

After 15 successful years as CEO Central Europe and member of the executive committee, Beat Grob left Bossard at his own request at the end of April 2022. The board of directors and the executive committee would like to thank him for his significant commitment to the Group over many years. From May to December 2022, the region was managed on an interim basis by CEO Dr. Daniel Bossard.

On January 1, 2023, Rolf Ritter assumed responsibility of the region Central Europe. He has served on the executive committee in his function CSO, M&A and Business Development since 2021 and will continue to hold this double role for the time being.

Susan Salzbrenner joined the executive committee on January 1, 2023. She has been VP People & Organization since June 1, 2021. With her joining the executive committee, cultural transformation – one of the core initiatives of Strategy 200 – will be even more firmly embedded throughout the Group.

## Moving into the future – strengthened by Strategy 200

One of the central strategic initiatives involves the promotion of global exchange and cooperation, summarized under the motto "Together We Create." We believe that we can achieve additional sustainably profitable growth

if our close to 3,000 employees worldwide are able to share ideas and consult with each other even more effectively. For us, cooperation means not only exchange between regions and technical experts but also between hierarchies.

During the first year of implementing the Strategy 200, feedback from all stakeholders has shown that we are on the right track for the future. With double-digit growth in the past nine quarters, the Group has demonstrated that it can identify and act on growth opportunities in constantly changing times.

From today's perspective, it is difficult to predict how the geopolitical tensions, inflationary developments, and their effects on our daily life and procurement will develop in future quarters. Much is beyond our scope of influence. The way in which Bossard mastered the financial year 2022 gives us confidence, and we are optimistic about the future. Dedicated employees and a strong balance sheet with an equity ratio of 41.7 percent allow the Bossard Group to continue pursuing strategically significant projects with full force.

## Proposals at the annual general meeting of shareholders

At the 2023 annual general meeting of shareholders, the board of directors will propose a gross dividend of CHF 5.50 per registered A share (prior year: CHF 5.10 gross), in line with our dividend policy of approximately 40 percent payout of net income. This represents an increase of 8 percent.

Prof. Dr. Stefan Michel (member of the board of directors since 2011) and Dr. René Cotting (member of the board of directors since 2015) will not seek re-election. The board of directors and the executive committee would like to thank them sincerely for their many years of committed service. The board of directors will propose the election of Prof. Dr. Ina Toegel at the annual general meeting of shareholders.

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, our valued Shareholders, for your continued trust.



Dr. Thomas Schmuckli  
Chair of the board  
of directors



Dr. Daniel Bossard  
CEO

Zug, February 24, 2023