

REPORT TO THE SHAREHOLDERS

Satisfactory results in times of economic normalization



Dear Shareholders,

We are pleased to report on the past financial year in which Bossard again made significant strides implementing its Strategy 200, but also a year that was marked by volatility.

The strong, above-average market demand observed since the fourth quarter of 2020 normalized across all regions over the course of 2023. In addition, the recovery in global supply chains led our customers to reduce inventory, thus ending a phase of retaining safety stock in the wake of the COVID-19 pandemic. The end of this economic boom, as well as price pressure, challenged us in times of rising labor costs.

In this environment, and despite the strong Swiss franc, Bossard achieved satisfactory results. Thanks to stable demand in several of our growth industries and the gratifying performance of Smart Factory services, we were able to strengthen our market position in all three regions. The steady implementation of Strategy 200 and its associated investments, as well as significant wage inflation, impacted profitability.

Dr. Daniel Bossard
CEO

Dr. Thomas Schmuckli
Chair of the board of directors

Sales in the financial year 2023 totaled CHF 1,069.0 million (prior year: CHF 1,153.8 million). EBIT was CHF 113.1 million (prior year: CHF 141.5 million), corresponding to an EBIT margin of 10.6 percent (prior year: 12.3 percent). Net income decreased by 27.2 percent to CHF 76.8 million (prior year: CHF 105.6 million). As a result, the Bossard Group was able to achieve a net income in line with the average of the strong prior years and significantly reduce net debt thanks to a strong free cash flow of CHF 121.4 million.

Strong interest for service solutions amidst a structural shortage of skilled labor

In an environment marked by a shortage of skilled labor and rising labor costs, Bossard's Smart Factory services continued to attract strong interest. Smart Factory Assembly solutions offer our customers better control over their assembly process while increasing productivity and traceability of their production steps. These benefits have led to a substantial increase in the number of newly installed assembly stations. Bossard's Smart Factory Logistics (SFL) applications also help increase productivity. In spite of investment-dampening interest rates, the number of smart devices grew by 4.1 percent to 455,000 units, installed at more than 1,150 customers globally.

Komax site visit – fastening technology meets automation solutions

Bossard is proud to have been supporting the Komax Group, the market leader in automation solutions for wire processing, with fastening technology since its foundation in 1975. In November 2023, institutional investors and analysts were able to take a first-hand look at the collaboration based on the successful partnership between the two companies at the Komax Group's headquarters in Dierikon. All Smart Factory services and their impact on total cost of ownership were presented at this well-attended event.

Innovation and inspiration

Innovation, inspiration, and fastening technology come together at the Bossard Academy in the company headquarters in Zug. In state-of-the-art facilities, Bossard shares with its customers theoretical and practical knowledge on the latest fastening technology and the potential for cost savings through design and product line optimization.

Normalization of growth over the course of the year

The positive business dynamic, which had continued into the first quarter, normalized over the course of the year,

eventually exhibiting declining growth rates in all regions. Normalization of incoming orders due to inventory reductions seamlessly transitioned to weaker customer demand. The appreciation of the Swiss franc had an additional negative impact on sales development.

In Europe, demand normalized over the second quarter, following a recovery of supply chains and subsequent inventory reductions on the part of our customers. The increasing economic slowdown led to a considerable drop in sales over the course of the year. In an environment marked by economic uncertainty, the railway and electromobility sectors set positive accents.

Demand in America developed similar to Europe. However, in America the slowdown in demand only started in the third quarter. The significant appreciation of the Swiss franc over the course of the year additionally impacted sales development negatively. The successful expansion of the customer base and growth from existing customers were particularly evident in the positive development of the focus industry of electromobility.

The results in Asia were mixed. After COVID-19 restrictions were lifted in China, only slight growth momentum was noticeable over the course of the year. In the other Asian regions, the demand dynamic behaved similarly after a mostly positive start. Business progressed well in India, where Bossard benefited from nearshoring trends, a dynamic start-up landscape, and infrastructure projects in the focus industry of railway.

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.

Initial publication of our carbon reduction goals

In 2023, Bossard and all its divisions defined their climate protection ambitions, key performance indicators, and possible actions. To reduce greenhouse gas emissions, Bossard is focused on promoting energy efficiency and the responsible use of electricity. In the reporting year, Bossard set the following climate goals: reduction of

Scope 1 and Scope 2 greenhouse gas emissions by 50 percent by 2031 and to net zero by 2040.

“We set clear goals to continually and purposefully reduce our ecological footprint and do our part for global climate protection,” stated Dr. Daniel Bossard, CEO of the Bossard Group.

Empowered people – Bossard a popular employer

Among other things, Strategy 200 aims to foster the potential of Bossard’s employees and strengthen their loyalty to the company. Bossard wants to acquire committed, enthusiastic talents and motivate employees to act as ambassadors for the company. Bossard met important milestones in the past year on its way toward reaching its strategic goals.

A learning module on corporate culture was introduced. Directed primarily at new employees, it is designed to ensure that everyone across the globe receives the same information. The intranet “Learning Hub” was created as a central repository for all learning content from the different departments. In addition, interdisciplinary learning and training programs are offered.

Successful roll-out of the new ERP system in Asia

The comprehensive modernization of the ERP system aims to increase the Group’s overall efficiency. To this end, a new digital platform is rolled out gradually over several years. Bossard is continuing to deploy the new system even in a more challenging economic environment and successfully completed the rollouts of the new ERP system in Malaysia, Thailand and Singapore in the past year. The Group plans further rollouts in all regions in 2024.

Digital support of the sales process

Bossard is restructuring and resystematizing its sales process through the “Sales Engine” growth initiative, which is part of Strategy 200. Driven by digital marketing, the aim is to increase organic growth with more efficient use of sales marketing. In America, sales structures were adjusted, and the “Sales Engine” was introduced. In Germany, the preparations for the new sales structure were completed, and it will be launched as of January 2024.

Outlook

At this point in time, it is difficult to forecast how the challenging economic environment will evolve over the coming quarters. Based on current market observations, Bossard expects restrained development in demand in the first half of 2024 along with a continued rise in wage levels. The Group continues to stand by the medium-term financial goals previously communicated and the consistent implementation of Strategy 200.

Dedicated employees and a strong balance sheet with an equity ratio of 46.2 percent allow us to continue pursuing strategically significant projects in line with Strategy 200.

Proposals at the annual general meeting of shareholders

At the 2024 annual general meeting of shareholders, the board of directors will propose a gross dividend of CHF 4.00 per registered A share (prior year: CHF 5.50 gross), in line with our dividend policy of approximately 40 percent payout of net income. This represents a decrease of 27.3 percent.

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 28, 2024