



Financial Report

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AT A GLANCE

Most important figures

Net Sales

in CHF

9995 million

EBIT margin

12.4 %

EBIT

in CHF

123 million

Net Income

in CHF

98 million

FINANCIAL REVIEW 2021

Robust profitability and new records

In a strong economic environment, the Bossard Group generated sales of CHF 995.1 million in the financial year 2021 (prior year: CHF 812.8 million), despite bottlenecks in the supply chains and market uncertainties caused by the COVID-19 pandemic. Sales growth amounted to 22.4 percent (in local currency: +22.2 percent). Organically, sales increased by 21.2 percent. EBIT was CHF 123.3 million (prior year: CHF 86.4 million), a remarkable plus of 42.8 percent, resulting in an EBIT margin of 12.4 percent (prior year: 10.6 percent). Net income grew by 44.7 percent to CHF 98.0 million (prior year: CHF 67.8 million). The Group achieved new records in sales as well as in EBIT and net income.

The COVID-19 situation continued to cast uncertainty in all three market regions in the financial year 2021. At the same time, strong global demand continued to strain the situation on the procurement market, resulting in further price increases and longer delivery times. Thanks to our sustained delivery capabilities, the Group benefited from strong global demand. The extent of the recovery is also evident in the – in some cases significantly – double-digit growth rates in all three market regions. The Group also solidified its competitive position in various markets and countries in 2021 by expanding its range of products and services and developing its infrastructures.

Strong recovery in Europe

Sales in Europe increased by 23.1 percent to CHF 574.0 million (in local currency: +22.1 percent). Among other things, newly won customer projects in the focus markets of railway vehicle construction and medical technology helped sustain positive demand. The acquisition of the Dutch company Jeveka B.V., consolidated since October 1, 2021, contributed to the gratifying sales performance. Adjusted for acquisitions, annual sales totaled CHF 564.4 million.

Broad-based growth in America

Sales in America increased by 12.4 percent to CHF 226.2 million (in local currency: +15.3 percent). Continued diversification of the customer base, for example in the electromobility sector, drove business performance. The completion of several exciting projects helped Bossard solidify new long-term customer relationships.

Focus on growth segments pays off in Asia

Continued strong growth throughout the year was recorded in Asia, where all regional companies posted double-digit growth rates. Especially Malaysia, India and Taiwan, as well as growth segments such as automation, robotics, and electronics, performed particularly well. Overall sales increased by 34.0 percent to CHF 194.9 million (in local currency: +31.8 percent).

Robust profitability

The global economic upturn led to capacity bottlenecks, rising raw material prices, and significantly higher freight rates. In spite of the considerable increase in procurement costs caused by these factors, gross profit grew disproportionately in relation to sales.

Sales and administration expenses increased by 19.4 percent to CHF 193.8 million. In relation to sales, however, these costs fell to 19.5 percent from 20.0 percent in the prior year. On the one hand, these expenses increased due to the steadily growing number of employees, which increased by 9.7 percent (organically: +4.9 percent) or 235 employees to a total of 2,657 full-time equivalents. On the other hand, the increases are associated with the normalization of business activities as well as our targeted investments in the organization as part of Strategy 200 and our digitalization initiatives.

In spite of the higher cost basis, the strong growth resulted in a material increase in earnings. EBIT grew by CHF 36.9 million to CHF 123.3 million, an increase of 42.8 percent. The EBIT margin was 12.4 percent (prior year: 10.6 percent), reflecting a significant improvement in profitability after the challenging prior year.

The financial result amounted to CHF –1.3 million. Compared to last year, financial expenses decreased by CHF 2.5 million. The decline was largely due to the positive effect of foreign currency valuations. Tax expenses

increased from CHF 14.5 million to CHF 23.3 million as a result of the significant increase in profit. The tax rate was 19.2 percent (prior year: 17.6 percent), mainly due to the regional profit mix.

Net income grew by 44.7 percent to a record CHF 98.0 million (prior year: CHF 67.8 million). At the annual general meeting of shareholders, the board of directors will propose a dividend of CHF 5.10 per registered A share (prior year: CHF 4.40), in line with our dividend policy of a 40 percent payout of net income.

Solid balance sheet in spite of higher net debt

Along with the Group's investment activities, the above-average growth led to an increase in total assets in 2021. Compared to the prior year, total assets increased by 20.5 percent to CHF 772.8 million.

This increase is driven by higher customer receivables due to increased sales as well as higher inventory. While the increase in receivables is in line with the sales growth, inventory grew at an above-average rate. Besides the higher sales volumes, this increase is due to higher raw material prices and freight costs. Also, in light of the persistent market uncertainties and longer delivery times, we increased our inventory in order to ensure the best possible delivery capability to our customers. Last but not least, the acquisition of Jeveka B.V. contributed to the increase in total assets as well.

Despite high earnings, the equity ratio decreased from 50.3 percent in the prior year to 45.2 percent. The reason for this decline is that Bossard directly offsets the goodwill from acquisitions against equity. As a result of high investment activity and accelerated growth, net debt increased from CHF 155.7 million in the prior year to CHF 217.2 million. The gearing – the ratio of net debt to equity – rose slightly to 0.6 from 0.5 in the prior year.

While cash flow from operating activities before changes in net working capital increased by CHF 35.8 million to CHF 126.0 million, cash flow from operating activities fell from CHF 91.6 million in the prior year to CHF 65.9 million as a result of the strong increase in operating net working capital. Cash flow from investment activities increased from CHF 41.2 million in the prior year to CHF 92.3 million, mainly due to the acquisition of Jeveka B.V. in October 2021 as well as higher investments in tangible and intangible assets. While the Group had a positive free cash flow of CHF 50.4 million in the prior year, a negative free cash flow of CHF 26.4 million resulted in 2021 because of the significant growth and the investments made.

Outlook

The uncertainties arising from the COVID-19 pandemic continue to impact business development. Supply chain challenges remain a major issue. Nonetheless, we are optimistic about the future. In addition to the market development and the implementation of the Strategy 200,

we will continue to focus on digitalization and increased investments in growth initiatives in 2022. At the beginning of the year, the purchasing manager indices continue to point to expansive industry production, and from today's perspective, procurement lead times will likely continue to normalize in the course of the year.

As communicated last year, Bossard is targeting an average organic growth rate of over 5 percent and an EBIT margin of 12 percent to 15 percent in the medium term following a phase of increased investments. To achieve this, we will continue to rely on a strong balance sheet with an equity ratio of at least 40 percent and a payout ratio of approximately 40 percent of net income.

Stephan Zehnder
CFO

Zug, February 25, 2022

BOSSARD GROUP

Consolidated balance sheet

in CHF 1,000	Notes	31.12.2021	31.12.2020
Assets			
Current assets			
Cash and cash equivalents	1	34,108	40,676
Accounts receivable, trade	2	174,524	145,080
Other receivables		5,717	3,462
Prepaid expenses		10,812	12,246
Inventories	3	338,296	251,772
		563,457	453,236
Non-current assets			
Property, plant and equipment	4	141,129	129,170
Intangible assets	5	39,613	32,259
Financial assets	6	7,671	5,404
Deferred tax assets	7	20,906	21,239
		209,319	188,072
Total assets		772,776	641,308

in CHF 1,000	Notes	31.12.2021	31.12.2020
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade		77,200	49,870
Other liabilities		19,007	20,328
Accrued expenses		45,436	28,502
Tax liabilities		11,391	4,745
Provisions	8	789	3,353
Short-term debts	9	86,554	67,652
		240,377	174,450
Non-current liabilities			
Long-term debts	10	164,776	128,679
Provisions	8	7,388	6,805
Deferred tax liabilities	7	10,687	9,034
		182,851	144,518
Total liabilities		423,228	318,968
Shareholders' equity			
Share capital	11	40,000	40,000
Treasury shares	11	-4,242	-3,171
Capital reserves		75,165	72,860
Retained earnings		234,332	210,266
		345,255	319,955
Non-controlling interest		4,293	2,385
Total shareholders' equity		349,548	322,340
Total liabilities and shareholders' equity		772,776	641,308

The notes on pages 107 to 130 are an integral part of the consolidated financial statements.

BOSSARD GROUP

Consolidated income statement

in CHF 1,000	Notes	2021	2020
Net sales	12/13	995,148	812,792
Cost of goods sold		-678,028	-564,062
Gross profit		317,120	248,730
Selling expenses		-128,918	-109,692
Administrative expenses		-64,876	-52,652
EBIT		123,326	86,386
Share of result from associated companies		-620	-280
Financial result	17	-1,348	-3,870
Income before taxes		121,358	82,236
Income taxes	7	-23,341	-14,485
Net income		98,017	67,751
Attributable to:			
Shareholders of Bossard Holding AG		96,374	67,055
Non-controlling interest		1,643	696
in CHF	Notes	2021	2020
Earnings per registered A share ¹⁾	18	12.53	8.73
Earnings per registered B share ¹⁾	18	2.51	1.75

1) Earnings per share is based on the net income of the shareholders of Bossard Holding AG and the annual average number of outstanding shares entitled to dividend. There is no dilution effect.

The notes on pages 107 to 130 are an integral part of the consolidated financial statements.

BOSSARD GROUP

Consolidated statement of changes in equity

in CHF 1,000	Issued share capital	Treasury shares	Capital reserves	Retained earnings			Shareholders' Bossard	Non-controlling interest	Shareholders' equity
				Retained earnings	Goodwill offset	Translation differences			
Balance at January 1, 2020	40,000	-2,571	72,477	615,014	-333,937	-89,460	301,523	3,001	304,524
Dividend				-15,355			-15,355	-186	-15,541
Net income for the period				67,055			67,055	696	67,751
Management participation plan			1,093				1,093		1,093
Change in treasury shares		-600	-710				-1,310		-1,310
Offset goodwill from acquisitions					-16,599		-16,599		-16,599
Non-controlling interest from acquisitions							0	-749	-749
Translation differences						-16,452	-16,452	-377	-16,829
Balance at December 31, 2020	40,000	-3,171	72,860	666,714	-350,536	-105,912	319,955	2,385	322,340
Balance at January 1, 2021	40,000	-3,171	72,860	666,714	-350,536	-105,912	319,955	2,385	322,340
Dividend				-33,866			-33,866	-367	-34,233
Net income for the period				96,374			96,374	1,643	98,017
Management participation plan			1,141				1,141		1,141
Change in treasury shares		-1,102	-718				-1,820		-1,820
Usage unissued treasury shares		31	1,882				1,913		1,913
Offset goodwill from acquisitions					-34,777		-34,777		-34,777
Non-controlling interest from acquisitions				-1,111			-1,111	636	-475
Translation differences						-2,554	-2,554	-4	-2,558
Balance at December 31, 2021	40,000	-4,242	75,165	728,111	-385,313	-108,466	345,255	4,293	349,548

For details regarding share capital, please refer to note 11 on page 113 and regarding the goodwill offset from acquisitions to note 21 on pages 117 to 118.

The notes on pages 107 to 130 are an integral part of the consolidated financial statements.

BOSSARD GROUP

Consolidated cash flow statement

in CHF 1,000	Notes	2021	2020
Net income		98,017	67,751
Share of result from associated companies		620	280
Income taxes	7	23,341	14,485
Financial income	17	-5,531	-4,745
Financial expenses	17	6,879	8,615
Depreciation and amortization	4/5	22,578	19,477
(Decrease)/Increase provisions	8	-1,936	526
Loss/(Gain) from disposals of property, plant and equipment	4	233	-175
Loss from disposals of intangible assets	5	64	12
Loss from disposals of companies	19	779	-
Interest received		357	306
Interest paid		-3,293	-3,495
Taxes paid		-19,114	-13,421
Increase management participation plan (part of equity)		1,141	1,093
Other non-cash expenses/(income)		1,878	-469
Cash flow from operating activities before changes in net working capital		126,013	90,240
Increase accounts receivable, trade		-23,843	-12,047
Decrease/(Increase) other current assets		706	-1,261
(Increase)/Decrease inventories		-81,722	16,529
Increase/(Decrease) accounts payable, trade		26,076	-3,943
Increase other non-interest bearing liabilities		18,701	2,076
Cash flow from operating activities		65,931	91,594

in CHF 1,000	Notes	2021	2020
Investments in property, plant and equipment	4	-24,265	-19,254
Proceeds from sales of property, plant and equipment	4	1,763	1,204
Investments in intangible assets	5	-11,024	-4,673
Net cash flow from purchases of companies	19	-59,140	-11,620
Cash flow from purchases of associated companies	19	-	-8,002
Investments in financial assets	6	-793	-425
Divestments of financial assets	6	1,148	1,618
Cash flow from investing activities		-92,311	-41,152
Proceeds of short-term debts	9	19,051	16,982
Proceeds/(Repayment) of long-term debts	10	36,279	-40,603
Purchase/Sale of treasury shares		-1,102	-1,477
Dividends paid to shareholders		-33,866	-15,355
Dividends paid to non-controlling interest		-367	-186
Cash flow from financing activities		19,995	-40,639
Translation differences		-183	-1,780
Change in cash and cash equivalents		-6,568	8,023
Cash and cash equivalents at January 1		40,676	32,653
Cash and cash equivalents at December 31	1	34,108	40,676

The notes on pages 107 to 130 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Scope of operations

Bossard Holding AG, Zug, Switzerland, a limited company subject to Swiss law, is the parent company of all entities within the Bossard Group (hereinafter Bossard or Group). Bossard is a leading distributor of fasteners of every kind and a provider of related engineering and logistics services. The Group operates in three geographic regions, Europe, America and Asia, and is one of the market leaders in its sector of industry.

Accounting principles of the consolidated financial statements

The consolidated financial statements of the Group are based on the financial statements of the individual Group companies at December 31, 2021, prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with full Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the SIX Swiss Exchange.

The consolidated financial statements were approved by the board of directors on February 25, 2022 and will be recommended for approval at the annual general meeting of shareholders.

The main principles of consolidation and valuation are detailed at the end of the notes to the consolidated financial statements.

1. Cash and cash equivalents

in CHF 1,000	2021	Interest rates in %	2020	Interest rates in %
Cash on hand and at banks	34,093	0.0–2.0	39,978	0.0–1.5
Short-term bank deposits	15	4.9–6.4	698	5.5–6.8
Total	34,108		40,676	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 106).

2. Accounts receivable, trade

in CHF 1,000	2021	2020
Accounts receivable, trade gross	175,579	147,025
According to due date		
not due	162,777	137,254
30 days overdue	7,635	5,274
60 days overdue	1,569	1,361
90 days overdue	3,598	3,136
Notes receivable	3,316	2,071
Allowance for bad debts	-4,371	-4,016
Total	174,524	145,080

3. Inventories

in CHF 1,000	2021	2020
Goods for trading/components	383,134	296,787
Value adjustments	-44,838	-45,015
Total	338,296	251,772
Value adjustments in % of inventory value	11.7	15.2

4. Property, plant and equipment

in CHF 1,000	Facilities under construction	Land and buildings	Machinery and equipment	Others	Total
Cost					
Balance at Jan. 1, 2021	18,889	129,546	124,476	9,150	282,061
Additions	5,924	5,497	11,607	1,237	24,265
Changes in the scope of consolidation	-	5,900	1,346	382	7,628
Disposals	-	-2,103	-10,491	-1,343	-13,937
Reclass	-18,972	16,610	2,362	-	-
Translation differences	276	-791	-503	-153	-1,171
Balance at Dec. 31, 2021	6,117	154,659	128,797	9,273	298,846
Accumulated depreciation					
Balance at Jan. 1, 2021	0	58,454	88,058	6,379	152,891
Depreciation	-	4,399	11,052	1,395	16,846
Impairments	-	244	-	-	244
Disposals	-	-1,462	-9,254	-1,146	-11,862
Translation differences	-	-106	-206	-90	-402
Balance at Dec. 31, 2021	0	61,529	89,650	6,538	157,717
Net book value	6,117	93,130	39,147	2,735	141,129

in CHF 1,000	Facilities under construction	Land and buildings	Machinery and equipment	Others	Total
Cost					
Balance at Jan. 1, 2020	9,325	131,112	123,443	9,723	273,603
Additions	9,700	773	8,239	542	19,254
Changes in the scope of consolidation	-	-	-	-	-
Disposals	-	-538	-4,383	-919	-5,840
Reclass	-	-	-	-	-
Translation differences	-136	-1,801	-2,823	-196	-4,956
Balance at Dec. 31, 2020	18,889	129,546	124,476	9,150	282,061
Accumulated depreciation					
Balance at Jan. 1, 2020	0	55,680	83,417	5,344	144,441
Depreciation	-	3,712	10,186	1,733	15,631
Impairments	-	-	-	-	-
Disposals	-	-367	-3,856	-588	-4,811
Translation differences	-	-571	-1,689	-110	-2,370
Balance at Dec. 31, 2020	0	58,454	88,058	6,379	152,891
Net book value	18,889	71,092	36,418	2,771	129,170

5. Intangible assets

in CHF 1,000	Software in development	Software	Others	Total
Cost				
Balance at Jan. 1, 2021	2,036	58,345	220	60,601
Additions	9,018	2,006	-	11,024
Changes in the scope of consolidation	-	1,965	-	1,965
Disposals	-	-871	-	-871
Reclass	-781	781	-	-
Translation differences	-2	-307	-	-309
Balance at Dec. 31, 2021	10,271	61,919	220	72,410
Accumulated amortization				
Balance at Jan. 1, 2021	0	28,323	19	28,342
Amortization	-	5,444	44	5,488
Disposals	-	-803	-	-803
Translation differences	-	-230	-	-230
Balance at Dec. 31, 2021	0	32,734	63	32,797
Net book value	10,271	29,185	157	39,613

In 2021, CHF 1.1 million self-generated intangible assets were capitalized (2020: CHF 0.1 million).

in CHF 1,000	Software in development	Software	Others	Total
Cost				
Balance at Jan. 1, 2020	24,643	32,102	427	57,172
Additions	2,076	2,377	220	4,673
Changes in the scope of consolidation	-	-	-	-
Disposals	-	-746	-427	-1,173
Reclass	-24,683	24,683	-	-
Translation differences	-	-71	-	-71
Balance at Dec. 31, 2020	2,036	58,345	220	60,601
Accumulated amortization				
Balance at Jan. 1, 2020	0	25,316	399	25,715
Amortization	-	3,799	47	3,846
Disposals	-	-734	-427	-1,161
Translation differences	-	-58	-	-58
Balance at Dec. 31, 2020	0	28,323	19	28,342
Net book value	2,036	30,022	201	32,259

6. Financial assets

in CHF 1,000	2021	Interest rates in %	2020	Interest rates in %
Loans and deposits to third parties	5,966	0.0–5.0	3,074	0.0–5.0
Investments in associated companies	1,670		2,295	
Other financial assets	35		35	
Total	7,671		5,404	

7. Income taxes

The tax expenses are made up as follows:

in CHF 1,000	2021	2020
Current taxes	21,740	13,669
Deferred taxes	1,601	816
Total	23,341	14,485

The effective tax rate on the Group's profit differs from the average basic tax rate of the various countries in which Bossard operates as follows:

in CHF 1,000	2021	2020
Income before taxes	121,358	82,236
Weighted average tax rate in %	19.3	19.7
Tax expense at weighted average tax rate	23,410	16,240
Non tax deductible expenses	856	449
Non-taxable income	-248	-1,389
Expenses taxed at special rate	67	20
Unrecognized current year tax losses	155	217
Utilization unrecognized prior year tax losses	-502	-261
Change in applicable tax rate	202	191
Others	-599	-982
Tax expense at effective tax rate	23,341	14,485
Effective tax rate in %	19.2	17.6

The Group's average tax rate is the weighted average based on the various individual results and the local tax rates.

The deferred taxes consist of the following:

in CHF 1,000	Assets 2021	Liabilities 2021	Assets 2020	Liabilities 2020
Accounts receivable	468	245	439	260
Inventories	7,343	2,909	6,358	2,726
Property, plant and equipment	337	2,377	332	1,668
Intangible assets	8,446	1,303	10,211	1,012
Liabilities	4,312	3,853	3,899	3,368
Total deferred taxes	20,906	10,687	21,239	9,034
Net	10,219		12,205	

The gross values of unused tax losses carried forward which have not been capitalized expire as follows:

Expiry of unused tax losses carried forward in CHF 1,000	Within 5 years	After 5 years	Total
2021	39	11,587	11,626
2020	206	12,568	12,774

This results in not capitalized deferred tax assets for unused tax losses carried forward of CHF 2.2 million (2020: CHF 2.5 million).

8. Provisions

in CHF 1,000	Pension and other termination benefits	Management participation plan	Others	Total
Balance at Jan. 1, 2021	4,770	446	4,942	10,158
Additions	708	595	852	2,155
Changes in the scope of consolidation	-	-	177	177
Usage	-81	-268	-1,619	-1,968
Reversals	-151	-	-1,980	-2,131
Translation differences	-230	9	7	-214
Balance at Dec. 31, 2021	5,016	782	2,379	8,177
Thereof short-term	11	-	778	789

Pension and other termination benefits include liabilities for pension and granted legal benefits based on affiliation to the Group.

The provision management participation plan pertains to a long-term orientated program which is offered by the Group to specified middle and top management personnel. The manager annually receives a defined sum which is converted into restricted stock units of Bossard Holding AG registered A shares. This additional compensation is locked up for three to five years.

Other provisions include CHF 1.2 million (2020: CHF 1.4 million) for assumed obligations for renovations related to the acquisition of KVT-Fastening.

in CHF 1,000	Pension and other termination benefits	Management participation plan	Others	Total
Balance at Jan. 1, 2020	4,666	456	4,929	10,051
Additions	287	267	1,699	2,253
Changes in the scope of consolidation	-	-	-	-
Usage	-123	-255	-1,493	-1,871
Reversals	-14	-	-88	-102
Translation differences	-46	-22	-105	-173
Balance at Dec. 31, 2020	4,770	446	4,942	10,158
Thereof short-term	2	-	3,351	3,353

9. Short-term debts

in CHF 1,000	2021	Interest rates in %	2020	Interest rates in %
Bank overdrafts	4,895	0.6-4.5	2,859	0.6-5.0
Bank loans	50,140	0.7-5.1	35,660	0.7-6.4
Personnel savings accounts	24,869	0.8	22,858	0.8-1.0
Others ¹⁾	6,650	0.6-0.8	6,275	0.6-2.0
Total	86,554		67,652	

1) For details, please refer to note 24

The personnel savings accounts correspond to savings of employees. The effective weighted average interest rate on all borrowings was 1.1 percent (2020: 1.1 percent).

10. Long-term debts

in CHF 1,000	2021	Interest rates in %	2020	Interest rates in %
Bank loans	141,404	0.5–1.2	112,747	0.5–1.2
Others ¹⁾	23,372	0.5–12.0	15,932	0.5–12.0
Total	164,776		128,679	

1) For details, please refer to note 24

11. Share capital

Details of share capital 2021/2020	Par value in CHF	Number of shares	Total in CHF 1,000
Registered A shares	5	6,650,000	33,250
Registered B shares	1	6,750,000	6,750
Total			40,000

300,904 registered A shares of CHF 5 par value are held by Bossard Holding AG and have neither voting rights nor dividend entitlement.

The consolidated reserves include non-distributable legal reserves of CHF 16 million (2020: CHF 16 million).

Treasury shares

The treasury shares can be used especially for management participation plans, acquisitions or other purposes in the interest of the Group.

	2021		2020	
	Number	in CHF	Number	in CHF
Balance at Jan. 1	308,691	3,170,816	304,640	2,571,271
Additions	93,408	24,382,760	104,950	14,857,586
Use of treasury stock	-	1,901,090	-	-
Disposals	-101,195	-25,212,830	-100,899	-14,258,041
Balance at Dec. 31	300,904	4,241,836	308,691	3,170,816

Average transaction price in CHF	2021	2020
Additions	261.04	141.57
Disposals management participation plans	284.34	153.67
Other disposals	260.78	145.30

The disposals contain 7,361 shares (2020: 7,535) for the restricted stock unit plan (RSU).

9,037 registered A shares (2020: 10,529) are reserved for the management participation plan (RSU).

Dividend

At the upcoming annual general meeting of shareholders on April 11, 2022, the board of directors of Bossard Holding AG will propose a dividend for the financial year 2021 of CHF 5.10 (2020: CHF 4.40) per registered A share and CHF 1.02 (2020: CHF 0.88) per registered B share.

12. Segment information

The Group and all its regional companies are operating internationally in the field of industrial fastening technology. There are no separate segments as per Swiss GAAP FER 31. All the regional companies are managed based on a uniform business strategy. The core of Bossard's strategy is a uniform business model with the same customer and product focus in the world's major industrial regions. Bossard supplies industrial companies at their worldwide production sites with fastening technology products and related services based on uniform quality standards using uniform operational systems and processes. The board of directors and executive committee manage the Group on the basis of the financial statements of the individual regional companies and the Group's consolidated financial statement. Based on the number of regional companies, the CEO delegates the monitoring of the goals and their implementation in daily operations to the remaining members of the executive committee, each of whom is responsible for a different number of companies in the various regions.

13. Sales by regions

in CHF million	Europe		America		Asia		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Sales	575.5	467.8	226.9	201.7	194.9	146.1	997.3	815.6
Sales deductions	-1.5	-1.6	-0.7	-0.5	-0.0	-0.7	-2.2	-2.8
Net sales	574.0	466.2	226.2	201.2	194.9	145.4	995.1	812.8

14. Personnel expenses

in CHF 1,000	2021	2020
Salaries and variable compensation	158,320	130,441
Social security expenses	23,797	21,422
Pension expenses	11,300	9,330
Other personnel expenses	6,315	4,535
Total	199,732	165,728

The expense recognized for share-based compensation in the result for the period is CHF 1.7 million (2020: CHF 1.4 million).

In 2021, the personnel expenses contain reductions due to governmental support in one country in the amount of CHF 1.3 million (2020: CHF 6.9 million).

15. Awarded restricted stock units

Number of RSUs	2021	2020
Balance at Jan. 1: Number of RSUs outstanding	33,263	35,094
Deliveries	-8,986	-9,309
Allocations	4,377	8,320
Other changes	-720	-842
Balance at Dec. 31: Number of RSUs outstanding	27,934	33,263

16. Other operating expenses

in CHF 1,000	2021	2020
Occupancy costs	17,017	15,896
Capital taxes, insurance and charges	4,102	3,408
Other operating expenses	14,571	10,388
Total	35,690	29,692

17. Financial result

in CHF 1,000	2021	2020
Financial income		
Income from interests and securities	246	190
Income from non-consolidated investments	144	129
Exchange gains	5,141	4,426
Total	5,531	4,745
Financial expenses		
Interest expenses	3,605	3,624
Exchange losses	3,274	4,991
Total	6,879	8,615
Total financial result	1,348	3,870

18. Earnings per share

	2021	2020
Net income in CHF 1,000	96,374	67,055
Average number of shares entitled to dividend ¹⁾	7,693,138	7,680,874
Earnings per registered A share in CHF	12.53	8.73
Earnings per registered B share in CHF	2.51	1.75

1) Registered B shares adjusted to the nominal value of the registered A shares

Earnings per share are calculated by dividing the net income attributable to Shareholders of Bossard Holding AG by the weighted average number of shares entitled to dividend during the year. There is no dilution effect as there are no options or convertible bonds outstanding.

19. Acquisitions and disposals of subsidiaries and businesses

Acquisitions 2021

The following table shows the acquired assets and liabilities at their market value at the acquisition date and the resulting goodwill.

in CHF 1,000	Market value at acquisition date
Cash and cash equivalents	1,001
Accounts receivable, trade	5,687
Inventories	8,337
Other current assets	1,479
Non-current assets	9,824
Accounts payable, trade	-1,340
Other current liabilities	-2,220
Non-current liabilities	-605
Net assets acquired	22,163
Goodwill	37,978
Total	60,141
Less acquired cash and cash equivalents	-1,001
Cash flow from acquisitions	59,140

In 2021, the following companies were acquired:

- Normscrews Beheer B.V., Netherlands (October 2021)
- Jeveka B.V., Netherlands (October 2021)

In March and August 2021, purchase price adjustments were made for transactions from 2019 in China and Germany. These adjustments resulted in a cumulative reduction of goodwill by CHF 0.3 million.

Disposals 2021

In October 2021, business and asset components from KVT-Fastening, Branch of Bossard AG, Switzerland, were sold cash neutral as part of an asset deal.

Other changes in the scope of consolidation 2021

In 2021, the scope of consolidation changed as follows:

- Effilio AG, Switzerland (merger with Bossard Finance AG, Switzerland)

Acquisitions 2020

In January 2020, the investment in Bossard Norway AS, Norway, was increased from 60.0 percent to 100 percent. This investment led to a cash outflow of CHF 11.6 million and a goodwill of CHF 10.9 million.

In April 2020, a purchase price adjustment was made for a previous year asset deal in China. The reversals of a provision and of a deferred tax asset resulted in a reduction of goodwill of CHF 0.2 million.

Acquisitions of associated companies 2020

In November 2020, a share of 39.9 percent of MultiMaterial-Welding AG, Switzerland, was acquired. This investment led to a cash outflow of CHF 8.0 million and a goodwill of CHF 5.9 million.

Disposals 2020

No subsidiaries or associated companies were disposed.

Other changes in the scope of consolidation 2020

In 2020, the scope of consolidation changed as follows:

- KVT-Fastening Beteiligungs GmbH, Germany (merger with Bossard-KVT Beteiligungs GmbH, Germany)
- Arnold Management Delaware, LLC, USA (liquidation)

20. Derivative financial instruments

As of December 31, 2021, there were no open foreign exchange contracts or other derivative financial instruments (2020: none).

21. Goodwill

The theoretical capitalization and amortization of goodwill would affect the consolidated financial statements as follows:

Theoretical movements in goodwill and effect on balance sheet

in CHF 1,000	2021	2020
Equity incl. non-controlling interest	349,548	322,340
Equity ratio in %	45.2	50.3
Cost		
Balance at Jan. 1	350,536	333,937
Additions	37,978	16,599
Disposals	-3,201	-
Balance at Dec. 31	385,313	350,536
Accumulated amortization		
Balance at Jan. 1	301,177	285,589
Amortization	17,486	15,588
Disposals	-2,885	-
Balance at Dec. 31	315,778	301,177
Theoretical net book value goodwill at Dec. 31	69,535	49,359
Theoretical equity incl. non-controlling interest and net book value goodwill		
	419,083	371,699
Theoretical equity ratio in %	49.8	53.8

Effect on income statement

in CHF 1,000	2021	2020
EBIT without theoretical goodwill amortization	123,326	86,386
Theoretical goodwill amortization	-17,486	-15,588
EBIT incl. theoretical goodwill amortization	105,840	70,798

Goodwill from acquisitions is converted into Swiss francs using the closing rate and offset against equity at the acquisition date. As a result, no exchange differences arise in the movement schedule. The theoretical, straight-line amortization period usually is five years.

22. Pension benefit obligations

The Group has various pension plans to which most of its employees contribute. With the exception of companies in Switzerland, the pension institution is responsible for providing coverage for retirement, survivors' and disability benefits. The pension plan institution for the Swiss companies is an independent pension plan in accordance with the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG). The pension plan institution uses the fundamentals BVG 2020 / generation table (2020: BVG 2015 / periodic table 2016). The actuarial interest rate is 1.50 percent (2020: 1.50 percent). In accordance with Swiss GAAP FER 26, the last available financial statements of the pension plan institution, which has a balance sheet date not older than 12 months, serve as a basis for calculation.

Economic benefit/economic obligation and pension plan expenses:

in CHF 1,000	Surplus/Deficit according to pension plans	Economic share of the company		Change or capitalized in financial year	Contributions accrued	Pension plan expenses in personnel expenses	
	31.12.2021	31.12.2021	31.12.2020	2021	2021	2021	2020
Patronage funds/pension institutions	3,376	-	-	-	594	594	275
Pension institutions without surplus/deficit	-	-	-	-	-	-	5,276
Pension institutions with surplus	606	-	-	-	5,682	5,682	-
Pension institutions with deficit	-	-	-	-	-	-	-
Pension institutions abroad	-	-	-	-	5,024	5,024	3,779
Total	3,982	-	-	-	11,300	11,300	9,330

The surplus in the patronage fund corresponds to the non-committed funds. The patronage fund may, at its own discretion, make contributions to the pension plan institution.

Financing is through employer and employee contributions. The contributions are calculated as a percentage of the insured compensation.

There were no employer contribution reserves as of December 31, 2021 (2020: none).

23. Participations by the board of directors and the executive committee

At December 31, the individual members of the board of directors and of the executive committee (including persons closely associated with them) held the following registered A shares of Bossard Holding AG:

		2021	2020
Board of directors			
Dr. Thomas Schmuckli	Chair, Chair NC ¹⁾ , ARCC ²⁾	8,523	9,829
Patricia Heidtman	Vice Chair, NC, CC ³⁾	650	500
Dr. René Cotting	Chair ARCC	2,400	2,250
David Dean	Representative of registered A shares, Chair CC	1,150	1,456
Petra Maria Ehmann ⁴⁾	NC, ARCC	-	-
Marcel Keller ⁴⁾	CC	-	-
Martin Kühn	ARCC	1,312	1,162
Prof. Dr. Stefan Michel	NC, CC	1,054	904
Total		15,089	16,101

- 1) Nomination committee
- 2) Audit, risk & compliance committee
- 3) Compensation committee
- 4) Election to the board of directors in April 2021

Executive committee

Dr. Daniel Bossard	CEO	5,363	7,062
Stephan Zehnder	CFO	10,349	14,048
Beat Grob	CEO Central Europe	12,701	37,400
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	2,301	3,419
David Jones ¹⁾	CEO America	-	-
Robert Ang	CEO Asia	12,793	13,492
Rolf Ritter ²⁾	CSO	-	-
Total		43,507	75,421

- 1) Takeover as CEO America in February 2021
- 2) Appointment as CSO as of May 1, 2021

At December 31, the individual members of the executive committee held the following numbers of awarded restricted stock units (RSUs):

		2021 ³⁾	2020
Dr. Daniel Bossard	CEO	1,243	1,544
Stephan Zehnder	CFO	765	1,066
Beat Grob	CEO Central Europe	765	1,066
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	765	1,066
David Jones ¹⁾	CEO America	-	-
Robert Ang	CEO Asia	765	1,066
Rolf Ritter ²⁾	CSO	94	94
Total		4,397	5,902

- 1) Takeover as CEO America in February 2021
- 2) Appointment as CSO as of May 1, 2021
- 3) RSU which will be granted in the second quarter of 2022 for the financial year 2021 are not included in the balance.

24. Related party transactions

Kolin Holding AG, Zug, Switzerland, and Bossard Unternehmensstiftung, Zug, Switzerland, form a group of shareholders as defined in article 120seq. of Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). They hold 56.3 percent (2020: 56.3 percent) of total voting rights or 27.8 percent (2020: 27.9 percent) of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families.

The following related party transactions were undertaken:

Balance sheet positions as per year end in CHF 1,000	2021	Interest rates in %	2020	Interest rates in %
Deposits in the personnel savings accounts	9,322	0.8	7,894	0.8–1.0
Short-term loans from related parties	6,650	0.6–0.8	6,275	0.6–0.8
Long-term loans from related parties	22,000	0.5	14,500	0.5

In 2021, transactions took place during the year with Bossard Unternehmensstiftung, Zug, Bossard Personalstiftung, Zug, and Bossard Finanzierungsstiftung, Zug, with an interest expense of CHF 134,453.

In 2020, transactions took place during the year with Bossard Unternehmensstiftung, Zug, Bossard Personalstiftung, Zug, and Bossard Finanzierungsstiftung, Zug, with an interest expense of CHF 115,448.

25. Lease and rental obligations

At December 31, future operating lease payments not recorded in the balance sheet amounted to:

Operating lease commitments in CHF 1,000	Due within 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due after 4 years	Total
2021	1,105	688	289	68	5	2,155
2020	1,186	738	454	70	4	2,452

At December 31, future rental liabilities for office and warehouse premises amounted to:

Long-term rental liabilities in CHF 1,000	Due within 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due after 4 years	Total
2021	8,019	6,686	5,279	4,104	12,944	37,032
2020	7,996	5,946	5,402	4,320	16,320	39,984

26. Assets pledged or otherwise restricted

in CHF 1,000	2021	2020
Property, plant and equipment	4,404	9,952
Total	4,404	9,952

The pledged or restricted assets are used as collateral for outstanding bank and mortgage loans, which are not encumbered with any special conditions. After the repayment of the credits, the assets are again freely available.

27. Contingent Liabilities

As of December 31, 2021 there were no contingent liabilities (2020: none).

28. Events occurring after balance sheet date

Between December 31, 2021 and the approval of the consolidated financial statements by the board of directors, no major events occurred which would require additional disclosures or changes in the consolidated financial statements 2021.

29. List of group companies

Companies and branches		Registered office	Currency	Capital in 1,000	Shareholding
Holding and finance companies					
Switzerland	Bossard Holding AG	Zug	CHF	40,000	100
	Bossard Finance AG	Zug	CHF	100	100
England	bigHead Fasteners Ltd	Verwood	GBP	1,847	42
Germany	Bossard-KVT Beteiligungs GmbH	Illerrieden	EUR	25	100
	Boysen Verwaltungs GmbH	Munich	EUR	25	100
Netherlands	Normscrews Beheer B.V.	Almere	EUR	18	100
USA	Bossard U.S. Holdings, Inc.	Phoenix, AZ	USD	40,000	100
Europe					
Switzerland	Bossard AG	Zug	CHF	12,000	100
	3d-prototyp GmbH	Dietikon	CHF	20	100
	Interfast AG	Zug	CHF	50	100
	KVT-Fastening, Zweigniederlassung der Bossard AG	Dietikon	CHF	-	100
Austria	Bossard Austria Ges.m.b.H.	Schwechat	EUR	1,017	100
	KVT-Fastening GmbH	Linz	EUR	509	100
Czech Rep.	Bossard CZ s.r.o.	Brno	CZK	1,000	100
	KVT-Fastening s.r.o.	Brno	CZK	200	100
Denmark	Bossard Denmark A/S	Hvidovre	DKK	9,000	100
England	bigHead Bonding Fasteners Ltd	Verwood	GBP	1.8	42
France	Bossard France SAS	Souffelweyersheim	EUR	17,600	100
Germany	Bossard Deutschland GmbH	Illerrieden	EUR	25	100
	Boysen GmbH	Munich	EUR	1,050	100
	BRUMA Schraub- und Drehtechnik GmbH	Velbert	EUR	110	100
	KVT-Fastening GmbH	Illerrieden	EUR	100	100
Hungary	KVT-Fastening Kft.	Budapest	HUF	3,000	100
Ireland	Arnold Industries Cork DAC	Cork	EUR	0.2	95
Italy	Bossard Italia S.r.l.	Legnano	EUR	100	100
Netherlands	Jeveka B.V.	Almere	EUR	46	100
Norway	Bossard Norway AS	Oslo	NOK	200	100
Poland	Bossard Poland Sp. z o.o.	Radom	PLN	1,300	100
	KVT-Fastening Sp. z o.o.	Radom	PLN	100	100

Companies and branches		Registered office	Currency	Capital in 1,000	Shareholding
Romania	KVT-Fastening S.R.L.	Bucharest	RON	0.2	100
Serbia	KVT-Fastening d.o.o. Beograd	Belgrade	RSD	1,000	100
Slovakia	KVT-Fastening spol. s.r.o.	Bratislava	EUR	5	100
Slovenia	KVT-Fastening d.o.o.	Ljubljana	EUR	8.3	100
South Africa	Bossard South Africa (Pty) Ltd	Kempton Park	ZAR	-	100
Spain	Bossard Spain SA	Sant Cugat del Vallès	EUR	745	100
Sweden	Bossard Sweden AB	Malmö	SEK	400	100
America					
Canada	Bossard Canada, Inc.	Montreal	CAD	-	100
Mexico	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100
	Aero-Space Southwest Mexico, S. de R.L. de C.V.	Guadalajara	MXN	10	100
USA	Bossard, Inc.	Cedar Falls, IA	USD	2,255	100
	Bossard Aerospace, Inc.	Phoenix, AZ	USD	4.9	100
	Bossard, LLC	Canton, MA	USD	-	100
	Boysen Aerospace U.S., Inc.	Irving, TX	USD	25	100
Asia/Oceania					
Australia	Bossard Australia Pty. Ltd	Melbourne	AUD	500	100
China	Bossard Industrial Fasteners Int. Trading (Shanghai) Co. Ltd	Shanghai	RMB	25,676	100
	Bossard Fastening Solutions (Shanghai) Co. Ltd	Shanghai	RMB	76,829	100
	Bossard Fastening Solutions (Tianjin) Co. Ltd	Tianjin	RMB	68,102	100
India	LPS Bossard Pvt. Ltd	Rohtak	INR	48,000	51
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	8,500	100
Singapore	Bossard Pte. Ltd	Singapore	SGD	15,600	100
South Korea	Bossard (Korea) Ltd	Cheonan	KRW	3,500,000	100
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	-	100
Thailand	Bossard (Thailand) Ltd	Bangkok	THB	45,000	100
Associated companies					
Switzerland	Ecoparts AG	Hinwil	CHF	270	30
	MultiMaterial-Welding AG	Biel/Bienne	CHF	187	41
Austria	PDi Digital GmbH	Fernitz-Mellach	EUR	35	30

As per December 31, 2021

30. Principles of consolidation

The consolidated financial statements include the financial statements of Bossard Holding AG as well as the domestic and foreign Group companies over which Bossard Holding AG exercises control. Group companies acquired during the year are included in the consolidated financial statements from the date on which control is obtained by Bossard. Group companies are deconsolidated on the date Bossard ceases to have control. The uniform closing date for all Group companies included in the consolidated financial statements is December 31.

Capital consolidation is based on the purchase method. Intercompany receivables and liabilities as well as transactions and intercompany profits not yet realized through sales to third parties are eliminated.

Investments in subsidiaries

Subsidiaries are fully consolidated. These are companies over which Bossard Holding AG directly or indirectly exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when Bossard Holding AG directly or indirectly holds more than half of the voting rights of a company or is able to exercise control in another way. This does not apply if in exceptional circumstances it can be clearly demonstrated that such ownership does not constitute control. Under the full consolidation method, 100 percent of assets, liabilities, income and expenses are included. The interests of minority shareholders in equity and net income or loss are shown separately in the balance sheet and income statement.

In accordance with Swiss GAAP FER 30 "Consolidated financial statements," goodwill from acquisitions is converted into Swiss francs using the closing rate and is offset against equity at the date of acquisition. Goodwill represents the excess of the consideration transferred over the proportionate share of the revalued net assets of an acquired company at the date of acquisition.

Transactions with non-controlling interest which do not result in a change of the consolidation method are recognized directly in equity. The difference between the consideration transferred and the corresponding non-controlling interest is recognized as goodwill and is offset against the retained earnings in equity.

Associated companies

Associated companies are those in which Bossard Holding AG directly or indirectly holds an interest between 20 percent to 50 percent and exercises significant influence. Associated companies are accounted for using the equity method. Under the equity method, investments in associated companies are recognized at the proportionate share of equity at the date of acquisition. The difference to the consideration transferred is recognized as goodwill and is offset against the retained earnings in equity at the date of acquisition. Subsequently, the book value is adjusted to reflect the company's proportionate equity.

Non-controlling interest

Non-controlling interest of less than 20 percent and without any other form of control or significant influence is recognized at acquisition cost less any economically necessary impairment.

Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are prepared in their respective local currency. Transactions in foreign currencies are translated at the exchange rate on the day of the transaction. Exchange differences resulting from adjustments of foreign exchange balances at the balance sheet date are recognized as exchange gains or losses in the income statements of the Group companies and are included in the consolidated net income.

For the consolidated financial statements, the financial statements of the Group companies that report in a foreign currency are translated into Swiss francs as follows: balance sheet items at year-end exchange rates, equity at historical rates, and items of the income statement at the average exchange rate for the year. Any translation differences and exchange differences arising from intercompany loans with equity character are recognized in the Group's consolidated equity.

The following principal exchange rates were applied:

	31.12.2021 Year-end exchange rate	01.01.2021– 31.12.2021 Average exchange rate	31.12.2020 Year-end exchange rate	01.01.2020– 31.12.2020 Average exchange rate
1 EUR	1.04	1.08	1.08	1.07
1 USD	0.91	0.91	0.88	0.94
100 DKK	13.93	14.54	14.53	14.36
100 RMB	14.30	14.17	13.55	13.60
100 INR	1.23	1.24	1.21	1.27

31. Accounting and valuation principles

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, time deposits, and other short-term highly liquid investments with original maturities of up to three months. Cash and cash equivalents are recognized at nominal value.

Accounts receivable, trade

Accounts receivable are stated at the invoiced amount less allowances. The allowance for doubtful accounts is based on the maturity structure and identifiable credit risks.

Inventories

Goods for trading are recognized at average acquisition cost. Should the net realizable value be lower, a corresponding value adjustment is made. Acquisition cost include the product purchase price and delivery cost (freight, customs duties, etc.). Cash discounts are treated as reductions of the acquisition cost. Inventories that lack marketability or have low turnover, are written down to the estimated market value less cost to sell.

Property, plant and equipment

Land is stated at cost and generally not depreciated. Buildings, machinery and equipment, office machines and furniture as well as vehicles are stated at cost less economically necessary depreciation and impairment. Assets are depreciated on a straight-line basis over their estimated useful lives:

Buildings	30–40 years
Machinery and equipment	5–20 years
Office machines and furniture	3–10 years
Vehicles	4–10 years

Leasehold improvements are depreciated over the shorter of useful life or lease term. Repair and maintenance costs which do not increase the value or useful life of an asset are charged directly as an expense. Expenditures which increase the useful life of an asset are capitalized. Fixed assets no longer in use or sold are removed from the assets at acquisition cost minus the related accumulated depreciation. Any gains or losses arising from the disposal of fixed assets are recognized in the income statement

Leasing

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases, and payments are recognized as an expense on a straight-line basis over the lease term.

Intangible assets – Software

Costs arising from the development of computer software (purchased or self-generated) are capitalized, provided such costs are clearly associated with an identifiable and business-related computer program, can be reliably determined, and lead to measurable benefits over several years. Computer software is amortized on a straight-line basis over its estimated useful life, up to a maximum of 15 years.

Intangible assets – Others

This item includes rights. Rights are amortized on a straight-line basis over their estimated useful life, up to a maximum of ten years.

Financial assets

Financial assets comprise both non-consolidated investments and long-term loans. They are recognized at acquisition cost less economically necessary value adjustments. Fair value changes are recognized in the income statement in the period in which they arise.

Impairment

The recoverability of non-current assets is determined at the balance sheet date. Impairment losses are recognized in the income statement.

Derivative financial instruments

Financial instruments are recognized in the balance sheet at fair value. Assets from derivatives are recognized under financial assets and liabilities from derivatives are

recognized under current liabilities. Derivative financial instruments held for hedging purposes are valued at the same valuation principles as the underlying hedged item.

Liabilities

Liabilities are recognized at nominal value.

Provisions

A provision is recognized if the Group has a probable obligation that is based on a past event and its amount and/or its due date is uncertain but can be estimated.

Contingent liabilities

Contingent liabilities are valued at the balance sheet date. A provision is made if an outflow of funds without a simultaneously usable inflow of funds is both probable and estimable.

Financial debts

Financial debts are recognized at nominal value. They are classified as current liabilities unless the Group can defer the settlement of the liability for at least twelve months after the balance sheet date.

Treasury shares

Treasury shares are recognized at acquisition cost and presented as a deduction from equity. Any gains and losses arising from transactions with treasury shares are recognized in the capital reserves.

Share-based compensation

There is a share purchase plan for the board of directors and the executive committee, and they are required, or may elect, to draw part of their total compensation in shares. The shares are made available at market price. The market value is always determined in February and is based on the average closing price over the last ten trading days in February.

There is a restricted stock unit plan (RSU) in place for the members of the management. The eligible participants annually receive a defined sum which is converted into RSUs on Bossard Holding AG registered A shares. The conversion is performed at market value and is based on the average closing price over the last ten trading days in November. The stock options (RSUs) are subject to a vesting period of three to five years. After three years, yearly one-third of the allocated RSUs is passed on to the manager provided as long as she or he is employed at the time of the vesting. After the last contractual working day, all remaining stock options (RSUs) forfeit immediately.

There is an equivalent restricted stock unit plan (RSU) in place for the members of the executive committee. However, the condition for grant is linked to the implementation of the Group's strategic initiatives of the prior financial year. This evaluation takes place in the second quarter and thus represents the beginning of the vesting period. The conversion is carried out at market value and is based on the average share price over the last ten trading days in December.

The share-based compensation is valued at present value when granted and is recognized over the vesting period as personnel costs and as equity (instruments with equity compensation) or liability (instruments with cash compensation). If no cash settlement is planned, no subsequent valuation is made unless the terms of exercise and purchase are amended. The subsequent valuation is based on the closing price for the share of the last trading day of the financial year. No dilution effect results because no additional shares have been issued.

Pension benefit obligations

Bossard operates a number of pension plans in accordance with the legal requirements in the individual countries. Their assets are generally held in autonomous pension institutions or in statutory occupational pension plans. The pension plans are funded by employee and employer contributions. Pension plans are accounted for in accordance with Swiss GAAP FER 16.

Any actual economic impacts of pension plans on the Group are calculated at the balance sheet date. An economic benefit from a surplus is recognized as an asset provided this is admissible and the surplus can be used to decrease the Group's future contributions to its pension plans. An economic obligation is recognized if the criteria for recognizing a provision are met. Contributions by Group companies to pension plans are recognized in the income statement in the year in which they occur.

Net sales and revenue recognition

Revenue is recognized at fair value and represents the amount receivable for goods sold and services provided, net of sales-related taxes and revenue deductions. Revenue deductions include all positions that are directly related to the corresponding sales, such as discounts, losses on receivables and exchange rate differences. Revenue is recognized when the goods and services have been supplied or provided.

Income taxes

All taxes are accrued irrespective of when such taxes are due. Deferred income taxes are recognized according to the "liability method" for temporary differences arising between the tax base of assets and liabilities and their carrying values determined in accordance with Swiss GAAP FER.

Deferred tax assets on temporary differences are only capitalized if it is probable that they can be realized in the future through sufficient taxable profits. Deferred taxes are calculated using the expected applicable local tax rates. Bossard does not recognize deferred tax assets on tax losses carried forward. The value of such tax assets is recognized only when realized.

No deferred taxes are recognized for taxes on future distributions of profits of subsidiaries, provided that no distribution is intended in the foreseeable future and Bossard is able to control its timing.

Related parties

A party is related to the Group if it directly or indirectly controls, is controlled by, or is under common control with Bossard, has an interest in Bossard that gives it significant influence over the Group, has joint control over the Group (board of directors and executive committee) or is an associate or a joint venture of the Group. In addition, members of the key management personnel of Bossard as well as pension plans are also considered related parties.

Accounting estimates and assumptions

Preparing the financial statements in accordance with Swiss GAAP FER requires the board of directors and the executive committee to make estimates and assumptions which can have an impact on the recognized assets, liabilities, contingent liabilities and contingent assets at the time of preparation as well as income and expenses for the reporting period. These estimates are based on the board of directors' and the executive committee's best knowledge and belief of current and future activities of the Group. The actual results may deviate from these estimates.

32. Risk management

Risk management is used to analyze and evaluate all the processes for identifying and assessing the Group's risks. The results are summarized in a report to the board of directors and the executive committee.

Financial risk management

Within the scope of its international operations, Bossard is exposed to various financial risks arising from its business activities, but also from the Group's financial activities. The Group's main financial risks include foreign exchange and interest rate fluctuations as well as the credit worthiness and solvency of the Group's counter parties. The board of directors and the executive committee define the principles governing the Group's financial risk management with regard to exchange rate, interest rate, credit, liquidity and capital risks. The aim is, where necessary, to hedge against the financial risks listed previously and thus to minimize any negative impact on the consolidated result as well as on the Group's performance.

The Group may, where appropriate, hedge individual financial risks using financial instruments such as derivatives. However, these must be linked to the Group's operations. The Group has comprehensive insurance coverage to protect itself against other risks.

Foreign currency risk

Given its international operations, the Group is exposed to exchange rate fluctuations which have an impact on the Group's financial position and result of operations presented in Swiss francs. The Group continuously monitors its currency risks and, if necessary, hedges against them. The Group's currency risks are essentially limited to the Euro and the US dollar. Transactions in the individual Group companies are predominantly conducted in their respective local currencies. Consequently, the currency risks for ongoing operations can be considered as low. In some Group companies, however, foreign currency risks exist in connection with payments outside their local currency, mainly with regard to payments to suppliers. Where necessary, parts of these foreign currency risks are hedged through foreign exchange contracts. The net assets of foreign subsidiaries are exposed to exchange rate risk. Such risks are partly hedged by financing in the respective foreign currency and, where necessary, through foreign exchange contracts of up to a maximum of twelve months.

Interest rate risk

Changes in interest rates can negatively affect the Group's financial position and result of operations and thus lead to changes in interest income and expense. Financing and related interest rate conditions are handled centrally by the Group's corporate treasury. In certain market situations, the Group can employ interest hedge transactions to protect itself against interest rate fluctuations, or it can convert part of the financing requirements into loans with fixed interest rates.

Credit risk

Credit risks can arise if, in a transaction, the counter party is either not willing or not able to meet its payment obligations. The credit loss risk for accounts receivable is minimized through credit limits, credit worthiness checks, where possible, and by an efficient system for managing receivables. Given the Group's monthly reporting system, continual monitoring of overdue payments is ensured. Accounts receivable are recognized after deduction of allowances for bad debts. The danger of risk concentration is

limited due to the fact that the Group's customer base is composed of numerous customers with a wide geographical distribution. Short-term bank accounts and deposits are held at banks with high credit ratings.

Liquidity risk

One aspect of judicious risk management is ensuring that an appropriate amount of committed credit facilities as well as the possibility of refinancing are available. To ensure that the company is invariably solvent and financially flexible, a liquidity reserve has been established in the form of credit limits and cash on hand. Optimal liquidity control is achieved through cash pooling.

Capital risk

To minimize its capital risk, the Group ensures that the continuation of its operating activities is guaranteed and that an appropriate return can be generated for its shareholders. To achieve this, the Group may, if necessary, adjust dividend payments, pay back capital to shareholders, issue new shares or sell assets. The Group monitors its capital structure on the basis of its equity ratio. The equity ratio measures equity as a percentage of total assets.



Report of the statutory auditor

to the General Meeting of Bossard Holding AG

Zug

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bossard Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 103 to 130) give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 and its consolidated financial performance 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.

Our audit approach

Overview



Overall Group materiality: CHF 6,000,000

We concluded full scope audit work at ten Group companies in six countries. Our audit scope addressed 74% of the sales and 88% of the assets of the Group.

Additionally, we concluded reviews at a further four Group companies in two countries, which addressed an additional 3% of the sales and 1% of the assets of the Group.

As key audit matter the following area of focus has been identified:

Valuation of inventories

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 6,000,000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations

We agreed with the Audit, Risk & Compliance Committee that we would report to them misstatements above CHF 600,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined considering the work performed by the Group auditor and the component auditors in the PwC network. All significant subsidiaries of the Group were audited by PwC. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor included video call conferences with the component auditors, an investigation of the risk analysis and participating in the audit discussions of group companies subject to full scope audits, at which the local management, the local auditor and Group representatives took part.

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 judgement, 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.

Valuation of inventories

Key audit matter

Inventories amount to CHF 338.3 million (after deduction of a value adjustment of CHF 44.8 million) as of December 31, 2021 and are thus the largest asset category, representing around 44% of total assets.

Inventories are stated at the lower of acquisition cost and net realisable value (lower of cost or market principle).

We consider the valuation of inventories as a key audit matter due to the amount they represent on the balance sheet and the significant scope for judgement involved in determining the writedowns required on obsolescent or slowmoving products.

Please refer to page 108 (3 Inventories) and page 126 (31 Accounting and valuation principles) and in the annual report.

How our audit addressed the key audit matter

We performed the following audit procedures to assess the appropriateness of the valuation of the inventories:

- We gathered an understanding of the process of the valuation of inventories and tested selected internal controls in that process cycle.
- We checked on a sample basis the acquisition costs used for valuation purposes against the latest purchase prices. Additionally, by reference to sales prices achieved in the year, we checked on a sample basis compliance with the lower of cost or market principle.
- We noted that the method for determining writedowns of inventories was applied consistently.
- For obsolescent or slowmoving inventories, we discussed with Management the assumptions applied in calculating the required writedowns and assessed these assumptions. In doing so, we paid particular attention to changes in writedowns for each category of product or of writedowns compared with the prior year. We also considered the experience of significant unforeseen product writedowns or writeoffs in previous years.
- We tested on a sample basis the computational accuracy and completeness of the calculation of the writedowns.
- We discussed with Management and the Audit, Risk & Compliance Committee the results of our work and any movements in the writedowns.

On the basis of the audit procedures performed, we have addressed the risk of an incorrect valuation of the inventories. We have no findings to report.

Responsibilities 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and 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.

PricewaterhouseCoopers AG

Thomas Wallmer
Audit expert
Auditor in charge

Remo Waldispühl
Audit expert

Zurich, February 25, 2022

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BOSSARD HOLDING AG

Balance sheet

in CHF	Notes	31.12.2021	31.12.2020
Assets			
Current assets			
Cash and cash equivalents		1,801,600	2,063,438
Other receivables	1	1,637,867	1,067,734
Prepaid expenses		44,060	48,375
		3,483,527	3,179,547
Non-current assets			
Financial assets	2	36,342,668	40,609,304
Investments	3	118,023,215	118,023,215
		154,365,883	158,632,519
Total assets		157,849,410	161,812,066

in CHF	Notes	31.12.2021	31.12.2020
Liabilities and shareholders' equity			
Current liabilities			
Other current liabilities to third parties		84,114	27,338
Accrued expenses		437,192	1,054,092
		521,306	1,081,430
Total liabilities		521,306	1,081,430
Shareholders' equity			
Share capital		40,000,000	40,000,000
Legal reserve			
Reserves from capital contributions		15,701,654	13,819,386
Other legal reserves		2,049,686	2,049,686
Statutory retained earnings			
General statutory retained earnings		16,000,000	16,000,000
Other reserves		34,111,700	34,111,700
Retained earnings			
Profit brought forward		24,054,438	23,779,316
Profit for the current year		29,652,462	34,141,364
Treasury shares	4	-4,241,836	-3,170,816
Total shareholders' equity		157,328,104	160,730,636
Total liabilities and shareholders' equity		157,849,410	161,812,066

BOSSARD HOLDING AG

Income statement

in CHF	Notes	2021	2020
Income			
Dividend income		30,000,000	35,000,000
Other operating income		300,000	300,000
Expenses			
Personnel expenses	8	-1,577,649	-1,527,399
Other operating expenses		-531,604	- 555,884
Other financial income		1,687,948	898,912
Financial expenses		-69,784	-75,532
Income before taxes		29,808,911	34,040,097
Taxes		-156,449	101,267
Net income		29,652,462	34,141,364

BOSSARD HOLDING AG

Notes to the financial statements

Accounting principles applied in the preparation of the financial statements

General

The financial statements of Bossard Holding AG, Zug, were prepared in accordance with the Swiss Code of Obligations and under the financial reporting law (Title 32 of the Swiss Code of Obligations).

Financial assets

Financial assets include non-current loans. Loans in foreign currency are translated into Swiss francs at year-end rate. Unrealized translation losses are recognized in the income statement, whereas unrealized translation gains remain unrecognized (principle of imparity).

Investments

Investments are measured at cost at the time of recognition. Investments are valued individually if they are material and are not usually grouped together because of their similarity for the valuation.

Treasury shares

Treasury shares are measured at cost at the time of recognition and are disclosed as a negative item in the shareholders' equity. Gains and losses arising from disposal of treasury shares are recognized in the income statement as financial income or financial expenses.

Foreign currencies

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

	31.12.2021 Year-end exchange rate	31.12.2020 Year-end exchange rate
EUR	1.04	1.08

Information and explanations relating to items in the balance sheet and in the income statement

1. Other receivables

in CHF	2021	2020
To subsidiaries	1,637,867	1,067,734
Total	1,637,867	1,067,734

2. Financial assets

in CHF	2021	2020
To subsidiaries	36,342,668	40,609,304
Total	36,342,668	40,609,304

3. Investments

Name, legal form, registered office	2021		2020	
	Capital	Votes	Capital	Votes
Direct investments				
Bossard Finance AG, Zug	100 %	100 %	100 %	100 %
Indirect investments				
bigHead Fasteners Ltd, Verwood	42 %	42 %	42 %	42 %
Bossard-KVT Beteiligungs GmbH, Illerrieden	100 %	100 %	100 %	100 %
Boysen Verwaltungs GmbH, Munich	100 %	100 %	100 %	100 %
Normscrews Beheer B.V., Almere	100 %	100 %	-	-
Bossard U.S. Holdings, Inc., Phoenix	100 %	100 %	100 %	100 %
Bossard AG, Zug	100 %	100 %	100 %	100 %
3d-prototyp GmbH, Dietikon	100 %	100 %	49 %	49 %
Effilio AG, Zug (merger with Bossard Finance AG, Zug)	-	-	100 %	100 %
Interfast AG, Zug	100 %	100 %	100 %	100 %
KKV AG, Zug	35 %	35 %	35 %	35 %
Bossard Austria Ges.m.b.H., Schwechat	100 %	100 %	100 %	100 %
KVT-Fastening GmbH, Linz	100 %	100 %	100 %	100 %
Bossard CZ s.r.o., Brno	100 %	100 %	100 %	100 %
KVT-Fastening s.r.o., Brno	100 %	100 %	100 %	100 %
Bossard Denmark A/S, Hvidovre	100 %	100 %	100 %	100 %
bigHead Bonding Fasteners Ltd, Verwood	42 %	42 %	42 %	42 %
Bossard France SAS, Souffelweyersheim	100 %	100 %	100 %	100 %
Bossard Deutschland GmbH, Illerrieden	100 %	100 %	100 %	100 %
Boysen GmbH, Munich	100 %	100 %	100 %	100 %
BRUMA Schraub- und Drehtechnik GmbH, Velbert	100 %	100 %	100 %	100 %
KVT-Fastening GmbH, Illerrieden	100 %	100 %	100 %	100 %
KVT-Fastening Kft., Budapest	100 %	100 %	100 %	100 %
Arnold Industries Cork DAC, Cork	95 %	95 %	95 %	95 %
Bossard Italia S.r.l., Legnano	100 %	100 %	100 %	100 %
Jeveka B.V., Almere	100 %	100 %	-	-
Bossard Norway AS, Oslo	100 %	100 %	100 %	100 %

Name, legal form, registered office	2021		2020	
	Capital	Votes	Capital	Votes
Bossard Poland Sp. z o.o., Radom	100 %	100 %	100 %	100 %
KVT-Fastening Sp. z o.o., Radom	100 %	100 %	100 %	100 %
KVT-Fastening S.R.L., Bucharest	100 %	100 %	100 %	100 %
KVT-Fastening d.o.o. Beograd, Belgrade	100 %	100 %	100 %	100 %
KVT-Fastening spol. s.r.o., Bratislava	100 %	100 %	100 %	100 %
KVT-Fastening d.o.o., Ljubljana	100 %	100 %	100 %	100 %
Bossard South Africa (Pty) Ltd, Kempton Park	100 %	100 %	100 %	100 %
Bossard Spain SA, Sant Cugat del Vallès	100 %	100 %	100 %	100 %
Bossard Sweden AB, Malmö	100 %	100 %	100 %	100 %
Bossard Canada, Inc., Montreal	100 %	100 %	100 %	100 %
Bossard de México, S.A. de C.V., Monterrey	100 %	100 %	100 %	100 %
Aero-Space Southwest Mexico, S. de R.L. de C.V., Guadalajara	100 %	100 %	100 %	100 %
Bossard Aerospace, Inc., Phoenix	100 %	100 %	100 %	100 %
Bossard, Inc., Cedar Falls	100 %	100 %	100 %	100 %
Bossard, LLC, Canton	100 %	100 %	100 %	100 %
Boysen Aerospace U.S., Inc., Irving	100 %	100 %	100 %	100 %
Bossard Australia Pty. Ltd, Melbourne	100 %	100 %	100 %	100 %
Bossard Industrial Fasteners Int. Trading (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Bossard Fastening Solutions (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Bossard Fastening Solutions (Tianjin) Co. Ltd, Tianjin	100 %	100 %	100 %	100 %
LPS Bossard Pvt. Ltd, Rohtak	51 %	51 %	51 %	51 %
LPS Bossard Information System Pvt., Rohtak	51 %	51 %	51 %	51 %
Bossard (M) Sdn. Bhd., Penang	100 %	100 %	100 %	100 %
Bossard Pte. Ltd, Singapur	100 %	100 %	100 %	100 %
Bossard (Korea) Ltd, Cheonan	100 %	100 %	100 %	100 %
Bossard (Thailand) Ltd, Bangkok	100 %	100 %	100 %	100 %
Ecoparts AG, Hinwil	30 %	30 %	30 %	30 %
MultiMaterial-Welding AG, Biel/Bienne	41 %	41 %	40 %	40 %
PDi Digital GmbH, Fernitz-Mellach	30 %	30 %	30 %	30 %

4. Treasury shares, incl. shares held by subsidiaries

in CHF	2021		2020	
	Number	Value	Number	Value
Balance at January 1	308,691	3,170,816	304,640	2,571,271
Additions	93,408	24,382,760	104,950	14,857,586
Use of treasury stock	-	1,901,090	-	-
Disposals	-101,195	-25,212,830	-100,899	-14,258,041
Balance at December 31	300,904	4,241,836	308,691	3,170,816

Group companies do not hold any registered A shares. In 2021, 8,561 registered A shares were used for the share option programs, thereof 6,295 treasury stocks. In 2020, 10,521 registered A shares were used for the share option programs and acquisitions.

5. Collateral to third parties

in CHF	2021	2020
Guarantees	423,814,775	394,028,930
Thereof used	197,571,914	155,238,704

The Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.

6. Shares and options on shares held by management and related parties

The disclosure of shareholdings of the board of directors and the executive committee as per Swiss Code of Obligation article 959c, section 2, paragraph 11 and article 663c can be found in the notes to the consolidated financial statements (note 23 page 120).

7. Significant shareholders

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 120seq. of Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). They hold 56.3 percent (2020: 56.3 percent) of the voting rights. Kolin Holding AG is wholly owned by the Bossard families.

Other information required by law

8. Full-time equivalents/Personnel expenses

Bossard Holding AG has no employees. Personnel expenses include the compensation of the board of directors.

BOSSARD HOLDING AG

Appropriation of available earnings

Statement of changes in retained earnings

in CHF	2021	2020
Retained earnings at the beginning of the year	57,920,680	39,134,048
Net income	29,652,462	34,141,364
Appropriation of available profit determined by the annual general meeting of shareholders		
Dividends for 2020 and 2019 respectively	-33,866,242	-15,354,732
Retained earnings at the end of the year	53,706,900	57,920,680

Statement of changes in capital contribution reserve

in CHF	2021	2020
Capital contribution reserve at the beginning of the year	13,819,386	13,819,386
Deposits on the use of treasury shares	1,882,268	-
Capital contribution reserve at the end of the year ¹⁾	15,701,654	13,819,386

1) Subject to adjustments by the Swiss tax authorities

The board of directors proposes to the annual general meeting of shareholders the following appropriation of available retained earnings

in CHF	2021
Available retained earnings before distribution	53,706,900
Dividend of 102 percent on the share capital of max. CHF 38,945,480 eligible for dividends ²⁾	-39,265,390
To be carried forward	14,441,510

2) The figure is based on the issued share capital as of December 31, 2021 eligible for dividends. It may change due to movements on treasury shares after the balance sheet date.



Report of the statutory auditor to the General Meeting of Bossard Holding AG Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bossard Holding AG, which comprise the balance sheet as at December 31, 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 135 to 139) as at 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.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1,570,000
Benchmark applied	Shareholders' equity
Rationale for the materiality benchmark applied	We chose shareholders' equity as the benchmark because it is a relevant and generally accepted benchmark for materiality considerations relating to a holding company.

We agreed with the Audit, Risk & Compliance Committee that we would report to them misstatements above CHF 157,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and 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.

PricewaterhouseCoopers AG

Thomas Wallmer

Audit expert
Auditor in charge

Remo Waldispühl

Audit expert

Zurich, February 25, 2022

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INVESTOR INFORMATION

	2021	2020	2019	2018	2017
Share capital					
Registered A shares at CHF 5 par					
Capital stock in CHF 1,000	33,250	33,250	33,250	33,250	33,250
Number of shares issued	6,650,000	6,650,000	6,650,000	6,650,000	6,650,000
Number of shares entitled to dividend	6,349,096	6,341,309	6,345,360	6,272,567	6,264,709
Registered B shares at CHF 1 par					
Capital stock in CHF 1,000	6,750	6,750	6,750	6,750	6,750
Number of shares issued	6,750,000	6,750,000	6,750,000	6,750,000	6,750,000
Number of shares entitled to dividend	6,750,000	6,750,000	6,750,000	6,750,000	6,750,000
Registered A shares equivalents, entitled to dividend at Dec. 31	7,699,096	7,691,309	7,695,360	7,622,567	7,614,709
Market price					
Ticker symbol (BOSN)					
Volume traded (daily average)	13,466	20,805	19,036	17,113	14,887
Closing price at Dec. 31 in CHF	328.5	178.4	174.7	139.8	230.0
Registered A share high in CHF	362.0	179.4	180.8	252.0	242.3
Registered A share low in CHF	172.6	90.0	123.9	132.1	142.0
Dividend per share					
Registered A share in CHF	5.10 ¹⁾	4.40	2.00	4.50	4.20
Registered B share in CHF	1.02 ¹⁾	0.88	0.40	0.90	0.84
in % of share capital	102.0	88.0	40.0	90.0	84.0
Dividend yield in % (Basis: price at Dec. 31)	1.6	2.5	1.1	3.2	1.8
Earnings per share ^{2) 5)}					
Registered A share in CHF	12.53	8.73	9.73	10.95	10.33
Registered B share in CHF	2.51	1.75	1.95	2.19	2.07

	2021	2020	2019	2018	2017
Cash flow per share ^{2) 4)}					
Registered A share in CHF	15.68	11.36	12.30	13.32	12.52
Registered B share in CHF	3.14	2.27	2.46	2.66	2.5
Price/Earnings ratio (Basis: price at Dec. 31)	26.2	20.4	18.0	12.8	22.3
Net worth per share ³⁾					
Registered A share in CHF	45.4	41.9	39.6	40.6	34.7
Registered B share in CHF	9.1	8.4	7.9	8.1	6.9
Market capitalization (Basis: price at Dec. 31)					
in CHF million ³⁾	2,529.2	1,372.1	1,344.4	1,065.6	1,751.4
in % of shareholders' equity	723.6	425.7	441.5	344.1	663.5

- 1) Proposal to annual general meeting of shareholders
- 2) Basis: Average number of outstanding shares entitled to dividend
- 3) Basis: Number of outstanding shares entitled to dividend at year end
- 4) Net income + depreciation and amortization
- 5) Share attributable to shareholders of Bossard Holding AG

in CHF million	2021	2020	2019	2018	2017
Economic value added analysis					
Net sales	995.1	812.8	876.2	871.1	786.2
Earnings before interest and taxes (EBIT)	123.3	86.4	95.7	108.8	97.0
Effective tax rate in %	19.2	17.6	18.3	18.1	19.2
Net operating profit after tax (NOPAT)	99.6	71.2	78.2	89.2	78.4
Equity	349.5	322.3	304.5	309.7	264.0
Gross financial debt	251.3	196.4	220.4	162.8	144.6
Less cash and cash equivalents	34.1	40.7	32.7	32.6	20.6
Capital employed (year-end)	566.7	478.0	492.2	439.9	388.0
Average annual capital employed (A)	522.4	485.1	466.1	414.0	377.2
Return on average capital employed in % (ROCE)	19.1	14.7	16.8	21.5	20.8

in CHF million	2021	2020	2019	2018	2017
Cost of financial debt in %					
Average cost of financial debt	1.1	1.1	1.2	1.2	1.4
Less effective tax	19.2	17.6	18.3	18.1	19.2
Cost of financial debt after tax	0.9	0.9	1.0	1.0	1.1
Cost of equity in %					
Risk free rate					
(Basis: yearly average of yield					
Swiss government bond)	-0.2	-0.5	-0.5	0.0	-0.1
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	5.3	5.0	5.0	5.5	5.4
Equity ratio	45.2	50.3	46.7	51.3	48.9
Weighted average cost of capital in % (WACC)	2.9	3.0	2.9	3.3	3.2
Economic profit in % (ROCE - WACC) (B)	16.2	11.7	13.9	18.2	17.6
Economic profit in CHF million (A) * (B)	84.6	57.0	65.0	75.3	66.3

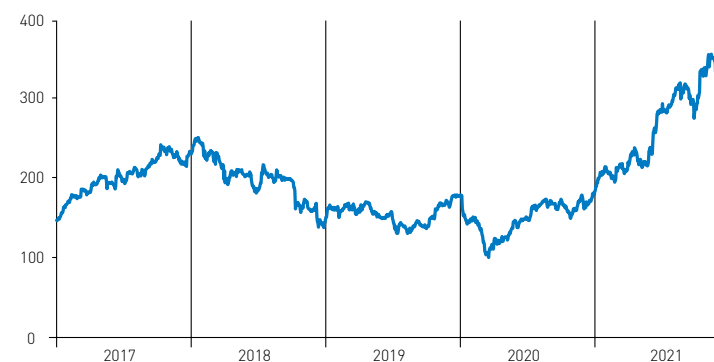
The articles of association do not include any provisions for opting-out or opting-up.

in CHF million	2021	2020	2019	2018	2017
Economic book value (EBV)					
Market value added (economic profit/WACC)	2,933.8	1,928.9	2,271.8	2,271.9	2,049.6
Capital employed	566.7	478.0	492.2	439.9	388.0
Implied enterprise value (EVA®)	3,500.5	2,406.9	2,764.0	2,711.8	2,437.6
Less gross financial debt	251.3	196.4	220.4	162.8	144.6
Plus cash and cash equivalents	34.1	40.7	32.7	32.6	20.6
Economic book value at Dec. 31	3,283.3	2,251.2	2,576.3	2,581.6	2,313.6
Market valuation and key ratios					
Share price at Dec. 31 in CHF	328.5	178.4	174.7	139.8	230.0
Market capitalization	2,529.2	1,372.1	1,344.4	1,065.6	1,751.4
Net financial debt	217.2	155.7	187.7	130.2	124.0
Enterprise value (EV)	2,746.4	1,527.8	1,532.1	1,195.8	1,875.4
EV in % of net sales	276.0	188.0	174.9	137.3	238.5
EV/EBITDA	18.9	14.4	13.5	9.6	16.7
EV/EBIT	22.4	17.7	16.0	11.0	19.3
EV/NOPAT	27.6	21.5	19.6	13.4	23.9
Price/book value per share	7.2	4.3	4.4	3.4	6.6
Return on equity in %	29.2	21.6	24.7	29.8	34.0

EBIT Earnings Before Interest and Taxes
 NOPAT Net Operating Profit After Taxes
 ROCE Return On Capital Employed
 WACC Weighted Average Cost of Capital
 EV Enterprise Value
 EVA Economic Value Added
 EBITDA Earnings Before Interest, Taxes, Depreciation and Amortization

Share price development 2017–2021

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Der deutsche Jahresbericht 2021 ist massgebend.

Meeting for financial analysts & media conference

March 2, 2022

Publication of Annual Report 2021

March 2, 2022

Annual general meeting

April 11, 2022

Publication of sales results, 1st quarter 2022

April 11, 2022

Publication of Semi-Annual Report 2022

July 21, 2022

Publication of sales results, 3rd quarter 2022

October 12, 2022

Publication of sales results 2022

January 12, 2023