

**BOSSARD**

Proven Productivity

PROVEN PRODUCTIVITY

**Together  
We Create.**

ANNUAL REPORT  
2020

PROVEN PRODUCTIVITY

**Bossard's global team is fully committed to Proven Productivity. Together we create sustainable values for our customers.**

#### Short profile

The Bossard Group is a leading global provider of product solutions and services in industrial fastening and assembly technology. More than 1 million items as well as proven expertise in technical consulting and inventory management distinguishes the Bossard Group.

Bossard was founded in Zug in 1831. Today local and multinational companies count on Bossard's expertise to increase their productivity – with success. Bossard calls this concept, which is also a promise to its customers, "Proven Productivity." This includes, among other things, optimizing processes and reducing inventories to increase the efficiency and productivity sustainably. In addition, Bossard

is considered a pioneer in developing intelligent production facilities in line with Industry 4.0.

With 2,500 employees at 83 locations in 31 countries throughout the world, the Bossard Group generated CHF 812.8 million in sales in the financial year 2020. Bossard is listed on the SIX Swiss Exchange.

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Online report



Annual report



Video stories

You can access the Online Report and the Annual Report in PDF format at [annualreport.bossard.com](https://annualreport.bossard.com)

## AT A GLANCE

# Gratifying results in a difficult market environment

A year full of challenges ended above expectations. The results achieved reflect Bossard Group's resilience in a volatile and adverse market environment, which is rooted in its broadly diversified customer base in different industry segments.

## Key figures

in CHF 1,000	2020	2019
Net sales	812,792	876,224
Change to prior year in %	-7.2	0.6
Gross profit	248,730	273,253
Personnel expenses	165,728	180,920
in % of net sales	20.4	20.6
EBITDA	105,863	113,612
in % of net sales	13.0	13.0
EBIT	86,386	95,705
in % of net sales	10.6	10.9
Net income	67,751	75,959
in % of net sales	8.3	8.7
Cash flow <sup>1)</sup>	87,228	93,866
in % of net sales	10.7	10.7
Capital expenditures	23,927	34,649
Operating net working capital <sup>2)</sup>	346,982	359,745
in % of net sales	42.7	41.1
Net debt	155,655	187,716
Shareholders' equity	322,340	304,524
in % of total assets	50.3	46.7
Total assets	641,308	652,729
Return on equity	21.6	24.7
Return on average capital employed (ROCE)	14.7	16.8
Dividend yield in % (Basis: share price at Dec. 31)	2.5	1.1
Earnings per share <sup>3) 4)</sup>		
Registered A share in CHF	8.73	9.73
Registered B share in CHF	1.75	1.95
Price/earnings ratio (Basis: share price at Dec. 31)	20.4	18.0
Price/book value per share	4.3	4.4
Annual weighted average number of employees <sup>5)</sup>	2,410	2,447
Net sales per employee <sup>6)</sup>	337.3	358.1

1) Net income + depreciation and amortization

2) Accounts receivable, inventories, less accounts payable

3) Basis: Average capital entitled to dividend

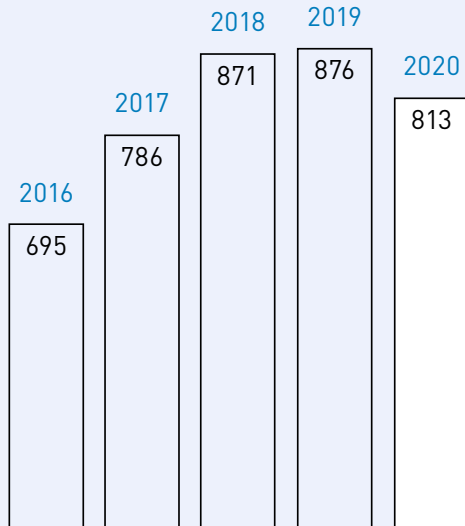
4) Basis: Share attributable to shareholders of Bossard Holding AG

5) Average full time equivalent

6) Basis: Annual weighted average number of employees

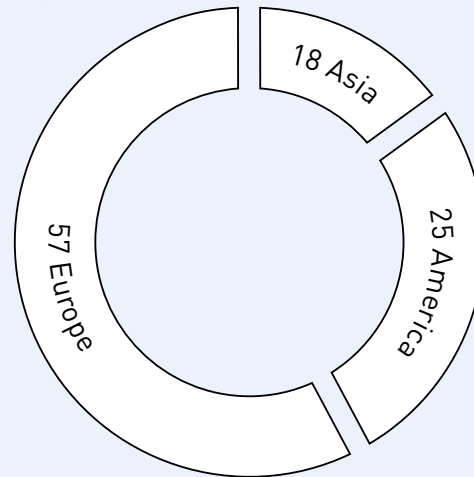
## Net Sales

in CHF million



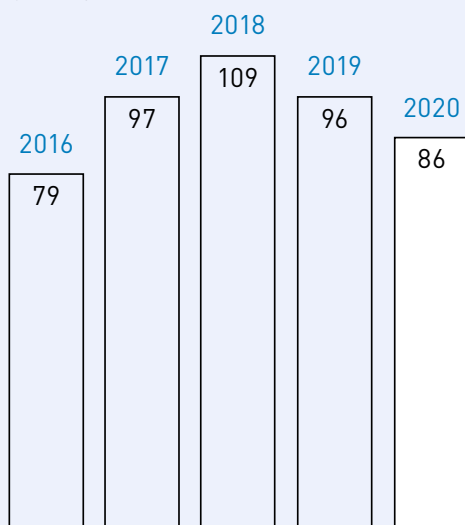
## Geographic Sales Distribution

in %



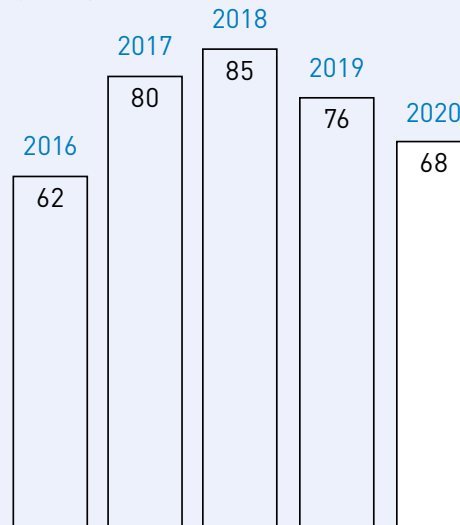
## EBIT

in CHF million



## Net Income

in CHF million



Cost pressure is forcing many industrial enterprises to focus on **leaner processes** and **cost structures**. Together with our customers, we analyze ways and opportunities to optimize costs and reduce lead times, thus boosting efficiency and productivity. Our **methods and technologies** support this effort and today are core elements of profitable growth for our

customers. With our **Assembly Technology Expert** services, we support our customers with engineering expertise from product design to production. In addition, our **Smart Factory Logistics** solutions offer our customers not only a smooth and reliable supply of B- and C-parts but also make their production ready for the future.

## REPORT TO THE SHAREHOLDERS

# Resilience and solid profitability in a tough environment

### Dear Shareholders,

We will remember the past financial year for a long time to come. The severe impact of the COVID-19 pandemic on our economic and social lives in 2020 was all-consuming.

Although demand in key sales markets plummeted periodically and the strong Swiss franc once again put a strain on the Bossard Group, we managed to maintain sales and profitability at a high level thanks to our remarkable resilience. The board of directors and the executive committee are pleased with the 2020 results: Sales totaled CHF 812.8 million (previous year: CHF 876.2 million). The EBIT was CHF 86.4 million (previous year: CHF 95.7 million), corresponding to an EBIT margin of 10.6 percent (prior year: 10.9 percent) – a good result in an extremely challenging year. This is equally true for net income, which reached CHF 67.8 million (previous year: CHF 76.0 million).

### Resilience thanks to broad diversification

The resilience of the Bossard Group in the midst of an unprecedented crisis is rooted in a variety of factors. First and foremost it based on the Group's broad diversification. The crisis unleashed by the pandemic severely affected entire market segments and therefore many of our customers. Our many years of dedication to the pursuit of new areas of growth and activity proved beneficial in the "Year of Corona," leading to strong momentum from the healthcare technology, semiconductor, railway, and electromobility sectors.

Likewise, our geographic diversification helped us to overcome the crisis in stages – starting in Asia, then in Europe and America, with the Chinese market approaching pre-crisis levels in June of 2020.

Bossard proved itself a reliable partner in every phase of this economic downturn. The dual purchasing strategy we have pursued for years to ensure alternative sources of procurement played a major role in our success. It allowed us to retain our ability to deliver in all world market regions even in the most turbulent months. Bossard made a significant contribution to ensuring that manufacturing processes could be maintained at customers' production sites.



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

The business model, which has been consistently developed in recent years, has passed its test impressively.

### Digitalization success

Our investments in the field of digitalization paid off. They allowed us to continue our business activities largely without interruption even under difficult conditions.

The Smart Factory Logistics business, which sets up and operates automated warehouse management systems, moved forward virtually without a hitch, in some areas even expanding. The related expertise was in even greater demand in the past year. In a world dogged by the pandemic, systems that support machine-to-machine communication ultimately help reduce contact between employees and even automate entire processes. Thanks to our digitalization efforts, we were able to further expand our technical seminars as well as our engineering projects.

We are proud that our digital expertise allowed us to optimize the use of our sales channels at every stage of the crisis to deliver products and offer services to our customers in a new way.



**Dr. Daniel Bossard**  
CEO

### **Respectable performance in the regions**

As you can imagine, dear Shareholders, the markets in the individual world regions and countries developed quite differently. In Europe, government restrictions massively limited our customers' freedom of action in a number of countries over many weeks. Our widely diversified customer base was a substantial benefit, particularly in this extremely turbulent economic environment. Overall, we achieved a respectable performance in Europe and especially in Switzerland in 2020.

We continue to invest in the future, as evidenced by our November acquisition of a 40 percent stake in the start-up company MultiMaterial-Welding AG. The company stands out for its innovative technologies that enable novel fastening solutions for lightweight and multi-material designs. These are of particular interest to companies active in the transport sector where we see great potential.

In America, Bossard was already grappling with a substantially tougher market environment in the second half of 2019. The measures we undertook successfully halted the erosion in sales, as evidenced

by the results in the first and especially the third quarter. We also launched several exciting projects in America that will generate new growth – in the electromobility sector, for instance.

In Asia, Bossard has been on a growth course for a number of years thanks to intensive investment activity. This success story was temporarily interrupted by the pandemic in the first quarter of 2020, but by the second quarter several of our regional companies were back on the path to growth. In the second half of the year, we again posted slight growth in local currency for the entire market region.

### **Sustainability and social responsibility**

In this difficult market environment, the Bossard Group embraced its high level of social responsibility in the customary way. Our economic success rests with our employees, and we are committed to a motivating and positive work environment. In spite of falling sales, there were no workforce reductions, which would have improved profitability only short-term. On the contrary, Bossard is pursuing growth projects in all regions of the world, and we hope to unleash this potential together with our employees. In the 190-year history of the Bossard Group, we have learned that a mindset of sustainability pays off in human resource policy as well.

### **Bossard's "Strategy 200"**

The "Strategy 200" developed during business year 2020 makes clear that our company is ready and willing for another stage of expansion. Bossard will be pursuing ambitious plans in the upcoming decade, culminating in the company's 200th anniversary in 2031.

This plan makes clear that the Group can open up rewarding avenues for profitable expansion in the coming years, thus achieving accelerated growth. Currently, our global market share is within the low single-digit range. This means that we have enormous opportunities for expansion in most markets. With our unique global range of products and services, we seek to improve our market position worldwide. Supported by seven initiatives, the Bossard Group aims to become a resolutely customer-oriented group of companies. For this transformation, we are wholeheartedly focusing on our strengths and will leverage them to drive further company growth.

Our internal motto, “Together We Create,” forms the foundation of this strategy. In this way, we want to further promote cooperation within the Bossard Group and take advantage of synergies. We want to concentrate on global growth segments even more and further improve and strengthen customer loyalty through premium products and services.

All of this will help us as a group reach even more ambitious goals in the coming years and further spread our Proven Productivity customer promise, along with sustainability and social responsibility, into the global industrial landscape. For more information on this topic, see from page 28 of this annual report.

### **Facing the future with confidence**

Bossard is entering this next stage in the company’s history with great confidence. Over the last few months, the Group has demonstrated that it rests on a foundation that is strong enough to support further growth.

Right now, it is difficult for us to forecast how sales markets will evolve over the coming months. A great deal depends on people’s behavior, politics, and governmental measures in the individual countries – factors outside our scope of influence. Nonetheless, we are pleased that over the last few months governments have made every effort to support the economy and maintain the pace of production in companies.

The way in which Bossard tackled the crisis year of 2020 gives us confidence, and we view the future with optimism. Dedicated employees, stable cash flows and a solid balance sheet with an equity ratio of 50.3 percent, allow the Bossard Group to advance strategically important projects with full force. Last year, the board of directors reduced the dividend by 50 percent short-term due to major uncertainties surrounding the COVID-19 pandemic. Assuming optimal business performance in 2020, the board held out the prospect of paying a higher dividend at the 2021 annual general meeting of shareholders.

The current environment is still dominated by the pandemic and the accompanying uncertainties. The board of directors takes this situation into account.

However, he includes the good result as well as the solid balance sheet into his considerations and has opted for a middle course. At the 2021 annual general meeting of shareholders, the board will propose a distribution of 50 percent of net income instead of the usual 40 percent. This corresponds to a gross dividend of CHF 4.40 for shareholders with registered A shares.

This confidence is ultimately based on the support and the encouraging commitment of all our stakeholders. We wish to express our deep gratitude to all our employees for their dedication, solidarity, team spirit, and enthusiasm. They are essential to the success of the Bossard Group. We thank our customers for their years of loyalty, and our partners and suppliers for their outstanding cooperation. And we thank you, valued Shareholders, for the trust you continued to place in us in 2020.



Dr. Thomas Schmuckli  
Chairman of the  
board of directors



Dr. Daniel Bossard  
CEO

Zug, February 26, 2021



TOGETHER WE CREATE

**Our teams take care of customer problems and needs right on site. They provide expert solutions for products, logistics and engineering.**

TOGETHER WE CREATE

## People behind the scenes

“Together We Create” is the epitome of Bossard culture inspired by our employees’ passionate dedication around the world. They are experts in their markets and provide solutions tailored to customers’ needs. In this edition, we would like to present three of our behind-the-scenes heroes who help create sustainable values for our clients. Here are their stories and videos; enjoy!



Watch the Videos

# สวัสดี

[Sà-wàt-dii] = Hi



*“I’m passionate about singing and traveling to new places.”*

Pimpita (Pim) Chusong, EMS Segment Leader, Bossard Thailand

**Childhood dream job:** Singer, architect, makeup artist

**Greatest passion:** Family, arts, traveling, shopping

**Life motto:** Strong people stand up for themselves; stronger people stand up for everyone else.

***“I love to learn, experience new things, and live life to the fullest.”***

Jefferson Lee, Application Engineer R&D and QA, Bossard Korea

**Childhood dream job:** High school science teacher

**Greatest passion:** Learning, experiencing, enjoying as much as possible

**Life motto:** Maintain an attitude of helping those in need.



# 안녕

[Annyeong] = Hi



# Cześć

[Tschechtsch] = Hi



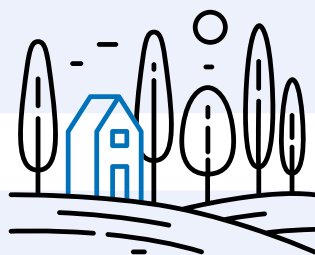
***“I enjoy outdoor endurance sports: trail running, biking, hiking.”***

Krystian Sobiech, Outside Sales Team Leader, Bossard Poland

**Childhood dream job:** Rock star

**Greatest passion:** Trail running and mountain biking

**Life motto:** Just do it.



Pim Chusong,  
September 19, 6:00 am to 11:00 pm



Play



Watch the Video

Pause



PIM CHUSONG, EMS SEGMENT LEADER

**We are a strategic partner, providing a seamless and unique customer experience.**



***As we can see in your video, your dog provides a caring wake-up service?***

Aha, you are talking about North Star! She hears the alarm before me and licks my nose as if to say: "Wake up, lazy." It makes me smile and starts my day on a positive note.

***How do you approach a customer's problem?***

In my daily team meetings, we assess each customer's particular needs. We deep-dive into the customer's pain points and brainstorm for possible solutions. To design the best solution for our customers, I also involve my colleagues from different departments and functions.

***What is your secret sauce to success as a team leader?***

I believe in listening and learning from each other. In this way, we can work collaboratively to create a solution for our customers. I also emphasize fostering a positive and open mindset. Such behavior will enable my team to experiment with new ways of solving a customer's problem.

***Back to your video, you provided a product solution to your customer. Could you please tell us more about it?***

Yes, absolutely. The customer notified us about a 15-20 percent assembly failure. We investigated the root cause and found that the teeth of the clinching nut had some deviations. The fastener that the customer was using had unsharpened teeth and their length was too short. It was a deviation from the original product design. With support from Bossard's engineering team, we provided the customer with a test report using PEM® products.



Stop



### ***How has the PEM® self-clinching fastener provided an advantage for the customer?***

PEM® provides high-quality clinching products. The customer was able to reduce the failure rate to zero percent. Quality is no longer an issue, and they were able to eliminate rework jobs in the production process and increase productivity.

### ***What are highlights and challenges of a typical day in sales?***

It is important to understand the customer's business, their pain points, and be able to put oneself in the customer's shoes. As a salesperson I wear a "Bossard branded shirt" in a figurative sense. Building trust and reliability with the customer is the most important skill to develop on a daily basis. Project management, problem solving, decision making, and negotiation skills are also required. I especially like working in sales when a customer interaction works well. It is a pleasure bringing good news to my colleagues after a successful sale.

### ***When visiting a customer, how do you pitch the value proposition of Proven Productivity?***

Ultimately, it is all about making the customer more productive. Our aim is for as many companies as possible to benefit from our Industry 4.0 solutions. Especially when meeting with new customers, I investigate their engineering and logistics to see if they could benefit from Bossard's Assembly Technology Expert or Smart Factory Logistics services. Then, I prepare a short presentation explaining our services with all their benefits. In Thailand, many customers are aware of Assembly Technology Expert and Smart Factory Logistics services. However, we still have a lot to do in promoting understanding of the philosophy of Total Cost of Ownership (TCO) that leads to cost savings.

## About Pim Chusong

**Pimpita Chusong, most of us know her as Pim, has a warm and cheerful personality. She joined Bossard as an Account Manager 14 years ago. Today, she leads the sales team focusing on Electronics Manufacturing Services (EMS). She is also a deputy Sales Manager based in Bangkok.**

During the interview, Pim shared her childhood secret with us wanting to be a singer or an architect or even a make-up artist. She never imagined she would work in such a specialized technical environment in fastening industry.

“Bossard’s fast-growing nature and its comprehensive product range of over 1 million fastening elements, combined with proven expertise in technical consulting (engineering) and inventory management (logistics) are what fascinates me,” she reflected. She is also incredibly passionate about meeting with customers and loves the challenge of helping her team grow.



Jefferson Lee,  
September 4, 6:00 am to 10:00 pm



Watch the Video





JEFFERSON LEE,  
APPLICATION ENGINEER R&D

**Expert Walk saved a customer CHF 35,000 per year. It creates value and strong partnerships.**



***How do you start and end a typical work day at Bossard Korea?***

In the morning, I usually have a first-class Korean breakfast. The array of vegetable side dishes, meat, rice and fruits provide me with the necessary nutrients to start off a busy day right. After work, I usually go for a run with my wife, either at the gym or in the park nearby. However, due to COVID-19, I decided to give dancing a try. Check out my video to see my evening COVID-19 rituals.

***In your video, one of your challenges was a failure analysis for the assembly of a special panel?***

Yes, the customer was having problems with the installation of a cage nut. It was separating from the base material when handling during assembly. The customer experienced a decrease in productivity because the installation process of the cage nut was taking too long. We were able to provide a solution.

First, we evaluated the quality of the base material and the fasteners. We also looked at the process of screw installation. After assembly and mechanical testing, we concluded that a quick fastener solution (anti-loosening fastener) would be the best option. We gave a demonstration of the installation speed of the quick fastener solution and showed its effectiveness by conducting the tensile load test. When receiving our failure analysis report and our solution, the customer was satisfied and accepted our proposal.



Stop



## ***What is Bossard's Expert Walk service?***

It is a service that systematically reviews assembly processes especially involving fastening elements and tools. The biggest advantage is that it allows us to see the problems our customers face directly on the production line. By viewing the whole process of how fasteners are assembled, I can accurately diagnose the failure points. I am able to interview the workers on the assembly line and understand what their needs are, whether it is productivity improvements, the need for cost saving, or any other concern. It is an open environment where we can apply our professional know-how of fastening solutions to improve quality and productivity for our customers.

## ***How do customers react to Bossard's Expert Walk services?***

Customers are impressed by our professional fastener knowledge and passionate service mindset. Most of our customers want to receive the latest updates regarding solutions that could boost their productivity even more. If there is a new development opportunity, they sometimes even want to co-design the application.

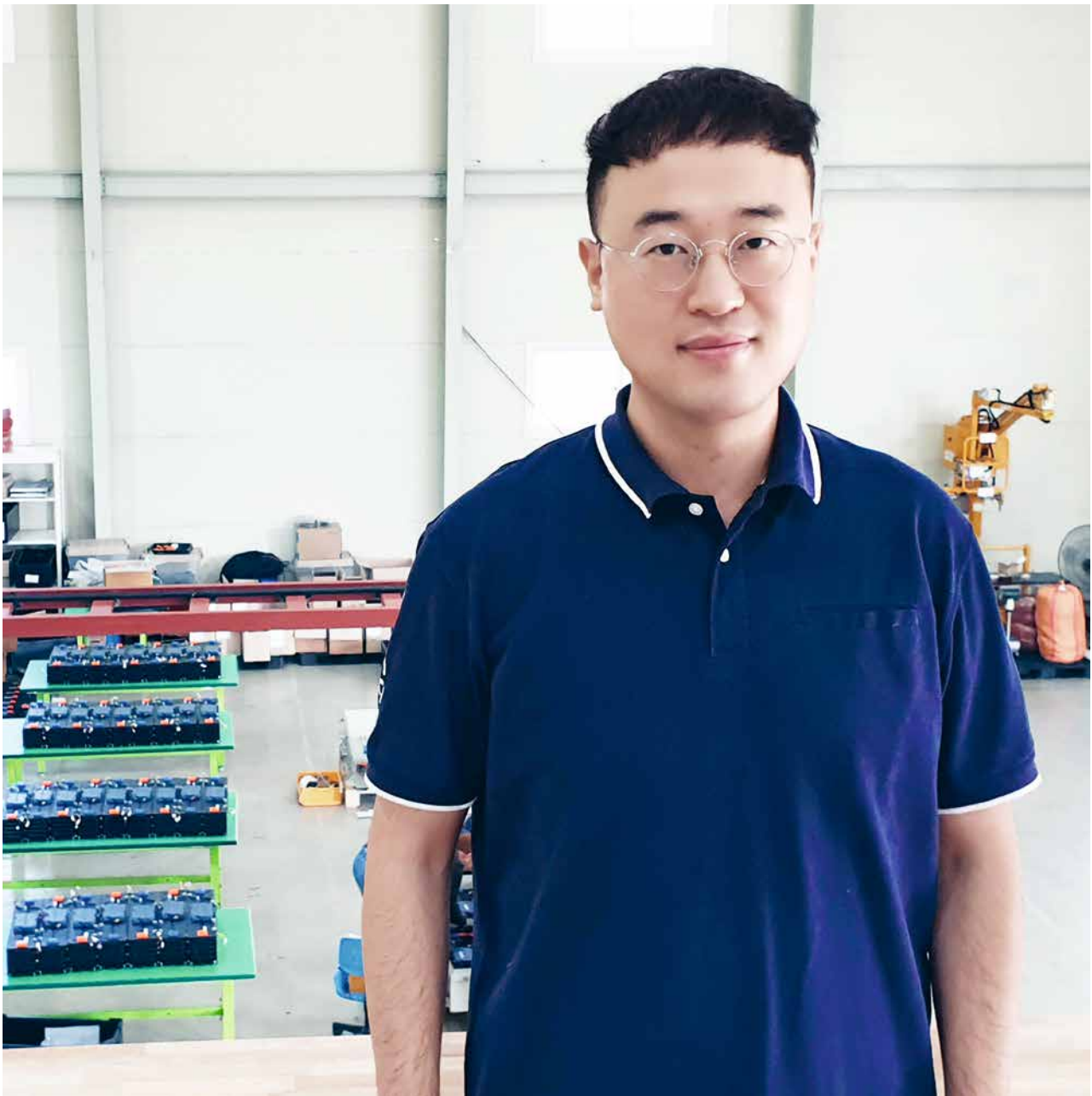
## ***In the video, you helped a customer to save CHF 35,000 per year. Could you please tell us more about it?***

Of course! The customer reported rust when using the nickel-plated pan head screw with spring washer bolts. The coating on the existing pan head screw is prone to damage due to the cam-out phenomenon when working with high torque. And when exposed to a specific humid environment, rust may occur more quickly, especially in areas where the coating is damaged. To prevent this phenomenon, we proposed ecosyn-fix® with blue zinc plating. Compared with the customer's existing solution, this product ensures economical corrosion protection at the connection point. After replacing all the problematic products with ecosyn-fix®, the customer no longer has issues on the production line. When we generated the Total Cost of Ownership (TCO) report, the total saving was CHF 35,000 annually.

## About Jefferson Lee

Jefferson's Korean name is Jong Hyuk. He works as an Application Engineer for R&D and QA. He has been working for Bossard Korea for more than four years.

Jefferson's solution-oriented attitude and excellent engineering knowledge are valuable assets to the whole Bossard Korea family. His drive to learn enables him to grow as an engineer and expand his fastening know-how continually. In his field of expertise, he is able to provide the best possible service to our clients. He lives his life to the fullest and enjoys experiences in every possible way. Not only does this "all-or-nothing" behavior give him a healthy attitude towards life, but it also applies to his daily work. Jefferson's life motto "maintain an attitude of helping those in need" illustrates his warm-hearted and pleasant personality.



Krystian Sobiech,  
August 20, 6:30 am to 10:30 pm



Watch the Video



KRYSTIAN SOBIECH,  
OUTSIDE SALES TEAM LEADER

**It is great to hear that customers sleep better thanks to Smart Factory Logistics solutions.**



***How do you maintain a healthy work-life balance?***

My life is based on three pillars: family, work and hobbies. Working out how to give each the attention they deserve has made me a talented organizer. For example, I run early in the morning regardless of the season. Fresh air and natural beauty are great: the spring awakening, a warm summer breeze, vibrant autumn colors, or glistening winter snow. It is always a powerful energy charger for work. I start the day with optimism and a positive attitude.

***What is your recipe for finding the best logistics solution for your customers?***

The comprehensive service we provide our clients is always based on teamwork. Due to Bossard's enormous product range, we collect input from engineers, logistics and sales specialists to work out the most suitable solution for our clients. We ensure customer comfort and safety on the supply chain level. This requires great commitment and coordinated effort between various Bossard specialists. Teamwork is key to our success.



## ***How does Smart Factory Logistics support the customer's production line?***

Smart Factory Logistics frees the customer from tedious manual processes on the production line such as verification of stock levels and reordering. Smart Factory Logistics is powered by a cloud-based ARIMS system that provides full transparency throughout the supply chain. It works seamlessly with the SmartBin system, which brings measurable benefits. Recently we measured current production processes before installation and again after six months to calculate the cost savings. In 100 percent of the cases, customers report substantial cost savings in their production processes. Smart Factory Logistics really provides confidence and peace of mind to our customers.

## ***How receptive are the production companies in Poland towards Smart Factory Logistics?***

Throughout Poland, I can sense a new awareness about lean processes. Clients reflect on costs and efficiency of production, and they are willing to improve.

This was not the case when I started to work for Bossard nine years ago. Back then, I had to use numerous arguments to convince customers that our automatic system could improve their processes and save money. They did not see a reason to change things that had been working for twenty years. It is nice to see that now they are open to thinking about new ways of setting up logistics.

## ***In your video, we can hear your team's song "Run for it." What is the meaning of it?***

The team wrote the song to capture some essential aspects of success. The lyrics focus on collaboration, which we think is of utmost importance. To provide the highest service quality to our customers, we need to trust and empower one another. With this in mind, we can deliver added value. The song also touches on the idea of experimentation, which I think is the key. At Bossard, we celebrate learning. Each customer and project is different, so we are constantly learning and improving. Such behavior helps contribute to progress and innovation at Bossard. With the song, we hope to instill the organizational culture of "Together We Create."

## About Krystian Sobiech

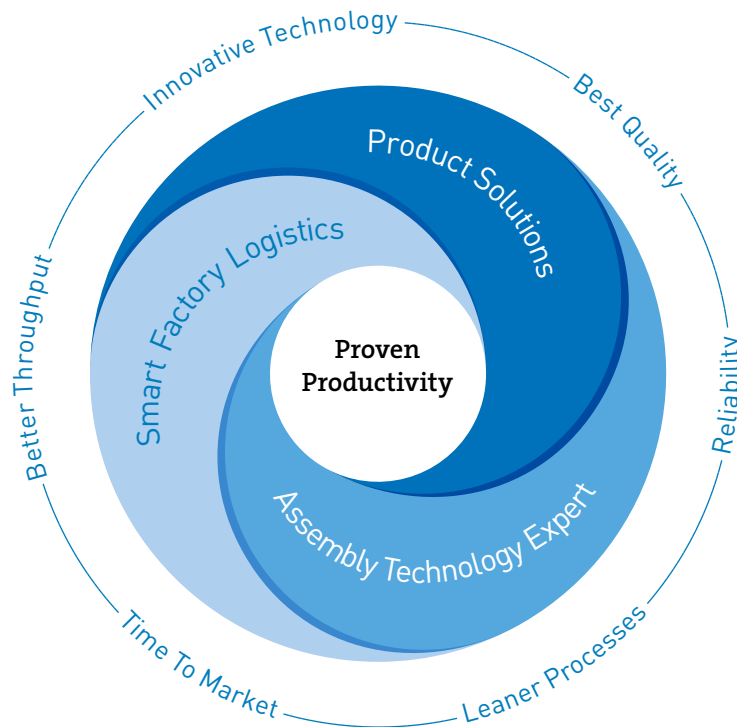
**Krystian works as an Outside Sales Team Leader for Bossard Poland. He is responsible for sales development in one region of Poland, and he supports the Outside Sales Team across Poland, especially with complex activities like TCO projects requiring the involvement of the Assembly Technology Expert and Smart Factory Logistics departments. When he is not working, Krystian dedicates his time to sports, music and family.**

As a teenager Krystian's dream was to become a musician. As a member of a metal band, with his long hair and guitar, he felt like a bit of a rock star. Now Krystian dedicates more of his free time to sports. He recently took part in a 55 km mountain bike competition. "Maintaining a positive attitude is important. I firmly believe that if you share positive energy with others, this energy comes back to you twice as strong," added Krystian. Since his start at Bossard nine years ago, he has motivated and inspired his team with his optimism and dedication.



## BUSINESS MODEL

# Proven Productivity



Bossard offers fastening solutions and process optimization measures that are proven to deliver the best possible efficiency, thereby reducing costs. In evaluating our services, we rely on facts. They consistently show that by working with us, our customers are able to achieve lasting and measurable productivity improvements. That is why we talk about Proven Productivity.

The interplay of **Product Solutions**, **Assembly Technology Expert** and **Smart Factory Logistics** services gives our customers competitive advantages in six key areas.

### **Time to market**

Thanks to shorter delivery times, products make it to market faster.

### **Leaner processes**

Systematic time, money, and resource savings reduce overall operational costs.

### **Better throughput**

Advanced logistics systems and lean assembly processes markedly boost efficiency.

### **Best quality**

For our product solutions, we rely on the highest quality combined with comprehensive process consulting. This leads to maximum reliability and predictable planning.

### **Innovative technology**

Our forward-looking solutions are tailored to the very latest requirements of Industry 4.0.

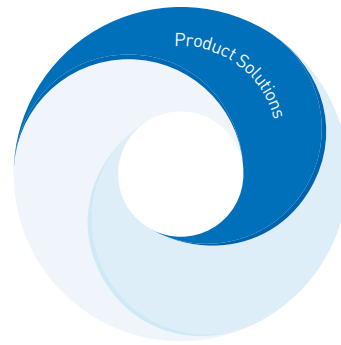
### **Reliability**

We value continuity and this is how we empower and support our team to ensure that we will be there for our customers tomorrow.



## ***Product Solutions***

Our fastening solutions are as unique as our customers' products. Sometimes standard fasteners are just right, while in other cases brand solutions or custom fastening solutions get the best results. Bossard has the right solution for every challenge.



### **Fastening technology catalog products**

We have more than 200,000 different fasteners ready to ship from our warehouses: screws, nuts, rivets, washers, electrical fasteners and more.

### **Customized items**

Customized solutions and parts (turned, milled, extruded, stamped and bent parts) for unique technical requirements, manufactured to our customers' specifications.

### **Bossard ecosyn®**

The ecosyn® product line features premium quality fasteners. They are both economical and in sync with the needs of our customers. Smart and safe

quality products based on innovative engineering and designed to make work easier and more efficient.

### **Brand products**

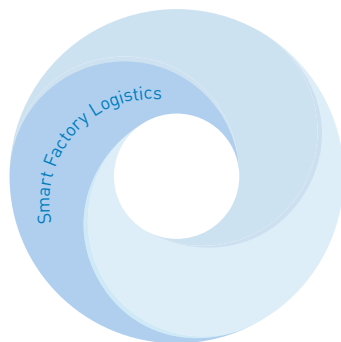
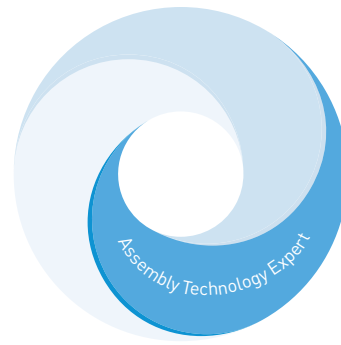
Bossard maintains a carefully selected brand portfolio in cooperation with highly innovative and reliable partners.

***“Hidden aspects account for approximately 85 percent of the total cost of ownership of fasteners. We are reducing them.”***

## ***Assembly Technology Expert***

Our customers develop a diverse range of premium products whose production methods place equally diverse demands on fasteners. Six field-proven Bossard Assembly Technology Expert services help find, test and implement the most suitable fastening solutions based on specific requirements. In addition, they optimize the customer's assembly processes and product assortment and train their employees.

Using this three-step approach, from design to optimization to training, the specialists at Bossard help product designers and engineers meet the most diverse challenges with respect to innovation, process optimization, and efficiency. This leads to a sustainable reduction in production time and costs, increases product safety and quality, and significantly improves our customers' competitiveness.



## ***Smart Factory Logistics***

In the world of Industry 4.0, Smart Factory Logistics is a core element for profitable growth. The more precise and smarter factory logistics is, the better companies fare against their competitors.

While our customers fully focus on their core competences, we take care of automating their B- and C-parts management processes, thus ensuring a lean assortment and a smooth supply flow.

Inventory is controlled in real time, and material is delivered directly to the assembly stations thanks to smart order management. All at the right time and in the right place. Lower material handling costs and smaller inventories enable our customers to significantly boost productivity in their production.



***Leverage  
hidden  
potential***

## BUSINESS RESILIENCE AND STRATEGY 200

# Solid foundation for accelerated growth

**Bossard's business model has proven not only its strength for growth in normal circumstances, but also its extraordinary resilience in these unprecedented times. With Bossard "Strategy 200" – Bossard turns 200 years old in 2031 – we will focus on this business model and accelerate growth in all our key markets.**

### **Leader in digitalization in our industry**

25 years ago, Bossard invented the first fully digitalized and automated C-parts management system, based on IoT technology, that today is being used every day by over 1,000 customers globally. Our proven solutions, used by customers to maintain a seamless supply of C-parts for production without manual interaction, have been especially important during the COVID-19 pandemic. With the digital platforms developed over the last years, Bossard was able to switch its wide range of services to the virtual space – instantly and across the globe.

### **Industrial and geographical diversification**

As impressively demonstrated in the crisis, our broad industrial diversification with around 30,000 customers from a wide variety of industries enables us to balance customer growth and makes us much less dependent on single industrial segments. Our global footprint, with more than 80 operations in Europe, America and Asia, allows for a global distribution of income. This global presence also helps us on the supply end where, for key products, Bossard has always been working with multiple sources from different continents to mitigate supply risks.

### **Customer centricity and sustainability**

The close and strategic collaboration with our customers, focusing on services to ensure the customer's peace of mind in C-parts management and supply and enabling trusted relationships, creates a solid customer base for the long term. This is reflected in our enduring relationships with our customers, with over 90 percent of our large and medium-size customers still working with Bossard after ten years. Our sustainable customer base is a key foundation for our long-term sales and profit development.

### **Innovation and experimental mindset**

Ongoing curiosity has always been at the core of the Bossard DNA. For this reason, we would consider ourselves a "start-up with 190 years of experience." Solving customer problems with creativity and passion – using years of experience in fastening technology, supply chain and assembly solutions – has enabled us to provide leading-edge market services. And the journey continues: for example, we are looking into new products for lightweight applications, AI-enabled systems to speed up the quoting process for customized fasteners, and new services to ensure secure assembly processes.

With our new Strategy 200, we want to build on the past, focusing on our key strengths and scale our business model to achieve relevant market share in all our key markets by 2031.

### **Proven Productivity – our promise ...**

For the average industrial OEM (original equipment manufacturer), more than 50 percent of single assembly parts are fastener-related while they only represent a very small amount of the purchasing value. The related management and handling costs – parts definition, ordering, goods receipt, inventory management, and assembly costs – typically exceed the purchase price of the C-parts significantly. With our long-time philosophy of Proven Productivity, we focus on substantially reducing the management and assembly costs of C-parts for our customers, thereby boosting their competitiveness in a sustainable and measurable way. This philosophy strengthens the bridge of trust between us and our customers day in and day out.

### **... in a globally fragmented market with growth potential**

The global fastener market for industrial OEMs is heavily fragmented. With only 1 percent global market share in our industry segment, Bossard is one of the top 3 global distributors of fasteners. This leaves significant opportunities for growth. We will exploit these opportunities by continuing to be as close to our customers as possible.

### **Customer proximity creates growth opportunities ...**

For us, proximity goes beyond geography. It also encompasses the primary challenge that keeps our customers awake at night – boosting their competitiveness with the lowest total cost of ownership and the highest product availability. The better we understand our customers' perspective on this core challenge and the more in-depth we go in analyzing the issues associated with it, the better we can bring our extensive experience and expertise to bear when responding to this challenge.

### **... captured by a truly empowered organization**

Bossard "Strategy 200" has one theme at its core: to create a company as amazing as its people, where everybody collaborates, feels empowered, experiments, talks real, and delivers value. Together we will create and pave the way for accelerated sales and profitability growth in the years to come.

### **Strategic aspiration towards 2031**

Together, we bring PROVEN PRODUCTIVITY and SUSTAINABILITY to every assembly operation in the world. To turn this aspiration into reality, we focus on OEM customer groups with the aim of supporting them to boost their competitiveness. In doing so, we rely on high-quality products, outstanding services, assembly technology consulting, and efficient processes along the entire supply chain.

### **Strategy 200 – focus and scale**

Within the context of our winning aspiration towards 2031 we are aiming to achieve sustainable high-quality growth by focusing on our key strengths. We want to substantially increase our sales revenue to further expand our market position – organically and through acquisitions. However, volume growth should not come at the expense of profitability, which must at least keep pace with revenue. In addition, the invested capital must yield a reasonable return for our investors.

## VALUES AND SUSTAINABILITY

# Sustainable business model

**A successful company constantly reinvents itself. Bossard has been doing so for 190 years. Because even after so long, we approach our work with an open and fresh mindset. Our solutions are imaginative, practical, and holistic. True to our motto “Proven Productivity,” they bring added value to our customers.**

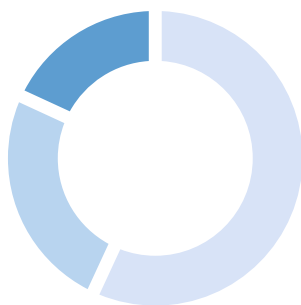
### Consistency and change combined

Bossard operates in the world’s major industrial regions and is linked to them via a global network of suppliers. With items from our suppliers, our own products and the associated services, we reach companies in the automotive, pharmaceutical, and energy industries as well as in many other industrial sectors. We work with customers in emerging sectors, such as electromobility, and collaborate with them to develop solutions for today and tomorrow. We also promote internal innovation, such as analysis methods using large volumes of data, in order to analyze customer processes even more specifically and make them more efficient.

In the years to come, Bossard intends to expand further because in some areas we are, to a certain extent, still in the start-up phase. The diversity of the Group manifests itself in various levels of maturity, locations, and customer segments. And our workforce, which now numbers 2,500 employees, is just as diverse. Together with them, the company was able to achieve sales of CHF 812.8 million (see page 2) in 2020 across our 83 sites in different regions (see figure 1) – under conditions greatly exacerbated by the COVID-19 pandemic.

### Geographical sales distribution

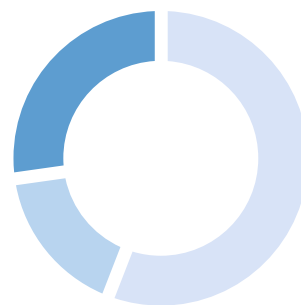
in %



- Europe (57%)
- America (25%)
- Asia (18%)

### Employees by region

in %



- Europe (56%)
- America (17%)
- Asia (27%)

**Figure 1**

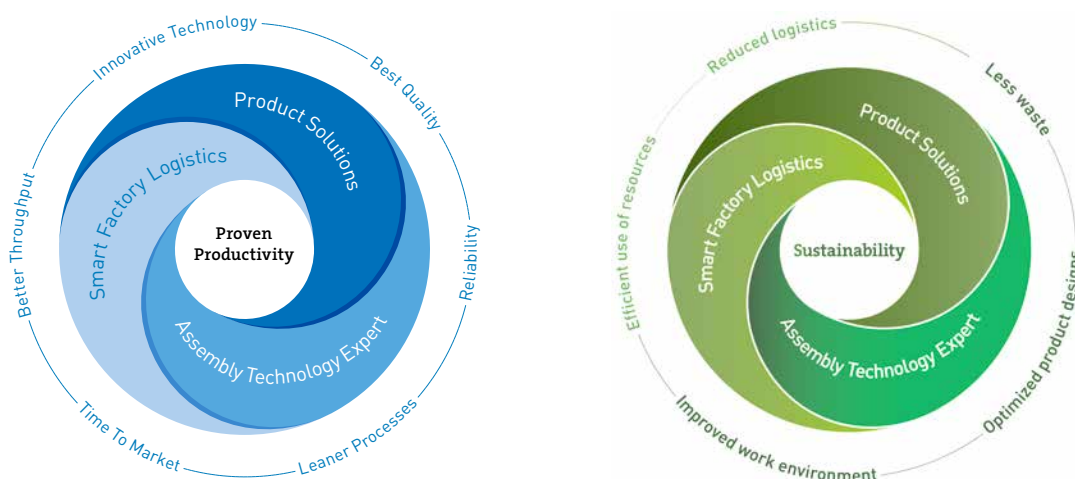
Geographical distribution of sales and employees (as of December 31, 2020)

### More than just a supplier of fastening solutions

Bossard's solutions simplify and optimize processes around fastening solutions. Development, design, procurement, ordering, logistics, storage, assembly, and quality assurance involve a high level of hidden costs. That is where we help our customers exploit potentials. Avoiding future costs and optimizing individual products begins in the design phase and continues through the structuring of supply chains and on to the production processes. Time and time again, we find that this approach enables our customers to measurably increase their productivity. That is why we talk about "Proven Productivity" (see figure 2 and page 22 for additional information on products and services).

This approach also helps reduce the environmental impact, because streamlining means using materials, energy, and production capacities carefully and in a targeted manner. Experience shows that the efficient use of resources, optimized product designs, and simplified logistics processes lead to less waste and lower emissions.

**"Proven Productivity" – our business model and approach for a successful and sustainable future.**



**Figure 2**

Our business model

With "Proven Productivity," we reduce our customers' environmental impact as well as the impact in the fastening and assembly industry ecosystem. For further information, please refer to the sections "Customized solutions" (page 33) and "Connected to the environment" (page 43).

# Strong roots for the future

In recent years, our company has experienced strong growth. During this time, we have always focused on long-term financial stability, independence, and our values. In the wake of these intense years, the right time has come to rethink our strategy, our corporate values, and our operational principles. Sustainability is moving more strongly and explicitly into focus.

“Culture eats strategy for breakfast,” a well-known phrase from management literature, essentially means that strategy can only bear fruit if it is based on a strong corporate culture. For this reason,

Bossard has worked on both the company’s fundamental values as well as on its future business strategy during the reporting year.

## A culture that endures

The attitudes and actions of each individual shape corporate culture. This is why our newly defined values and guiding principles are closely interlinked. We express this close relationship with the illustration of a tree: an independent, powerful organism with strong roots and branches (see figure 3). We want to contribute to its growth together.



**Figure 3**  
Our corporate culture

Bossard’s corporate culture is represented by a tree with five values as its roots and five guiding principles as its branches. For further information, please refer to “Strong employee relationships” (page 36).



At the beginning of the relaunch, Bossard was determined to refocus on the core respectively the roots of the company. For that reason, the Bossard families began by examining their values – the values which express consistency and which have paved the way to the company’s success in the past: trust, leadership, social responsibility, entrepreneurship, and credibility. This set of basic values has been supplemented with five principles that guide our actions (see “Strong employee relationships,” page 36, as well as “Integrity from the inside out,” page 41).

**Our strategy: profitable growth and sustainability**

The new strategy builds on the success of recent years and focuses on key action areas for healthy corporate development. The technical and economic developments in our market environment are an important frame of reference. We have traditionally relied on targeted investments that promise long-term benefits for the Bossard Group and are in line with our values. At the same time, we want to adopt a more focused approach to social challenges, such as climate change, the depletion of natural resources, diversity, and equal opportunities. For that reason, our new winning aspiration is: “Together, we bring PROVEN PRODUCTIVITY and SUSTAINABILITY to every assembly operation in the world!” We want to contribute to sustainable development with our core business and beyond.

In the reporting year, we tackled the further systematization of sustainability management. In the end, we want to better understand our impact on society, the environment, the economy, and integrate it more comprehensively into our actions. With this in mind, we have defined a function at the group level and we are building up resources for comprehensive sus-

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tainability management. To kick things off, we held a “Blue Garage” with a focus on sustainability (see “Crafting for sustainability,” page 32). The results of this workshop form the basis for further goals, initiatives, and measures relating to sustainability.

## Crafting for sustainability



**A certain degree of freedom is needed for the in-depth exploration of a thought or idea. And sometimes a change of scenery helps. That is why we set up a creative workshop called “Blue Garage” at the headquarters of the Bossard Group. It gives employees a place where they can get away and “play around” with ideas.**

In the past year, we used this workshop to explore questions relating to Bossard’s sustainability with an eye to making this multifaceted topic more tangible: Where are we making the greatest demands on natural resources? How do we assume our responsibility towards our employees? Which aspects would we like to include more in business relationships? These were some of the questions explored by our sustainability officer and four other employees from different functions and units. Around 25 additional employees worldwide provided impetus from their work environments and gave feedback on the content developed. Isaura Paron, a sales representative at Bossard France, commented in retrospect: “I found the Blue Garage to be a motivating and educational experience. It was exciting to see our activities from a perspective that is personally so close to my heart.”

Tabea Bürgler, who as Group General Counsel now also leads the sustainability efforts, proudly presented the defined focus areas: Future-Proven Solutions, Empowered People, Fair Partnership, and Reduced Footprint. “These four areas will help us further accentuate the sustainability management. In the process, we will consistently combine environmental, social, and economic elements.” The focus areas also support the business strategy and thus become important cornerstones of the company’s development.

The positive reactions from coworkers and the executive committee provide a further boost to sustainability. More than 50 change agents worldwide have already signed up to help shape and drive sustainability topics. Work packages have already been defined and initial measures are being examined. The ability for employees to “play around” is clearly bearing fruit, and we look forward to other sustainability initiatives as well as further results from our creative workshop.

# Customized solutions

**We use high-quality, customized solutions to optimize the management of fasteners – always with the aim of making our customers more competitive and fit for the future. In the process, we build on our expertise and, even more importantly, on cooperative partnerships with customers.**

“Proven Productivity” is our promise to customers. It requires that we understand in detail how our customers purchase and store their fastening solutions as well as how they design and process their products. The concept of sustainability plays a role here and is also becoming more of a focus for our customers. This enables us to identify potentials for increasing both economic and environmental efficiency.

## **Trust paves the way to customized solutions**

Finding the best solution for our customers requires transparency and trust. After all, we take a close look at their processes. With our solutions, we streamline and optimize the design and production as well as the range of items, we organize warehouses, automate purchasing and delivery processes, and thus boost productivity in all aspects of C-parts. Although standard products are sometimes sufficient, in many cases only customized solutions are good enough.

## **A lasting effect for customers**

Our solutions are based on high-quality products. We have our quality management systems audited in accordance with ISO 9001 and other specific standards (for a comprehensive overview, see [www.bossard.com/ch-en/about-us/download-center/quality-certificates/](http://www.bossard.com/ch-en/about-us/download-center/quality-certificates/)). In addition, 15 certified test laboratories in Europe, America, and Asia vouch for the quality of our products. In this way, we help ensure that production processes run reliably and that our customers' products meet the highest quality and safety requirements.



**Figure 4**  
Our certified test laboratories

High quality extends the longevity of the items in our range and, ultimately, of the products made from them. In particular, it preserves the natural resources that are built into the product or that are used for its production. High-quality products also reduce waste in production processes.

**With high-quality products and optimized processes, we help our customers achieve greater sustainability.**

**Bossard exploits hidden potentials – for our customers and for sustainable development.**

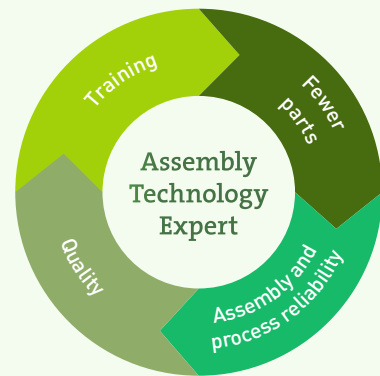
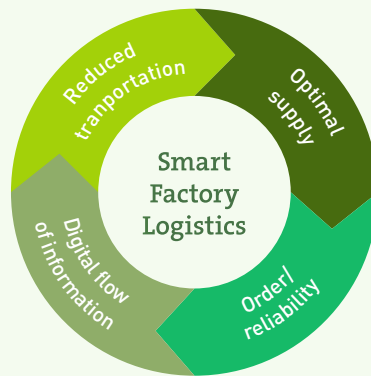
Together with our customers, we constantly look for ways to improve the use of resources and the product range, shorten throughput times, optimize the design and production steps, and reduce warehouse space. On the one hand, this reduces the consumption of materials and energy, while on the other hand it prevents space and footprint requirements from rising as production increases. Our range of services also includes restructuring supplier networks, which often leads to greater environmental efficiency in our markets (see “With a fresh look at the ecosystem,” page 35).

# With a fresh look at the ecosystem

Sustainable ways of working require from companies to consistently question and improve themselves. One of our core competencies is to enable new ways of looking at existing structures. Our analyses therefore offer a fresh look at how our customers production and manufacturing looks like. We want to understand in detail how C-parts are processed and handled. This puts the focus on an element whose potentials are often underestimated: Potential for speeding up work-

flows, for reducing errors, but also for reducing the materials used or for lowering energy consumption and logistical effort.

In addition to “Proven Productivity,” which verifiably leads to the best possible efficiency and cost reductions, our services and product solutions also have the following positive impact in terms of sustainability for our customers:



## Supplier control

- Verification of compliance with social and ecological requirements
- Eco-friendly and optimized production

## Optimized purchasing and transport

- Reduced and eco-friendly transportation
- Use of full transport capacity
- Consolidation of multiple orders

## Packaging

- Optimized packaging sizes
- Reduction of packaging material (larger quantities)
- Recyclable and renewable as far as possible

## Product quality

- Less raw materials, less scrap (waste, rejected goods)
- Audited test laboratories and certifications
- Monitoring regarding REACH and RoHS

## Reduced transportation

- Reduced fuel consumption
- Lower CO<sub>2</sub> emissions

## Optimal supply

- Fewer suppliers
- Reduced transportation
- Less scrap (waste, less raw materials and emissions)

## Order/reliability

- Less inventory/storage area
- Less loss

## Digital flow of information

- Paperfree
- No loss of information
- Speed

## Training

- Employee empowerment
- Development

## Fewer parts

- Lower resource consumption (raw materials, production emissions etc.)
- Lighter products (less emissions during use)
- Less inventory/storage area

## Assembly and process reliability

- Less scrap (waste)
- More efficiency

## Quality

- Less scrap (waste, rejected goods)
- Less failures
- More security (end-consumer)

## Strong employee relationships

**Our employees are the key to our success. Their commitment, knowledge, and ingenuity move Bossard forward, and we are responsible for their wellbeing. The fact that Bossard has coped so far so well with the COVID-19 pandemic can, in no small measure, be attributed to the strong relationships with our employees, which are based on our corporate culture.**

Bossard has always pursued a long-term human resources policy. It is a policy that begins with recruitment, is sustained by an integrative work environment, and is supported by the continuous development of our employees, which we are gratified to accompany until retirement. This makes sense not only from a business perspective, but it also reflects our moral convictions.

### Health is top priority

During the outbreak of the COVID-19 pandemic, we made every effort to protect the health of our employees, customers, and others with whom the company interacts. We implemented protection concepts at all our locations in line with government regulations and epidemiological recommendations. In doing so, we benefited from established approaches, since we had placed a high priority on healthcare even before the pandemic. Bossard always strives for safe workplaces and avoids exposing employees to undue stress.

In the crisis triggered by COVID-19, we were just as concerned about protecting jobs. When economic activity was declining, the Group put in place incentives to ensure that local companies maintained jobs. In other units, short-time work was introduced – a provision that expands entrepreneurial freedom of action in such situations. In a spirit of solidarity, the board of directors, the executive committee, and regional management waived part of their remuneration, because that is what corporate responsibility means to us. During this difficult time, we addressed other employee needs as best we could and offered support. Among other things, absence management has been simplified and made more flexible in many places.

**Bossard masters a unique crisis through the unique achievements of its employees.**

### A corporate culture that unites

The values of trust, leadership, social responsibility, entrepreneurship, and credibility are the roots of our corporate culture (see “Strong roots for the future,” page 30). They form the foundation for the guiding principles on which we base our actions: “We experiment,” “We collaborate,” “We empower,” “We deliver value,” and “We talk real” (see “The journey is the destination,” page 38).

It is important to us that all employees know our values and ideals, identify with them, and fill them with life. That is why they need to become tangible in exchanges with superiors. This can be achieved if – in keeping with our understanding of leadership – cooperation is characterized by respect, honesty, fairness, and consistency. In addition, we cultivate direct and transparent internal communication. Only if we communicate clearly can our employees understand decisions and support corporate development. We benefit from their feedback and keep the doors open so that employees are able to raise personal and professional concerns. In annual performance reviews and selective surveys, we encourage regular dialog and stay in touch with how our employees feel.

It is important to Bossard to promote diversity and inclusion through its values and guiding principles. Through flexible annual working hours and work from home programs, we want to accommodate our employees' individual preferences and living situations whenever possible. We create equal opportunities regardless of factors such as nationality, gender, sexual orientation, religion, or age. Our work environment should be free from discrimination, harassment, and reprisals, as set forth in the Code of Conduct.

#### **Employees as the strongest drivers**

To be successful in the marketplace with our core expertise, we rely on highly qualified specialists and dedicated employees. They are the driving force behind the continuous improvement and expansion of our range of products and services. Furthermore, we will only earn the loyalty of employees if they are given the opportunity to develop their skills, both personally and professionally. That is why we promote line-, subject matter-, and project-based careers. In addition to a wide range of courses, our internal training offering also includes an interactive online learning program as well as specific training courses, such as a two-year international program to become a key account manager.

We attach great importance to cross-divisional training and the exchange of knowledge throughout the Group. In-depth knowledge of our internal workflows and of the business model promotes understanding and paves the way for optimal solutions to emerge. That is why we recruit specialists and managers from our own ranks whenever possible.

**The commitment, creativity, and skills of our employees are what make Bossard successful.**

# The journey is the destination

Change and dynamics characterized the latest chapter in Bossard's corporate history. Bossard is not coming to a standstill with its new strategy; rather, it is reorienting itself based on what it has achieved. Yet how do we work on our stated objectives? Daniel Bossard, CEO of the Bossard Group, responds to this question by referencing the branches of our corporate culture tree: "Our guiding principles provide our employees with orientation and security. At the same time, the five branches of corporate culture symbolize the way in which we will achieve our goals."



## We empower

Bossard is convinced that all employees are willing and able to contribute to the company's success. For this reason, leaders are encouraged to delegate tasks. Trust in our employees and their motivation is strengthened when leaders primarily communicate why we do things and not how.

## We experiment



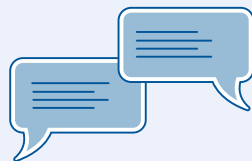
All too often, ideas are stifled before they even have a chance to succeed. We want to be open to unconventional ideas, because new things are created when we simply try things out. If we end up rejecting an idea after all, then we will certainly have learned something. And that, at the very least, is just as valuable.



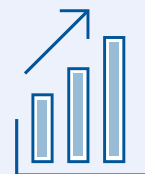
## We collaborate

Bossard believes that the equation  $1+1=3$  may very well be correct. Because together, we achieve more. That is why we want to work together even more closely and intensify the collaboration and exchange of knowledge between all regions, functions, and hierarchies.

## We talk real



Sometimes we think that addressing problems is a sign of weakness – yet in that we are completely wrong. To combat this mindset, we want to conduct open conversations, listen to each other, and value feedback. Only with this approach can everyone continue to develop and learn from each other.



## We deliver value

Our primary objective is to create added value for our stakeholders. We must not lose sight of that. That is why we always want to keep in mind the purpose of an activity – regardless of whether it is a product innovation or an internal meeting.



### An attractive and fair employer

We staff our teams with motivated, performance- and solution-oriented individuals. At our international locations, whenever possible we recruit candidates from the local communities or from a pool of applicants familiar with the local realities. Recruiting is strictly professional, based on a specific job profile, and follows detailed guidelines. We communicate the duties, requirements, and processes clearly and transparently.

Our employment conditions are fair. We foster entrepreneurial thinking and action through fair and competitive compensation based on targets and individual performance. In addition to a fixed pay component, there exist a variety of profit-based compensation systems. Our employees know that their dedication pays off and everyone participates in the company's success.

#### Gender

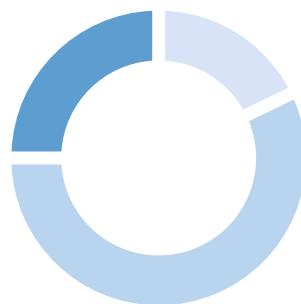
in %



- Men [66%]
- Women [34%]

#### Age

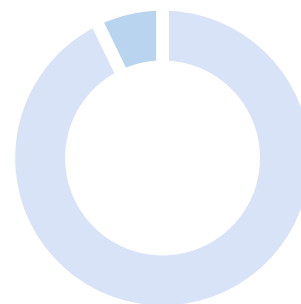
in %



- < 30 years [18%]
- 30 to 49 years [57%]
- > 49 years [25%]

#### Workload

in %



- Full-time [93%]
- Part-time [7%]

**Figure 5**

Employees by gender, age, and workload status (as of December 31, 2020)

# Supplier management – a core expertise

**For Bossard, our supplier network is of strategic importance. For that reason we select our suppliers carefully. Apart from the quality of their products, we are also interested in their contribution to a healthy society and environment. Our Code of Conduct for suppliers summarizes the most important requirements.**

At Bossard, unique solutions for customers are created by combining a network of around 4,600 suppliers and our many years of expertise. Thanks to our complex supply chains, we are in touch with numerous players in Europe, America, and Asia. These relationships offer many opportunities, but they also involve risks. We carefully weigh these risks while following clear principles.

## Powerful partnerships

We source more than 1,000,000 items from specialized industrial companies. Through a broad procurement network, we ensure that our customers have access to innovative solutions. Our relationships are fair and based on partnerships, ensuring that all parties benefit from the cooperation.

We consistently align our supplier management with high-quality fastening solutions, because this is the only way we can honor the quality promise we make to our customers (see “Customized solutions,” page 33). Acceptance into our network is based on strict quality criteria. A new supplier is subject to multiple selection steps. The selection process includes factory audits to gather information on the production environment, manufacturing processes, machinery, and expertise of the individuals involved. Any cooperation gets the green light only after all stages have been successfully completed. We review and revise the quality standards on an ongoing basis.

In addition, Bossard is committed to optimizing transportation logistics. If several suppliers are under consideration, we also take environmental criteria into account in the selection process.

## Social and environmental standards are the norm

We expect our suppliers to comply with binding environmental regulations and social standards, particularly in dealing with their employees. Through

our network, we aim to strengthen corporate responsibility for people and the environment. Our Code of Conduct for suppliers includes requirements with regard to corruption and bribery, environmental protection, as well as fundamental human and labor rights, such as safety standards and the prohibition of child labor and forced labor. As such, it is based on internationally recognized standards and policies, such as the United Nations Global Compact.

**We require our suppliers to act responsibly.**

Of our long-term suppliers who are classified as significant almost 78 percent have signed the Supplier Code of Conduct. They traditionally covered approximately 80 percent of our purchasing volume. Due to acquisitions in recent years, this share has decreased by around 15 percent. We are continuously working on the meaningful structuring and integration of these extended supplier networks and the implementation of our group-wide procurement standards. The goal is once again for around 80 percent of our purchasing volume to be covered by the Supplier Code of Conduct.

We require that the executives of our partner companies monitor compliance with the values in the code and that they themselves model these values to their employees. Bossard reserves the right to conduct reviews without prior notice. If we come to the conclusion that (potential) business partners are not complying with mandatory social and environmental standards, we will refrain from working with them or we will dissolve the relationship.

# Integrity from the inside out

We embody integrity, fairness, and responsibility in all our relationships. That is how we gain the trust of our customers, suppliers, employees, investors, and other business partners. This trust forms the foundation for successful cooperation and the performance of our activities in harmony with people and the environment.

## The Code of Conduct as an ethical compass

As a value-conscious company, we promote ethical and responsible behavior. We are an international and multicultural team. For this reason, a common framework in the form of our Code of Conduct is even more important. It describes basic rules of conduct that go beyond legal regulations and states unequivocally: "Our core ethical values, however, come before profits. We do not sacrifice compliance with laws and commitment to our responsibilities or take undue risk for the sake of profits." Thanks to this approach, we currently do not have any conflict with authorities or public interest groups anywhere in the world.

We expect our employees to act in accordance with the Code, thereby strengthening our integrity. Violations are reviewed internally and sanctioned if necessary. In the event of suspected misconduct, employees can contact the supervisors in charge, local management, or the executive committee. Such reports will be kept confidential and can be made anonymously.

**We value core ethical values more highly than making a profit.**

**What counts is not what you say, it is what you do.**

## Transparency and constructive dialog

We act with integrity, fairness and a sense of responsibility in our dealings with stakeholders. We treat all players with respect and honor their interests. We attempt to harmonize differing expectations to the best of our ability. We always meet our responsibilities toward our stakeholders and we only make promises we can keep. Transparency is a central tenet, and we ensure respectful, professional, and timely communication with our stakeholders.

## Cooperation for the factories of tomorrow

We work with our customers as partners and often design customized, innovative fastening solutions for and with them. We value this kind of collaboration and exchange. Similarly, we enter into cooperation with other companies and research institutions. Among other things, we want to help shape the structural change toward state-of-the-art digitalized production facilities.

We have an exciting partnership with Switzerland Innovation Park Biel for the Swiss Smart Factory (SSF) research center. This is the first open and neutral test and demonstration platform for Industry 4.0 in Switzerland. SSF aims to become a center of competence in applied research and transfer of Industry 4.0 and wants to promote an innovative ecosystem of partners. For this project, Bossard provided the systems for smart warehouse management. Bossard also supports a demonstration factory at RWTH Aachen and is involved in Industry 2025 task forces in the field of digital transformation.

## Our social fabric



***“We should never underestimate the value of local engagement for our business. Strong links in strong communities make our company strong.”***

**This concludes Rajesh Jain, Managing Director of LPS Bossard in India, after he elaborated on the company’s various engagements in Rohtak, a city in the north of India that is well-known as a fastening cluster in our industry. Environment, health, safety, education and support of people in need are the focus areas of LPS Bossard’s community programs.**

Rajesh Jain wants to raise awareness among employees and beyond for environmental protection, for example through activities such as tree planting. Reducing greenhouse gas emissions and the usage of plastic are today’s “hot topics,” but there is also a need for more sustainable water management in the region. In the social sphere, multiple programs benefit the weakest members in the local society. For example, LPS Bossard sponsors scholarships for

young students who have lost their parents. The company also collaborates with a local organization that gives a hand to people at the bottom of the pyramid who require medical treatment. LPS Bossard supported the construction of a new building (see picture) where volunteers look after patients who left the hospital but have no one to take care of them while they are still in need of support.

With the outbreak of the COVID-19 pandemic, completely new challenges emerged. In addition to setting up protective measures at its own premises for employees, LPS Bossard reached out to local institutions. Ad-hoc support schemes included the delivery of food to the poor who were hit hardest by the economic shutdown as well as the co-financing of a testing machine at a local hospital.

“We are recognized as a responsible employer, reliable partner and respected brand in the local communities,” says Rajesh Jain. “Through such engagements, we constantly weave our social fabric. This dense and strong net benefited our company in the past and proved its value during the health crisis in 2020.” It encourages Bossard to continue along these lines and follow this philosophy with even more dedication in the future.

# Connected to the environment

**As an environmentally conscious company, we are committed to the careful and efficient use of natural resources and energy and to minimizing our environmental impact – whether through the infrastructure we use or in our work processes. We work with relevant environmental certifications and we urge our suppliers to behave in an environmentally conscious manner.**

## **Investments for the environment**

We want to use our internal processes and technologies to protect the environment in which we live. This is why Bossard's environmental management system is certified in accordance with ISO 14001 in nearly all major country units and some smaller units. Moreover, KVT-Fastening in Germany gets its energy management accredited according to ISO 50001. Regular checks ensure that we comply with the latest standards and that we continue to evolve.

In the case of new construction or renovation projects, we carefully weigh the different options and take the environment into consideration. Environmental beliefs, for example, made it an obvious choice to install, in 2011, a heat pump system in course of the complete reconstruction of our largest warehouse in Zug. Since it went into operation, we have been able to save an average of 50,000 liters of heating oil per year, which corresponds to a CO<sub>2</sub> reduction of 135 tons.

In the reporting year, Bossard Denmark put a photovoltaic system into operation. When the sun shines, the solar panels generate enough electricity to cover all of the facility's energy requirements (see "Home-made energy in Denmark," page 44). Bossard Denmark follows in the footsteps of other Bossard companies which also produce and use solar energy.

## **Environmental protection in the supply chain**

We strive to comply with environmental standards, both within Bossard as well as with our suppliers. Our Code of Conduct for suppliers therefore states the following: "Supplier shall maintain an environmental management system and demonstrate a high level of environmental protection in sourcing, manufacturing and transportation activities, or to warrant to adhere to international recognized environmental management systems, such as ISO 14001." Through that, we want to use our international network to raise awareness about environmental issues and the challenges of climate change among stakeholders in different regions of the world. This includes examining the production processes of our industrial suppliers and taking a closer look, for example, at product design with a view toward surface treatment. In addition, we check whether packaging meets ISO standards and we promote the use of recyclable materials (see "Supplier management – a core expertise," page 40).

## Home-made energy in Denmark

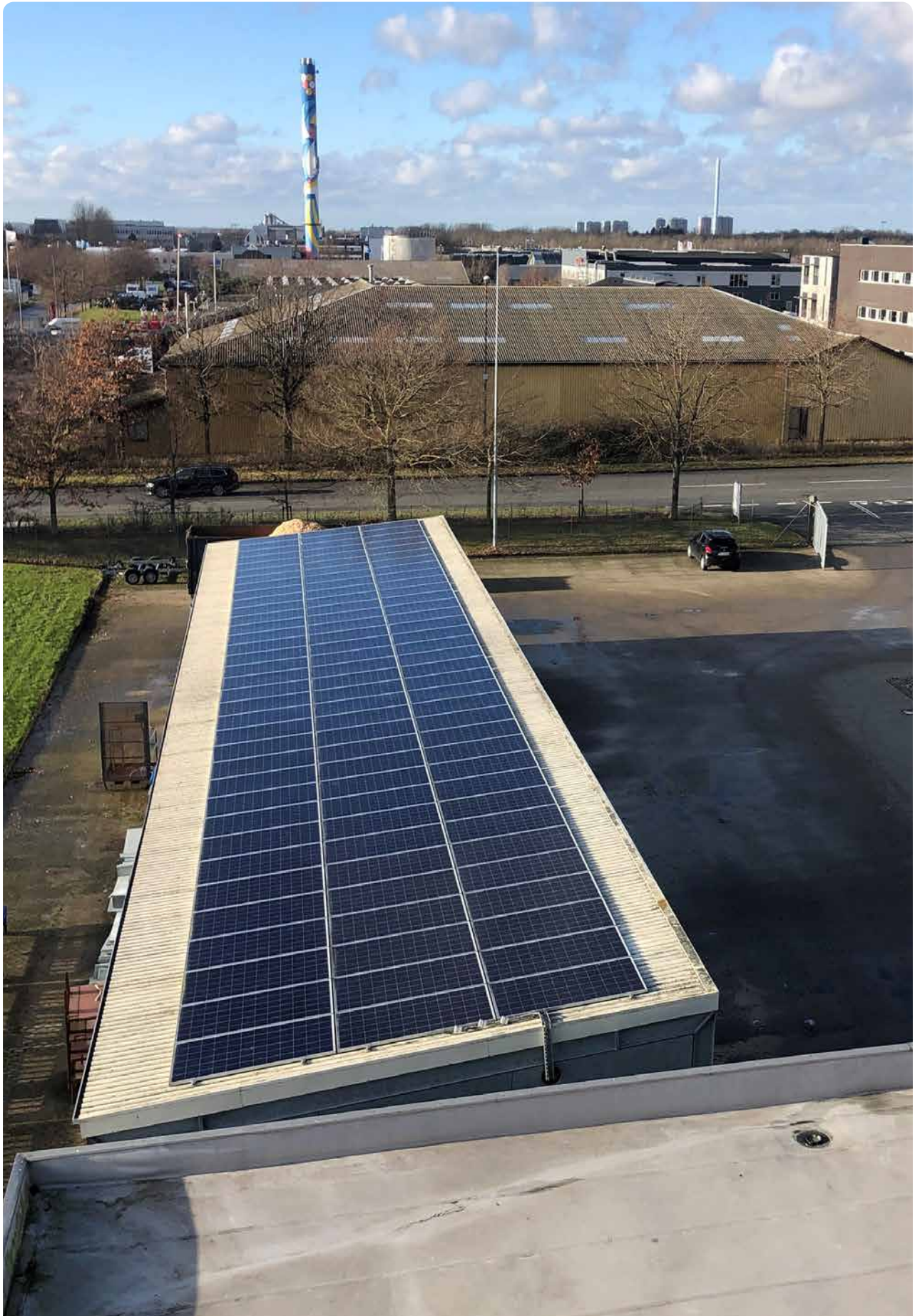


Amid the COVID-19 crisis in May 2020, Bossard Denmark inaugurated a photovoltaic (PV) power station on the rooftop of its facility. 735 solar panels produced approximately 220 MWh in 2020 and help reduce our greenhouse gas emissions from energy consumption. The sky is not always clear in Denmark but when the sun shines, the electricity usage of our 80 employees can be covered entirely by solar power from the roof.



This development does not come as a surprise. Environmental protection and self-sufficiency are deeply rooted within the company. Therefore, when the idea of a PV power station came up, there was no need to convince the management team. With a pragmatic approach – as it is so often seen at Bossard – Karsten Larsen, Warehouse Manager at Bossard Denmark, put up a small PV power station to test it and learn how to maintain such an infrastructure. When it proved successful, a new agreement was negotiated with the landlord. Only five months later, the company ran on its first “home-made” kilowatt-hours. It is particularly pleasing that the project also makes sense from a financial viewpoint. In order to benefit even more, the project team is currently evaluating solutions to store excess energy rather than feeding it back into the public energy grid.

“We are constantly thinking about how to further reduce our environmental footprint. And it is not labeled ‘sustainability’. For us, it is rather common sense,” reflects Pernille Grüning, Head Finance and Administration. In that spirit, Bossard Denmark buys wind energy only, installed LED lighting, replaced plastic cutlery, and maintains a fruit garden in the backyard. In addition, there is no food waste: on Fridays, the cafeteria serves delicious leftovers of the week. Going forward, new activities such as a tree-planting initiative around the buildings and the installment of switches to turn off electronic devices in stand-by are already in the pipeline.



## RISK MANAGEMENT

# Systematic risk monitoring and reduction

**The aim of risk management is to identify potential risks at an early stage and avoid or substantially limit them through suitable measures. Bossard's risk management approach is an integral part of its group-wide planning, control and monitoring system and is regularly reviewed by the executive committee. Each year, the board of directors and executive committee reassess the situation with a view toward strategic and operational risks.**

In annual meetings, we examine all business activities and balance sheet items for potential risks, using a standardized process. Each identified risk is assessed in terms of the possible loss that would be incurred should the damaging event occur. From the results, we then derive targets and effective steps to be taken to mitigate the risks. The results of the risk process are summarized in a report to the board of directors and executive committee. The Group's risk management process is continuously documented and checked for effectiveness. The Group finance department coordinates the revision of the risk documentation from a central location.

### **Low supply risk as a result of large network**

Supply bottlenecks can occur when our suppliers are working close to capacity during times of above-average demand. Risks can also arise from working with suppliers and when the price of raw materials fluctuate. We counter these risks with tactical and preventive measures in our procurement activities by continuously assessing the market situation and by maintaining a sufficient level of stock. In taking these steps, we ensure that the required volume and quality of fastening parts are available in order to avoid production shutdowns on the part of our customers. Steel, chromium, nickel and different alloys are the most important raw materials for fasteners. Because we purchase finished products, we can not hedge against price increases. We have an extensive supply portfolio of more than 3,800 manufacturers worldwide and rely on long-term relationships with various suppliers in Europe, America and Asia. Our large network of suppliers enables us to minimize supply risks. Diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

### **Systematic quality monitoring**

Quality assurance constantly faces new challenges as our customers' requirements continue rising and ever stricter regulations apply, which is why we have developed appropriate systems and testing standards. Quality assurance measures are performed in close cooperation with our procurement team and suppliers. We also check our suppliers' technical and economic performance. Deviations and defects identified during quality testing are continuously analyzed, documented and discussed with our suppliers, thereby minimizing quality-relevant risks from the very beginning.

### **Responding to sales risks through diversification**

Regional and global economic developments impact our business environment and can lead to high price and volume fluctuations in the sales markets. We therefore closely monitor economic developments in the individual countries in order to minimize sales risks. We counter this risk with a wide range of products and a customer portfolio that covers a broad spectrum of industrial sectors and regions of the world.

### **IT protection is a high priority**

Unauthorized data access, data abuse and system failure can seriously disrupt operating processes. To prevent this, we use technical measures such as access authorization, virus scanners, firewalls and backup systems. Our IT systems are continuously monitored and updated in order to meet the latest requirements. We have an emergency concept that includes daily backups and data mirroring. Detailed internal policies govern how we use hardware and software.

### **Minimizing financial risks**

Given its international operations, the Bossard Group is exposed to various financial risks; these comprise exchange rate, interest rate, credit, liquidity and capital risks. The individual risks are minimized through stringent controls and monitoring. One of the central tasks to reduce financial risk within the Group is coordinating and managing financial requirements as well as ensuring financial independence. The aim is optimal capital procurement and liquidity management via cash pooling in order to meet payment liabilities.



Financial risk management is described in detail on pages 107 to 109.

Bossard Group's risk policy also includes a comprehensive and efficient insurance scheme to protect against risks. This is achieved with the help of an international insurance program against third-party liability, property damage and business interruption. On the whole, risks that could negatively impact the Group's further development can not be entirely ruled out. Such risks include, for example, war, terror attacks, acts of God and pandemics.

# CORPORATE GOVERNANCE

**The Bossard Group's organizational structure derives from international standards for corporate management. The Group's corporate bodies and management follow the Directive on Information relating to Corporate Governance of SIX Swiss Exchange as well as the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse.**

The organizational structure of the Bossard Group is based on clear delimitation of tasks, competencies and responsibilities between the board of directors and the executive committee. The functions of the chairman of the board of directors and of the chief executive officer (CEO) are held by two different persons, so that the separation of powers is guaranteed. This report is prepared according to the Directive on Information relating to Corporate Governance (DCG) of SIX Swiss Exchange. Unless otherwise indicated, all information applies as at December 31, 2020. The principles and rules on corporate governance are set out in the rules and regulations of Bossard Holding AG, i.e. in the articles of association of Bossard Holding AG (articles of association), in the organizational and business regulations of Bossard Holding AG (OBR), in the regulations of the board's committees, in the code of conduct and in the resolutions of the board of directors. The rules are regularly reviewed by the board of directors and adapted to current requirements (articles of association most recently in 2020, OBR and regulations of the board's committees most recently in 2015).

## Group structure and shareholders

### Group structure

Bossard Holding AG, the parent company of the Bossard Group, is a joint-stock company under Swiss law with its registered office in Zug. Bossard Holding AG is the only listed company belonging to the group of consolidated companies. It has a direct or indirect interest in the companies listed in note 34 of the financial report. Bossard Holding AG (Swiss securities no. 23862714, ISIN CH0238627142/BOSN) is listed on the SIX Swiss Exchange. Its stock market capitalization as at December 31, 2020 was CHF 1,372.1 million (2019: CHF 1,344.4 million). The Group's structure aims to provide optimum support

for its business activities within an efficient legal, financial and strategic framework. This means that the structure should be as simple as possible and also transparent to anyone outside the Group. The Bossard Group operates in industrial fastenings technology and generates its entire revenue in this market segment. Further information regarding the group structure are set out in the notes to the financial report, namely in notes 1, 16 and 17.

### Significant shareholders

The disclosure notifications in relation to shareholdings in Bossard Holding AG are published on the electronic publication platform of SIX Swiss Exchange and can be accessed via the search function of the disclosure office via the following link: [www.ser-ag.com/en/home/publications/significant-shareholders.html](http://www.ser-ag.com/en/home/publications/significant-shareholders.html)

The following shareholders held more than 3 percent of the total voting rights in Bossard Holding AG as at December 31, 2020:

The Kolin Group – a shareholder group as per article 120seq. of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) – consisting of Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, owns 56.3 percent (2019: 56.3 percent) of total voting rights and 27.9 percent (2019: 27.9 percent) of capital entitled to dividend (with notifications on January 4, 2020, January 25, 2020, June 19, 2020, August 4, 2020 and on January 5, 2021 due to changes in the composition of the shareholder group). Kolin Holding AG is wholly controlled by the Bossard families. The individual members (shareholders) of the Bossard families are published on the electronic publication platform of SIX Swiss Exchange.

This shareholder group does not include shares without pooled voting rights, which are held by individual members of the Bossard families outside this shareholder group.

Bossard Holding AG is not aware of any other shareholders or groups of shareholders that held 3 percent or more of the total voting rights of Bossard Holding AG as at December 31, 2020.

### **Cross-shareholdings**

There are no cross-shareholdings with other companies.

### **Changes in the articles of association**

The board of directors proposed a revision of the articles of association to the annual general meeting of shareholders on April 8, 2020, namely the revision of Art. 11, Art. 12, Art. 20, Art. 36, Art. 37, Art. 38, Art. 39, and Art. 44 of the articles of association.

In material terms, the articles of association were amended as follows (remaining amendments of a purely formal nature):

- The general meeting of shareholders now has the non-transferable power to adopt resolutions on the listing or delisting of the shares of the company.
- Shareholders who represent at least 0.75 percent of the share capital are now entitled to have an item placed on the agenda (formerly shareholders who individually or jointly represented shares with a nominal value of at least CHF 1,000,000).
- The board of directors now consists of five to nine members (formerly at least five members).
- The accepted value of the A-shares, which can be part of the total compensation to a member of the executive committee, now corresponds to their market value (formerly to the market value taking into account the deduction permitted for tax purposes for the vesting period).
- The compensation of each member of the board of directors now consists of a fixed compensation (formerly fixed and variable compensation).
- As a new rule, a member of the board of directors, including his function for the company, may at the same time take on a maximum of ten material mandates in senior managerial or administrative bodies of legal entities, which are obliged to be entered in the commercial register or in a corresponding foreign register, whereby chairmanships count as two mandates. No more than four of these ten mandates may concern legal entities listed on the stock exchange (formerly an additional 15 mandates, of which a maximum of five may have concerned legal entities listed on the stock exchange and an additional ten pro bono mandates).
- As a new rule, a member of the executive committee, alongside his function for the company, may at the same time take on a maximum of five material mandates in senior managerial or administrative bodies of legal entities, which are obliged to be entered in the commercial register or in a corresponding foreign register, with a maximum of one chairmanship, which counts as two mandates. A maximum of two out of these five mandates may concern legal entities listed on the stock exchange (formerly an additional five mandates, of which a maximum of three may have concerned legal entities listed on the stock exchange and additional five pro bono mandates).
- The board of directors may now grant exceptions regarding the limitation of the number of mandates for appropriately limited time periods.

The detailed wording of each of the provisions were outlined in an appendix to the German version of the invitation to the annual general meeting of shareholders 2020. The annual general meeting of shareholders approved the above changes through revision of the associations of articles on April 8, 2020.

### **Capital structure**

#### **Share capital**

As at December 31, 2020 the ordinary share capital of Bossard Holding AG totaled CHF 40,000,000, of which CHF 33,250,000 share capital relates to registered A shares and CHF 6,750,000 to registered B shares.

#### **Authorized and conditional capital**

Bossard Holding AG holds 298,162 registered A shares (2019: 298,162) in reserve. These reserve shares can be used for management participation plans, acquisitions or other purposes in the interest of the company and carry no voting rights and are not entitled to dividends. Other than this, Bossard Holding AG does not hold any authorized or conditional capital.

## Changes in capital in the last three years

There were no changes in capital in the last three years.

## Shares

The share capital of Bossard Holding AG is CHF 40,000,000. It is divided into 6,650,000 registered A shares with a nominal value of CHF 5 per share and 6,750,000 registered B shares with a nominal value of CHF 1 per share (voting right shares). The share capital is fully paid up. With the exception of the own registered A shares held by Bossard Holding AG, (i) each registered share entered in the share register with voting rights is entitled to one vote (see also limitations on transferability and nominee registrations) and (ii) each registered share is entitled to a dividend. The measurement of voting rights by the number of registered voting right shares is not applicable for individual decisions specified in article 16 of the articles of association. Only registered A shares are listed on the SIX Swiss Exchange under the Swiss Reporting Standard (formerly Domestic Standard). Registered B shares are wholly owned by Kolin Holding AG. As at December 31, 2020, Bossard Holding AG held 308,691 own registered A shares (including the 298,162 reserve shares mentioned under authorized and conditional capital) that represent 2.304 percent of the total shares of Bossard Holding AG. 10,529 (0.079 percent) of these shares are held by Bossard Holding AG as sales positions related to grants made under its management participation plan. For further details, please refer to the compensation report and notes 15 and 19 of the financial report.

Number of registered A shares entered in the share register at December 31, 2020:

Number of registered A shares	Number of registered shareholders	Registered A shares in %
1-100	3,150	2.5
101-1,000	2,771	13.4
1,001-10,000	357	14.3
10,001-100,000	47	16.3
> 100,000	7	25.5
<b>Total registered shareholders/shares</b>	<b>6,332</b>	<b>72.0</b>
Non-registered shares		28.0
<b>Total</b>		<b>100.0</b>

Number of holders of registered A shares entered in the share register at December 31, 2020:

	Shareholders in %	Shares in %
Individual entities	93.4	34.7
Legal entities	6.6	65.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Registered A shares by country entered in the share register at December 31, 2020:

	Shareholders in %	Shares in %
Switzerland	95.6	87.8
Great Britain	0.3	6.3
Germany	1.8	1.5
Liechtenstein	0.2	0.8
Other countries	2.1	3.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Participation and profit-sharing certificates

Bossard Holding AG has not issued any participation or profit-sharing certificates.

## Limitations on transferability and nominee registrations

### Limitations on share transferability

According to article 7 of the articles of association, the transfer of registered B shares is always subject to the approval of the board of directors, irrespective of the form in which these shares were issued. The board of directors may reject such a request for good reason – primarily to protect the purpose of the company and to maintain its economic independence (article 9 of the articles of association). In particular, this includes the transfer of registered B shares to a competitor and a fiduciary transfer, if the acquirer does not inform the board of directors in writing at its first request that she or he is acquiring the shares concerned in her or his own name and for her or his own account. Furthermore, the board of directors may refuse its approval if it offers to the seller or acquirer of the registered B shares that it will acquire these shares for the account of the company, other shareholders or third parties for at least their actual value at the time the request was made (article 8 of the articles of association). If there is

good reason to do so, the board of directors may grant exceptions to these rules (no exceptions have been granted in the reporting year 2020). However, transfer requests containing incorrect information must always be rejected; a new, corrected request may subsequently be submitted (article 9 of the articles of association). For the incorporation or tightening of transferability restrictions, at least two-thirds of the votes represented and an absolute majority of the represented nominal share value are required a decision. The provisions also apply for registered B shares, which are acquired (subscribed) by the exercise of subscription, option or conversion rights, and for the establishment of usufruct of registered B shares.

### **Nominee registrations**

According to article 6 of the articles of association, the acquirer of a registered A share is entered in the share register with voting rights provided that she or he confirms that this share is held in her or his own name and for her or his own account.

Up to a registration limit of 0.5 percent of the total number of registered A shares entered in the commercial register, anyone who does not expressly state that she or he is acting on her or his own account shall be acknowledged as being a nominee with voting rights. Beyond this registration limit, anyone who makes known to Bossard Holding AG the name, address and/or registered office of the person for whose account she or he holds more than 0.5 percent of the total number of registered A shares entered in the commercial register, shall be acknowledged as being a nominee with voting rights. Otherwise the acquirers of registered A shares shall be acknowledged or registered as shareholders without voting rights. The board of directors makes the necessary arrangements for the acknowledgement and registration of acquirers of registered A shares, and particularly also of nominees. These provisions also apply to registered A shares that have been acquired by exercising subscription, option or conversion rights as well as to the creation of rights of usufruct to registered A shares.

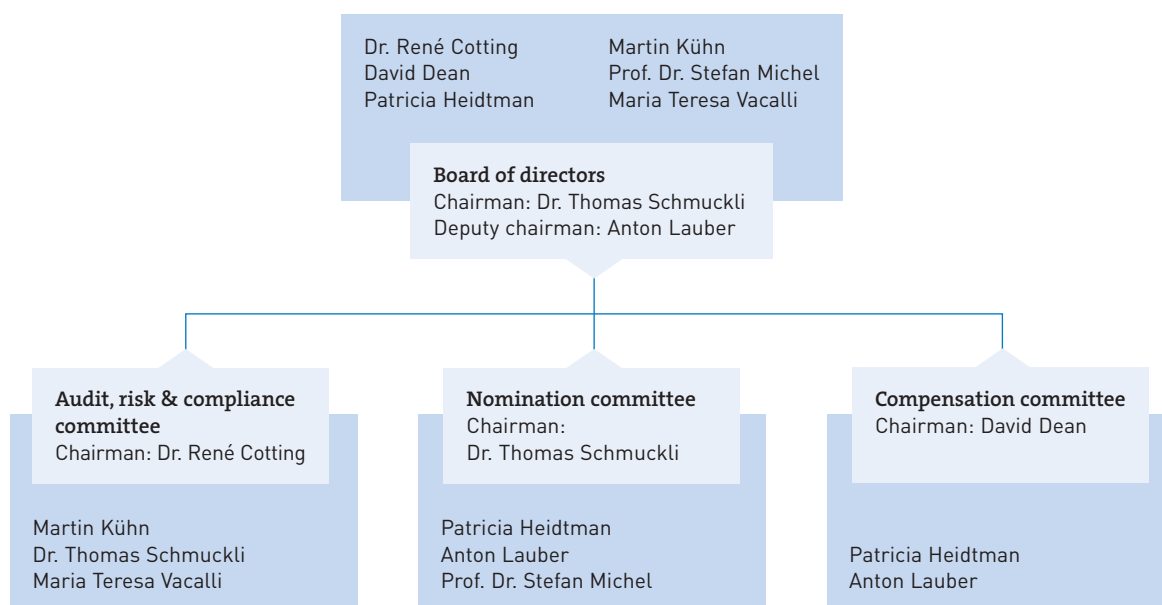
### **Outstanding bonds and options**

Bossard Holding AG currently has no bonds or convertible bonds outstanding. Information on condi-

tional rights to receive registered A shares of Bossard Holding AG (outstanding options resp. Restricted Stock Units/RSUs) according to the management participation plan that is offered to selected members of the management of the Bossard Group is disclosed in section 6 of the compensation report and in note 19 of the financial report. Further detailed information can be accessed on the electronic publication platform of the SIX Swiss Exchange via the following link:

[www.ser-ag.com/en/home/publications/significant-shareholders.html?companyId=BOSSARD](http://www.ser-ag.com/en/home/publications/significant-shareholders.html?companyId=BOSSARD)

## Board of directors



### Members of the board of directors

As at December 31, 2020, the board of directors of Bossard Holding AG consisted of eight non-executive members. David Dean was CEO of the Bossard Group from 2005 to April 2019. None of the other members of the board of directors previously sat on the executive committee.

The board of directors had the following members as at December 31, 2020:

Name	Function	Appointed
Dr. Thomas Schmuckli	Chairman	2007
Anton Lauber	Deputy chairman	2011
Dr. René Cotting	Member	2015
David Dean	Repr. of registered A shares	2019
Patricia Heidtman	Member	2019
Martin Kühn	Member	2018
Prof. Dr. Stefan Michel	Member	2011
Maria Teresa Vacalli	Member	2013

### Other activities and vested interests

Dr. Thomas Schmuckli, Anton Lauber and Martin Kühn were proposed for election by the majority voting rights shareholder, Kolin Holding AG, Zug, and were elected to the board of directors of Bossard Holding AG. Dr. Thomas Schmuckli is a member of the Bossard family, which has 100 percent control over Kolin Holding AG. The members of the board of directors do not perform any activities outside of the Bossard Group other than the mandates listed on pages 56 to 61 and therefore do not have any significant business relationships with Bossard Holding AG or one of the subsidiaries. Furthermore, they do not have any other significant external interests.

### Allowed number of mandates

According to article 44 of the articles of association, a member of the board of directors may, including his function for the company, at the same time take on a maximum of ten mandates, whereby chairmanships count as two mandates. A maximum of four mandates may be in listed companies. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on the number of mandates (i) for mandates assumed

in legal entities that are directly or indirectly controlled by Bossard Holding AG or that directly or indirectly control Bossard Holding AG, or (ii) if, in exercising the function for the Bossard Group, a mandate in another, related legal entity is exercised. The actual number of additional mandates are listed on pages 56 to 61.

### Elections and terms of office

According to the articles of association, the board of directors consists of five to nine members. The chairman of the board of directors and the other members of the board of directors are elected by the annual general meeting of shareholders for a period of one year (until the next ordinary annual general meeting of shareholders is held). Members are elected on an individual basis. The annual general meeting of shareholders also elects the chairman of the board of directors. There are no statutory limits to the term of office; members may be re-elected. According to the OBR, however, a member of the board of directors shall offer to step down at the annual general meeting of shareholders following her or his 70th birthday. Each category of shareholders, namely the holders of registered A shares as a group are entitled to one seat on the board of directors. In 2020, David Dean was elected as the representative of the holders of registered A shares; holders of registered B shares with voting rights did not take part in this election. As a rule, the majority of the board members should be external members with no executive functions in the company. None of the members of the board of directors exercised any executive functions in the Bossard Group in the reporting year 2020.

The following table shows the year in which each member was first elected to the board of directors as well as their function as at December 31, 2020:

Name	Function	First elected
Dr. Thomas Schmuckli	Chairman <sup>1)</sup>	2000
Anton Lauber	Deputy chairman <sup>2)</sup>	2006
Prof. Dr. Stefan Michel	Member <sup>3)</sup>	2011
Maria Teresa Vacalli	Member <sup>4)</sup>	2013
Dr. René Cotting	Member <sup>5)</sup>	2015
Martin Kühn	Member <sup>6)</sup>	2018
David Dean	Repr. of registered A shares <sup>7)</sup>	2019
Patricia Heidtman	Member <sup>8)</sup>	2019

- 1) Chairman of the nomination committee (NC), member of the audit, risk & compliance committee (ARCC)
- 2) Member of the compensation committee (CC), member of the nomination committee (NC)
- 3) Member of the nomination committee (NC)
- 4) Member of the audit, risk & compliance committee (ARCC)
- 5) Chairman of the audit, risk & compliance committee (ARCC)
- 6) Member of the audit, risk & compliance committee (ARCC)
- 7) Chairman of the compensation committee (CC)
- 8) Member of the compensation committee (CC), member of the nomination committee (NC)

With press release on February 1, 2021, Bossard Group announced that Maria Teresa Vacalli and Anton Lauber decided not to serve another term and refrain from a re-election at the annual general meeting of shareholders on April 12, 2021. On the annual general meeting of shareholders on April 12, 2021, the board of directors will request the election of Petra Maria Ehmman and Marcel Keller as new members of the board of directors.

## Diversity and independence

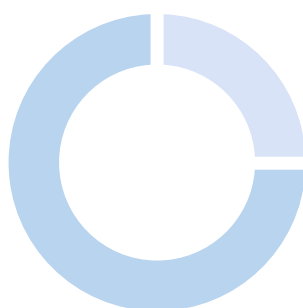
The board of directors ensures that its composition fulfills criteria of diversity and independence as well as that the required skills are available for a critical exchange of ideas.

### Term



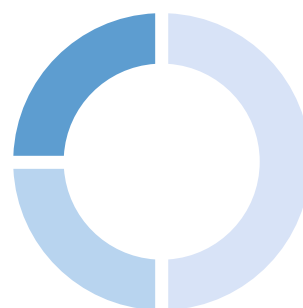
- < 5 years (37%)
- 5 to 8 years (25%)
- 9 to 12 years (13%)
- > 12 years (25%)

### Gender



- Women (25%)
- Men (75%)

### Age



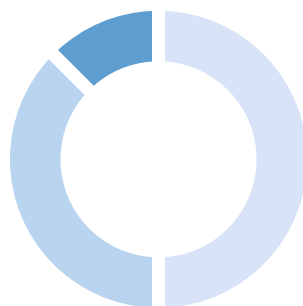
- 41 to 50 years (50%)
- 51 to 60 years (25%)
- 61 to 70 years (25%)

### Expertise/experience



- Industry/technology/innovation/digitalization (25%)
- Leadership/management (30%)
- Finance/accounting (15%)
- Law (5%)
- International relations/markets (25%)

### Independence



- Independent/non-executive (50%)
- Independent/non-executive/proposed by majority voting rights shareholder<sup>1)</sup> (37%)
- Not independent/executive < 3 years (13%)

<sup>1)</sup> Members of the board of directors, which are proposed for election by the majority voting rights shareholder, are not classified independent by Ethos.



## Internal organization

### Allocation of duties within the board of directors

The board of directors of the Bossard Group is ultimately responsible for the Group's business policy and management. It is the company's highest management body and is entitled to make decisions on all matters which, by law, through the articles of association and/or under the regulations of Bossard Holding AG, are not the responsibility of the annual general meeting of shareholders, or which it has not transferred to other bodies through regulation or decision.

The board of directors has the following non-transferable and inalienable main tasks (article 23 of the articles of association):

- ultimate direction of the company, namely establishing the goals and policy, defining the resources available for same and the priorities, and issuing the instructions required for implementation
- determining the organizational structure
- defining finance and accounting as well as financial planning and control
- appointing and dismissing the CEO and other members of the executive committee and adopting provisions governing authorized signatories
- maintaining ultimate supervision of the CEO and other members of the executive committee
- exercising rights of participation from and to shareholdings/investments
- drawing up the annual report and the compensation report, preparing the annual general meeting of shareholders and implementing its resolutions
- notifying the judge in the event of excessive indebtedness
- adopting resolutions on subsequent payment of capital with respect to not fully paid-up shares
- adopting resolutions regarding the approval of capital increases and the resulting amendments to the articles of association

### Committees

To assist it in its duties, the board of directors has established three permanent committees:

- the audit, risk & compliance committee (ARCC)
- the nomination committee (NC)
- the compensation committee (CC)

These committees prepare specific issues for discussion by the board of directors. The overall integral responsibility of the board of directors is not affected by the activities of these committees or by any delegation of tasks to them. Ad hoc committees can be formed to deal with specific or time-limited projects or issues. Unless otherwise stipulated by the articles of association, the board of directors defines the composition, duties, competencies and compensation for these committees in the relevant regulations, which are periodically reviewed by the respective committee and are amended in accordance with any proposed amendments submitted to the board of directors by the latter. With exception to the CC, the board of directors may dismiss any of the committees it has appointed at any time.

Certain duties and competencies are assigned to the chairman of the board of directors alone.

The board of directors has additionally delegated operational management and overall leadership of the Bossard Group as well as the related duties and competencies to the CEO. In turn, the CEO is authorized to arrange further delegation.

Detailed information on the division of duties within the board of directors can be found in the OBR, which is available via the following link: [www.bossard.com/en/about-us/investor-relations/corporate-governance/organization-regulations/](http://www.bossard.com/en/about-us/investor-relations/corporate-governance/organization-regulations/)

**Continued on page 62**

## BOARD OF DIRECTORS

### **Dr. Thomas Schmuckli-Grob (1963)**

Swiss citizen



- Chairman of the board of directors since 2007
- Chairman of the nomination committee since 2007
- Member of the audit, risk & compliance committee since 2002
- Member of the board of directors since 2000
- Secretary to the board of directors from 1997 to 2000

#### **Professional background**

Dr. Thomas Schmuckli-Grob currently works as a professional board member. Between 1993 and 2013, he held various management positions in the General Counsel division of Credit Suisse Group, initially in the Leu Bank Group and then from 1998 with a break at Credit Suisse. From 2005 to 2007, he headed the legal department of Corporate & Institutional Clients at Credit Suisse in Zurich, followed by Legal and Compliance Asset Management in Zurich (2007 to 2013). From 2000 to 2005, he was head of process and product management at Zuger Kantonalbank.

#### **Educational background**

- Degree in law (LLB and LLD), University of Fribourg, Fribourg, Switzerland
- Accredited lawyer and notary, Zug, Switzerland
- Management studies, University of Zurich, Zurich, Switzerland
- Further studies in the fields of strategy, leadership and board of directors, IMD, Lausanne, Switzerland
- Further studies in the fields of strategy and family-run-concern, HSG, St. Gallen, Switzerland
- Further studies in the field of finance, University of Zurich, Zurich, Switzerland

#### **Other activities and vested interests**

- Chairman of the board of directors, Credit Suisse Funds AG, Zurich, Switzerland
- Member of the board of directors, MultiConcept (Luxembourg) S.A. [affiliate company Credit Suisse Funds AG], Luxembourg, Luxembourg
- Member of the board of directors, Hans Oetiker Holding AG, Horgen, Switzerland
- Chairman of the board of directors, Patria Genossenschaft, Basel, Switzerland
- Vice President of the board of directors, Helvetia Holding AG and two subsidiaries, Basel/St. Gallen, Switzerland

## **Anton Lauber (1951)**

Swiss citizen



- Member of the compensation committee since 2018
- Member of the nomination committee since 2018
- Deputy chairman of the board of directors since 2011
- Member of the board of directors since 2006

### **Professional background**

Anton Lauber works as a professional board member since 2012. From 2008 to 2011, he headed the Schurter AG, the Schurter Group's Electronic Components division in Lucerne as a delegate of the board of directors of Schurter AG. From 1993 to 2008, he was CEO of Schurter AG and from 1996, he was the delegate of the board of directors of Schurter AG, where he worked as the head of production and technology between 1988 and 1992. Prior to that, he managed the Generator Plant of ABB Switzerland. In the course of his professional activities, Anton Lauber gained experience in emerging markets, in particular in India, China, Brazil and Malaysia.

### **Educational background**

- Degree in mechanical engineering, FHNW, Brugg-Windisch, Switzerland
- Post-degree diploma in KMU-HSG, University St. Gallen, St. Gallen, Switzerland
- Various leadership programs, IMD, Lausanne, Switzerland
- Post-degree diploma in corporate management, Lucerne University of Applied Sciences and Arts, Lucerne, Switzerland

### **Other activities and vested interests**

- Member of the board of directors, Fr. Sauter AG, Basel, Switzerland
- Member of the board of directors, CTC Analytics AG, Zwingen, Switzerland
- Chairman of the board of directors, Hightech Zentrum Aargau AG, Brugg, Switzerland
- Chairman of the board of directors, Voegtlin-Meyer AG, Brugg, Switzerland
- Chairman of the board of directors, Thermalbad Zurzach, Bad Zurzach, Switzerland
- Vice President of the board of directors, ThermalBaden AG, Baden, Switzerland
- Chairman of the council, Lucerne University of Applied Sciences and Arts, Lucerne, Switzerland
- Member of the foundation board, Förderstiftung Technopark Aargau, Brugg, Switzerland

## **Dr. René Cotting (1970)**

Swiss citizen



- Chairman of the audit, risk & compliance committee since 2015
- Member of the board of directors since 2015

### **Professional background**

Dr. René Cotting has held various positions in Switzerland and abroad for the ABB Group since 1995. From 2013 until the end of May 2017, he was CFO of ABB Switzerland. On March 1, 2017, he was named Head of Operation, Innovation and R&D for the ABB Group and Chairman of ABB Technology Ventures. In the course of his professional activities, René Cotting gained experience in emerging markets, in particular in India, China and Poland.

### **Educational background**

- Degree in economics, social sciences and doctorate, University of Fribourg, Fribourg, Switzerland
- Further studies in the fields of strategy, finance, controlling and corporate management, IMD, Lausanne, Switzerland
- Further studies in the field of driving corporate performance, Harvard Business School, Boston, USA
- Further studies in the field of business marketing strategy, Kellogg School of Management Northwestern University, Evanston, USA
- Further studies in the field of Artificial Intelligence-Implications for Business Strategies, MIT Massachusetts Institute of Technology, Cambridge, USA
- Further studies in the field of venture capital, Wharton Business School, San Francisco, USA

### **Other activities and vested interests**

- Member of the foundation board committee and economic advisory board, Switzerland Innovation, Bern, Switzerland
- Member of the foundation board, ABB Jürgen Dormann Foundation for Engineering Education, Baden, Switzerland
- Member of the board, CCI Cotting Consulting AG, Tafers, Switzerland

## David Dean (1959)

Swiss citizen



- Representative for holders of registered A shares since 2020
- Chairman of the compensation committee since 2019
- Member of the board of directors since 2019

### Professional background

David Dean currently works as a professional board member. He was CEO of the Bossard Group from 2005 to 2019. From 1998 to 2004, he served as CFO of Bossard Group and has been with Bossard since 1992. Between 1990 and 1992, he was corporate controller and a member of the executive committee of an international logistics group. From 1980 to 1990, he worked for PricewaterhouseCoopers AG in various management functions in auditing and business consulting. In the course of his professional activities, David Dean gained experience in emerging markets, in particular in India, China, Malaysia, Thailand, Taiwan and South Korea.

### Educational background

- Swiss certified management accountant/controller, AKAD Business, Zurich, Switzerland
- Swiss certified public accountant, Expertsuisse, Zurich, Switzerland
- Executive education. Harvard Business School, Boston, USA
- Executive education, IMD, Lausanne, Switzerland

### Other activities and vested interests

- Member of the board of directors, Komax Holding AG, Dierikon, Switzerland
- Member of the board of directors, Burckhardt Compression Holding AG, Winterthur, Switzerland
- Member of the board of directors, Haag-Streit Holding AG, Köniz, Switzerland
- Member of the board of directors, Brugg Group AG, Brugg, Switzerland
- Member of the USA Chapter Board, Swiss American Chamber of Commerce, Zurich, Switzerland

**Patricia Heidtman (1973)**

Dual Swiss-US citizen



- Member of the compensation committee since 2019
- Member of the nomination committee since 2019
- Member of the board of directors since 2019

**Professional background**

Patricia Heidtman is working for SIKA since her studies and is a member of the SIKA management team since 2017. She currently heads the research & development team for thermoplastic systems in Sarnen, Switzerland. Prior to this, Patricia Heidtman spent around 14 years in the USA, most recently as head of innovation management for products, processes and developments for the automotive industry.

**Educational background**

- Master of Science, ETH Zurich, Zurich, Switzerland
- Executive education, London Business School, Lucerne/Zurich, Switzerland
- Executive education, IMD, Lausanne, Switzerland

**Martin Kühn (1976)**

Swiss citizen



- Member of the audit, risk & compliance committee since 2018
- Member of the board of directors since 2018

**Professional background**

Since 2010 Martin Kühn is working for the KIBAG Group in Zurich, since 2014 as CFO and member of the executive committee. He is responsible for finance, ICT, human resources, real estate, KIBAG Marina and the technical services of the construction and building materials company. From 2002 to 2010, he had been employed at PricewaterhouseCoopers AG national and international as an auditor and M&A consultant for industrial clients. Prior to that, he worked two years for UBS.

**Educational background**

- Business economist FH, University St. Gallen, St. Gallen, Switzerland
- Swiss certified public accountant, Academy of Public Accountants, Zurich, Switzerland

**Other activities and vested interests**

- Member of the board of directors, Kannewischer Ingenieurbüro AG, Cham, Switzerland
- Member of the board of directors, Runwaysafe AB, Gothenburg, Sweden
- Member of the foundation board, pension fund KIBAG Group, Zurich, Switzerland
- Member of the foundation board, employee foundation KIBAG Group, Zurich, Switzerland
- Member of the audit commission, Bürgergemeinde Zug, Zug, Switzerland

**Prof. Dr. Stefan Michel (1967)**

Swiss citizen



- Member of the nomination committee since 2015
- Member of the board of directors since 2011

**Professional background**

Prof. Dr. Stefan Michel is a professor for marketing and service management and director of the executive MBA at the IMD Business School in Lausanne, Switzerland since 2008. Between 2003 and 2008, he was as a professor at the Thunderbird School of Global Management in Arizona, USA. Prior to this, he taught as a professor at the Lucerne University of Applied Sciences and Arts, managed a family-run hotel and worked at Bank Leu in Zurich.

**Educational background**

- Degree in economics and doctorate in marketing, University of Zurich, Zurich, Switzerland

**Other activities and vested interests**

- Owner, Business School Press AG, Zug, Switzerland
- Chairman of the foundation board, Swiss Association for Marketing GfM, Zurich, Switzerland
- Member of the foundation board (school representative), IMD, Lausanne, Switzerland

**Maria Teresa Vacalli (1971)**

Swiss citizen



- Member of the audit, risk & compliance committee since 2019
- Member of the board of directors since 2013

**Professional background**

Maria Teresa Vacalli is CEO (Chief Executive Officer) of Bank Cler in Basel since September 2019. From 2018 until 2019, she was CDO (Chief Digital Officer) and Member of the Management Board of Basler Kantonalbank in Basel. From 2016 until 2018, she was CEO of Moneyhouse in Rotkreuz. Between 2008 and 2016, she has directed the wholesale unit at Sunrise Communications AG, Zurich, and was appointed executive director in 2014. Between 2002 and 2008, she worked in various executive positions at UPC Schweiz GmbH (formerly upc cablecom GmbH), Zurich. Before that, she had been employed in managerial posts in different companies.

**Educational background**

- Graduate in plant and production engineering, ETH Zurich, Zurich, Switzerland

**Other activities and vested interests**

- Chairman of the board of directors, Keen Innovation AG, Basel, Switzerland

Continued from page 55

### Working methods of the board of directors

The board of directors normally meets six to eight times per year, but is available to discuss matters at short notice should this be required. A member of the board of directors may request that additional meetings be convened by providing written justification to the chairman of the board of directors. The duration of board and committee meetings depends on the respective agenda. In 2020, a total of five full-day board meetings were held (two of them electronically), as well as a two-day retreat and two conference calls. Normally, the board of directors holds a retreat once a year, which lasts for several days and is used for analyzing the strategic risk/opportunities mix and for fundamentally reviewing the strategy and its development. Due to the COVID-19 situation, a shortened retreat of two days was held at the headquarters in Zug, Switzerland. Thereby, the board of directors was intensively discussing with the executive committee the upcoming strategy cycle (“Bossard 200 Strategy”).

Board of directors	Function	Participation 2020	Participation 2020 in %
Dr. Thomas Schmuckli	Chairman	8/8	100
Anton Lauber	Deputy chairman	8/8	100
Dr. René Cotting	Member	8/8	100
David Dean	Repr. of registered A shares	8/8	100
Patricia Heidtman	Member	8/8	100
Martin Kühn	Member	8/8	100
Prof. Dr. Stefan Michel	Member	8/8	100
Maria Teresa Vacalli	Member	8/8	100

The chairman invites the members to the meetings in writing, enclosing the agenda and any relevant documents. The invitations are sent out at least seven days before the meeting. Each member of the board of directors may request the chairman to add further items to the agenda. The meeting is presided by the chairman of the board or, in his absence, by the deputy chairman. The board of directors is quorate if the majority of its members is present. The board of directors makes decisions based on an absolute majority of the votes cast. Each member of the board of directors has one vote. If a vote is tied, the chairman has the casting vote. Minutes must be taken detailing the negotiations and decisions of the

board of directors; these minutes must be approved by the board of directors. In particularly urgent cases the chairman may require the board to reach a decision by conference call. Such decisions must be included in the minutes of the next board meeting. To ensure that the board of directors receives sufficient information to reach decisions, it invites the CEO, the CFO and – if necessary – other members of the executive committee, members of staff or third parties to attend meetings.

The chairman, the CEO, the CFO and other representatives of the executive committee meet regularly to discuss fundamental corporate matters. These include the Group’s strategy, medium-term financial, operational and succession planning, organizational issues and market consolidation. If there is a conflict of interests, the board or executive committee members concerned abstain from voting.

The board of directors evaluates and assesses its own performance at regular intervals (next assessment in March 2021) – of each individual member as well as of the board as a whole – and determines, if necessary, actions to take to improve the in- and output.

### Composition/working methods of the board’s committees

The functions of the three permanent board committees are primarily analytical, advisory and supervisory. They also have decision-making authority in certain individual cases.

### Audit, risk & compliance committee (ARCC)

The ARCC consists of at least three members elected by the board of directors from among its members, for a period of office lasting from one ordinary annual general meeting of shareholders until completion of the next ordinary annual general meeting of shareholders. As at December 31, 2020, the members of the ARCC were Dr. René Cotting (chairman), Dr. Thomas Schmuckli, Martin Kühn and Maria Teresa Vacalli. The ARCC meets at least three times per year: in the summer, to define the scope and key points of the annual audit with the audit company, in late fall to discuss the findings from the main audit and the existence and effectiveness of the internal control system (ICS), and in February, to discuss the result of the audit of annual accounts.



These meetings are attended by the chairman of the board of directors (unless she or he is already a member of the ARCC), the CFO, the Group controller and at least one representative of the external auditors. The CEO, other members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. The minutes of these meetings are circulated to all members of the board of directors, the CFO and the CEO, as well as to those who attended the meeting. In addition, the ARCC regularly reports on its activities to the board of directors at meetings of the latter. In 2020, the ARCC held three meetings. On average, the meetings lasted half a day. A conference call was also held.

Audit, risk & compliance committee	Function	Participation 2020	Participation 2020 in %
Dr. René Cotting	Chairman	4/4	100
Martin Kühn	Member	4/4	100
Dr. Thomas Schmuckli	Member	4/4	100
Maria Teresa Vacalli	Member	4/4	100

The ARCC ensures that the board of directors is informed of all matters that could significantly impact the financial situation of the Bossard Group and the business environment. The primary duty of the ARCC is to support the board of directors in its ultimate supervisory role and in its financial management activities. In particular, with the assistance of the external auditor it reviews the structures and processes in the area of finance and accounting, thus ensuring that financial reporting and audit activities are transparent and comply with the related legislation. The ARCC also evaluates the effectiveness of the ICS, risk management and compliance with tax-related and other statutory and regulatory provisions as well as corporate ethics. Furthermore, the ARCC works closely together with the external auditor and evaluates the performance, independence and remuneration of the external auditor. The board of directors has drawn up in the rules and regulations of the audit, risk & compliance committee the detailed regulations on the areas of activity and competencies of the ARCC. To date, the board of directors has refrained from creating an internal audit unit.

## Compliance

The board of directors is kept continuously informed of all major matters affecting the compliance principles. The statutory auditors additionally inform the board of directors on reports it has received on matters of a legal nature. An evaluation of such reports received in 2020 did not reveal anything new but confirmed what the board of directors already knew. Ultimate supervision of compliance matters rests with the board of directors.

## Nomination committee (NC)

The NC consists of at least three members elected by the board of directors from among its members, for a period of office lasting from one ordinary annual general meeting of shareholders until completion of the next ordinary annual general meeting of shareholders. A representative of the A shareholder group on the board of directors is entitled to a seat on the NC. As at December 31, 2020, the members of the NC were Dr. Thomas Schmuckli (chairman), Prof. Dr. Stefan Michel, Patricia Heidtman and Anton Lauber. The NC meets as required, but at least twice a year. Normally also the CEO and the chairman of the board of directors (unless she or he is already a member of the NC) attend the meeting. Other members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda.

The minutes of these meetings are circulated to all members of the board of directors and the CEO, as well as to those who attended the meeting. The NC also regularly reports to the board of directors at the latter's meetings on its activities and, at least once a year, in detail on the progress of the nomination process. In 2020, the NC met for six meetings; each of these meetings lasted on average three hours. In addition, two conference calls were held.

Nomination committee	Function	Participation 2020	Participation 2020 in %
Dr. Thomas Schmuckli	Chairman	8/8	100
Patricia Heidtman	Member	8/8	100
Anton Lauber	Member	8/8	100
Prof. Dr. Stefan Michel	Member	8/8	100

The NC prepares all relevant business with regard to the nomination of members at strategic and operational management levels of the Bossard Group for the meetings of the board of directors and has the following main tasks:

- periodically reviewing the composition of the board of directors
- developing criteria and requirement profiles for election/re-elections to the board of directors, the CEO and, in collaboration with the CEO, the other members of the executive committee
- supporting the board of directors in implementing selection processes for the nomination of candidates for the board of directors and, in collaboration with the CEO, the executive committee
- providing possible training to the board of directors in relation to its duties
- ensuring succession planning for members of the board of directors, the executive committee and, in collaboration with the CEO, the deputies on the executive committee
- developing annual objectives to be submitted to the board of directors for the CEO (in collaboration with the chairman of the board of directors), defining the annual objectives of the other members of the executive committee and assessing the performance of the CEO and the other members of the executive committee (with the assistance of the chairman of the board of directors and the CEO). If necessary, the NC requests from the board of directors measures to improve performance
- submitting applications concerning the election and dismissal of members of the board of directors of the more important Group companies

The board of directors has drawn up in the nomination committee regulations the detailed regulations on the areas of activity and competencies of the NC.

### Compensation committee (CC)

The CC consists of at least three members of the board of directors individually elected as members of the CC by the annual general meeting of shareholders for a period of office until completion of the next ordinary annual general meeting of shareholders. Subject to election by the annual general meeting of shareholders, the representative of the A shareholder group on the board of directors is enti-

pled to a seat on the CC. David Dean (new election), Anton Lauber (re-election) and Patricia Heidtman (re-election) were elected to the CC at the annual general meeting of shareholders on April 8, 2020. The board of directors appointed David Dean as the chairman of the CC. The CC meets as required, but at least twice a year. The members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. Normally, the CEO attends the meetings of the CC. The minutes of these meetings are circulated to all members of the board of directors and the CEO, as well as to those who attended the meeting. The CC also regularly reports to the board of directors at the latter's meetings on its activities and, at least once a year, in detail on the progress of the compensation process. In 2020, the CC held two meetings, each lasted on average half a day.

Compensation committee	Function	Participation 2020	Participation 2020 in %
David Dean <sup>1)</sup>	Chairman	1/1	100
Patricia Heidtman	Member	2/2	100
Anton Lauber	Member	2/2	100
Prof. Dr. Stefan Michel <sup>2)</sup>	Member	2/2	100
Dr. Thomas Schmuckli	Minutes/no voting rights	2/2	100

1) Election to the compensation committee in April 2020

2) Resignation from the compensation committee in April 2020; participation in the second meeting as a guest with no voting rights

The CC prepares all relevant business with regard to the compensation of members at strategic and operational management levels of the Bossard Group for the meetings of the board of directors and has the following main tasks:

- developing the general remuneration principles and the remuneration system for the board of directors, the CEO and the other members of the executive committee for the board of directors to make a decision on
- developing the guidelines governing the structure of the occupational pension scheme for the CEO and the other members of the executive committee for the board of directors to make a decision on
- periodically reviewing the compensation system and proposing any necessary changes to the board of directors

- preparing the annual compensation report to be submitted to the board of directors for the annual general meeting of shareholders and, where applicable, preparing other reports as requested
- submitting proposals concerning the compensation of the individual members of the board of directors, the CEO and the other members of the executive committee
- checking and approving employment contracts as well as other agreements with members of the executive committee
- if the CC considers necessary, the assignment, the supervision and the critical evaluation of the results of advisers or the comparison with third party companies regarding the compensation practices

The board of directors has drawn up in the compensation committee regulations detailed regulations on the areas of activity and competencies of the CC.

### **Division of responsibility**

The division of responsibility between the board of directors and the executive committee is defined in the OBR in accordance with article 23, paragraph 2 and article 25 of the articles of association. These describe the non-transferable and inalienable duties which are vested in the board of directors by law, and also govern the duties and powers of the executive committee. The OBR define the duties and competencies of the board of directors, the chairman of the board of directors and the CEO. The CEO is entitled to delegate tasks.

Furthermore, the OBR lay down the procedures to be followed in the event of a conflict of interests: a member of the board of directors and/or executive committee must abstain from voting if matters are discussed which touch on that member's personal interests or the interests of an individual or legal entity associated with the member.

Regulations on the division of responsibility are set out in the OBR. These are available via the following link: [www.bossard.com/en/about-us/investor-relations/corporate-governance/organization-regulations/](http://www.bossard.com/en/about-us/investor-relations/corporate-governance/organization-regulations/)

### **Information and control instruments with regard to the executive committee**

The board of directors ensures that the executive committee establishes and maintains an internal control system (ICS), which is adapted to the dimensions of the Bossard Group and the risks involved in its business activities. The external auditors review the existence of the ICS as part of its annual audit and submit an annual report to the board of directors. The company renounces from carrying out its own internal audit at present.

Each member of the board of directors may request information concerning all matters relating to Bossard Holding AG. The board of directors receives monthly updates on the Group's financial development. It receives a written monthly report consisting of the income statement, various balance sheet items and the main key figures. The information is based on the internal management information system and includes the current and budget data as well as regular projections based on current trends and expectations.

This written report is supplemented at each board meeting by verbal reports from the executive committee. In special cases the CEO informs the board of directors about the specific issue promptly in writing and/or verbally. The chairman of the board of directors also maintains regular contact with the CEO and the CFO and is informed by them about all business transactions and matters of fundamental importance.

Outside the meetings of the board of directors, each member can request information from persons responsible for management concerning the course of business and, with authorization from the chairman, individual transactions.

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## EXECUTIVE COMMITTEE

### **Dr. Daniel Bossard (1970)**

Swiss citizen



Group CEO since 2019

#### **Professional background**

From 2009 to 2018, Dr. Daniel Bossard was CEO Northern and Eastern Europe. From 2006 to 2008, he served as sales & marketing manager of Bossard Group and was responsible for the reorientation of Bossard's sales strategy as well as the development of international customer relations. From 2003 until 2006, he was CEO of Bossard Denmark. Dr. Daniel Bossard joined Bossard in 2000 as an e-business manager, after having worked as a consultant for Accenture (formerly Andersen Consulting).

#### **Educational background**

- Business administration degree and doctorate in technology management, University of St. Gallen, St. Gallen, Switzerland

### **Stephan Zehnder (1965)**

Swiss citizen



Group CFO since 2005

#### **Professional background**

Stephan Zehnder took over the function as group controller of Bossard Group in 1998, remaining in this position until the end of 2004. From 1996 to 1997, he was a controller in Bossard's corporate finance team. Prior to this, he was employed by various international companies in functions concerned with finance and controlling.

#### **Educational background**

- MBA in Finance, Graduate School of Business Administration and University of Wales, Zurich, Switzerland

#### **Other activities and vested interests**

- Member of the board of directors, Sun Shares Trading & Consultancy Private Limited, New Delhi, India

**Beat Grob (1962)**

Swiss citizen



CEO Central Europe since 2006

**Professional background**

From 2005 to 2016 Beat Grob was managing director of Bossard Switzerland. He joined Bossard in 1995 as a project manager in logistics; the following year, he became head of logistics for Bossard Group.

**Educational background**

- Degree in law, University of Zurich, Zurich, Switzerland
- Postgraduate MBA, University of San Diego, San Diego, USA

**Other activities and vested interests**

- Chairman of the board of directors, Kolin Holding AG, Zug, Switzerland
- Member of the board of directors, Aeschbach Holding AG, Zug, Switzerland
- Member of the foundation board, Bossard Unternehmensstiftung, Zug, Switzerland
- Member of the board of directors, Imbach & Cie AG, Nebikon, Switzerland

**Dr. Frank Hilgers (1966)**

German citizen

CEO Northern & Eastern Europe since 2019  
Group CCO since 2015**Professional background**

Dr. Frank Hilgers has been CEO Northern and Eastern Europe since May 2019. Since 2015, he has been responsible for the group-wide management of branded products and high quality fastening solutions (Chief Category Officer, CCO). He has also headed the business units of KVT-Fastening since 2012. From 2009 to 2012, he was a member of the KVT-Koenig management team responsible for sales, product management and the fastening systems division. During his employment at Continental between 2007 and 2009, he was in charge of all national organizations of the spare parts business and key account management in the Commercial & Special Vehicle area. From 2004 to 2007, Dr. Frank Hilgers headed Group Strategy and Corporate Development at Siemens VDO Automotive and was instrumental in the turnaround and sale of this Siemens segment. As senior manager for strategy, Dr. Frank Hilgers headed major international projects at Accenture (formerly Andersen Consulting) from 1997 until 2004, and was responsible for automotive suppliers and the shareholder value initiative in the German speaking countries.

**Educational background**

- Degree in chemistry and doctorate, University of Stuttgart, Stuttgart, Germany
- Executive MBA (Accenture Program), Kellogg School of Management Northwestern University, Evanston, USA

**Other activities and vested interests**

- Member of the advisory board, enersis suisse AG, Bern, Switzerland

**Steen Hansen (1959)**

Citizen of the USA



CEO America since 2008

**Professional background**

From 2006 to 2008, he served as the president of Bossard IIP, Cedar Falls, Iowa. He was responsible for the Group's logistics between 2004 and 2006, having joined Bossard in 2001 as head of logistics for Bossard Denmark. Prior to joining Bossard, he filled various management positions, the last being supply chain manager at Nomeco Denmark, a leading wholesaler for pharmaceuticals.

**Educational background**

- Bachelor degree in technology management and marine engineering, Technical University of Denmark, Lyngby, Denmark
- MBA, ETH Zurich, Zurich, Switzerland

**Other activities and vested interests**

- Member of the board of directors, National Association of Wholesales (NAW), Washington DC, USA
- Member of the board of directors, Kryton Engineered Metals, Cedar Falls, USA
- Member of the board of directors, Hectronic USA Corp., Chesapeake, USA

**Robert Ang (1963)**

Citizen of Singapore



CEO Asia since 2009

**Professional background**

From 2005 until 2009, Robert Ang was responsible for Bossard Greater China (China, Taiwan) and prior to that, the Southeast Asia region. From 1997 until 1999, he was CEO of Bossard Singapore. Robert Ang managed his own company from 1994 until it was acquired by Bossard in 1997. He spent the four years prior as a product manager for Conner Peripherals and Optics Storage Pte Ltd. in Singapore. Between 1986 and 1989 he worked as a buyer at Printronix AG.

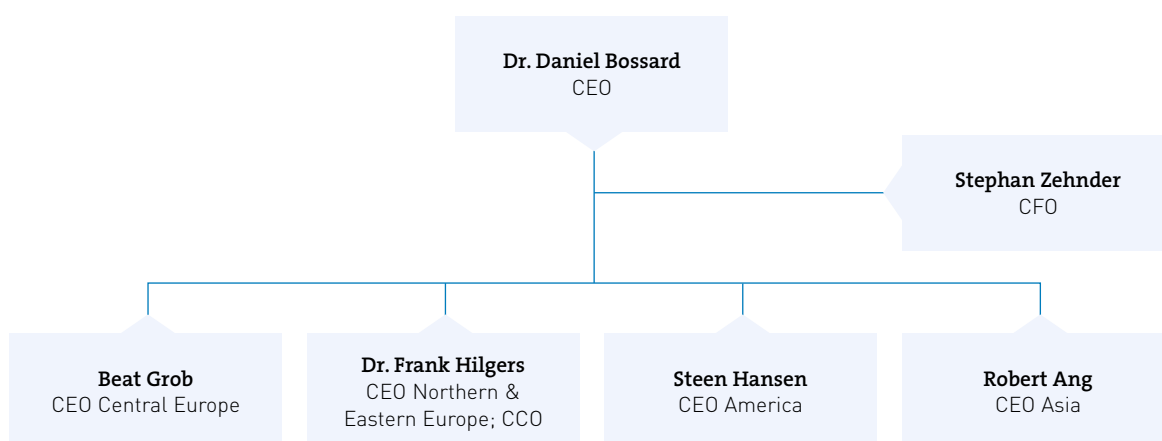
**Educational background**

- Diploma in business administration, Thames Business School, Singapore, Singapore
- Diploma in mechanical engineering, Singapore Polytechnic, Singapore, Singapore
- MBA, Lee Kong Chian School of Business, Singapore, Singapore



Continued from page 65

## Executive committee



### Members of the executive committee

The board of directors has delegated the management of the company to the CEO. He is responsible for the company's operational management. The CEO has delegated individual tasks to the members of the executive committee. Supervision and control of the executive committee is the responsibility of the CEO. The executive committee handles matters relevant to the management of the Bossard Group and is the forum for systematic exchange of information. After consultation with the executive committee, the CEO develops the strategic initiatives of the Group to enable the corporate objectives to be achieved.

The executive committee had the following members as at December 31, 2020:

Name	Function	Joined company	Appointed
Dr. Daniel Bossard	CEO	2000	2019
Stephan Zehnder	CFO	1996	2005
Beat Grob	CEO Central Europe	1995	2006
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	2012	2019/ 2015
Steen Hansen	CEO America	2001	2008
Robert Ang	CEO Asia	1997	2009

With press release on February 1, 2021, the Bossard Group announced that Steen Hansen, CEO America, is leaving the Bossard Group. David Jones has been

unanimously elected by the board of directors as successor (transition as at February 1, 2021). David Jones is new to the Bossard Group.

### Other activities and vested interests

The executive committee members do not perform any other activities outside the Bossard Group apart from the mandates listed on pages 66 to 68. Furthermore, they do not have any other significant vested interests. Beat Grob and Dr. Daniel Bossard are members of the Bossard families, which have 100 percent control over Kolin Holding AG. Beat Grob is chairman of the board of directors of Kolin Holding AG. Dr. Daniel Bossard resigned as a member of the board of directors of Kolin Holding AG as at January 29, 2018. Individual members of the executive committee carry out executive functions at Bossard Holding AG subsidiaries.

### Allowed number of mandates

According to article 44 of the articles of association, a member of the executive committee may at the same time, alongside his function for the company, take on a maximum of five material mandates, with a maximum of one chairmanship, which counts as two mandates. A maximum of two out of these five mandates may be in listed companies. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on



the number of mandates (i) for mandates assumed in legal entities that are directly or indirectly controlled by Bossard Holding AG or that directly or indirectly control Bossard Holding AG, or (ii) if, in exercising the function for the Bossard Group, a mandate in another, related legal entity is exercised. The actual number of additional mandates are listed on pages 66 to 68.

### **Management contracts**

There are no management contracts between the Group and companies or persons to whom management tasks have been delegated.

### **Compensation, participations and loans**

This information is provided in the compensation report.

### **Shareholders' participation rights**

Shareholders' participation rights are defined solely according to the Swiss Code of Obligations (OR) and the articles of association. The articles of association are available on the Bossard website via the following link:

[www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/](http://www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/)

### **Voting right restrictions and representation (articles 16 to 18 of articles of association)**

Registered B shares are voting right shares. At the annual general meeting of shareholders each share registered with voting rights is entitled to one vote. The voting rights for registered A shares may be exercised by anyone entered in the share register as the owner or beneficiary. A shareholder entitled to vote can have her- or himself represented at the annual general meeting of shareholders by the independent proxy, or – with written power of attorney – by any other person. Legal representatives do not require a written power of attorney. In the invitation to the annual general meeting of shareholders, the board of directors shall make known the date by which the shareholders may issue their powers of attorney and instructions to the independent proxy, including by electronic means. Shareholders can issue a special instruction to the independent proxy for each motion announced on the agenda sent out in the invitation.

Shareholders may issue general instructions to the independent proxy for other motions on agenda items proposed at the annual general meeting of shareholders as well as for motions for convening extraordinary general meetings without any agenda and the performance of a special audit. The independent proxy is obliged to exercise as instructed the voting rights that have been transferred to her or him by the shareholders. If she or he has not received any instructions, she or he shall abstain from voting.

The measurement of voting rights by the number of shares with voting rights is not applicable for:

- electing the external auditor
- appointing experts to review the management of the business or individual parts thereof
- making decisions on the initiation of a special audit
- making decisions on the filing of a liability claim

### **Statutory quorum (article 19 of articles of association)**

The annual general meeting of shareholders makes its decisions and holds its elections with an absolute majority of the valid votes cast, provided there are no legal provisions or provisions in the articles of association to the contrary. In a second ballot, the relative majority decides the outcome.

At least two-thirds of the votes represented and an absolute majority of the represented nominal share value are required for decisions on:

- a change to the corporate purpose
- an increase in the voting power of existing voting shares and the issue of new shares with more extensive voting privileges than those of existing voting shares
- the introduction of more stringent transferability restrictions
- an approved or conditional capital increase
- a capital increase from equity, subscribed in kind or for granting special privileges
- the restriction or withdrawal of subscription rights
- the relocation of the company domicile
- the dissolution of the company

Decisions and elections are generally settled by open ballot. A secret ballot or election is held if required by the chairman or if one or more shareholders who together hold at least 10 percent of the represented voting shares request it.

### **Convocation of the annual general meeting of shareholders (articles 12 and 13 of articles of association)**

The ordinary annual general meeting of shareholders is held each year at the latest four months after the end of the financial year. It is convened by the board of directors by announcing the venue, date and time of the meeting and the invitation is published at least 20 calendar days before the meeting, along with the agenda, motions and the required form of proving share ownership.

Due to the extraordinary situation related to the COVID-19 pandemic, shareholders were not able to attend the 2020 annual general meeting of shareholders in person. Based on article 6a para. 1 letter b of the Federal Council Ordinance 2 on Measures to Combat Coronavirus (COVID-19), the board of directors decided that shareholders may only exercise their rights at the 2020 annual general meeting of shareholders through the independent proxy. The chairman of the board of directors, the independent proxy, the notary public and a representative of Devigus Shareholder Services AG were physically present. In addition, the statutory auditors, the chairman of the CC and the ARCC as well as the CEO and the CFO of the Bossard Group were connected via video conference.

The board of directors decided that, to protect all people involved from the current COVID-19 health situation, the annual general meeting of shareholders in 2021 will again be held without the physical presence of the shareholders in accordance with article 27 of the Covid-19 regulation 3. Therefore, shareholders will be able to exercise their rights at the 2021 annual general meeting of shareholders exclusively through the independent proxy. At the time of publishing this report, possibilities to broadcast the annual general meeting of shareholders electronically are being examined.

With the publication (SHAB) of the request for items to be placed on the agenda as of January 22, 2021, the

board of directors invites shareholders to submit any requests for items to be included on the agenda, together with the proposals formulated, by February 16, 2021.

One or more shareholders who together represent at least 10 percent of the share capital, can request the board of directors to convene a general meeting of shareholders.

### **Inclusion of items on the agenda**

Shareholders themselves or collectively representing shares with a nominal value of at least 0.75 percent of the share capital are entitled to have an item placed on the agenda. By publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt/SOGC) at least 20 calendar days before the publication of the invitation for the ordinary annual general meeting of shareholders, the board of directors requests the shareholders, that are fulfilling the mentioned requirements, to submit any items to be placed on the agenda with the respective motions within the time stated.

### **Entry in the share register (article 5 of articles of association)**

The company keeps a share register in which owners and beneficiaries are inscribed with their names and addresses. The company must be notified of any change of address. Until this notification is received, all information for registered shareholders must be sent to the legally valid address entered in the share register.

In the invitation to the annual general meeting of shareholders, the board of directors announces the date by which an entry in the share register must be made in order to attend the meeting and vote.

Entry in the share register is subject to advance proof that ownership of the registered A shares was acquired or that usufruct has been granted (the conditions for transfer of ownership and the registration requirements for registered B shares are governed by articles 7 to 9 of the articles of association). Shareholders are entered with voting rights if they expressly declare that the shares in question are held in their own name and for their own account.

The company only recognizes a person as a shareholder or beneficiary if this person is registered as such in the share register.

The voting right and the associated rights may only be exercised by the person registered in the share register as having voting rights.

The board of directors can delete entries made on the basis of false information by the acquirer. It will implement this measure within one year, backdated to the date of the entry, after receiving definite information about the error and hearing the person concerned. The person concerned must be notified of the deletion immediately.

### **Changes of control and defense measures**

#### **Duty to make an offer**

According to FMIA, anyone, who directly or indirectly or acting in concert with third parties, acquires shares and thereby exceeds the threshold of 33 1/3 percent of the voting rights of Bossard Holding AG must make a takeover offer for all outstanding shares. Bossard Holding AG has waived its opportunity to modify (opting-up) or dispense (opting-out) with this regulation.

#### **Clauses on changes of control**

The employment agreement for members of the executive committee does not contain any clauses on changes of control. The Group does not provide golden parachutes for its senior management.

The period of notice for members of the executive committee is between six and twelve months, during which time they are entitled to receive salary and bonus payments. If the company changes hands or goes into liquidation, all share options (RSUs) held under the management participation plan become due immediately.

### **Auditors**

#### **Duration of the mandate and term of office of the lead auditor**

PricewaterhouseCoopers AG, Zurich, has been the statutory auditor for Bossard Holding AG since 1986 and audits the annual financial statements and the consolidated financial statements. The statutory auditors are elected by the annual general meeting of shareholders for a term of one year. The auditor in charge is Bruno Häfliger, Swiss certified public accountant, who has been responsible for the auditing mandate since the 2017 financial year. In 2021, Thomas Wallmer, Swiss certified public accountant, takes over the position of the auditor in charge.

#### **Fees for the statutory auditor**

In the 2020 financial year, PricewaterhouseCoopers AG received fees of CHF 720,545 (2019: CHF 687,677) for auditing services, CHF 20,088 (2019: CHF 27,989) for tax consulting and CHF 119,550 (2019: CHF 115,637) for other consulting services.

#### **Information and control instruments towards the statutory auditor**

The ARCC meets at least three times per year to discuss plans for the annual and Group audit, the results of the interim audit and the year-end financial statement, as well as other business. The management letters from the statutory auditor form the basis for discussion of the interim audit and the year-end financial statements. The ARCC assists the board of directors with its supervision of the statutory auditors. The ARCC's main responsibility is to propose the statutory auditors, to review their qualifications, independence and performance annually, to approve the auditing fee and to review the accounting principles as well as the annual financial report. The committee annually reviews the scope of the audit, the auditing plans and the related procedures, and discusses the results of the audit with the auditors.

## Information policy

**With its disclosure policy, the Bossard Group creates transparency for investors and financial markets and ensures a fair market price for Bossard shares.**

The Bossard management is convinced that the financial markets will honor a clear, consistent and informative disclosure policy in the long term with a fair valuation of the company's shares. Bossard therefore applies the following principles in its financial reporting and approach to disclosure:

- Transparency: the disclosure principle is intended to ensure a better understanding of the economic drivers influencing the Group and the detailed operating results.
- Consistency: disclosure within each reporting period and between the individual periods is consistent and comparable.
- Clarity: information is presented as clearly as possible so that the company's stakeholders can form an accurate picture of how the business is going.
- Relevance: to avoid a flood of information, Bossard focuses on data that is relevant for the company's stakeholders in terms of content and timing, is necessary for supervisory purposes or is required by law.

The Group publishes relevant information on its business operations using a number of channels, including the annual report, interim reports and press releases. The company also keeps its stakeholders informed by means of press conferences and meetings with analysts and via the annual general meeting of shareholders. The consolidated financial statements are drawn up in accordance with Swiss GAAP FER.

List of key dates in 2021:

Meeting for financial analysts & media conference	March 3, 2021
Publication Annual Report 2020	
Annual general meeting <sup>1)</sup>	April 12, 2021
Publication of sales results 1st quarter 2021	April 12, 2021
Publication of first results 1st half of 2021	July 14, 2021
Publication of Semi-Annual Report 2021	August 24, 2021
Publication of sales results 3rd quarter 2021	October 13, 2021
Publication of sales results 2021	January 13, 2022

1) The board of directors decided that, to protect all people involved from the current COVID-19 health situation, the annual general meeting of shareholders in 2021 will be held without the physical presence of the shareholders in accordance with the Covid-19 regulation 3.

Bossard maintains contact with representatives of the capital market via media conferences, meetings with analysts and roadshows. The company also regularly holds individual and group meetings with institutional investors and analysts. All publications on business results and press releases are available in English and in German under the "Investor Relations" section of the Bossard website [www.bossard.com](http://www.bossard.com) ([www.bossard.com/en/about-us/news-and-press-releases/](http://www.bossard.com/en/about-us/news-and-press-releases/)).

Further, shareholders can subscribe on the Bossard website ([www.bossard.com/en/about-us/investor-relations/subscription-press-releases/](http://www.bossard.com/en/about-us/investor-relations/subscription-press-releases/)) to Bossard announcements, press releases and ad hoc publications. All Bossard publications can be ordered by e-mailing [investor@bossard.com](mailto:investor@bossard.com) or from Bossard Holding AG, Investor Relations, Steinhäuserstrasse 70, 6300 Zug, Switzerland.

## CORPORATE GOVERNANCE

**With its disclosure policy, the Bossard Group creates transparency for investors and financial markets.**

# COMPENSATION REPORT

The compensation report describes the compensation principles and programs as well as the governance framework related to the compensation of the board of directors and the members of the executive committee of Bossard Holding AG. The report also provides details around the compensation awarded to those two bodies in the 2020 financial year.

The compensation report has been prepared in compliance with the Ordinance against Excessive Compensation in Listed Companies (VegüV/OaEC), the Directive on Information relating to Corporate Governance (DCG) of SIX Swiss Exchange and the principles of the “Swiss Code of Best Practice for Corporate Governance” of *economiesuisse*.

## Compensation at a glance

Compensation to members of the board of directors:

The compensation of the board of directors for the period from the annual general meeting of shareholders 2019 until the next annual general meeting of shareholders 2020 is below the approved maximum compensation amount:

Time period of compensation	Approved compensation	Effective compensation
2019-2020	CHF 1,600,000	CHF 1,506,201
2020-2021	CHF 1,600,000	n/a <sup>1)</sup>

1) Compensation period has not yet ended: the final amount will be disclosed in the compensation report for financial year 2021.

Compensation to members of the executive committee:

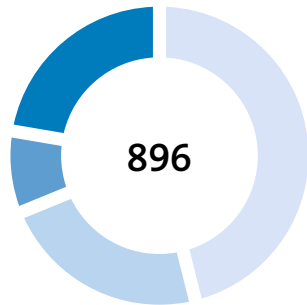
The compensation of the executive committee for the financial year 2020 remains within the approved maximum compensation approved by the annual general meeting of shareholders 2019:

Time period of compensation	Approved compensation	Effective compensation
2020	CHF 6,000,000	CHF 4,825,621

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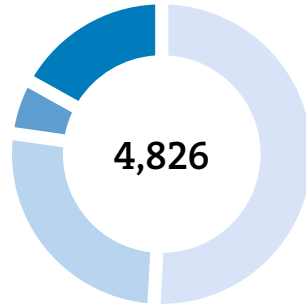
### Compensation of CEO for 2020

in CHF 1,000



### Compensation of executive committee for 2020

in CHF 1,000



- Fixed compensation
- Variable compensation
- Management participation plan
- Social costs and other benefits

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## Introduction

The compensation report contains information on the compensation policy, the compensation programs and the procedure for determining the compensation of the board of directors and the executive committee of Bossard Group. The report also contains information on the compensation for these two bodies in the 2020 financial year.

Based on an in-depth external review of the compensation of the board of directors in terms of marketability and competitiveness in the 2019 financial year, the board of directors decided on the following adjustments, which were approved by the annual general meeting of shareholders in 2020:

- The variable performance-related compensation for members of the board of directors has been replaced by a fixed compensation to strengthen the independence of the members of the board of directors.
- At the same time, the discount on the restricted shares has been eliminated.

These changes have come into effect with the approval of the revision of the articles of association on April 8, 2020.

## 1. Compensation philosophy and principles

The compensation philosophy of Bossard Holding AG reflects the commitment to recruit, retain, motivate and develop well-qualified employees and executives at all levels in the organization. Compensation programs are designed to motivate executives to achieve the business objectives and to create long-term and sustainable value for the company. They are based on the following principles (based on the changes in April 2020):

<b>Pay for performance</b>	A portion of compensation is directly linked to the sustainable success of the company and to individual contributions.
<b>Alignment to shareholders' interests</b>	The compensation system strengthens the link of management and shareholders' interests through the delivery of part of the compensation in the form of shares or sharebased compensation.
<b>Balanced system</b>	There is a healthy balance between fixed and variable performance-based compensation (no excessive leverage of variable compensation, capped at 100 percent of fixed compensation) for the executive committee. The board of directors receives a purely fixed compensation in order to ensure its independence.
<b>Market competitiveness</b>	Compensation levels are market competitive in order to attract and retain individuals with the required skill sets and leadership capabilities.
<b>Simplicity and transparency</b>	Compensation programs are straightforward and transparent.

## 2. Compensation Governance

### 2.1. Articles of association

In line with the requirement of VegüV/OaEC, the articles of association of Bossard Holding AG summarize the compensation principles and include the following provisions (based on the changes in April 2020):

- compensation principles (articles 36 to 40): the compensation of the members of the board of directors consists of a fixed compensation and the total compensation of the executive committee of a fixed and variable compensation. The variable compensation of the executive committee is measured primarily
  - for the CEO: on the EBIT of the Bossard Group and on the achievement of further qualitative objectives (discretionary power of the board of directors)
  - for the other members of the executive committee: on the EBIT for which the person has managerial responsibility, as well as on the net income of the Bossard Group and by the achievement of further qualitative objectives (discretionary power)

In addition, members of the executive committee may be awarded restricted stock units (management participation plan) at the discretion of the board of directors with regard to achieved goals.

- Binding vote on compensation of the board of directors and the total compensation of the executive committee (article 11.8): the annual general meeting of shareholders approves separately the maximum aggregate amounts of compensation payable to the board of directors and to the executive committee:
  - for the board of directors: for the period until the next annual general meeting of shareholders
  - for the executive committee: for the following financial year
- In addition, the annual general meeting of shareholders has the opportunity to express its opinion on the compensation report in a consultative vote (article 43).
- Additional amount for payments to members of the executive committee appointed after the vote on compensation at the annual general meeting of shareholders (article 42): to the extent that the maximum aggregate compensation amount as approved by the annual general meeting of shareholders does not suffice, an amount of up to 30 percent of the maximum aggregate



compensation amount approved for the executive committee is available, without further approval, for the compensation of the members of the executive committee who have been appointed after the annual general meeting of shareholders.

- Loans, credit facilities and post-employment benefits for members of the executive committee (article 41): upon proposal of the compensation committee, the board of directors may, in justified cases, grant to members of the executive committee and persons related to them mortgage-backed loans or credit up to a maximum of CHF 1 million per person, unsecured loans or credit up to a maximum of CHF 0.5 million per person, pension benefits outside the occupational pension scheme up to a maximum of CHF 0.5 million (one-time) per person.

Details available at:

[www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/](http://www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/)

## **2.2. Compensation committee**

In accordance with the articles of association, the organizational and business regulations of Bossard Holding AG and the compensation committee regulations, the compensation committee is composed of at least three members of the board of directors that are elected individually by the annual general meeting of shareholders for a period of one year. Subject to the approval of the annual general meeting of shareholders, the representative of registered A shares is entitled to be a member of the compensation committee. The 2020 annual general meeting of shareholders newly elected David Dean (chairman) and re-elected Anton Lauber and Patricia Heidtman as members of the compensation committee. All three members are independent in accordance with the regulations.

It is the responsibility of the compensation committee to:

- develop and regularly review the compensation policy and principles applicable to the board of directors and the executive committee, including the design of compensation programs and retirement benefits plans; and, if necessary, proposing any changes to the board of directors;
- propose to the board of directors the maximum aggregate amounts of compensation of the board of directors and of the executive committee to be submitted to the shareholders' vote at the annual general meeting of shareholders;
- propose to the board of directors the individual compensation for the members of the board of directors, the CEO and the other members of the executive committee, within the limits approved by the annual general meeting of shareholders;
- review and approve the employment contracts of the executive committee members;
- develop and regularly review the guidelines governing the structure of the occupational pension scheme for the executive committee;
- prepare the compensation report;
- if the compensation committee considers necessary: the assignment, the supervision and the critical evaluation of the results of advisers or the comparison with third party companies regarding the compensation practices.

The levels of authority between the CEO, the compensation committee (CC), the board of directors (BoD) and the annual general meeting of shareholders (AGM) are summarized in the table below:

	CEO	CC	BoD	AGM
<b>Compensation policy and principles (incl. guidelines for the pension scheme)</b>		Proposes	Approves	
<b>Maximum aggregate compensation amounts of the board of directors</b>		Proposes	Reviews	Approves (binding vote)
<b>Maximum aggregate compensation amounts of the executive committee</b>		Proposes	Reviews	Approves (binding vote)
<b>Individual compensation of members of the board of directors</b>		Proposes	Approves	
<b>Compensation of the CEO</b>		Proposes	Approves	
<b>Individual compensation of members of the executive committee</b>	Proposes	Reviews	Approves	
<b>Compensation report</b>		Proposes	Approves	Consultative vote

The compensation committee meets as often as business requires but at least twice a year. In 2020, it held two meetings, each lasted half a day. All members were present at these meetings.

As a general rule, the CEO participates in the meetings of the compensation committee in an advisory capacity. Other members of the board of directors may attend the committee meetings (without voting rights) and other executives may be invited in an advisory capacity as well. However, the other members of the board of directors and the executives abstain from a topic when their own performance and/or compensation are being discussed. After each meeting, the chairman of the compensation committee reports to the board of directors on its topics and recommendations. The minutes of the compensation committee meetings are available to the entire board of directors.

The compensation committee may retain external consultants to provide support in fulfilling its duties. In 2020, no external consultants were mandated.

The compensation committee regularly compares compensation levels with benchmarks, reviews Bossard's compensation policies and conducts a self-assessment. The compensation committee mandated the last time in 2019 Agnès Blust Consulting AG, which, in cooperation with Mercer, conducted a benchmarking study on compensation. These consulting companies do not hold any other consulting mandates of the Bossard Group.

### 2.3. Method of determination of compensation

Benchmarking: in order to assess the market competitiveness of compensation and to determine appropriate compensation levels for the members of the board of directors and of the executive committee, the compensation committee periodically (i.e. every three to four years) reviews the compensation reports published by other international industrial companies that are listed in Switzerland and comparable to the Group in terms of size (market capitalization, employees, revenues), geographic scope and business complexity. In 2019, a benchmarking

analysis of the compensation of the board of directors was carried out based on a comparison group of 20 Swiss industrial companies listed on the SIX Swiss Exchange, which are comparable in terms of market capitalization, employees and turnover. These included: Autoneum, BELIMO, BOBST, Burckhardt Compression, Comet, Huber+Suhner, INFICON, INTERROLL, Kardex, Komax, Landis+Gyr, LEM, Metall Zug, Phoenix Mecano, Rieter, Schweiter Technologies, Siegfried, Valora, Ypsomed and Zur Rose.

In addition, a benchmarking analysis of the compensation of the executive committee was carried out with the intention of using the same comparison group as for the compensation of the board of directors. The peer group had to be adjusted in the light that such data was not available from all these companies. The following companies were used for comparison: Archroma, Ascom, BOBST, Clariant, Comet, EMS-CHEMIE, Forbo, Franke, Gurit, Hero, Komax, Landis+Gyr, LEM, OC Oerlikon, Rieter, RUAG, Siegfried, Straumann, TEMENOS, u-blox, Valora, Ypsomed and Zimmer Biomet.

Performance management: the actual compensation effectively paid out in a given year to the executive committee members depends on their individual performance. Depending on the level of responsibility, the evaluation of individual performance takes into account the results of the entire Group and/or of a business area. The performance evaluation is based on quantitative and qualitative assessment criteria. The quantitative elements are derived both from the current business results and from the longer-term value drivers, which are decisive for the Group's future results and profitability. The assessment is closely linked to the value-oriented and sustainability-focused management approach implemented by the Bossard Group. Qualitative criteria are derived from the company's strategic targets. Therefore, compensation reflects both the sustainable success of the company and the individual contributions.

### 3. Compensation structure – board of directors

At the annual general meeting of shareholders on April 8, 2020, the board of directors proposed to the annual general meeting of shareholders to eliminate the variable compensation of the board of directors in the future in order to strengthen the independence of the members of the board of directors. Accordingly, each member of the board of directors shall receive a fixed compensation, supplemented by a compensation for his or her work on a committee of the board of directors. The remuneration is intended to compensate appropriately for the time spent on the board of directors and its committees as a result of the mandate. In addition, each member of the board of directors receives a lump-sum expense allowance. The changes were approved by the annual general meeting of shareholders with the revision of the articles of associations on April 8, 2020.

The compensation of the board of directors is calculated for the time period starting at the annual general meeting of shareholders until the next annual general meeting of shareholders. The compensation report itself discloses the accruing compensation for the reporting year. Due to the amendments of the articles of association in April 2020, which changed the compensation structure for the board of directors for the reporting year 2020, both the compensation for the period before the amendments of the articles of association (including variable compensation) and the compensation for the period after the amendments of the articles of association (without variable compensation) are now presented.

Effective for the period of office starting at the annual general meeting of shareholders in 2020, CHF 30,000 of the total compensation is paid in the form of registered A shares of Bossard Holding AG. The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in case of termination of mandate, except in case of termination following death where the restriction immediately lapses. The shares are priced at their market value, determined at the end of February of each year based on the average share price over the previous ten trading days.

Bossard Holding AG acquires the shares required for the share plan from its own stock of treasury shares or share purchases on the market.

The compensation for the board of directors, which is illustrated below for the reporting year 2020, was calculated on a pro rata basis for the corresponding period based on the following remuneration structures:

Time period from January 1, 2020 until April 30, 2020:

in CHF per year	Fixed compensation	Variable compensation
<b>Chairman of the board of directors</b>	300,000	0.05 percent of EBIT, maximum 60,000
<b>Members of the board of directors</b>	90,000	0.05 percent of EBIT, maximum 60,000

Time period from May 1, 2020 to December 31, 2020:

in CHF per year	
<b>Fixed compensation for the chairman of the board of directors</b>	320,000
<b>Fixed compensation for each member of the board of directors</b>	120,000
<b>Fixed compensation for the chairman of a committee of the board of directors</b>	20,000
<b>Fixed compensation for each member of a committee of the board of directors</b>	10,000
<b>Expense allowance</b>	8,000

The illustrated amounts are after deduction of social security contributions.

#### 4. Compensation structure – Executive committee

According to the compensation principles defined in section 1, the compensation of the executive committee includes the following elements:

- fixed compensation
- variable compensation
- management participation plan
- occupational benefits

Structure of compensation of the executive committee:

Element	Purpose	Drivers	Performance measures	Vehicle
<b>Fixed compensation</b>	Attract & retain	Position, skills and experience		Monthly cash payments
<b>Variable compensation</b>	Pay for performance	Annual performance	EBIT, Group net income, strategic goals	Annual bonus in cash
<b>Management participation plan</b>	Align to shareholders' interests, retain	Overall result of Bossard Group, achieved strategic goals		RSU with five-year staged vesting period
<b>Occupational benefits</b>	Protect against risks, attract & retain	Market practice and position		Retirement plan, insurance, perquisites

##### 4.1. Fixed compensation

The annual fixed compensation is paid in cash on a monthly basis. It reflects the scope and responsibilities of the role, the skills required to perform the role and the profile of the jobholder in terms of experience and capabilities.

##### 4.2. Variable compensation

The variable compensation rewards the achievement of annual financial goals and of individual strategic objectives agreed within the annual objective-setting process and evaluated at the end of a year.

The fixed compensation and the expected variable compensation (assuming 100 percent achievement of all performance objectives) form the so-called total cash compensation. The target value of the total cash compensation of the CEO and the other executive committee members is reviewed annually based on the scope of the role, competitive market practice, individual profile and performance, as well as the company's affordability.

For the CEO, the fixed compensation amounts to 67 percent of total cash compensation, while the variable compensation amounts to 33 percent (or 49 percent of the annual fixed compensation) (2019: 63 percent fixed compensation and 37 percent variable compensation). For the other executive committee members, the fixed compensation ranges from 65 percent to 71 percent of total cash compensation while the variable portion ranges from 29 percent to 35 percent (2019: fixed compensation from 63 percent to 69 percent and variable compensation from 31 percent to 37 percent). In order to maintain compensation at a reasonable level and to not encourage excessive risk taking or a focus on short-term decisions to the expense of the company's sustainable success, the variable compensation is capped at 100 percent of the annual fixed compensation.

The variable compensation is based on two components:

- the financial performance of the Group as a whole and/or its businesses;
- the achievement of individual strategic goals that are defined and reviewed annually by the board of directors.

The approximate weighting of those components is illustrated in the following table. The weightings are defined as ranges because the system shall remain flexible enough to reflect specific strategic priorities for any business area in any given year.

Components	CEO	CFO	Other members of the executive committee
<b>Financial performance</b>	<b>Group</b>	Group EBIT	Group net income
<b>80 to 100 percent</b>	<b>Own business area</b>		EBIT of own business area
<b>Strategic objectives</b>		Individually determined	Individually determined
<b>0 to 20 percent</b>			Individually determined

The financial objectives always include a measurement of profitability, such as Group net income or business area and Group operating profit, because profitability is absolutely critical to the long-term success of the company. In addition, financial objectives may also include a measurement of growth, such as revenue or gross profit growth, depending on the strategic priorities of the respective business area. For each financial objective, an expected level of performance is determined, either on the basis of the annual financial plan or of the previous year's results. In addition, a threshold level of performance, below which the payout factor is zero, and a maximum level of performance, above which the payout factor is capped, are determined as well.

The strategic objectives are linked with the strategic initiatives and the goals 2020 of the Bossard Group; these objectives include more qualitative goals related to innovation, key project management and leadership.

Due to the commercial sensitivity of financial and strategic objectives, the board of directors abstains from such a disclosure in the compensation report. However, the actual payout level of the variable compensation in the reporting year is explained and commented in section 5.

The CEO and the other members of the executive committee may subscribe up to 20 percent of their total cash compensation in the form of registered A shares of Bossard Holding AG. The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in cases of termination of employment and retirement. In case of termination following death the restriction lapses immediately. The shares are priced at their market value, determined at the end of February of each year, based on the average share price over the previous ten trading days. The individual choice to buy shares by the CEO as well as the other members of the executive committee is made the day after the annual general meeting of shareholders. Bossard Holding AG acquires the shares required for the share plan from its own stock of treasury shares or share purchases on the market.

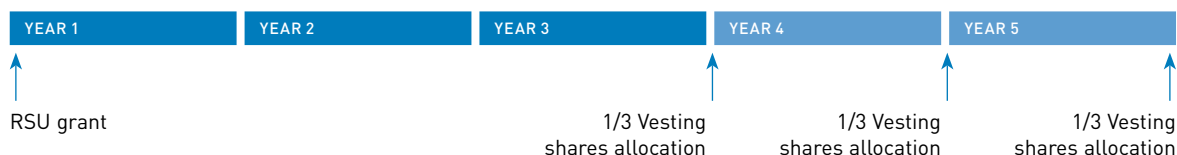
#### **4.3. Management participation plan**

The objectives of the management participation plan are to strengthen the link between management and shareholders' interests, to foster the participants' long-term motivation and identification with the Bossard Group, to let participants directly participate in the long-term shareholder value created through share price appreciation, and to enable the company to retain and motivate highly qualified employees.

The long-term management participation plan is offered to selected members of the management of the Group in the form of restricted stock unit (RSU) awards. At the beginning of the vesting period, a number of RSUs are granted to each participant, which is based on a monetary amount. For the CEO, there is a maximum amount of CHF 100,000 and for the other members of the executive committee a maximum amount of CHF 50,000 foreseen. The conversion is carried out at market value and is based on the average share price over the last ten trading days in November. The condition for a grant is the achievement of the overall results of the Bossard Group and the strategic objectives defined by the board of directors. For other participants, the grant size is determined at the discretion of the board of directors.

Each RSU is a conditional right to receive one registered A share of Bossard Holding AG after the vesting period. The RSUs vest conditionally if she or he is employed at the time of the vesting date and according to the following vesting schedule: one third of the RSUs vest three years after the grant date, one third vest four years after the grant date and the last third vest five years after the grant date. At the respective vesting date, the vested RSUs are converted into registered A shares of Bossard Holding AG. The shares are not subject to any further restrictions other than the general rules governing management transactions. In circumstances where the allocation of shares may be unsuitable or impractical, the award may be settled in cash instead of registered A shares of Bossard Holding AG.

Vesting period:



In case of termination of employment, the RSUs forfeit without any compensation, except in the cases of retirement, death, disability or change of control, where the RSUs are subject to a complete vesting at the date of termination or change of control.

#### 4.4. Occupational benefits

The members of the executive committee participate in the benefit plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and health. The members of the executive committee with a Swiss employment contract participate in the pension plan of Bossard (Bossard Personalstiftung, Zug) offered to all employees in Switzerland, in which a base compensation up to an amount of CHF 284,400 per annum is insured, as well as a supplementary plan in which earnings in excess of this limit are insured up to the maximum amount permitted by law. Bossard's pension benefits exceed the legal requirements of the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG) and are in line with what other international industrial companies offer. Members of the executive committee under foreign employment contracts are insured commensurately with local market conditions and with their position. Each plan varies in line with the local competitive and legal environment and are, as a minimum, in accordance with the legal requirements of the respective country.

In addition, members of the executive committee are also eligible to standard perquisites, such as a company car or a car allowance, seniority awards, child allowance and other benefits in kind, according to competitive market practice in their country of contract. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation tables.

#### 4.5. Employment contracts

The members of the executive committee are employed under employment contracts of unlimited duration with a notice period of six months, respectively twelve months for the CEO. Members of the executive committee are not contractually entitled to termination payments or any change of control provisions other than the early vesting of RSU awards in specific situations mentioned previously.



## 5. Compensation to members of the board of directors and of the executive committee

### 5.1. Compensation paid to current members of the board of directors for the financial years 2020 and 2019

In 2020, the members of the board of directors received a total compensation of CHF 1.459 million (2019: CHF 1.459 million). The total compensation of the board of directors includes a deduction of 20% for three months as solidarity contribution during short-time work of the workforce due to COVID-19. The total compensation consists of fixed compensation (remuneration for board and committee membership, expense allowance) of CHF 1.154 million (2019: CHF 0.9 million), variable compensation of CHF 0.128 million (2019: CHF 0.382 million) and social security contributions of CHF 0.177 million (2019: CHF 0.177 million). Of the total amount, CHF 0.314 million was delivered in restricted shares (2019: CHF 0.382 million).

Compared to the previous year, the total compensation remains stable. The compensation of this year includes a deduction as a solidarity contribution during the short-time work of the workforce. Additionally, the adaption of the compensation structure resulted in shifts between the components of compensation.

For the time period from January 1, 2020 to April 30, 2020, the chairman's variable compensation amounted to 16 percent of the fixed compensation (2019: 17 percent). For the other board members, the variable compensation amounted to 53 percent (2019: 55 percent).

### Compensation paid to members of the board of directors for the financial year 2020

in CHF, gross		Fixed	Variable	Social costs	Total compensation	Thereof in shares <sup>4)</sup>
Dr. Thomas Schmuckli	Chairman, chairman NC <sup>1)</sup> , ARCC <sup>2)</sup>	321,166	15,950	46,640	383,756	46,800
Anton Lauber	Deputy chairman, NC, CC <sup>3)</sup>	121,666	15,950	14,647	152,263	29,952
Dr. René Cotting	Chairman ARCC	121,666	15,950	19,679	157,295	40,950
David Dean	Repr. of registered A shares, chairman CC	121,666	15,950	19,679	157,295	29,952
Patricia Heidtman	NC, CC	121,666	15,950	19,679	157,295	46,800
Martin Kühn	ARCC	115,500	15,950	18,777	150,227	59,904
Prof. Dr. Stefan Michel	NC	115,500	15,950	18,777	150,227	29,952
Maria Teresa Vacalli	ARCC	115,500	15,950	18,777	150,227	29,952
<b>2020</b>		<b>1,154,330</b>	<b>127,600</b>	<b>176,655</b>	<b>1,458,585</b>	<b>314,262</b>

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Compensation committee (CC)

4) Each member of the board of directors will get delivered CHF 30,000 of its total compensation in registered A shares of Bossard Holding AG. The shares are priced at market value, less a reduction (tax) of approximately 16 percent for the three years lockup period. For the drawn shares in 2020 the price was CHF 117.00. The drawn of the shares took place one day after the annual general meeting of shareholders 2020. Since the drawn of the shares relates to the compensation until the annual general meeting of shareholders 2020 (before the revision of the articles of associations), the deduction of the tax-permissible reduction was still made here.

## Compensation paid to members of the board of directors for the financial year 2019

in CHF, gross		Fixed	Variable	Social costs	Total compensation	Thereof in shares <sup>7)</sup>
Dr. Thomas Schmuckli	Chairman, chairman NC <sup>1)</sup> , ARCC <sup>2)</sup>	300,000	50,033	48,410	398,443	59,898
Anton Lauber	Deputy chairman, NC, CC <sup>3)</sup>	90,000	50,033	16,952	156,985	29,949
Dr. René Cotting	Chairman ARCC	90,000	50,033	19,748	159,781	53,480
Martin Kühn	ARCC	90,000	50,033	19,748	159,781	58,828
Daniel Lippuner <sup>4)</sup>	ARCC	30,000	18,133	6,781	54,914	59,898 <sup>8)</sup>
Prof. Dr. Stefan Michel	Repr. of registered A shares, chairman CC, NC	90,000	50,033	19,748	159,781	59,898
Maria Teresa Vacalli <sup>5)</sup>	ARCC	90,000	50,033	19,748	159,781	59,898
Patricia Heidtman <sup>6)</sup>	NC, CC	60,000	31,900	12,967	104,867	-
David Dean <sup>6)</sup>	Member	60,000	31,900	12,967	104,867	-
<b>2019</b>		<b>900,000</b>	<b>382,131</b>	<b>177,069</b>	<b>1,459,200</b>	<b>381,849</b>

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Compensation committee (CC)

4) Resignation from the board of directors in April 2019

5) As at April 8, 2019 member of the audit, risk & compliance committee (ARCC)/until April 7, 2019 member of the compensation committee (CC), member of the nomination committee (NC)

6) Election to the board of directors in April 2019

7) Each member of the board of directors will get delivered at least CHF 30,000 of its total compensation in registered A shares of Bossard Holding AG. Members of the board of directors are entitled to draw up to CHF 60,000 of their total compensation in shares. The shares are priced at market value, less a reduction (tax) of approximately 16 percent for the three years lockup period. For the drawn shares in 2019 the price was CHF 133.70. The draw took place one day after the annual general meeting of shareholders 2019.

8) The share purchase in the amount of CHF 59,898 is based on the total compensation from the annual general meeting of shareholders 2018 to the annual general meeting of shareholders 2019.

In 2020, the annual general meeting of shareholders approved a maximum compensation amount for the board of directors of CHF 1,600,000 for the period from the annual general meeting of shareholders 2020 until the next annual general meeting of shareholders 2021. As this compensation period has not yet ended, the final amount will be disclosed in the compensation report for financial year 2021.

In 2019, the annual general meeting of shareholders approved a maximum compensation amount for the board of directors of CHF 1,600,000 for the period from the annual general meeting of shareholders 2019 until the next annual general meeting of shareholders 2020. The compensation of the board of directors for this term of office augmented to CHF 1,506,201 and remains therefore within the approved compensation payable to the board of directors.

### Payments to former members of the board of directors

No compensation was paid to former members of the board of directors in the reporting year.

Daniel Lippuner, who resigned from his position as member of the board of directors at the annual general meeting of shareholders 2019, received compensation in 2019. Daniel Lippuner purchased shares in the amount of CHF 59,898 based on the total compensation from the annual general meeting of shareholders 2018 to the annual general meeting of shareholders 2019. For his services as a member of the board of directors for the period from January 1, 2019 to April 7, 2019, the total compensation amounted to CHF 54,914.

## Payments to related parties of members of the board of directors

In 2020, as well as in 2019, no compensation was paid to related parties of present or former members of the board of directors.

## Loans and credits to present or former members of the board of directors or to related parties

As of December 31, 2020 as well as of December 31, 2019 no such loans or credit payments existed to present or former members of the board of directors, or to related parties of present or former members of the board of directors.

## 5.2. Compensation paid to current members of the executive committee for the financial years 2020 and 2019

In 2020, the members of the executive committee received a total compensation of CHF 4.826 million (2019: CHF 5.289 million) in the form of fixed compensation of CHF 2.465 million (2019: CHF 2.793 million), variable compensation of CHF 1.274 million (2019: CHF 1.243 million), other benefits of CHF 0.066 million (2019: CHF 0.076 million), RSU grant of CHF 0.28 million (2019: CHF 0.32 million) and social security/pension contributions of CHF 0.741 million (2019: CHF 0.857 million). Of the total amount, CHF 0.035 million was delivered in restricted shares (2019: CHF 0.354 million).

## Compensation paid to members of the executive committee

in CHF	Executive committee total		Dr. Daniel Bossard, CEO <sup>6)</sup>	
	2020	2019 <sup>5)</sup>	2020	2019
Fixed compensation	2,465,178	2,793,313	415,471	400,871
Variable compensation <sup>1)</sup>	1,273,574	1,242,705	203,772	210,000
Other benefits <sup>2)</sup>	66,284	75,900	16,800	16,800
Subtotal (compensation)	3,805,036	4,111,918	636,043	627,671
Management participation plan (RSU) <sup>3)</sup>	280,000	320,000	80,000	80,000
Social and pension costs	740,585	857,389	180,390	167,567
<b>Total</b>	<b>4,825,621</b>	<b>5,289,307</b>	<b>896,433</b>	<b>875,238</b>
Thereof in shares <sup>4)</sup>	35,100	354,305	-	53,480
<b>Members of the executive committee</b>	<b>6</b>	<b>6 <sup>7)</sup></b>		

1) The disclosed variable compensation is accrued for the reporting year. This may differ from the actual payment made in the following year. Any deviations between accruals and actual payments are recognized in the following reporting year for which the compensation was paid. The compensation disclosed for 2019 is the actual total payment made.

2) Private share in company vehicle, child allowances, anniversary bonus

3) The market value of the RSUs allocated in the 2020 financial year was CHF 169.90 (2019: CHF 165.30).

4) Members of the executive committee may draw up to 20 percent of their total compensation in registered A shares of Bossard Holding AG of the previous year (according to article 38 and 39 of the articles of association). The shares are priced at market value, less a reduction (tax) of approximately 16 percent for the three years lockup period. The draw always takes place one day after the annual general meeting of shareholders. For the drawn shares in 2020 the price was CHF 117.00 (2019: CHF 133.70). Since the draw of the shares relates to the compensation until the annual general meeting of shareholders 2020 (before the revision of the articles of associations), the deduction of the tax-permissible reduction was still made here.

5) Change in the function of the CEO end of April 2019. The total compensation includes the contractually owed fixed compensation and the corresponding variable compensation for 2019 financial year (pro rata temporis). In addition, it also includes compensation for untaken vacation days as of April 30, 2019.

6) Takeover of the function as CEO since May 1, 2019

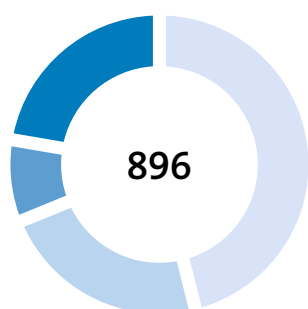
7) Until end of April 2019 7 members

The lower compensation compared to the previous year results from the change in the function of the CEO. In addition, the executive committee made solidarity contribution during the short-time work of the workforce in the COVID-19 pandemic with a 4 percent decrease of the fixed compensation.

In 2020, the variable component of the fixed compensation amounted to 49 percent of fixed compensation for the CEO Dr. Daniel Bossard (since May 1, 2019) (2019: 52 percent) and to 52 percent on average for the other executive committee members (2019: 43 percent). The board of directors refrains from disclosing a maximum or a range with regard to the ratio between the variable and the fixed compensation. The total expenses for the management participation plan offered to the executive committee and specified middle and senior managers amounted to CHF 1.361 million in 2020 (2019: CHF 1.832 million).

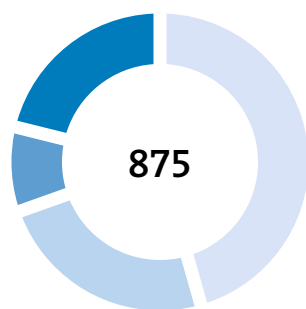
### Compensation of CEO for 2020

in CHF 1,000



### Compensation of CEO for 2019

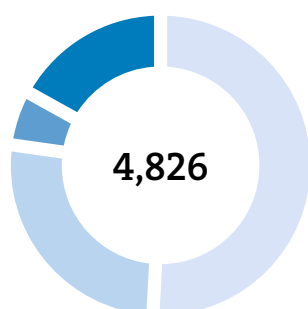
in CHF 1,000



- Fixed compensation
- Variable compensation
- Management participation plan
- Social costs and other benefits

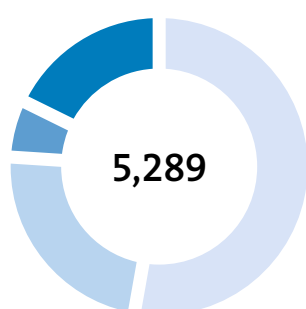
### Compensation of executive committee for 2020

in CHF 1,000



### Compensation of executive committee for 2019

in CHF 1,000



- Fixed compensation
- Variable compensation
- Management participation plan
- Social costs and other benefits

In 2019, the annual general meeting of shareholders approved a maximum compensation amount for the executive committee of CHF 6,000,000 for the period from January 1, 2020 to December 31, 2020. The total compensation of CHF 4,825,621 paid to the executive committee in 2020 remains within the approved compensation payable for the executive committee for 2020.

In 2020, the annual general meeting of shareholders approved a maximum compensation amount for the executive committee of CHF 6,000,000 for the period from January 1, 2021 to December 31, 2021.

#### **Compensation paid to former members of the executive committee**

In 2020, no compensation was paid to former members of the executive committee.

In 2019, David Dean, who resigned from his position as CEO end of April 2019, received the cash compensation he was contractually entitled to in the amount of CHF 655,623 (no shares were drawn).

#### **Compensation paid to related parties of members of the executive committee**

In 2020, as well as in 2019, no compensation was paid to related parties of present or former members of the executive committee.

#### **Loans and credits to present or former members of the executive committee or to related parties**

As of December 31, 2020, as well as of December 31, 2019, no such loans or credit payments existed to present or former members of the executive committee, or to related parties of present or former members of the executive committee.

## 6. Participations of members of the board of directors and of the executive committee at December 31, 2020 and 2019

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 numbers of registered A shares of Bossard Holding AG:

Board of directors		2020	Thereof blocked <sup>2)</sup>	2019	Thereof blocked <sup>2)</sup>
Dr. Thomas Schmuckli	Chairman, chairman NC, ARCC	9,829	1,004	14,429	904
Anton Lauber	Deputy chairman, CC, NC	4,263	680	6,007	629
Dr. René Cotting	Chairman ARCC	2,250	950	1,900	982
David Dean <sup>1)</sup>	Repr. of registered A shares, chairman CC	1,456	256	1,200	1,200
Patricia Heidtman <sup>1)</sup>	NC, CC	500	400	-	-
Martin Kühn	ARCC	1,162	952	450	440
Prof. Dr. Stefan Michel	NC	904	904	1,058	1,058
Maria Teresa Vacalli	ARCC	3,912	1,014	3,656	1,168
<b>Total</b>		<b>24,276</b>	<b>6,160</b>	<b>28,700</b>	<b>6,381</b>

1) Election to the board of directors in April 2019

2) These shares are subject to a restriction period of three years starting from the grant date.

Executive committee		2020	Thereof blocked <sup>4)</sup>	2019	Thereof blocked <sup>4)</sup>
Dr. Daniel Bossard <sup>1)/2)</sup>	CEO	7,062	400	4,703	1,080
Stephan Zehnder	CFO	14,048	600	12,689	1,400
Beat Grob <sup>2)</sup>	CEO Central Europe	37,400	750	37,041	1,650
Dr. Frank Hilgers <sup>3)</sup>	CEO Northern & Eastern Europe, CCO	3,419	300	2,760	-
Steen Hansen	CEO America	2,844	-	2,485	-
Robert Ang	CEO Asia	13,492	1,523	13,133	2,253
<b>Total</b>		<b>78,265</b>	<b>3,573</b>	<b>72,811</b>	<b>6,383</b>

1) Takeover as CEO in May 2019, CEO Northern & Eastern Europe until end of April 2019

2) Additionally, shareholder of Kolin Holding AG, which holds 56.3 percent of the votes of Bossard Holding AG

3) CCO, takeover as CEO Northern & Eastern Europe in May 2019

4) These shares are subject to a restriction period of three years starting from the grant date.

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

		2020	2019
Dr. Daniel Bossard <sup>1)</sup>	CEO	1,544	1,432
Stephan Zehnder	CFO	1,066	1,190
Beat Grob	CEO Central Europe	1,066	1,190
Dr. Frank Hilgers <sup>2)</sup>	CEO Northern & Eastern Europe, CCO	1,066	1,190
Steen Hansen	CEO America	1,066	1,190
Robert Ang	CEO Asia	1,066	1,190
<b>Total</b>		<b>6,874</b>	<b>7,382</b>

1) Takeover as CEO in May 2019, CEO Northern & Eastern Europe until end of April 2019

2) CCO, takeover as CEO Northern & Eastern Europe in May 2019

### **Guideline of shareholding**

The board of directors adopted guidelines on shareholdings. These came into effect on January 1, 2020:

- The chairman of the board of directors shall hold 150 percent of the equivalent value of the base fee in registered A shares of Bossard Holding AG.
- The members of the board of directors shall hold 100 percent of the equivalent value of the base fees in registered A shares of Bossard Holding AG.
- The CEO shall hold 150 percent of the equivalent value of the fixed compensation in registered A shares of Bossard Holding AG.
- The members of the executive committee shall hold 100 percent of the equivalent value of the fixed compensation in registered A shares of Bossard Holding AG.
- Newly elected members shall build up the required shareholding within four years upon their election. Should the share price fall or rise significantly, the board of directors may, at its own discretion, adjust this period accordingly.

For the determination of the minimum shareholdings, all shares are considered, independent of restricted or not. The compensation committee annually assesses the alignment of the shareholdings with the guideline of shareholding.



# Report of the statutory auditor

## to the General Meeting of Bossard Holding AG

Zug

We have audited the compensation report of Bossard Holding AG for the year ended December 31, 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the note 5 on pages 87 to 91 of the compensation report.

### Board of Directors' responsibility

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

### Auditor's responsibility

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

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

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

### Opinion

In our opinion, the compensation report of Bossard Holding AG for the year ended December 31, 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Bruno Häfliger  
Audit expert  
Auditor in charge

Remo Waldispühl  
Audit expert

Zurich, February 26, 2021

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# Gratifying results in a difficult market environment

**In financial year 2020, the Bossard Group posted sales of CHF 812.8 million, a decline of 3.3 percent in local currency and 7.2 percent in Swiss francs, respectively. EBIT was CHF 86.4 million (previous year: CHF 95.7 million). The EBIT margin was 10.6 percent, down from last year's 10.9 percent: Yet, it is still within the long-term targeted range of 10 percent to 13 percent, in spite of an exceedingly difficult year. Group net income was CHF 67.8 million (previous year: CHF 76.0 million).**

The COVID-19 pandemic cast a pall over financial year 2020. In the wake of measures taken by many countries in the spring, customer demand fell substantially, particularly in the second quarter. The strong Swiss franc also had a negative impact on sales in all market regions. Nonetheless, a year filled with challenges ended above expectations. After waning sales figures in the first nine months, the fourth quarter proved to be decidedly robust and allowed the Group to post positive growth rates in all three market regions.

With CHF 812.8 million, annual sales in local currency were ultimately only 3.3 percent below the figures of the previous year (in CHF: -7.2 percent). Thanks to our widely diversified customer base in different industrial sectors, developments over the course of the year underscored the resilience of the Bossard Group in a volatile and adverse market environment.

### **Recovery in the latter half of the year – strong Swiss franc weighs down result**

In Europe, sales in 2020 fell by 8.2 percent to CHF 466.2 million compared to only 5.6 percent decrease in local currency in the comparison period. The Bossard Group met the needs of a diversified customer base, especially in Europe. Demand in the medical technology sector was noticeably higher. Yet even segments such as rail and automation had a stabilizing effect. Adjusted for acquisitions, annual sales totaled CHF 454.7 million: In mid-2019, the Bossard Group had acquired Boysen, a player in the aerospace industry.

In America, Bossard posted sales of CHF 201.2 million, a drop of 7.9 percent compared to the prior year. In this market region, the weak US dollar also had an

impact on the result in Swiss francs. In local currency, sales for the entire year fell by only 2.5 percent, reflecting in particular much stronger demand in the second half of the year.

### **Strength in Asia**

In financial year 2020, Bossard posted sales in Asia of CHF 145.4 million, an increase over the previous year of 3.2 percent in local currency (in CHF: -3.1 percent). In China, the largest market in Asia, the impact of the pandemic was most evident in the first quarter of 2020. Once COVID-19 restrictions were relaxed, the economy in the entire Asian region rebounded relatively quickly in the second quarter. In 2020, Bossard posted above-average growth rates in Malaysia, Taiwan and Korea compared to the overall region.

### **Secured profitability**

The year's challenging and competitive market environment is also reflected in the gross profit margin, which fell to 30.6 percent from the previous year's 31.2 percent.

Sales and administration expenses fell from CHF 177.5 million to CHF 162.3 million compared to the prior year. Early measures to ensure profitability, lower travel expenses as well as government support had a compensatory effect, which allowed us to sustain our operational performance to our customers in spite of the market vagaries. Our 2,500 employees around the globe, the same number as at the start of the year, were key to our success.

In spite of the unpredictable market, Bossard was able to sustain its high profitability of recent years. Even though the pandemic did push down sales and affect our profit position, the Group still managed to maintain its profitability. EBIT was CHF 86.4 million compared to last year's CHF 95.7 million. The EBIT margin amounted to 10.6 percent, not much below the previous year's value of 10.9 percent. In spite of all the market uncertainties, the EBIT margin still fell within the long-term targeted range of 10 percent to 13 percent.

The financial result, including the results from associated companies, increased from CHF 2.7 million to CHF 4.1 million, largely due to currency losses from

the strong Swiss franc. Lower profit reduced tax expenses by CHF 2.6 million, reflecting a tax rate of 17.6 percent compared to 18.3 percent in the prior year.

Finally, the extraordinary conditions in financial year 2020 did have an impact on net income, which fell from CHF 76.0 million last year to CHF 67.8 million. Bossard's dividend policy provides for a payout of 40 percent of net income. After last year's dividends were cut by half, the board of directors will recommend a higher payout of 50 percent of net income for financial year 2020 at the annual general meeting of shareholders. The payout thus reflects the solid balance sheet and 2020 annual result, which exceeded expectations. The proposed payout corresponds to a dividend of CHF 4.40 per registered A share, up from CHF 2.00 last year.

#### **Continued solid balance sheet**

Compared to the previous year, total assets fell slightly from CHF 652.7 million to 641.3 million, largely due to the lower operating net working capital.

The Group's equity increased by CHF 17.8 million to CHF 322.3 million and bolstered the balance sheet even further. This is also reflected in the equity ratio, which increased from 46.7 percent to 50.3 percent. The positive cash flow buoyed results, reducing net debt from CHF 187.7 million to CHF 155.7 million. The ratio of net debt to equity (gearing) dropped from 0.6 to 0.5.

The cash flow from operating activities rose by CHF 7.1 million to CHF 91.6 million over the previous year. This positive development in financial year 2020 stemmed primarily from the drop in operating net working capital, particularly from lower inventory. While during the first half of the year this led to considerably higher capital employed in the wake of the pandemic, inventory levels returned to normal in the strong final quarter.

Cash flow from investment activities dropped year-on-year from CHF 106.6 million to CHF 41.2 million. This was primarily due to the considerably lower outlay of funds for business acquisitions of CHF 53.7 million as well as investments in tangible assets, which decreased by CHF 8.9 million. The

strong cash flow from operational activities as well as lower investments yielded a free cash flow of CHF 50.4 million, compared to negative CHF 22.1 million last year.

#### **Outlook**

Uncertainly as to how the COVID-19 pandemic will continue to develop makes it difficult to issue a reliable forecast for financial year 2021. However, business in the last quarter of 2020 and the development of the purchasing manager indices over the last few months give us reason for optimism. Provided that government measures and vaccination efforts to stem the pandemic succeed, we expect the economy to continue to normalize in 2021, which should result in higher demand for Bossard products.



Stephan Zehnder  
CFO

Zug, February 26, 2021

## Consolidated balance sheet

in CHF 1,000	Notes	31.12.2020	31.12.2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	40,676	32,653
Accounts receivable, trade	5	145,080	138,503
Other receivables		3,462	5,095
Prepaid expenses		12,246	11,570
Inventories	6	251,772	277,073
		<b>453,236</b>	<b>464,894</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	129,170	129,162
Intangible assets	8	32,259	31,457
Financial assets	9	5,404	4,480
Deferred tax assets	10	21,239	22,736
		<b>188,072</b>	<b>187,835</b>
<b>Total assets</b>		<b>641,308</b>	<b>652,729</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable, trade	11	49,870	55,831
Other liabilities		20,328	15,976
Accrued expenses		28,502	27,780
Tax liabilities		4,745	8,960
Provisions	12	3,353	2,376
Short-term debts	13	67,652	50,924
		<b>174,450</b>	<b>161,847</b>
<b>Non-current liabilities</b>			
Long-term debts	14	128,679	169,445
Provisions	12	6,805	7,675
Deferred tax liabilities	10	9,034	9,238
		<b>144,518</b>	<b>186,358</b>
<b>Total liabilities</b>		<b>318,968</b>	<b>348,205</b>
<b>Shareholders' equity</b>			
Share capital	15	40,000	40,000
Treasury shares	15	-3,171	-2,571
Capital reserves		72,860	72,477
Retained earnings		210,266	191,617
		<b>319,955</b>	<b>301,523</b>
Non-controlling interest		2,385	3,001
<b>Total shareholders' equity</b>		<b>322,340</b>	<b>304,524</b>
<b>Total liabilities and shareholders' equity</b>		<b>641,308</b>	<b>652,729</b>

The notes on pages 102 to 127 are an integral part of the consolidated financial statements.

## BOSSARD GROUP

# Consolidated income statement

in CHF 1,000	Notes	2020	2019
Net sales	16/17	812,792	876,224
Cost of goods sold		564,062	602,971
<b>Gross profit</b>		<b>248,730</b>	<b>273,253</b>
Selling expenses		109,692	122,817
Administrative expenses		52,652	54,731
<b>EBIT</b>		<b>86,386</b>	<b>95,705</b>
Share of result from associated companies		280	65
Financial result	21	3,870	2,625
<b>Income before taxes</b>		<b>82,236</b>	<b>93,015</b>
Income taxes	10	14,485	17,056
<b>Net income</b>		<b>67,751</b>	<b>75,959</b>
<b>Attributable to:</b>			
Shareholders of Bossard Holding AG		67,055	74,236
Non-controlling interest		696	1,723
in CHF	Notes	2020	2019
Earnings per registered A share <sup>1)</sup>	22	8.73	9.73
Earnings per registered B share <sup>1)</sup>	22	1.75	1.95

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 102 to 127 are an integral part of the consolidated financial statements.

# 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, 2019	40,000	-2,882	62,219	575,076	-286,593	-80,152	307,668	1,982	309,650
Dividend				-34,298			-34,298	-1,338	-35,636
Net income for the period				74,236			74,236	1,723	75,959
Management participation plan			1,571				1,571		1,571
Change in treasury shares		-48	-1,039				-1,087		-1,087
Usage unissued treasury shares		359	9,726				10,085		10,085
Offset goodwill from acquisitions					-47,344		-47,344		-47,344
Non-controlling interest from acquisitions							0	852	852
Translation differences						-9,308	-9,308	-218	-9,526
<b>Balance at December 31, 2019</b>	<b>40,000</b>	<b>-2,571</b>	<b>72,477</b>	<b>615,014</b>	<b>-333,937</b>	<b>-89,460</b>	<b>301,523</b>	<b>3,001</b>	<b>304,524</b>
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
<b>Balance at December 31, 2020</b>	<b>40,000</b>	<b>-3,171</b>	<b>72,860</b>	<b>666,714</b>	<b>-350,536</b>	<b>-105,912</b>	<b>319,955</b>	<b>2,385</b>	<b>322,340</b>

For details regarding share capital, please refer to note 15 on pages 115/116 and regarding the goodwill offset from acquisitions to note 25 on page 120.

The notes on pages 102 to 127 are an integral part of the consolidated financial statements.

## Consolidated cash flow statement

in CHF 1,000	Notes	2020	2019
Net income		67,751	75,959
Share of result from associated companies		280	65
Income taxes	10	14,485	17,056
Financial income	21	-4,745	-5,605
Financial expenses	21	8,615	8,230
Depreciation and amortization	7/8	19,477	17,907
Increase provisions	12	526	52
Gain from disposals of property, plant and equipment	7	-175	-62
Loss from disposals of intangible assets	8	12	1
Interest received		306	737
Interest paid		-3,495	-3,373
Taxes paid		-13,421	-17,663
Increase management participation plan (part of equity)		1,093	1,571
Other non-cash (income)/expenses		-469	3,748
<b>Cash flow from operating activities before changes in net working capital</b>		<b>90,240</b>	<b>98,623</b>
(Increase)/Decrease accounts receivable, trade		-12,047	6,307
Increase other receivables		-1,261	-2,393
Decrease/(Increase) inventories		16,529	-6,193
Decrease accounts payable, trade		-3,943	-5,023
Increase/(Decrease) other liabilities		2,076	-6,842
<b>Cash flow from operating activities</b>		<b>91,594</b>	<b>84,479</b>
Investments in property, plant and equipment	7	-19,254	-28,179
Proceeds from sales of property, plant and equipment	7	1,204	1,065
Investments in intangible assets	8	-4,673	-6,470
Net cash flow from purchases of companies	23	-11,620	-70,331
Cash flow from purchases of associated companies	23	-8,002	-3,012
Investments in financial assets	9	-425	-994
Divestments of financial assets	9	1,618	1,317
<b>Cash flow from investing activities</b>		<b>-41,152</b>	<b>-106,604</b>
Proceeds/Repayment of short-term debts	13	16,982	-21,898
Proceeds/Repayment of long-term debts	14	-40,603	79,931
Purchase/Sale of treasury shares		-1,477	388
Dividends paid to shareholders		-15,355	-34,298
Dividends paid to non-controlling interest		-186	-1,338
<b>Cash flow from financing activities</b>		<b>-40,639</b>	<b>22,785</b>
Translation differences		-1,780	-607
<b>Change in cash and cash equivalents</b>		<b>8,023</b>	<b>53</b>
Cash and cash equivalents at January 1		32,653	32,600
Cash and cash equivalents at December 31	4	40,676	32,653

The notes on pages 102 to 127 are an integral part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Scope of operations

Bossard Holding AG, Zug, Switzerland, a limited company subject to Swiss law, is the parent company of all entities within Bossard Group (hereinafter Bossard). 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.

## 2. Accounting principles of the consolidated financial statements

The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at December 31, 2020, 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 authorized for issue by the board of directors on February 26, 2021 and will be recommended for approval at the annual general meeting of shareholders.

The main principles of consolidation and valuation are detailed in the following chapters.

### 2.1. Principles of consolidation

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

The purchase method of accounting is used for capital consolidation. Intercompany receivables and liabilities as well as transactions and intercompany profits not yet realized through sales to third parties are eliminated.

### Investments in subsidiaries

Investments in subsidiaries are fully consolidated. These are entities 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 the parent directly or indirectly holds more than one half of the voting rights of an entity or the control can be exercised by any other form. 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 new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date and is fully offset against equity at the date of acquisition. Goodwill represents the excess of the purchase price over the interest in 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 in equity without effect on profit and loss. The difference between the transaction price 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 20 percent to 50 percent and exercises significant influence. Associated companies are accounted for using the equity method. With the equity method, investments in associated companies are initially recognized at the proportionate equity at the date of acquisition. The difference to the purchase price is recognized as goodwill and is offset against the retained earnings in equity at the date of acquisition. In subsequent valuation, 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.

## **2.2. Foreign currency translation**

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are drawn up in the applicable local currency.

Transactions in foreign currencies are translated at the time of the transaction at the daily rate applicable on that date. Exchange differences from adjustments of foreign exchange portfolios at the balance sheet date are recognized in the income statements of the Group companies as exchange gains or losses.

For the consolidated financial statements, the annual accounts of Bossard subsidiaries reporting in foreign currencies are translated into Swiss francs as follows: balance sheet items at year-end rates, equity at historical rates, and items in the income statement at the average exchange rate for the year. The translation differences are netted directly with the Group's consolidated translation differences in shareholders' equity.

Exchange differences arising from intercompany loans of an equity nature are booked to equity.

## 2.3. 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.

### Securities

Securities held for trading are valued at the quoted market price prevailing on the balance sheet date. Securities without a quoted market price are valued at acquisition cost less necessary impairments.

### Accounts receivable, trade

Accounts receivable are carried at the invoiced amount less allowances. The allowance for bad debts is based on the aging of accounts receivable and recognized credit risks.

### Inventories

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

### 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. Depreciation is calculated on a straight-line basis over the expected useful life of the asset. The general applicable useful lives are as follows:

<b>Buildings</b>	30–40 years
<b>Machinery and equipment</b>	5–20 years
<b>Office machines and furniture</b>	3–10 years
<b>Vehicles</b>	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. Replacement work to increase the useful life of assets is 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 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 (purchased or self-created) arising from the development of computer software are recognized as intangible assets; provided such costs are clearly associated with an identifiable and business-related computer program, can be reliably determined, and lead to measurable benefits over a number of years. Computer software is amortized using the straight-line method over its estimated useful life, up to a maximum of 15 years.

### **Others**

This item includes rights. Rights are amortized using the straight-line method 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. Changes in fair value are recognized in the income statement for the period in which they arise.

## **Impairment**

The recoverability of non-current assets is monitored at the balance sheet date. Impairment is treated adequately in the financial statements.

## **Derivative financial instruments**

Financial instruments are recognized in the balance sheet at fair value. Positive replacement values are recognized under financial assets and negative replacement values under current liabilities. Derivative financial instruments held for hedging purposes are carried at the same value as the underlying transactions.

## **Liabilities**

All liabilities of Bossard vis-à-vis third parties are recognized at nominal value.

## **Provisions**

A provision is recognized if, on the basis of past events, Bossard has reason to assume that it will need to meet an obligation for which the amount and due date are still uncertain but can be reliably estimated.

## **Contingent liabilities**

Contingent liabilities are valued as at the balance sheet date. A provision is made if an outflow of funds without an utilizable inflow is both probable and assessable.

## **Financial debts**

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

### **Treasury shares**

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

### **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, less the allowable tax discount of approximately 16 percent for the three-year lockup period. 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 three-year vesting period. 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. 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 dealt in accordance with Swiss GAAP FER 16.

Any actual economic impacts of pension plans on the company are calculated as at the balance sheet date. An economic benefit from a surplus is capitalized provided this is admissible and the surplus is to be used to decrease the company's future contributions to its pension plans. An economic liability is recognized if the conditions for forming a provision are met. Contributions by subsidiaries to other pension plans are recognized in the income statement in the year in which they are made.

### **Net sales and revenue recognition**

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

### **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 bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets on temporary differences can only be capitalized if recovery is probable. Deferred taxes are calculated using the expected applicable local tax rates. Bossard will not capitalize tax savings from tax loss carryforwards. 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 Bossard if the party 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 Bossard, has joint control over Bossard (board of directors and executive committee) or is an associate or a joint venture of Bossard. 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 assessments are based on the board of directors' and the executive committee's best knowledge and belief of current and future Bossard activities. The actual results may deviate from these estimates.

## **2.4. Risk management**

Risk management is a tool to analyze and evaluate all the processes for identifying and assessing risks in the Bossard Group. The results are defined in a report submitted 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 lay down 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. Where this is considered advisable, the Group may hedge individual financial risks using financial instruments such as derivatives. However, these must be linked with the Group's business operations. The Group has comprehensive insurance cover to safeguard itself against other risks.

### **Foreign currency risk**

Given its international operations, the Group is exposed to exchange rate fluctuations that impact on the Group's financial and income situation, because these are disclosed in Swiss francs. The Group continuously monitors its currency risks and, if necessary, hedges against them. The Group's currency risks are essentially confined to the Euro and the US dollar. Business transactions in the Group's individual companies are mainly performed in local currency.

Consequently, the currency risks for ongoing operations can basically be considered as low. In some Group companies, however, there are foreign currency risks in connection with payments outside their local currency, mainly in 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 through taking up loans in the currency concerned 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 and income situation and thus lead to changes in interest income and expense. Financing and related interest rate conditions are invariably handled centrally by corporate treasury. In certain market situations the Group can employ interest hedge transactions to safeguard itself against interest rate fluctuations, or it can convert a part of the loan requirements into fixed interest loans.

### **Credit risk**

Credit risks can arise if, in a transaction, the counter party is either not willing or not in a position to meet its obligations. The credit loss risk for accounts receivable trade can be confined through setting credit limits, undertaking credit investigations where possible, and by running an efficient system for managing receivables. Given the Group's monthly reporting system, continual monitoring of overdue payments is ensured. Accounts receivable trade are recognized after deducting allowances for bad debts. The danger of risk concentration is limited through the fact that the Group's customer base is composed of numerous cus-

tomers and is widely spread in geographic terms. Short-term bank deposits are placed in banks with high credit rating.

### **Liquidity risk**

One aspect of judicious risk management is ensuring that an adequate sum can be drawn on through approved credit limits and that there is a possibility of re-financing. 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 conducted by means of cash pooling.

### **Capital risk**

To minimize its capital risk, Bossard ensures that the company's operations can run smoothly and that the shareholders will receive an adequate yield. To achieve this, the company may, if necessary, adjust dividend payments, pay back capital to shareholders, issue new shares or sell assets.

Bossard Group monitors its capital structure on the basis of its equity ratio. The equity ratio is equity as a percentage of total assets.

## **3. Changes in the scope of consolidation**

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)

In 2019, the Bossard Group invested in the following companies:

- BRUMA Schraub- und Drehtechnik GmbH, Germany  
100 percent investment, January 2019
- Boysen Verwaltungs GmbH, Germany  
100 percent investment, July 2019
- Boysen GmbH & Co. KG, Germany  
100 percent investment, July 2019
- SACS Boysen Aerospace U.S., Inc., USA  
100 percent investment, July 2019

In 2019, assets from Linquan Precision Co. Ltd, China, were acquired as part of an asset deal.

The scope of consolidation changed in 2019 as follows:

- Bossard Fastening Solutions (Tianjin) Co. Ltd, China (founding)
- SertiTec SAS, France (merger with Bossard France SAS, France)
- Forind Fasteners S.r.l., Italy (merger with Bossard Italia S.r.l., Italy)

#### 4. Cash and cash equivalents

in CHF 1,000	2020	Interest rates in %	2019	Interest rates in %
Cash on hand and at banks	39,978	0.0–1.5	32,609	0.0–2.3
Short-term bank deposits	698	5.5–6.8	44	6.0–7.5
<b>Total</b>	<b>40,676</b>		<b>32,653</b>	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 101).

#### 5. Accounts receivable, trade

in CHF 1,000	2020	2019
<b>Accounts receivable, trade gross</b>	147,025	139,773
According to due date not due	137,254	128,073
30 days overdue	5,274	5,940
60 days overdue	1,361	1,930
90 days overdue	3,136	3,830
<b>Notes receivable</b>	2,071	2,714
<b>Allowance for bad debts</b>		
Balance at Jan. 1	-3,984	-4,172
Changes	-190	272
Changes in the scope of consolidation	-	-184
Translation differences	158	100
Balance at Dec. 31	-4,016	-3,984
<b>Total</b>	<b>145,080</b>	<b>138,503</b>

The book value of receivables is based on fair value and represents the maximal credit risk on this position.

#### 6. Inventories

in CHF 1,000	2020	2019
Goods for trading/components	296,787	318,285
Value adjustments	-45,015	-41,212
<b>Total</b>	<b>251,772</b>	<b>277,073</b>
Value adjustments in percent of inventory value	15.2	12.9

Inventories predominantly consist of goods for trading and components. Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs. The total costs for value adjustments reported in cost of goods sold amounted to CHF 7.8 million (2019: CHF 6.3 million).



## 7. Property, plant and equipment

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

in CHF 1,000	Facilities under construction	Land and buildings	Machinery and equipment	Others	Total
<b>Cost</b>					
Balance at Jan. 1, 2019	83	127,089	117,234	9,391	253,797
Additions	9,529	4,489	12,519	1,642	28,179
Changes in the scope of consolidation	-	1,806	735	127	2,668
Disposals	-	-564	-5,438	-1,203	-7,205
Translation differences	-287	-1,708	-1,607	-234	-3,836
<b>Balance at Dec. 31, 2019</b>	<b>9,325</b>	<b>131,112</b>	<b>123,443</b>	<b>9,723</b>	<b>273,603</b>
<b>Accumulated depreciation</b>					
Balance at Jan. 1, 2019	0	52,911	78,500	4,526	135,937
Depreciation	-	3,682	10,504	1,976	16,162
Disposals	-	-537	-4,624	-1,041	-6,202
Translation differences	-	-376	-963	-117	-1,456
<b>Balance at Dec. 31, 2019</b>	<b>0</b>	<b>55,680</b>	<b>83,417</b>	<b>5,344</b>	<b>144,441</b>
<b>Net book value</b>	<b>9,325</b>	<b>75,432</b>	<b>40,026</b>	<b>4,379</b>	<b>129,162</b>

## 8. Intangible assets

in CHF 1,000	Software in development	Software	Others	Total
<b>Cost</b>				
Balance at Jan. 1, 2020	24,643	32,102	427	57,172
Additions	2,076	2,377	220	4,673
Disposals	-	-746	-427	-1,173
Reclass	-24,683	24,683	-	-
Translation differences	-	-71	-	-71
<b>Balance at Dec. 31, 2020</b>	<b>2,036</b>	<b>58,345</b>	<b>220</b>	<b>60,601</b>
<b>Accumulated amortization</b>				
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
<b>Balance at Dec. 31, 2020</b>	<b>0</b>	<b>28,323</b>	<b>19</b>	<b>28,342</b>
<b>Net book value</b>	<b>2,036</b>	<b>30,022</b>	<b>201</b>	<b>32,259</b>

In 2020, CHF 0.1 million self-created intangible assets were capitalized (2019: CHF 0.9 million).

in CHF 1,000	Software in development	Software	Others	Total
<b>Cost</b>				
Balance at Jan. 1, 2019	20,546	31,281	427	52,254
Additions	4,097	2,373	-	6,470
Changes in the scope of consolidation	-	1	-	1
Disposals	-	-1,328	-	-1,328
Translation differences	-	-225	-	-225
<b>Balance at Dec. 31, 2019</b>	<b>24,643</b>	<b>32,102</b>	<b>427</b>	<b>57,172</b>
<b>Accumulated amortization</b>				
Balance at Jan. 1, 2019	0	25,140	356	25,496
Amortization	-	1,702	43	1,745
Disposals	-	-1,327	-	-1,327
Translation differences	-	-199	-	-199
<b>Balance at Dec. 31, 2019</b>	<b>0</b>	<b>25,316</b>	<b>399</b>	<b>25,715</b>
<b>Net book value</b>	<b>24,643</b>	<b>6,786</b>	<b>28</b>	<b>31,457</b>

## 9. Financial assets

in CHF 1,000	2020	Interest rates in %	2019	Interest rates in %
Loans and deposits to third parties	3,074	0.0–5.0	4,125	0.0–5.0
Investments in associated companies	2,295		320	
Other financial assets	35		35	
<b>Total</b>	<b>5,404</b>		<b>4,480</b>	

## 10. Income taxes

The tax expenses are made up as follows:

in CHF 1,000	2020	2019
Current taxes	13,669	14,358
Deferred taxes	816	2,698
<b>Total</b>	<b>14,485</b>	<b>17,056</b>

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 %	2020	2019
<b>Group's average tax rate</b>	<b>19.7</b>	<b>19.9</b>
Non tax deductible expenses	0.6	0.7
Non-taxable income	-1.7	-7.0
Expenses taxed at special rate	0.0	0.0
Unrecognized current year tax losses	0.3	0.6
Utilization unrecognized prior year tax losses	-0.3	-0.2
Change in applicable tax rate	0.2	0.6
Others	-1.2	3.7
<b>Effective tax rate</b>	<b>17.6</b>	<b>18.3</b>

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 2020	Liabilities 2020	Assets 2019	Liabilities 2019
Accounts receivable	439	260	499	236
Inventories	6,358	2,726	6,989	2,871
Property, plant and equipment	332	1,668	367	1,763
Intangible assets	10,211	1,012	12,889	802
Liabilities	3,899	3,368	1,992	3,566
<b>Total deferred taxes</b>	<b>21,239</b>	<b>9,034</b>	<b>22,736</b>	<b>9,238</b>
Net	12,205		13,498	

The gross values of unused tax loss carryforwards which have not been capitalized expire as follows:

Expiry of unused tax loss carryforwards in CHF 1,000	Within 5 years	After 5 years	Total
2020	206	12,568	12,774
2019	0	13,542	13,542

This results in not capitalized deferred tax assets for unused tax loss carryforwards of CHF 2.5 million (2019: CHF 2.6 million).

## 11. Accounts payable, trade

in CHF 1,000	2020	2019
Accounts payable, trade	49,870	55,820
Notes payable	0	11
<b>Total</b>	<b>49,870</b>	<b>55,831</b>

## 12. Provisions

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
<b>Balance at Dec. 31, 2020</b>	<b>4,770</b>	<b>446</b>	<b>4,942</b>	<b>10,158</b>
Thereof short-term	2	-	3,351	3,353

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

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

Other provisions include CHF 1.4 million (2019: CHF 1.5 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, 2019	4,432	439	3,903	8,774
Additions	1,189	295	383	1,867
Changes in the scope of consolidation	-	-	1,467	1,467
Usage	-695	-234	-640	-1,569
Reversals	-109	-36	-90	-235
Translation differences	-151	-8	-94	-253
<b>Balance at Dec. 31, 2019</b>	<b>4,666</b>	<b>456</b>	<b>4,929</b>	<b>10,051</b>
Thereof short-term	16	-	2,360	2,376

### 13. Short-term debts

in CHF 1,000	2020	Interest rates in %	2019	Interest rates in %
Bank overdrafts	2,859	0.6–5.0	4,228	0.6–5.0
Bank loans	35,660	0.7–6.4	21,655	0.7–6.7
Personnel savings accounts	22,858	0.8–1.0	25,034	1.0
Others <sup>1)</sup>	6,275	0.6–2.0	7	2.0
<b>Total</b>	<b>67,652</b>		<b>50,924</b>	

1) For details, please refer to note 28

The personnel savings accounts correspond to savings of employees. The effective weighted average interest rate on all borrowings was 1.1 percent (2019: 1.2 percent).

### 14. Long-term debts

in CHF 1,000	2020	Interest rates in %	2019	Interest rates in %
Bank loans	112,747	0.5–1.2	168,106	0.5–1.2
Others <sup>1)</sup>	15,932	0.5–12.0	1,339	1.0–12.0
<b>Total</b>	<b>128,679</b>		<b>169,445</b>	

1) For details, please refer to note 28

### 15. Share capital

Details of share capital 2020/2019	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
<b>Total</b>			<b>40,000</b>

308,691 registered A shares of CHF 5 par value are held by Bossard Holding AG and have neither voting rights nor dividend entitlement.

The consolidated retained earnings and reserves include non-distributable legal reserves of CHF 16 million (2019: 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 company.

	2020		2019	
	Number	in CHF	Number	in CHF
Balance at Jan. 1	304,640	2,571,271	377,433	2,881,522
Additions	104,950	14,857,586	108,074	16,438,392
Use of treasury stock	-	-	-	9,822,729
Disposals	-100,899	-14,258,041	-180,867	-26,571,372
<b>Balance at Dec. 31</b>	<b>308,691</b>	<b>3,170,816</b>	<b>304,640</b>	<b>2,571,271</b>

Average transaction price in CHF	2020	2019
Additions	141.57	152.10
Disposals management participation plans	153.67	153.90
Other disposals	145.30	147.70

The disposals contain 7,535 shares (2019: 13,195) for the restricted stock unit plan (RSU).

10,529 registered A shares (2019: 6,478) are reserved for the management participation plan (RSU).

### Dividend

At the upcoming annual general meeting of shareholders on April 12, 2021 the board of directors of Bossard Holding AG will propose a dividend for the 2020 financial year of CHF 4.40 (2019: CHF 2.00) per registered A share or CHF 0.88 (2019: CHF 0.40) per registered B share.

## 16. Segment information

The Bossard Group and all its regional companies are internationally active 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 orientation 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 Bossard 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 oversight 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.

## 17. Sales by regions

in CHF million	Europe		America		Asia		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Sales	467.8	509.2	201.7	218.7	146.1	150.4	815.6	878.3
Sales deductions	1.6	1.5	0.5	0.3	0.7	0.3	2.8	2.1
<b>Net sales</b>	<b>466.2</b>	<b>507.7</b>	<b>201.2</b>	<b>218.4</b>	<b>145.4</b>	<b>150.1</b>	<b>812.8</b>	<b>876.2</b>

## 18. Personnel expenses

in CHF 1,000	2020	2019
Salaries and variable compensation	130,441	142,456
Social security expenses	21,422	21,808
Pension expenses	9,330	10,972
Other personnel expenses	4,535	5,684
<b>Total</b>	<b>165,728</b>	<b>180,920</b>

The expense recognized for share-based compensation in the results for the period is CHF 1.4 million (2019: CHF 1.8 million).

The personnel expenses contain reductions due to governmental support from overall twelve countries in the amount of CHF 6.9 million (2019: CHF 0.0 million).

## 19. Awarded restricted stock units

Number of RSUs	2020	2019
Balance at Jan. 1: Number of RSUs outstanding	35,094	42,812
Deliveries	-9,309	-15,257
Allocations	8,320	8,348
Other changes	-842	-809
<b>Balance at Dec. 31: Number of RSUs outstanding</b>	<b>33,263</b>	<b>35,094</b>

## 20. Other operating expenses

in CHF 1,000	2020	2019
Occupancy costs	15,896	16,214
Capital taxes, insurance and charges	3,408	3,687
Other operating expenses	10,388	11,757
<b>Total</b>	<b>29,692</b>	<b>31,658</b>

## 21. Financial result

in CHF 1,000	2020	2019
<b>Financial income</b>		
Income from interests and securities	190	612
Income from non-consolidated investments	129	148
Exchange gains	4,426	4,845
<b>Total</b>	<b>4,745</b>	<b>5,605</b>
<b>Financial expenses</b>		
Interest expenses	3,624	3,895
Exchange losses	4,991	4,335
<b>Total</b>	<b>8,615</b>	<b>8,230</b>
<b>Total Financial result</b>	<b>3,870</b>	<b>2,625</b>

## 22. Earnings per share

	2020	2019
Net income in CHF 1,000	67,055	74,236
Average number of shares entitled to dividend <sup>1)</sup>	7,680,874	7,630,317
Earnings per registered A share in CHF	8.73	9.73
Earnings per registered B share in CHF	1.75	1.95

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. Since no options or convertible bonds are outstanding, no dilution effect results.

## 23. Acquisitions and disposals of subsidiaries and businesses

### 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.



## Acquisitions 2019

The following table shows the acquired balances at their market value as per acquisition date and the resulting goodwill.

in CHF 1,000	Market value as per acquisition
Cash and cash equivalents	2,539
Accounts receivable, trade	7,797
Inventories	25,304
Other current assets	1,468
Non-current assets	11,265
Accounts payable, trade	-3,351
Other current liabilities	-6,213
Non-current liabilities	-41
<b>Net assets acquired</b>	<b>38,768</b>
Goodwill	43,116
Total	81,884
Less acquired cash and cash equivalents	-2,539
Less purchase price payment in registered A shares	-8,394
Less purchase price not yet paid	-1,365
<b>Cash flow from acquisitions</b>	<b>69,586</b>

In January 2019, assets from Linquan Precision Co. Ltd, China, were acquired as part of an asset deal.

In 2019, the following companies were acquired:

- BRUMA Schraub- und Drehtechnik GmbH, Germany (January 2019)
- Boysen Verwaltungs GmbH, Germany (July 2019)
- Boysen GmbH & Co. KG, Germany (July 2019)
- SACS Boysen Aerospace U.S., Inc., USA (July 2019)

## Further acquisitions 2019

In March and April 2019, the investment in bigHead Fasteners Ltd, England, was successively increased from 19.0 percent to 41.9 percent. This investment led to a cash outflow of CHF 0.7 million and a goodwill of CHF 1.6 million.

## Acquisitions of associated companies 2019

In April 2019, a share of 30 percent of Ecoparts AG, Switzerland, was acquired. This investment led to a cash outflow of CHF 3.0 million and a goodwill of CHF 2.6 million.

In November 2019, an investment in the newly founded PDi Digital GmbH, Austria, occurred.

## Disposals 2019

No subsidiaries or associated companies were disposed.

## 24. Derivative financial instruments

Open forward contracts at December 31 were as follows:

in CHF million	2020	2019
Contract value	-	13.4
Fair value	-	0.0
Balance sheet value	-	0.0

The contract value shows the volume of open forward exchange contracts at the balance sheet date.

## 25. Goodwill

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

in CHF 1,000	2020	2019
<b>Equity incl. non-controlling interest</b>	<b>322,340</b>	<b>304,524</b>
Equity ratio in percent	50.3	46.7
<b>Cost</b>		
Balance at Jan. 1 <sup>1)</sup>	333,937	286,593
Additions	16,599	47,344
<b>Balance at Dec. 31</b>	<b>350,536</b>	<b>333,937</b>
<b>Amortization over 5 years</b>		
Balance at Jan. 1 <sup>1)</sup>	285,589	266,181
Amortization	15,588	19,408
<b>Balance at Dec. 31</b>	<b>301,177</b>	<b>285,589</b>
<b>Theoretical net book value goodwill as per Dec. 31</b>	<b>49,359</b>	<b>48,348</b>
<b>Theoretical equity incl. non-controlling interest and net book value goodwill</b>	<b>371,699</b>	<b>352,872</b>
Theoretical equity ratio in percent	53.8	50.3

1) With the new presentation of the goodwill offset in the consolidated statement of changes in equity, the historic amount of goodwill of CHF 38.2 million, which resulted in the years from 1998 to 2005, was newly included in this presentation. This goodwill was from diverse acquisitions in this time period and is fully amortized for several years.

Goodwill is theoretically amortized on a straight-line basis usually over five years. Goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date. With this procedure no exchange differences result in the movement schedule.

Impact on income statement:

in CHF 1,000	2020	2019
EBIT without theoretical amortization goodwill	86,386	95,705
Theoretical amortization goodwill	-15,588	-19,408
<b>EBIT incl. theoretical amortization goodwill</b>	<b>70,798</b>	<b>76,297</b>

## 26. 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 2015 / periodic table 2016. The actuarial interest rate is 1.50 percent (2019: 1.50 percent). In accordance with Swiss GAAP FER 26, the provisional financial statements of the pension plan institution 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	
	31.12.2020	31.12.2020	31.12.2019	2020	2020	2020	2019
Patronage funds/pension institutions	3,059				275	275	293
Pension institutions without surplus/deficit					5,276	5,276	5,499
Pension institutions with surplus							
Pension institutions with deficit							
Pension institutions abroad					3,779	3,779	4,100
<b>Total</b>	<b>3,059</b>	-	-	-	<b>9,330</b>	<b>9,330</b>	<b>9,892</b>

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.

Items comprising the pension plan expenses:

in CHF 1,000	2020	2019
Contributions to pension institutions charged to the company	9,330	9,892
Contributions to pension plans paid out of the employer contribution reserve (ECR)	-	-
<b>Total contributions</b>	<b>9,330</b>	<b>9,892</b>
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	-	-
<b>Contributions and changes in employer contribution reserve</b>	<b>9,330</b>	<b>9,892</b>
Changes in economic benefit of the company from surplus	-	-
Changes in economic obligations of the company from deficit	-	-
<b>Total changes of economic impact through surplus/deficit</b>	<b>-</b>	<b>-</b>
<b>Pension plan expenses in personnel expenses</b>	<b>9,330</b>	<b>9,892</b>

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

## 27. 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:

		2020	2019
<b>Board of directors</b>			
Dr. Thomas Schmuckli	Chairman, chairman NC <sup>1)</sup> , ARCC <sup>2)</sup>	9,829	14,429
Anton Lauber	Deputy chairman, NC, CC <sup>3)</sup>	4,263	6,007
Dr. René Cotting	Chairman ARCC	2,250	1,900
David Dean	Representative of registered A shares, chairman CC	1,456	1,200
Patricia Heidtman	NC, CC	500	-
Martin Kühn	ARCC	1,162	450
Prof. Dr. Stefan Michel	NC	904	1,058
Maria Teresa Vacalli	ARCC	3,912	3,656
<b>Total</b>		<b>24,276</b>	<b>28,700</b>

1) Nomination committee

2) Audit, risk & compliance committee

3) Compensation committee

### Executive committee

Dr. Daniel Bossard <sup>1)</sup>	CEO	7,062	4,703
Stephan Zehnder	CFO	14,048	12,689
Beat Grob	CEO Central Europe	37,400	37,041
Dr. Frank Hilgers <sup>2)</sup>	CEO Northern & Eastern Europe, CCO	3,419	2,760
Steen Hansen	CEO America	2,844	2,485
Robert Ang	CEO Asia	13,492	13,133
<b>Total</b>		<b>78,265</b>	<b>72,811</b>

1) Takeover as CEO in May 2019, CEO Northern & Eastern Europe until end of April 2019

2) CCO, takeover as CEO Northern & Eastern Europe in May 2019

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

		2020	2019
Dr. Daniel Bossard <sup>1)</sup>	CEO	1,544	1,432
Stephan Zehnder	CFO	1,066	1,190
Beat Grob	CEO Central Europe	1,066	1,190
Dr. Frank Hilgers <sup>2)</sup>	CEO Northern & Eastern Europe, CCO	1,066	1,190
Steen Hansen	CEO America	1,066	1,190
Robert Ang	CEO Asia	1,066	1,190
<b>Total</b>		<b>6,874</b>	<b>7,382</b>

1) Takeover as CEO in May 2019, CEO Northern & Eastern Europe until end of April 2019

2) CCO, takeover as CEO Northern & Eastern Europe in May 2019

## 28. 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 (2019: 56.3 percent) of total voting rights or 27.9 percent (2019: 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	2020	Interest rates in %	2019	Interest rates in %
Deposits in the personnel savings accounts	7,894	0.8–1.0	9,305	1.0
Short-term loans from related parties	6,275	0.6–0.8	-	0.5–0.8
Long-term loans from related parties	14,500	0.5	-	-

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

In 2019, transactions took place during the year with Kolin Holding AG, Zug, Bossard Unternehmensstiftung, Zug, Bossard Personalstiftung, Zug, and Bossard Finanzierungsstiftung with an interest expense of CHF 60,419.

## 29. 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
2020	1,186	738	454	70	4	2,452
2019	1,045	577	231	61	2	1,916

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
2020	7,996	5,946	5,402	4,320	16,320	39,984
2019	7,597	6,115	5,133	4,778	19,744	43,367

### 30. Assets pledged or otherwise restricted

in CHF 1,000	2020	2019
Inventories	-	-
Property, plant and equipment	9,952	10,001
<b>Total</b>	<b>9,952</b>	<b>10,001</b>

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.

### 31. Contingent Liabilities

As per December 31, 2020 investment commitments of CHF 4.7 million existed for a warehouse extension at Bossard France SAS, France (2019: CHF 9.0 million).

### 32. Events occurring after balance sheet date

Between December 31, 2020 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 2020.

### 33. Exchange rates

	31.12.2020 Year-end exchange rate	01.01.2020– 31.12.2020 Average exchange rate	31.12.2019 Year-end exchange rate	01.01.2019– 31.12.2019 Average exchange rate
1 EUR	1.08	1.07	1.09	1.11
1 USD	0.88	0.94	0.97	0.99
1 GBP	1.21	1.20	1.28	1.27
1 AUD	0.68	0.65	0.68	0.69
1 RON	0.22	0.22	0.23	0.23
1 CAD	0.69	0.70	0.75	0.75
1 NOK	0.10	0.10	0.11	0.11
1 ZAR	0.06	0.06	0.07	0.07
100 DKK	14.53	14.36	14.55	14.90
100 SEK	10.77	10.21	10.35	10.52
100 CZK	4.12	4.05	4.28	4.33
100 HUF	0.30	0.31	0.33	0.34
100 PLN	23.71	24.10	25.55	25.89
100 RSD	0.92	0.91	0.92	0.94
100 SGD	66.89	68.06	71.96	72.86
100 TWD	3.15	3.19	3.24	3.22
100 RMB	13.55	13.60	13.92	14.39
100 MYR	22.00	22.35	23.63	24.00
100 THB	2.95	3.00	3.25	3.20
100 INR	1.21	1.27	1.36	1.41
100 KRW	0.08	0.08	0.08	0.09
100 MXN	4.44	4.40	5.13	5.16

### 34. List of group companies

Companies and branches		Registered office	Currency	Capital in 1,000	Share- holding
<b>Holding and finance companies</b>					
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
USA	Bossard U.S. Holdings, Inc.	Phoenix, AZ	USD	40,000	100
<b>Europe</b>					
Switzerland	Bossard AG	Zug	CHF	12,000	100
	3d-prototyp GmbH	Dietikon	CHF	20	49
	Effilio AG	Zug	CHF	100	100
	Interfast AG	Zug	CHF	50	100
	KVT-Fastening, Branch of 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
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
Romania	KVT-Fastening S.R.L.	Bucharest	RON	0.2	100
Serbia	KVT-Fastening d.o.o. Serbia	Belgrade	RSD	1,000	100
Slovakia	KVT-Fastening spol. s.r.o.	Bratislava	EUR	5	100
Slovenia	KVT-Fastening d.o.o.	Ljubljana	EUR	8.2	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

Continued on page 127



Companies and branches		Registered office	Currency	Capital in 1,000	Share- holding
<b>America</b>					
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
<b>Asia/Oceania</b>					
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
<b>Associated companies</b>					
Switzerland	Ecoparts AG	Hinwil	CHF	270	30
	MultiMaterial-Welding AG	Stansstad	CHF	187	40
Austria	PDi Digital GmbH	Fernitz-Mellach	EUR	35	30

As per December 31, 2020



# 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, 2020 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 98 to 127) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 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 4,100,000

We concluded full scope audit work at ten Group companies in six countries. Our audit scope addressed 74% of the sales and 89% of the assets of the Group.

Additionally, we concluded reviews at a further four Group companies in two countries, which addressed an additional 7% of the sales and 4% of the assets of the Group.

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

Valuation of inventories

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PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

### 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.

<b>Overall Group materiality</b>	CHF 4,100,000
<b>How we determined it</b>	5% of profit before tax
<b>Rationale for the materiality benchmark applied</b>	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 410,000 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 251.8 million (after deduction of a value adjustment of CHF 45.0 million) as of December 31, 2020 and are thus the largest asset category, representing around 39% 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 write-downs required on obsolescent or slow-moving products.

Please refer to page 104 (2.3 Accounting and valuation principles) and page 110 (6 Inventories) 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 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 write-downs of inventories was applied consistently.
- For obsolescent or slow-moving inventories, we discussed with Management the assumptions applied in calculating the required write-downs and assessed these assumptions. In doing so, we paid particular attention to changes in write-downs for each category of product or of write-downs compared with the prior year. We also considered the experience of significant unforeseen product write-downs or write-offs in previous years.
- We tested on a sample basis the computational accuracy and completeness of the calculation of the write-downs.
- We discussed with Management and the Audit, Risk & Compliance Committee the results of our work and any movements in the write-downs.

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

Bruno Häfliger  
Audit expert  
Auditor in charge

Remo Waldispühl  
Audit expert

Zurich, February 26, 2021

# BOSSARD HOLDING AG

## Balance sheet

in CHF	Notes	31.12.2020	31.12.2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,063,438	2,206,125
Other receivables	1	1,067,734	1,544,740
Prepaid expenses		48,375	63,289
		<b>3,179,547</b>	<b>3,814,154</b>
<b>Non-current assets</b>			
Financial assets	2	40,609,304	21,992,150
Investments	3	118,023,215	118,023,215
		<b>158,632,519</b>	<b>140,015,365</b>
<b>Total assets</b>		<b>161,812,066</b>	<b>143,829,519</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Other current liabilities to third parties		27,338	6,476
Accrued expenses		1,054,092	1,279,494
		<b>1,081,430</b>	<b>1,285,970</b>
<b>Total liabilities</b>		<b>1,081,430</b>	<b>1,285,970</b>
<b>Shareholders' equity</b>			
Share capital		40,000,000	40,000,000
Legal reserve			
Reserves from capital contributions		13,819,386	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		23,779,316	5,520,688
Profit for the current year		34,141,364	33,613,360
Treasury shares	4	-3,170,816	-2,571,271
<b>Total shareholders' equity</b>		<b>160,730,636</b>	<b>142,543,549</b>
<b>Total liabilities and shareholders' equity</b>		<b>161,812,066</b>	<b>143,829,519</b>

# BOSSARD HOLDING AG

## Income statement

in CHF	Notes	2020	2019
<b>Income</b>			
Dividend income		35,000,000	35,000,000
Other operating income		300,000	300,000
<b>Expenses</b>			
Personnel expenses	8	1,527,399	1,529,263
Other operating expenses		555,884	605,956
Other financial income		898,912	653,990
Financial expenses		75,532	31,305
<b>Income before taxes</b>		<b>34,040,097</b>	<b>33,787,466</b>
Taxes		101,267	-174,106
<b>Net income</b>		<b>34,141,364</b>	<b>33,613,360</b>

# 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:

	31.12.2020 Year-end exchange rate	31.12.2019 Year-end exchange rate
EUR	1.08	1.09

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

### 1. Other receivables

in CHF	2020	2019
To subsidiaries	1,067,734	1,544,740
<b>Total</b>	<b>1,067,734</b>	<b>1,544,740</b>

### 2. Financial assets

in CHF	2020	2019
To subsidiaries	40,609,304	21,992,150
<b>Total</b>	<b>40,609,304</b>	<b>21,992,150</b>



### 3. Investments

Name, legal form, registered office	2020		2019	
	Capital	Votes	Capital	Votes
<b>Direct investments</b>				
Bossard Finance AG, Zug	100 %	100 %	100 %	100 %
<b>Indirect investments</b>				
bigHead Fasteners Ltd, Verwood	42 %	42 %	42 %	42 %
Bossard-KVT Beteiligungs GmbH, Illerrieden	100 %	100 %	100 %	100 %
KVT-Fastening Beteiligungs GmbH, Illerrieden (merger with Bossard-KVT Beteiligungs GmbH, Illerrieden)	-	-	100 %	100 %
Boysen Verwaltungs GmbH, Munich	100 %	100 %	100 %	100 %
Bossard U.S. Holdings, Inc., Phoenix	100 %	100 %	100 %	100 %
Arnold Management Delaware, LLC, Canton (liquidation)	-	-	100 %	100 %
Bossard AG, Zug	100 %	100 %	100 %	100 %
3d-prototyp GmbH, Dietikon	49 %	49 %	49 %	49 %
Effilio AG, Zug	100 %	100 %	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 %
Bossard Norway AS, Oslo	100 %	100 %	60 %	60 %
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. Serbia, 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 %

Continued on page 136

Name, legal form, registered office	2020		2019	
	Capital	Votes	Capital	Votes
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, Singapore	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, Stansstad	40 %	40 %	-	-
PDi Digital GmbH, Fernitz-Mellach	30 %	30 %	30 %	30 %

#### 4. Treasury shares, incl. shares held by subsidiaries

in CHF	2020		2019	
	Number	Value	Number	Value
Balance at January 1	304,640	2,571,271	377,433	2,881,522
Additions	104,950	14,857,586	108,074	16,438,392
Use of treasury stock	-	-	-	9,822,729
Disposals	-100,899	-14,258,041	-180,867	-26,571,372
<b>Balance at December 31</b>	<b>308,691</b>	<b>3,170,816</b>	<b>304,640</b>	<b>2,571,271</b>

Group companies do not hold any registered A shares. In 2020, 10,521 registered A shares were used for the share option programs. In 2019, 75,511 registered A shares were used for the share option programs and acquisitions, thereof 71,838 treasury stocks.

#### 5. Collateral to third parties

in CHF	2020	2019
Guarantees	394,028,930	322,295,313
Thereof used	155,238,704	202,866,834

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 27 page 122).

## **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 (2019: 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. The personnel expenses include the compensation of the board of directors.

# Appropriation of available earnings

## Statement of changes in retained earnings

in CHF	2020	2019
Retained earnings at the beginning of the year	39,134,048	39,818,401
Net income	34,141,364	33,613,360
Appropriation of available profit determined by the annual general meeting of shareholders		
Dividends for 2019 and 2018 respectively	-15,354,732	-34,297,713
<b>Retained earnings at the end of the year</b>	<b>57,920,680</b>	<b>39,134,048</b>

## Statement of changes in capital contribution reserve

in CHF	2020	2019
Capital contribution reserve at the beginning of the year	13,819,386	4,093,912
Deposits on the use of treasury shares	-	9,725,474
<b>Capital contribution reserve at the end of the year <sup>1)</sup></b>	<b>13,819,386</b>	<b>13,819,386</b>

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	2020
Available retained earnings before distribution	57,920,680
Dividend of 88 percent on the share capital of max. CHF 38,456,545 eligible for dividends <sup>2)</sup>	-33,841,760
<b>To be carried forward</b>	<b>24,078,920</b>

2) The figure is based on the issued share capital as of December 31, 2020 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, 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 132 to 137) as at December 31, 2020 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.

<b>Overall materiality</b>	CHF 1,600,000
<b>How we determined it</b>	1% of shareholders' equity
<b>Rationale for the materiality benchmark applied</b>	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 160,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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### **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 EXPERT-suisse: <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

Bruno Häfliger  
Audit expert  
Auditor in charge

Remo Waldispühl  
Audit expert

Zurich, February 26, 2021

## INVESTOR INFORMATION

	2020	2019	2018	2017	2016
<b>Share capital</b>					
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	6,341,309	6,345,360	6,272,567	6,264,709	6,240,207
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	7,691,309	7,695,360	7,622,567	7,614,709	7,590,207
<b>Market price</b>					
Ticker symbol (BOSN)					
Volume traded (daily average)	20,805	19,036	17,113	14,887	8,991
Closing price at Dec. 31 in CHF	178.4	174.7	139.8	230.0	143.4
Registered A share high in CHF	179.4	180.8	252.0	242.3	144.0
Registered A share low in CHF	90.0	123.9	132.1	142.0	90.4
<b>Dividend per share</b>					
Registered A share in CHF	4.40 <sup>1)</sup>	2.00	4.50	4.20	3.30
Registered B share in CHF	0.88 <sup>1)</sup>	0.40	0.90	0.84	0.66
in % of share capital	88.0	40.0	90.0	84.0	66.0
<b>Dividend yield in % (Basis: price at Dec. 31)</b>	2.5	1.1	3.2	1.8	2.3
<b>Earnings per share <sup>2) 5)</sup></b>					
Registered A share in CHF	8.73	9.73	10.95	10.33	8.04
Registered B share in CHF	1.75	1.95	2.19	2.07	1.61
<b>Cash flow per share <sup>2) 4)</sup></b>					
Registered A share in CHF	11.36	12.30	13.32	12.52	9.90
Registered B share in CHF	2.27	2.46	2.66	2.5	1.98
<b>Price/Earnings ratio (Basis: price at Dec. 31)</b>	20.4	18.0	12.8	22.3	17.8
<b>Net worth per share <sup>3)</sup></b>					
Registered A share in CHF	41.9	39.6	40.6	34.7	27.4
Registered B share in CHF	8.4	7.9	8.1	6.9	5.5
<b>Market capitalization (Basis: price at Dec. 31)</b>					
in CHF million <sup>3)</sup>	1,372.1	1,344.4	1,065.6	1,751.4	1,088.4
in % of shareholders' equity	425.7	441.5	344.1	663.5	524.2



in CHF million	2020	2019	2018	2017	2016
<b>Economic value added analysis</b>					
Net sales	812.8	876.2	871.1	786.2	695.0
Earnings before interest and taxes (EBIT)	86.4	95.7	108.8	97.0	78.5
Effective tax rate in %	17.6	18.3	18.1	19.2	17.5
<b>Net operating profit after tax (NOPAT)</b>	<b>71.2</b>	<b>78.2</b>	<b>89.2</b>	<b>78.4</b>	<b>64.7</b>
Equity	322.3	304.5	309.7	264.0	207.6
Gross financial debt	196.4	220.4	162.8	144.6	181.3
Less cash and cash equivalents	40.7	32.7	32.6	20.6	22.5
Capital employed (year-end)	478.0	492.2	439.9	388.0	366.4
<b>Average annual capital employed (A)</b>	<b>485.1</b>	<b>466.1</b>	<b>414.0</b>	<b>377.2</b>	<b>350.2</b>
<b>Return on average capital employed in % (ROCE)</b>	<b>14.7</b>	<b>16.8</b>	<b>21.5</b>	<b>20.8</b>	<b>18.5</b>
<b>Cost of financial debt in %</b>					
Average cost of financial debt	1.1	1.2	1.2	1.4	1.5
Less effective tax	17.6	18.3	18.1	19.2	17.5
Cost of financial debt after tax	0.9	1.0	1.0	1.1	1.2
<b>Cost of equity in %</b>					
Risk free rate (Basis: yearly average of yield Swiss government bond)	-0.5	-0.5	0.0	-0.1	-0.4
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	5.0	5.0	5.5	5.4	5.1
Equity ratio	50.3	46.7	51.3	48.9	41.9
<b>Weighted average cost of capital in % (WACC)</b>	<b>3.0</b>	<b>2.9</b>	<b>3.3</b>	<b>3.2</b>	<b>2.9</b>
Economic profit in % (ROCE – WACC) (B)	11.7	13.9	18.2	17.6	15.6
<b>Economic profit in CHF million (A) * (B)</b>	<b>57.0</b>	<b>65.0</b>	<b>75.3</b>	<b>66.3</b>	<b>54.7</b>

- 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

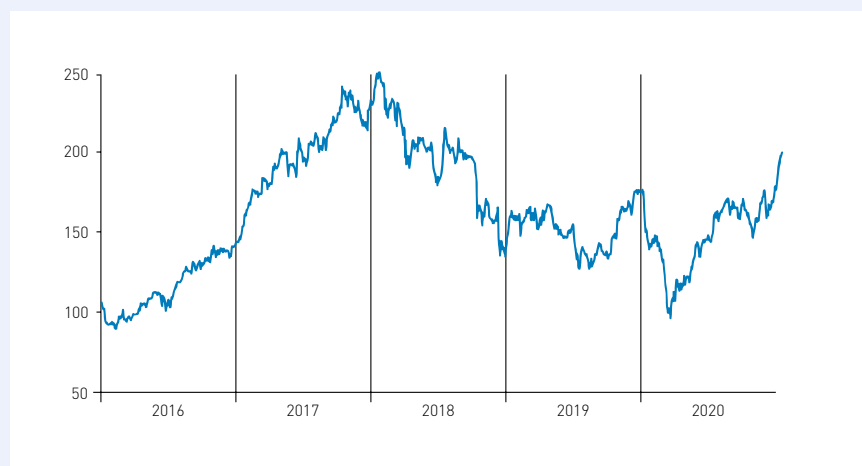
The articles of association do not include any provisions for opting-out or opting-up.

in CHF million	2020	2019	2018	2017	2016
<b>Economic book value (EBV)</b>					
Market value added (economic profit/WACC)	1,928.9	2,271.8	2,271.9	2,049.6	1,905.6
Capital employed	478.0	492.2	439.9	388.0	366.4
Implied enterprise value (EVA®)	2,406.9	2,764.0	2,711.8	2,437.6	2,272.0
Less gross financial debt	196.4	220.4	162.8	144.6	181.3
Plus cash and cash equivalents	40.7	32.7	32.6	20.6	22.5
<b>Economic book value at Dec. 31</b>	<b>2,251.2</b>	<b>2,576.3</b>	<b>2,581.6</b>	<b>2,313.6</b>	<b>2,113.2</b>
<b>Market valuation and key ratios</b>					
Share price at Dec. 31 in CHF	178.4	174.7	139.8	230.0	143.4
Market capitalization	1,372.1	1,344.4	1,065.6	1,751.4	1,088.4
Net financial debt	155.7	187.7	130.2	124.0	158.8
<b>Enterprise value (EV)</b>	<b>1,527.8</b>	<b>1,532.1</b>	<b>1,195.8</b>	<b>1,875.4</b>	<b>1,247.2</b>
EV in % of net sales	188.0	174.9	137.3	238.5	179.4
EV/EBITDA	14.4	13.5	9.6	16.7	13.7
EV/EBIT	17.7	16.0	11.0	19.3	15.9
EV/NOPAT	21.5	19.6	13.4	23.9	19.3
Price/book value per share	4.3	4.4	3.4	6.6	5.2
Return on equity in %	21.6	24.7	29.8	34.0	31.7

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 2016–2020

Valor: 23862714, ISIN CH0238627142/BOSN



— Bossard N

## AGENDA

**Meeting for financial analysts & media conference,  
publication of Annual Report 2020**

**March 3, 2021**

**Annual general meeting**

**April 12, 2021**

**Publication of sales results, 1st quarter 2021**

**April 12, 2021**

**Publication of first results, 1st half of 2021**

**July 14, 2021**

**Publication of Semi-Annual Report 2021**

**August 24, 2021**

**Publication of sales results, 3rd quarter 2021**

**October 13, 2021**

**Publication of sales results 2021**

**January 13, 2022**

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This Annual Report 2020 is also available in German.

The German Annual Report 2020 is binding.

Dieser Jahresbericht 2020 ist auch in deutscher Sprache erhältlich.

Der deutsche Jahresbericht 2020 ist massgebend.

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