

ANNUAL REPORT 2021

Bobst Group SA

KEY FIGURES

In million CHF		2021		2020		2019		2018		2017	
Assets	Non-current assets	479.4	26%	453.0	29%	489.9	32%	501.9	29%	451.3	28%
	Current assets	1362.9	74%	1089.7	71%	1034.9	68%	1219.7	71%	1142.7	72%
		1842.3	100%	1542.7	100%	1524.8	100%	1721.6	100%	1594.0	100%
Liabilities	Equity	595.4	32%	511.6	33%	559.2	37%	553.5	32%	559.4	35%
	Non-current liabilities	440.6	24%	418.8	27%	234.6	15%	405.5	24%	381.7	24%
	Current liabilities	806.3	44%	612.3	40%	731.0	48%	762.6	44%	652.9	41%
	1842.3	100%	1542.7	100%	1524.8	100%	1721.6	100%	1594.0	100%	
Net working capital (NWC)		77.2		177.0		254.9		239.8		155.1	
Net cash/Net debt		153.9		3.9		-58.6		-20.8		132.9	
Sales		1563.4		1372.0		1636.3		1634.5		1528.6	
Operating result (EBIT)		99.0		43.7		81.0		86.5		118.7	
As % of sales		6.3%		3.2%		5.0%		5.3%		7.8%	
Net result		93.4		17.3		52.6		50.4		106.9	
As % of sales		6.0%		1.3%		3.2%		3.1%		7.0%	
As % of equity		15.7%		3.5%		9.4%		9.1%		19.1%	
Capital expenditure (CAPEX)		38.8		43.2		57.1		54.0		53.8	
Return on capital employed (ROCE)		22.0%		8.3%		12.9%		14.2%		23.2%	
Share income											
Share price at the end of the year		82.9		53.5		56.4		68.3		129.6	
Market capitalization		1369.4		882.9		930.8		1128.2		2140.8	
EPS (16 518 478 shares)		5.51		1.85		4.12		3.84		6.93	
Price-earnings ratio		15.1		28.9		13.7		17.8		18.7	
Dividend paid:											
– total, in million CHF		132.1		0.0		24.8		24.8		42.9	
– payout ratio		141.5%		0.0%		47.1%		49.2%		40.1%	
– dividend yield		9.6%		0.0%		2.7%		2.2%		2.0%	
Headcount		5809		5662		5555		5660		5397	
% change compared to previous year		2.6%		1.9%		-1.9%		4.9%		6.8%	

LONG-TERM FINANCIAL TARGETS

Sales (in million CHF)	1700 – 1800
Operating result (EBIT)	min. 8%
Return on capital employed (ROCE)	min. 20%
Payout ratio	30 – 50%
Equity ratio	40 – 45%

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ANNUAL REPORT 2021

Bobst Group SA

DEAR SHAREHOLDERS

History repeats itself – at BOBST, it seems that it is in difficult times that we find the strength to excel and bring out the best. Although 2021 was rather hectic, nevertheless our business developed strongly and allowed us to prove our reliability to our stakeholders: customers, employees, business partners and shareholders. We will remember 2021 as one of unique business conditions, with a 50% increase in machine bookings year-on-year and our Business Unit Services & Performance even achieving a new level of sales, of CHF 570 million, or +15.9% .

Considering the impact of the Covid-19 lockdowns and the resulting 2020 decline, the net bookings growth over 2018 and 2019 is more than 20%.

Despite travelling constraints, Services have become even more critical and strategic than ever. Our skilled **engineers** have done a **tremendous job**, assisting many customers remotely, both for installations and troubleshooting, shaping a new service landscape. This made us realize the importance of machine connectivity but also that BOBST has the tools to analyze data, predict and solve issues before they arise, and that we can help our customers learn and adapt to the latest technological solutions.

The Group owes this exceptional performance to its **employees**. We managed successfully to navigate through the crisis because they were more dedicated than ever and spared no efforts to deploy the Company's vision, the foundation for our future.

By the end of 2021 our **One Group** strategy was achieved, with our industry vision implicitly part of all key initiatives. To get there:

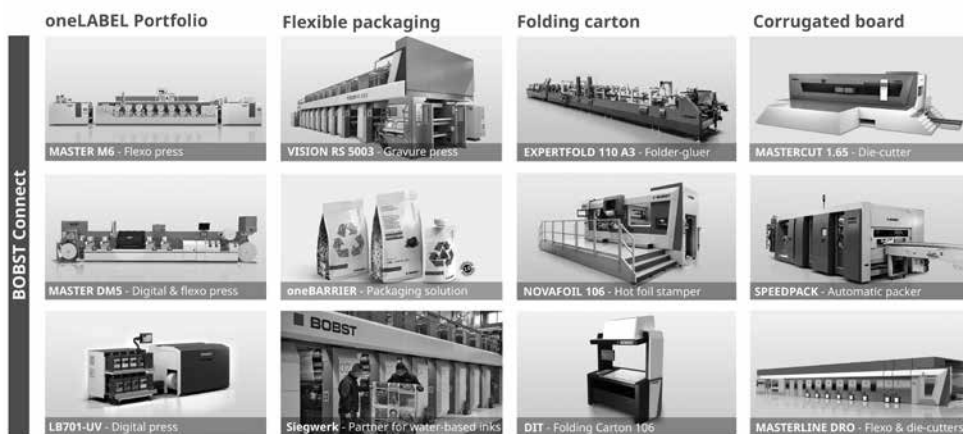
- We put in place a new **Group organization** operational on 1 January, 2021. Starting in July 2020, the post-merger integration of the Business Unit Sheet-fed and the Business Unit Web-fed was completed with the creation of the Business Unit Printing & Converting and a revamped go-to-market for both Business Units (machines and services) which rely on a fully aligned sales organization to serve our clients across labels, flexible packaging, folding carton, and corrugated board.
- In September, changes were made in the Group Executive Committee, as Stephan März, Head of the Business Unit Printing & Converting (BUPC) and Julien Laran, Head of the Business Unit Services & Performance (BUSP), decided to leave the company. They have been replaced, effective 1 January, 2022 by Alain Berger for the BUPC and Raphaël Indermühle for the BUSP. The handover was smooth and efficient, and we wish to thank warmly Stephan and Julien for their major contributions over the last years. Thanks to them and their teams, **customer satisfaction** has increased in a way never seen before at BOBST: Net Promoter Score (NPS) has gone up to more than 50, from an average of 40 in previous year!
- We created the **narrow and mid-web printing & converting product line**, a merger of BOBST label and Mouvent label. We did it to speed up our developments for the narrow and mid-web applications and to offer new end-to-end solutions to our customers. The product line has multiple technologies – an All-in-One portfolio – offering a unique technology platform. Mouvent remains the Digital Printing Center for Bobst Group.

Other achievements or ongoing initiatives contribute to our transformation, such as:

- Think global – act local: the Europe, Middle East and Africa hub – the **EMEA hub** – which is the cornerstone of the supply chain transformation, currently in construction to service equipment for all BOBST technologies.
- Sustainability has taken a consistent and important place in our strategy and actions. With the three pillars defined in our strategy – operations, equipment, packaging use and end-of-life cycle – BOBST is leading in this domain with relevant business indicators. Our sustainability report 2021 which will be available in May, 2022 contains more details.

One element pervading our lives this last year is health and safety, with Covid always in the background. We made testing and vaccination programs available on site whenever and wherever possible. The program will continue if the Covid situation requires it.

In 2021, BOBST continued to lead the folding carton and corrugated industry segments with **new machines and innovation** from printing to embellishment, cutting and folding-gluing. The images speaking for themselves, these are the flagships of the BOBST brand:



In flexible packaging, the entire market is facing the “plastic reinvention dilemma”. We see a strong demand for new **high barrier and mono-material** solutions or even paper metallized solutions, driven by e-commerce home deliveries and in-home prepared food.

We opened the **Atlanta** Label Competence Center, where we hosted many clients and achieved repeat sales of our new All-in-One label solutions. We also enjoyed a successful BOBST open house in Firenze in September, which hosted more than 100 label converters.

While BOBST is a relatively recent player in the digital labels space, with more than **40 inkjet machines installed**, printing more than 21 million linear meters in 2021, we have demonstrated how it is possible to change the market dynamics in a short space of time.

In 2021, **BOBST DAYS** showcased the biggest virtual packaging industry event ever, with 28 unique webinars which have attracted 8491 attendees.

Because Covid hindered travel, remote **services** were embraced as strategic options by our clients. Our cloud-based solutions will provide new tools and new software, helping converters deliver higher throughputs thanks to our fully connected and automated systems. We continue to develop upgrades and services, supporting our customers in becoming more efficient.

Some **acquisitions** were concluded lately. In January 2021, BOBST acquired 51% of **Jetpack SAS**, Paris, France. Through this partnership, we will be able to offer printers access to a whole range of printing and converting solutions for the film and label industry. The product and services portfolio offered to French and French-speaking African customers will be the largest in the industry.

In September 2021, BOBST also acquired 51% of **Cm Service Italia Srl**, Lonato del Garda, Italy, the global specialist in remanufactured machines for the corrugated board industry.

Late 2021, BOBST acquired the service and some R&D capabilities of the Italian gravure press manufacturer **Cerutti**, which is in line with its strategic goal of further consolidating its technology and market leadership in the global gravure printing market.

Operationally the Group started 2021 with a CHF 100 million higher machine backlog than the year before. Order entries were particularly strong in the first half of the year 2021 and the positive trend continued throughout the year, leading to an overall increase in total orders of nearly 40% compared to the previous year.

For the full year 2021, consolidated sales increased by CHF 191 million, or 14.0%, to CHF 1.563 billion. Adjusted for currency effects and acquisitions, organic sales were up CHF 176 million, or 12.9%, in 2021. An improvement of CHF 15 million, or 1.1%, came from a change in scope of consolidation due to the full year effect of the acquisition of CITO-SYSTEM GmbH, Schwaig, Germany, in April 2020, as well as the acquisitions of Jetpack SAS, Paris, France, in January 2021, Cm Service Italia Srl, Lonato del Garda, Italy, in September 2021, North American Cerutti Corporation, New Berlin, USA, and 24/7 Cerutti Service Srl, Casale Monferrato, Italy, in November 2021. The unfavorable evolution of exchange rates had a negative effect on sales of CHF 1 million, or -0.1%.

In terms of profitability, the **operating result (EBIT) was CHF 99 million, or 6.3% of sales**, compared to CHF 44 million, or 3.2% of sales in 2020.

Business Unit Printing & Converting reached an operating result (EBIT) of CHF 14 million compared to CHF -17 million in 2020. Higher sales and a better utilization of the industrial capacities had a positive contribution on the operating result (EBIT), but price increases for materials, parts and transportation, limited the overall improvement of the Business Units result. The ongoing initiatives to further improve the profitability are on track and the cost increases that had started in 2020 will be passed on from 2022.

Business Unit Services & Performance reached CHF 87 million operating result (EBIT) compared to CHF 62 million in the previous year. The significant increase in sales and a very good utilization of resources led to the further improvement in profitability. Business Unit Services & Performance was also impacted by the price increases for materials, parts and transportation but was able to pass on these increases faster, due to much shorter lead times compared to the equipment business. As already confirmed in 2020, the spare parts supply chain proved to be very efficient and resilient, and the Group continued to perform part of its service and technical support interventions remotely.

Both Business Units benefitted from a favorable one-time impact from the sale of real-estate property in France, Germany and Austria, concluded in 2021. The positive impact on the operating result (EBIT) was CHF 12 million for Business Unit Printing & Converting and CHF 7 million for Business Unit Services & Performance. In 2021 the Group decided to accelerate depreciation for ERP-systems. The reduction of the depreciation period from seven to five years had a CHF 4 million negative impact on the 2021 operating result (EBIT).

The **net result** increased to **CHF 93 million** compared to CHF 17 million in 2020. The increase in net result is mainly due to the higher operating result (EBIT) and lower income taxes. The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 20.9% in 2021 (27.5% in 2020). The decrease of the applicable weighted average tax rate was caused by a very favorable change in the profitability mix of the Group's subsidiaries in 2021 in the different countries. An additional favorable tax effect came from the utilization of tax losses not previously recognized, mainly in Switzerland and in China.

Customer down payments on record high orders booked in 2021 led to an extremely low net working capital of CHF 77 million, compared to CHF 177 million in 2020. This contributed to a further improved cash inflow from operating activities of CHF 186 million, compared to an already excellent CHF 161 million in 2020. The net cash position increased from CHF 4 million in 2020 to CHF 154 million in the reporting year. This improvement was achieved by including the proceeds from sale of tangible assets of CHF 20 million and with capital expenditures of CHF 39 million, as well as the acquisition of controlling interests in Jetpack SAS, Paris, France, Cm Service Italia Srl, Lonato del Garda, Italy, North American Cerutti Corporation, New Berlin, USA and 24/7 Cerutti Service Srl, Casale Monferrato, Italy, for CHF 12 million in total.

The return on capital employed (ROCE) achieved its long-term target and increased to 22.0% in the reporting year, compared to 8.3% in 2020. This was due to higher operating result (EBIT) and lower capital employed of CHF 450 million, compared to CHF 529 million in 2020. The equity ratio decreased slightly from 33.2% in the previous year to 32.3% in 2021. Equity increased by CHF 84 million in the reporting year but mainly higher cash, receivables, inventories and financial assets led to an even higher temporary increase of the total balance sheet.

Dividend proposal

The Group's dividend policy recommends a payout ratio between 30-50% of the net consolidated profit after tax. The Group did not pay a dividend in 2021 due to the uncertainties linked to the pandemic situation. The global recovery in our industry was much faster than expected and the Group achieved a very good net result in 2021. The outlook for 2022 is positive and the backlog for machine sales is very high. The Board of Directors recommends therefore to the Annual General Meeting of Shareholders to pay a regular dividend of CHF 2 per share (no dividend paid in 2021), plus an extraordinary dividend of CHF 6 per share in 2022.

The mandates of all the members of the Board of Directors will become due for renewal for a one-year period. At the forthcoming Annual General Meeting of Shareholders on 30 March 2022, Alain Guttmann, Thierry de Kalbermatten, Jürgen Brandt, Gian-Luca Bona and Philip Mosimann will be proposed for re-election for a new period of one year. The Board of Directors wishes to propose Alain Guttmann as Chairman.

2022 priorities and outlook

Employees' care, customer satisfaction and quality in delivering the backlog will get a very high attention in 2022. We will have to deal with the volume increase without compromising quality. We will likely have a strong year 2022 and none of us can ignore the extraordinary pressures we face due to health challenges, global supply chains and resource shortages leading to cost increases. The pandemic continues to play an important role in people's behaviors.

We will pursue an intrapreneurship mindset across the Business Units and the product lines, we will implement the EMEA spare parts hub to better serve our customers and we will have to hire more than 150 field service technicians or technical services specialists, a real challenge considering the scarcity of skilled personnel.

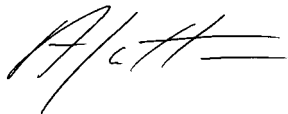
Our clients confirm that our industry vision to shape the future of the packaging world – connect, digitalize, and automate – is **right on track**. Our vision includes sustainability and fully adheres to the Global Reporting Initiative (GRI) and the Environmental, Social, & Governance (ESG) criteria.

Sustainable developments based on these criteria are part of our solutions, supporting all industries and particularly flexible packaging production, answering brand owners' recyclability pledges (see our sustainability report 2021).

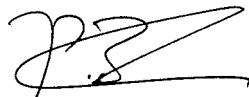
In this period of turmoil, the Group does not sit back but dares to move forward for the good of all its stakeholders.

We wish to express our sincere gratitude to our shareholders, customers, partners, and to our more than 5800 collaborators because, as Winston Churchill said, they awakened the greatness within and never give up believing in the future of the Company.

We look forward to working closely with you for this 2022 journey.



Alain Guttmann
Chairman of the Board



Jean-Pascal Bobst
Chief Executive Officer

CORPORATE GOVERNANCE

GROUP STRUCTURE AND SHAREHOLDERS

Group structure

Bobst Group, supplier of equipment and services for printing, coating & laminating, cutting, folding and gluing, as well as other processes linked to the manufacturing of packaging and labels, is organized by technical processes in two Business Units (BU):

- BU Printing & Converting: combines products for the folding carton, corrugated board, flexible materials and label industries;
- BU Services & Performance: with a worldwide network of service centers, provides spare parts and services to customers in the packaging industries and offers a full range of solutions allowing them to get the most from their equipment.

Two sales organization, one for products and one for services, are identically organized (per regions and industries) – serving folding carton, corrugated board, flexible materials, and labels – and aligned with the activities of customers.

Bobst Group SA, based in Mex, Switzerland, is the holding company listed on the SIX Swiss Exchange and owns a number of non-listed companies as shown on pages 66–67.

SIX SWISS EXCHANGE: BOBNN or 1268465 – ISIN: CH0012684657 – SIX TELEKURS: BOBNN,4 or 1268465,4 – BLOOMBERG: BOBNN SW – REUTERS: BOBNN.S. Market capitalization of Bobst Group SA CHF 1.37 billion as at 31 December 2021.

BOARD OF DIRECTORS

Alain Guttman

Chairman.
1958, Swiss national.

MScE, University of Lausanne, Switzerland (HEC).

Since 2005
Managing partner of Alpavest SA, Switzerland.

2000 – 2004
Founder of SFF Financial Services, Switzerland, and manager of a private equity vehicle.

1996 – 2000
Ernst & Young Consulting: Executive Vice President Central Europe and CEO for Switzerland.

1986 – 1996
Director and partner of ICME management consulting Lausanne, Switzerland, and Paris, France.

1983 – 1986
Marketing brand manager for Jacobs Suchard, Switzerland.

Other Board Memberships in Switzerland:
Alpavest SA, Vufflens-le-Château; BG Ingénieurs Conseils SA, Lausanne, Chairman; Biokema SA, Crissier; CIEL Électricité SA, Lausanne; JBF Finance SA, Buchillon; LBIS SA, Buchillon; Voxia Communication SA, Geneva; Wider SA, Montreux; Retripa SA, Crissier.

Thierry de Kalbermatten

Vice Chairman.
1954, Swiss national.

MSc, University of Lausanne (HEC). MBA, IMD Lausanne, Switzerland.

1994 – 2005
Member of Bobst Group Executive Committee, Switzerland.

1990 – 1994
Head of Logistics Department at Bobst SA, Switzerland.

1986 – 1990
Marketing Manager at Bobst Group Inc., Roseland, USA.

1984 – 1986
Rolex SA, Geneva, Switzerland.

1980 – 1982
UBS, Lausanne and Zurich, Switzerland.

Other Board Memberships in Switzerland:
JBF Finance SA, Buchillon, Chairman.

Jürgen Brandt

1956, Swiss and German national.

Bachelor of Science in Economic Engineering (Dipl. Wirtschafts-Ingenieur), Esslingen, Germany.

Since 2015
Owner of Brandt International Consulting GmbH, Switzerland.

2010 – 2014
CFO of Sulzer Ltd, Winterthur, Switzerland.

2007 – 2010
CFO and Member of the Management Board, Austrian Energy & Environment Group GmbH, Austria.

2006 – 2007
CFO of Von Roll Inova AG, Zurich, Switzerland.

2006
CFO of Power Group Europe, Foster Wheeler, Finland.

2005 – 2006
CFO of Sylvania Lighting International Ltd, Germany.

1999 – 2004
Senior Vice President Finance of Power and Environment Division, Alstom Power, France and Belgium.

1997 – 1999
CFO of Alstom Boilers GmbH, Germany.

Other Board Memberships in Switzerland:
Belimed Life Science AG, Sulgen.

Gian-Luca Bona

1957, Swiss national.

Prof. Dr. for Photonics ETH Zurich and EPF Lausanne, Switzerland.

Since 2009
Director Empa – Material Science & Technology, Switzerland.

2008 – 2009
Director Tape Storage Solutions, IBM Server and Technology Group, Tucson, USA.

2004 – 2008
Research Manager Science & Technology, IBM San Jose and Tucson, USA.

1987 – 2004
Research Staff member and Research Manager Photonics, IBM Research Laboratory, Rüschlikon, Switzerland.

Other board Memberships in Switzerland:
Comet Group AG, Flamatt; Technopark Zurich Foundation, Zurich; Glatec Technology Center, Dübendorf, Chairman; Swiss Innovation Park Foundation Zurich, Zurich; ETH Board, Bern; Swiss Innovation Park Ost AG, St. Gallen.

Bundesanstalt für Materialien (BAM), Berlin, Germany.

Philip Mosimann

1954, Swiss national.

Master degree of Mechanical Engineering, ETH Zurich, Switzerland.

Since 2016
Chairman of the board of directors at Bucher Industries AG, Niederweningen, Switzerland.

2002 – 2016
CEO at Bucher Industries AG, Niederweningen, Switzerland.

1997 – 2001
Executive Director at Sulzer Textil AG, Winterthur, Switzerland.

1982 – 1997
Engineer and Division Head at Sulzer AG, Winterthur, Switzerland.

Other Board Memberships in Switzerland:
Bucher Industries AG, Niederweningen, Chairman; Uster Technologies AG, Uster, Chairman; Ammann Group Holding AG, Langenthal, Chairman.

Vanderlande Holding B.V., Veghel, Netherlands.

Significant shareholders

JB Finance SA, Buchillon, announced on 20 November 2021 holding 53.42% of Bobst Group SA's share capital. J. Safra Sarasin Investmentfonds AG, Basel, announced on 26 February 2021 holding 3.0027% of Bobst Group SA's share capital (see also page 77).

Disclosure office of SIX Swiss Exchange weblink:

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Cross-shareholdings

There are no cross-shareholdings with other companies.

2. CAPITAL STRUCTURE

Capital

The amount of the ordinary share capital is CHF 16518478.-.

The ordinary share capital is divided into 16518478 registered shares.

The share capital of Bobst Group SA is structured in registered shares of CHF 1.-.

Authorized and conditional capital/Shares and participation certificates/ Dividend-right certificates

There is no authorized and conditional capital, and there are no participation certificates, nor profit sharing certificates.

Changes in capital within the last three years

See notes to the statutory accounts, page 77.

Limitations on transferability and nominee registrations

According to Article 11 of the Articles of Association (investors.bobst.com/documents) the number of shares registered in the name of nominees shall not exceed 20% of the shares issued by the Company.

Convertible bonds and warrants/options

There are no convertible bonds or warrants/options.

3. BOARD OF DIRECTORS

Members of the Board of Directors/Other activities and vested interest

This information is available on pages 10–11 under the individual CV's of the Board members.

The members of the Board are all non-executive and none of them has operational management tasks for Bobst Group SA, or for any subsidiary. None of the members of the Board has been a member of the management of Bobst Group SA, or of any subsidiary, for the last three years. None of the members of the Board has significant business connections with Bobst Group SA or any subsidiary.

Number of permitted activities pursuant to the Ordinance against Excessive Remuneration

Pursuant to Article 25 ter of the Articles of Association, each member of the Board of Directors may accept up to twenty functions in the supreme governing body of legal entities which are required to be registered in the commercial register in Switzerland or in a comparable foreign register. Among those twenty functions, up to five functions may be in legal entities listed on a stock exchange, of which no more than three functions as chairman of the board. Up to five functions in different legal entities which are subject to joint control are deemed to constitute one function.

No members of the Board of Directors exceeds the set limits for functions outside Bobst Group SA.

Elections and terms of office (see table below)

The members of the Board are elected or re-elected for periods of one year.

Members of the Board	Since	To be re-elected
Alain Guttman, Chairman	2009	2022
Thierry de Kalbermatten, Vice Chairman ²⁾	2005	2022
Jürgen Brandt ³⁾	2013	2022
Gian-Luca Bona ¹⁾	2015	2022
Philip Mosimann ^{4), 5)}	2016	2022

¹⁾ Chairman of the Remuneration and Nomination Committee.

²⁾ Member of the Remuneration and Nomination Committee.

³⁾ Chairman of the Audit Committee.

⁴⁾ Member of the Audit Committee.

⁵⁾ Independent Director.

Internal organizational structure

The **Board** has a Chairman, a Vice Chairman, an independent Director and a Secretary.

The Board meets at least five times per year in order to deal with the items on the agenda prepared by the Chairman. In 2021, the Board met five times – three meetings of a day and a half, and two half-day meetings – and, additionally, held two conference calls and agreed on one circular resolution. The meetings and conference calls were attended by all Board members.

For each meeting, Board members receive the necessary documents in advance. The Board meetings are usually held at the head office of Bobst Group SA but, occasionally, the Board convenes at the site of one of the Group companies, or at other business-related locations. While, from time to time, the Board meets with only its members present, as a rule the members of the Group Executive Committee are present and inform the Board about the activity in their respective areas of responsibility.

The General Counsel attended all the meetings and conference call and acted as Secretary.

The **Remuneration and Nomination Committee** is composed of members elected by the General Meeting and assumes the functions defined in the Remuneration and Nomination Committee Charter (investors.bobst.com/documents).

The Remuneration and Nomination Committee meets at least twice a year. In 2021, its members met three times. All meetings were attended by all Committee members, the Chairman of the Board, the Chief Executive Officer and the Head of Group HR, who acted as Secretary of the Committee.

The **Audit Committee** is composed of Board members designated by the Board and assumes the functions defined in the Audit Committee Charter under investors.bobst.com/documents.

In 2021, three half-day meetings were attended by all Audit Committee members and by the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer.

The General Counsel, who acted as Secretary, and the lead external auditor attended all meetings.

Definition of areas of responsibility

Pursuant to the Organization Regulations of the Company (investors.bobst.com/documents), the Board delegates the management of the Company and the Group to the CEO who chairs the Group Executive Committee.

The Board retains the attributions which are expressly conferred to it by law or the Articles of Association (investors.bobst.com/documents), and the attributions which cannot be delegated pursuant to Article 716a of the Swiss Code of Obligations.

In addition, pursuant to the Organization Regulations of the Board (investors.bobst.com/documents), the Board retains certain key responsibilities, in particular: to determine the strategy and the goals of the Company and of the Bobst Group, and to determine the financial strategy; to approve the annual budget of the Company and the consolidated budget of the Group; the competence to approve the procurement of credit by the Company or any of its majority-owned affiliates if the amount exceeds CHF 30 million or if the total of credit procurement per financial year exceeds CHF 50 million, or if such approval is a condition by the creditor; supervision of the execution by the CEO of the management duties delegated to him; verification of the Internal Control System and the Risk evaluation process; implementation of the remuneration systems for the members of the Board and the GEC pursuant to Articles 23 ter through 23 quinquies of the Articles of Association (investors.bobst.com/documents), and the supervision of the application of corporate governance principles throughout the Group.

The responsibilities of the Chief Executive Officer are defined in the Organization Regulations of the Company (investors.bobst.com/documents).

The Group Executive Committee (GEC) consists of:

- The Chief Executive Officer (CEO);
- The Chief Financial Officer (CFO);
- The managers of the Business Units.

Its responsibilities are defined in the Organization Regulations of the Company (investors.bobst.com/documents).

Information and control instruments vis-à-vis the GEC

Except for the months of January and July 2021, for which a lighter close process is applied, the GEC and the Board receive a monthly detailed **financial report** presenting business activity and profitability, the evolution of the key items on the balance sheet and the treasury situation. The report compares the actual figures with the budget, the forecast and prior year. In November and December, the budget and the medium-term business plan of the Group are reviewed in detail. The Group has internal control procedures which are regularly analyzed by the external auditors.

The **internal audit** function provides separate evaluations of the effectiveness and efficiency of the internal control systems at the level of the Group companies. On the basis of these evaluations, recommendations for improvement are formulated. Resources for this function are organized by project with multidisciplinary teams created in relation to the type of engagement. When needed, external resources are involved. The Head of Internal Audit establishes an annual engagement plan to determine the priorities of the internal audit activity, along with the companies to be analyzed. The plan is submitted to the Audit Committee for approval. Audit results are discussed with the management of the companies concerned, who have to define deadlines and actions for the implementation of the recommendations. The Head of Internal Audit regularly reports to the Audit Committee on performance relative to the initial audit plan, as well as any significant risk exposures and control issues.

The Board of Directors and the GEC attach great importance to the thorough handling of risks, in particular in the areas of markets, operations, finance, R&D, resources and environment, and the continuous development of the **risk management system**. The Group-wide risk management is based on the COSO Enterprise Risk Management as well as the ISO9001 frameworks. It is closely aligned with the Group's strategy and business planning process. A senior member of the Group Finance Management acts as Head of Group Risk Management. The Head of Group Risk Management is supported by various Business Unit representatives and internal experts of the corporate management. The GEC discussed risk identification and categories, assessments, mitigation, organization, processes and adequate measures at the various levels of the Group. The Audit Committee of the Board of Directors dealt with the findings presented by the Head of Group Risk Management, with subsequent reporting to the Board of Directors in two separate meetings.

Risk dialogues with Group managers and Business Unit representatives serve the Group Risk Management function as an important means to identify and assess risks. In close cooperation with the respective risk owners, key risks and appropriate mitigation measures are defined. A bi-annual internal risk report, presented to the GEC and the Audit Committee of the Board of Directors (and subsequently to the Board of Directors), is used to document the risk management process and to provide risk transparency.

The handling of financial and operational risks is explained in the financial statements in the separate chapter "Risk management and capital structure".

4. GROUP EXECUTIVE COMMITTEE (GEC)

Members of senior management/Other activities and vested interest

This information is available on pages 16–17 under the individual CVs of the GEC members.

GROUP EXECUTIVE COMMITTEE (GEC)

Jean-Pascal Bobst

Chief Executive Officer
since 07.05.2009.
1965, Swiss national.

Mechanical Engineer HES (University of Applied Sciences), INSEAD: Service for Executive and PED (Program for Executive Development), Switzerland.

Since 1994 with Bobst: various Management positions.

1991
Schindler Berlin, Production Eastern Europe.

Board Memberships in Switzerland:
JBF Finance SA, Buchillon; Foundation Aslane, Corseaux, Chairman; Foundation Lumière & Vie, Epalinges.

Member of various boards within the Bobst Group organization.

Attilio Tissi

Chief Financial Officer
since 08.11.2011.
1968, Swiss and Italian national.

Lic. oec. HSG, University of St. Gallen, Switzerland.

Since 2008 with Bobst, Switzerland as Controller Group Supply Production and Logistics, Managing Director Bobst SA, and CFO ad interim from May until October 2011.

2002 – 2007
Associate of MCC Management Consulting & Coaching, Schaffhausen, Switzerland.

1998 – 2001
SIG Positec International AG, Neuhausen, Switzerland, successively as Head Mergers & Acquisitions, CFO.

1994 – 1997
Assistant to the Group CFO at SIG Holding AG, Neuhausen, Switzerland.

Board Memberships:
BHS Corrugated Maschinen- und Anlagenbau GmbH, Weiherhammer, Germany; IVG Weiherhammer GmbH, Weiherhammer, Germany.

Member of various boards within the Bobst Group organization.

Alain Berger

Head of Business Unit Printing & Converting
since 01.01.2022.
1971, Swiss national.

Master degree in Mathematics, University of Grenoble, France.

Since 2021 with Bobst: Head of PL DSF PCR, LLAM and relevant production sites.

2018 – 2020
Schaublin Machines SA, Switzerland, as CEO.

2008 – 2017
Georg Fischer Ltd, Switzerland, successfully by GF Piping System as Managing Director GF JRG AG and by GF Machining Solutions as Managing Director and Head of Technical Unit EDM.

2004 – 2007
Similor Group, Switzerland, as Head of Supply Chain.

1997 – 2003
GF Agie Charmilles Group, Switzerland, successively as Head of Quality, Head of Machines Production.

Member of various boards within the Bobst Group organization.

Raphaël Indermühle

Head of Business Unit Services & Performance
since 01.01.2022.
1966, Swiss national.

Electrical Engineer HES (University of Applied Sciences), INSEAD: YMP (Young Management Program), IMD: PED (Program for Executive Development) & HPL (High Performance Leadership).

Since 1999 with Bobst: various Management positions.

1994 – 1999
Microdia SA, Head of Sales Extrusion Technology, Switzerland.

1990 – 1994
Nokia-Maillefer, Head of Operation Special Cable Division, Switzerland.

Member of various boards within the Bobst Group organization.

Stephan März

Head of Business Unit Printing & Converting
since 01.08.2020.
and until 31.12.2021.

Mechanical Engineer, Technical University Munich, Germany (TUM). Business administration studies (TUM).

2019 – 2020
Bobst, Switzerland as Head of Business Unit Web-fed

2011 – 2018
Bobst, Switzerland, as Head of Business Unit Services.

2006 – 2011
GF Agie Charmilles Group, Switzerland, successively as Head of Business Development, Head of Customer Services, Group Management Member.

2004 – 2005
Georg Fisher AG, Switzerland, Head of Strategic Projects.

1997 – 2004
Roland Berger Strategy Consultants, Germany, Senior Project Manager.

Board Memberships ISLA (International Service Logistics Association), Munich, Germany.

Member of various boards within the Bobst Group organization.

Julien Laran

Head of Business Unit Services & Performance
since 01.08.2020.
and until 31.12.2021.

Master degree in Engineering, option Logistic, Operations and Information Systems Management, University of Pau, France.

2019 – 2020
Bobst, Switzerland as Head of Business Unit Services

2016 – 2018
Bobst, Switzerland, as Head of Supply Chain & Operations within Business Unit Services.

2013 – 2016
Bobst Switzerland, as Head of Supply Chain within Business Unit Services.

2003 – 2013
ATR (Airbus Group and Leonardo joint venture), Toulouse, France, successively as Aftersales Logistic and Operations Support Manager, Aftersales SAP Program Director, Aftersales Sourcing Director.

1999 – 2003
Daher Group, Toulouse, France, Logistic Project Engineer.

Member of various boards within the Bobst Group organization.

Number of permitted activities pursuant to the Ordinance against Excessive Remuneration

Pursuant to Article 25 ter of the Articles of Association, each member of the GEC may accept up to three non-executive functions in the supreme governing body of legal entities which are required to be registered in the commercial register in Switzerland or in a comparable foreign register, of which no more than one function in a legal entity listed on a stock exchange, but not as chairman of the board. Up to two functions in different legal entities which are subject to joint control are deemed to constitute one function.

The following functions are exempt from the restrictions in the preceding paragraph:

- Functions in legal entities that are controlled by the Company or that control the Company;
- Up to ten functions in non-commercial or charitable legal entities;
- Up to five functions in legal entities not belonging to the Group that are accepted at the request or order of the Company or one of the legal entities which it controls.

No members of the GEC exceeds the set limits for functions outside Bobst Group SA.

Management contracts

There are no management contracts with legal entities or individuals outside the Bobst Group.

5. REMUNERATION, SHAREHOLDINGS AND LOANS

Remuneration and Shareholding Programs

The principles are stated in the Articles of Association pursuant to Articles 23 ter, 23 quater, and 23 quinquies.

The members of the Board of Directors receive a fixed remuneration.

The members of the GEC receive a fixed remuneration and a variable remuneration. The variable remuneration can reach 200 percent of the fixed annual remuneration. The variable remuneration is paid according to the degree of achievement of individual quantitative and qualitative objectives. The objectives and the level of achievement are determined by the Board of Directors upon recommendation by the Remuneration and Nomination Committee. Up to 30 percent of the variable remuneration can be paid in the form of shares of the Company. These shares are allocated definitely, but are blocked in general for three years. They are allocated at their fair market value at grant. The Board of Directors further determines the blocking conditions.

See Remuneration Report 2021, Part A, pages 83–86.

Performance Related Pay

See Remuneration Report 2021, Part A, page 85 and Part B, page 87.

See Articles 23 ter 23 quater, 23 quinquies of the Articles of Association (investors.bobst.com/documents).

Loans, credits, post-employment benefits

See Remuneration Report 2021, Part A, page 86 and Part B, page 88.

See Article 23 sexies of the Articles of Association (investors.bobst.com/documents).

Vote on Remuneration by the General Meeting of Shareholders

See Articles 23 and 23 ter of the Articles of Association (investors.bobst.com/documents).

The General Meeting approves annually the proposals of the Board of Directors with regard to the remuneration as follows:

- The maximum aggregate amount of remuneration for the members of the Board of Directors for a period from the ordinary Annual General Meeting to the following ordinary Annual General Meeting;
- The maximum aggregate amount of remuneration for the members of the GEC for the following financial year.

The above aggregate amounts are adopted by the General Meeting separately.

6. SHAREHOLDERS' PARTICIPATION

Voting rights restrictions and representation

Only shareholders registered with voting rights and the Independent Representative elected by the General Meeting may represent shareholders at the General Meeting of Shareholders. See Articles 18 and 23 bis of the Articles of Association (investors.bobst.com/documents).

Instructions to Independent Representative

The invitation to the Annual General Meeting of Shareholders indicates the procedure by which registered shareholders can give their voting instructions to the Independent Representative in electronic form. Shareholders may continue to provide voting instructions in writing. See Articles 21 and 23 bis of the Articles of Association (investors.bobst.com/documents).

Statutory quorums

The decisions by the General Meeting of Shareholders which require a qualified majority are mentioned in Article 22 of the Articles of Association (investors.bobst.com/documents).

Agenda

Article 17 of the Articles of Association (investors.bobst.com/documents) stipulates that requests for including items in the agenda of the General Meeting of Shareholders have to be made at least forty days prior to the date of the meeting.

Shareholders who represent shares with a total nominal value of one million Francs (CHF 1 000 000.-) can ask for the inclusion of an item on the agenda.

Inscriptions into the share register

The share register is closed for new registrations a few days prior to the date of the General Meeting of Shareholders.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

Duty to make an offer

Article 12 of the Articles of Association (investors.bobst.com/documents) contains an opting-out clause: the obligation to present an offer to purchase all the listed securities of the Company (Article 135 of the Federal Act on Financial Markets Infrastructure of 19 June 2015), does not apply to the owners and purchasers of shares of the Company (Article 125 and Article 163 of the Act).

8. AUDITORS

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

The auditors of Bobst Group SA are PricewaterhouseCoopers SA which are acting as statutory auditors of the holding company Bobst Group SA, as auditors of the consolidated financial statements of Bobst Group and as auditors of the Swiss affiliated companies. For the affiliated companies abroad, functions of auditors are assumed mainly by PwC. The auditors were reappointed by the Annual General Meeting of Shareholders of Bobst Group SA of 30 March 2021. PwC's mission started with the audit of the fiscal year 2016.

The responsibility of the engagements is assumed by one head auditor. The current PwC head auditor has been in charge since the audit of the 2016 financial statements. Pursuant to Article 730a of the Swiss Code of Obligations, a head auditor may be in charge of an audit for seven years at most.

Auditing fees/Additional fees

Fees billed by PricewaterhouseCoopers (worldwide) for the audit of the individual statements of Bobst Group SA and its subsidiaries, on the one hand, and for the audit of the consolidated financial statements on the other hand, for the year 2021, amounted to CHF 1 149 590.-.

For other professional services, additional fees billed by PricewaterhouseCoopers (worldwide), for the same period, amounted to CHF 439 238.-, of which CHF 324 751.- was for tax advice and compliance, CHF 96 338.- for IT consulting services and CHF 18 149.- for audit related services.

Informational instruments pertaining to the external audit

In 2021, PricewaterhouseCoopers participated in each of the three Audit Committee meetings held during the year and, in addition, held three sessions with members of the Audit Committee without management presence. The Reports to the Audit Committee prepared by the external auditors are the basis for discussions on the annual financial statements.

Once a year, the Audit Committee reviews the performance, independence and remuneration (based on a benchmark) of the external auditors, and submits a proposal to the Board of Directors on which auditing company should be nominated for election at the General Meeting of Shareholders.

On an annual basis, the Audit Committee also reviews the scope of external auditing, approves the audit plan, and discusses the corresponding audit results with the external auditors.

9. INFORMATION POLICY

Bobst Group SA publishes:

an *annual report* in English, together with the financial statements as at 31 December, the consolidated financial statements, source and utilization of funds, notes to the consolidated financial statements, statutory accounts with notes, auditors' reports, a *remuneration report*, an *annual profile* in English and French, and a *half-year report* in English. All these documents are available on the website (investors.bobst.com/publications), along along with a sustainability report in English and French (investors.bobst.com/documents). In order to meet the ever-growing expectations of stakeholders and to provide a more transparent and consistent sustainability report, Bobst Group has decided to establish its future sustainability reports as per the Global Reporting Initiative (GRI) standards. Consequently, the publication date of the 2021 sustainability report will exceptionally be postponed to 17 May 2022. The sustainability report of 2022 and the subsequent will again be published at the same time as the annual report and annual profile.

Press releases, available on the same day on the website (investors.bobst.com/publications) – traditionally one when publishing the annual report and the remuneration report, one when publishing the half-year report, and others as the need may occur pursuant to rules on ad hoc publicity.

Conferences for financial analysts and the media: one is held on the day of the publication of the annual financial statements, another takes place in November.

Presentations are available on the same day on the website (investors.bobst.com/publications).

Annual General Meeting of Shareholders.

Teleconferences for financial analysts and the media, available next day on the website (investors.bobst.com/publications): one when publishing the half-year report and the related press release, and others as the need may occur.

10. QUIET PERIODS

Two ordinary quiet periods are introduced before the publication of the full year figures (January/February) and the half year figures (June/July). The autumn quiet period depends on the development of key performance indicators (KPIs) and the timing of investor relations activities in November/December with the conference for analysts and journalists including an update of current year guidance. Generally, the ordinary quiet periods are fixed according to the following principles:

- Minimum duration of four weeks before the publication of the price sensitive information and/or the analysts conference;
- The starting date of the quiet period of January/February is fixed on the first trading date of January;
- Cool-off periods of two trading days following the publication of price sensitive information and/or the analysts conference to enable the market to absorb new price sensitive information following its publication.

Extraordinary quiet periods can be set for potentially price-sensitive projects or in case of internal possession of potentially price-sensitive information.

Quiet periods are applicable to the members of the Board of Directors, the GEC and the employees of the senior management of Bobst Group SA and any of its group companies, the finance community as well as, and as designated from time to time, to the service providers, consultants and agents.

Website links and contact

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investors.bobst.com – to reach the investors' pages directly and get the press releases and ad hoc publicity (investors.bobst.com/adhocreleases), the agenda of events (investors.bobst.com/agenda), the annual, remuneration, and half-year reports, the teleconferences and the presentations for financial analysts and the media (investors.bobst.com/publications), the Articles of Association of Bobst Group SA (investors.bobst.com/documents), the Organization Regulations of Bobst Group SA, the Remuneration and Nomination Committee Charter and the Audit Committee Charter.

investors.bobst.com – to find or order financial information and to subscribe to our newsletter.

investors@bobst.com – to mail questions not addressed in the above documentation.

Disclosure of shareholdings

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FINANCIAL STATEMENTS

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The consolidated financial statements have been structured in order to provide users with financial information which is more understandable and better structured to explain the performance and financial position of the Group. The notes have been grouped in 5 sections. Each section starts with an introduction which explains the purpose and content of that section. Accounting policies and accounting judgments and estimates applied to the preparation of the consolidated financial statements are at the beginning of the note to which they relate in order to provide appropriate context.

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COMMENTS

ORDER ENTRIES AND BACKLOG

The Group started 2021 with a CHF 100 million higher machine backlog than the year before. Order entries were particularly strong in the first half of the year 2021 and the positive trend continued throughout the year, leading to an overall increase of orders of nearly 40% compared to previous year. Orders for the Business Unit Printing & Converting reached an all time high and outperformed previous year by 50%. Southern Europe was the region with the highest growth in 2021 followed by the rest of Europe and the Americas. Asia and Africa improved compared to the previous year but less than the other regions. All four industries contributed to the increase in orders with the highest growth for corrugated board equipment, followed by folding carton, flexible materials and labels. Business Unit Services & Performance orders increased by 15% compared to 2020. The machine backlog at the end of 2021 is 80% higher than in 2020, with a stable service backlog.

SALES

For the full year 2021, consolidated sales increased by CHF 191 million, or 14.0%, to CHF 1 563 million. Adjusted for currency effects and acquisitions, organic sales were up CHF 176 million, or 12.9%, in 2021. An improvement of CHF 15 million, or 1.1%, came from a change in scope of consolidation due to the full year effect of the acquisition of CITO-SYSTEM GmbH, Schwaig, Germany in April 2020, as well as the acquisitions of Jetpack SAS, Paris, France in January 2021, Cm Service Italia Srl, Lonato del Garda, Italy in September 2021, North American Cerutti Corporation, New Berlin, USA and 24/7 Cerutti Service Srl, Casale Monferrato, Italy in November 2021. The unfavorable evolution of exchange rates had a negative effect on sales of CHF 1 million, or -0.1%.

Sales reached CHF 896 million in the second half of 2021 compared to CHF 667 million in the first six months of the year, and to CHF 848 million in the second semester of 2020. Sales recognized in the second half of 2021 are very satisfying, even more, when considering the impact of the tense supply chain situation from procurement to transportation. Sales of Business Unit Printing & Converting increased by 12.7% to CHF 992 million and are nearly back to pre-pandemic level. The increase was due to higher backlog at the beginning of the year compared to 2020 and record high order entries during the reporting year and was mainly achieved with equipment for the corrugated board and folding carton industries. Business Unit Printing & Converting could not ship and invoice all the machines scheduled for 2021 due to the mentioned supply chain situation. Business Unit Services & Performance outperformed previous years growth and increased its sales by 15.9% to CHF 570 million. Strong growth came from spare parts business as most customers used their equipments extensively. Sales recognized for services were back to pre-pandemic levels despite some remaining travel restrictions, mainly in Asia.

OPERATING RESULT (EBIT)

The operating result (EBIT) was CHF 99 million, or 6.3% of sales, compared to CHF 44 million, or 3.2% of sales in 2020.

Business Unit Printing & Converting reached an operating result (EBIT) of CHF 14 million compared to CHF -17 million in 2020. Higher sales and a better utilization of the industrial capacities had a positive contribution on the operating result, but price increases for materials, parts and transportation, limited the overall improvement of the Business Units result. The ongoing initiatives to further improve the profitability are on track and the cost increases that had started in 2020 will be passed on from 2022. Business Unit Services & Performance reached CHF 87 million operating result (EBIT) compared to CHF 62 million in the previous year. The significant increase in sales and a very good utilization of ressources led to the futher improvement of the profitability.

COMMENTS

Business Unit Services & Performance was also impacted by the price increases for materials, parts and transportation, but was able to pass on these increases faster, due to much shorter lead times compared to the equipment business. As already confirmed in 2020, the spare parts supply chain proved to be very efficient and resilient, and the Group continued to perform part of the service and technical support interventions remotely. Both Business Units benefitted from a favorable one-time impact from the sale of real-estate property in France, Germany and Austria concluded in 2021. The positive impact on the operating result (EBIT) was CHF 12 million for Business Unit Printing & Converting and CHF 7 million for Business Unit Services & Performance. In 2021 the Group decided to accelerate depreciation for ERP-systems. The reduction of the depreciation period from seven to five years had a CHF 4 million negative impact on the 2021 operating result (EBIT).

NET RESULT

The net result increased to CHF 93 million compared to CHF 17 million in 2020. The increase in net result is mainly due to higher operating result (EBIT) and lower income taxes. The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 20.9% in 2021 (27.5% in 2020). The decrease of the applicable weighted average tax rate was caused by a very favorable change in the profitability mix of the Group's subsidiaries in 2021 in the different countries. An additional favorable tax effect came from the utilization of tax losses not previously recognized, mainly in Switzerland and in China.

BALANCE SHEET

Customer downpayments on record high orders booked in 2021 led to an extremely low net working capital of CHF 77 million, compared to CHF 177 million in 2020. This contributed to a further improved cash inflow from operating activities of CHF 186 million compared to an already excellent CHF 161 million in 2020. The net cash position increased from CHF 4 million in 2020 to CHF 154 million in the reporting year. This improvement was achieved including the proceeds from sale of tangible assets of CHF 20 million and with capital expenditures of CHF 39 million, as well as the acquisition of controlling interests in Jetpack SAS, Paris, France, Cm Service Italia Srl, Lonato de Garda, Italy, North American Cerutti Corporation, New Berlin, USA and 24/7 Cerutti Service Srl, Casale Monferrato, Italy for CHF 12 million in total.

The return on capital employed (ROCE) achieved its long term target and increased to 22.0% in the reporting year compared to 8.3% in 2020. This was due to higher operating result (EBIT) and lower capital employed of CHF 450 million compared to CHF 529 million in 2020. The equity ratio decreased slightly from 33.2% in the previous year to 32.3% in 2021. Equity increased by CHF 84 million in the reporting year but mainly higher cash, receivables, inventories and financial assets led to an even higher temporary increase of the total balance sheet.

DIVIDEND PROPOSAL

The Group's dividend policy recommends a payout ratio between 30-50% of the net consolidated profit after tax. The Group did not pay a dividend in 2021 due to the uncertainties linked to the pandemic situation. The global recovery in our industry was much faster than expected and the Group achieved a good net result in 2021. The outlook for 2022 is positive and the backlog for machine sales is very high. The Group could not avoid to pay negative interest in 2021 due to the very high cash position (CHF 495 million at the end of 2021). The Board of Directors recommends therefore to the Annual General Meeting of Shareholders to pay a regular dividend of CHF 2 (no dividend paid in 2021), plus an extraordinary dividend of CHF 6 in 2022.

CONSOLIDATED PROFIT AND LOSS

In million CHF	Notes	Jan-Dec 2021	Jan-Dec 2020
Sales	05	1563.4	1372.0
Other operating income	06	37.4	35.3
Material costs and subcontractors		-685.3	-604.2
Changes in inventories		31.7	6.9
Personnel costs	07	-504.9	-473.5
Depreciation and amortization	12, 15	-49.0	-45.4
Other operating expenses	09	-294.3	-247.4
Operating result (EBIT)		99.0	43.7
Share of net result in associates	14	5.4	3.2
Interest expenses	10	-4.3	-6.0
Other financial income	10	6.9	6.4
Other financial expenses	10	-8.2	-3.2
Result before income tax		98.8	44.1
Income tax	11	-5.4	-26.8
Net result		93.4	17.3
Attributable:			
To shareholders		91.0	30.6
To non-controlling interest		2.4	-13.3
Earnings per registered share (in CHF)	26	5.51	1.85
Diluted earnings per registered share (in CHF)	26	5.51	1.85

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

In million CHF	Notes	31 December 2021	31 December 2020
Intangible fixed assets	12	44.5	49.5
Tangible fixed assets	15	255.3	267.9
Financial assets other		43.0	4.9
Investments in associates	14	59.4	57.5
Employer contribution reserves	21	25.7	32.7
Receivables	16	6.3	5.8
Finance lease receivables	17	7.8	5.0
Prepaid expenses and accrued income		1.5	1.5
Derivative financial instruments	23	0.8	0.0
Deferred tax assets	11	35.1	28.2
Non-current assets		479.4	453.0
Assets held for sale	15	0	1.7
Inventories	19	474.1	378.5
Receivables	16	356.8	315.1
Finance lease receivables	17	2.9	2.2
Income tax receivables		4.5	4.7
Prepaid expenses and accrued income		16.5	20.7
Derivative financial instruments	23	13.2	9.7
Cash and cash equivalents		494.9	357.1
Current assets		1 362.9	1 089.7
Total assets		1 842.3	1 542.7
In million CHF	Notes	31 December 2021	31 December 2020
Share capital		16.5	16.5
Reserves		480.8	459.0
Net result		91.0	30.6
Shareholders' equity		588.3	506.1
Non-controlling interest		7.1	5.5
Equity		595.4	511.6
Borrowings	24	337.2	340.3
Provisions	20	2.2	2.4
Employee benefits	21	19.7	21.4
Trade and other payables		51.6	13.0
Deferred tax liabilities	11	29.9	41.7
Non-current liabilities		440.6	418.8
Borrowings	24	3.8	12.9
Provisions	20	46.5	53.6
Employee benefits	21	2.8	1.9
Trade and other payables		582.0	411.0
Accrued expenses and deferred income		155.5	127.8
Income tax payables		10.6	3.7
Derivative financial instruments	23	5.1	1.4
Current liabilities		806.3	612.3
Total liabilities and equity		1 842.3	1 542.7

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In million CHF		2021	2020
Net result		93.4	17.3
Elimination of net result in associates		-5.4	-3.2
Elimination of income taxes		5.4	26.8
Elimination of depreciation/amortization on fixed assets		49.0	45.4
Elimination of changes in provisions		-6.7	-0.7
Elimination of changes in employee benefits		-1.0	0.6
Elimination of the result on disposal of assets		-19.7	-22.0
Elimination of interest expenses/(income)		2.4	4.2
Elimination of derivative financial instruments results		3.4	-1.5
Changes in inventories		-92.3	8.3
Changes in receivables		-37.3	57.1
Changes in employer contribution reserves		7.0	18.3
Changes in payables		207.1	34.9
Paid taxes		-19.4	-25.0
Cash flow from (used in) operating activities	Total A	185.9	160.5
Acquisition of business activities		-12.2	-17.0
Purchase of intangible fixed assets		-13.8	-14.3
Purchase of tangible fixed assets		-25.0	-28.9
Loans and advances made		-0.8	-0.1
Proceeds from sale of tangible fixed assets		19.8	24.5
Proceeds from sale of financial assets		0.0	0.3
Loan repayments and advances received		0.7	4.5
Interest received		2.0	1.8
Dividends received		0.8	3.4
Cash flow from (used in) investing activities	Total B	-28.5	-25.8
Purchase of non-controlling interest		0.0	-14.0
Purchase of own shares		0.0	0.1
Proceeds from borrowings		2.5	211.1
Repayments of borrowings		-15.3	-172.8
Repayments of borrowings to non-controlling interest		0.0	-2.0
Interest paid		-4.3	-5.7
Dividends paid to Group shareholders		0.0	-24.8
Dividends paid to non-controlling interest		-0.8	0.0
Cash flow from (used in) financing activities	Total C	-17.9	-8.1
Effects of exchange variances	Total D	-1.7	-10.8
Change in cash and cash equivalents	A+B+C+D	137.8	115.8
Cash and cash equivalents at beginning of period		357.1	241.3
Cash and cash equivalents at end of period		494.9	357.1
Variance		137.8	115.8

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are easily and quickly convertible to a known amount of cash.

The accompanying notes form an integral part of the consolidated financial statements.

CHANGES IN CONSOLIDATED EQUITY

In million CHF	Share capital	Own share	Hedge reserve	Translation reserve	Other reserves	Goodwill offset	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
Balance at 1 January 2020	16.5	-0.1	1.6	-44.9	0.4	-148.8	774.7	599.4	-40.2	559.2
Result for the period							30.6	30.6	-13.3	17.3
Currency translation differences				-19.9				-19.9	0.1	-19.8
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			-1.9					-1.9		-1.9
Net gain/(loss) on cash flow hedges during the year			6.4					6.4		6.4
Income tax			-1.5					-1.5		-1.5
Goodwill on acquisition						-13.8		-13.8	4.4	-9.4
Non-controlling interests acquisition							-68.6	-68.6	54.5	-14.1
Share-based payments					0.1			0.1		0.1
Changes in own shares		0.1						0.1		0.1
Dividends							-24.8	-24.8		-24.8
Balance at 31 December 2020	16.5	0.0	4.6	-64.8	0.5	-162.6	711.9	506.1	5.5	511.6
Balance at 1 January 2021	16.5	0.0	4.6	-64.8	0.5	-162.6	711.9	506.1	5.5	511.6
Result for the period							91.0	91.0	2.4	93.4
Currency translation differences				-0.3				-0.3	-0.4	-0.7
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			-6.4					-6.4		-6.4
Net gain/(loss) on cash flow hedges during the year			8.5					8.5		8.5
Income tax			0.8		-1.0			-0.2		-0.2
Goodwill on acquisition						-10.6		-10.6	0.4	-10.2
Share-based payments					0.2			0.2		0.2
Dividends							0.0	0.0	-0.8	-0.8
Balance at 31 December 2021	16.5	0.0	7.5	-65.1	-0.3	-173.2	802.9	588.3	7.1	595.4

Retained earnings include non-distributable, statutory or legal reserves, amounting to CHF 7.2 million (2020: CHF 7.2 million). In 2021, the Group acquired 8394 own shares (2020: 5563 own shares) at an average price of CHF 81.38 (2020: CHF 51.48). During the year under review 8386 shares were used as part of the share based awards for the compensation of the GEC. As of 31 December 2021 and 2020, the Group held no own shares.

The accompanying notes form an integral part of the consolidated financial statements.

ACCOUNTING INFORMATION AND POLICIES

This section describes the basis of preparation of the consolidated financial statements and the Group's accounting policies that are applicable to the financial statements as a whole. Accounting policies, critical accounting estimates and judgements that are specific to a note are included in the note to which they relate. This section also explains new accounting principles that the Group has adopted in the current financial year. The notes on pages 32 to 67 are in integral part of these consolidated financial statements.

NOTE 1

GENERAL INFORMATION

Bobst Group SA, a company incorporated in Switzerland and having its main offices at 3, Route de Faraz, in Mex, Switzerland, is the holding company of the Bobst Group, one of the world's leading suppliers of equipment and services to packaging and label manufacturers in the folding carton, corrugated board and flexible materials industries.

NOTE 2

ACCOUNTING INFORMATION AND POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the entire existing accounting principles of Swiss GAAP FER (Generally Accepted Accounting Principles FER) and are based upon the financial statements of the Group companies as at 31 December which are prepared using uniform classification and accounting policies. The consolidated financial statements have been prepared in accordance with the historical acquisition costs principle with the exception of securities and derivative financial instruments which are measured at fair value.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Bobst Group SA and its subsidiaries (the Group).

The subsidiaries are those companies controlled, directly or indirectly, by Bobst Group SA. The control is effective when Bobst Group SA is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary to direct the relevant activities.

Group companies are consolidated from the date on which control is transferred to the Group, while subsidiaries intended for disposal are excluded from the consolidation from the date on which control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-Group transactions, balances, income and expenses (including dividends) are eliminated during the consolidation.

ACCOUNTING INFORMATION AND POLICIES

Companies acquired over the course of the year are revalued and consolidated in accordance with Group principles upon the date of control. The difference between the acquisition costs and the proportional revalued net assets is referred to as goodwill. Within the scope of acquisitions, potentially existing but until now not capitalized intangible assets such as brand names, distribution channels and technologies are not recognized separately but instead remain part of goodwill.

Goodwill may also arise from investments in associated companies and is defined as the difference between the acquisition costs of the investment and its proportional revalued net assets. The goodwill resulting from acquisitions is offset directly in Group equity. The Note 13 discloses the effects that a theoretical capitalization and amortization of the acquired goodwill would have.

In the event that shares of Group or associated companies are sold, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognized as a gain or loss in the profit and loss statement.

Companies over which the Group has the power to exercise significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights, are classified as associates and accounted for using the equity method.

Non-controlling interests are presented separately in the consolidated balance sheet and the consolidated income statement, as a component of consolidated equity and consolidated net result.

Scope of consolidation

The changes in the scope of consolidation with respect to the prior year are shown in Note 28. The consolidated companies are listed on Note 33. The closing date of the companies is 31 December.

Foreign currencies

Translation in the financial statements of the Group companies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Swiss Francs, which is the functional currency of Bobst Group SA and the presentation currency for the consolidated financial statements. Foreign exchange gains or losses from the conversion of intercompany loans of an equity nature are recognized in equity without affecting the income statement

ACCOUNTING INFORMATION AND POLICIES

Translation of individual financial statements to be consolidated

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, all items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Exchange differences arising from the settlement of monetary items, and from the retranslation of monetary items, are included in profit and loss for the period, except when deferred in equity as qualifying cash flow hedges.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see Note 22 for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign currency operations (including comparatives) are translated into Swiss Francs using exchange rates prevailing on the balance sheet date. Income, expense and cash flow items (including comparatives) are translated at the average exchange rates for the period. The exchange differences arising on translation for consolidation are recognized in equity.

The principal foreign exchange rates used in the translation of financial statements for the two years ended 31 December 2021 and 2020 were as follows:

		Balance sheet		Profit & loss statement	
		2021	2020	2021	2020
Main exchange rates					
Euro zone	1 EUR	1.04	1.08	1.08	1.07
USA	1 USD	0.91	0.88	0.91	0.93
United Kingdom	1 GBP	1.23	1.20	1.26	1.20
China	1 CNY	0.14	0.13	0.14	0.14

Significant accounting judgements and estimates

The preparation of consolidated financial statements in accordance with Swiss GAAP FER requires the use of certain assumptions and estimates that influence the figures presented in this report. They are based on analyses and judgements which are continuously reviewed and adapted if necessary.

Management is closely monitoring the effects of COVID-19. Management evaluates on an ongoing basis how the COVID-19 pandemic impacts the Group's financial position and performance. It assesses various aspects such as the value of the Group's assets, any impairment triggers, sales trends, liquidity needs and exposure to market and credit risks. The impact of COVID-19 on the Group in future periods is difficult to assess and there is no assurance that the experience to date will be representative of future periods. Significant judgements are involved regarding the assessment of the impact of COVID-19 on the global economy, and new facts and circumstances may lead to adjustments of management's current estimates and assumptions.

ACCOUNTING INFORMATION AND POLICIES

NOTE 3

ALTERNATIVE PERFORMANCE MEASURES (APM)

Bobst Group uses certain key figures to measure its performance that are not defined by Swiss GAAP FER. Management believes that these non-Swiss GAAP FER performance measures provide useful information regarding the Group's financial and operating performance.

As these measures are not defined by Swiss GAAP FER, the calculation may differ from similar figures presented by other companies. The APM used by Bobst Group are explained as follows :

Net cash/Net debt

Net cash/Net debt is our financial liquidity metric that measures our company's ability to pay all its debts if they were due today. This ratio describes the cash and cash equivalents minus the borrowings. A positive amount indicates net cash while a negative amount means net debt.

Capital expenditure (CAPEX)

CAPEX corresponds to the addition of the cash outflows relating to the purchase of intangible fixed assets and the purchase of tangible fixed assets.

Return on capital employed (ROCE)

ROCE is a profitability ratio that measures how efficiently Bobst Group can generate profits from its capital employed by comparing operating result to capital employed.

Net working capital (NWC)

The NWC is the receivables accounts and the inventories minus the payables accounts. It is a measure of a company's liquidity and its ability to meet short-term obligations, as well as fund operations of the business.

The detailed calculation of the APM key figures can be found on the Bobst Group website.

RESULTS FOR THE YEAR

This section explains the results and performance of the Group for the two financial years 2020 and 2021. Disclosures are provided for segment reporting, operating expenses and income, financial expenses and income and taxation. For taxation, balance sheet disclosures are also provided in this section. The disclosures for the Group's share of net result in associates are provided in the operating assets and liabilities section.

NOTE 4 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Committee (GEC). The GEC is responsible for allocating resources and assessing performance of the operating segment.

The GEC is identified as chief operating decision-maker and reviews the Group's internal reporting in order to assess performance and allocate resources.

Internal reporting is based on the same accounting principles as the ones used to establish these financial statements and segment performance is assessed based on the operating result (EBIT).

Group financing (including finance costs and financial income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The reportable segments of the Group are as follows:

- BU Printing & Converting combines products for the folding carton, corrugated board, flexible materials and label industries.
- BU Services & Performance with a worldwide network of service centers, provides spare parts and services to customers in the packaging industries and offers a full range of solutions allowing them to get the most from their equipment.
- the segment "Other" includes secondary activities which are not significant for the Group.

RESULTS FOR THE YEAR

NOTE 4 (CONTINUED) SEGMENT REPORTING

No operating segments were aggregated to form the reportable segments.

Inter-segment operations correspond to the contribution paid by the Business Unit Services to the other Business Units for the right to sell spare parts and services for their equipment. These contributions do not generate internal margin.

In million CHF	2021	2020
Revenue		
Printing & Converting third party sales	991.7	880.3
Printing & Converting inter-segment	33.9	29.4
Printing & Converting total revenue	1 025.6	909.7
Services & Performance third party sales	569.7	491.5
Other third party sales	2.0	0.2
Eliminations inter-segment	-33.9	-29.4
Total third party sales	1 563.4	1 372.0

In million CHF	Printing & Converting		Services & Performance		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Results								
Total segment operating result (EBIT)	13.5	-16.6	87.5	62.4	-2.0	-2.1	99.0	43.7
Share of result of associates	5.4	3.2					5.4	3.2
Financial result							-5.6	-2.8
Result before income tax							98.8	44.1

GEOGRAPHIC INFORMATION

In million CHF	2021		2020	
Revenue from external sales				
Europe	735.4	47.1%	646.7	47.1%
Americas	457.8	29.3%	392.1	28.6%
Asia & Oceania	327.5	20.9%	278.6	20.3%
Africa	42.7	2.7%	54.6	4.0%
Total	1 563.4	100.0%	1 372.0	100.0%

Revenues are allocated to countries on the basis of the client's location.

RESULTS FOR THE YEAR

NOTE 5 SALES

Accounting policies

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, rebates and other sales taxes or duty.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Sale of goods – machines. Revenue from the sale of machines is recognized when the significant risks and rewards have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the machines and the amount of revenue can be measured reliably.

Sale of goods – spare parts. Spare parts revenue is mainly recognized upon shipment representing the time of transfer of significant risks and rewards.

Sale from services. Revenue from services rendered include various services, such as maintenance contracts, reactive services and upgrades. Sales of services are recognized as revenue in the accounting period in which the services are rendered, which means that they are allocated over the contractual period.

If a machine sale includes subsequent delivery of parts and/or service, the corresponding amount is deferred and recognized as revenue when the recognition criteria are met for the corresponding category.

Business segment information is stated in Note 4.

In million CHF	2021	2020
Distribution by business activity:		
Machines	988.0	875.8
Spare parts and services	575.4	496.2
Total	1563.4	1372.0

RESULTS FOR THE YEAR

NOTE 6 OTHER OPERATING INCOME

In million CHF	2021	2020
Gain on sales of assets	22.0	22.0
Government grants	0.5	1.1
Transfer of operating charges	4.3	5.7
Commissions on sales	1.0	0.5
Income from leased machines	0.2	0.2
Other	9.4	5.8
Total	37.4	35.3

NOTE 7 PERSONNEL COSTS

In million CHF	2021	2020
Wages and salaries	395.6	370.3
Social expenses and other personnel expenses	109.3	103.2
Total	504.9	473.5

In 2021, wages and salaries include CHF 0.2 million (2020: CHF 13.6 million) of short-time work compensation and government support on payroll in relation to the Covid 19.

RESULTS FOR THE YEAR

NOTE 8 RESEARCH & DEVELOPMENT

Accounting policies

Internal research costs are costs incurred to gain new technical knowledge and understanding. These costs are charged directly to profit and loss.

Internal development costs are incurred for the application of research findings to plan and develop new products for commercial production. These costs would qualify for capitalization as intangible assets only if the Group can demonstrate all of the following criteria:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development.

The development projects undertaken by the Group are subject to technical and other uncertainties such that, in the opinion of the management, the criteria for capitalization are not met unless prior products have been successfully launched in the market. Internal development costs that do not meet the criteria for capitalisation as intangible asset are charged to profit and loss.

CHF 87.5 million was spent on Research & Development (CHF 88.1 million in 2020). These costs were not capitalized in 2021 and 2020. Both business segments have focused their efforts on the improvement of existing models, on the development of new products, as well as on research for the standardization of the components of manufactured products of the Group.

RESULTS FOR THE YEAR

NOTE 9

OTHER OPERATING EXPENSES

In million CHF	2021	2020
Rent, Maintenance, Energy	56.3	50.6
Marketing, Communication, Travel	45.5	37.5
External staff	21.1	16.8
Transport, Customs, Insurance	61.6	47.8
Administration and other costs	95.0	79.9
Taxes on capital and other taxes	8.7	8.8
Non-recurrent charges	0.6	0.2
Other	5.5	5.8
Total	294.3	247.4

The non-recurrent charges relate exclusively to the write-off of fixed assets which were no longer used.

NOTE 10

FINANCIAL RESULT

Accounting policies

Interest income is accrued on a time basis, by reference to the principal outstanding.

In million CHF	2021	2020
Interest expenses	-4.3	-6.0
Interest income	2.0	1.8
Gains on derivative financial instruments	2.6	1.6
Exchange rate gains	0.0	1.4
Other financial income	2.3	1.6
Total other financial income	6.9	6.4
Exchange rate losses	-0.5	0.0
Losses on derivative financial instruments	-4.1	0.0
Other financial expenses	-3.6	-3.2
Total other financial expenses	-8.2	-3.2

RESULTS FOR THE YEAR

NOTE 11 TAXATION

Income tax

Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit and loss statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates prevailing at the balance sheet date.

Accounting judgements and estimates

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretations may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

In million CHF	2021	2020
Result before income tax (including result of associates)	98.8	44.1
Result of associates	-5.4	-3.2
Result before income tax (excluding result of associates)	93.4	40.9
Weighted average tax rate	20.9%	27.5%
Tax calculated at applicable tax rate	19.5	11.3
Current income taxes	25.0	24.7
Deferred income taxes	-19.6	2.1
Income taxes	5.4	26.8
Difference between applicable and effective income taxes	-14.1	15.5
The above difference for each year can be reconciled as follows:		
Tax effect of utilization of tax losses not previously recognized	-15.6	-0.7
Deferred tax asset recognized on prior years losses	-5.2	1.0
Tax loss for which no deferred tax asset was recognized during the year	5.0	16.2
Non taxable income	-1.5	-1.5
Withholding taxes on dividend	2.5	0.0
Other effects	0.7	0.5
Difference between applicable and effective income taxes	-14.1	15.5

RESULTS FOR THE YEAR

NOTE 11 (CONTINUED)

TAXATION

The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 20.9% in 2021 (27.5% in 2020). The decrease of the applicable weighted average tax rate was caused by a very favorable change in the profitability mix of the Group's subsidiaries in the different countries in 2021.

Deferred tax

Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, as well as from interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and where it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority, within the same taxable entity, and when the Group intends to settle its current tax assets and liabilities on a net basis.

Accounting judgements and estimates

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profits together with future tax strategies.

On the balance sheet date, the Group has unrecognized tax losses carryforwards of CHF 172.0 million (2020: CHF 262.8 million) available to offset against future profits, for which no deferred tax is recognized. The potential tax relief effect amounts to CHF 55.6 million (2020: CHF 67.7 million).

As of 31 December 2021, tax loss carryforwards of CHF 68.5 million (2020: CHF 44.3 million) were capitalized, resulting in a deferred tax asset of CHF 17.2 million (2020: CHF 13.7 million).

No material additional tax liabilities due to dividend payments from subsidiaries and associates are expected.

OPERATING ASSETS AND LIABILITIES

This section describes the assets used to generate the Group's performance and the liabilities incurred. Liabilities relating to the Group's financing activities are included in section 'Risk management and capital structure' and balance sheet information in respect of taxation are covered in section 'Results for the year'. This section also provides detailed disclosures on the Group's employee benefits.

NOTE 12 INTANGIBLE FIXED ASSETS

Accounting policies

Brands and Patents. Brands and patents are measured initially at purchase cost and are amortized on a straight-line basis over the shorter of their contractual or useful economic lives (10–20 years).

Computer Software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and put into service the specific software. These costs are amortized on a straight-line basis over their estimated useful life (3–7 years).

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In million CHF	Brands and Patents	Software	Other	In progress	Total
Gross value					
At the beginning of the year 2021	23.8	157.6	6.1	9.8	197.3
Additions	0.0	5.9	0.0	8.0	13.9
Disposals and decreases	0.0	-16.2	0.0	0.0	-16.2
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	-0.1	-0.3	0.3	0.0	-0.1
Transfers	0.0	9.4	0.0	-9.4	0.0
At year-end 2021	23.7	156.4	6.4	8.4	194.9
Accumulated amortization					
At the beginning of the year 2021	-22.6	-123.4	-1.8	0.0	-147.8
Amortization	-0.2	-15.9	-0.2	0.0	-16.3
Impairment	0.0	-2.6	0.0	0.0	-2.6
Disposals and decreases	0.0	15.9	0.0	0.0	15.9
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	0.1	0.3	0.0	0.0	0.4
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2021	-22.7	-125.7	-2.0	0.0	-150.4
Net value at year-end 2021	1.0	30.7	4.4	8.4	44.5

OPERATING ASSETS AND LIABILITIES

NOTE 12 (CONTINUED) INTANGIBLE FIXED ASSETS

In million CHF	Brands and Patents	Software	Other	In progress	Total
Gross value					
At the beginning of the year 2020	22.8	145.4	6.0	7.4	181.6
Additions	0.0	7.3	0.0	7.0	14.3
Disposals and decreases	0.0	0.0	0.0	0.0	0.0
Change in the scope of consolidation	1.1	0.8	1.0	0.0	2.9
Currency variances	-0.1	-0.6	-0.2	0.0	-0.9
Transfers	0.0	4.7	-0.7	-4.6	-0.6
At year-end 2020	23.8	157.6	6.1	9.8	197.3
Accumulated amortization					
At the beginning of the year 2020	-22.5	-111.5	-2.0	0.0	-136.0
Amortization	-0.2	-10.0	-0.3	0.0	-10.5
Impairment	0.0	-2.4	0.0	0.0	-2.4
Disposals and decreases	0.0	0.0	0.0	0.0	0.0
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	0.1	0.5	0.0	0.0	0.6
Transfers	0.0	0.0	0.5	0.0	0.5
At year-end 2020	-22.6	-123.4	-1.8	0.0	-147.8
Net value at year-end 2020	1.2	34.2	4.3	9.8	49.5

OPERATING ASSETS AND LIABILITIES

NOTE 13 GOODWILL

Goodwill is fully offset against equity at the time of purchase of a subsidiary or an investment in an associated company. Goodwill is theoretically amortized on a straight-line basis over 5 years. The carrying amounts of goodwill existing on conversion from IFRS to Swiss GAAP FER at 1 January 2015 have been included in the theoretical movement schedule below using the closing rates prevailing at 1 January 2015. Goodwill from new acquisitions is converted into Swiss Francs using the rate as at acquisition date. With this procedure no exchange differences result in the movement schedule.

The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

In million CHF	2021			2020		
	Goodwill Group companies	Goodwill associated companies	Total	Goodwill Group companies	Goodwill associated companies	Total
Cost						
As of 1 January	130.2	32.4	162.6	116.4	32.4	148.8
Additions	10.6	0.0	10.6	13.8	0.0	13.8
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
As of 31 December	140.8	32.4	173.2	130.2	32.4	162.6
Accumulated amortization						
As of 1 January	-115.7	-32.4	-148.1	-108.6	-32.4	-141.0
Additions	-5.6	0.0	-5.6	-7.1	0.0	-7.1
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
As of 31 December	-121.3	-32.4	-153.7	-115.7	-32.4	-148.1
Theoretical net book value at year-end	19.5	0.0	19.5	14.5	0.0	14.5

Addition 2021 of CHF 10.6 million is related to the following acquisition of:

- 51% of Jetpack SAS, Paris, France;
- 51% of Cm Service Italia Srl, Lonato del Garda, Italy;
- 100% of the assets of Officine Meccaniche Giovanni Cerutti and Cerutti Packaging Equipment SpA, including the service company 24/7 Cerutti Service Srl, Casale Monferrato, Italy and the service company North American Cerutti Corporation, New Berlin, USA.

The addition 2020 of 13.8 million is related to the acquisition of 51% of Cito-System GmbH Schwaig, Germany and the acquisition of 70% of Yancheng Hongjing Machinery Technology Co. Ltd Dongtai, China.

OPERATING ASSETS AND LIABILITIES

NOTE 13 (CONTINUED)

GOODWILL

In million CHF	2021	2020
Theoretical impact on equity		
Equity per balance sheet	595.4	511.6
Theoretical capitalization of net book value of goodwill	19.5	14.5
Theoretical equity including net book value of goodwill	614.9	526.1
Theoretical impact on net result		
Net result per profit and loss statement	93.4	17.3
Theoretical amortization of goodwill	-5.6	-7.1
Theoretical net result after goodwill amortization	87.8	10.2

NOTE 14

INVESTMENTS IN ASSOCIATES

Accounting policies

An associate is an entity over which the Group has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

If an associate is over-indebted and the Group's interest is reduced to zero, additional losses are provided for only to the extent that the Group has a legal or constructive obligation.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate, recognized at the date of acquisition, is recognized as goodwill. The goodwill is offset directly in Group equity.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

In million CHF	2021	2020
Changes over the period are the following:		
Beginning of the year	57.5	57.5
Share of net result of associates	5.4	3.2
Dividends received	-0.8	-3.4
Exchange differences	-2.7	0.2
Total	59.4	57.5

There are no unrecognized losses on investments in associates.

OPERATING ASSETS AND LIABILITIES

NOTE 15 TANGIBLE FIXED ASSETS

Accounting policies

Land is booked at purchase cost and is not depreciated.

The other tangible fixed assets are booked at purchase or manufacturing costs less accumulated depreciation and accumulated impairment. Depreciation on other tangible fixed assets is calculated using the straight-line method as follows:

Buildings	10–30 years
Technical installation, industrial equipment	7–20 years
Machines leased to customers	According to their useful life
IT equipment	4 years
Other	5–7 years
In progress	Not depreciated

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss statement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor. Bobst Group companies may act as direct lessor to customers. Leases where the Group transfers substantially all risks and benefits of ownership of the leased machine are disclosed as finance lease receivables.

Amounts due from lessees under finance leases are recorded as finance lease receivables at the amount of the Group’s net present value for expected lease payments.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Leases where the Group does not transfer substantially all risks and benefits of ownership of the asset are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Tangible assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

OPERATING ASSETS AND LIABILITIES

NOTE 15 (CONTINUED) TANGIBLE FIXED ASSETS

In million CHF	Land and buildings	Technical instal., industrial equipment	Machines leased to customers	IT equipment	Other	In progress	Total
Gross value							
At the beginning of the year 2021	514.1	152.6	0.8	40.5	24.7	2.0	734.7
Additions	4.4	4.1	0.9	4.5	4.1	6.6	24.6
Disposals and decreases	-11.0	-7.3	-0.9	-6.0	-0.9	0.0	-26.1
Change in the scope of consolidation	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Reclassified as held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	-2.7	-1.2	0.0	-0.2	-0.1	0.0	-4.2
Transfers	4.7	-1.8	0.0	-1.9	0.6	-1.6	0.0
At year-end 2021	509.5	146.4	0.8	37.0	28.4	7.0	729.1
Accumulated depreciation							
At the beginning of the year 2021	-301.9	-114.9	-0.3	-33.0	-16.7	0.0	-466.8
Depreciation	-17.3	-6.1	-0.2	-2.6	-3.9	0.0	-30.1
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals and decreases	7.4	7.1	0.0	5.8	0.8	0.0	21.1
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified as held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	0.9	0.7	0.0	0.2	0.2	0.0	2.0
Transfers	-4.2	2.7	0.0	0.7	0.8	0.0	0.0
At year-end 2021	-315.1	-110.5	-0.5	-28.9	-18.8	0.0	-473.8
Net value at year-end 2021	194.4	35.9	0.3	8.1	9.6	7.0	255.3

There were no borrowing costs capitalized during the years ended 31 December 2020 and 2021.

OPERATING ASSETS AND LIABILITIES

NOTE 15 (CONTINUED) TANGIBLE FIXED ASSETS

In million CHF	Land and buildings	Technical instal., industrial equipment	Machines leased to customers	IT equipment	Other	In progress	Total
Gross value							
At the beginning of the year 2020	477.6	147.4	0.9	38.8	22.7	25.3	712.7
Additions	17.0	2.0	0.0	2.5	3.1	3.1	27.7
Disposals and decreases	-9.1	-1.0	0.0	-1.3	-1.4	0.0	-12.8
Change in the scope of consolidation	7.3	3.4	0.0	0.2	0.8	0.0	11.7
Reclassified as held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	-2.1	-1.3	-0.1	-0.7	-0.7	-0.3	-5.2
Transfers	23.4	2.1	0.0	1.0	0.2	-26.1	0.6
At year-end 2020	514.1	152.6	0.8	40.5	24.7	2.0	734.7
Accumulated depreciation							
At the beginning of the year 2020	-292.0	-107.9	-0.2	-30.2	-16.2	0.0	-446.5
Depreciation	-16.8	-6.2	-0.2	-4.5	-2.2	0.0	-29.9
Impairment	-0.2	-2.4	0.0	0.0	0.0	0.0	-2.6
Disposals and decreases	6.7	0.9	0.0	1.2	1.3	0.0	10.1
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified as held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	0.9	0.7	0.1	0.5	0.4	0.0	2.6
Transfers	-0.5	0.0	0.0	0.0	0.0	0.0	-0.5
At year-end 2020	-301.9	-114.9	-0.3	-33.0	-16.7	0.0	-466.8
Net value at year-end 2020	212.2	37.7	0.5	7.5	8.0	2.0	267.9

There are no significant tangible fixed assets financed with leases.

OPERATING ASSETS AND LIABILITIES

NOTE 16 RECEIVABLES

In million CHF	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables from third parties	295.4	3.2	298.6	276.8	2.3	279.1
Receivables from the sale of fixed assets	7.3	0.0	7.3	0.0	0.0	0.0
Various receivables from third parties	68.2	3.4	71.6	51.6	3.8	55.4
Total gross	370.9	6.6	377.5	328.4	6.1	334.5
Less provision for impairment	-14.1	-0.3	-14.4	-13.3	-0.3	-13.6
Total net	356.8	6.3	363.1	315.1	5.8	320.9

NOTE 17 FINANCE LEASE RECEIVABLES

In million CHF	2021	2020
Maturity within one year	3.2	2.3
Maturity between one to five years	8.4	5.3
Maturity after five years	0.0	0.0
Total	11.6	7.6
Less: unearned finance income	-0.9	-0.4
Total	10.7	7.2
Analyzed as:		
Recoverable within one year	2.9	2.2
Recoverable between one and five years	7.8	5.0
Recoverable after five years	0.0	0.0
Total	10.7	7.2

The Group enters into finance lease arrangements with clients for the machines sold.

The weighted average term of finance lease contracts is 4.2 years (2020: 2.9 years).
The average interest rate of all the lease contracts is approximately 3.8% (2020: 3.9%) per annum.

OPERATING ASSETS AND LIABILITIES

NOTE 18 CREDIT RISK RELATED TO CLIENT RECEIVABLES

Credit risks are linked with the inability or unwillingness of counterparties to a transaction to fulfill their obligations.

Customers: determination of the payment conditions resulting in the trade receivables takes into consideration the country risk as well as solvency of the counterparty. Reserve of property clauses are also utilized until final payment.

In relation to longer-term payment conditions agreed upon, and depending on the negotiations with the customer, guarantees including, among others, export credit agencies and private insurers are used.

When risk conditions allow it, it is also regular practice to discount without recourse amounts due by customers. There is no particular risk concentration on the customer receivables. Local and Group finance members monitor the payment conditions.

Banks and counterparties: for other financial assets the concern of credit risk imposes the use of good quality counterparties. Cash is deposited with a variety of well established banks to protect against any concentration risk.

In million CHF	2021	2020
Trade receivables	298.6	279.1
Finance lease receivables	10.7	7.2
Total gross value	309.3	286.3
Less provision for impairment	-14.4	-13.3
Total for the analysis	294.9	273.0
The aging of the amounts past due but not impaired is as follows:		
< 2 months	44.4	23.9
2–6 months	16.7	17.1
> 6 months	8.2	17.6
+ not yet due	225.6	214.4
Total	294.9	273.0

The maximum exposure to credit risk at the reporting date is the carrying amount of client receivables mentioned above.

OPERATING ASSETS AND LIABILITIES

NOTE 19 INVENTORIES

Accounting policies

Raw materials are stated at the lower of either the cost or the net realizable value, using the weighted average method. Work in progress and finished products are stated at the lower of the production costs or the net realizable value. Production costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Accounting judgements and estimates

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Valuation adjustments are made for slow-moving items and excess stock.

In million CHF	2021	2020
Raw materials	235.3	174.1
Work in progress	112.2	99.8
Finished products*	126.6	104.6
Total	474.1	378.5

* Including CHF 24.6 million (2020: CHF 27.3 million) for demonstration machines.

The amount for write-down recognized as expense during the year is CHF 8.9 million (2020: CHF 3.3 million).

NOTE 20 PROVISIONS

Accounting policies

Provisions are recognized when the Group has a present obligation as a result of a past event, and when it is probable that the Group will be required to settle that obligation. Provisions are evaluated based upon the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. Provisions are classified as warranties/product liabilities, litigations, restructuring and other.

Accounting judgements and estimates

Provisions are created for a variety of possible events. However, by definition, provisions contain a higher degree of estimates than other balance sheet items, since the estimated obligations can cause greater or less cash drain depending on how the situation materializes.

OPERATING ASSETS AND LIABILITIES

NOTE 20 (CONTINUED) PROVISIONS

In million CHF	Warranties/ Product liabilities	Litigations	Restructuring	Other	Total
At the beginning of the year 2021	37.1	11.5	1.6	5.8	56.0
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Additions	29.7	4.2	0.6	1.6	36.1
Utilizations	-26.8	-5.2	-1.3	-2.3	-35.6
Releases	-3.1	-2.2	-0.2	-1.7	-7.2
Currency translation adjustment	-0.4	-0.2	-0.0	0.0	-0.6
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2021	36.5	8.1	0.7	3.4	48.7
Of which non-current	0.3	1.9	0.0	0.0	2.2
Of which current	36.2	6.2	0.7	3.4	46.5
At year-end 2021	36.5	8.1	0.7	3.4	48.7
At the beginning of the year 2020	40.1	9.8	1.0	5.8	56.7
Change in the scope of consolidation	0.3	0.0	0.0	0.0	0.3
Additions	24.7	3.8	1.4	2.7	32.6
Utilizations	-24.3	-1.0	-0.7	-0.7	-26.7
Releases	-2.5	-3.3	0.0	-0.7	-6.5
Currency translation adjustment	-0.2	-0.1	-0.1	-0.2	-0.6
Transfers	-1.0	2.3	0.0	-1.1	0.2
At year-end 2020	37.1	11.5	1.6	5.8	56.0
Of which non-current	0.7	1.7	0.0	0.0	2.4
Of which current	36.4	9.8	1.6	5.8	53.6
At year-end 2020	37.1	11.5	1.6	5.8	56.0

Warranties/Product liabilities include provisions for technical risks, customer claims and penalties in the context of product deliveries and services. The provision is based on expected claims for product liabilities on sales that have already taken place, on historical warranty data and a weighting of all possible outcomes against their associated probabilities. Warranty expenses are expected before expiration of the granted warranty period.

Litigations include provisions for current and probable legal proceedings related to events in the past. A number of subsidiaries are subject to various legal proceedings that arise including product liability, commercial, employment and tax litigations or intellectual property disputes. The expected timing of future cash outflows is uncertain as it will depend upon the outcome of the legal proceedings.

For restructuring provisions, constructive obligation to restructure arises only when a detailed formal plan exists which identifies at least the business or part of the business concerned, the principal sites affected, the location, function and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and the timing of the implementation; and when the features of this plan have been communicated in a manner that raised a valid expectation in those affected by it that the restructuring plan will be carried out.

OPERATING ASSETS AND LIABILITIES

NOTE 21

EMPLOYEE BENEFITS

Accounting policies

Pension obligations

The Group operates various employee benefits plans in and outside Switzerland for employees who satisfy the participation criteria. The pension and retirements benefits are based on the regulations and practices in the respective countries. They are financed either by means of contribution to legally independent pension/insurance funds, or by recognition as liabilities in the balance sheet of the respective Group companies. An economical obligation or a benefit from Swiss pension schemes is determined from the financial statements of such pension schemes prepared in accordance with Swiss GAAP FER 26 "Accounting of Pension Plans" and recognized in the balance sheet accordingly.

Other post-employment benefits

Other employee benefits represent amounts due to employees under deferred compensation arrangements such as long-service awards, jubilee premiums and end of service indemnities depending upon certain seniority criteria.

Post-employment health care plans are limited to the USA.

The employee benefits situation of the Swiss pension schemes is as follows:

In million CHF	Nominal value 31.12.2021	Waiver of use	Balance sheet 31.12.2021	Increase/ decrease in 2021	Balance sheet 31.12.2020	Income statement impact	
						2021	2020
Employer contributions reserves							
Patronage funds	25.7	0.0	25.7	0.0	25.7	0.0	0.0
Pension plans	0.0	0.0	0.0	-7.0	7.0	7.0	13.5
Total	25.7	0.0	25.7	-7.0	32.7	7.0	13.5

The table below shows the economic benefit and the economic obligation at the end of the year under review and for the previous year, as well as the development of pension benefit expenses.

In million CHF	Group's economic share			Changes from previous year with impact on income	Contri- butions for the period	Pension costs in personnel expenses	
	Surplus/ deficit 2021	2021	2020			2021	2020
Patronage funds	11.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension plans	21.5	0.0	0.0	0.0	14.1	14.1	14.4
Total	32.5	0.0	0.0	0.0	14.1	14.1	14.4

The surplus of the pension fund does not result in an economic benefit to the Group and is therefore not recognized as an asset in the balance sheet.

The technical interest rate used is 1.75% in 2021 (2020: 1.75%).

The life table used in 2021 is LPP2020 (P2021) and in 2020 is LPP2015 (P2018).

RISK MANAGEMENT AND CAPITAL STRUCTURE

This section sets out the policies and procedures applied to manage the Group's capital structure and the risks the Group is exposed to. Bobst Group considers as permanent financing or capital resources the following: borrowings and equity. Bobst Group manages its permanent financing or capital resources to achieve capital efficiency, provide flexibility to invest through the economic cycle and give efficient access to debt markets at attractive cost levels.

NOTE 22 RISK MANAGEMENT

Risk assessment

In the context of the defined, Group-wide risk management process (see "Risk Management" part in the "Corporate Governance" section), Bobst Group identified, assessed and reported key risks to the GEC, the Audit Committee of the Board of Directors and subsequently to the Board of Directors. Risk catalogues and maps were prepared by the Business Units and Corporate functions. The probability of the risks enlisted were classified into various categories. The risk descriptions contained measures, and where appropriate and possible, the risks identified were accompanied by a quantified assessment. The bi-annual internal risk report provided under the current risk management system was reviewed by the GEC and the Audit Committee with subsequent reporting to the Board of Directors. In particular the Corporate and Business Unit risk maps, the defined key risks, the mitigation measures, and the risk management process were analyzed. The risk management process and the review of the bi-annual internal risk report are closely aligned with the Group's strategy and business planning process.

The activities of Bobst Group are subject to various risks. Key risks were identified as political and economic risks on a global scale, currency fluctuations, disruptive technologies, quality/suitability of products and supply chain. Measures to reduce these and other risks were defined and are being implemented in accordance with the strategic priorities of the Group and its Business Units.

Financial risk management

The Group's activities expose it to a variety of financial risks, including liquidity, foreign exchange and credit risk. The Group's overall risk management seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain exposures. The Group does not enter into derivative or other financial transactions which are unrelated to its business needs or for speculative purposes.

Financial risk management within the Group is governed by policies approved by key management personnel. It provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, credit risk, use of derivative financial instruments and investing of cash.

Liquidity risk

The Group monitors its liquidity risk by consolidating monthly a cash flow forecast and by preparing yearly long term stress scenarios. It maintains cash and unused committed credit lines to meet its liquidity requirements. For that purpose, in May 2019, Bobst Group SA entered into a CHF 200 million committed revolving facility with a syndicate of banks. The facility has a 3 years maturity and was unused per end 2021. The credit line is subject to standard covenants for this type of transaction but exempt from financial covenants. In addition, the strong creditworthiness of the Group allows it to access international financial markets for financing purposes

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 22 (CONTINUED) RISK MANAGEMENT

The table below summarizes the maturity profile of the Group's financial liabilities, based on contractual undiscounted payments.

In million CHF	2021	Less than 1 year	Between 1 and 5 years	Over 5 years	2020	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	348.2	5.1	343.1	0.0	363.0	14.2	148.5	200.3
Trade and other payables	299.0	247.4	51.6	0.0	241.9	228.9	13.0	0.0
Accrued expenses	115.3	115.3	0.0	0.0	92.5	92.5	0.0	0.0
Derivative financial instruments	5.1	5.1	0.0	0.0	1.4	1.4	0.0	0.0
Total	767.6	372.9	394.7	0.0	698.8	337.0	161.5	200.3

Foreign exchange risks

Transaction risks: as per Group policy, companies are instructed to hedge significant transaction risks with the appropriate derivatives when they arise, with the aim of guaranteeing margins achieved when selling products.

Translation risks: are not hedged and the relative amounts end up in equity under translation reserve. The Group utilizes natural hedge in order to offset some of these risks.

NOTE 23 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policies

The Group uses derivative financial instruments (forward currency contracts) to manage its exposure to foreign exchange rate risk, according to Group's management policies. The Group does not use derivative financial instruments for speculative purposes.

The Group may hedge certain cash flows for projected intra or extra-Group transactions. This is documented accordingly upon conclusion of the transaction. In this case, the effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion of the hedging instrument is recognized in the profit and loss statement under financial result.

Amounts recognized in equity are recycled in the profit and loss statement in the periods when the hedged item affects gain or loss. The gain or loss from the effective portion of the hedging instrument related to purchase of goods is recognized in the profit and loss statement under raw material and services and under sales if the hedging related to sale of goods.

In million CHF	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Current forward foreign exchange contracts	13.2	5.1	9.7	1.4
Non-current forward foreign exchange contracts	0.8	0.0	0.0	0.0
Total	14.0	5.1	9.7	1.4

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 23 (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

Currency derivatives (forwards)

The Group utilizes currency derivatives to hedge significant future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts to manage its exchange exposures. The instruments purchased are primarily denominated in the invoicing currencies of the Group. The forwards are in principle designated to address exchange rate exposures for the following twelve months and are renewed on a revolving basis as required.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed amounts to CHF 877.7 million (2020: CHF 434.6 million).

The fair value of currency derivatives that are designated and effective as cash flow hedges (hedge accounting) representing a net liability of CHF 8.5 million (2020: CHF 6.4 million) is recorded in equity. This represents a variation of CHF 2.1 million (2020: CHF 8.3 million) when compared with the previous year.

The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Offsetting Financial assets and Financial liabilities

The Group is subject to a cash pooling agreement in Italy. As a consequence, a current borrowing amounting to CHF 0.0 million (2020: CHF 0.0 million) has been offset with cash and cash equivalents.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 BORROWINGS

Accounting policies

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

In million CHF	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	3.4	2.2	5.6	12.9	5.3	18.2
Debenture bonds	0.0	335.0	335.0	0.0	335.0	335.0
Other borrowings	0.4	0.0	0.4	0.0	0.0	0.0
Total	3.8	337.2	341.0	12.9	340.3	353.2
Those due in < 1 year	3.8	0.0	3.8	12.9	0.0	12.9
Those due in 1–5 years	0.0	337.2	337.2	0.0	140.3	140.3
Those due in > 5 years	0.0	0.0	0.0	0.0	200.0	200.0
Total	3.8	337.2	341.0	12.9	340.3	353.2
Currency composition of borrowings:						
CHF			98.6%			95.2%
EUR			1.3%			2.1%
USD			0.0%			0.0%
Other			0.1%			2.7%
Total			100.0%			100.0%
The effective interest rates at the balance sheet date (current and non-current) were as follows:						
Bank and other borrowings			2.3%			3.3%
Debenture bonds			0.8%			0,8%
Borrowings:						
Borrowings at floating rate			0.6			0.1
Borrowings at fixed rate			340.4			353.1
Total			341.0			353.2

The main borrowings are:

- A debenture bond issued by Bobst Group SA of CHF 135 million, maturing in September 2024, fixed interest rate of 1.125%, no clause of anticipated repayment, quoted at SIX Swiss Exchange;
- A debenture bond issued by Bobst Group SA of CHF 200 million, maturing in February 2026, fixed interest rate of 0.50%, no clause of anticipated repayment, quoted at SIX Swiss Exchange;
- Various utilizations under bank facilities, such as current account overdrafts and fixed term loans, most of them non-secured. There are no assets pledged for this purpose.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 25 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to reduce cost of the capital.

In order to maintain or adjust the capital structure, the Group may adapt the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group monitors capital on the basis of the equity ratio. This ratio is calculated as equity divided by the total assets of the balance sheet. Equity is defined as shown in the consolidated balance sheet. The Group's policy is to maintain an equity ratio of 40%–45% as per the Group's long-term management objectives.

In million CHF	2021	2020
Total equity	595.4	511.6
Total balance sheet	1 842.3	1 542.7
Equity ratio	32.3%	33.2%

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 26 EARNINGS PER SHARE

	2021	2020
Net result attributable to shareholders (in million CHF)	91.0	30.6
Average number of registered shares	16518478	16518478
Earnings per registered share (in CHF)	5.51	1.85
Diluted earnings per registered share (in CHF)	5.51	1.85

The average number of outstanding registered shares is calculated based on the number of shares issued. Since there were no conversion rights and no option rights outstanding, earnings per registered share have not been diluted.

NOTE 27 DIVIDENDS

On 15 April 2020, a dividend of CHF 1.50 per share was paid to shareholders. At the Annual General Meetings of Shareholders held on 30 March 2021, the shareholders renounced the distribution of any dividend.

A dividend of CHF 2.00 plus an extraordinary dividend of CHF 6.00 will be proposed by the Board of Directors. This proposal is subject to approval by the shareholders at the Annual General Meeting of Shareholders on 30 March 2022.

OTHER FINANCIAL INFORMATION

This section includes additional financial information that is either required by the accounting standards or management considers to be relevant information for shareholders.

NOTE 28 CHANGES IN THE SCOPE OF CONSOLIDATION

Company	Transaction	Acquired %	Business unit	Country	Date
2021					
Mouvent AG, Solothurn	Merger*	100.0%	Printing & Converting	CH	01.01.2021
Jetpack SAS, Paris	Acquisition	51.0%	Services & performance	FR	11.01.2021
Cm Service Italia S.r.l, Lonato BS	Acquisition	51.0%	Services & performance	IT	30.09.2021
24/7 Cerutti Service S.r.l., Casale Monferrato	Acquisition	100.0%	Services & performance	IT	11.11.2021
North American Cerutti Corporation, New Berlin	Acquisition	100.0%	Services & performance	US	11.11.2021
2020					
Yancheng Hongjing Machinery Technology Co. Ltd, Dongtai	Acquisition	70.0%	Printing & Converting	CN	06.01.2020
Cito-System GmbH, Schwaig	Acquisition	51.0%	Services & performance	DE	08.04.2020
Mouvent AG, Solothurn	Acquisition	49.9%	Printing & Converting	CH	16.12.2020

* Merger with Bobst Mex SA

The total fixed assets arising from the four companies acquired in 2021 amount to CHF 0.1 million, the current assets including cash amount to CHF 5.8 million and the current liabilities amount to CHF 4.2 million.

The agreements related to the acquisition of 51% of Jetpack SAS and 51% of Cm Service Italia also included a purchase call option and a written put option for the remaining 49% of the shares. Consequently, the Group has the option or may be required by the minority interest holders to acquire the entirety of the remaining 49% of the shares of each company. As of 31 December 2021, a contingent liability estimated at CHF 13.9 million was recorded on the consolidated balance sheet.

As of 31 December 2020, the contingent liability for the acquisition of the remaining 49% of Cito-System GmbH could not be estimated reliably and had therefore not been recognized in the consolidated balance sheet. As of 31 December 2021, a contingent liability estimated at CHF 23.9 million has been recognized on the consolidated balance sheet.

OTHER FINANCIAL INFORMATION

NOTE 29 SHARE-BASED PAYMENT COMPENSATION

Accounting policies

The Group uses share-based awards for the compensation (Variable Pay Plan – VPP) of the GEC. The cost of equity-settled compensation is measured by reference to the market value of the shares at the date on which they are granted. This cost is included in the personnel expenses.

A predefined portion of the bonus of key executives is share-settled. All the rights attached to the shares are definitely transferred at the grant date (no vesting conditions), except sale, which is blocked for a period of three years. The number of shares granted depends on the share market price at the grant date. For the performance period that ended 31 December 2021, 8 394 shares have been granted (2020: 7 406 shares). The expense recorded in 2021 in the personnel costs amounts to CHF 0.7 million (2020: CHF 0.5 million).

NOTE 30 COMMITMENTS AND CONTINGENCIES

a. Guarantees

In million CHF	2021	2020
Guarantee obligations in favor of third parties	7.4	8.4

Contingent liabilities are mentioned for the full nominal amount.

b. Maturities of commitments under operating leases

The Group's operating leasing commitments that cannot be cancelled within 12 months and which are not recognized in the balance sheet are due as follows :

In million CHF	2021	2020
Less than 1 year	1.1	0.8
Between 2 and 5 years	4.0	3.4
Over 5 years	4.6	3.4
Total	9.7	7.6

OTHER FINANCIAL INFORMATION

NOTE 31 RELATED PARTIES

Investments in associates	BHS Group, D-Weiherhammer. Duo-Technik GmbH, D-Lauterbach. IVG Weiherhammer GmbH, Weiherhammer.
Main shareholder	JBF Finance SA, CH-Buchillon.
Key management personnel	Board members of Bobst Group SA. Thierry de Kalbermatten, as <i>Vice Chairman of our Board</i> and <i>Chairman of the Board of JBF Finance SA</i> . Alain Guttman, as <i>Chairman of our Board</i> , and <i>member of the Board of JBF Finance SA</i> . GEC members. Jean-Pascal Bobst, as <i>CEO of our GEC</i> , and <i>member of the Board of JBF Finance SA</i> .
BOBST employee benefit plans	
Entities controlled by members of key management personnel	CapDconsulting Guttman, CH-Vufflens-le-Château. Alpavest SA, CH-Vufflens-le-Château.

OTHER FINANCIAL INFORMATION

NOTE 31 (CONTINUED) RELATED PARTIES

Transactions with related parties during 2021 and 2020:

In million CHF	2021	2020
Investments in associates		
Sales	0.0	0.1
Purchases	2.1	2.2
Receivables and prepaid expenses	0.1	0.1
Trade and other payables	0.1	0.1
Rendering or receiving of services/transfer of R&D	0.1	0.1

Sales were made at usual list prices, discounted, to reflect the quantity of goods in question and the relationship between parties at market prices.

In million CHF	2021	2020
Key management personnel compensation		
Short-term benefits	6.1	5.4
Post-employment benefits	0.4	0.5
Share-based compensation	0.7	0.5
Bobst employee benefit institutions		
Open payables due to them at year-end	0.1	0.0
Entities controlled by members of key management personnel		
Honorarium billed to Bobst Group SA	0.0	0.0

There is no commitment with related parties.

NOTE 32 SUBSEQUENT EVENTS

The consolidated financial statements were approved for publication by the Board of Directors on 23 February 2022. They are also subject to approval by the Annual General Meeting of Shareholders.

No events have occurred up to 23 February 2022 that would necessitate additional adjustments to the book values of the Group's assets or liabilities, or which require disclosure.

OTHER FINANCIAL INFORMATION

NOTE 33

LIST OF GROUP COMPANIES

		Currency	Share capital in local currency	Ownership and voting %	Consolidation	Production	Sales and services	Other
Holding company								
Switzerland	Bobst Group SA, Mex	CHF	16518478					■
Affiliated companies								
Austria	Bieling & Petsche Stanzforme GmbH, Elixhausen	EUR	100000	51.0	C	■		
	Cito FormLine GmbH, Wien	EUR	236336	51.0	C		■	
Belgium	Bobst Benelux NV, Berchem	EUR	1624000	100.0	C		■	
Brazil	Bobst Latinoamerica do Sul Ltda, Itatiba	BRL	20672014	100.0	C	■	■	
China	Bobst (Shanghai) Ltd, Shanghai	CNY	52216742	100.0	C	■	■	
	Gordon Ltd, Hong Kong	CNY	10681	100.0	C	■	■	
	Bobst (Changzhou) Ltd, Changzhou	CNY	42000000	100.0	C	■	■	
	Yancheng Hongjing Machinery Technology Co. Ltd, Dongtai	CNY	15000000	70.0	C	■		
Czech Republic	Bobst Central Europe s.r.o., Brno	CZK	100000	100.0	C		■	
	Cito CZ s.r.o, Straznice	CZK	200000	51.0	C	■	■	
Denmark	Bobst Scandinavia ApS, Brøndby	DKK	125000	100.0	C		■	
France	Bobst Paris SAS, Villeurbanne	EUR	611289	100.0	C		■	
	Bobst France Participations SAS, Villeurbanne	EUR	612289	100.0	C			■
	Bobst Lyon SAS, Villeurbanne	EUR	11360000	100.0	C	■	■	
	Jetpack SAS, Paris	EUR	20000	51.0	C		■	
Germany	Bobst Beteiligungsgesellschaft mbH, Meerbusch	EUR	9407771	100.0	C			■
	Bobst Meerbusch GmbH, Meerbusch	EUR	2000000	100.0	C		■	
	Bobst Stuttgart GmbH, Meerbusch	EUR	5601000	100.0	C		■	
	Bobst Bielefeld GmbH, Bielefeld	EUR	1534000	100.0	C	■	■	
	Boxplan GmbH & Co.KG, Radolfzell am Bodensee	EUR	1000	75.0	C	■	■	
	Cito-System GmbH, Schwaig	EUR	510000	51.0	C	■	■	
India	Bobst India Private Ltd, Pune	INR	235311400	100.0	C	■	■	
Indonesia	PT. Bobst Jakarta, Jakarta	IDR	923613969	100.0	C		■	
Italy	Bobst Italia SpA, Piacenza	EUR	6486000	100.0	C	■	■	
	Bobst Firenze Srl, Campi Bisenzio (FI)	EUR	110000	100.0	C	■	■	
	Cito Italia Srl, Muggia	EUR	245000	51.0	C		■	
	Cm Service Italia Srl, Lonato del Garda	EUR	300000	51.0	C		■	
	24/7 Cerutti Service Srl, Casale Monferrato	EUR	10000	100.0	C		■	
Japan	Bobst Japan Ltd, Tokyo	JPY	200000000	100.0	C		■	
Malaysia	Bobst Malaysia Sdn. Bhd., Petaling Jaya	MYR	500000	100.0	C		■	
Mexico	Bobst Latinoamerica Norte SA de CV, Mexico	MXN	394165	100.0	C		■	
Netherlands	Brasse Europe BV, Hertogenbosch	EUR	25000	100.0	C		■	
	PolyMX BV, Raamsdonksveer	EUR	18000	51.0	C	■		
Nigeria	Bobst Lagos Ltd, Ilupeju	NGN	10000000	100.0	C		■	
Poland	Bobst Polska Sp. z o.o., Lodz	PLN	50000	100.0	C		■	
Russia	Bobst CIS LLC, Moscow	RUB	200000	100.0	C		■	
Spain	Bobst Ibérica, S.L., Barcelona	EUR	700000	100.0	C		■	

C = Full consolidation method E = Equity method

OTHER FINANCIAL INFORMATION

NOTE 33 (CONTINUED) LIST OF GROUP COMPANIES

		Currency	Share capital in local currency	Ownership and voting %	Consolidation	Production	Sales and services	Other
Switzerland	Bobst Grenchen AG, Grenchen	CHF	1 000 000	100.0	C	■	■	
	Bobst Mex SA, Mex	CHF	30 409 730	100.0	C	■	■	
Thailand	Bobst (Thailand) Ltd, Bangkok	THB	17 510 000	100.0	C		■	
Tunisia	Bobst Africa & Middle East Ltd, Tunis	TND	10 000	100.0	C		■	
Turkey	Bobst Istanbul Ambalaj A.Ş., Istanbul	TRY	50 000	90.0	C		■	
United Kingdom	Bobst UK Holdings Ltd, Redditch	GBP	100 000	100.0	C			■
	Bobst UK & Ireland Ltd, Redditch	GBP	2	100.0	C		■	
	Bobst Manchester Ltd, Heywood	GBP	4 000 100	100.0	C	■	■	
	Cito UK Ltd, Alfreton	GBP	502 000	51.0	C		■	
United States	Bobst North America Inc., Roseland	USD	575 960	100.0	C		■	
	North American Cerutti Corporation, New Berlin	USA	5 940 883	100.0	C		■	
Vietnam	Bobst Vietnam Co. Ltd, Ho Chi Minh City	VND	2 268 825 050	100.0	C		■	
Associated companies								
Germany	Duo-Technik GmbH, Lauterbach	EUR	72 000	40.0	E		■	
	BHS Corr. Maschinen- und Anl. GmbH, Weiherhammer	EUR	6 000 000	30.0	E			
	IVG Weiherhammer GmbH, Weiherhammer	EUR	25 000	30.0	E			

C = Full consolidation method E = Equity method

Report of the statutory auditor

to the General Meeting of Bobst Group SA

Mex

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bobst Group SA and its subsidiaries (the Group), which comprise the consolidated profit and loss for the year ended as at 31 December 2021, the consolidated balance sheet as at 31 December 2021 and the consolidated cash flow statement and the changes in consolidated equity 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 28 to 67) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview	Overall Group materiality: CHF 4'940'000
	We concluded full scope audit work at 9 reporting units in 6 countries. Our audit scope addressed over 75.1 % of the Group's revenue and 81.2 % of the Group's assets.
	As key audit matter the following area of focus has been identified:
	Valuation of deferred tax assets

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

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to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

Overall Group materiality	CHF 4'940'000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark

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.

Following our assessment of the risk of material misstatement in the Group financial statements, we selected nine components which represent the principal business units within the Group’s reportable segments. All of these components were subject to a full scope audit. The Group audit team directed the component teams at all stages of the audit by sending audit instructions and regular communications. For the remaining components, we performed other procedures to test or assess that there were no significant risks of material misstatement in these components in relation to the Group financial statements. The components subject to a full scope audit together addressed 75.1 % of Group revenue and 81.2 % of the Group’s assets. The Group audit team was directly responsible for auditing two components, both of which were subject to a full scope audit.

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 deferred tax assets

Key audit matter	How our audit addressed the key audit matter
As of 31 December 2021, deferred tax assets amount to CHF 35.1 million, of which CHF 7.7 million relates to a specific entity. Related potential deferred tax assets (on losses carried forward) amounting to CHF 89.3 million have not been recognised at December 31, 2021 for this specific entity as Management deem the criteria for recognition have not been met.	Our audit approach included an assessment of the company’s assumptions underlying the estimated future tax profits for their reasonableness and consistency with internal budgets and the business plan as well as discussions with the Group Management representatives, the Audit Committee and with the Chairman of the Audit Committee.
We consider the recognition of deferred tax assets and their valuation as a key audit matter because their utilisation depends on the future economic and financial development of individual Group companies. This assessment involves significant judgement from Management.	In addition, we performed the following audit procedures: - We assessed the 2022 budget as well the Business Plan 2023-2025 of the affiliate and the likelihood of achieving the improvement of its economics for reasonableness.



Please refer to note 11 (Taxation) of the consolidated financial statements.

- We compared the key assumptions (sales, EBIT) of the 2022 budget and the Business Plan 2023-2025 with the actual results in the reporting period.

- We assessed the valuation of the deferred tax asset for reasonableness in light of the 2022 budget and Business Plan 2023-2025 and the local applicable tax regulations.

- We discussed the results of our audit procedures with Management representatives and with the Audit Committee.

As a result of the procedures performed, we consider Management's decisions supporting the valuation of the deferred tax assets to be reasonable.

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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 SA

Corinne Pointet Chambettaz
Audit expert
Auditor in charge

Gérard Ambrosio
Audit expert

Lausanne, 23 February 2022

STATUTORY ACCOUNTS

BALANCE SHEET AS AT 31 DECEMBER OF BOBST GROUP SA

In million CHF		2021	2020
Assets	Cash and cash equivalents	212.7	105.6
	Miscellaneous receivables	0.8	0.0
	Receivables from affiliated companies	8.4	8.4
	Prepaid expenses and accrued income	0.1	0.1
	Current assets	222.0	114.1
	Investments in subsidiaries	474.3	409.5
	Loans to affiliated companies	231.2	255.3
	Financial fixed assets	705.5	664.8
	Total assets	927.5	778.9
Liabilities	Other debts to affiliated companies	114.0	56.2
	Short-term debts	11.4	15.5
	Current liabilities	125.4	71.7
	Debenture bonds	335.0	335.0
	Provisions	1.7	1.7
	Non-current liabilities	336.7	336.7
	Share capital	16.5	16.5
	Legal reserve from retained earnings	7.2	7.2
	Available earnings		
	- balance carried forward	346.8	298.5
	- profit for the year	94.9	48.3
	Equity	465.4	370.5
	Total liabilities and equity	927.5	778.9

PROFIT AND LOSS STATEMENT OF BOBST GROUP SA

In million CHF		2021	2020
Income	Income from affiliated companies	111.3	66.0
	Financial income	1.1	0.6
	Total	112.4	66.6
Costs	Administration and other costs	-9.6	-12.4
	Financial costs	-7.9	-5.9
	Total	-17.5	-18.3
	Profit before direct taxes	94.9	48.3
	Direct taxes	0.0	0.0
	Net profit	94.9	48.3

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

ACCOUNTING PRINCIPLES

General

Bobst Group SA is the holding company of the Bobst Group. The annual accounts are prepared in accordance with Swiss law and with generally accepted accounting principles.

The Company does not and did not have any employees.

Conversion of foreign currencies

Transactions in foreign currencies are converted to Swiss Francs (CHF) at the prevailing rate on the date of the transaction.

Investments in subsidiaries and receivables related to investments

Investments in subsidiaries and loans are carried at their gross acquisition values, reduced by necessary provisions.

EXPLANATORY NOTES FOR VARIOUS ELEMENTS

BALANCE SHEET

Debenture bonds

Amount: CHF 200.0 million
Length: Six years, fixed
Maturity: 17 February 2026
Rate: 0.5%
Quotation: SIX Swiss Exchange

Amount: CHF 135.0 million
Length: Six years, fixed
Maturity: 27 September 2024
Rate: 1.125%
Quotation: SIX Swiss Exchange

Financial guarantees

2021: CHF 124.5 million
2020: CHF 127.6 million

Investments in subsidiaries

Direct and indirect investments in Corporate Companies of Bobst Group SA include the companies listed on page 66-67 of the Annual Report.

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

PROFIT AND LOSS STATEMENT

All income and expenses exclusively concern the activities of the holding company and require no special comments.

BOARD AND EXECUTIVE REMUNERATION DISCLOSURES

The disclosures required by Swiss Law on Board and Executive remuneration are shown in the remuneration report.

Proposal for the appropriation of available earnings

In million CHF	2021	2020
Balance carried forward	346.8	298.5
Change in reserve for treasury shares	0.0	0.0
Profit for the year	94.9	48.3
Total	441.7	346.8
The proposal is as follows:		
Dividend of CHF 8.00 / CHF 0,00 per share	132.1	0.0
Balance to retained earnings	309.6	346.8
Total	441.7	346.8

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

SHARE CAPITAL

	2021		2020		2019	
	Number of registered shares par value CHF 1.-		Number of registered shares par value CHF 1.-		Number of registered shares par value CHF 1.-	
Issued shares						
Balance at 1 January	16518478		16518478		16518478	
Reduction						
Balance at 31 December	16518478		16518478		16518478	

Significant shareholders

Shareholders as per Share Register as at 31 December 2021

	2021		2020		2019	
	Number of registered shares par value CHF 1.-		Number of registered shares par value CHF 1.-		Number of registered shares par value CHF 1.-	
JB Finance SA	8 709 040	52.72%	8 709 040	52.72%	8 709 040	52.72%
Public Shareholders	7 809 438	47.28%	7 809 438	47.28%	7 807 938	47.27%
Total shares outstanding	16 518 478		16 518 478		16 516 978	
Treasury shares	0	0.00%	0	0.00%	1 500	0.01%
Total shares issued	16 518 478	100.00%	16 518 478	100.00%	16 518 478	100.00%

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

SHARE OWNERSHIP

The total number of Bobst Group SA shares owned as at 31 December 2021 by non-executive members of the Board of Directors, by GEC members, and by persons closely linked to them was as per the table below:

Non-executive Members of the Board of Directors	Number of shares owned	Group Executive Committee (GEC) Members	Number of shares owned
Thierry de Kalbermatten	90	Jean-Pascal Bobst	16 562
Jürgen Brandt	2 000	Attilio Tissi	12 443
Philip Mosimann	3 000	Julien Laran	625
		Stephan März	1 633
Total 2021	5 090	Total 2021	31 263

The total number of Bobst Group SA shares owned as at 31 December 2020 by non-executive members of the Board of Directors, by GEC members, and by persons closely linked to them was as per the table below:

Non-executive Members of the Board of Directors	Number of shares owned	Group Executive Committee (GEC) Members	Number of shares owned
Thierry de Kalbermatten	90	Jean-Pascal Bobst	11 287
Jürgen Brandt	2 000	Attilio Tissi	9 576
Philip Mosimann	3 000	Julien Laran	319
		Philippe Milliet	5 353
		Stephan März	1 139
Total 2020	5 090	Total 2020	27 674

Persons closely linked to the non-executive members of the Board of Directors and to the GEC members are their spouses, their children under the age of eighteen, any legal entities that they own or otherwise control, or any legal or natural person who is acting as their fiduciary.

Report of the statutory auditor

to the General Meeting of Bobst Group SA

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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bobst Group SA, which comprise the balance sheet as at 31 December 2021, profit and loss statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 73 to 78) as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

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

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

Overall materiality	CHF 4'745'000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the company is most commonly measured, and it is a generally accepted benchmark.

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

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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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 SA

Corinne Pointet Chambettaz
Audit expert
Auditor in charge

G rard Ambrosio
Audit expert

Lausanne, 23 February 2022

REMUNERATION REPORT 2021

Bobst Group SA

The Remuneration Report outlines the principles of the remuneration of the Board of Directors and the GEC as defined in Articles 23 ter, 23 quarter, 23 quinquies and 23 sexies of the Articles of the Association, in Article 2 of the Organization Regulation of the Board and in the Remuneration Committee Charter (investors.bobst.com/documents). The Remuneration Report is based on Articles 13 and 16 of the Federal Ordinance against Excessive Remuneration.

PART A

CONTENT AND METHOD OF DETERMINING REMUNERATION, SHAREHOLDING PROGRAMS AND THE GRANT OF LOANS

PRINCIPLES

The remuneration policy at BOBST for all employees, and in particular for the GEC members, focuses on achieving a high level of performance to ensure sustained growth of the Company and value creation. The remuneration of the GEC and of the members of the Board of Directors is reviewed on an annual basis by the Remuneration and Nomination Committee, which proposes appropriate measures to the Board of Directors.

All amounts stated are gross and include all fixed and variable remuneration allocated to the members of the Board and to the GEC for the year under review.

Board of Directors

The members of the Board of Directors receive a fixed remuneration. The remuneration of the members of the Board of Directors reflects their expected level of commitment and accountability.

Group Executive Committee (GEC)

The remuneration of the members of the GEC is designed to reward performance, and to be competitive and attractive in line with their responsibilities.

The remuneration of the members of the GEC is composed of the following components:

- a fixed annual base salary in cash;
- a variable component, linked to performance, paid part in cash and part in shares usually blocked for three years.

As of 2022, the variable component of the remuneration of the members of the GEC will also include a long-term incentive, delivered in performance share units which will convert into shares after a three-year vesting period, subject to the fulfilment of performance conditions. For further details, please refer to the section Outlook on page 89.

RESPONSIBILITY AND PROCEDURE FOR THE DETERMINATION OF REMUNERATION

PRINCIPLES

The Board of Directors has the power to implement the remuneration systems for the members of the Board and the GEC and to propose to the General Meeting the maximum aggregate amounts of remuneration for the members of the Board and the members of the GEC, pursuant to clause 23 ter through 23 quinquies of the Articles of Association (investors.bobst.com/documents).

The General Meeting annually approves the remuneration proposals of the Board of Directors as follows:

- The maximum aggregate amount of remuneration for the members of the Board of Directors for a period from one ordinary Annual General Meeting to the following ordinary Annual General Meeting;
- The maximum aggregate amount of remuneration for the members of the GEC for the following financial year.

Board of Directors

The Remuneration and Nomination Committee submits to the Board for approval a remuneration system for the Board which respects the principles defined in its charter (investors.bobst.com/documents).

Group Executive Committee (GEC)

The Remuneration and Nomination Committee submits the remuneration system for the GEC to the Board for approval, pursuant to the principles defined in its charter (investors.bobst.com/documents).

The Remuneration and Nomination Committee submits to the Board of Directors, upon proposal by the CEO, the total remuneration of each ordinary member of the GEC. The Remuneration and Nomination Committee submits to the Board of Directors for approval the total remuneration of the CEO.

REMUNERATION SYSTEM

Board of Directors

The amount of remuneration of the members of the Board is set by the Board at its discretion, pursuant to a proposal by the Remuneration and Nomination Committee.

The Board of Directors requests the General Meeting for approval of the maximum aggregate amount of remuneration for the members of the Board of Directors for a period from one ordinary Annual General Meeting to the following ordinary Annual General Meeting.

The members of the Board of Directors receive a fixed remuneration in cash as detailed in the table below (see Part B, Board of Directors, page 88):

Annual remuneration of the members of the Board of Directors	Fixed remuneration in cash in CHF ¹⁾
Chairman of the Board ²⁾	348 000
Vice Chairman of the Board ³⁾	246 000
Member of the Board	156 000
Audit Committee – Chairman	30 000
Audit Committee – members	20 000
Remuneration and Nomination Committee – Chairman	20 000
Remuneration and Nomination Committee – members	10 000

¹⁾ Gross amount without social security contribution.

²⁾ The Chairman of the Board of Directors does not receive additional remuneration for Committee activities.

³⁾ The Vice Chairman of the Board of Directors does not receive additional remuneration for Committee activities.

Members of the Board do not receive variable remuneration. They are not affiliated to any company pension plan.

The members of the Board are all non-executive and none of them has operational management tasks within Bobst Group SA, nor any subsidiary. None of the members of the Board has been a member of the management of Bobst Group SA, or of any subsidiary in the last three years.

Group Executive Committee (GEC)

The remuneration of the GEC members is governed by a total reward policy. The remuneration system is reviewed by the Remuneration and Nomination Committee on an annual basis and approved by the Board of Directors based on a proposal by the Remuneration and Nomination Committee.

The Board of Directors requests the General Meeting for approval of the maximum aggregate amount of remuneration for the members of the GEC for the following financial year.

The remuneration of the members of the GEC is composed of the following components:

Annual remuneration system for the members of the Group Executive Committee (GEC)

Base remuneration	Variable remuneration (VPP)	
	Variable Pay Plan (Cash)	Variable Pay Plan (Shares)
— Base salary	— Incentive in cash ¹⁾	— Incentive in shares blocked for 3 years ²⁾
— Pension plan contributions		
— Representation allowances		
— Others		

¹⁾ The part of the VPP paid in cash represents between 70% and 90% of the whole variable remuneration for the GEC members and 70% for the CEO.

²⁾ The part of the VPP paid in shares blocked for 3 years represents up to 30% of the whole variable remuneration for the GEC members and 30% for the CEO.

Base salary

The level of the base salary is set at the discretion of the Board of Directors, pursuant to a proposal by the Remuneration and Nomination Committee. The remuneration of the members of the GEC is designed to be competitive and attractive in line with their responsibilities.

In addition, a yearly representation allowance of CHF 24 000.- is granted to the CEO and of CHF 21 000.- to the other members of the GEC.

Variable remuneration (VPP)

The annual target VPP corresponds to a percentage of the base annual salary – around 120% for the CEO and in the range of 66% for the other members of the GEC. The actual VPP paid depends on the achievement of the agreed targets which are set in January of each year.

For the CEO and the CFO, 70% of these targets are of a financial nature (such as Group operating result and net working capital [NWC]) and 30% are personal targets, which can be both qualitative and quantitative.

For the other members of the GEC, 70% of these objectives are of a financial nature (such as Group and Business Unit operating results, Group and Business Unit net working capital [NWC]) and 30% are individual objectives, which can be both qualitative and quantitative.

For each of the defined objectives, a target value as well as a “kick-in” and “ceiling” levels are set. No payout is granted if the “kick-in” level is not reached. The maximum payout is 1.5 times the target value when the “ceiling” level is attained or surpassed.

Exceptions to this policy may be adopted at the discretion of the Board.

Shareholding Program

The amount of the variable remuneration paid in the form of shares in Bobst Group SA is valued at fair market value close to the date when the Board approves the annual accounts. The shares are blocked at allocation for a period of three years.

Pension plan contributions

The members of the GEC are enrolled into the social security system and the local pension plan of an affiliate.

EMPLOYMENT CONTRACTS

The members of the GEC all have employment contracts with a notice period of twelve months.

LOANS

No loan or credits are granted to the members of the Board of Directors or of the GEC.

ADDITIONAL INFORMATION

The Group provides each member of the GEC with a company car.

No additional fee or remuneration (consulting, acquisition, divestment or others) is granted to the GEC members for activities within the Group.

The members of the Board of Directors and of the GEC do not, in principle, receive any component of remuneration other than those listed above.

The members of the Board of Directors and of the GEC do not contractually have severance pay.

PART B

BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE (GEC) REMUNERATION

PRELIMINARY REMARK

The elements of the remuneration presented in this chapter have been determined by applying the principles described in Part A of this document.

All amounts stated are gross and include all fixed and variable remuneration allocated to the members of the Board of Directors and to the GEC for the year under review.

Board of Directors

In 2021, the members of the Board of Directors received a fixed remuneration as detailed in the table below:

Members of the Board of Directors	Revenue in CHF
Alain Guttman, Chairman	348 000
Thierry de Kalbermatten, Vice Chairman ²⁾	246 000
Jürgen Brandt ³⁾	186 000
Gian-Luca Bona ¹⁾	176 000
Philip Mosimann ^{4), 5)}	176 000
Total remuneration 2021	1 132 000

¹⁾ Chairman of the Remuneration and Nomination Committee.

²⁾ Member of the Remuneration and Nomination Committee.

³⁾ Chairman of the Audit Committee.

⁴⁾ Member of the Audit Committee.

⁵⁾ Independent Director.

In 2020, the members of the Board of Directors received a fixed remuneration and a representation allowance in cash as detailed in the table below:

Members of the Board of Directors	Revenue in CHF
Alain Guttman, Chairman	348 000
Thierry de Kalbermatten, Vice Chairman ²⁾	246 000
Jürgen Brandt ^{3), 5)} until 07.04.2020	186 000
Gian-Luca Bona ¹⁾	176 000
Philip Mosimann ^{4), 5)} since 07.04.2020	176 000
Total remuneration 2020	1 132 000

None of the Board members are affiliated to the Group's pension funds.

In addition, in 2021, the Group had to pay contributions for Federal Old Age, Survivor and Disability Insurance (AVS) and Unemployment Insurance and family LPC amounting to CHF 58 397.- (2020: CHF 58 397.-).

As at 2022-2023 period, the Board remuneration will be revised and increased by 10%.

Group Executive Committee (GEC)

In 2021, the members of the GEC received the remuneration detailed in the table below:

	Base remuneration		Variable Pay Plan (VPP)		Pension plans	Payment in kind	Total 2021
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF	CHF
Total remuneration:							
GEC	2 900 324	1 704 355	8 394	651 075	431 882	72 000	5 759 636
Highest remuneration:							
Jean-Pascal Bobst, CEO	721 504	934 360	5 163	400 440	129 999	18 000	2 204 303

In 2020, the members of the GEC received the remuneration detailed in the table below:

	Base remuneration		Variable Pay Plan (VPP)		Pension plans	Payment in kind	Total 2020
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF	CHF
Total remuneration:							
GEC	2 188 026	1 667 810	7 406	454 890	522 303	90 000	4 923 029
Highest remuneration:							
Jean-Pascal Bobst, CEO	681 504	756 000	5 275	324 000	136 495	18 000	1 915 999

* The share price at the date of attribution was CHF 77.56 (2020: CHF 61.43).

In addition, the Group had to pay contributions for Federal Old Age, Survivor and Disability Insurance (AVS), Unemployment Insurance and family LPC amounting to CHF 318 548.- (2020: CHF 260 653.-).

REMUNERATION FOR FORMER MEMBERS OF GOVERNING BODIES

During the year under review, an amount of CHF 335 500.- was paid to former members of governing bodies in relation with their former activity as governing bodies and/or are not at arm's length, either by Bobst Group SA or its subsidiaries (2020: CHF 0.-).

OUTLOOK

In 2021, the Remuneration and Nomination Committee conducted a review of the remuneration system of the Senior Leadership Team (approx. 65 managers) including the members of Group Executive Committee. Based on this analysis, and to further align the remuneration of the Senior Leadership Team (SLT) with the long-term strategy of the Company and the interests of the shareholders, the Remuneration and Nomination Committee decided to propose the following changes to the variable remuneration, which were approved by the Board of Directors and will be implemented in 2022:

Long-term incentive plan (LTI)

As of 2022, the members of the SLT will receive part of their remuneration in the form of a LTI, delivered in performance share units (PSU) subject to a three-year vesting period and to the fulfilment of performance conditions. At the end of the three-year vesting period, the PSU will convert into shares, based on the level of achievement of three performance conditions:

- Cash flow from operations and investments;
- Milestones based on BOBST industry vision deployment;
- Milestones based on sustainability objectives.

These performance objectives are complementary to the objectives already included in the Variable Pay Plan (VPP) and are in line with the long-term strategy of the Company. At the beginning of the vesting period, the Board of Directors will define for each long-term performance objective a target level of achievement, corresponding to a vesting level of 100%, a threshold under which no vesting is provided, and a maximum level of achievement, corresponding to a vesting level of 200%. The maximum achievement level is capped at 200% of target.

In case of voluntary resignation or termination for cause, performance or behavior, the unvested LTI awards will forfeit. Furthermore, clawback and malus provisions will apply in case of financial restatement due to material non-compliance with any accounting reporting standards, or in case a participant acts in violation of the law or internal regulations of BOBST.

Detailed information will be provided in 2022 Remuneration Report.

Report of the statutory auditor

to the General Meeting of Bobst Group SA

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We have audited the remuneration report of Bobst Group SA for the year ended 31 December 2021. 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 part B on pages 87 to 88 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration 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 remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration 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 remuneration 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 remuneration 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 remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration 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 remuneration report of Bobst Group SA for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz
Audit expert
Auditor in charge

Gérard Ambrosio
Audit expert

Lausanne, 23 February 2022

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Potential risks and uncertainties include such factors as general economic conditions, foreign exchange rate and interest rate fluctuations, competitive product and pricing pressures, the Company’s operating conditions, and regulatory developments.

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Disclosure of shareholdings

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