

ANNUAL REPORT 2022

Bobst Group SA

KEY FIGURES

In million CHF		2022		2021		2020		2019		2018	
Assets	Non-current assets	469.4	24%	479.4	26%	453.0	29%	489.9	32%	501.9	29%
	Current assets	1 457.7	76%	1 362.9	74%	1 089.7	71%	1 034.9	68%	1 219.7	71%
		1 927.1	100%	1 842.3	100%	1 542.7	100%	1 524.8	100%	1 721.6	100%
Liabilities	Equity	556.8	29%	595.4	32%	511.6	33%	559.2	37%	553.5	32%
	Non-current liabilities	437.8	23%	440.6	24%	418.8	27%	234.6	15%	405.5	24%
	Current liabilities	932.5	48%	806.3	44%	612.3	40%	731.0	48%	762.6	44%
	1 927.1	100%	1 842.3	100%	1 542.7	100%	1 524.8	100%	1 721.6	100%	
Net working capital (NWC)		113.2		77.2		177.0		254.9		239.8	
Net cash/Net debt		67.0		153.9		3.9		(58.6)		(20.8)	
Sales		1 840.9		1 563.4		1 372.0		1 636.3		1 634.5	
Operating result (EBIT)		141.3		99.0		43.7		81.0		86.5	
As % of sales			7.7%		6.3%		3.2%		5.0%		5.3%
Net result		115.3		93.4		17.3		52.6		50.4	
As % of sales			6.3%		6.0%		1.3%		3.2%		3.1%
As % of equity			20.7%		15.7%		3.5%		9.4%		9.1%
Capital expenditure (CAPEX)		41.3		38.8		43.2		57.1		54.0	
Return on capital employed (ROCE)		28.7%		22.0%		8.3%		12.9%		14.2%	
Share income											
Share price at the end of the year			57.3		82.9		53.5		56.4		68.3
Market capitalization			946.5		1 369.4		882.9		930.8		1 128.2
EPS (16 518 478 shares)			6.92		5.51		1.85		4.12		3.84
Price-earnings ratio			8.3		15.1		28.9		13.7		17.8
Dividend paid:											
– total, in million CHF			165.2		132.1		0.0		24.8		24.8
– payout ratio			143.3%		141.5%				47.1%		49.2%
– dividend yield			17.5%		9.6%				2.7%		2.2%
Headcount		6 111		5 809		5 662		5 555		5 660	
% change compared to previous year			5.2%		2.6%		1.9%		(1.9%)		4.9%

LONG-TERM FINANCIAL TARGETS

Sales (in million CHF)	1 800 – 1 900
Operating result (EBIT)	min. 8%
Return on capital employed (ROCE)	min. 20%
Payout ratio	min. 50%
Equity ratio	30 – 35%

CONTENTS

Annual report 2022	02
Letter to our shareholders	03
Corporate governance	08
Financial statements 2022	24
Contents	25
Consolidated financial statements	28
Bobst Group SA, statutory accounts	73
Remuneration report 2022	83
Part A Content and method of determining remuneration, shareholding programs and the grant of loans	84
Part B 2022 Board and Executive Committee remuneration	88

ANNUAL REPORT 2022

Bobst Group SA

DEAR SHAREHOLDERS

In BOBST's history, 2022 could be described as the year when the company's **vision** became a reality. The issues plaguing the world are numerous: China lockdown, raw materials and components shortages, human resource challenges, the headache of supply chains, galloping inflation, energy crisis, Ukraine conflict; all have their share of negative consequences. A new reality is shaping global and local business relationships and is impacting the geopolitical environment. The response needed to these various predicaments made it clear to us, and to our customers, that a vision is necessary for the business to be successful.

BOBST **industry vision** is coming alive even stronger. 2022 was challenging but we navigated through it with confidence, and we helped our customers to do the same despite delays which caused many disruptions. We proved our reliability to our stakeholders: customers, employees, business partners, and shareholders, trying our upmost to keep both the satisfaction and the intimacy with our clients at the best possible level.

A few months ago, with the supply chain situation not having improved sufficiently, the profit guidance seemed unrealistic. However, the efforts of everybody at BOBST have paid off and we are right on target. Order intake in the last months was still on a very good level, but as expected, below the exceptionally high level recorded in the first half of 2022. The Group full year sales have reached however CHF 1 841 million.

This strong result could be achieved because every employee was fully committed to the company in such challenging times. This is something very special at BOBST – the tougher the times, the greater the resilience. THANK YOU for your great support in achieving this result and for your belief in our vision and in the future of the company.

Public Tender Offer. Amidst the turmoil, on 25 July, 2022, JBF Finance SA (JBF), the family holding which controls our Group, announced a **Public Tender Offer** for all publicly held shares of Bobst Group SA, at a price of CHF 78.- in cash per Bobst Group share. On 12 December, 2022, SIX Exchange Regulation Ltd approved the delisting of the registered shares of Bobst Group SA from the SIX Swiss Exchange. The delisting date was 30 December 2022.

JBF now holds approximately 85.29% of Bobst Group's shares. Trading of the Bobst Group shares is possible via over the counter (OTC) Swiss trading platforms, effective as from the delisting of the Bobst Group shares.

You may wonder why BOBST's majority shareholders chose to go private. It has a strong strategic rationale. It will give the company and the 5th generation of the family's main owners the best possible conditions to focus on the long term, to execute its digital transformation, and to maintain its role as a key anchor of the industrial base in Switzerland. It is a token of the 4th and 5th generations' dedication to the company, of their recognition and gratitude for its employees' and predecessors' work which made BOBST what it is today.

Bobst Group continues to be managed by a majority of independent members of the Board of Directors alongside family Board members, without any change in its strategy nor governance, as it is today.

There was no downtime throughout the year, although it was intense with political crisis, economic constraints, new developments, initiatives and events. Key initiatives we launched were:

- **Truly connected solutions.** We continue to deliver quality machines and services, but the company is now adding intelligence and software capabilities, to make packaging production better than ever.
- At the heart of BOBST's solutions is **BOBST Connect**, bringing BOBST machine insights and digital services together in one cloud-based platform. With BOBST Connect, our customers get a fact-based overview of the production performance, maintenance, and process, and they can orchestrate it. They benefit from accurate overall equipment efficiency and get specific equipment data and interfaces to connect to their existing software. The first subscription plan of this very powerful tool – BOBST Connect Essential – has been made available on all BOBST machines as a standard supply. This is a unique offer within the industry.
- **Innovations**, which exemplify the BOBST vision.



Among them:

- In folding carton, **ACCUCHECK Recipe Management** allows users to create and edit recipes remotely within the BOBST Connect platform and to send them on the production floor.
- In corrugated board, **MASTERCUT 1.65 PER** is the most versatile die-cutter on the market, a combination of tools and technologies that reflect and support our vision in terms of automation, connectivity, and sustainability.
- In labels, the new **DIGITAL MASTER series** features modular and upgradable label presses that combine digital and flexo technologies in one single machine, with the highest level of automation and quality control to help customers protect their investment and reduce dependency on press operators.
- One of the most promising announcements in 2022 came in **flexible packaging**. At K 2022, BOBST and its partners unveiled **oneBARRIER** – a family of sustainable recycle-ready flexible packaging solutions with excellent barrier qualities. This includes oneBARRIER PrimeCycle – a polymer-based mono-material, which is recycle-ready up to 98% while retaining excellent barrier qualities, making it a potentially groundbreaking development for sustainable packaging; and oneBARRIER FibreCycle, which is a full paper, mono-material, recycle-ready solution, developed in response to increasing demand in the industry for more paper-based packaging options. The samples we showed at K 2022

are the real industrialized and commercially available solutions. With our partners, we have already made recycle-ready flexible packaging a reality today.

- To enable rapid response, BOBST opened a new **logistic hub for Europe, Middle East & Africa**, situated in Genk in Belgium in the heart of the European logistics network. This new hub will become the most automated and efficient logistics hub in our industry, and it will guarantee 95% parts availability for most product lines – with more than 100 000 items under one fully automated platform. We are currently working on the resolution of several issues impacting the supply chain.

To minimize the impact on our customers of the challenges posed by price increases and supply chain instability, we are working on three axes:

- A **dedicated supply chain team** with engineers following up orders closely – machine by machine, issue by issue, to adapt the supply chain according to events.
- Selection of **alternative suppliers** to reduce order delays, especially for electrical and electronic parts; and a **new way of assembling machines**, improving the availability of main parts, especially the platen, and preventing delays for final order.

Dual training is a domain in which BOBST excels. The efforts and resources we invest in this sector are key if we wish to have a talented and innovative workforce – an asset and the guarantee of the company's future. In almost 100 years, 3 500 apprentices have benefited from BOBST know-how, particularly in networking, digitalization, automation, and sustainability. In recognition of our track record, we received from the Hans-Huber Stiftung and the Swiss HES Foundation, the 2022 National Training Award, endowed with CHF 20 000. This is the first time in six editions that a Swiss French speaking company has received such an award.

The 80th birthday of the PCR product line was celebrated in many ways around the globe.

Thank you to all those involved in this great adventure since 1942 when BOBST delivered the first folder-gluer, the PCR 382, to clients in Switzerland and in France. Creativity runs on passion, it is not just about thinking, it involves emotions. We need to care about the past to shape the years to come.

Operationally the Group started 2022 with a 80% higher machine backlog than the year before. Order entries were particularly strong in the first half of the year 2022 and again at year end. This has led to an overall increase in total orders of 2%, compared to the already exceptional value achieved in the previous year.

Consolidated sales for the full year 2022 increased by CHF 278 million, or 17.8%, to CHF 1.841 billion. Adjusted for currency effects and acquisitions, organic sales were up CHF 320 million, or 20.5%, in 2022. An improvement of CHF 4 million, or 0.3%, came from a change in scope of consolidation due to the full year effect of the acquisitions made in 2021. The unfavorable evolution of exchange rates had a negative effect on sales of CHF 46 million, or -3.0%. In terms of profitability, the **operating result (EBIT) was CHF 141 million, or 7.7% of sales**, compared to CHF 99 million, or 6.3% of sales in 2021.

Business Unit Printing & Converting reached an operating result (EBIT) of CHF 47 million compared to CHF 14 million in 2021. Significantly higher sales and good cost management 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 utilization of the industrial capacities was not optimal due to frequent interruptions and delays caused by missing parts. The ongoing initiatives to further improve the efficiency and profitability continue to be implemented.

Business Unit Services & Performance reached CHF 97 million operating result (EBIT) compared to CHF 88 million in the previous year. The improvement came from higher activity and from price increases implemented since 2021. Business Unit Services & Performance

increased significantly the number of field service technicians to cope with the growing installed base of machines. This important investment in current and future customer satisfaction had a negative impact on the profitability, as the utilization rate of newly recruited resources was significantly below average in the first 12 to 24 months. 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.

The net result increased to CHF 115 million compared to CHF 93 million in 2021. The increase in net result is mainly due to the higher operating result (EBIT).

Net working capital slightly increased from CHF 77 million in 2021 to CHF 113 million in the reporting year, which is again an outstanding result. Customer down payments increased further due to the higher machine backlog, but this was more than compensated by higher receivables and increased inventories. The cash inflow from operating activities was CHF 93 million, compared to the very high level of CHF 186 million in 2021. The net cash position decreased from CHF 154 million in 2021 to CHF 67 million in the reporting year. This was mainly due to the CHF 132 million dividends distributed in April 2022.

The return on capital employed (ROCE) further increased to 28.7% in the reporting year, compared to 22.0% in 2021. The driver for this increase was the higher operating result (EBIT), as capital employed was CHF 492 million in 2022, compared to CHF 450 million in 2021. The equity ratio decreased from 32.3% in the previous year to 28.9% in 2022. The reduction of the ratio is mainly due to the distribution of ordinary and extraordinary dividends, and a temporary increase of the total balance sheet.

Dividend proposal and Annual General Meeting

The Group's dividend policy is adjusted and recommends a payout of at least 50% of the net consolidated profit after tax. The Board of Directors recommends to the Annual General Meeting of Shareholders to pay in 2023 a regular dividend of CHF 5 per share (CHF 2 per share paid in 2022), plus an extraordinary dividend of CHF 5 per share (CHF 6 per share paid in 2022).

The mandates of all the members of the Board of Directors become due for renewal for a one-year period. At the forthcoming Annual General Meeting of Shareholders on 30 March 2023, Alain Guttman, Thierry de Kalbermatten, Jürgen Brandt, and Gian-Luca Bona will be proposed for re-election for a new period of one year. Philip Mosimann will not present himself for re-election, as he will soon reach the age limit for Board members. We thank Mr. Philip Mosimann for his important contribution to the Board and to our company, especially in bringing to our Group his large and great industrial experience, his professionalism and for his clear understanding of the industry challenges. Mrs. Montserrat Peidro-Insa and Mr. Marc Schuler will be proposed for election. Mrs. Peidro-Insa is Vice President Strategy EMEA at Pax8, the leading cloud commerce marketplace for IT professionals to buy, sell and manage best-in-class technology solutions. She has a proven experience in launching new products within corporate environments and a deep understanding and experience in key market segments of the graphic arts industry such as commercial printing, packaging, and labels. Before joining Pax8, she worked for many years at HP, in the Graphics Business Unit and then at Heidelberg as Head of the Digital Print Business Unit. Mr. Marc Schuler joined Dixi Polytool in 1998 as Sales and Marketing Director and became Managing Director in January 2009. A passionate industrialist with a strong focus on sustainability, he is very active as President of the Association PME and Créateurs d'Entreprise, member of the Board of the Usines Métallurgiques de Vallorbe, Vice President of the European Cutting Tool Association and member of the Swissmem Committee.

2023 priorities and outlook

Customer satisfaction and quality in delivering the backlog will get very high attention in 2023. We will likely have a strong year and we will not compromise on quality when delivering the volume increase.

The extraordinary pressure we face due to the many current crisis is taking a heavy toll on the economy and on people's physical and mental well-being. Instilling the right leadership capabilities, we will move forward in this volatile period for the good of all our stakeholders.

We will pursue intrapreneurship and the deployment of our industry vision.

The business will grow through the development of BOBST Connect use cases with the IoT Lab, with new service products and business models. The acceleration of tooling digitalization and consumables and reaching a Net Promoter Score (NPS) above 50 in all product lines by 2025 are some of the key initiatives we have for 2023.

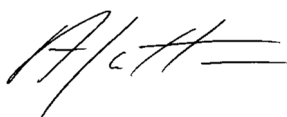
Our industry vision to shape the future of the packaging world – Connect, Digitalize, and Automate – includes Sustainability. The increasing complexity of the packaging value chain (digital printing & converting, automatization, connectivity, end-to-end workflow) requires a transformation. **Sustainability/ESG** (environment, social, governance) keeps putting pressure on our industry through its multiple and cumbersome compliance and reporting requirements, such as GRI, RBI compliance, Ecovadis platform for supplier assessment, TCFD (Task Force on Climate-Related Financial Disclosures), and new European directives impacting BOBST.

Based on today's evaluation of the overall business environment and prospects the Group is expecting 2023 full year sales to be similar to the level reached in 2022 (CHF 1.8 billion) and operating result (EBIT) margin to be slightly lower than in 2022 (7.7%). The long-term objectives, with an operating result (EBIT) margin of at least 8%, and a return on capital employed (ROCE) of at least 20%, are maintained. The long-term objectives for the dividend distribution and the equity ratio are adjusted to 30-35% for the equity ratio and to minimum 50% of the net consolidated profit after tax for the distribution ratio.

Our organization is aware of the great opportunities but also of the pressure our clients are under to deliver proper goods. Existing tensions in the supply chain and skills shortages will not revert to a normal level soon.

We are however full of confidence and optimism as we believe in the great abilities and strengths of our more than 6 100 collaborators. We wish to express our sincere gratitude to them and to our shareholders, customers and partners who have always supported us and who will continue to be part of our common journey.

We look forward to working closely with you in 2023.



Alain Guttmann
Chairman of the Board



Jean-Pascal Bobst
Chief Executive Office

CORPORATE GOVERNANCE

1. 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 with registered number CHE-109.107.774 and owns a number of non-listed companies as shown on pages 66–67.

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 Membership in Switzerland:
Alpavest SA, Corseaux;
BG Ingénieurs Conseils SA, Lausanne, Chairman;
Biokema SA, Crissier; CIEL Électricité SA, Lausanne;
JBF Finance SA, Buchillon;
LBIS SA, Lausanne; Voxia Communication SA, Geneva;
Wider SA, Clarens; Retripa SA, Crissier; Fondation Espoir, Berne.

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.

Other Board Memberships in Switzerland:
Belimed Life Science AG, Sulgen; V-Locker AG, Dübendorf.

Hesse Digital AG, Liechtenstein.

Gian-Luca Bona

1957, Swiss national.

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

2009 – 2022
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; Integra Holding, Wallisellen; 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

On 25 July 2022, JBF Finance SA, Buchillon, announced a public tender offer for all publicly held shares of Bobst Group SA at CHF 78.- per Bobst Group share.

On 21 November 2022, Bobst Group applied to SIX Exchange Regulation AG (SER) for the delisting of its registered shares from SIX Swiss Exchange.

On 13 December 2022, SER approved the delisting of the registered shares of Bobst Group SA (Bobst Group) from SIX Swiss Exchange. The last trading day was 29 December 2022.

Following delisting, the Bobst Group shares are tradable via Swiss over-the-counter (OTC) trading platforms.

On 31 December 2022, the main shareholder is JBF Finance SA, Buchillon, holding 85.29% of Bobst Group SA's share capital (see also page 78).

Cross-shareholdings

There are no cross-shareholdings with other companies.

2. CAPITAL STRUCTURE

Capital

The amount of the ordinary share capital is CHF 16 518 478.-.

The ordinary share capital is divided into 16 518 478 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 78.

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 of Directors	Since	To be re-elected
Alain Guttman, Chairman	2009	2023
Thierry de Kalbermatten, Vice Chairman ²⁾	2005	2023
Jürgen Brandt ³⁾	2013	2023
Gian-Luca Bona ¹⁾	2015	2023
Philip Mosimann ^{4), 5)}	2016	2023

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 2022, the Board met five times – three meetings of a day and a half, and two half-day meetings – and, additionally, held two conference calls with all Board members and one conference call with the Independent Directors. The meetings 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 2022, its members met three times. All meetings were attended by all Committee members, the Chairman of the Board, the Chief Executive Officer and the Chief Human Resources Officer, 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 2022, 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; to approve investments in excess of CHF 5 million if they are part of the approved budget, and in excess of CHF 0.5 million if they have not been included in the approved budget; to approve research and development projects the costs of which have not been approved as part of the annual budget; to define the compensation system for the members of the Board and of the Group Executive Committee; to approve the annual accounts to be brought before the Annual General Meeting for adoption, and to review off-balance sheet items on an annual basis; to propose to the Annual General Meeting the compensation to be paid to the members of the Board and to the members of the GEC; to approve the remuneration report to be presented to the Annual General Meeting; to approve the procurement of credit (bonds, private placements, confirmed credit lines, or similar) 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; to approve the granting of guarantees or letters of comfort for amounts in excess of CHF 10 million per creditor in the aggregate other than for the procurement of credit; to supervise the execution by the CEO of the management duties delegated to him; to designate and revoke the members of the Group Executive Committee as proposed by the CEO; to decide on requests by members of the GEC or other employees to be allowed to accept mandates with other companies, as members of their board or in similar functions; to designate and revoke the persons authorized to engage the company with their signature, with or without registering them in the "Registre du Commerce"; to verify the Internal Control System and the Risk Evaluation Process; to supervise the application of corporate governance principles in the Group; to bring any issue before the Annual General Meeting; to create or dissolve affiliate companies held directly or indirectly by the company; to acquire or dispose of equity participations in other companies held directly or indirectly; to determine the rules applicable to the acquisition or disposal of shares of the company; to decide on the initiation and termination of legal proceedings of fundamental importance; to supervise the share register; to periodically amend the present Regulations and its Exhibits.

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 2022, 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, Group functions and processes. 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.

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 2022, Part A, pages 84–87.

Performance Related Pay

See Remuneration Report 2022, Part A, page 86 and Part B, page 88.
See Articles 23 ter, 23 quater, and 23 quinquies of the Articles of Association (investors.bobst.com/documents).

Loans, credits, post-employment benefits

See Remuneration Report 2022, Part A, page 87 and Part B, page 89.
See Article 23 sexies of the Articles of Association (investors.bobst.com/documents).

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 Swiss 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 (PwC) 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 2022. 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. Therefore, a new head of auditor will be appointed in 2023.

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 2022, amounted to CHF 1 026 156.-.

For other professional services, additional fees billed by PricewaterhouseCoopers (worldwide), for the same period, amounted to CHF 296 390.-, of which CHF 257 118.- was for tax advice and compliance, CHF 36 772.- for IT consulting services and CHF 2 500.- for audit related services.

Informational instruments pertaining to the external audit

In 2022, 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 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) and TCFD standards. Consequently, the publication date of the 2022 sustainability report will exceptionally be postponed to 28 April 2023. In the future, the sustainability report 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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Tel. +41 21 621 21 11
www.bobst.com – to reach the site home page.

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

Bobst Group SA
Share Register
P.O. Box
CH-1001 Lausanne
Switzerland
E-mail: *shareholders@bobst.com*

FINANCIAL STATEMENTS

CONTENTS

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 five 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.

Comments	26
Primary statements	
Consolidated profit and loss	28
Consolidated balance sheet as at 31 December	29
Consolidated cash flow statement	30
Changes in consolidated equity	31
Accounting information and policies	
Note 1 General information	32
Note 2 Accounting information and policies	32
Note 3 Alternative Performance Measures (APM)	35
Result for the year	
Note 4 Segment reporting	36
Note 5 Sales	38
Note 6 Other operating income	39
Note 7 Personnel costs	39
Note 8 Research & Development	40
Note 9 Other operating expenses	41
Note 10 Financial result	41
Note 11 Taxation	42
Operating assets and liabilities	
Note 12 Intangible fixed assets	44
Note 13 Goodwill	46
Note 14 Investments in associates	48
Note 15 Tangible fixed assets	49
Note 16 Receivables	52
Note 17 Finance lease receivables	52
Note 18 Credit risk related to client receivables and financial counterparties	53
Note 19 Inventories	54
Note 20 Provisions	54
Note 21 Employee benefits	56
Risk management and capital structure	
Note 22 Risk management	57
Note 23 Derivative financial instruments	58
Note 24 Borrowings	60
Note 25 Capital management	61
Note 26 Earnings per share	61
Note 27 Dividends	61
Other financial information	
Note 28 Changes in the scope of consolidation	62
Note 29 Share-based payment compensation	63
Note 30 Commitments and contingencies	64
Note 31 Related parties	64
Note 32 Subsequent events	65
Note 33 List of the Group companies	66
Report of the Group auditors	68
Financial statements of Bobst Group SA, statutory accounts	73
Report of the statutory auditors	80

COMMENTS

ORDER ENTRIES AND BACKLOG

The Group started 2022 with a 80% higher machine backlog than the year before. Order entries were particularly strong in the first half of the year 2022 and again at year end. This led to an overall increase in total orders of 2% compared to the already exceptional value achieved in previous year. Orders for the Business Unit Printing & Converting were 2% below previous year with different trends by industry. Orders increased again in labels and folding carton but lower orders were recorded in flexible materials and in particular in corrugated board. Orders increased in Asia and Africa and were slightly below previous year in Europe and in the Americas. Orders for the Business Unit Services & Performance increased by 12% compared to 2021. The backlog for both Business Units is nearly 20% higher at the end of 2022 than in 2021.

SALES

Consolidated sales for the full year 2022 increased by CHF 278 million, or 17.8%, to CHF 1.841 billion. Adjusted for currency effects and acquisitions, organic sales were up CHF 320 million, or 20.5%, in 2022. An improvement of CHF 4 million, or 0.3%, came from a change in scope of consolidation due to the full year effect of the acquisitions made in 2021. The unfavorable evolution of exchange rates had a negative effect on sales of CHF 46 million, or -3.0%.

Sales reached CHF 1.068 billion in the second half of 2022 compared to CHF 773 million in the first six months of the year, and to CHF 896 million in the second half of 2021. Sales recognized in the second half of 2022 are the highest value ever achieved by the Group in a semester, and this despite the tense supply chain situation from procurement to transportation.

Sales of Business Unit Printing & Converting increased by 22.9% to CHF 1.219 billion. The increase was due to higher backlog at the beginning of the year compared to 2021 and again very high order entries during the reporting year. All four industries contributed to the sales growth. The folding carton industry was particularly strong followed by corrugated board, flexible materials and labels. Business Unit Printing & Converting could not ship and invoice all the machines scheduled for 2022 due to the aforementioned supply chain situation.

Business Unit Services & Performance grew again above average and increased its sales by 9.1% to CHF 622 million. Strong growth came again from the spare parts business, as most customers continued to use their equipment extensively. Sales recognized for services were at a new record level.

OPERATING RESULT (EBIT)

The operating result (EBIT) was CHF 141 million, or 7.7% of sales, compared to CHF 99 million, or 6.3% of sales in 2021.

Business Unit Printing & Converting reached an operating result (EBIT) of CHF 47 million compared to CHF 14 million in 2021. Significantly higher sales and good cost management 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 utilization of the industrial capacities was not optimal due to frequent interruptions and delays caused by missing parts. The ongoing initiatives to further improve the efficiency and profitability continue to be implemented.

Business Unit Services & Performance reached CHF 97 million operating result (EBIT) compared to CHF 88 million in the previous year. The improvement came from higher activity and from price increases implemented since 2021.

COMMENTS

Business Unit Services & Performance increased significantly the number of field service technicians to cope with the growing installed base of machines. This important investment in current and future customer satisfaction had a negative impact on the profitability, as the utilization rate of newly recruited resources is significantly below average in the first 12 to 24 months. Business Unit Services & Performance is 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. The spare parts supply chain suffered temporarily after the launch of the Group's new European distribution center in Genk, but the situation recovered fast, and the performance improvement allowed to catch-up part of the delays before year-end.

NET RESULT

The net result increased to CHF 115 million compared to CHF 93 million in 2021. The increase in net result is mainly due to the higher operating result (EBIT). The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 20.8% in 2022 (20.9% in 2021). The profitability mix of the Group's subsidiaries in the different countries was again favorable.

BALANCE SHEET

Net working capital slightly increased from CHF 77 million in 2021 to CHF 113 million in the reporting year, which is again an outstanding result. Customer down payments increased further due to the higher machine backlog, but this was more than compensated by higher receivables and increased inventories. The cash inflow from operating activities was CHF 93 million, compared to the very high level of CHF 186 million in 2021. The net cash position decreased from CHF 154 million in 2021 to CHF 67 million in the reporting year. This was mainly due to the CHF 132 million dividends distributed in April 2022.

The return on capital employed (ROCE) further increased to 28.7% in the reporting year, compared to 22.0% in 2021. The driver for this increase was the higher operating result (EBIT), as capital employed was CHF 492 million in 2022, compared to CHF 450 million in 2021. The equity ratio decreased from 32.3% in the previous year to 28.9% in 2022. The reduction of the ratio is mainly due to the distribution of ordinary and extraordinary dividend, and a temporary increase of the total balance sheet.

DIVIDEND PROPOSAL

The Group's dividend policy is adjusted and recommends a payout of at least 50% of the net consolidated profit after tax. The Board of Directors recommends to the Annual General Meeting of Shareholders to pay in 2023 a regular dividend of CHF 5 per share (CHF 2 per share paid in 2022), plus an extraordinary dividend of CHF 5 per share (CHF 6 per share paid in 2022).

CONSOLIDATED PROFIT AND LOSS

In million CHF	Notes	Jan-Dec 2022	Jan-Dec 2021
Sales	05	1 840.9	1 563.4
Other operating income	06	19.7	37.4
Material costs and subcontractors		(838.8)	(685.3)
Changes in inventories		7.5	31.7
Personnel costs	07	(518.8)	(504.9)
Depreciation and amortization	12, 15	(41.1)	(49.0)
Other operating expenses	09	(328.1)	(294.3)
Operating result (EBIT)		141.3	99.0
Share of net result in associates	14	5.1	5.4
Interest expenses	10	(4.1)	(4.3)
Other financial income	10	14.9	6.9
Other financial expenses	10	(10.8)	(8.2)
Result before income tax		146.4	98.8
Income tax	11	(31.1)	(5.4)
Net result		115.3	93.4
Attributable:			
To shareholders		114.3	91.0
To non-controlling interest		1.0	2.4
Earnings per registered share (in CHF)	26	6.92	5.51
Diluted earnings per registered share (in CHF)	26	6.92	5.51

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

In million CHF	Notes	31 Dec 2022	31 Dec 2021
Intangible fixed assets	12	48.7	44.5
Tangible fixed assets	15	242.2	255.3
Financial assets other		48.1	43.0
Investments in associates	14	61.2	59.4
Employer contribution reserves	21	25.7	25.7
Receivables	16	5.0	6.3
Finance lease receivables	17	4.1	7.8
Prepaid expenses and accrued income		1.6	1.5
Derivative financial instrument	23	1.3	0.8
Deferred tax assets	11	31.5	35.1
Non-current assets		469.4	479.4
Inventories	19	534.2	474.1
Receivables	16	453.2	356.8
Finance lease receivables	17	7.1	2.9
Income tax receivables		12.6	4.5
Prepaid expenses and accrued income		21.1	16.5
Derivative financial instruments	23	19.0	13.2
Cash and cash equivalents		410.5	494.9
Current assets		1 457.7	1 362.9
Total assets		1 927.1	1 842.3
Share capital		16.5	16.5
Reserves		419.1	480.8
Net result		114.3	91.0
Shareholders' equity		549.9	588.3
Non-controlling interest		6.9	7.1
Equity		556.8	595.4
Borrowings	24	336.9	337.2
Provisions	20	2.4	2.2
Employee benefits	21	16.2	19.7
Trade and other payables		48.6	51.6
Deferred tax liabilities	11	33.4	29.9
Derivative financial instruments	23	0.3	0.0
Non-current liabilities		437.8	440.6
Borrowings	24	6.6	3.8
Provisions	20	45.7	46.5
Employee benefits	21	2.5	2.8
Trade and other payables		690.0	582.0
Accrued expenses and deferred income		174.5	155.5
Income tax payables		5.8	10.6
Derivative financial instruments	23	7.4	5.1
Current liabilities		932.5	806.3
Total liabilities and equity		1 927.1	1 842.3

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

CONSOLIDATED CASH FLOW STATEMENT

In million CHF	Notes	2022	2021
Net result		115.3	93.4
Elimination of net result in associates		(5.1)	(5.4)
Elimination of income taxes		31.1	5.4
Elimination of depreciation/amortization on fixed assets		41.1	49.0
Elimination of changes in provisions		(0.1)	(6.7)
Elimination of changes in employee benefits		(3.3)	(1.0)
Elimination of the result on disposal of assets		1.0	(19.7)
Elimination of interest expenses/(income)		1.6	2.4
Elimination of derivative financial instruments results		(4.9)	3.4
Changes in inventories		(75.8)	(92.3)
Changes in receivables		(119.0)	(37.3)
Changes in employer contribution reserves		0.0	7.0
Changes in payables		150.6	207.1
Paid taxes		(39.7)	(19.4)
Cash flow from (used in) operating activities	Total A	92.8	185.9
Acquisition of business activities		0.0	(12.2)
Purchase of intangible fixed assets		(17.5)	(13.8)
Purchase of tangible fixed assets		(23.8)	(25.0)
Purchase of financial assets		(2.2)	0.0
Loans and advances made		(9.4)	(0.8)
Proceeds from sale of tangible fixed assets		7.2	19.8
Proceeds from sale of financial assets		0.1	0.0
Loan repayments and advances received		0.4	0.7
Interest received		2.4	2.0
Dividends received		0.6	0.8
Cash flow from (used in) investing activities	Total B	(42.2)	(28.5)
Purchase of non-controlling interest		(3.4)	0.0
Purchase of own shares		0.0	0.0
Proceeds from borrowings		8.3	2.5
Repayments of borrowings		(5.4)	(15.3)
Repayments of borrowings to non-controlling interest		0.0	0.0
Interest paid		(4.1)	(4.3)
Dividends paid to Group shareholders		(132.1)	0.0
Dividends paid to non-controlling interest		(1.2)	(0.8)
Cash flow from (used in) financing activities	Total C	(137.9)	(17.9)
Effects of exchange variances	Total D	2.9	(1.7)
Change in cash and cash equivalents	A+B+C+D	(84.4)	137.8
Cash and cash equivalents at beginning of period		494.9	357.1
Cash and cash equivalents at end of period		410.5	494.9
Variance		(84.4)	137.8

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 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)
Non-controlling interests acquisition										
Share-based payments					0.2			0.2		0.2
Changes in own shares										
Dividends									(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
Balance at 1 January 2022	16.5	0.0	7.5	(65.1)	(0.3)	(173.2)	802.9	588.3	7.1	595.4
Result for the period							114.3	114.3	1.0	115.3
Currency translation differences				(19.1)				(19.1)	(0.3)	(19.4)
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			(8.5)					(8.5)		(8.5)
Net gain/(loss) on cash flow hedges during the year			13.1					13.1		13.1
Income tax			(1.0)		(1.0)			(2.0)		(2.0)
Non-controlling interests acquisition							(3.4)	(3.4)	0.3	(3.1)
Share-based payments					(0.7)			(0.7)		(0.7)
Dividends							(132.1)	(132.1)	(1.2)	(133.3)
Balance at 31 December 2022	16.5	0.0	11.1	(84.2)	(2.0)	(173.2)	781.7	549.9	6.9	556.8

Retained earnings include non-distributable, statutory or legal reserves, amounting to CHF 7.2 million (2021: CHF 7.2 million). In 2022, the Group acquired 8 394 own shares (2021: 5 563 own shares) at an average price of CHF 81.38 (2021: CHF 51.48). During the year under review 8 386 shares were used as part of the share-based awards for the compensation of the GEC. As of 31 December 2022, the Group held 8 own shares (2021: no own shares) for a total amount of CHF 617.

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 2022 and 2021 were as follows:

		Balance sheet		Profit & loss statement	
		2022	2021	2022	2021
Main exchange rates					
Euro zone	1 EUR	0.99	1.04	1.00	1.08
USA	1 USD	0.93	0.91	0.96	0.91
United Kingdom	1 GBP	1.11	1.23	1.18	1.26
China	1 CNY	0.13	0.14	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.

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 2021 and 2022. 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 & Performance to the Business Unit Printing & Converting for the right to sell spare parts and services for their equipment. These contributions do not generate internal margin.

In million CHF	2022	2021
Revenue		
Printing & Converting third party sales	1 219.1	991.7
Printing & Converting inter-segment	37.3	33.9
Printing & Converting total revenue	1 256.4	1 025.6
Services & Performance third party sales	621.8	569.7
Other third party sales	0.0	2.0
Eliminations inter-segment	(37.3)	(33.9)
Total third party sales	1 840.9	1 563.4

In million CHF	Printing & Converting		Services & Performance		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Results								
Total segment operating result (EBIT)	47.3	13.5	96.6	87.5	(2.6)	(2.0)	141.3	99.0
Share of result of associates	5.1	5.4					5.1	5.4
Financial result							0.0	(5.6)
Result before income tax							146.4	98.8

GEOGRAPHIC INFORMATION

In million CHF	2022		2021	
Revenue from external sales				
Europe	875.8	47.6%	735.4	47.1%
Americas	594.3	32.3%	457.8	29.3%
Asia & Oceania	327.3	17.8%	327.5	20.9%
Africa	43.5	2.3%	42.7	2.7%
Total	1 840.9	100.0%	1 563.4	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	2022	2021
Distribution by business activity		
Machines	1 223.5	988.0
Spare parts and services	617.4	575.4
Total third party sales	1 840.9	1 563.4

RESULTS FOR THE YEAR

NOTE 6 OTHER OPERATING INCOME

In million CHF	2022	2021
Gain on sales of assets	0.1	22.0
Government grants	0.0	0.5
Transfer of operating charges	5.3	4.3
Commissions on sales	0.8	1.0
Income from leased machines	0.2	0.2
Other operating income	13.3	9.4
Total	19.7	37.4

NOTE 7 PERSONNEL COSTS

In million CHF	2022	2021
Wages and salaries	411.2	395.6
Social expenses and other personnel expenses	107.6	109.3
Total	518.8	504.9

In 2022, no work compensation or government support was included in wages and salaries (2021: CHF 0.2 million) 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 capitalization as intangible asset are charged to profit and loss.

CHF 85.8 million was spent on Research & Development (CHF 87.5 million in 2021). These costs were not capitalized in 2022 and 2021. 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	2022	2021
Rent, Maintenance, Energy	64.7	56.3
Marketing, Communication, Travel	59.3	45.5
External staff	31.3	21.1
Transport, Customs, Insurance	75.0	61.6
Administration and other costs	88.8	95.0
Taxes on capital and other taxes	6.7	8.7
Non recurrent charges	1.0	0.6
Other	1.3	5.5
Total	328.1	294.3

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	2022	2021
Interest expenses	(4.1)	(4.3)
Interest income	2.4	2.0
Gains on derivative financial instruments	6.4	2.6
Exchange rate gains	4.7	0.0
Other financial income	1.4	2.3
Total other financial income	14.9	6.9
Exchange rate losses	0.0	(0.5)
Losses on derivative financial instruments	(6.9)	(4.1)
Other financial expenses	(3.9)	(3.6)
Total other financial expenses	(10.8)	(8.2)

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	2022	2021
Result before income tax (including result of associates)	146.4	98.8
Result of associates	(5.1)	(5.4)
Result before income tax (excluding result of associates)	141.3	93.4
Weighted average tax rate	20.8%	20.9%
Tax calculated at applicable tax rate	29.4	19.5
Current income taxes	27.1	25.0
Deferred income taxes	4.0	(19.6)
Income taxes	31.1	5.4
Difference between applicable and effective income taxes	1.7	(14.1)
The above difference for each year can be reconciled as follows:		
Tax effect of utilization of tax losses not previously recognized	(1.2)	(15.6)
Deferred tax asset recognized on prior year losses	0.0	(5.2)
Tax loss for which no deferred tax asset was recognized during the year	2.8	5.0
Non taxable income	(0.7)	(1.5)
Non deductible expenses	2.7	1.4
Withholding taxes on dividend	1.5	2.5
Deductible statutory expenses	(2.5)	0.0
Other effects	(0.9)	(0.7)
Difference between applicable and effective income taxes	1.7	(14.1)

RESULTS FOR THE YEAR

NOTE 11 (CONTINUED)

TAXATION

The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 20.8% in 2022 (20.9% in 2021). The slight decrease of the applicable weighted average tax rate was caused by a favorable change in the profitability mix of the Group's subsidiaries in the different countries in 2022.

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 169.6 million (2021: CHF 172.0 million) available to offset against future profits, for which no deferred tax is recognized. The potential tax relief effect amounts to CHF 54.1 million (2021: CHF 55.6 million).

As of 31 December 2022, tax loss carryforwards of CHF 32.9 million (2021: CHF 68.5 million) were capitalized, resulting in a deferred tax asset of CHF 10.5 million (2021: CHF 17.2 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 2022	23.7	156.4	6.4	8.4	194.9
Additions	0.0	6.2	0.3	11.0	17.5
Disposals and decreases	0.0	(6.3)	0.0	0.0	(6.3)
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	(0.5)	(0.6)	(0.4)	0.0	(1.5)
Transfers	0.0	7.8	0.0	(6.6)	1.2
At year-end 2022	23.2	163.5	6.3	12.8	205.8
Accumulated amortization					
At the beginning of the year 2022	(22.7)	(125.7)	(2.0)	0.0	(150.4)
Amortization	(0.2)	(13.6)	(0.2)	0.0	(14.0)
Impairment	0.0	0.0	0.0	0.0	0.0
Disposals and decreases	0.0	6.2	0.1	0.0	6.3
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	0.4	0.5	0.1	0.0	1.0
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2022	(22.5)	(132.6)	(2.0)	0.0	(157.1)
Net value at year-end 2022	0.7	30.9	4.3	12.8	48.7

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 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 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 five 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	2022			2021		
	Goodwill Group companies	Goodwill associated companies	Total	Goodwill Group companies	Goodwill associated companies	Total
Cost						
As of 1 January	140.8	32.4	173.2	130.2	32.4	162.6
Additions	0.0	0.0	0.0	10.6	0.0	10.6
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
As of 31 December	140.8	32.4	173.2	140.8	32.4	173.2
Accumulated amortization						
As of 1 January	(121.3)	(32.4)	(153.7)	(115.7)	(32.4)	(148.1)
Amortization	(5.4)	0.0	(5.4)	(5.6)	0.0	(5.6)
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
As of 31 December	(126.7)	(32.4)	(159.1)	(121.3)	(32.4)	(153.7)
Theoretical net book value at year-end	14.1	0.0	14.1	19.5	0.0	19.5

Addition 2021 of 10.6 million is related to the following acquisitions of:

- 51% of Jetpack SAS, Paris, France;
- 51% of Cm Service Italia Srl, Lonato BS, Italy;
- 100% of the assets of Officine Meccaniche Giovanni Cerutti SpA 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.

OPERATING ASSETS AND LIABILITIES

NOTE 13 (CONTINUED) GOODWILL

In million CHF	2022	2021
Theoretical impact on equity		
Equity per balance sheet	556.8	595.4
Theoretical capitalization of net book value of goodwill	14.1	19.5
Theoretical equity including net book value of goodwill	570.9	614.9
Theoretical impact on equity		
Net result per profit and loss statement	115.3	93.4
Theoretical amortization of goodwill	(5.4)	(5.6)
Theoretical net result after goodwill amortization	109.9	87.8

OPERATING ASSETS AND LIABILITIES

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 accounted 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

	2022	2021
Changes over the period are the following:		
Beginning of the year	59.4	57.5
Share of net result of associates	5.1	5.4
Dividends received	(0.6)	(0.8)
Exchange differences	(2.7)	(2.7)
Total	61.2	59.4

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:

Building	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

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 2022	509.5	146.4	0.8	37.0	28.4	7.0	729.1
Additions	8.3	5.9	0.0	2.0	2.2	5.2	23.6
Disposals and decreases	(0.2)	(3.9)	0.0	(1.0)	(0.5)	0.0	(5.6)
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	(8.5)	(3.1)	0.0	(0.7)	(0.8)	(0.2)	(13.3)
Transfers	6.2	4.1	0.0	(0.6)	(3.9)	(7.0)	(1.2)
At year-end 2022	515.3	149.4	0.8	36.7	25.4	5.0	732.6
Accumulated depreciation							
At the beginning of the year 2022	(315.1)	(110.5)	(0.5)	(28.9)	(18.8)	0.0	(473.8)
Depreciation	(14.7)	(6.9)	(0.1)	(3.0)	(2.4)	0.0	(27.1)
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals and decreases	0.2	2.9	0.0	0.8	0.5	0.0	4.4
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	3.2	1.7	0.0	0.6	0.5	0.0	6.0
Transfers	(1.0)	(0.3)	0.0	0.1	1.3	0.0	0.1
At year-end 2022	(327.4)	(113.1)	(0.6)	(30.4)	(18.9)	0.0	(490.4)
Net value at year-end 2022	187.9	36.3	0.2	6.3	6.5	5.0	242.2

There were no borrowing costs capitalized during the years ended 31 December 2021 and 2022.

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 are no significant tangible fixed assets financed with leases.

OPERATING ASSETS AND LIABILITIES

NOTE 16 RECEIVABLES

In million CHF	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables from third parties	378.0	2.5	380.5	295.4	3.2	298.6
Receivables from the sale of fixed assets	0.0	0.0	0.0	7.3	0.0	7.3
Other receivables from third parties	89.4	2.9	92.3	68.2	3.4	71.6
Total gross	467.4	5.4	472.8	370.9	6.6	377.5
Less provision for impairment	(14.2)	(0.4)	(14.5)	(14.1)	(0.3)	(14.4)
Total net	453.2	5.0	458.3	356.8	6.3	363.1

NOTE 17 FINANCE LEASE RECEIVABLES

In million CHF	2022	2021
Maturity within one year	7.7	3.2
Maturity between one to five years	4.5	8.4
Maturity after five years	0.0	0.0
Total	12.2	11.6
Less unearned finance income	(1.0)	(0.9)
Total	11.2	10.7
Analyzed as		
Recoverable within one year	7.1	2.9
Recoverable between one and five years	4.1	7.8
Recoverable after five years	0.0	0.0
Total	11.2	10.7

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

The weighted average term of finance lease contracts is 4.3 years (2021: 4.2 years). The average interest rate of all the lease contracts is approximately 3.7% (2021: 3.8%) per annum.

OPERATING ASSETS AND LIABILITIES

NOTE 18

CREDIT RISK RELATED TO CLIENT RECEIVABLES AND FINANCIAL COUNTERPARTIES

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	2022	2021
Trade receivables	380.5	298.6
Finance lease receivables	11.2	10.7
Total gross value	391.7	309.3
Less provision for impairment	(14.6)	(14.4)
Total for the analysis	377.1	294.9
The aging of the amounts past due but not impaired is as follows:		
< 2 months	38.8	44.4
2–6 months	23.6	16.7
> 6 months	11.8	8.2
+ not yet due	302.9	225.6
Total	377.1	294.9

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	2022	2021
Raw materials	297.4	235.3
Work in progress	110.1	112.2
Finished products*	126.7	126.6
Total	534.2	474.1

* Including CHF 33.4 million (2021: CHF 24.6 million) for demonstration machines.

The amount for write-down recognized as expense during the year is CHF 14.6 million (2021: CHF 8.9 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 2022	36.5	8.1	0.7	3.4	48.7
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Additions	26.0	8.2	0.2	5.0	39.4
Utilizations	(25.4)	(4.5)	(0.1)	(3.6)	(33.6)
Releases	(4.3)	(1.4)	(0.2)	0.9	(5.0)
Currency translation adjustment	(1.1)	(0.3)	0.0	0.0	(1.4)
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2022	31.7	10.1	0.6	5.7	48.1
Of which non-current	0.7	1.7	0.0	0.0	2.4
Of which current	31.0	8.4	0.6	5.7	45.7
At year-end 2022	31.7	10.1	0.6	5.7	48.1
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

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 31.12.2022	Waiver of use	Balance sheet 31.12.2022	Increase/ decrease in 2022	Balance sheet 31.12.2021	Income statement impact	
						2022	2021
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	0.0	0.0	0.0	7.0
Total	25.7	0.0	25.7	0.0	25.7	0.0	7.0

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	Pensions costs in personnel expenses	
	Surplus/ deficit 2022	2022	2021			2022	2021
Patronage funds	7.8	0.0	0.0	0.0	0.0	0.0	0.0
Pension plans	0.0	0.0	0.0	0.0	14.0	14.0	14.1
Total	7.8	0.0	0.0	0.0	14.0	14.0	14.1

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 2022 (2021: 1.75%).

The life table used in 2022 is LPP2020 (P2021) and in 2021 is LPP2020 (P2021).

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 2022, Bobst Group SA entered into a CHF 100 million committed revolving facility with a syndicate of banks. The facility has a three years maturity and was unused per end 2022. The credit line is subject to standard covenants for this type of transaction but exempt from financial covenants. In addition, the strong credit worthiness 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	2022				2021			
	2022	Less than 1 year	Between 1 and 5 years	Over 5 years	2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	348.2	7.9	340.3	0.0	348.2	5.1	343.1	0.0
Trade and other payables	379.5	330.9	48.6	0.0	299.0	247.4	51.6	0.0
Accrued expenses	127.5	127.5	0.0	0.0	115.3	115.3	0.0	0.0
Derivatives financial instruments	7.7	7.4	0.3	0.0	5.1	5.1	0.0	0.0
Total	862.9	473.7	389.2	0.0	767.6	372.9	394.7	0.0

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 risk: 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	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Current forward foreign exchange contracts	19.0	7.4	13.2	5.1
Non-current forward foreign exchange contracts	1.3	0.3	0.8	0.0
Total	20.3	7.7	14.0	5.1

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 963.6 million (2021: CHF 877.7 million).

The fair value of currency derivatives that are designated and effective as cash flow hedges (hedge accounting) representing a net liability of CHF 13.1 million (2021: a net liability of CHF 8.5 million) is recorded in equity. This represents a variation of CHF 4.6 million (2021: CHF 2.1 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.

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	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	6.3	1.2	7.5	3.4	2.2	5.6
Debenture bonds	0.0	335.0	335.0	0.0	335.0	335.0
Other borrowings	0.3	0.7	1.0	0.4	0.0	0.4
Total	6.6	336.9	343.5	3.8	337.2	341.0
Those due in < 1 year	6.6	0.0	6.6	3.8	0.0	3.8
Those due in 1–5 years	0.0	336.9	336.9	0.0	337.2	337.2
Those due in > 5 years	0.0	0.0	0.0	0.0	0.0	0.0
Total	6.6	336.9	343.5	3.8	337.2	341.0
Currency composition of borrowings:						
CHF			97.9%			98.6%
EUR			1.2%			1.3%
USD			0.0%			0.0%
Other			0.9%			0.1%
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			4.1%			2.3%
Debenture bonds			0.8%			0.8%
Borrowings:						
Borrowings at floating rate			0.0			0.6
Borrowings at fixed rate			343.5			340.4
Total			343.5			341.0

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 30%–35% as per the Group's long-term management objectives.

In million CHF	2022	2021
Total equity	556.8	595.4
Total balance sheet	1 927.1	1 842.3
Equity ratio	28.9%	32.3%

NOTE 26 EARNING PER SHARE

In million CHF	2022	2021
Net result attributable to shareholders	114.3	91.0
Average number of registered shares	16 518 470	16 518 478
Earnings per registered share (in CHF)	6.92	5.51
Diluted earnings per registered share (in CHF)	6.92	5.51

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

NOTE 27 DIVIDENDS

On 5 April 2022, a dividend of CHF 2.00 plus an extraordinary dividend of CHF 6.00 was paid to shareholders.

A dividend of CHF 5.00 plus an extraordinary dividend of CHF 5.00 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 2023.

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
2022					
Cito Italia Srl, Muggia	Acquisition	25.5%	Services & Performance	IT	31/01/2022
Bobst Istanbul Ambalaj A.S., Istanbul	Acquisition	10.0%	Services & Performance	TR	06/05/2022
Boxplan GmbH & Co.KG, Radolfzell am Bodensee	Acquisition	25.0%	Services & Performance	DE	30/06/2022
24/7 Cerutti Service Srl, Casale Monferrato	Liquidation	100.0%	Services & Performance	IT	15/11/2022
Boxplan GmbH & Co.KG, Radolfzell am Bodensee	Merger*	100.0%	Services & Performance	DE	31/12/2022
*Merger with Bobst Stuttgart GmbH, Meerbusch which was renamed Boxplan GmbH.					
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 Srl, Lonato BS	Acquisition	51.0%	Services & Performance	IT	30.09.2021
24/7 Cerutti Service Srl, 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
**Merger with Bobst Mex SA					

The acquisition of non-controlling interest for the three companies in 2022 relate to entities which were already consolidated according to the full consolidation method at 31 December 2021.

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 2022, a liability estimated at CHF 13.3 million (2021: CHF 13.9 million) was recorded on the consolidated balance sheet.

As of 31 December 2022, a liability estimated at CHF 22.8 million (2021: CHF 23.9 million) has been recognized on the consolidated balance sheet for the remaining 49% of Cito-System GmbH.

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 and the expense recorded in 2021 in the personnel costs amounts to CHF 0.7 million.

Following the public tender offer made by JBF Finance SA in September 2022 and the delisting of Bobst Group SA shares from SIX Swiss exchange in December 2022, the plan using share based awards for the bonus of the key executives has been stopped.

OTHER FINANCIAL INFORMATION

NOTE 30 COMMITMENTS AND CONTINGENCIES

a. Guarantees

In million CHF	2022	2021
Guarantee obligations in favor of third parties	8.7	7.4

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	2022	2021
Less than 1 year	1.0	1.1
Between 2 and 5 years	3.8	4.0
Over 5 years	3.1	4.6
Total	7.9	9.7

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 *Vice Chairman of our Board* and
Chairman of the Board of JBF Finance SA.
Alain Guttman,
as *Chairman of our Board*,
and *member of the Board of JBF Finance SA*.
GEC members.
Jean-Pascal Bobst,
as *CEO of our GEC*,
and *member of the Board of JBF Finance SA*.

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 2022 and 2021:

In million CHF	2022	2021
Investments in associates		
Sales	0.2	0
Purchases	4.5	2.1
Receivables and prepaid expenses	0.1	0.1
Trade and other payables	0.7	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	2022	2021
Key management personnel compensation		
Short-term benefits	5.3	6.1
Post-employment benefits	0.4	0.4
Share-based compensation	0.0	0.7
Bobst employee benefit institutions		
Open payables due to them at year-end	0.0	0.1
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 24 February 2023. They are also subject to approval by the Annual General Meeting of Shareholders.

No events have occurred up to 24 February 2023 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	16 518 478			▪
Affiliated companies						
Austria	Bieling & Petsche Stanzformen GmbH, Elixhausen	EUR	100 000	51.0	C	▪
	Cito FormLine GmbH, Wien	EUR	236 336	51.0	C	▪
Belgium	Bobst Benelux NV, Berchem	EUR	1 624 000	100.0	C	▪
Brazil	Bobst Latinoamerica do Sul Ltda, Itatiba	BRL	20 672 014	100.0	C	▪ ▪
China	Bobst (Shanghai) Ltd, Shanghai	CNY	52 216 742	100.0	C	▪ ▪
	Gordon Ltd, Hong Kong	CNY	10 681	100.0	C	▪ ▪
	Bobst (Changzhou) Ltd, Changzhou	CNY	42 000 000	100.0	C	▪ ▪
	Shanghai Eternal Machinery Co. Ltd, Dongtai	CNY	15 000 000	70.0	C	▪
Czech Republic	Bobst Central Europe s.r.o., Brno	CZK	100 000	100.0	C	▪
	Cito CZ s.r.o., Strážnice	CZK	200 000	51.0	C	▪ ▪
Denmark	Bobst Scandinavia ApS, Brøndby	DKK	125 000	100.0	C	▪
France	Bobst Paris SAS, Villeurbanne	EUR	611 289	100.0	C	▪
	Bobst France Participations SAS, Villeurbanne	EUR	612 289	100.0	C	▪
	Bobst Lyon SAS, Villeurbanne	EUR	11 360 000	100.0	C	▪ ▪
	Bobst-Jetpack SAS, Paris	EUR	20 000	51.0	C	▪
Germany	Bobst Beteiligungsgesellschaft mbH, Meerbusch ⁽¹⁾	EUR	9 407 771	100.0	C	▪
	Bobst Meerbusch GmbH, Meerbusch ⁽¹⁾	EUR	2 000 000	100.0	C	▪
	Bobst Bielefeld GmbH, Bielefeld ⁽¹⁾	EUR	1 534 000	100.0	C	▪ ▪
	Boxplan GmbH, Steisslingen ⁽²⁾	EUR	2 602 000	100.0	C	▪ ▪
	Cito-System GmbH, Schwaig bei Nürnberg	EUR	510 000	51.0	C	▪ ▪
India	Bobst India Private Ltd, Pune	INR	235 311 400	100.0	C	▪ ▪
Indonesia	PT Bobst Jakarta, Jakarta	IDR	923 613 969	100.0	C	▪
Italy	Bobst Italia SpA, Piacenza	EUR	6 486 000	100.0	C	▪ ▪
	Bobst Firenze Srl, Capalle-Campi Bisenzio	EUR	110 000	100.0	C	▪ ▪
	Cito Italia Srl, Muggia	EUR	245 000	51.0	C	▪
	Cm Service Italia Srl, Lonato del Garda	EUR	300 000	51.0	C	▪
Japan	Bobst Japan Ltd, Tokyo	JPY	200 000 000	100.0	C	▪
Malaysia	Bobst Malaysia Sdn. Bhd., Petaling Jaya	MYR	500 000	100.0	C	▪
Malta	Lime Street Insurance PCC Ltd – Bobst Cell, Floriana	EUR	2 222 000	100.0	C	▪
Mexico	Bobst Latinoamerica Norte SA de CV, Mexico	MXN	394 165	100.0	C	▪
Netherlands	Eterna Europe BV, Hertogenbosch	EUR	25 000	100.0	C	▪
	PolyMX BV, Raamsdonksveer	EUR	18 000	51.0	C	▪
Nigeria	Bobst Lagos Ltd, Lagos	NGN	10 000 000	100.0	C	▪
Poland	Bobst Polska Sp. z o.o., Lodz	PLN	50 000	100.0	C	▪
Russia	Bobst CIS LLC, Moscow	RUB	200 000	100.0	C	▪
Spain	Bobst Ibérica, S.L., Barcelona	EUR	700 000	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 İstanbul Ambalaj A.Ş., İstanbul	TRY	50 000	100.0	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, Parsippany	USD	575 960	100.0	C		▪	
	Cerutti American Corporation, Delaware	USD	5 940 883	100.0	C		▪	
Vietnam	Bobst Vietnam Co. Ltd, Ho Chi Minh City	VND	2268 826 050	100.0	C		▪	
Associated companies								
Germany	Duo Technik GmbH, Wartenberg	EUR	72 000	40.0	E	▪		
	BHS Corrugated 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

Note:

- (1) The affiliated companies have made use of the exemption pursuant to section 264 (3) H6B.
- (2) Boxplan GmbH ownership has been increased at 100 %, and then has been merged with Bobst Stuttgart GmbH, Meerbusch.

Report of the statutory auditor

to the General Meeting of Bobst Group SA

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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 31 December 2022, the consolidated balance sheet as at 31 December 2022 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 2022 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 Standards on Auditing (SA-CH). 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 7.3 million We concluded full scope audit work at 9 reporting units in 6 countries. Our audit scope addressed over 76.8% of the Group's revenue and 80.5% of the Group's assets. As key audit matter the following area of focus has been identified: Valuation of deferred tax assets
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Materiality

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

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

Overall Group materiality	CHF 7.3 million
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 76.8% of Group revenue and 80.5% 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.

Key audit matters

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 at 31 December 2022, deferred tax assets amount to CHF 31.5 million, of which CHF 7.2 million relate to a specific entity. Related potential deferred tax assets (on losses carried forward) amounting to CHF 87.0 million have not been recognised at 31 December 2022 for this specific entity as Management deems the criteria for recognition not being met.	For this specific entity, our audit approach included an assessment of the Management's assumptions underlying the estimated future taxable profits for their reasonableness and consistency with internal budgets and the strategic plan as well as discussions with 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: <ul style="list-style-type: none"> - We assessed the 2023 budget as well the business plan 2024-2026 of the entity and the likelihood of achieving the improvement of its economics for reasonableness.
Please refer to note 11 (Taxation) of the consolidated financial statements.	<ul style="list-style-type: none"> - We compared the key assumptions (sales, EBIT) of the 2023 budget and the business plan 2024-2026 with the actual results in the reporting period

- We performed a retrospective review by comparing prior year's 2022 budget with the actual results.

- We assessed the valuation of the deferred tax assets for reasonableness in light of the 2023 budget and business plan 2024-2026 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 estimate related to the respective deferred tax assets to be reasonable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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 SA-CH 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 SA-CH, 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 PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the 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

Licensed audit expert
Auditor in charge

Gérard Ambrosio

Licensed audit expert

Lausanne, 24 February 2023

STATUTORY ACCOUNTS

BALANCE SHEET AS AT 31 DECEMBER OF BOBST GROUP SA

In million CHF		2022	2021
Assets	Cash and cash equivalents	134.1	212.7
	Receivables from affiliated companies	22.0	8.4
	Derivative financial instruments	7.2	0.8
	Prepaid expenses and accrued income	0.0	0.1
	Current assets	163.3	222.0
	Loans to affiliated companies	211.8	231.2
	Derivative financial instruments	0.6	0.0
	Other financial fixed assets	6.1	0.0
	Investments in subsidiaries	478.9	474.3
	Financial fixed assets	697.4	705.5
	Total assets	860.7	927.5
Liabilities	Other debts to affiliated companies	113.7	114.0
	Short-term debts	11.1	11.4
	Current liabilities	124.8	125.4
	Debenture bonds	335.0	335.0
	Other debts to affiliated companies	0.6	0.0
	Provisions	1.7	1.7
	Non-current liabilities	337.3	336.7
	Share capital	16.5	16.5
	Legal reserve from retained earnings	7.2	7.2
	Available earnings – balance carried forward	309.6	346.8
	– profit for the year	65.3	94.9
	Equity	398.6	465.4
	Total liabilities and equity	860.7	927.5

PROFIT AND LOSS STATEMENT OF BOBST GROUP SA

In million CHF		2022	2021
Income	Income from affiliated companies	79.3	111.3
	Financial income	10.7	1.1
	Total	90.0	112.4
Costs	Administration and other costs	(9.6)	(9.6)
	Financial costs	(15.1)	(7.9)
	Total	(24.7)	(17.5)
	Profit before direct taxes	65.3	94.9
	Direct taxes	0.0	0.0
	Net profit	65.3	94.9

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 employee.

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

2022: CHF 68.8 million
2021: CHF 124.5 million

Investments in subsidiaries

Direct and indirect investments in corporate companies of Bobst Group SA include the companies listed on page 66-67 of this 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.

Proposal for the appropriation of available earnings

In million CHF	2022	2021
Balance carried forward	309.6	346.8
Change in reserve for treasury shares	0.0	0.0
Profit for the year	65.3	94.9
Total	374.9	441.7
The proposal is as follows:		
Dividend of CHF 10.00 / CHF 8.00 per share	165.2	132.1
Balance to retained earnings	209.7	309.6
Total	374.9	441.7

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

SHARE CAPITAL

	2022		2021		2020	
	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	16 518 478		16 518 478		16 518 478	
Reduction						
Balance at 31 December	16 518 478		16 518 478		16 518 478	

Significant shareholders

Shareholders as per Share Register as at 31 December 2022

	2022		2021		2020	
	Number of registered shares par value CHF 1.-		Number of registered shares par value CHF 1.-		Number of registered shares par value CHF 1.-	
JBF Finance SA	14 089 390	85.29%	8 709 040	52.72%	8 709 040	52.72%
Other Shareholders	2 429 080	14.71%	7 809 438	47.28%	7 809 438	47.28%
Total shares outstanding	16 518 470		16 518 478		16 518 478	
Treasury shares	8	0.00%	0	0.00%	0	0.00%
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 2022 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	0	Jean-Pascal Bobst	15 052
Jürgen Brandt	0	Attilio Tissi	13 752
Philip Mosimann	0	Alain Berger	0
		Raphaël Indermühle	0
Total 2022	0	Total 2022	28 804

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

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

Mex

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bobst Group SA (the Company), which comprise the balance sheet as at 31 December 2022, and the profit and loss statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 74 to 79) 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 Standards on Auditing (SA-CH). 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 Company 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 3.26 million
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 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.

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

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 Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities 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 Company'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 Company 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 SA-CH 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 SA-CH, 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 Company'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 Company'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 Company 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 PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the 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

Licensed audit expert
Auditor in charge

Gérard Ambrosio

Licensed audit expert

Lausanne, 24 February 2023

REMUNERATION REPORT 2022

(Unaudited)

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;
- A Long-term component delivered in performance share units plan linked to long-term company performance, paid in cash or in shares.

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	Cash in CHF ¹⁾
Chairman of the Board ²⁾	382 800
Vice Chairman of the Board ³⁾	270 600
Member of the Board	171 600
Audit Committee – Chairman	33 000
Audit Committee – members	22 000
Remuneration and Nomination Committee – Chairman	22 000
Remuneration and Nomination Committee – members	11 000

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 Pay Plan (Cash)	Variable remuneration (VPP) Variable Pay Plan (Shares)	Long-term Incentive
— Base salary — Pension plan contributions — Representation allowances — Others	— Incentive in cash ¹⁾	— Incentive in shares blocked for 3 years ²⁾	— Linked to long-term target fixed by the Board

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.

Variable remuneration (Long-Term Incentive)

The members of the GEC 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 or cash, based on the level of achievement of three (equally weighted) performance conditions:

- Cash flow from operations and investments;
- Milestones based on BOBST industry vision deployment;
- Sustainability (scorecard/objectives).

These performance objectives are complementary to the objectives already included in the VPP and are in line with the long-term strategy of the company.

At the beginning of the vesting period, the Board of Directors defines 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.

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.

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 2022, the members of the Board of Directors received a fixed remuneration as detailed in the table below:

Members of the Board of Directors	Revenue CHF
Alain Guttman, Chairman	382 800
Thierry de Kalbermatten, Vice Chairman ²⁾	270 600
Jürgen Brandt ³⁾	204 600
Gian-Luca Bona ¹⁾	193 600
Philip Mosimann ^{4), 5)}	193 600
Total remuneration 2022	1 245 200

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 2021, 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 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 2021	1 132 000

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

In addition, in 2022, the Group had to pay contributions for Federal Old Age, Survivor and Disability Insurance (AVS) and Unemployment Insurance and family LPC amounting to CHF 64 237.- (2021: CHF 58 397.-).

Group Executive Committee (GEC)

In 2022, 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 2022
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF	CHF
Total remuneration:							
GEC	1 979 016	1 682 082			361 537	72 000	4 094 635

* For 2022, no shares will be used to pay 2022 VPP. Only cash payout. In 2021, the share price at the date of attribution was CHF 77.56.

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 229 815.– (2021: CHF 318 548.–).

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

REMUNERATION FOR FORMER MEMBERS OF GOVERNING BODIES

During the year under review, no amount 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 (2021: CHF 335 500.–).

ADDITIONAL FEES AND REMUNERATIONS

Additional fee of CHF 50 000.– was granted to Mr. Jürgen Brandt in 2022, for the additional workload linked to his role as Chairman of the Committee of Independent Directors of Bobst Group SA during the public tender offer by JBF Finance SA.

VARIOUS

Bobst Group SA is no longer a publicly listed company. This remuneration report has been simplified and deviates from prior versions. In addition, subject to approval in the Annual General Meeting, this will be the last remuneration report published.

Certain statements in the annual report, including but not limited to those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by “expects”, “estimates”, “forecasts” or similar expressions, are forward-looking statements. These statements are based on current decisions and plans as well as on currently known factors. They involve known and unknown risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the company.

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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