

2022

Annual Report

kardex

More detailed information:



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The Annual Report is published in English. Figures indicated in brackets refer to the previous year.

Kardex at a glance



Kardex is a global industry partner for intralogistic solutions and a leading supplier of automated storage solutions and materials handling systems. The Group consists of mainly two entrepreneurially managed divisions, Kardex Remstar and Kardex Mlog.



The two divisions are partners for their customers over the entire lifecycle of a product or solution. This begins with an assessment of customer requirements and continues via the planning, realization, and implementation of customer-specific systems.



Kardex Remstar develops, produces, and maintains dynamic storage and retrieval systems, and Kardex Mlog offers integrated materials handling systems and automated high bay warehouses.



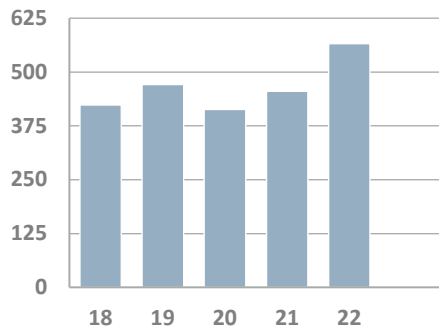
Kardex Holding AG is listed on the SIX Swiss Exchange, underlies the Swiss Reporting Standard and the shares are included in the SPI (Swiss Performance Index). Kardex applies the accounting standard Swiss GAAP FER.



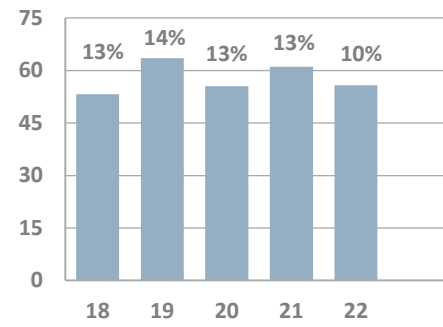
Around 2'100 employees (FTE) in over 30 countries worldwide work for the companies of Kardex.

The group of companies within the scope of consolidation are referred to as "Kardex", the "Group", or the "Organization" in this report. Kardex Holding AG is referred to as the "Company".

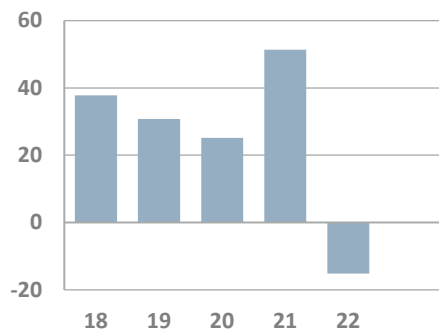
Net revenues
in EUR million



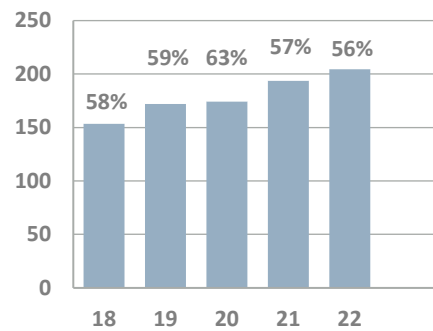
EBIT and EBIT margin
in EUR million and in %



Free cash flow
in EUR million

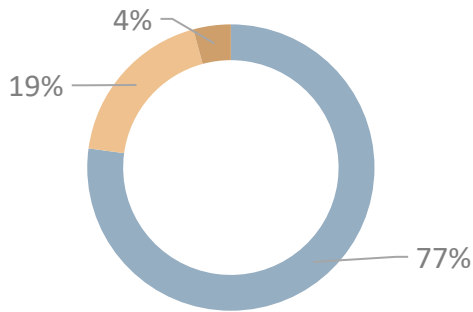


Equity and equity ratio
in EUR million and in %



Net revenues by segment

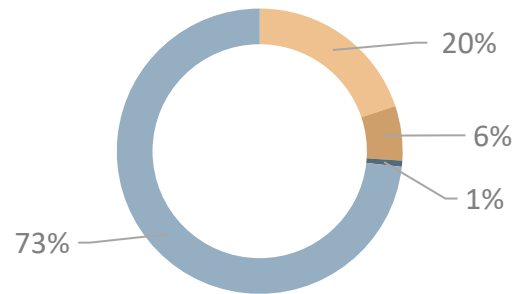
2022 financial year



- Kardex Remstar
- Kardex Mlog
- Corporate Ventures

Net revenues by region

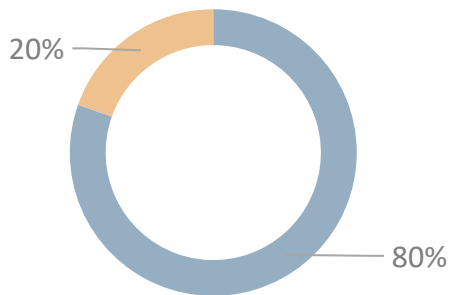
2022 financial year



- Europe
- Americas (North, Middle, South)
- Asia/Pacific
- Middle East and Africa

Net revenues by segment

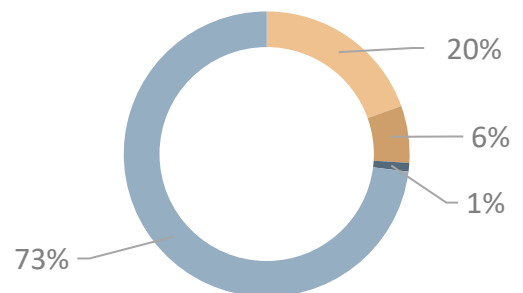
2021 financial year



- Kardex Remstar
- Kardex Mlog

Net revenues by region

2021 financial year



- Europe
- Americas (North, Middle, South)
- Asia/Pacific
- Middle East and Africa

Highlights




Record
demand

Kardex experienced record demand in all industry segments and regions




High
bookings

Bookings significantly above the previous year and 55% above 2019 (pre-COVID)



Increased
net revenues

Net revenues increased by around 24% compared to the previous year



Full
order backlog

Cautiously optimistic with a full order backlog well beyond middle 2023

Key figures

in EUR million

01.01. - 31.12.	2022	(%)	2021	(%)	(+/-%)
Bookings	698.6	123.5%	603.0	132.4%	15.9%
Order backlog (31.12.)	510.5	90.3%	366.6	80.5%	39.3%
Net revenues	565.6	100.0%	455.5	100.0%	24.2%
Gross profit	177.7	31.4%	163.3	35.9%	8.8%
OPEX	121.9	21.6%	102.2	22.4%	19.3%
EBITDA	65.4	11.6%	67.7	14.9%	-3.4%
Operating result (EBIT)	55.8	9.9%	61.1	13.4%	-8.7%
Result for the period (net profit)	38.6	6.8%	43.7	9.6%	-11.7%
Free cash flow	-15.2		51.4		-129.6%
ROIC	27.5%		32.7%		

	31.12.2022	(%)	31.12.2021	(%)	(+/-%)
Net working capital	76.2		44.1		72.8%
Net cash ¹	102.7		148.5		-30.8%
Equity/Equity ratio	204.6	56.2%	193.9	57.4%	5.5%
Employees (FTE)	2'097		1'966		6.7%

	2022	(%)	2021	(%)	(+/-%)
Distribution per share (CHF) ²	3.50		4.30		-18.6%

¹ Definition according Alternative Performance Measures (APM) see note 1.

² 2022: Distribution of a dividend as proposed to the Annual General Meeting to be held on 20 April 2023.

Based on Swiss GAAP FER, figures reported in euros unless indicated differently.

Report to the shareholders

Kardex posted record high bookings of EUR 698.6 million in 2022, 15.9% above the already strong financial year 2021 and approximately 55% above 2019, the last "pre-COVID-19" year. The trend towards automation continued across all industry segments and regions served by Kardex. Demand is additionally supported by the Group's expanded solution portfolio. Bookings in New Business increased by 16.9% and in Life Cycle Services (LCS) by 12.8%. The order backlog as of 31 December 2022, amounted to EUR 510.5 million, 39.3% higher than at the beginning of the year.

Net revenues of EUR 565.6 million were 24.2% higher than the previous year mainly due to strong demand. The revenue mix changed in the year under review with 71.1% (68.2%) of net revenues generated by New Business and 28.9% by LCS (31.8%).

Gross profit increased by only 8.8% to EUR 177.7 million which corresponds to a gross profit margin of 31.4%, down 4.5 margin points from previous year. The gross profit was severely impacted by supply chain issues, material cost increases, project delays by customer and production inefficiencies being based on missing parts, and a high sickness absence rate due to influenza and COVID-19 in German factories.

Operating costs increased less than net revenues by 19.3% to EUR 121.9 million, reflecting in particular the growing employee base, performance-based sales commissions, slightly increased marketing expenses and the partial return of travel expenses after the pandemic. In addition, development expenses, especially in the area of software, were increased in a targeted manner and the sale of Robomotive shares resulted in a low single-digit million euros write-off.

In total, EBIT amounted to EUR 55.8 million. This is 8.7% lower than in the previous year (EUR 61.1 million) and corresponds to an EBIT margin of 9.9%. Net profit amounted to EUR 38.6 million (EUR 43.7 million) being 11.7% lower, due to a likewise weaker financial result.

Challenging year for Kardex Remstar

Bookings at Kardex Remstar developed well in all main markets and were particularly strong again in the US. With EUR 509.8 million, Kardex Remstar exceeded the previous year level by 10.9%, surpassing the EUR 500 million mark for the first time. At 14.7%, LCS grew even faster than New Business. The order backlog at the end of the period was high with EUR 322.2 million, 35.2% higher than at the beginning of the year.

Net revenues of EUR 436.6 million (EUR 365.5 million) increased substantially by 19.5%. On the other hand, gross profit margins were severely under pressure due to the profound global supply chain issues, which led to significant challenges and higher costs across the entire supply chain. In addition, the ramp up of the new US plant including issues with the implementation of the new ERP software, negatively impacted the result by around EUR 10 million. Kardex expects the plant to achieve the targeted stability, capacity, and efficiency in the second half of 2023.

As a result of these additional costs and production challenges, Kardex Remstar's EBIT declined by 7.3% to EUR 56.1 million, corresponding to an EBIT margin of 12.8% (16.6%).

Kardex Mlog grows

Kardex Mlog was able to benefit from the positive market environment and, with bookings of EUR 125.4 million, again slightly exceeded the leap achieved in the previous year (EUR 124.5 million). The order backlog remained at a comforting high level with EUR 130.5 million (EUR 110.7 million) at the end of the year. Cooperation with the Corporate Ventures, Kardex AutoStore and Rocket Solution, further strengthened Kardex Mlog's market position in the area of lightgoods solutions.

Net revenues increased substantially by 18.7% to EUR 105.6 million (EUR 89.0 million), but also the gross profit margin of this division was heavily impacted by negative supply chain issues and project delays by customers.

As a result of these cost increases and project challenges the EBIT declined compared to previous year by EUR 0.8 million to EUR 5.1 million corresponding to an EBIT margin of 4.8%.

Kardex AutoStore gains momentum

Kardex AutoStore further strengthened the organization and established a strong presence in Europe and the US, supported by the market's high acceptance of the technology and the expertise of the rapidly growing team. Bookings of EUR 63.3 million were well above expectations. The recorded net revenues of EUR 23.7 million still lagged behind bookings due to the normal ramp-up of the current projects. This business nevertheless achieved a balanced operating result already in its second year of incorporation and will contribute positively to the group result from 2023 onwards. Cooperation with the two divisions is also well established.

Securing supplies requires more NWC

The inventory levels deliberately increased and the trade accounts receivable rose substantially based on the very strong net revenues by the end of the year under review, leading to a further increased net working capital. In combination with the ongoing investments and the reduced cash flow from operating activities, a negative free cash flow of EUR -15.2 million resulted. The ROIC amounted to 27.5% (32.7%). However, the balance sheet remains debt-free and solid. The equity ratio decreased slightly to 56.2% (57.4%).

ESG activities intensified

After Kardex became a member of the UN Global Compact in 2021, activities in the ESG Management Team, which consists of members of the Board of Directors and the Group Management, were structured and intensified. Among other things, the materiality assessment was carried out according to the concept of double materiality and the 15 material topics to Kardex were identified.

Change in Group Management

Jens Fankhänel left Kardex at the end of February 2023 to take on a new professional challenge. He joined the Group in 2011 as Head of Division Kardex Remstar and took over the role as Group CEO in April 2016. He has contributed significantly to the dynamic development of Kardex over the last 12 years. The Board of Directors and the Group Management thank him for his great and successful commitment and also wish him every success in his new role. Until a successor is appointed, Chairperson of the Board of Directors, Felix Thöni, who already led Kardex as Executive Director from 2012 - 2016, will lead the Group through the transition phase.

Motions for the General Meeting

In line with the dividend policy of distributing up to 75% of the net profit generated from operations, the Board of Directors will propose a dividend of CHF 3.50 per share (CHF 4.30) to the Annual General Meeting of 20 April 2023. All current members of the Board of Directors, except for Jakob Bleiker, are standing for re-election at the Annual General Meeting. The Board of Directors thanks Jakob Bleiker for his 11 years of dedicated service and contributions and wishes him all the best for the future. Newly proposed for election is Maria Teresa Vacalli. With her proven industry and digitalization expertise, the seven-member Board of Directors further diversifies and expanded its competencies.

Outlook

The Board of Directors and the Group Management remain confident about the future of Kardex based on the comfortable visibility due to the high backlog and despite isolated signs of a general slowdown in the markets. The order backlog is full until well beyond the middle of 2023. The current supply chain inefficiencies are expected to be overcome in the course of 2023. This, combined with the implemented market price increases, should positively impact the gross profit margin. Kardex expects to develop again in line with its communicated financial targets during the current financial year.



Felix Thöni

Chairperson of the Board of Directors

«Backed by strong and growing market demand, we look positively to the future.»

Felix Thöni, Chairperson of the Board of Directors

Information on the Kardex share

Share capital and capital structure

	2022	2021	2020	2019	2018
Par value per share (CHF)	0.45	0.45	0.45	0.45	0.45
Total registered shares	7'730'000	7'730'000	7'730'000	7'730'000	7'730'000
Number of treasury shares	16'832	17'984	19'560	11'640	13'195
Number of outstanding shares	7'713'168	7'712'016	7'710'440	7'718'360	7'716'805
Registered capital (CHF 1'000)	3'479	3'479	3'479	3'479	3'479
Total voting rights	7'713'168	7'712'016	7'710'440	7'718'360	7'716'805

Key stock exchange figures per share

CHF	2022	2021	2020	2019	2018
Share price high	306.00	313.00	197.60	178.40	180.00
Share price low	125.80	184.00	92.30	112.20	106.40
Closing rate	152.00	300.00	193.60	163.00	113.40
Average volume per trading day (no. of shares)	9'629	9'667	23'664	17'167	17'110
Market capitalization per 31.12. (CHF million)	1'174.96	2'319.00	1'496.53	1'259.99	876.58

Key figures per share

CHF	2022	2021	2020	2019	2018
Earnings per share (EPS) ¹ – basic	4.93	6.15	5.65	6.39	5.74
Earnings per share (EPS) ¹ – diluted	4.93	6.15	5.65	6.39	5.74
Price earning ratio (closing rate)	30.94	48.87	34.35	25.54	19.80
Dividend ²	3.50	4.30	4.00	4.50	4.00
Dividend yield	2.3%	1.4%	2.1%	2.8%	3.5%

¹ Calculated by the generally accepted method (net profit/average number of outstanding shares).

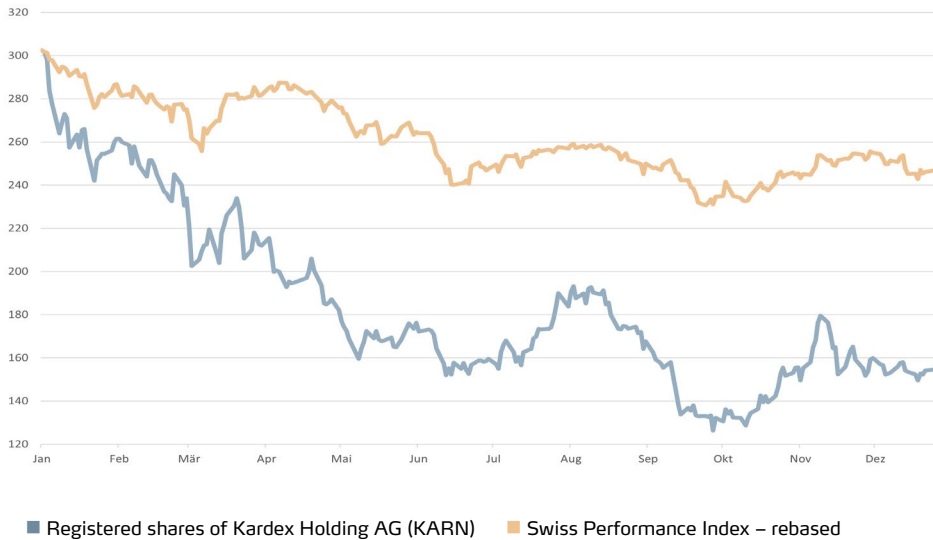
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Stock exchange symbol: KARN; Swiss securities number: 10083728; ISIN number: CH0100837282; Bloomberg: KARN SW Equity; Reuters: KARN.S. Current prices can be seen at www.kardex.com.

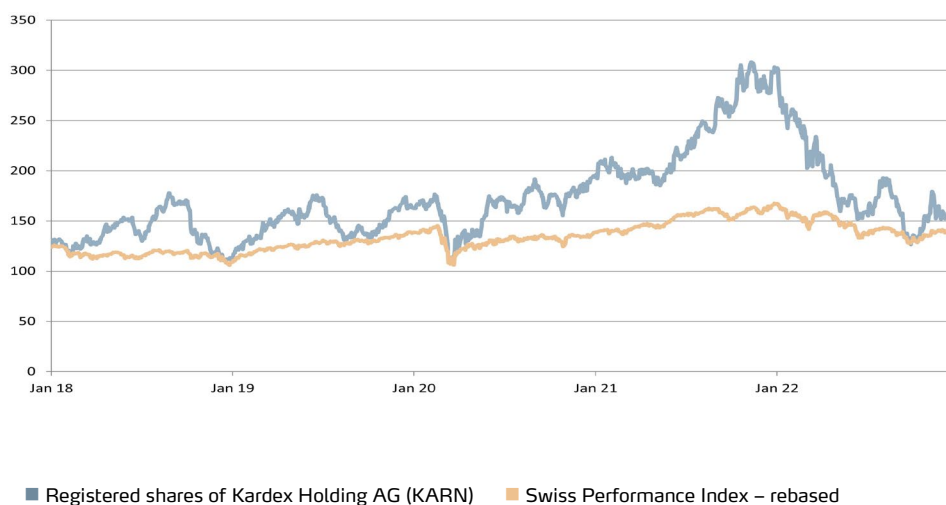
Share price performance Kardex Holding AG share

On SIX Swiss Exchange 1 January to 31 December 2022, based on the daily closing price in CHF



The value of the Kardex share decreased by 49.3 % (increase of 55.0%) from CHF 300.00 to CHF 152.00 during 2022. Kardex paid a dividend of CHF 4.30 per share in April 2022. The Total Shareholder Return (TSR) for the year was -47.9% (+57.0%).

On SIX Swiss Exchange 1 January 2018 to 31 December 2022, based on the daily closing price in CHF



Corporate calendar

2023 Annual General Meeting	20 April 2023
2023 Interim Report	27 July 2023
2023 Annual Report	7 March 2024
2024 Annual General Meeting	25 April 2024
2024 Interim Report	30 July 2024

Shareholder structure

As of 31 December 2022, there were 3'505 shareholders (3'117) entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Kardex Holding AG at year end.

	31.12.2022	31.12.2021
BURU Holding AG and Philipp Buhofer	22.1%	22.1%
Kempen Capital Management N.V.	6.4%	4.9%
Alantra Partners S.A.	5.4%	3.9%
Invesco Ltd.	3.1%	4.0%

Contact share register

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Division Kardex Remstar

In a very challenging market environment, Kardex Remstar achieved a mixed result in 2022. With EUR 509.8 million, bookings were 10.9% above the previous year level and for the first time surpassed the EUR 500 million mark. Despite challenges in the supply chain net revenues increased by 19.5% to EUR 436.6 million. Due to significant material price increases and challenges in the ramp-up of the new factory in the US, Kardex Remstar's gross profit grew underproportionally to net revenues by 5.7% to EUR 152.8 million, and EBIT reached EUR 56.1 million resulting in an EBIT margin of 12.8%. With EUR 322.2 million, the order backlog is higher than ever before, ensuring a good start into 2023.

Kardex Remstar benefited from various trends that boosted demand across many industry segments. The reshoring effects in Europe and the US combined with an increased investment in Europe are trends that are likely to continue in the future. These reshoring activities aim to reduce dependency on overseas suppliers and will also drive demand for many small and medium enterprises to automate warehouse logistics in order to stay competitive. The ongoing shortage of skilled workers in many geographical markets compounded by an aging workforce is further accelerating the automation trend. Kardex Remstar is well positioned to benefit from these trends.

Milestone bookings

Bookings developed well in all market segments during the entire year on the back of an increasing demand for efficient intralogistics solutions. Overall, bookings increased to a record EUR 509.8 million, up 10.9% year-on-year. New Business contributed EUR 366.5 million, 9.4% more than last year, and Life Cycle Services (LCS) grew by 14.7% to EUR 143.3 million. Growth was broad-based, ranging from healthcare providers and electronics manufacturers to classic, medium-sized industrial companies. Bookings with warehouse/retail and e-commerce customers

remained high, at a comparable level to the previous year.

Geographically, the continued strong growth in the US stood out. Europe, with Germany and Switzerland in particular, but also Poland, France, Portugal, Romania and Hungary, recorded above-average growth. By contrast, business performance was weaker in Scandinavia and the UK, the latter influenced by the consequences of Brexit. In Asia, bookings in China remained at the same level, while bookings in Taiwan and Malaysia, driven by investments in the semiconductor industry, developed positively.

Double digit revenue growth

Despite supply chain issues, net revenues increased by 19.5% to EUR 436.6 million (EUR 365.5 million). New Business contributed EUR 301.5 million or 69.1% to net revenues, LCS EUR 135.1 million or 30.9%.

The reduced overall delivery capability and the good bookings resulted in an order backlog of EUR 322.2 million at the end of the year, 35.2% more than the previous year. This record-high level supports a good start into the year 2023, as the order backlog equals approximately nine months of net revenues for Kardex Remstar.

Key figures for the Kardex Remstar Division

in EUR million	2022	(%)	2021	(%)	(+/-%)
Bookings	509.8	116.8%	459.9	125.8%	10.9%
Order backlog (31.12.)	322.2	73.8%	238.3	65.2%	35.2%
Net revenues	436.6	100.0%	365.5	100.0%	19.5%
EBITDA	64.0	14.7%	66.2	18.1%	-3.3%
Operating result (EBIT)	56.1	12.8%	60.5	16.6%	-7.3%
Employees (FTE as of 31.12.)	1'727		1'628		6.1%

Higher costs and supply chain inefficiencies

Gross profit was negatively impacted by significant cost increases for raw materials, energy and transport costs. In addition, global supply chains bottlenecks and an above average sickness absence rate led to production inefficiencies in factories. Sales prices have been increased in multiple steps, but these increases did offset the cost increases only with a substantial time lag. This resulted in a gross profit of EUR 152.8 million (EUR 144.6 million) with a gross profit margin of 35.0% (39.6%).

In addition, the new plant in the US experienced considerable ramp-up difficulties. The planned production capacity will not be reached until the second quarter of 2023 mainly due to continued problems with the new enterprise resource planning (ERP) system. This negatively impacted the gross profit by around EUR 10 million.

Operating expenses increased to EUR 96.7 million, representing 22.1% of net revenues (23.0%), which is well below the increase of net revenues. The higher expenses were primarily the result of an increased sales force, higher sales commissions, increased travel expenses and normalized trade fair costs following the end of the pandemic.

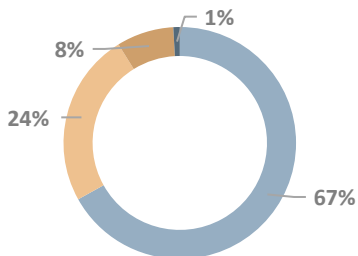
Kardex Remstar's EBIT declined by 7.3% to EUR 56.1 million resulting in an EBIT margin of 12.8% (16.6%).

Outlook

In the short term, the business environment will remain difficult and thus, 2023 will be another challenging year for Kardex Remstar. Inefficiencies in supply chains are likely to continue for a few months, further affecting Kardex Remstar's ability to deliver with pre-COVID-19 speed and efficiency. Nevertheless, the full order backlog is a good starting point for further increases in net revenues. Efficiency gains and price adjustments already implemented should offset increased input costs. With the expected higher net revenues, a normalization in the supply chain and the successful ramp-up of the US factory, margins are expected to develop positively again. Kardex Remstar is well positioned in the growing global intralogistics market and expects solid demand for its automated solutions well into the future.

Net revenues by region

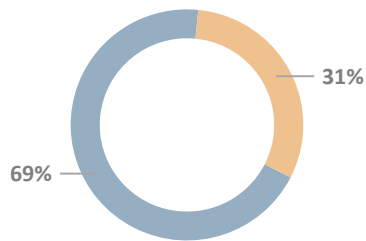
2022 financial year



- Europe
- Americas (North, Middle, South)
- Asia/Pacific
- Middle East and Africa

Net revenues by business unit

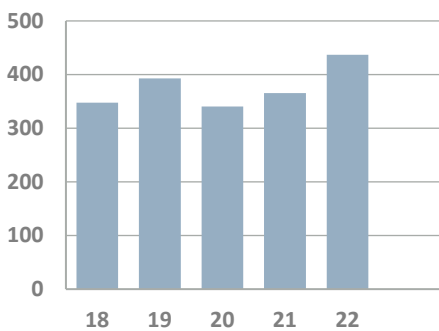
2022 financial year



- New Business
- Life Cycle Services

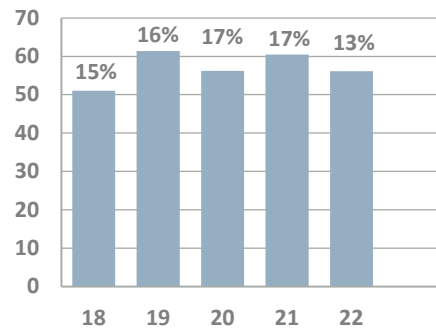
Net revenues

in EUR million



EBIT and EBIT margin

in EUR million and in %



«Our great team will continue to drive the successful growth strategy while securing our profitability levels.»

Urs Siegenthaler, Head of Division Kardex Remstar



Division Kardex Mlog

Despite a challenging market environment, customer interest has been considerable. Bookings, which were already high in the previous year, increased further to EUR 125.4 million. Due to bottlenecks for electronic components in the global supply chain, as well as various project delays on customer sites, project lead times have considerably increased. Despite these challenges, net revenues increased by 18.7% to EUR 105.6 million. With a slightly less favorable net revenues mix, gross profit increased at a below-average rate of 9.1% to EUR 20.4 million. The resulting EBIT of EUR 5.1 million and an EBIT margin of 4.8% is slightly below the communicated target range. The full order backlog reached a new high of EUR 130.5 million and provides a solid foundation for the start of the financial year 2023.

The high booking level of 2021 has been confirmed again in the reporting period, with a particularly high momentum in the second half of the year. Overall, bookings increased to EUR 125.4 million, to the highest level in Kardex Mlog's history. The sales funnel was still well filled at year end, with positive expectations for 2023.

Consistent market demand confirmed

This positive trend was broadly based, with an increase in demand across all industries, from third party logistics providers to food companies and consumer goods manufacturers. The general trend towards automation also supported the stable bookings. It is encouraging that around EUR 25 million came from new customers, which clearly underlines the growing acceptance of Kardex Mlog in the market.

Geographically, the above-average growth in the home market of Germany was particularly significant, while bookings in the surrounding countries on Germany's eastern border grew less rapidly. As a result, the share of business volume outside Germany increased slightly to 20%, the target of 30% outside Germany remains a medium-term goal.

In the lightgoods business, cooperation with Corporate Ventures Rocket Solution and Kardex AutoStore strengthened Kardex Mlog's position in the market. The first projects were successfully implemented. Further expansion of joint projects will enable existing market needs to be satisfied and new potential to be uncovered.

Order backlog at record level

The combination of very high bookings and delayed net revenues generation led to an order backlog of EUR 130.5 million, with a year-on-year increase of EUR 19.8 million. This record-high level supports a good start into the financial year 2023.

Changed net revenues mix

In total, net revenues increased by 18.7% to EUR 105.6 million. Compared with the previous year, the net revenues mix changed, with New Business contributing 73.4% (70.4%) or EUR 77.5 million and Modernization and Life Cycle Service (LCS) EUR 28.1 million, corresponding to a share of 26.6% (29.6%).

Key figures for the Kardex Mlog Division

in EUR million	2022	(%)	2021	(%)	(+/-%)
Bookings	125.4	118.8%	124.5	139.9%	0.7%
Order backlog (31.12.)	130.5	123.6%	110.7	124.4%	17.9%
Net revenues	105.6	100.0%	89.0	100.0%	18.7%
EBITDA	5.8	5.5%	6.6	7.4%	-12.1%
Operating result (EBIT)	5.1	4.8%	5.9	6.6%	-13.6%
Employees (FTE as of 31.12.)	333		304		9.5%

Gross profit margin negatively impacted

Gross profit increased by 9.1% to EUR 20.4 million. However, due to the changed mix as well as higher-priced raw materials, and energy and transport costs combined with increased inefficiencies in the realization led to a lower gross profit margin of 19.3% (21.0%). The continued shortages in global supply chains combined with customer delays negatively impacted Kardex Mlog's capability to deliver projects on time and with pre-calculated costs. On the one hand, there have been continued problems with the procurement of electronic components and steel, and on the other hand, customers repeatedly rescheduled projects, thus dragging out project execution and creating increasing inefficiencies in the realization. Internal capacity planning has also been a challenge, especially in production, because employees were repeatedly absent due to illness caused by influenza and COVID-19.

Investments into the Organization

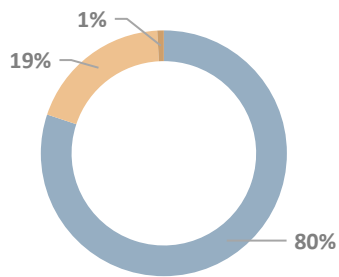
Marketing expenses increased with the return of travel and trade fair activities after the pandemic.

In addition, Kardex Mlog made targeted investments into the future, for example by building a team in Poland, and by strengthening software development resources as well as increasing the Sales and Marketing team. Internal resources increased to meet the new volume levels and to ensure that orders could be processed efficiently, and projects were carefully monitored. With an additional 29 full-time positions, the workforce has increased significantly. Staff turnover is low, but it remains a major challenge in Germany to fill vacancies with qualified personnel. In total, Kardex Mlog delivered an EBIT of EUR 5.1 million (EUR 5.9 million) with an EBIT margin of 4.8% (6.6%).

Outlook

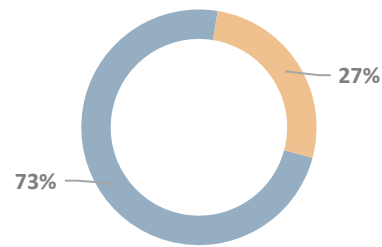
The record high order backlog and the stable sales funnel support a solid start into the year 2023. Once the global supply chains problems and customer delays normalize, the conditions are in place for Kardex Mlog to continue to grow and to deliver net revenues in line with the high order backlog.

Net revenues by region
2022 financial year



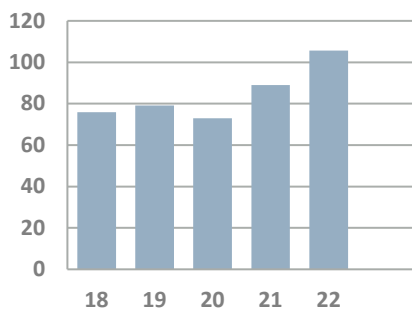
- Germany
- Rest of Europe
- Rest of world

Net revenues by business unit
2022 financial year

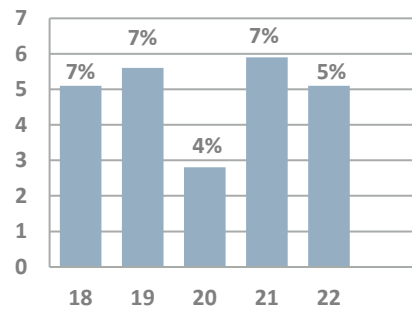


- New Business
- Life Cycle Services

Net revenues
in EUR million



EBIT and EBIT margin
in EUR million and in %



«We will further benefit from our substantially strengthened market position.»

Hans-Jürgen Heitzer, Head of Division Kardex Mlog



Corporate Governance

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Kardex is committed to the established principles of responsible corporate governance as published by *economiesuisse* in the Swiss Code of Best Practice for Corporate Governance. By acknowledging these principles, the Group's aim is to adhere to corporate and ESG policies which are pursued in the interests of present and future shareholders, investors, employees, business associates, and the general public. Through defined internal controls and mechanisms for the monitoring of business processes, Kardex seeks to achieve risk-controlled decisions and results. Kardex has set the goal of ensuring comprehensive, transparent communication with all stakeholders. The principles of corporate governance at Kardex are defined in the Articles of Incorporation and the Kardex Holding AG Organizational Regulations, as well as in the Code of Conduct and other Kardex guidelines. The Group publishes further information on its website at www.kardex.com.

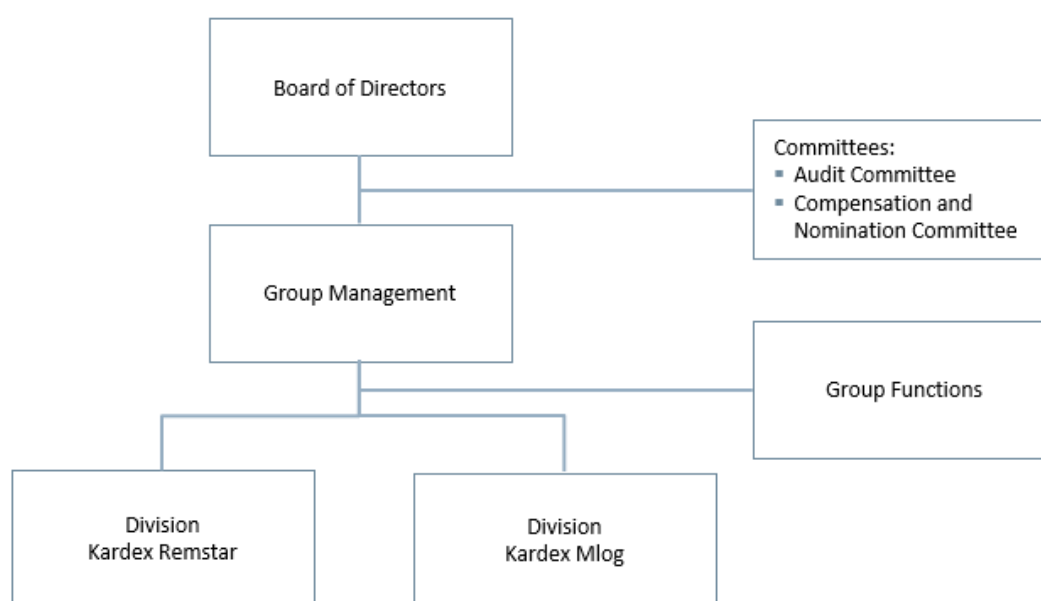
In the following section, as required by the guidelines of SIX Swiss Exchange, Kardex provides information about its corporate governance. To avoid redundancy and in the interests of readability, the reader may be referred to other sections of the Annual Report or other Kardex publications. Any significant events or changes occurring between the balance sheet date and the publication of this report will be referenced.

1. Group structure and shareholders

1.1 Group structure

1.1.1 Operational group structure

Kardex is managed through two entrepreneurially led divisions Kardex Remstar and Kardex Mlog, and Kardex Holding AG (including Group Functions and Corporate Ventures). Kardex is led by the Board of Directors and Group Management, which consists of the CEO, CFO and two Head of Divisions.



The breakdown of responsibilities between the Board of Directors and the Group Management is explained in section 3.6, page 32.

1.1.2 Listed company in scope of consolidation

Company	Kardex Holding AG
Registered office	Zurich, Switzerland
Listed at	SIX Swiss Exchange
Swiss security no.	10083728
ISIN	CH0100837282
Symbol	KARN
Market capitalization as of 31 December 2022	CHF 1'175 million

Kardex Holding AG, a public limited company under Swiss law and headquartered in Zurich, Switzerland (hereinafter "the Company") is the parent company of Kardex. The registered shares of Kardex Holding AG are traded by the Swiss Reporting Standard of the SIX Swiss Exchange in Zurich, Switzerland. The par value per share is CHF 0.45. The other companies in the scope of consolidation are not listed.

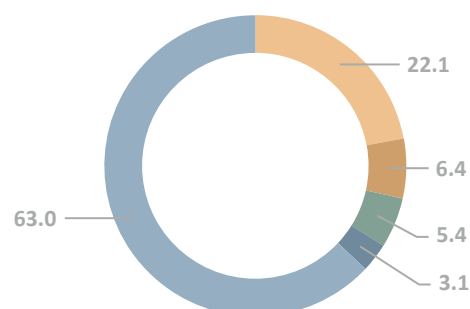
1.1.3 Non-listed companies in scope of consolidation

The companies directly and indirectly held by Kardex Holding AG within the scope of consolidation of Kardex are listed in the notes to the consolidated financial statements on pages 104 and 106 of the Annual Report.

1.2 Significant shareholders

As of 31 December 2022, there were 3'505 shareholders (3'117) entered in the Company's share register.

As of the balance sheet date (31 December 2022), the following shareholders had stakes equaling or exceeding 3% (in terms of capital held in %):



BURU Holding AG und Philipp Buhofer	22.1%
Kempen Capital Management N.V.	6.4%
Alantra Partners S.A.	5.4%
Invesco Ltd.	3.1%
Other shareholders	63.0%

The Company held 16'832 shares in Kardex Holding AG at the balance sheet date (17'984). Other companies in the scope of consolidation did not hold any shares.

Shares pending registration of transfer amounted to 39.0% of the total as of 31 December 2022 (38.9%).

Reports of significant shareholders or groups of shareholders filed with the Company and the Disclosure Office of SIX Swiss Exchange Ltd in accordance with article 120 respectively 121 of the Financial Market Infrastructure Act (FMIA) can be viewed on the Disclosure Office's publication platform at www.six-exchange-regulation.com.

No Shareholders' Agreements exist.

1.3 Cross-shareholdings

As of the balance sheet date, there are no cross-shareholdings.

2. Capital structure

Share capital and capital structure

	2022	2021	2020	2019	2018
Par value per share (CHF)	0.45	0.45	0.45	0.45	0.45
Total registered shares	7'730'000	7'730'000	7'730'000	7'730'000	7'730'000
Number of treasury shares	16'832	17'984	19'560	11'640	13'195
Number of outstanding shares	7'713'168	7'712'016	7'710'440	7'718'360	7'716'805
Registered capital (CHF 1'000)	3'479	3'479	3'479	3'479	3'479
Total voting rights	7'713'168	7'712'016	7'710'440	7'718'360	7'716'805

Key figures per share

The key figures per share of the Company are shown on page 10 of this Annual Report.

2.1 Ordinary capital

The ordinary capital of Kardex Holding AG as of 31 December 2022 amounted to CHF 3'478'500 (number of shares: 7'730'000).

2.2 Authorized and conditional capital

The Company had no authorized or conditional capital as of 31 December 2022.

2.3 Changes in capital

For an overview of the capital changes during the financial years 2018 to 2022, please see the table above "Share capital and capital structure" in section 2 or on page 24.

2.4 Shares, participation certificates, and dividend policy

The Company's 7'730'000 fully paid-up registered shares have a nominal value of CHF 0.45 (CHF 0.45) each. Each registered share corresponds to one vote at the General Meeting ("one share – one vote" principle) and is eligible for dividends. The right to apply the special rules concerning treasury shares held by the Company is reserved, particularly in relation to the exception from the entitlement to dividends.

The Company did not have profit participation capital as of 31 December 2022.

As a general rule, up to 75% of the operating result (operating result for the period on the basis of the consolidated Group result) for the period is to be distributed to shareholders in accordance with a proposal of the Board of Directors at the General Meeting.

2.5 Dividend-right certificates

The Company did not issue any profit participation certificates as of 31 December 2022.

2.6 Limitations on transferability and nominee registrations

The registered shares of Kardex Holding AG may be purchased by any legal or natural person. Nominee registrations are permitted. The purchasing of shares is subject to the following limitations on nominee registrations:

- The Company may refuse registration as a shareholder with voting rights in the share register if upon request the purchaser does not expressly declare that they hold the shares in their name and for their account. The Board of Directors is entitled to delete an entry in the share register with retroactive effect from the date of that entry if such entry was based on false information but may hear the shareholder or beneficiary in question in advance. In each case, the shareholder or

beneficiary in question must be immediately informed of the deletion.

- The aforementioned limitations on nominee registrations are explicitly laid down in section 3 paragraphs 10 and 11 of the Articles of Incorporation, available at www.kardex.com. These provisions of the Articles of Incorporation may be rescinded by a simple decision at the General Meeting. The foregoing applies subject to any restrictions on transferability imposed by the law.

2.7 Convertible bonds and options

As of 31 December 2022, the Company had no convertible bonds or options outstanding.

3. Board of Directors

The Board of Directors is responsible for Kardex's overall direction and oversight of management. It is the ultimate decision-making authority, except for matters decided at the General Meeting.

3.1 Members of the Board of Directors

The Board of Directors of Kardex Holding AG consisted of seven non-executive members. All non-executive members were independent in the sense of the Swiss Code of Best Practice for Corporate Governance and have not served on either the Group Management of Kardex Holding AG or the management board of any subsidiary during the past three years. They did not have significant business relationships with Kardex. Philipp Buhofer held significant shares in Kardex, which, however, did not restrict his independence from the Company's point of view. This view is consistent with the Swiss Code of Best Practice for Corporate Governance article 14 of *economiesuisse* (see www.economiesuisse.ch).



Felix Thöni

1959, Swiss citizen,
Dr. oec. HSG

Non-executive member of the BoD

- Chairperson since 2021
- Vice Chairperson from 2016 - 2020
- Member since 2011

2012 - 2016

- Executive Director, Kardex Holding AG, Zurich, Switzerland

Since 2010

- Board Member, Management Consultant

2003 - 2009

- CFO, Charles Vögele Holding AG, Pfäffikon, Switzerland

1992 - 2002

- CFO, Carlo Gavazzi Holding AG, Steinhausen, Switzerland

Other directorships of non-listed companies

- Cham Group AG, Cham, Switzerland **
- Renergia Zentralschweiz AG, Perlen/Root, Switzerland **

* In the function as Chairperson of the Board of Directors

** In the function as Member of the Board of Directors



Ulrich Jakob Looser

1957, Swiss citizen,
Dipl. Phys. ETH, lic. oec. HSG

Non-executive member of the BoD

- Vice Chairperson since 2021
- Member since 2012

Since 2009

- Partner, Berg Looser Rauber Partners (BLR Partners AG), Zurich, Switzerland

2001 – 2009

- Chairperson (since 2005), Accenture AG (Switzerland), Zurich, Switzerland

1987 – 2001

- Partner (since 1993), McKinsey & Company Inc., Zurich, Switzerland

Other directorships of listed companies

- LEM, Fribourg, Switzerland **
- u-blox, Thalwil, Switzerland **

Other directorships of non-listed companies

- Bachofen Holding AG, Uster, Switzerland *
- Balgrist Beteiligungs AG, Zurich, Switzerland **
- BLR Partners AG, Zurich, Switzerland *
- FOSTAG Formenbau AG, Stein am Rhein, Switzerland *
- Increded AG, Zurich, Switzerland **
- ZuriMed AG, Zurich, Switzerland **

**Other activities at legal entities such as foundations and associations/
consultancy roles/political offices**

- Member of the Board of economiesuisse, Switzerland: Chairperson of the Committee on Education and Research
- Swiss National Science Foundation (SNSF), Switzerland: Member of the Board of Trustees'
- Swiss-American Chamber of Commerce, Switzerland: Member Chapter "Doing business in the US"
- Swiss Association "Balgrist", Zurich, Switzerland: Member of the Board
- University of Zurich, Zurich, Switzerland: University Council



Jakob Bleiker

1957, Swiss citizen,
Dipl. Phys. ETH, lic. oec. HSG

Non-executive member of the BoD

- Member since 2012

Since 2018

- Member of various Board of Directors

2017

- Manager Business Unit Food, Bosch Packaging Technology, Robert Bosch GmbH, Beringen, Switzerland

2011 – 2016

- Manager Confectionery and Food Division, Bosch Packaging Technology, Robert Bosch GmbH, Beringen, Switzerland

2004 – 2011

- Manager Bosch Packaging Systems, Bosch Packaging Technology, Robert Bosch GmbH, Beringen, Switzerland

Other directorship of non-listed company

- Fagus Suisse AG, Les Breuleux, Switzerland **



Philipp Buhofer

1959, Swiss citizen,
HWV Horw/Luzern

Non-executive member of the BoD

- Member since 2004

Since 1997

- Independent entrepreneur

2002 – 2003

- Delegate and Chairperson of the Board of Directors, EPA AG, Zurich, Switzerland

Other directorships of listed companies

- Schaffner Holding AG, Luterbach, Switzerland **
- Klingelberg AG, Zurich, Switzerland **

Other directorships of non-listed companies

- BURU Holding AG, Hagendorn, Switzerland **
- Cham Group AG, Cham, Switzerland *
- DAX Holding AG, Cham, Switzerland *



Eugen Elmiger

1963, Swiss citizen,
BS in Electrical Engineering, HSLU
Horw

Non-executive member of the BoD

- Member since 2020

Since 2011

- CEO, maxon international ag, Sachseln, Switzerland

1991 - 2011

- Various management functions, maxon motor ag, Sachseln, Switzerland

Other directorship of listed company

- Monolithic Power Systems Inc., Kirkland, USA **

**Other activities at legal entities such as foundations and associations/
consultancy roles/political offices**

- Chamber of Commerce and Industry of Central Switzerland: Member of the Board of Directors
- Swiss American Chamber of Commerce, Switzerland: Member Chapter "Doing Business in the US"

* In the function as Chairperson of the Board of Directors

** In the function as Member of the Board of Directors



Andreas Häberli

1968, Swiss citizen,
Dipl. El. Ing. ETH, Dr. sc. techn. ETH
Zurich

Non-executive member of the BoD

- Member since 2020

Since 2011

- Chief Technology Officer and member of the Executive Committee, dormakaba Group, Ruemlang, Switzerland

2003 – 2010

- Head of Development and member of Management Board, Kaba AG, Wetzikon, Switzerland; from 2009 additionally Head of Development and member of Management Board, Kaba GmbH, Herzogenburg, Austria

1999 – 2003

- Member of Management Board, Sensirion AG, Staefa, Switzerland

Other directorship of listed company

- Komax Holding AG, Dierikon, Switzerland **

Other directorship of non-listed company

- 3dB Access, Thalwil, Switzerland **

Other activities at legal entities such as foundations and associations/ consultancy roles/political offices

- Member of Industrial Advisory Board ETH Zurich, Switzerland
- Member of Swissmem Research Committee Zurich, Switzerland



Jennifer Maag

1969, Swiss and German citizen,
Bachelor of Arts in Political Economy,
University of California, Berkeley,
USA

Non-executive member of the BoD

- Member since 2022

Since 1999

- Founder and CEO, Capital Concepts International AG, Zurich, Switzerland

1996 - 1999

- Senior Manager Corporate Finance (since 1997), KPMG Corporate Finance Zurich, Switzerland

1992 - 1996

- Audit Senior (since 1994), Deloitte & Touche, Zurich, Switzerland and Munich, Germany

Other directorship of listed company

- VT5 Acquisition Company AG, Pfäffikon, Switzerland**

Other directorships of nonlisted companies

- WICOR Holding AG, Rapperswil, Switzerland**
- Nova Property Fund Management AG, Pfäffikon, Switzerland**
- Capital Concepts International AG, Zurich, Switzerland*

Other activities at legal entities such as foundations and associations/ consultancy roles/political offices

- University of Zurich (UZH) Foundation**
- University of California, Berkeley, Department of Political Economy, Alumni Advisory Board**

3.2 Other activities and vested interests

The other activities and interests of each member of the Board of Directors are shown in section 3.1 and comply with the regulations of the Articles of Incorporation as they are expressly stated in section 13 paragraph 4 or listed in section 3.3 of this report.

3.3 Number of permitted activities

In accordance with section 13 paragraph 4 of the Articles of Incorporation, the number of mandates held by members of the Board of Directors on the highest management and administrative bodies of legal entities registered in the Commercial Register or a corresponding foreign register outside Kardex is limited to the following number of mandates:

- 5 for listed companies;
- 10 for non-listed companies;
- 15 for other legal entities such as foundations and associations.

Mandates fulfilled in different legal entities of a single group or on behalf of this group will be considered collectively as one mandate. These limitations may be temporarily exceeded by at most one mandate for a period of no longer than six months.

If a member of the Company's Board of Directors also belongs to the Group Management, the regulations governing the relevant number of permissible activities for members of the Board shall be applicable.

The number of mandates stipulated in the Articles of Incorporation was complied by the members of the Board of Directors in the reporting period as well as in the previous year.

The members of the Board of Directors, together with their mandate at Kardex Holding AG, held the following number of directorships at listed companies as of the reporting date:

Name	Chairperson	Member
Felix Thöni	1	-
Ulrich Jakob Looser	-	3
Jakob Bleiker	-	1
Philipp Buhofer	-	3
Eugen Elmiger	-	2
Andreas Häberli	-	2
Jennifer Maag	-	2

3.4 Elections and terms of office

3.4.1 Principles of the election procedure and restrictions on term of office

The members of the Board of Directors are annually elected at the General Meeting, each for a term of office of one year, or until the end of the next Ordinary General Meeting. There is no limit to the number of times a member may be reelected. If by-elections are held, new members serve out the term of office of their predecessors. Once reaching 70 years of age, members of the Board of Directors retire from the Board of Directors automatically effective from the next Ordinary General Meeting.

With regard to the appointment of the Chairperson of the Board of Directors, the members of the Compensation and Nomination Committee, and the independent proxy, the Articles of Incorporation comply with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance).

3.4.2 Initial election and remaining term of office of each member of the Board of Directors

Name	Year elected	Term expires
Felix Thöni	2011	2023
Ulrich Jakob Looser	2012	2023
Jakob Bleiker	2012	2023
Philipp Buhofer	2004	2023
Eugen Elmiger	2020	2023
Andreas Häberli	2020	2023
Jennifer Maag	2022	2023

3.5 Internal organizational structure

The non-transferable and irrevocable statutory duties of the Board of Directors are described in the Swiss Code of Obligations (CO) article 716a and are outlined in the Articles of Incorporation and the Organizational Regulations of the Company. The Organizational Regulations can be viewed at www.kardex.com.

In particular, the Board of Directors of the Company has the following duties and powers:

- the strategic orientation, organization, and management of Kardex;
- Structuring the financial and accounting system as well as financial planning and control;
- Appointment and dismissal of the members of the Group Management and the Company's authorized signatories;
- Regular review of business activities;
- Passing resolutions on matters that have not been reserved or transferred to another body by law, the Articles of Incorporation or regulations; Formulation and preparation of proposals to the General Meeting.

3.5.1 Allocation of tasks within the Board of Directors

Felix Thöni serves as Chairperson of the Board of Directors since the 2021 General Meeting and Ulrich Jakob Looser is Vice Chairperson since the 2021 Annual General Meeting. The two permanent committees of the Board of Directors are led by Jakob Bleiker (Audit Committee) and Ulrich Jakob Looser (Compensation and Nomination Committee).

The Board of Directors carries overall responsibility for the ESG Strategy. To ensure the effectiveness of implementing this strategy, an ESG Steering Group consisting of Board and Senior Management Representatives has been established. More information regarding the ESG Management Team can be found in the ESG Report.

3.5.2 Members list, tasks and area of responsibility for each committee of the Board of Directors

The two permanent committees, the Audit Committee (AC) and the Compensation and Nomination Committee (CNC), assist the Board of Directors or prepare important decisions.

The committees are constituted as follows:

Name	AC	CNC
Felix Thöni		
Ulrich Jakob Looser		Chairperson
Jakob Bleiker	Chairperson	
Philipp Buhofer		Member
Eugen Elmiger		Member
Andreas Häberli	Member	
Jennifer Maag	Member	

According to the Organizational Regulations article 3.9, the Board of Directors may set up other committees to help it carry out its duties more efficiently. It appoints the chairpersons and members of the committees and defines their duties.

The committees report back to the Board of Directors on their activities. However, overall responsibility for the duties assigned to the committees remains with the full Board of Directors.

Audit Committee

The Audit Committee is composed of two to five members of the Board of Directors who are elected by the Board of Directors for a term of one year. The majority, including the Chairperson, shall be experienced in financial and accounting matters. The Board of Directors appoints the Chairperson of the Audit Committee, who may not at the same time be Chairperson of the Board of Directors.

The Audit Committee supports the Board of Directors in its duties of ultimate supervision, with particular regard to monitoring the integrity of the financial statements, the annual and interim reports, the internal control system for accounting

processes, risk management, and the auditing activities of the external and internal auditors. The Audit Committee is primarily responsible for the following tasks:

- critically reviews the annual and interim financial statements, consulting the external auditors and the members of the Group Management or other management personnel, and submits a proposal to the Board of Directors for approval or rejection;
- assesses the auditing activities, audit plan, independence, and remuneration of the external auditors as well as their cooperation with the finance and control officers of the Company and discusses their reports and recommendations;
- makes an assessment of the functioning of the internal control system and the reliability of the reporting;
- determines whether Group Management has implemented and operates an adequate risk management system, and pays particular attention to cyber security;
- monitors compliance with legislation, internal guidelines, and other provisions;
- submits proposals to the full Board of Directors when necessary, if it notices a need for action in the course of its activities.

The duties and responsibilities of the Audit Committee are defined in the Organizational Regulations art. 3.9.1.

Compensation and Nomination Committee

The Compensation and Nomination Committee consists of two to five members who are members of the Board of Directors and elected at the Annual General Meeting. The Board of Directors appoints the Chairperson of the Compensation and Nomination Committee.

The Compensation and Nomination Committee advises and submits proposals to the full Board of Directors primarily in the following areas:

- fundamental personnel issues within Kardex;
- appointments to the Board of Directors and key positions within the Group;

- approval of conditions of employment for members of the Group Management (in particular compensation and contract duration);
- defining fundamental parameters about performance related payments within Kardex;
- setting individual performance related payments to members of the Group Management;
- monitoring salary structure and salary development overall as well as individual total remunerations received which exceed a specific amount to be set by the committee;
- compliance with official and/or supervisory regulations concerning the publication of remunerations received by the members of the Board of Directors and the Group Management.
- discussion and treatment of whistleblowing cases.

The duties and responsibilities of the Compensation and Nomination Committee are defined in the Organizational Regulations article 3.9.2.

3.5.3 Working methods of the Board of Directors and its committees

Board of Directors

The Board of Directors convenes by invitation of the Chairperson or a member representing him, or at the request of one of its members. Minutes detailing the Board's discussions and decisions are kept and signed by both, the Chairperson and the Secretary. The Secretary is appointed by the Board of Directors and does not need to be a member. The Chairperson also presides over the General Meeting and, together with the Group Management, ensures that all stakeholders receive any necessary information in good time.

The Board of Directors meets regularly and as often as business requires in regular meetings which generally last half a day to a full day. The Board of Directors also meets once a year for a two-to-three-day strategy session. In the year under review, the Board of Directors met for seven meetings. The meetings lasted between one hour and two days (strategy meeting). The attendance rate of the members of the Board of Directors was

96% (97%). The members of the Group Management are invited to the regular meetings of the Board of Directors. In addition to the Group Management, the strategy and budget sessions are also attended by finance managers from the divisions. The Board of Directors may invite other management personnel or external advisors to attend as needed when dealing with specific issues. Written documentation on the agenda items specified by the Chairperson or at the request of the Group Management is submitted to the Board of Directors well in advance of the meetings.

Audit Committee

The Audit Committee meets as often as required but as a rule three times a year. At the invitation of the Chairperson of the Audit Committee, the CEO, CFO, and, if necessary, other employees or guests attend. The external auditors attend all meetings. In the year under review, the Audit Committee held three regular meetings. These meetings generally lasted half a day. The participation rate of the members of the Audit Committee was 100% (78%).

The Audit Committee reports to the full Board of Directors and puts forward proposals to them when necessary.

Compensation and Nomination Committee

The Compensation and Nomination Committee meets as often as required, but generally three times a year. In the year under review, the Compensation and Nomination Committee held three regular meetings, generally lasting half a day. The participation rate of the members of the Compensation and Nomination Committee was 100% (78%).

The Compensation and Nomination Committee reports to the full Board of Directors and puts forward proposals to them when necessary.

3.6 Definition of areas of responsibility

The Board of Directors is the supreme managerial and supervisory body of the Company and the Group. It bears ultimate responsibility for managing, supervising, and monitoring the Group Management, which is responsible for the management of Kardex. In essence, the Board of Directors is responsible for decisions concerning corporate strategy and organizational structure as well as determining the corporate governance. The Board of Directors is also responsible for appointing, dismissing members of the Group Management, salaries and bonuses of the Group Management, defining finance and accounting systems, as well as approving long-term and annual plans, as well as investment budgets. The Board of Directors delegates management of the Company and Kardex as a whole in full to the Group Management chaired by the CEO unless otherwise specified by law, the Articles of Incorporation, or the Organizational Regulations. The Group Management manages Kardex on the basis of the strategy adopted by the Board of Directors. The duties and authority of the Group Management are outlined in the Organizational Regulations article 4.

The Group Management bears primary responsibility for developing Kardex' strategy and proposes it to the Board of Directors, for the operational management of Kardex, its overall financial results, and the implementation of the strategy and resulting action plan adopted by the Board of Directors. The CFO is responsible for financial, tax, and capital management and is accountable for the development and implementation of the principles, regulations, and limits of risk control. The CFO is also responsible for creating transparency in respect of financial results and accountable for timely, high-quality financial reporting. Each Head of Division bears overall responsibility for his/her division and the management, results, and risks thereof.

3.8 Information and control instruments vis-à-vis the Group Management

Board of Directors

The Board of Directors is informed about the course of business and important business events by the Group Management at every Board meeting. In addition, the Chairperson of the Board of Directors meets the CEO and CFO every month to discuss the course of business. This enables the Board to carry out its supervisory duties regarding the Group's strategic and operational progress.

Further instruments that enable monitoring and controlling Group Management are:

- monthly financial reporting from the Heads of Division on current business performance;
- annual strategic analyses of the individual divisions and the Group as a whole, prepared by the Group Management, together with a long-term plan revised by the Group Management;
- annual revision of the business risk matrix for Kardex by the Group Management and the individual risk owners. The risk matrix describes and evaluates the risks to Kardex in the following categories and defines risk control measures: Commercial risk, financial risk, governance risk, information & security risk, innovation & technology risk, and strategy risk;
- special reports by the Group Management on important investments, acquisitions, and cooperative agreements;
- briefing of the Board of Directors by the Group Management on significant developments.

Audit Committee

As a rule, the Audit Committee reports three times a year to the Board of Directors on matters concerning finance and accounting, accounting standards, compliance (laws and processes), risk management as well as internal and external auditing. It also reviews the financial reporting processes.

Internal audit function

The internal audit function is integrated into the finance function of the Company and the divisions. The internal auditors support the various organizational units in achieving targets related to the maintenance and improvement of the internal control systems. When the internal investigations have been completed, the ICS Coordinator submits a report to the Audit Committee detailing actual or suspected irregularities.

Measures based on the reports described in this section and submitted to the above-mentioned bodies are placed on the agenda for the relevant meeting and handled in succession.

3.9 Gender guidelines

The Board of Directors currently consists of 86% men and 14% women. The Board of Directors has set the goal of increasing the percentage of female members to approximately 30% by 2024 and will propose to reach this goal with the new composition of the Board of Directors at the Annual General Meeting to be held on 20 April 2023.

4. Group Management

4.1 Members of the Group Management



f.l.t.r.: Hans-Jürgen Heitzer, Jens Fankhänel, Thomas Reist, Urs Siegenthaler

The Group Management consisted of four members and manages the operational business of Kardex. Jens Fankhänel acted as CEO and Chairperson of the Group Management. In addition, the CFO, the Head of the Kardex Remstar Division, and the Head of the Kardex Mlog Division were also members of the Group Management. The management structure can be seen in section 1.1.1 of this report on page 22.



Jens Fankhänel
Chief Executive Officer

1965, German citizen,
University degree in Electrical
Engineering/ Specialization in
Automation Engineering and
Technical Cybernetics, Germany

2016 – 2023 (28.02.2023)

- CEO of Kardex Holding AG

2011 – 2018

- Head of Kardex Remstar Division

2008 – 2010

- Managing Director WDS Region Europe 1, Swisslog AG, Buchs, Switzerland

2005 – 2008

- Vice President and CEO Hub Central Europe, Dematic GmbH & Co. KG, Offenbach, Germany

2002 – 2005

- Managing Director, Swisslog Australia, Epping, Australia

1994 – 2002

- Senior Consultant/Director, i+o GmbH, Heidelberg, Germany

Other activity

- Since 2021 Member of the Board of Directors, Forbo AG, Baar, Switzerland



Thomas Reist
Chief Financial Officer

1971, Swiss citizen,
MAS in Corporate Finance/
Bachelor of Science FH
in Business Administration,
FHNW Zurich/Olten, Switzerland

Since 2016

- CFO of Kardex Holding AG

2011 – 2016

- Head of Finance & Controlling on Holding-level, Kardex Holding AG, Zurich, Switzerland

2001 – 2011

- Group Controller / Head of Finance & Controlling, Angst+Pfister AG, Zurich, Switzerland / Paris, France

1998 – 2001

- Head of Finance & Controlling, Zimex Aviation AG, Zurich, Switzerland

Other activities

- None



Urs Siegenthaler
Head of Kardex Remstar Division

1959, Swiss citizen,
University Degree in Mechanical
Engineering, Bern University of
Applied Sciences, Biel, Switzerland,
Postgraduate Studies in Business Manage-
ment, Lucerne University of Applied Sciences,
Horw, Switzerland

Since 2019

- Head of Kardex Remstar Division

2016 – 2019

- Head of New Business Kardex Remstar

2011 – 2016

- Head of Life Cycle Service Kardex Remstar

2008 – 2011

- Divisional Head of TGW Group, Austria

2007 – 2008

- Senior VP Strategic Projects, Swisslog Group, Switzerland

1999 – 2007

- Head of Region / Managing Director, Swisslog Group, Switzerland

Other activities

- None



Hans-Jürgen Heitzer
Head of Kardex Mlog Division

1962, German citizen,
Grad. mechanical engineer,
Aachen Technical University,
Germany

Since 2011

- Head of Kardex Mlog Division

2010 – 2011

- Managing Director, Mlog Logistics GmbH, Neuenstadt, Germany

2002 – 2009

- CEO, Locanis AG, Unterföhring, Germany

2000 – 2001

- Division Manager Distribution and Project Management automatic high rack storage systems, MAN Logistics, Heilbronn, Germany

Other activities

- None

4.2 Other activities and vested interests

Except as disclosed in their biographies, no vested interests or further activities are carried out beyond Kardex. In particular, except for Jens Fankhänel, members of the Group Management do not engage in any activities in management or supervisory bodies outside of Kardex. They do not perform any long-term executive or advisory functions outside of Kardex. They do not perform any official functions or hold a political office. No significant vested interests or participations exist.

The regulations of the Articles of Incorporation as they are expressly stated in section 13 paragraph 5 or listed in section 4.3 of this report was compiled with in the reporting period as well as in the previous year.

4.3 Number of permitted activities

Subject to exceptional approval from the Board of Directors, the number of mandates in the highest management and governing bodies of legal entities outside Kardex which are entered in the commercial register or a comparable foreign register is limited for members of the Group Management pursuant to section 13 paragraph 5 of the Articles of Incorporation to a total of ten mandates, a maximum of two of which may be in listed companies.

Mandates fulfilled in different legal entities of a single group or single legal entity or on behalf of this group will be considered collectively as one mandate. These limitations may be temporarily exceeded by at most one mandate per category for a period of no longer than six months.

The number of mandates as regulated in the Articles of Incorporation was complied with by the members of the Group Management in the reporting period as well as in the previous year.

4.4 Management contracts

The Company and its subsidiaries do not have management contracts with third parties.

4.5 Gender Guidelines

The Group Management currently consists entirely of male members.

5. Compensations, shareholdings, and loans

Information on compensation, shareholdings, and loans is provided in the remuneration report on page 46 et seqq.

6. Shareholders' participation rights

6.1 Voting rights restrictions and representation

On 31 December 2022, 3'505 shareholders were entered into the share register. Each Kardex Holding AG registered share entitles the holder to one vote at the General Meeting. There are no restrictions on voting rights. Furthermore, any shareholder has the right to have his/her shares represented at the General Meeting by written proxy by an independent voting proxy, another shareholder with voting rights, or a third party.

The Board of Directors sets out the requirements for powers of attorney and instructions to independent voting proxies and may also provide for the issuing of powers of attorney and instructions by electronic means without a qualified electronic signature.

6.2 Quorums required by the Articles of Incorporation

Unless the law or Articles of Incorporation provide otherwise, the General Meeting passes its resolutions and conducts its elections by an absolute majority of the votes cast (with abstentions, unmarked ballots, and invalid ballots not deemed to be cast). In the event of a tied vote, the

Chairperson of the General Meeting has the casting vote.

The Company's Articles of Incorporation do not mandate specific quorums other than those required by company law.

6.3 Convocation of General Meetings

General Meetings are called by the Board of Directors at least 20 days prior to the date of the meeting by way of a notice published in the Company's official publication, the Swiss Commercial Gazette.

In addition to the meeting date, time, and venue, the announcement must state the items to be discussed and the resolutions proposed by the Board of Directors and shareholders (who have requested a General Meeting or put forward an item for inclusion on the agenda).

No resolution may be passed on items that have not been announced in this way, except for requests to convene an extraordinary General Meeting and carry out a special audit at the wish of a shareholder.

Extraordinary General Meetings may be convened by the Board of Directors or at the request of the external auditor. Shareholders representing at least 10% of the share capital may also request in writing that an extraordinary General Meeting be convened, setting forth the items and the proposals.

6.4 Inclusion of items on the agenda

Shareholders representing at least 1% of the issued shares may request in writing that items be added to the agenda, specifying the proposed resolutions. Such items must be submitted to the Board of Directors in writing at least 40 days before the General Meeting.

6.5 Entries in the share register

In the invitation to the General Meeting, the Board of Directors states the cut-off date by which shareholders must be entered in the share register to be entitled to participate in and vote at the General Meeting.

7. Changes of control and defense measures

7.1 Duty to make an offer

In accordance with section 4 of the Company's Articles of Incorporation, a purchaser of Kardex Holding AG shares is only obliged to make a public offer under the terms of article 135 (the opting up clause) of the Financial Market Infrastructure Act (FMIA) if his/her holding exceeds 49% of the Company's voting stock.

7.2 Clauses on changes of control

There are no clauses on changes of control.

8. Auditors

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

8.1.1 Date of assumption of the current audit mandate

The auditors are elected at the General Meeting for a period of one year. PricewaterhouseCoopers AG, Zurich, Switzerland has been the Company's auditors since 2014.

8.1.2 Date on which the lead auditor responsible for the current audit mandate took up office

The lead auditor in charge, Norbert Kühnis, has been responsible for the mandate since the General Meeting on 15 April 2021, after having relinquished the mandate in 2015. The auditor in charge may exercise his/her mandate for a maximum of seven years and resume the same mandate after a break of three years.

8.2 Auditing fees

In the 2022 financial year, PricewaterhouseCoopers provided audit services to the value of CHF 603.0 thousand (CHF 467.4 thousand). These amounts include expenses.

8.3 Additional fees

PricewaterhouseCoopers was also paid fees totaling CHF 147.7 thousand (CHF 126.6 thousand) for non-audit-related services. The amount relates to the design and management of the transfer price concept, and tax advice.

8.4 Information instruments pertaining to the external audit

The Audit Committee verifies the licensing, independence, and performance of the auditors on behalf of the Board of Directors and proposes the appointment and, where necessary, discharge of auditors to be appointed or discharged by the General Meeting. The Audit Committee monitors the auditing of the annual financial statements of Kardex Holding AG, the remuneration report, and the consolidated financial statements by the auditors. As part of their audit services, the statutory auditors provide the Audit Committee with regular written and verbal feedback on their findings and suggestions for improving the accounting and the internal control system. These are summarized in a comprehensive report by the auditors to the full Board of Directors (also containing the management letter). The Audit Committee generally meets the external auditors three times a year to determine the audit scope. It

ensures compliance with the mandatory rotation of the lead auditor in charge. The Audit Committee also reviews the amount of the fees paid to the auditors and their composition, broken down into audit services and non-audit-related services. The full Board of Directors is informed via the Audit Committee.

9. Information policy

The Company is committed to an open information policy and provides shareholders, the capital market, employees, and all other stakeholders with open, transparent, and timely information. The information policy accords with the requirements of the Swiss stock exchange (SIX Swiss Exchange) as well as the relevant statutory requirements. As a company listed on SIX Swiss Exchange, Kardex Holding AG also publishes information relevant to its stock price in accordance with the Listing Rules and the Guidelines of SIX Exchange Regulation AG on the Directive on Ad hoc Publicity.

Kardex publishes a report on its business performance every six months. All publications are available in electronic form. The Annual and Interim Reports are published on the Company's website and printed and delivered on request. Press releases are additionally issued on a regular basis. Kardex maintains a dialogue with investors, analysts, and the media at special events, telephone conferences, and roadshows.

Media and analysts are informed about the annual and half-year results by telephone conference. The General Meeting is held in Zurich, Switzerland.

Information is sent electronically or by e-mail to SIX Swiss Exchange, the Swiss Commercial Gazette (the Company's official publication medium), and other relevant national business publications. It is also published simultaneously on the Kardex website at www.kardex.com. In addition, interested parties can register at

www.kardex.com and will receive the requested information by e-mail.

The Chairperson of the Group Management is responsible for leading corporate communications. The Company's official publication medium is the Swiss Commercial Gazette. Information published in connection with the maintenance of registered share listings on SIX Swiss Exchange complies with SIX Swiss Exchange's Listing Rules and their implementing decrees. These can be found at www.ser-ag.com. The website www.kardex.com provides detailed, up-to-date information about the Group, its products, and contact information.

The contact addresses can be found on page 12 of this report.

Corporate calendar

<u>2023 Annual General Meeting</u>	<u>20 April 2023</u>
<u>2023 Interim Report</u>	<u>27 July 2023</u>
<u>2023 Annual Report</u>	<u>7 March 2024</u>
<u>2024 Annual General Meeting</u>	<u>25 April 2024</u>
<u>2024 Interim Report</u>	<u>30 July 2024</u>

10. Quiet periods

General quiet periods

The general quiet period begins on the last calendar day of the reporting year or half-year and ends one working day after publication of the relevant ad hoc announcement in connection with the respective Annual and Interim Report.

The general quiet period applies to the following affected persons (insiders):

- Members of the Board of Directors and Group Management and their assistants
- Employees of Group, Divisional and Regional Finance
- Employees in Corporate Communications and Investor Relations
- Employees involved in projects involving price-sensitive information
- External consultants

The CFO maintains a list of all relevant persons.

Special quiet periods

Additional quiet periods may be introduced at any time during which trading in shares of the Company by persons subject to such special quiet periods is not permitted as they have access to insider information. The decision on the beginning and end of special blocking periods is made by the CFO. This decision can be made at any time if circumstances require such a decision. The CFO shall maintain a list of persons to whom a special quiet period applies.

Effects of quiet periods

During a quiet period, insiders may not trade in Kardex shares, derived securities, or options for their account or the account of third parties.

Remuneration report

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11. Content and method of determining compensation and shareholding programs

11.1 Guiding principles

The success of Kardex depends very much on the quality and commitment of the members of the Board of Directors and the Group Management. The aim of the compensation policy is to attract and retain qualified staff in both bodies. Performance-related compensation for the Group Management is an important element in achieving this objective. The most important principles of this are:

- remuneration should be performance-dependent and in line with the market;
- decisions on remuneration should be transparent and comprehensible;
- remuneration should be linked to the business success of the Company/division.

11.2 Responsibilities

At the beginning of each term of office, the Compensation and Nomination Committee (section 3.5.2 of this report on page 30 f.) submits proposals to the full Board of Directors concerning the nature and amount of the annual remuneration of the members of the Board of Directors (section 13.2.1, page 48) and a proposal concerning the compensation for the members of the Group Management (section 13.2.2, page 49). Moreover, in consultation with the full Board of Directors, the Compensation and Nomination Committee prepares targets for the members of the Group Management and submits a proposal to the Board of Directors concerning the structure of variable compensation of the members of the Group Management. The full Board of Directors in turn annually submits proposals for approval to the General Meeting regarding the following maximum total amounts:

- Total remuneration of Board of Directors for the period until the next Annual General Meeting;
- Total remuneration of Group Management for the full financial year which follows the Annual General Meeting.

In addition, the Board of Directors may submit proposals to the General Meeting for approval regarding maximum total amounts or individual remuneration elements for other time periods for members of the Board of Directors and the Group Management.

The total remuneration for the Board of Directors and Group Management board is approved with an absolute majority of the votes cast (with abstentions, unmarked ballots, and invalid ballots not deemed to be cast).

If an amount is not approved by the General Meeting, the Board of Directors rules on how to proceed. In particular, it is authorized to call an extraordinary General Meeting or to set a maximum total amount or multiple maximum partial amounts (taking all relevant factors into account) and submit them to the next General Meeting for approval. The Company may adjust remuneration within a maximum total or partial amount set in this way, subject to approval from the General Meeting.

At the end of the financial year, the Compensation and Nomination Committee reviews the achievements of the defined targets by the members of the Group Management, and the Board of Directors, at the request of the Compensation and Nomination Committee, approves the actual variable compensation as part of the maximum total remuneration authorized by the General Meeting.

The Board of Directors submits the annual remuneration report to the General Meeting for consultative approval.

11.3 System of compensation

11.3.1 Members of the Board of Directors

The members of the Board of Directors receive a fixed annual fee for their work, in particular for preparing and participating in meetings and for their work in the committees, which is divided into a fixed base fee and an additional fixed fee depending on the function and membership of the committees. The base fee and the function-dependent additional fee have been set in such a way as to compensate for the management and supervisory function over the business activities of the Company. If it is necessary to hold additional meetings due to extraordinary business situations, these meetings are additionally remunerated at a fixed daily rate of CHF 5'000. No other compensation is granted for additional tasks.

The fixed base and function-dependent additional fee is set according to the criteria of the responsibility assumed, the complexity of the task, the demands in terms of specialist expertise and personal qualities, and the expected time to be involved. In addition, publicly accessible information from comparable Swiss industrial companies listed on SIX Swiss Exchange which are of similar size and have international production and market organizations is taken into account.

At least 20% and at most 100% of the fixed fee is paid in shares. The remainder is paid in cash. The share price is calculated based on the weighted average price of the preceding month (usually August). These shares cannot be traded for three years and are therefore priced at a markdown of 16%. For the purposes of reporting the compensation in the remuneration report on page 46, the value of the shares without the markdown is shown.

For entries and exits, the 15th of the month is the cut-off date. If an entry takes place before or on the 15th of the month, the fee for the entire month will be charged. If a resignation takes

place before the 15th of the month, no fee will be paid for that month.

11.3.2 Members of the Group Management

The members of the Group Management receive remuneration which consists of the following elements:

- Fixed compensation (base salary, lump-sum representation expenses, and company car);
- short-term individual variable performance- and success-based compensation based on the Short-Term Incentive program;
- long-term variable performance-related compensation based on the Long-Term Incentive program.

In addition, a salary-dependent contribution is made to the pension fund.

Some members of the Group Management are also members of Boards of Directors of subsidiaries within the Group in order to perform their duties. No fees or compensation are paid for these activities.

When new members join the Group Management, compensation is generally paid from the month in which the relevant function is assumed. If a member leaves the Group Management, remuneration is paid until the expiry of the contract.

Base salary

The base salary is determined by taking account of the tasks and responsibilities assigned, the qualifications and experience required, and the market environment. The weighting of the criteria cited is discretionary. In addition, in setting the form and amount of the salary components, due account is taken of publicly accessible information from comparable Swiss industrial companies listed on the SIX Swiss Exchange which are of similar size and have international production and market organizations. As in the previous year, no external consultants were contracted for

compensation issues during the year under review.

Short-Term Incentive program

In connection with the Short-Term Incentive (STI) program, individual variable performance and success-based compensation are determined based on the achievement of individual performance targets and the economic success of the Company or a business unit, based on the targets approved by the Board of Directors. At the beginning of the year, the Compensation and Nomination Committee proposes to the Board of Directors the individual performance targets for the members of the Group Management. After the end of the financial year, the Compensation and Nomination Committee assesses the fulfillment of these targets and criteria and, based on this, submits to the Board of Directors a proposal for the variable compensation. The variable portion of the STI program is weighted at 100% for the CEO and CFO for the achievement of the financial targets (EBIT) of Kardex and at 70% for the Head of Kardex Remstar division and the Head of Kardex Mlog division for the achievement of the financial targets (EBIT and other profitability figures) of the respective division and at 30% for the achievement of personal qualitative targets. The STI compensation is paid out in cash.

Long-Term Incentive program

The reporting year represents the second period of the three-year Long-Term Incentive (LTI) program, in which members of Group Management are required to participate. The LTI program defines accrued, consecutive LTI periods with a fixed term of three years. The first LTI period started on 01 January 2021.

Target achievement (performance) is measured based on the development of the total shareholder return for the Kardex share compared to the other companies in the index (SPI) during an LTI period. All companies of the SPI were selected as a peer group. At the beginning of each LTI period, a portion of the participants' short-term variable remuneration (STI) (CEO 20%,

other members 15%) is transferred to the LTI program and additionally doubled by the Company. This results in the maximum LTI amount, which is converted into a maximum number of LTI shares (performance shares). For this conversion, a weighted average price of the Kardex Holding AG share based on the fourth quarter before the start of the LTI period is used.

Over the term of the LTI period, the development of the total shareholder return (performance) is determined at several measurement points. At the end of the LTI period, the average performance over the whole period is calculated. This average performance is used to calculate each participant's entitlement to LTI compensation. The entitlement can be from 0% - 100% of the maximum LTI shares. The maximum number of LTI shares is reached if the performance of the Kardex share is among the 25% best shares in the SPI index on average over the three years. However, if the performance of the Kardex share on average over the three years is among the 33% worst performing shares in the SPI index, no LTI shares are owed. In between there is a linear calculation with constant slope. The variable LTI compensation is paid out in the form of Kardex shares.

11.4 Notice periods

Members of the Board of Directors are elected by the General Meeting for a term of one year. All members of the Group Management have employment contracts with periods of notice of a maximum of twelve months. Members of the Board of Directors and the Group Management are not entitled to any contractual severance payments or other remuneration or benefits in connection with their departure.

12. Rules in the Articles of Incorporation

12.1 Principles regarding remuneration for members of the Board of Directors and the Group Management

The Company's Articles of Incorporation provide for fixed remuneration for members of the Board of Directors, and remuneration consisting of fixed and variable (performance-based) elements for members of the Group Management.

The following statutory principles apply to variable remuneration for members of the Group Management (section 18c paragraphs 2 and 3 of the Articles of Incorporation):

- variable remuneration can include short-term and long-term remuneration elements;
- short-term performance based remuneration elements are based on individual performance goals and/or the economic success of the Company or a division;
- long-term remuneration elements are based on objective performance values aligned with the strategic goals, the attainment of which is generally assessed over a period of several years.

Both members of the Board of Directors and members of the Group Management may be paid remuneration entirely or partly in Company shares. The procedures for this (award date, valuation, blocking periods, etc.) are set by the Board of Directors (section 18b paragraph 2 and section 18c paragraphs 4 and 5 of the Articles of Incorporation).

As regards responsibility for setting and approving remuneration, please refer to the statements made in section 11.2 on page 42 of this report. If new members are appointed to the Group Management or Group Management members take on additional tasks during a period for which

management board remuneration has already been approved, the Company is empowered to arrange an additional sum per member amounting to a maximum of 40% of the approved total amount for the Group Management remuneration if the approved total amount is insufficient to cover this member's remuneration. The adjusted additional amount does not have to be approved by the General Meeting and may be used for all forms of remuneration, including compensation for any disadvantage resulting from the change of job (section 18e paragraph 3 of the Articles of Incorporation).

12.2 Loans, credits, and pension benefits provided to members of the Board of Directors and the Group Management

The Company's Articles of Incorporation do not provide for the possibility of granting loans or credits to members of the Board of Directors and the Group Management. However, pension amounts and benefits paid to pension institutions other than occupation pension schemes or similar institutions abroad for the benefit of members of the Board of Directors or the Group Management are permitted. Pension benefits such as these are deemed to be remuneration as described in section 18b paragraph 1 and section 18c paragraph 1 of the Articles of Incorporation, in so far as they are approved by the General Meeting, either individually or as part of a total amount (section 18d of the Articles of Incorporation).

12.3 General Meeting vote regarding remuneration

As regards regulations under the Articles of Incorporation regarding General Meeting votes on remuneration, please refer to the statements made in section 11.2 on page 42 of this report.

13. Remuneration 2022

13.1 Compensation

The remuneration report discloses the remuneration paid directly or indirectly and participation rights to current or former members of the Board of Directors, members of Group Management, and related parties. This remuneration report is audited by the external auditors and submitted by the Board of Directors to the General Meeting for consultative approval.

No claims have been waived against current or former members of the Board of Directors and the Group Management or related parties, and no loans or credits are outstanding to them. Furthermore, no compensation was paid to former members of the Board of Directors or the Group Management.

Compensation 2022

Board of Directors (BoD)

in CHF 1'000

Name	Function	Payments		Payments in shares		Social security	Total compensation
		in cash		Number	Value		
Felix Thöni	Chairperson	240.1		387	71.3	75.9	387.3
Ulrich Jakob Looser	Vice Chairperson	51.4		497	91.6	13.7	156.7
Jakob Bleiker	Member	90.0		129	23.8	9.5	123.3
Philipp Buhofer	Member	72.1		116	21.3	10.1	103.5
Eugen Elmiger	Member	0.1		581	107.1	10.7	117.9
Andreas Häberli	Member	0.1		581	107.1	10.7	117.9
Jennifer Maag	Member	58.1		77	14.2	8.6	80.9
Total BoD		511.9		2'368	436.4	139.2	1'087.5

Group Management (GM)

in CHF 1'000

Name	Function	Base salary		Variable salary		Social security	Total compensation
		in cash	STI ¹	LTI ²	Total		
Jens Fankhänel ³	CEO	630.1	74.0	-	74.0	170.0	874.1
Total GM		1'619.9	251.2	-	251.2	360.3	2'231.4

¹ Short-Term Incentive (in cash).

² Long-Term Incentive (considered in 2021 for the entire LTI period of 3 years (2021 - 2023)).

³ Highest compensation.

Compensation 2021

Board of Directors (BoD)

in CHF 1'000

Name	Function	Payments		Payments in shares		Social security	Total compensation
		in cash	STI ¹	Number	Value		
Felix Thöni	Chairperson	205.1	490.7	249	60.9	67.8	333.8
Ulrich Jakob Looser	Vice Chairperson	75.9	490.7	245	60.0	15.0	150.9
Jakob Bleiker	Member	80.1	490.7	97	23.7	11.9	115.7
Philipp Buhofer	Member	91.7	490.7	111	27.2	12.8	131.7
Eugen Elmiger	Member	0.2	490.7	437	107.0	10.7	117.9
Andreas Häberli	Member	0.2	490.7	437	107.0	10.7	117.9
Total BoD		453.2	1'576	1'576	385.8	128.9	967.9

Group Management (GM)

in CHF 1'000

Name	Function	Base salary		Variable salary		Social security	Total compensation ³
		in cash	STI ¹	LTI ²	Total		
Jens Fankhänel ⁴	CEO	628.5	490.7	480.2	970.9	241.0	1'840.4
Total GM		1'630.2	1'165.9	941.7	2'107.6	496.5	4'234.3

¹ Short-Term Incentive (in cash).

² Long-Term Incentive (present value of shares) valued over the entire LTI period of 3 years at grant date (01.01.2021).

³ Including valued long-term incentive over the entire LTI period of 3 years.

⁴ Highest compensation.

13.2 Explanatory notes

Board of Directors

The members of the Board of Directors receive a fixed fee for full periods of office for their work with the full Board of Directors and an additional fixed fee as a function of their position and membership of the two permanent committees.

Board of Directors' fees	in CHF
Fixed fee	80'000
+	
Chairperson Board of Directors	220'000
Vice Chairperson Board of Directors	25'000
Chairperson AC	20'000
Chairperson CNC	20'000
Member AC	10'000
Member CNC	10'000

If it is necessary to hold additional meetings due to extraordinary business situations, these meetings are additionally remunerated at a fixed daily rate of CHF 5'000. No other compensation is granted for additional tasks. In the year under review, Jakob Bleiker and Jennifer Maag together with Felix Thöni attended two ESG Management Team meetings for which Jakob Bleiker and Jennifer Maag received a remuneration of CHF 10'000 each. No additional compensation or additional meeting fees were paid in the year before.

The portion of the remuneration of the Board of Directors' fees paid in shares is valued at the weighted average share price of the month before allocation. A discount of 16% reflects the three-year retention period (section 11.3.1, page 43). In the Compensation Report, however, the value of the shares awarded is based on the weighted average share price of the month prior to allocation (normally August).

Group Management

The remuneration disclosed in section 13.1, page 46 includes the relevant remuneration for the year under review as a whole. The reported variable compensation elements relate to the completed reporting year for the Short Term Incentive (STI) program (accrual principle). For the Long term Incentive (LTI) program, the expected variable pay for the entire three-year term (2021 - 2023) has been considered in 2021 (grant principle) and is therefore zero in the year under review. As Jens Fankhänel decided to leave Kardex, for his LTI the matching shares (doubling) is not considered anymore and will have effect on the equity when assigning the shares early 2023. The variable compensation is allocated and paid out according to the target attainment for the year under review for the STI program and for the term 2021 - 2023 for the LTI programs described in sections 11.3.2, on page 43 f.

13.2.1 Members of the Board of Directors

In the year under review, Jennifer Maag joined the Board of Directors while in the previous year there were no entries or withdrawals.

The shares allocated during the year under review are valued in the remuneration report at the weighted average price for the month of August of CHF 184.26 per share (CHF 244.75). The total compensation of the Board of Directors increased in the reporting year compared to the previous year, as the number of members of the Board of Directors went up from 6 to 7. The Annual General Meeting 2022 approved the maximum total compensation to the Board of Directors for the period from the Annual General Meeting 2022 to the Annual General Meeting 2023 in the total amount of CHF 1'300.0 thousand (CHF 1'200.0 thousand). The maximum total compensation relevant for the reporting year amounted to CHF 1'266.7 thousand. The current compensation amounted to CHF 1'087.5 thousand (CHF 967.9 thousand) and was thus CHF 179.2 thousand or 14.1% below the approved maximum total compensation.

13.2.2 Members of the Group Management

The Group Management consisted of four members (CEO, CFO, Head of the Kardex Remstar Division, and Head of the Kardex Mlog Division).

The Articles of Incorporation of Kardex Holding AG provide for prospective approval of compensation by the General Meeting. For the compensation of the members of the Group Management, the General Meeting 2021 approved a maximum total compensation of CHF 4'750.0 thousand for the financial year 2022 (AGM 2020 for the year 2021: CHF 4'350.0 thousand). The effective total compensation amounted to CHF 2'231.4 thousand (CHF 4'234.3 thousand) and was thus CHF 2'518.6 thousand or 53.0% below the maximum total compensation available.

The substantial difference between the effective total compensation of the year under review and previous year is mainly based on the expected variable pay under the LTI program which has been considered in 2021 in full for the entire term.

Short-Term Incentive program

The maximum of the individual variable compensation of the CEO, based on the STI program, was set at CHF 750.0 thousand, of which 20% was transferred to the Long-Term Incentive program. For the other three members of Group Management, the maximum individual variable compensation based on the STI program was 100% of base salary, of which 15% was transferred to the LTI program. The quantitative and qualitative annual targets are derived from the

strategic targets. In order to achieve the maximum variable compensation for the EBIT target under the STI program, prior-year results at EBIT level generally have to be exceeded by around 15%.

The individual variable remuneration amounts are based on the published key financial figures (section 11.3.2, on page 43 f.) and for the Head of the Kardex Remstar division and the Head of the Kardex Mlog division also on personal goals. In 2022, the targets set for Group Management for the defined key financial figures (EBIT of the Group and the respective division) were mainly not achieved. The Group Management thus received around 18.0% (82.3%) of the maximum variable compensation under the STI program.

Long-Term Incentive program

In accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (OaEC) Art. 14, the LTI program is based on the grant principle. For this reason, the probable performance over the entire term of 3 years had to be estimated on the grant date (01.01.2021) and taken into account in the compensation report 2021. For the derivation of the expected share price as of 31.12.2023, the average share performance of the period 01.01.2018 – 31.12.2020, as well as the consensus of the share analysts were taken into account. In addition, a share performance of 50% was used.

For the year under review, no variable salary under the LTI program had to be considered.

13.3 Share proportions 2022

Board of Directors (BoD)

Name	Function	Number of shares	Voting interest in %	Thereof with retention period of 3 years until			Total
				2023	2024	2025	
Felix Thöni	Chairperson	34'384	0.44%	166	249	387	802
Ulrich Jakob Looser	Vice Chairperson	3'939	0.05%	136	245	497	878
Jakob Bleiker	Member	5'469	0.07%	132	97	129	358
Philipp Buhofer ¹	Member	1'709'618	22.12%	253	111	116	480
Eugen Elmiger	Member	2'382	0.03%	364	437	581	1'382
Andreas Häberli	Member	1'109	0.01%	91	437	581	1'109
Jennifer Maag	Member	287	0.00%	-	-	77	77
Total BoD		1'757'188	22.73%	1'142	1'576	2'368	5'086

¹ Including shares held by BURU Holding AG.

Group Management (GM)

Name	Function	Number of shares	Voting interest in %	Thereof with retention period of 3 years until			Total
				2023	2024	2025	
Jens Fankhänel	CEO	933	0.01%	-	-	-	-
Thomas Reist	CFO	558	0.01%	-	-	-	-
Urs Siegenthaler	HoD	-	-	-	-	-	-
Hans-Jürgen Heitzer	HoD	-	-	-	-	-	-
Total GM		1'491	0.02%	-	-	-	-

Long-Term Incentive program

Name	Function	Current LTI period				Total
		2021	2022	2023	2024	
Jens Fankhänel	CEO	-	-	2'070	-	2'070
Thomas Reist	CFO	-	-	640	-	640
Urs Siegenthaler	HoD	-	-	735	-	735
Hans-Jürgen Heitzer	HoD	-	-	614	-	614
Total GM		-	-	4'059	-	4'059

The number of LTI shares (performance shares) as shown above, was calculated at grant date (01.01.2021) and represents the expected number of LTI shares over the entire LTI period of three years as per the grant date. The actual number of LTI shares will be finally calculated at the end of the LTI period. For Jens Fankhänel, who has decided to leave Kardex, the LTI period ends per 31.12.2022 and the effective number of LTI shares is 731. For the other participants, the LTI period ends per 31.12.2023.

Report of the statutory auditor to the General Meeting



Report on the audit of the remuneration report to the General Meeting of Kardex Holding AG, Zurich

Opinion

We have audited the remuneration report of Kardex Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in chapter 13.1 on pages 46 to 47 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (chapter 13.1 on pages 46 to 47) complies with Swiss law and article 14 to 16 of the Ordinance.

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 remuneration report' 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.

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 chapter 13.1 on pages 46 to 47 in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

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

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report 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 remuneration report

The Board of Directors is responsible for the preparation of a remuneration report 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 a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is 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 this remuneration report.

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 in the remuneration report, 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.

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.

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'N. Kühnis'.

Norbert Kühnis

Licensed audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'Ch. Vögeli'.

Christian Vögeli

Licensed audit expert

Zurich, 1 March 2023

Sustainability report (ESG)

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- 60 Reporting on material topics

1. Introduction

In 2022, the awareness of ecological and social sustainability in the economy became a question of survival for various economies and ecosystems. Recent developments have shown how corporate and social responsibility are affecting companies in their endeavors to attract talents and how customers are increasingly requesting transparency on sustainability efforts.

Devastating forest fires, floods, increasing water, and food scarcity caused by climate change, together with the COVID-19 pandemic and the Ukrainian-Russian war, have highlighted the importance of sustainable structures in the economy and society to protect the livelihoods of future generations. Businesses and society increasingly face critical questions: How does climate protection fit into the context of accelerated globalization and the challenges it brings? Are we facing restrictions from new due diligence obligations in environmental or social legislation? Will new regulations impact Kardex' sustainable business development and its value chain? Kardex strives continuously to take these aspects into account as part of its development strategy for sustainability.

This Sustainability Report is oriented towards the internationally recognized Global Reporting Initiative (GRI) standards for sustainability reporting. The report shows how Kardex addresses sustainability topics and how the Group aligns with sustainability requirements. In addition, the materiality assessment in section 5.2 of the Sustainability Report shows which material topics Kardex contributes to sustainable business practices.

2. Ethical business practices

Kardex considers current and future regulatory requirements around environmental, social, and governance (ESG) topics. The Board of Directors and the Group Management foster a responsible corporate culture and ethical, fair, and resilient business practices to ensure sustainable and profitable business growth.

2.1 Ethical behavior

As a global player, Kardex faces different laws, cultures, customs, and traditions, which can lead to uncertain situations in dealing with new global challenges.

Kardex seeks to contribute to positive social, environmental, and cultural developments. Kardex respects the local cultures and practices in its business markets and is committed to responsibly playing its role in society. Kardex has defined how the Group should be perceived from the outside and has developed the Brand Promise "Straightforward", "Innovative", and "Fair". The Brand Promise serves as a guide for employees in their dealings with all stakeholders and helps them to set priorities in their daily working lives.

2.2 Code of Conduct

The Kardex [Code of Conduct](#) sets out the general principles of ethical behavior in a binding manner. This applies internally in dealings with employees and colleagues and externally in dealings with customers, suppliers, competitors, or other interest groups.

The ethical business principles of Kardex, as defined in the Code of Conduct, are binding for the Board of Directors and all employees. Compliance is also required of affiliated companies and business partners. The underlying values are expressed in five basic principles:

- We treat our employees fairly and with respect;
- Customer benefit is our top priority;

- We aim to deliver sustainable performance with integrity;
- Our goal is to be a trustworthy, fair, and respectful business partner;
- We strive to be a responsible corporate citizen.

The Kardex Code of Conduct underscores Kardex' commitment to meeting the expectations of its stakeholders as a responsible corporate citizen and sets out the fundamental principles and rules for ethical business behavior. Specific regulations, guidelines, and manuals complement the Kardex Code of Conduct principles.

All employees must comply with the ethical guidelines forming an integral part of their employment conditions. The values derived from the Code of Conduct represent the 'Common Sense'

of each individual in fulfilling commitments to Kardex' stakeholders.




The Group Management ensures that all stakeholders are familiar with, understand, and act by the Code of Conduct to ensure Kardex' ability to achieve long-term and sustainable business performance that reflects 'good corporate citizenship'.

Kardex insists on full compliance with the Code of Conduct, makes no compromises, and does not tolerate any violations. Possible misconduct should be addressed and reported anonymously to a central location. Kardex offers a [whistle-blowing platform](#) that enables anonymous reporting.

2.3 Corporate Culture & Core Values

Kardex creates an environment where positive spirit, enthusiasm, and identification can thrive. With the Guiding Principles and the core values of 'Respect, Team Spirit, Reliability, and Passion', Kardex has defined the cornerstones of its Corporate Culture. It provides a clear Code of Conduct for all activities. The core values serve as guidelines for all stakeholders in their daily interactions with Kardex employees and other individuals. The Guiding Principles provide orientation on 'who we are, how we want to be seen, and what we do to achieve this'. The implementation of these principles is the key to sustainable success.



<div style="text-align: center;">  <p>Respect</p> </div> <ul style="list-style-type: none"> • We meet at level par, act with tolerance and mutual respect • We decide in a transparent way • We treat each other with openness, fairness and honesty and promote a constructive communication culture • We accept rules and decisions and implement them actively 	<div style="text-align: center;">  <p>Team Spirit</p> </div> <ul style="list-style-type: none"> • We trust each other • We combine our strengths and share ideas and experiences • We prioritize the common targets in everything we do • We win together and lose together 	<div style="text-align: center;">  <p>Reliability</p> </div> <ul style="list-style-type: none"> • We accept responsibility and deliver the promised results • We stabilize wherever possible and change only where necessary • We say what we do and we do what we say • We live our Core Values 	<div style="text-align: center;">  <p>Passion</p> </div> <ul style="list-style-type: none"> • We are committed and identify with our company • We strive for continuous improvement and development • We see set-backs as new opportunities • We love challenges and are proud of our success
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3. Sustainable business model

Sustainability is of central importance both within Kardex and in our interaction with customers, suppliers, and other external stakeholders. At Kardex, the efficient use of resources is at the heart of the business model, making sustainability an inherent component of the Group's DNA. Kardex sees the focus on sustainability as an opportunity and as a basis for future success.

3.1 Member of UN Global Compact Switzerland & Liechtenstein

By joining the United Nations Global Compact (UNGC) in 2021, Kardex supports the world's largest and most important initiative for sustainable and responsible corporate governance. By doing so, Kardex follows the UNGC's ten principles that fall within the categories of human rights, labor, environment, and anti-corruption. As a member of the UNGC, Kardex publishes an annual Communication on Progress (COP) report, informing about its efforts to implement the ten principles ([Kardex' Communication on Progress 2022](#)). Furthermore, Kardex is developing strategic measures to contribute to the Sustainable Development Goals (SDGs) formulated by the UN in Agenda 2030.

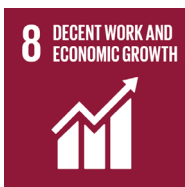
3.2 Sustainable development goals

With only a few years left to achieve the SDGs within the framework of the UN's Agenda 2030, the contribution of every single representative from politics, business, science, and civil society is important. Kardex accepts its responsibility as a company and focuses on the goals that the Group can influence particularly strongly with its operational activities.



Quality education and lifelong learning

Quality education is the basis for sustainable economic growth and social development. Kardex offers apprenticeships and internships for young professionals and nurtures its employees through continuous training designed to keep professional skills up to date and to foster further growth.



Decent work and economic growth

Sustainable economic growth creates lasting jobs and prosperity. Through its business activities, Kardex aims to promote this development and attaches great importance to compliance with human rights, environmental, and social standards within its sphere of influence.



Responsible consumption and production

With durable solutions and continuous improvements in its production processes, Kardex helps ensure that scarce resources are used sparingly. With Kardex solutions in intralogistics, customers can significantly reduce their space requirements and energy consumption.



Climate action

Both at Kardex and its customers’ facilities, Kardex makes an important contribution to climate protection. Internally, Kardex is continuously working to reduce its emissions. Greater energy efficiency through the implementation of Kardex products also contributes to a reduction in greenhouse gases at the customer site.

4. ESG organization

In 2022, Kardex formally integrated sustainability management into the Group by establishing the ESG Steering Group, composed of members of the Board of Directors and members of the Group Management (CEO and CFO). The ESG Steering Group reports to the Board of Directors. An internal Sustainability Manager coordinates the agreed upon the sustainable initiatives centrally. The material sustainability topics defined by the ESG Steering Group were confirmed by the Board of Directors and set the priorities for Kardex’ sustainability activities. For further details on Kardex’ Corporate Governance, see pages 22 - 40.

5. Materiality analysis

5.1 Stakeholder-dialogue

The approach towards sustainable business practices is based on the continuous exchange with Kardex’ most important stakeholder groups. Throughout 2022, Kardex entered into dialogues with various stakeholders to better understand the requests and requirements from customers, suppliers, investors, and other partners.

Kardex strives to continuously engage with its stakeholders to strengthen its understanding and relationships with the players in the markets in which it operates. In doing so, the stakeholder dialogue also aims to identify and explore potential risks and opportunities relevant to a sustainable value chain.

Kardex stakeholders



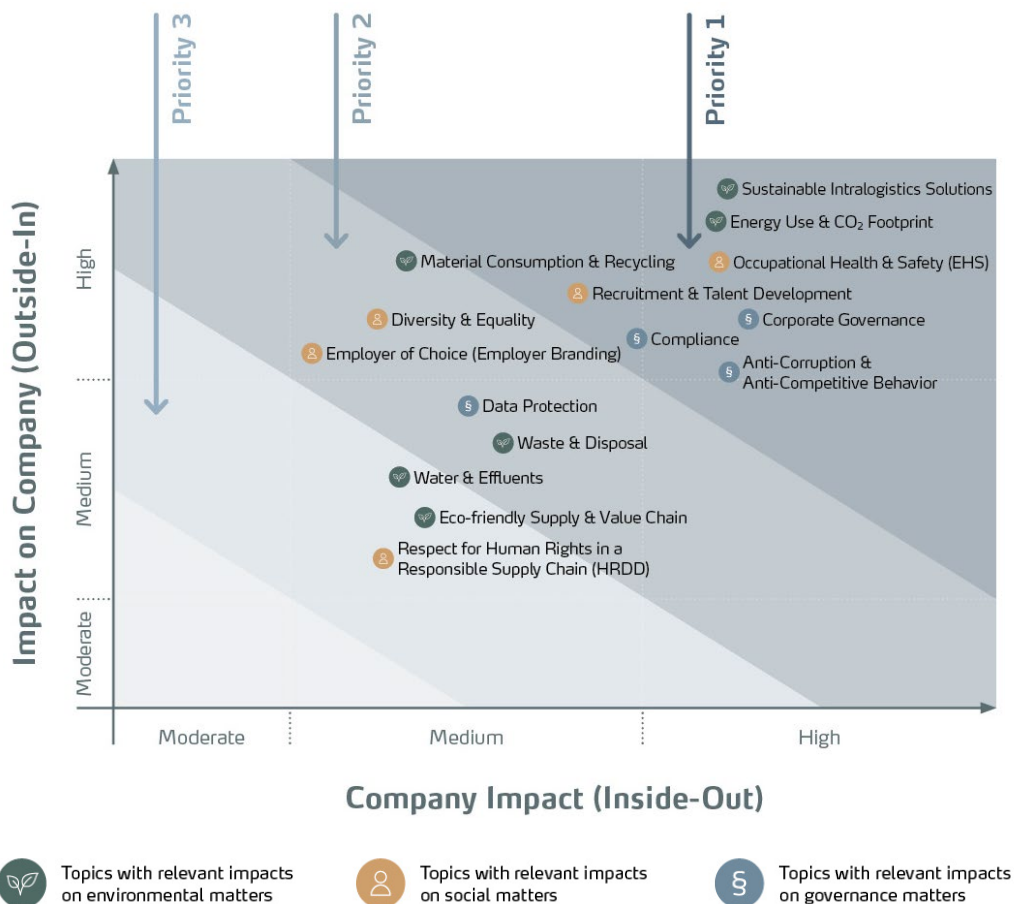
5.2 Materiality assessment

Regulations, as well as reporting standards, increasingly rely on the concept of 'double materiality assessment'. The concept considers the impact relevance of the material topics and focuses on two dimensions:

1. the relevance of Kardex' business activities for the economy, environment, and society;
2. the relevance of external factors for Kardex' long-term business success.

Based on the stakeholder-dialogue mentioned in section 5.1. and on internal business and external environmental analyses, the ESG Steering Group conducted the materiality assessment in 2022 to ensure transparent and standardized sustainability reporting. Within the business context, material topics were summarized to identify and evaluate the relevant topics for Kardex and to assess their relevance for the sustainable business development of Kardex. A comprehensive list of potentially relevant sustainability topics was compiled and analyzed. These topics were then evaluated in priority 1, 2, and 3 based upon the relevance of the impact of Kardex' business activities on the economy, the environment, and society. This resulted in 15 material topics (see double materiality matrix below). The stakeholder-dialogue and the materiality assessment served to develop and adjust Kardex' strategic sustainability approach in line with the Guiding Principles of the UNGC and the internationally recognized GRI guidelines for transparent sustainability reporting.

Double materiality matrix



6. Reporting on material topics

The material sustainability topics in section 5.2. form the foundation of Kardex' future sustainability strategy.

Kardex continuously expands its reporting on environmental, social and governance matters. The Group follows the indirect counterproposal to the Swiss Initiative for Responsible Business. This initiative entered into force on 01 January 2022, following the UN Guiding Principles. The material sustainability topics are described in more detail in the following sections.

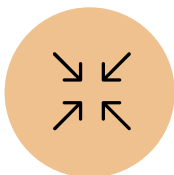
6.1 Accountability of environmental matters

6.1.1 Sustainable Intralogistics Solutions

As a leading global provider of automated intralogistics solutions, Kardex demonstrates that long-term business success is closely linked to fundamental sustainability considerations. With its products and services, Kardex contributes to developing efficient and sustainable intralogistics solutions and supports its customers in developing their sustainability potential.

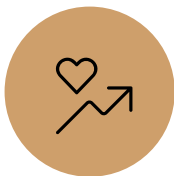
Resource-saving and ergonomic solutions

In warehousing, classic static racks are generally organized horizontally and limited in height. However, horizontal static solutions require a lot of space, leading to long walking or driving distances. Kardex' automated solutions are sustainable compared to static racking solutions due to the following reasons:



Area and space requirements

Kardex' solutions make optimal use of space and room volumes, saving an average of 80 to 85% of the space required. This reduces the need for conditioned space volume, directly saving heating, cooling, and lighting costs while reducing CO₂ emissions and the need for built-up space. In addition, walking or driving distances are reduced, which in turn reduces customers' resource requirements.



Ergonomics

Kardex' solutions are developed according to the goods-to-person principle based on ergonomics. The solutions protect the health of order pickers by providing goods at an ergonomically ideal height. This reduces physical strain, prevents incorrect posture, and positively impacts the health of employees and health costs for Kardex customers.



Lifetime

Kardex' solutions are of high quality and designed to remain current throughout their entire service life through software updates or modernization. Solutions stay in operation for a long time and can be adapted to customers' changing needs or new safety standards. Remote diagnostics, remote service, and, increasingly, preventive maintenance minimize ad hoc on-site service calls and, in turn, travel mileage.

6.1.2 Energy Use & CO₂ Footprint

Improving energy efficiency and implementing sustainable process optimizations can reduce energy consumption. Energy management and CO₂ footprint reduction are important to Kardex stakeholders. Thanks to Kardex' durable solutions and continuous optimization programs within the framework of the ISO certification for energy management in the supply chain of Kardex Remstar (ISO 50001), the Group can target low-energy and low-packaging production practices and a reduced CO₂ footprint. Following DIN EN 16247-1, energy audits at Kardex Mlog were carried out, enabling Kardex Mlog to identify and implement improvements.

In 2022, Kardex has reduced the total energy consumption by 6.6% compared to the previous year. The reduction was influenced by a number of factors, but most significantly due to the connection of the production site in Neuburg to a local heating power plant which both led to roughly 17% lower natural gas consumption. In addition the electricity consumption could be reduced by around 4% due to the installation of more energy efficient lighting and optimizing the painting line in the production sites. In contrast to that, the fuels consumption increased by roughly 5% which relates to the increased sales force and intensified customer contacts.

In 2022, the carbon footprint was reduced by 5.8% primarily because of the reduced use of combustibles and the resulting CO₂ emissions under Scope 1.

The energy consumption but also the CO₂ emissions per million net revenues decreased significantly by approximately 25% respectively 24% compared to 2021.

6.1.3 Material Consumption & Recycling

Changing regulatory requirements, as well as geopolitical tensions, can have a significant impact on the procurement market. Strong price fluctuations or low material availability can impact medium- and short-term production planning. The recycling of production waste also requires compliance with regional standards. Non-compliance can lead to severe reputational damage and sanctions.

Kardex, therefore, strives to increase resource efficiency through process control and promote progress along the supply chain. This can positively impact the availability of valuable resources in the respective region. Recyclable materials, such as packaging materials, close the loop and reduce or avoid waste. The longevity of Kardex' products also contributes to the fact that fewer scarce resources are needed over time.

For Kardex' largest production site in Bellheim, Germany, a transformation concept that considers the reduction of production-related materials and, above all, aims to minimize the use of energy and other combustibles along the value chain is currently being developed.

6.1.4 Waste & Disposal

Active waste prevention and separation can reduce Kardex' impact on the environment. Reusable systems and durable products conserve natural resources and prevent waste or materials.

For overseas deliveries, further safety measures are taken into account for packaging. Shipping containers, wooden packaging, or partially recyclable aluminum foil are used to prevent a product from being damaged by possible seawater influences. For liability reasons, the suppliers cannot always avoid polystyrene materials or carved cardboard as packaging fillers. However, Kardex seeks to find new solutions in cooperation with suppliers.

The lower generation of waste in the reporting year compared to the previous year is mainly due to the lower generation of construction waste as a result of construction activities. 2022 saw the start of construction activities at the Bellheim production site, which generated construction waste amounting to 270 tons. This construction waste is currently being analyzed, but a conservative approach has been taken to classify this waste as hazardous.

6.1.5 Water & Effluents

By water consumption and effluents, Kardex means all freshwater and/or effluents consumed and/or generated by its activities. Kardex' efforts to reduce water consumption in heating or cooling production processes and product coating can impact the water availability in the region of operation. In addition, Kardex' water management can influence water quality in the area. For this reason, Kardex' goal is to use as little water as possible and to feed effluents into the canalization system. Furthermore, no water or effluent consumption is generated when Kardex products are used.

Since the official consumption values are not always available at publication of the Annual Report, the consumption values are partly

determined by visual reading of the consumption meters. The insignificant difference between the water consumption determined by visual reading and the consumption according to the official billing is taken into account in the following year. The decrease in water consumption by around 27% compared to the previous year is due to the installation of a water softening system at the production site in Neuburg (DE). This investment saved more than 1'833 m³ of fresh water.

6.1.6 Eco-friendly Supply & Value Chain

Kardex understands an environmentally friendly supply and value chain as a resource-conserving supply- and value chain that aligns with the Kardex Code of Conduct. The impact of the Organization's operations on the environment can be reduced by striving for an environmentally friendly supply and value chain. Moving towards a local supply base also strengthens the regional economy and the dialogue and trust with supply chain companies. A regional or local supply base paired with legally compliant, monitored, and strategically focused supplier management strengthens a resilient supply chain and improves risk management. Kardex aims to find a good balance between local suppliers with short transport distances and bigger suppliers with higher production capacity. With supplier assessments and audits, Kardex creates strategic supplier relationships founded on good cooperation to enable holistic approaches toward eco-friendly solutions, processes, and goals.

Environmental data

Kardex started climate accounting in 2021 using input data from internal and external sources on energy consumption, which is converted into tons of CO₂ equivalents (tCO₂).

The calculation is based on the internationally recognized standard 'A Corporate Accounting and Reporting Standard' developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). This is the most widely used and recognized international standard for measuring greenhouse

gas emissions and forms the basis for the ISO 14064-1 standard. The data shown in the ESG Report 2021 was not yet calculated using the location-based calculation factors in accordance with the GHG Protocol. Thus, 2021 did not yet include the location-based emission factors. Kardex decided to use the location-based emission factors and has therefore reported the 2021 and 2022 data in the current ESG report with the calculation factors based on the guidance of the GHG Protocol.

The metered energy consumption estimates for 2021 were reconciled to the utility bills in 2022. In this ESG report, the previously estimated values for 2021 are adjusted to reflect the discrepancies from the invoices. In addition, additional fuel consumption for the vehicle fleet was taken into account. The deviations and the new calculation of CO₂ emissions according to the GHG calculation methodology result in the overall difference between last year's and today's reported

figures for total energy consumption and carbon footprint.

- Scope 1 emissions include the consumption of fuels and other fossil energy sources by Kardex-owned or leased production facilities and company vehicles in Germany.
- Scope 2 emissions include the measured consumption of electricity and district heating at Kardex-owned or leased production sites in Germany.
- Scope 1 and Scope 2 do not include process emissions. However, Kardex aims to continue to monitor emissions from Scope 3 continuously.

The key figures presented here include the consumption and emission values of the production sites in Bellheim (DE), Neuburg (DE), and Neuenstadt (DE), as well as fossil fuels from Kardex-owned vehicles in Germany.

Key figures per million net revenues

	Unit	2022	2021	(+/--%)
Total CO ₂ emissions	tons	9.0	11.9	-24.4%
Total waste	tons	6.2	8.1	-23.5%
Total energy consumption	MWh	31.7	42.1	-24.7%
Total water consumption	m ³	12.8	21.7	-41.0%

For the data of the year 2021, the additional energy and water consumption at leased production sites have been newly included. For the year 2022, this data was collected by using consumption meters. The total greenhouse gas emissions in 2022 are based on data collected from Kardex production sites in Germany.

	Unit	2022	(%)	2021	(%)	(+/--%)
CO₂ emissions	tCO ₂	5'116.8	100.0%	5'431.6	100.0%	-5.8%
Scope 1	tCO ₂	2'875.8	56.2%	3'100.1	57.1%	-7.2%
Combustibles	tCO ₂	1'456.2		1'747.8		
Fuels	tCO ₂	1'419.6		1'352.3		
Scope 2	tCO ₂	2'241.0	43.8%	2'331.5	42.9%	-3.9%
Electricity	tCO ₂	2'235.4		2'331.5		
District heating	tCO ₂	5.6		-		
Total energy consumption	MWh	17'914.6	100.0%	19'171.2	100.0%	-6.6%
Electricity	MWh	5'222.9	29.2%	5'447.5	28.4%	-4.1%
Fuels						
Diesel	MWh	5'306.8	29.6%	5'065.6	28.3%	4.8%
Petrol	MWh	16.0	0.1%	3.8	0.0%	321.1%
Heat						
Natural gas	MWh	7'210.3	40.2%	8'654.2	48.3%	-16.7%
District heating ¹	MWh	158.6	0.9%	-	0.0%	n. a.
Water consumption	m³	7'259.4	100.0%	9'904.8	100.0%	-26.7%
Total waste²	tons	3'491.8	100.0%	3'668.7	100.0%	-4.8%
Non-hazardous waste	tons	3'211.0	92.0%	3'634.7	99.1%	-11.7%
To incineration	tons	152.6		129.4		
To landfill	tons	-		44.0		
To recycling	tons	3'058.4		3'461.2		
Hazardous waste³	tons	280.8	8.0%	34.0	0.9%	725.9%
To incineration	tons	-		3.0		
To landfill	tons	272.3		22.0		
To recycling	tons	8.5		9.0		

¹ The connection of the production site in Neuburg (DE) to a local wood pellets heating power plant was realized by the end of 2022.

² A construction project in Neuburg (DE) generated an additional 911 tons of non-hazardous waste in 2021.

³ The excavation for the transformation project in Bellheim (DE) (see section 6.1.3.) generated 270 tons of construction waste in 2022, which is currently being analyzed and has conservatively been treated as hazardous waste.

6.2 Accountability of social matters

6.2.1 Recruitment & Talent Development

By recruiting, developing, and retaining employees, Kardex can strengthen the skills and engagement of its human capital. Kardex' recruitment strategy promotes diversity and equality. For many years, Kardex has been working hard to be an attractive and preferred employer for existing and future employees, thus strengthening its competitive position in the labor market. In addition to market-oriented remuneration, Kardex has implemented various personnel development tools, such as the Kardex Academy, which offers online learning or face-to-face courses. It has continuously expanded fringe benefits such as the option of mobile working. At the heart of personnel development is a continuous feedback dialogue process. This results in developing plans that align employees' personal goals with Kardex' objectives.

In parallel, Kardex identifies possible development steps with the employees as part of talent development and internal succession planning. The feedback dialogue process and the development steps serve as the basis for the training and development programs defined jointly between employees and their superiors. The Kardex Academy has a wide range of internal and external training courses to provide optimum support for these training and development programs. In the spirit of future-proof structures, the Kardex Academy increasingly relies on online offerings and enables Kardex employees to learn flexibly and independently, responding to individual needs.

Kardex offers a dual career model which supports employees who prefer to take on a management role (managers) as well as those who prefer to maintain an expert focus without management responsibilities. The dual career model allows talents to switch from a leadership role to an expert role and vice versa. Both career models participate in the variable compensation plan and can thus contribute to the Group's success.

The Kardex Leadership Framework defines the leadership principles applied at Kardex and is mainly based on the intent-based leadership concept. A wide range of online trainings and regular leadership meetings highlight, discuss, and train these leadership principles.

In the year under review, Kardex employees invested over 10 thousand training hours, resulting in average 4.7 hours in internal trainings per person.

206 (144) employees decided to leave Kardex in 2022, while 433 (293) new talents were recruited. The fluctuation increased from 7.0% in 2021 to 9.4% in 2022 which is attributed to a higher readiness to change employers after the uncertain period during the COVID-19 pandemic.

6.2.2 Occupational Health & Safety (EHS)

Workplace health and safety measures can reduce injuries and improve employees' physical and mental condition and well-being. Protecting health and safety in all workplaces is integral to protecting society and the environment.

Kardex attaches great importance to health and safety preventions to reduce hazards, avoid accidents, and thus protect employees in the best possible way. Through regular audits, Kardex ensures that the applicable standards and guidelines on workplace safety are complied with. Risks to the safety and health of employees are regularly identified, assessed, and appropriate countermeasures are developed. They are communicated transparently within Kardex. Through regular training courses, the Group ensures that effective occupational health and safety is practiced within the Organization and that employees have the necessary technical skills and a high level of safety awareness. The occupational health and safety management system is continuously reviewed, expanded, and improved.

The German production plants again recorded a low number of injuries, with 23 cases in the year under review, which was even lower than in the previous year (37 cases).

6.2.3 Diversity & Equality

By promoting diversity and equal opportunities, Kardex enables equal and fair conditions for all employees and contributes to eliminating societal discrimination. Kardex is committed to diversity and consciously creates equal opportunities in the recruitment process, where applicant lists are intended to foster diversity in terms of region, age, origin, and gender.

The selection process is based exclusively on professional and personal qualifications. Equal opportunities are also deliberately created in the internal promotion of talent.

The proportion of female managers at Kardex is 17.4% (17.6%) which reflects the proportions of the total female/male employees within the Group. This shows that Kardex has strong permeability, offers appropriate opportunities for advancement, and lives equal opportunity.

6.2.4 Employer of Choice (Employer Branding)

By promoting employee engagement and well-being, employee satisfaction, motivation, and health can be strengthened, which also impacts attractiveness for potential employees.

All Kardex employees are surveyed anonymously every two years on their satisfaction with their working environment, and they can make suggestions for improvement. The results of this survey are discussed in all teams, and improvement measures are jointly developed and implemented. Kardex has a global employee representative body, the Culture Committee, which represents Kardex' geographical regions and functions in a balanced manner. The task of the Culture Committee is to feel the pulse of the employees as an independent body, to evaluate the maturity and effectiveness of the Guiding Principles, and to share impressions and suggestions for improvement with Group Management at least twice a year.

6.2.5 Respect for Human Rights in Responsible Supply Chains (HRDD)

By respecting and promoting human rights when evaluating suppliers and in the context of one's business activities, Kardex can contribute to a more social and just world. Kardex monitors the behavior of its suppliers and whether they comply with the Kardex Code of Conduct and respect human rights.

Social data

The key figures presented here include the Kardex worldwide workforce, except the numbers reported under "Other workforce" and "Occupational health & safety". These figures include specifically the production sites in Bellheim (DE), Neuburg (DE) and Neuenstadt (DE).

	Unit	2022			2021			
		Total	(%)	(%)	Total	(%)	(%)	(+/-%)
Workforce			male	female		male	female	
Full-time	hc ¹	2'063	83.5%	16.5%	1'924	83.0%	17.0%	7.2%
Part-time	hc	137	29.9%	70.1%	136	28.7%	71.3%	0.7%
Total	hc	2'200	80.1%	19.9%	2'060	79.4%	20.6%	6.8%
Workforce by geographic markets			male	female		male	female	
Europe	hc	1'904	80.7%	19.3%	1'785	80.2%	19.8%	6.7%
Americas (North, Middle, South)	hc	180	78.3%	21.7%	163	76.1%	23.9%	10.4%
Asia-Pacific	hc	116	74.1%	25.9%	112	71.4%	28.6%	3.6%
Total	hc	2'200	80.1%	19.9%	2'060	79.4%	20.6%	6.8%
Hires and fluctuations			male	female		male	female	
Hires	hc	433	76.4%	23.6%	293	73.7%	26.3%	47.8%
Fluctuations	hc	206	73.8%	26.2%	144	76.4%	23.6%	43.1%
Management			male	female		male	female	
Total leadership positions	amount	409	82.6%	17.4%	386	82.4%	17.6%	6.0%
Divisional or Group Management	amount	22	90.9%	9.1%	22	90.9%	9.1%	0.0%
Board of Directors	amount	7	85.7%	14.3%	6	100.0%	0.0%	16.7%
Training and education			male	female		male	female	
Internal training hours ²	hours	10'362	77.4%	22.6%				
Other workforce			male	female		male	female	
Employees with disability	hc	45	84.4%	15.6%	49	85.7%	14.3%	-8.2%
Apprentices / University interns	hc	54	94.4%	5.6%	61	88.5%	11.5%	-11.5%
Occupational health & safety			male	female		male	female	
Fatalities	cases	-	-	-	-	-	-	-
Injuries	cases	23	91.3%	8.7%	37	100.0%	-	-37.8%

¹ hc = headcounts

² Training hours include internal training as well as online learning via LinkedIn. The internal Learning Management System (LMS365) platform was launched in late 2021, therefore comparable data does not exist.

6.3 Ethical Corporate Governance

6.3.1 Compliance

Internal training on the Code of Conduct and Guiding Principles are designed to ensure compliance with policies, laws, and regulatory requirements. This focus and commitment contribute to a safer and fairer society and economy.

For 2022, the Organization was made aware of one violation against the Code of Conduct. As a result of an internal investigation, appropriate disciplinary action was taken against the employees concerned.

6.3.2 Fight against corruption and anti-competitive behavior

Kardex is committed to fair competition and does not tolerate any form of bribery or corruption. The Group expects business partners also to respect the law, comply with the principles of ethical business conduct, and observe rules, regulations, and laws regarding personnel, health, safety, environmental protection, and management systems. With zero tolerance for corruption, bribery,

and anti-competitive behavior, Kardex can contribute to a fair society and competitive economy.

There were no reported complaints or legal proceedings regarding anti-corruption, anti-competitive behavior, cartel, and/or monopoly formation in the reporting year. There were also no known environmental, economic, social law or regulatory violations.

6.3.3 Data protection

Data protection and information security are a priority for Kardex and are also part of regular training programs. By ensuring data protection and information security, Kardex influences and protects the privacy of stakeholders such as customers and employees.

There were no reported leaks, thefts, or losses of customer data from external parties or regulatory bodies for 2022.

Consolidated financial statements

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Based on Swiss GAAP FER, figures reported in euros unless indicated differently.

Consolidated income statement

in EUR million	Notes	2022	(%)	2021	(%)
Net revenues¹	1.1	565.6	100.0%	455.5	100.0%
Cost of goods sold and services provided		-387.9	-68.6%	-292.2	-64.1%
Gross profit		177.7	31.4%	163.3	35.9%
Sales and marketing expenses		-65.3	-11.5%	-53.3	-11.7%
Administrative expenses		-41.9	-7.4%	-37.6	-8.3%
R&D expenses		-12.7	-2.2%	-12.0	-2.6%
Other operating income	1.3	0.7	0.1%	1.4	0.3%
Other operating expenses	1.3	-2.7	-0.5%	-0.7	-0.2%
Operating result (EBIT)		55.8	9.9%	61.1	13.4%
Financial result, net	1.4	-2.3	-0.4%	-1.5	-0.3%
Result for the period before tax (EBT)		53.5	9.5%	59.6	13.1%
Income tax expense	1.5	-14.9	-2.6%	-15.9	-3.5%
Income tax rate (based on EBT)			27.9%		26.7%
Result for the period		38.6	6.8%	43.7	9.6%
Attributable to:					
Shareholders of Kardex Holding AG		37.8	6.7%	43.9	9.6%
Non-controlling interests		0.8	0.1%	-0.2	0.0%
Result for the period		38.6	6.8%	43.7	9.6%
Earnings per share attributable to shareholders of Kardex Holding AG (EUR) ²	3.2	4.90		5.69	

¹ Thereof from construction contracts (percentage of completion (POC)) of EUR 100.1 million (EUR 63.2 million).

² No dilutive effect occurred in 2022 and 2021.

The notes to the consolidated financial statements from page 74 to page 110 represent an integral part of Kardex' financial statements.

Consolidated balance sheet

in EUR million	Notes	31.12.2022		31.12.2021 ¹	
			(%)		(%)
Cash and cash equivalents	2.1	71.2	19.6%	85.9	25.4%
Trade accounts receivable	2.2	80.7	22.2%	61.3	18.1%
Other receivables	2.3	32.4	8.9%	27.3	8.1%
Current fixed term deposits		31.5	8.7%	43.2	12.8%
Inventories and work in progress	2.4	33.5	9.2%	6.5	1.9%
Prepaid expenses		8.6	2.4%	4.3	1.3%
Current assets		257.9	70.8%	228.5	67.6%
Property, plant and equipment	2.5	61.2	16.8%	53.7	15.9%
Intangible assets	2.5	11.2	3.1%	7.9	2.3%
Non-current fixed term deposits		-	0.0%	20.0	5.9%
Financial assets	2.6	33.8	9.3%	27.7	8.2%
Non-current assets		106.2	29.2%	109.3	32.4%
Assets		364.1	100.0%	337.8	100.0%
Trade accounts payable		26.3	7.2%	19.5	5.8%
Current financial liabilities	2.7	-	0.0%	0.6	0.2%
Other current liabilities	2.8	47.3	13.0%	37.4	11.1%
Current provisions	2.10	4.4	1.2%	5.3	1.6%
Accruals	2.11	54.4	14.9%	56.3	16.7%
Current liabilities		132.4	36.4%	119.1	35.3%
Non-current provisions	2.10	27.1	7.4%	24.8	7.3%
Non-current liabilities		27.1	7.4%	24.8	7.3%
Liabilities		159.5	43.8%	143.9	42.6%
Share capital	3.1	2.5	0.7%	2.5	0.7%
Capital reserves ²		32.1	8.8%	31.6	9.4%
Goodwill offset		-42.8	-11.8%	-44.4	-13.1%
Retained earnings and translation differences ²		214.3	58.9%	205.8	60.9%
Treasury shares	3.1	-2.2	-0.6%	-1.7	-0.5%
Equity before non-controlling interests		203.9	56.0%	193.8	57.4%
Non-controlling interests		0.7	0.2%	0.1	0.0%
Equity		204.6	56.2%	193.9	57.4%
Equity and liabilities		364.1	100.0%	337.8	100.0%

¹ Restated (see note 5.1.5).

² The equity comprises EUR 17.3 million (EUR 20.4 million) in non-distributable reserves.

The notes to the consolidated financial statements from page 74 to page 110 represent an integral part of Kardex' financial statements.

Consolidated cash flow statement

in EUR million	Notes	2022	2021 ¹
Result for the period		38.6	43.7
Depreciation, amortization and impairment	1.1, 1.3, 2.5	9.6	6.6
Additions or reversal (net) of provisions	2.10	5.0	2.4
Gain/loss on sale of assets		-0.5	-
Other non-cash items		2.2	-1.9
Change in accounts receivable		-19.0	-10.9
Change in other receivables		-5.3	-4.2
Change in inventories and work in progress		-27.0	8.3
Change in prepaid expenses		-4.2	-0.6
Change in accounts payable		6.8	7.1
Change in other current liabilities		10.0	21.2
Change in provisions	2.10	-3.6	-3.2
Change in accruals		-2.2	11.1
Net cash flow from operating activities		10.4	79.6
Purchase of property, plant and equipment		-14.2	-7.0
Sale of property, plant and equipment		1.2	0.2
Purchase of intangible assets		-4.6	-2.8
Change in current fixed term deposits		42.7	4.0
Purchase of non-current fixed term deposits		-11.0	-25.0
Purchase of financial assets		-	-16.0
Change in other investments		-7.9	-2.6
Sale of subsidiary	4.4	-0.1	-
Net cash flow from investing activities		6.1	-49.2
Acquisition of treasury shares	3.1	-1.9	-
Disposal of treasury shares		1.5	-
Change in current financial liabilities		0.2	0.5
Dividend paid		-32.6	-28.0
Net cash flow from financing activities		-32.8	-27.5
Effect of currency translation differences on cash and cash equivalents		1.6	2.8
Net change in cash and cash equivalents		-14.7	5.7
Cash and cash equivalents at 1 January	2.1	85.9	80.2
Cash and cash equivalents at 31 December	2.1	71.2	85.9
Net change in cash and cash equivalents		-14.7	5.7

¹ Restated (see note 5.1.5).

The notes to the consolidated financial statements from page 74 to page 110 represent an integral part of Kardex' financial statements.

Consolidated statement of changes in equity

in EUR million	Notes	Share capital	Capital reserves	Goodwill offset	Retained earnings	Translation differences	Treasury shares ¹	Equity before non-controlling interests	Non-controlling interests	Equity
Opening balance 1 January 2022		2.5	31.6	-44.4	205.0	0.8	-1.7	193.8	0.1	193.9
Result for the period		-	-	-	37.8	-	-	37.8	0.8	38.6
Sale of subsidiary	4.4	-	-	1.6	-	-	-	1.6	-0.1	1.5
Currency translation differences		-	-	-	-	2.5	-	2.5	0.1	2.6
Acquisition of treasury shares	3.1	-	-	-	-	-	-1.9	-1.9	-	-1.9
Disposal of treasury shares ²	3.1	-	0.5	-	-	-	1.4	1.9	-	1.9
Dividend paid		-	-	-	-32.4	-	-	-32.4	-0.2	-32.6
Share-based remuneration	1.2	-	-	-	0.1	-	-	0.1	-	0.1
Valuation of hedging reserves		-	-	-	0.5	-	-	0.5	-	0.5
Closing balance 31 December 2022		2.5	32.1	-42.8	211.0	3.3	-2.2	203.9	0.7	204.6
Opening balance 1 January 2021		2.5	31.4	-44.4	189.2	-2.9	-1.9	173.9	0.4	174.3
Result for the period		-	-	-	43.9	-	-	43.9	-0.2	43.7
Currency translation differences		-	-	-	-	3.7	-	3.7	-	3.7
Disposal of treasury shares ²	3.1	-	0.2	-	-	-	0.2	0.4	-	0.4
Dividend paid		-	-	-	-27.9	-	-	-27.9	-0.1	-28.0
Share-based remuneration	1.2	-	-	-	0.3	-	-	0.3	-	0.3
Valuation of hedging reserves		-	-	-	-0.5	-	-	-0.5	-	-0.5
Closing balance 31 December 2021		2.5	31.6	-44.4	205.0	0.8	-1.7	193.8	0.1	193.9

¹ Number of treasury shares held as of 31 December 2022: 16'832 (17'984).

² As part of share-based remuneration to the BoD, treasury shares were allocated in the amount of EUR 0.3 million (EUR 0.2 million). This results in a gain of EUR 0.1 million (EUR 0.2 million) reported in 'Capital reserves'.

The notes to the consolidated financial statements from page 74 to page 110 represent an integral part of Kardex' financial statements.

Notes to the consolidated financial statements

The notes are divided into five sections. Each section starts with an introduction, which summarizes the information provided. In addition, the accounting policies and accounting estimates applied to prepare the consolidated financial statements appear at the end of the note to which they relate in order to provide appropriate context.

1. Performance

This section provides information on the operational performance of Kardex. The description of the operating model provides useful information to understand the segment reporting, which corresponds to Kardex' internal reporting system. In addition, information is presented on selected income and expense items.

The key headlines concerning Kardex' performance are:

in EUR million	2022	2021
Net revenues	565.6	455.5
Operating result (EBIT)	55.8	61.1
EBIT (margin)	9.9%	13.4%
Result for the period	38.6	43.7

Alternative performance measures (APM)

Based on the Directive on the Use of Alternative Performance Measures (DAPM), issuers whose equity securities are listed on SIX Swiss Exchange are requested to publish clear and comprehensive definitions of APM. APM are financial measures not clearly defined or specified in the applicable recognized accounting standard.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

in EUR million	2022	2021
Operating result (EBIT)	55.8	61.1
Depreciation, amortization and impairment	9.6	6.6
EBITDA	65.4	67.7

Equity ratio

in EUR million	31.12.2022	31.12.2021
Assets	364.1	337.8
Equity	204.6	193.9
Equity ratio¹	56.2%	57.4%

¹ 'Equity' divided by 'Assets'.

Invested capital

in EUR million	31.12.2022	31.12.2021
Equity	199.3	184.1
Value adjustment for doubtful accounts	-0.8	-1.1
Deferred tax liabilities	1.8	0.6
Accrual for income tax < 1 year	2.7	3.3
Invested capital¹	203.0	186.9

¹ Each position is calculated on average basis of one year.

Free cash flow

in EUR million	2022	2021
Net cash flow from operating activities	10.4	79.6
Net cash flow from investing activities ²	6.1	-49.2
Adjustment for changes in fixed term deposits ²	-31.7	21.0
Adjusted net cash flow from investing activities	-25.6	-28.2
Free cash flow	-15.2	51.4

Net cash

in EUR million	31.12.2022	31.12.2021
Cash and cash equivalents ²	71.2	85.9
Current fixed term deposits ²	31.5	43.2
Non-current fixed term deposits	-	20.0
Interest bearing debt	-	-0.6
Net cash	102.7	148.5

² Numbers of the financial year 2021 were restated (see note 5.1.5).

Net working capital (NWC)

in EUR million	31.12.2022	31.12.2021
Trade accounts receivable (excl. value adjustment)	81.4	62.2
Construction contracts with amounts due from customers (underfinanced - POC) ³	9.3	9.2
Advance payments	2.5	2.3
Accounts receivable	93.2	73.7
Raw materials, supplies and other consumables	28.3	16.5
Finished goods	13.9	5.9
Spare parts	7.1	8.2
Work in progress	39.4	34.1
Advance payments from customers	-55.0	-55.9
Advance payments to suppliers	5.4	3.7
Inventories	39.1	12.5
Trade accounts payable	-26.3	-19.5
Construction contracts with amounts due to customers (overfinanced - POC) ³	-27.2	-18.5
Other payables	-2.6	-4.1
Accounts payable	-56.1	-42.1
NWC	76.2	44.1

³ POC = Percentage of completion.

Return on invested capital (ROIC)

in EUR million	31.12.2022	31.12.2021
Operating result (EBIT)	55.8	61.1
Invested capital	203.0	186.9
ROIC	27.5%	32.7%

1.1 Segment reporting

Kardex is a global industry partner for intralogistic solutions and a leading supplier of automated storage solutions and material handling systems. The Group consists of the two entrepreneurially managed divisions, Kardex Remstar and Kardex Mlog, and the Holding. Kardex Remstar develops, produces and maintains dynamic storage and retrieval systems and Kardex Mlog offers integrated material handling systems and automated high bay warehouses. The two divisions are partners for their customers over the entire life cycle of a product or solution. The AutoStore business and the affiliated company Robomotive B.V. (sold in November 2022) are reported in the segment 'Holding / Other'.

1.1.1 Income statement for 2022

in EUR million	Kardex Remstar	Kardex Mlog	Holding / Other	Elimina- tions	Kardex
Bookings¹	509.8	125.4	63.4	-	698.6
Net revenues, third party					
- Europe	292.1	104.4	17.8	-	414.3
- Americas	105.8	0.6	6.0	-	112.4
- Asia/Pacific	34.7	0.3	-	-	35.0
- Middle East and Africa	3.9	-	-	-	3.9
Total net revenues, third party	436.5	105.3	23.8	-	565.6
Net revenues, with other operating segments	0.1	0.3	-	-0.4	-
Net revenues²	436.6	105.6	23.8	-0.4	565.6
Cost of goods sold and services provided	-283.8	-85.2	-19.3	0.4	-387.9
Gross profit	152.8	20.4	4.5	-	177.7
Gross profit margin	35.0%	19.3%	18.9%		31.4%
Sales and marketing expenses	-51.7	-8.7	-4.9	-	-65.3
Administrative expenses	-32.8	-5.5	-7.8	4.2	-41.9
R&D expenses	-11.2	-1.1	-0.4	-	-12.7
Other operating income	0.6	0.1	4.2	-4.2	0.7
Other operating expenses	-1.6	-0.1	-1.0	-	-2.7
Operating result (EBIT)	56.1	5.1	-5.4	-	55.8
EBIT margin	12.8%	4.8%			9.9%
Depreciation, amortization and impairment	7.9	0.7	1.0	-	9.6
EBITDA	64.0	5.8	-4.4	-	65.4
EBITDA margin	14.7%	5.5%			11.6%

¹ 'Bookings' are legally binding contracts with customers entered into during the reporting period. Figures related to 'Bookings' are not audited.

² 'Net revenues' comprise EUR 402.4 million from New Business and EUR 163.2 million from Life Cycle Services.

1.1.2 Income statement for 2021

in EUR million	Kardex Remstar	Kardex Mlog	Holding / Other	Elimina- tions	Kardex
Bookings¹	459.9	124.5	19.1	-0.5	603.0
Net revenues, third party					
- Europe	247.7	86.5	0.7	-	334.9
- Americas	87.6	1.0	0.4	-	89.0
- Asia/Pacific	27.9	1.5	-	-	29.4
- Middle East and Africa	2.2	-	-	-	2.2
Total net revenues, third party	365.4	89.0	1.1	-	455.5
Net revenues, with other operating segments	0.1	-	-	-0.1	-
Net revenues²	365.5	89.0	1.1	-0.1	455.5
Cost of goods sold and services provided	-220.9	-70.3	-1.1	0.1	-292.2
Gross profit	144.6	18.7	-	-	163.3
Gross profit margin	39.6%	21.0%			35.9%
Sales and marketing expenses	-44.0	-7.2	-2.1	-	-53.3
Administrative expenses	-30.0	-4.5	-7.4	4.3	-37.6
R&D expenses	-10.6	-1.0	-0.4	-	-12.0
Other operating income	1.1	-	4.6	-4.3	1.4
Other operating expenses	-0.6	-0.1	-	-	-0.7
Operating result (EBIT)	60.5	5.9	-5.3	-	61.1
EBIT margin	16.6%	6.6%			13.4%
Depreciation, amortization and impairment	5.7	0.7	0.2	-	6.6
EBITDA	66.2	6.6	-5.1	-	67.7
EBITDA margin	18.1%	7.4%			14.9%

¹ 'Bookings' are legally binding contracts with customers entered into during the reporting period. Figures related to 'Bookings' are not audited.

² 'Net revenues' comprise EUR 310.5 million from New Business and EUR 145.0 million from Life Cycle Services.



Accounting principles

Net revenues include all revenues from products sold and services provided less items such as early payer discounts, rebates, other agreed discounts and value-added tax. No revenue is recognized if there is significant uncertainty regarding the collectability of the consideration due, associated costs or the possible return of goods. Revenues from:

- sales of goods are recognized when the risks and rewards of ownership have transferred to the buyer, which is most frequently after finalized installation or based on accepted international commercial terms, such as EXW, FOB or DDP;
- services are recognized according to the stage of completion;
- construction contracts are reported using the percentage of completion (POC) method, provided that the contractual performance is highly probable and income and expenses arising from long-term construction contracts can be reliably estimated. The revenues and expenses are recognized in the income statement proportionally to the stage of completion. The stage of completion is determined using the cost-to-cost method, i.e. by calculating the ratio between the project costs incurred to date and the estimated overall costs of the project. Expected losses from construction contracts are immediately recognized in the income statement as at the date of detection. Underfinanced projects are recorded in the balance sheet under 'Other receivables' while overfinanced positions report under 'Other current liabilities'.



Use of accounting estimates

The application of the POC method requires multiple estimates regarding forecasted overall costs to be incurred until the end of the projects.

1.2 Personnel expenses

in EUR million	2022	2021
Fixed and variable salaries	-149.2	-134.2
Social security contributions	-29.4	-26.5
Retirement and pension plan costs	-4.2	-3.6
Other personnel expenses	-10.2	-7.7
Total personnel expenses	-193.0	-172.0

A share-based Long-Term Incentive Program was introduced last year for the members of the Group Management representing EUR 0.1 million (EUR 0.3 million) of variable salaries.



Accounting principles

Share-based payments are recognized at fair value at the grant date and, until such time as entitlement is asserted, are charged to the corresponding positions in the income statement as personnel expenses. As these awards are equity-settled, the consideration is recognized in equity.

1.3 Other operating income and expenses

in EUR million	2022	2021
Gains from non-current assets sold	0.5	-
Subsidies	-	0.2
Reversal of restructuring provision	-	0.7
Other income	0.2	0.5
Total other operating income	0.7	1.4
Taxes other than income taxes	-0.9	-0.6
Impairment of assets / loss from sale of subsidiary	-1.0	-
Severance payments	-0.5	-
Other expenses	-0.3	-0.1
Total other operating expenses	-2.7	-0.7

In the period under review, all shares of Robomotive B.V. were disposed by Kardex Holding AG. This resulted in a low single-digit million euros write-off which mainly arose from the recycling of the goodwill (see note 4.4). In the course of 2021, the provision for restructuring expenses was partially reversed as the measures proved to be less costly or were no longer necessary.

1.4 Financial result, net

in EUR million	2022	2021
Interest income	0.4	0.2
Foreign exchange gains (net)	0.3	-
Other financial income	0.3	1.2
Total financial income	1.0	1.4
Interest expense	-0.6	-1.5
Foreign exchange losses (net)	-	-0.7
Other financial expenses	-2.7	-0.7
Total financial expenses	-3.3	-2.9
Total financial result, net	-2.3	-1.5

'Other financial income' includes returns from fixed term and time deposits and other financial investments. Losses on 'Other financial assets' were recognized as 'Other financial expenses' in the reporting period.



Accounting principles

Net financing costs comprise interest expense on borrowings and pension liabilities, interest earned on investments, gains and losses from foreign currency translation, as well as gains and losses from derivative financial instruments used for exchange rate hedging (unless designated as cash flow hedge). All of which with the exception of cash flow hedges are recognized in the income statement. Interest income and expense as well as gains or losses from interest rate hedging are recognized in the income statement as they occur.

1.5 Income tax expense and tax losses carryforward

1.5.1 Income tax expense

in EUR million	2022	2021
Current income tax	-13.0	-15.8
Deferred income tax	-1.9	-0.1
Total income tax expense	-14.9	-15.9

1.5.2 Analysis of income tax expense

The variance between the expected income tax expense, based on the expected income tax rate, and the effective income tax expense recorded in the consolidated income statement depends on the following determining factors. Kardex' expected income tax rate is based on the result for the period before tax and the tax rate pertaining to each individual entity at the respective fiscal year.

in EUR million	2022	2021
Result for the period before tax	53.5	59.6
Expected income tax rate	24.5%	25.2%
Expected income tax expense	-13.1	-15.0
Use of unrecognized tax losses carryforward	0.6	0.4
Effect of change in tax rates	-0.5	-
Effect of non-recognition of tax losses in current year	-0.9	-0.6
Income tax of prior periods, net	-0.6	-0.4
Withholding taxes on dividends not recoverable	-0.1	-
Other	-0.3	-0.3
Effective income tax expense	-14.9	-15.9
Effective income tax rate	27.9%	26.7%

1.5.3 Tax losses carryforward

Tax effects on losses carryforward are not capitalized.

in EUR million	31.12.2022	31.12.2021
Tax losses carryforward by expiration		
Following year	0.2	0.5
In 2 to 5 years	1.4	4.2
After 5 years	1.7	3.0
Not expiring	6.1	3.7
Total tax losses carryforward	9.4	11.4

As of 31 December 2022, the non-capitalized tax effects on losses carryforward amounted to EUR 2.1 million (EUR 2.6 million).



Accounting principles

Income tax comprises current and deferred tax. Income tax is recognized in the income statement unless it relates to items recognized in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable related to previous years. Income tax is calculated using tax rates already in force or substantially enacted at the balance sheet date. Deferred tax is calculated using the balance sheet liability method on the basis of tax rates already in force or substantially enacted at the balance sheet date and is based on temporary differences between Swiss GAAP FER carrying amounts and the tax base. Deferred income tax assets and liabilities are netted only if they relate to the same taxable entity. Tax savings due to tax loss carryforward on future taxable income are not recognized.

2. Operating assets and liabilities

Detailed information on the operating assets used and liabilities incurred to support Kardex' operating activities are disclosed in this section. This includes disclosures on the valuation of trade accounts receivable, inventories and work in progress as well as movements in property, plant, equipment, intangible assets and provisions.



Accounting principles

Impairment of assets

Property, plant and equipment and other non-current assets are assessed as at each balance sheet date to determine whether any events or changes in circumstances have occurred that might indicate an impairment. Where such indications exist, an impairment test is conducted. If the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recognized.

The recoverable amount is the higher of the net selling price and value in use of the asset. The recoverable amount is normally determined for each asset. If the asset in question does not generate any separate cash flows, the smallest possible group of assets that generate separate cash flows is tested. Where the impairment exceeds the residual carrying amount, a provision amounting to the remaining difference is recognized.

On each balance sheet date, impairments previously recorded are examined to establish whether the reasons that led to the impairment still apply to the same extent. If the reasons for an impairment no longer apply, the value will be reinstated up to a maximum of the carrying amount, as adjusted according to scheduled depreciation. The reverse booking is recognized in the income statement.

Liabilities

Liabilities are shown at their nominal value.

Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

Finance lease payments

Payments made under finance leases are allocated between the financing costs and repayment of the principal. The financing costs are allocated to each period during the lease term to produce a constant rate of interest over the term of the liability.

2.1 Cash and cash equivalents

in EUR million	31.12.2022	31.12.2021 ¹
Cash, postal and bank current accounts	65.4	85.7
Fixed term and time deposits	5.8	0.2
Total cash and cash equivalents	71.2	85.9

¹ Restated (see note 5.1.5).

Of 'Cash and cash equivalents', EUR 4.2 million (EUR 4.1 million) is currently held in countries with specific formalities and request procedures for transfers abroad. By complying with these requirements, Kardex has these funds at its disposal.

**Accounting principles**

'Cash and cash equivalents' comprise cash balances, postal and bank account balances and other liquid investments with a maximum total maturity of three months from the balance sheet date.

2.2 Trade accounts receivable

in EUR million	31.12.2022	31.12.2021
Trade accounts receivable	81.4	62.2
Value adjustment for doubtful accounts	-0.7	-0.9
Total trade accounts receivable	80.7	61.3

Trade accounts receivable are distributed over a widely scattered customer base. Management does not expect any material losses on receivables.



Accounting principles

Trade accounts receivable are stated at nominal value less any impairments. The value adjustment consists of individual value adjustment for specifically identified positions for which there are objective indications that the outstanding amount will not be received in full and of a collective value adjustment for positions that have been overdue for 180 days or longer.

2.3 Other receivables

in EUR million	31.12.2022	31.12.2021
Construction contracts with amounts due from customers (underfinanced – POC) ¹	9.3	9.2
Income tax receivables	6.4	3.9
VAT, withholding and other refundable tax	11.6	10.1
Guarantees paid in cash	0.1	0.1
Advance payments	2.5	2.3
Other receivables	2.5	1.7
Total other receivables	32.4	27.3

¹ Before offsetting against accrued cost, gross advance payments from customers for underfinanced POC projects amount to EUR 32.2 million (EUR 32.8 million).

2.4 Inventories and work in progress

in EUR million	31.12.2022	31.12.2021
Raw materials, supplies and other consumables	28.3	16.5
Finished goods	13.9	5.9
Spare parts	7.1	8.2
Work in progress	39.4	34.1
Value adjustment	-5.6	-6.0
Advance payments from customers	-55.0	-55.9
Advance payments to suppliers	5.4	3.7
Total inventories and work in progress	33.5	6.5



Accounting principles

Inventories are stated at the lower of acquisition/production cost or fair value less costs to sell. Fair value less costs to sell is defined as the value of the sales proceeds less the remaining costs of production, sale and administration incurred until the time of sale. Inventories are valued on a weighted-average basis. The acquisition and production costs also include the costs of purchase and transport of inventories. In the case of inventories manufactured by Kardex, production costs also include an appropriate share of the overheads incurred. Adjustments are made for items lacking marketability and for slow-moving items.

2.5 Property, plant, equipment and intangible assets

2.5.1 Property, plant and equipment 2022

in EUR million	Undeveloped properties	Land and buildings	Machinery, production tools and equipment	Information technology	Under construction	Other	Property, plant and equipment
Acquisition cost, 1 January	0.5	42.4	55.4	8.3	13.4	4.4	124.4
Additions	-	0.7	3.0	1.2	8.8	0.5	14.2
Disposals	-0.5	-0.5	-1.7	-0.1	-	-0.2	-3.0
Reclassifications ¹	-	-	10.7	0.3	-11.3	-	-0.3
Exchange rate differences	-	0.9	-	-	0.7	0.1	1.7
31 December	-	43.5	67.4	9.7	11.6	4.8	137.0
Accumulated depreciation, 1 January	-	-19.4	-41.7	-6.9	-	-2.7	-70.7
Additions	-	-1.1	-4.6	-1.1	-	-0.3	-7.1
Impairment	-	-	-	-	-	-0.1	-0.1
Disposals	-	0.5	1.6	0.1	-	0.1	2.3
Exchange rate differences	-	-0.1	-0.1	-	-	-	-0.2
31 December	-	-20.1	-44.8	-7.9	-	-3.0	-75.8
Net carrying amount, 1 January	0.5	23.0	13.7	1.4	13.4	1.7	53.7
Net carrying amount, 31 December	-	23.4	22.6	1.8	11.6	1.8	61.2

¹ The residual value of the reclassifications amounting to EUR 0.3 million was done between 'Property, plant and equipment' and 'Intangible assets' (see note 2.5.3).

Depreciation of property, plant and equipment is included in the following items: EUR 4.5 million 'Cost of goods sold and services provided', EUR 0.3 million in 'Sales and marketing expenses', EUR 2.2 million in 'Administrative expenses' and EUR 0.1 million in 'R&D expenses'.

2.5.2 Property, plant and equipment 2021

in EUR million	Undeveloped properties	Land and buildings	Machinery, production tools and equipment	Information technology	Under construction	Other	Property, plant and equipment
Acquisition cost, 1 January	5.1	36.6	58.1	9.0	8.8	5.5	123.1
Additions	-	0.1	1.7	0.7	4.7	0.1	7.3
Disposals	-	-	-5.2	-1.2	-	-1.4	-7.8
Reclassifications	-4.6	4.6	0.8	-0.3	-0.6	0.1	0.0
Exchange rate differences	-	1.1	-	0.1	0.5	0.1	1.8
31 December	0.5	42.4	55.4	8.3	13.4	4.4	124.4
Accumulated depreciation, 1 January	-	-18.3	-43.0	-7.4	-	-3.7	-72.4
Additions	-	-1.0	-3.4	-1.0	-	-0.3	-5.7
Disposals	-	-	5.1	1.3	-	1.3	7.7
Reclassifications	-	-	-0.3	0.3	-	-	-
Exchange rate differences	-	-0.1	-0.1	-0.1	-	-	-0.3
31 December	-	-19.4	-41.7	-6.9	-	-2.7	-70.7
Net carrying amount, 1 January	5.1	18.3	15.1	1.6	8.8	1.8	50.7
Net carrying amount, 31 December	0.5	23.0	13.7	1.4	13.4	1.7	53.7

Depreciation of property, plant and equipment is included in the following items: EUR 3.5 million in 'Cost of goods sold and services provided', EUR 0.2 million in 'Sales and marketing expenses', EUR 1.9 million in 'Administrative expenses' and EUR 0.1 million in 'R&D expenses'.

In 2021, the extension of the production sites in Germany started. Consequently, 'Undeveloped properties' were reclassified to 'Land and buildings'.



Accounting principles

Owned assets

Items of property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment losses. The acquisition and construction cost includes all expenses directly attributable to the acquisition and necessary to bring the asset to working condition for its intended use. Interest expenses during the construction phase of property, plant and equipment are not capitalized.

Leased assets

Leasing agreements under which Kardex essentially assumes all the risks and rewards associated with the acquisition are treated as finance leases. These assets are stated at an amount equal to the lower of cost of acquisition/net fair value or present value of the future lease payments at the start of the agreement, less the accumulated depreciation and impairment loss. Obligations arising from finance leasing are recognized as liabilities.

Maintenance and renovation costs

Major renovation or modernization work, as well as expenses that significantly increase fair value or value in use, and expenditure that extends the estimated useful life of property, plant and equipment, are capitalized. Repairs and maintenance costs are recognized directly under operating expenses.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the following estimated useful lives:

Buildings	20 to 40 years
Machinery, production tools and equipment	4 to 12 years
Information technology (hardware)	3 years
Other (e.g., vehicles)	5 to 8 years

Depreciation of an item of property, plant or equipment begins when actual operational use commences. Property, plant and equipment under construction is not depreciated, but is regularly assessed for any indication of a need to apply impairment charges.

The residual value and the useful economic life of the property, plant and equipment are reviewed annually and adjusted where necessary. Gains and losses arising from the sale of property, plant and equipment are recognized in the income statement.

2.5.3 Intangible assets in 2022

in EUR million	Capitalized development costs	Capitalized software	Software under construction	Patents, licenses and other intangible assets	Intangible assets
Acquisition cost, 1 January	0.1	14.2	6.5	1.5	22.3
Additions	-	0.4	3.8	0.2	4.4
Reclassifications ¹	-	4.4	-4.1	-	0.3
31 December	0.1	19.0	6.2	1.7	27.0
Accumulated amortization, 1 January	-0.1	-12.8	-	-1.5	-14.4
Additions	-	-1.5	-	-	-1.5
Exchange rate differences	-	0.1	-	-	0.1
31 December	-0.1	-14.2	-	-1.5	-15.8
Net carrying amount, 1 January	-	1.4	6.5	-	7.9
Net carrying amount, 31 December	-	4.8	6.2	0.2	11.2

¹ The residual value of the reclassifications amounting to EUR 0.3 million was done between 'Property, plant and equipment' and 'Intangible assets' (see note 2.5.1).

Amortization of intangible assets is included in the following items: EUR 0.2 million in 'Sales and marketing expenses' and EUR 1.3 million in 'Administrative expenses'.

2.5.4 Intangible assets in 2021

in EUR million	Capitalized development costs	Capitalized software	Software under construction	Patents, licenses and other intangible assets	Intangible assets
Acquisition cost, 1 January	0.1	14.4	4.0	1.6	20.1
Additions	-	0.1	2.7	-	2.8
Disposals	-	-0.6	-	-0.2	-0.8
Reclassifications	-	0.2	-0.2	-	-
Exchange rate differences	-	0.1	-	0.1	0.2
31 December	0.1	14.2	6.5	1.5	22.3
Accumulated amortization, 1 January	-0.1	-12.5	-	-1.5	-14.1
Additions	-	-0.8	-	-0.1	-0.9
Disposals	-	0.5	-	0.2	0.7
Exchange rate differences	-	-	-	-0.1	-0.1
31 December	-0.1	-12.8	-	-1.5	-14.4
Net carrying amount, 1 January	-	1.9	4.0	0.1	6.0
Net carrying amount, 31 December	-	1.4	6.5	-	7.9

Amortization of intangible assets is included in the following items: EUR 0.1 million in 'Cost of goods sold and services provided', EUR 0.2 million in 'Sales and marketing expenses' and EUR 0.6 million in 'Administrative expenses'.



Accounting principles

Intangible assets from development activities

Expenditure on development activities related to new technologies or know-how is recognized in the income statement in the period in which it is incurred.

Other intangible assets

Other internally generated or acquired intangible assets are capitalized if they will generate measurable benefits for Kardex over several years. Such intangible assets are stated at cost of production or acquisition less accumulated amortization and impairment loss.

Subsequent costs

Subsequent costs on existing intangible assets is capitalized only when it increases the future economic benefits of the assets concerned to at least the same extent. All other costs is expensed at the time incurred.

Amortization

Amortization of intangible assets is charged to the income statement on a straight-line basis over their estimated useful lives. Amortization of intangible assets begins on the date they are available for use. The estimated useful lives applied are as follows:

Licenses and patents	5 years
Trademark rights	5 years
Capitalized software	5 years
Other intangible assets	5 years

The residual value and the useful economic life of the intangible assets are reviewed annually and adjusted where necessary. Gains and losses arising from the sale of intangible assets are recognized in the income statement.



Use of accounting estimates

Intangible assets are measured by using key assumptions and estimates underlying their valuation considering recoverability of such assets from acquisitions and capitalized internally generated intangible assets. This includes the consideration of related forecasted cash flows.

2.6 Financial assets

in EUR million	31.12.2022	31.12.2021
Loans to associated companies	11.7	3.7
Other financial assets	15.9	17.8
Deferred tax assets	6.2	6.2
Total financial assets	33.8	27.7

Loans to associated companies relate to start-up and growth financing of Rocket Solution GmbH. In order to address the effects of negative interest rates, Kardex invested last year in a portfolio of assets and securities amounting to EUR 14.1 million as of 31 December 2022 (EUR 16.0 million).



Accounting principles

Financial assets are generally measured at acquisition cost less any impairments.

2.7 Current financial liabilities

in EUR million	31.12.2022	31.12.2021
Fixed term loans < 1 year	-	0.6
Total current financial liabilities	-	0.6

Kardex Holding AG has entered into bilateral uncommitted credit lines with its main banks in the total amount of EUR 40.0 million. All bilateral uncommitted credit lines are available to Kardex Holding AG for the issuance of guarantees and in the form of overdrafts or fixed advances.

EUR 4.5 million (EUR 1.4 million) of these bilateral credit lines have been utilized in the form of guarantees as of 31 December 2022.

No collateral was provided for all these lines of credit. All lines of credit rank pari passu.

2.8 Other current liabilities

in EUR million	31.12.2022	31.12.2021
VAT, withholding tax and other tax liabilities	13.1	11.1
Construction contracts with amounts due to customers (overfinanced – POC) ¹	27.2	18.5
Social security and pension plan liabilities	1.8	1.0
Employee claims	2.5	2.2
Other financial liabilities	0.1	0.5
Other payables	2.6	4.1
Total other current liabilities	47.3	37.4

¹ Before offsetting against accrued cost, gross advance payments from customers for overfinanced POC projects amount to EUR 48.7 million (EUR 31.1 million).

2.9 Pension plans

Employees and former employees receive different employee benefits and retirement pensions, which are determined in accordance with the legislative provisions in the countries concerned. Some Kardex companies are not direct risk-takers as being members of collective foundations. These pension plans are funded by contributions from both the employer and the employee. The private pension plans in Switzerland and the Netherlands are structured for the purpose of building up retirement assets to be converted into fixed retirement pensions and supplementary risk benefits. The Swiss entities are affiliated to a collective pension plan where the surplus/deficit cannot be determined per individual contract but it can be stated that based on the preliminary, non-audited figures as of 31 December 2022 the coverage of the collective plan as a whole amounts to 110.0% (122.7%).

Some of the pension plans are made into independent schemes, especially in Germany and Italy. In addition to the independent schemes in Germany there are also schemes where the companies are direct risk-takers. In Italy, a fixed percentage of salary is provided for in the amount of the nominal value. These funds can be invested either within the company or in an independent scheme. The range of the discount rate applied for the major foreign pension plans varies as follow:

- Germany: 1.8% (1.9%)
- France: 3.8% (0.8%)

In 2022, the retirement defined benefit plan in the UK was liquidated, whereupon a reinsurance company assumed the obligations to the insured through individual insurance policies.

2.9.1 Pension plans 2022

in EUR million	Pension plans with- out sur- plus/deficit	Pension plans with- out own assets	Total
Economic part of the Group 1 January	-	17.5	17.5
Change to prior period or recognized in the result for the period, respectively	-	0.5	0.5
Economic part of the Group 31 December	-	18.0	18.0
Pension benefit expenses within personnel expenses	-3.0	-1.2	-4.2
Change to prior period or recognized in the result for the period, respectively	-	0.5	0.5
Contributions concerning the period	-3.0	-0.7	-3.7

2.9.2 Pension plans 2021

in EUR million	Pension plans with- out sur- plus/deficit	Pension plans with- out own assets	Total
Economic part of the Group 1 January	-	16.3	16.3
Change to prior period or recognized in the result for the period, respectively	-	1.2	1.2
Economic part of the Group 31 December	-	17.5	17.5
Pension benefit expenses within personnel expenses	-2.9	-0.7	-3.6
Change to prior period or recognized in the result for the period, respectively	-	1.2	1.2
Contributions concerning the period	-2.9	0.5	-2.4



Accounting principles

There are several pension plans within Kardex, each of which complies with the legal requirements for the country in question. A majority of employees are insured against the risk of age, death and disability. These plans are funded by contributions from employees and employers.

Actual economic impacts of employee pension plans on Kardex are calculated on the balance sheet date. The pension plan's financial position is relevant to the measurement of pension assets and pension liabilities.

In the case of Swiss pension plans, the latest financial statements prepared in accordance with Swiss GAAP FER 26 constitute the basis. An economic obligation is carried as a liability if the conditions for the recognition of a provision are met. An economic benefit is capitalized if it is used for Kardex' future employee benefit expenses. Freely disposable employer contribution reserves are capitalized. The economic impacts of pension fund surpluses and deficits and the change in any employer contribution reserves are recognized in the income statement together with the amounts accrued over the same period. These same principles are applied in the case of foreign pension plans.



Use of accounting estimates

Kardex operates pension plans in various countries. The calculation of pension provisions for plans that do not have their own assets is based on key actuarial assumptions (including discount rate, future salary or pension increases and average life expectancy, as well as plan assets performance and funded status), which may differ from the actual results. The discount rate used in the calculation for certain foreign pension plans is the most important parameter and any changes can strongly impact the valuation of the pension liability. The range of the applied discount rate corresponds to local market conditions.

2.10 Provisions

2.10.1 Provisions 2022

in EUR million	Deferred tax liabilities	Legal disputes and contractual penalties	Warranties	Retirement and other employee benefit obligations	Restructuring	Others	Provisions
Opening balance 1 January	0.9	1.2	4.4	21.6	0.4	1.6	30.1
Additions	1.9	-	2.4	2.0	-	0.8	7.1
Utilization	-	-	-1.9	-0.8	-0.4	-0.5	-3.6
Reversal	-0.2	-	-1.0	-0.3	-	-0.6	-2.1
Reclassifications	-	0.1	-	-	-	-0.1	-
Closing balance 31 December	2.6	1.3	3.9	22.5	-	1.2	31.5
Non-current provisions	2.6	1.1	1.7	21.2	-	0.5	27.1
Current provisions	-	0.2	2.2	1.3	-	0.7	4.4

2.10.2 Provisions 2021

in EUR million	Deferred tax liabilities	Legal disputes and contractual penalties	Warranties	Retirement and other employee benefit obligations	Restructuring	Others	Provisions
Opening balance 1 January	0.2	0.5	6.3	21.2	1.5	1.2	30.9
Additions	0.7	0.1	0.9	2.5	-	1.1	5.3
Utilization	-	-	-1.4	-1.0	-0.4	-0.4	-3.2
Reversal	-	-	-1.4	-0.5	-0.7	-0.3	-2.9
Reclassifications	-	0.6	-	-0.6	-	-	0.0
Closing balance 31 December	0.9	1.2	4.4	21.6	0.4	1.6	30.1
Non-current provisions	0.9	1.1	1.8	20.3	-	0.7	24.8
Current provisions	-	0.1	2.6	1.3	0.4	0.9	5.3

Deferred tax liabilities are shown net after offsetting them against deferred tax assets. Netting takes place at individual company level.

The provisions for legal disputes and contractual penalties relate to ongoing proceedings and include provisions for contractual obligations.

The provision for warranties covers the cost for warranty claims. The actual amount is based on current revenues and available data. Experience shows that most of the provisions will be used in the following one to two years.



Accounting principles

Provisions

Provisions are made insofar as

- Kardex has, or may have, a legal or constructive obligation due to past events;
- it is probable that settlement of this obligation will lead to an outflow of resources;
- the extent of the obligation can be reliably estimated.

If the time effect is significant, long-term provisions at the present value of probable future cash outflows will be created.

Warranties

The provision for warranty risks from the sale of products and services is based on information about warranties from earlier periods and on punctual consideration of individual cases.

Restructuring

Restructuring costs are provided for the period in which an official, detailed restructuring plan is available to Kardex and the management must have raised a valid expectation that it will carry out the restructuring or the restructuring plan is announced. No provision is made for future operating losses.



Use of accounting estimates

In the course of their ordinary operating activities, Group companies can face claims from third parties. Provisions for pending claims are measured on the basis of the information available and a realistic estimate of the expected outflow of resources. The outcome of these proceedings may result in claims against the Group that cannot be met at all or in full through provisions or insurance cover.

Significant judgment is required to determine the costs of restructuring plans. The actual cost might deviate from the original plan.

2.11 Accruals

in EUR million	31.12.2022	31.12.2021
Accrued expenses	11.6	10.3
Accrued vacation and overtime pay	6.6	6.4
Accruals for salaries, variable compensations etc.	9.1	12.1
Accrual for income tax < 1 year	2.3	3.1
Deferred income	24.8	24.4
Total accruals	54.4	56.3

The item 'Accrued expenses' contains expenses that have occurred in the period under review but the corresponding invoices have not been received yet. 'Deferred income' consists of recorded invoices to customers based on maintenance and service contracts where services have not yet been fully provided as per balance sheet date.

3. Capital and financial risk management

This section outlines the principles and procedures applied to manage the capital structure and the financial risks to which Kardex is exposed. Detailed information on Kardex' sources of funding are provided here. In addition, the details of the share capital, treasury shares, earnings per share, and dividends are disclosed in this section. The theoretical movement of goodwill provides information about the impact of Kardex' accounting decision to offset goodwill against equity.

3.1 Share capital

3.1.1 Share capital 2022

	Nominal value per share (CHF)	Number of shares	Share capital in EUR million	Number of treasury shares	Treasury shares in EUR million
Opening balance 1 January	0.45	7'730'000	2.5	17'984	1.7
Additions	-	-	-	10'000	1.9
Disposals	-	-	-	-11'152	-1.4
Closing balance 31 December	0.45	7'730'000	2.5	16'832	2.2

3.1.2 Share capital 2021

	Nominal value per share (CHF)	Number of shares	Share capital in EUR million	Number of treasury shares	Treasury shares in EUR million
Opening balance 1 January	0.45	7'730'000	2.5	19'560	1.9
Disposals	-	-	-	-1'576	-0.2
Closing balance 31 December	0.45	7'730'000	2.5	17'984	1.7

As of 31 December 2022 and 2021, all registered shares were fully paid up.

The capital reserves comprise premiums as well as gains/losses from transactions with treasury shares.

In the period under review, the Board of Directors, as part of their compensation, drew 2'368 (1'576) shares from the Kardex Holding AG's treasury shares. As of 31 December 2022, Kardex Holding AG held 16'832 (17'984) treasury shares, which were purchased at an average share price of CHF 131.77 (CHF 96.41) each.



Accounting principles

Repurchase of treasury shares

If Kardex repurchases its own shares, the payments, including directly related costs, are deducted from equity. Any gains or losses arising from transactions with treasury shares are recognized in equity (item 'Capital reserves').

Dividends

Dividends are recognized as a liability in the period in which they are approved.

3.2 Earnings per share

	2022	2021
Number of outstanding shares, 1 January	7'712'016	7'710'440
Acquisition of treasury shares	-10'000	-
Disposal of treasury shares	11'152	1'576
Number of outstanding shares, 31 December	7'713'168	7'712'016
Weighted average number of outstanding shares	7'710'634	7'710'925
Result for the period attributable to shareholders of Kardex Holding AG (EUR 1'000)	37'792	43'866
Basic earnings per share (EUR)	4.90	5.69
Diluted earnings per share (EUR)¹	4.90	5.69

¹ No dilutive effect occurred in 2022 and 2021, the diluted result per share is the same as the basic result per share (result for the period/average number of outstanding shares).



Accounting principles

Earnings per share are calculated by dividing the result for the period attributable to the shareholders of Kardex Holding AG by the weighted average number of shares outstanding during the reporting period. The diluted earnings per share figure additionally includes the shares that might arise following the exercising of option rights.

3.3 Treatment of goodwill

Theoretical movement schedule for goodwill:

in EUR million	2022	2021
Acquisition value of goodwill, 1 January	44.0	43.6
Disposal of Robomotive B.V.	-1.6	-
Exchange rate differences	-	0.4
Acquisition value of goodwill, 31 December	42.4	44.0
Accumulated amortization, 1 January	-43.6	-41.0
Amortization expense	-0.4	-1.1
Impairment	-	-1.1
Disposal of Robomotive B.V.	1.6	-
Exchange rate differences	-	-0.4
Accumulated amortization, 31 December	-42.4	-43.6
Net book value goodwill, 1 January	0.4	2.6
Net book value goodwill, 31 December	-	0.4

Impact of theoretical capitalization on income statement:

in EUR million	2022	2021
Result for the period according to income statement	38.6	43.7
Amortization of goodwill	-0.4	-1.1
Impairment of goodwill	-	-1.1
Theoretical result for the period incl. amortization of goodwill	38.2	41.5

Impact of theoretical capitalization on balance sheet:

in EUR million	2022	2021
Equity according to balance sheet, 31 December	204.6	193.9
Capitalization of goodwill from prior periods	0.4	2.6
Change of goodwill in reporting period	-0.4	-2.2
Theoretical equity incl. net book value of goodwill, 31 December	204.6	194.3



Accounting principles

Goodwill, the difference between the cost of acquisitions and the fair value of the net assets acquired, results from the purchase of subsidiaries and associates. Any goodwill that arises is offset against equity (item 'Retained earnings') at the time of acquisition. In case of the disposal of a subsidiary or associate, acquired goodwill offset against equity at an earlier date is stated at original cost to determine the gain or loss recognized in the income statement.

The effects of a theoretical capitalization of goodwill with scheduled amortization (on a straight-line basis) and any value adjustment impacting the balance sheet and income statement over a useful life of five years are disclosed according to Swiss GAAP FER 30.16.

3.4 Risk management

As part of its duty to supervise Kardex Holding AG, the Board of Directors performs a systematic risk assessment at least once a year. The risk assessment was based on a company-specific risk universe and on information obtained from interviews with Division and Group Management and the individual riskowner. Risks were assessed according to their likelihood, reputational risk and potential financial impact. This process is supported by a risk matrix that describes and values the substantial risks valid for Kardex according to the following categories: commercial risk, financial risk, governance risk, information & security risk, innovation & technology risk, and strategy risk. Measures in order to cope with these risks are also contained in the risk matrix. The Board of Directors noted the report of the Group Management on group-wide risk management at the meeting on 15 December 2022 and approved the measures contained therein.

3.5 Derivative financial instruments

in EUR million	31.12.2022	31.12.2021
Currency derivatives (hedging)		
Contract or nominal value	17.6	15.6
Positive fair value ¹	0.4	-
Negative fair value ²	0.1	0.5

¹ EUR 0.3 million (EUR 0.0 million) from equity and EUR 0.1 million (EUR 0.0 million) from income statement.

² EUR 0.1 million (EUR 0.3 million) from equity and EUR 0.0 million (EUR 0.2 million) from income statement.

Currency derivatives are mainly used to hedge the foreign currency risk on accounts receivable in US dollar, Swiss franc, British pound and Swedish krona.



Accounting principles

Kardex uses derivative financial instruments mainly to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. When designated hedges that qualify for hedge accounting treatment are initially recognized, they are classified either as hedging of the fair value of a specific asset or liability (Fair Value Hedge) or as hedging of projected highly probable cash flows arising from an expected future transaction (Cash Flow Hedge). Fluctuations in the market values of reported financial instruments or firm commitments are recognized in the result for the period. Fluctuations in the value of cash flow hedge items are recognized in accordance with the option in Swiss GAAP FER 27 in shareholders' equity. Amounts recognized in equity are recycled in the profit and loss statement in the periods when the hedged item affects gain or loss.

4. Other financial information

This section provides details of the various commitments and contingencies as well as information about associated companies, acquisitions and divestments, and legal subsidiaries including Group companies' shareholdings.

4.1 Contingent liabilities

Kardex is currently involved in various litigations arising in the course of business. Kardex does not anticipate that the outcome of these proceedings, either individually or in total, will have a material effect on its financial or income situation.

The total amount of guarantees in favor of third parties was EUR 62.3 million as of 31 December 2022 (EUR 56.4 million).

4.2 Related parties

Related parties (natural persons or legal entities) are defined as any party directly or indirectly able to exercise significant influence over the organization as it makes financial or operational decisions. Organizations that are in turn directly or indirectly controlled by the same related parties are also deemed to be related parties. With the exception of the pension plans (see note 2.9), there were no outstanding receivables from or liabilities towards these parties. No material transactions were carried out with related parties during the year under review or the previous year. All transactions carried out with related parties fulfilled the arm's length principle.

Disclosures of compensation and shareholdings in accordance with the Swiss Code of Obligations may be found in the Remuneration Report on page 46 to 50 and in the notes to the financial statements of Kardex Holding AG.

4.3 Operating leases

in EUR million	31.12.2022	31.12.2021
Expense for operating leases for the year	12.3	10.8
Future minimum payments for non-cancellable lease agreements		
Up to 1 year	7.5	6.6
1 to 5 years	13.9	12.9
Over 5 years	8.9	8.9
Total future minimum payments for operating leases	30.3	28.4

Operating leases mainly relate to vehicles and rents on buildings. Leasing contracts are agreed at current market conditions.

4.4 Change in consolidation scope

4.4.1 Change in consolidation scope 2022

In November 2022, Kardex Holding AG, Zurich, Switzerland, disposed all shares (50% + 1 share) of Robomotive B.V., Heerlen, the Netherlands. This resulted in a low single-digit million euros write-off which mainly arose from the recycling of the goodwill (see notes 1.3 and 3.3). No significant cash flow resulted from this transaction.

4.4.2 Change in consolidation scope 2021

In February 2021, Kardex became a partner of AutoStore and therefore founded Kardex AS Solutions AG, Zurich, Switzerland, which is a 100% subsidiary of Kardex Holding AG, Zurich, Switzerland.

For organizational reasons, Kardex Remstar Properties GmbH & Co. KG, Neuburg, Germany, was founded in March 2021 and is a 100% subsidiary of Kardex Produktion Deutschland GmbH, Neuburg, Germany. The partner with unlimited liability is Kardex Germany GmbH, Bellheim, Germany, without any investment.

Additionally, in May 2021, Kardex Solutions, LLC, Cincinnati (Ohio), USA, was founded to develop the US market for the AutoStore business and is a 100% subsidiary of Kardex Production USA Inc., Westbrook (Maine), USA.

4.5 Subsidiaries and associates

Country	Finance, property, services	Development, production	Distribution, service	Company, domicile	Employees (FTE) (non-audited)	Currency	Proportional share capital in local currency	Percentage (holding and voting rights)	Held by
AT			*	Kardex Austria GmbH, Vienna	43	EUR	300'000	100	1
AU			*	Kardex VCA Pty Ltd, Wodonga	15	AUD	700'000	100	1
BE			*	S.A. Kardex nv, Dilbeek	19	EUR	507'895	100	1
CH			*	Kardex Systems AG, Schwerzenbach	43	CHF	1'000'000	100	1
	*			KRM Service AG, Zurich	14	CHF	500'000	100	1
	*		*	Kardex AS Solutions AG, Zurich	8	EUR	464'000	100	1
CN			*	Kardex Logistic System (Beijing) Co. Ltd., Beijing	50	CNY	1'675'040	100	1
CO			*	Kardex South-America SAS, Bogotá	2	COP	72'000'000	100	1
CY			*	Kardex Systems Ltd., Limassol	13	EUR	418'950	100	1
CZ			*	Kardex s.r.o., Prague	50	CZK	500'000	100	1
DE	*	*	*	Kardex Produktion Deutschland GmbH, Neuburg/Kammel	548	EUR	8'567'760	87.47 12.53	4 3
		*	*	Kardex Software GmbH, Rülzheim	49	EUR	26'000	100	4
	*			Kardex Germany GmbH, Bellheim/Pfalz	64	EUR	511'292	100	1
			*	Kardex Deutschland GmbH, Neuburg/Kammel	187	EUR	1'386'310	26.2 73.8	2 4
			*	Kardex Business Partner GmbH, Neuburg/Kammel	2	EUR	25'000	100	4
	*			Kardex Remstar Properties GmbH & Co. KG, Neuburg/Kammel	-	EUR	10'000	100 0	2 4
		*	*	Mlog Logistics GmbH, Neuenstadt am Kocher	324	EUR	50'000	100	4

Country	Finance, property, services	Development, production	Distribution, service	Company, domicile	Employees (FTE) (non-audited)	Currency	Proportional share capital in local currency	Percentage (holding and voting rights)	Held by
		*	*	Rocket Solution GmbH, Erlangen	53	EUR	9'000	26.47	1
DK			*	Kardex Danmark A/S, Odense	10	DKK	500'000	100	1
ES			*	Kardex Sistemas S.A., San Fernando de Henares, Madrid	47	EUR	142'900	100	1
FI			*	Kardex Finland OY, Jyväskylä	12	EUR	134'550	100	1
FR			*	Kardex France SASU, Neuilly-Plaisance Cedex	63	EUR	1'835'000	100	1
HU			*	Kardex Hungaria Kft., Budaörs	14	HUF	3'000'000	100	1
IE			*	Kardex Systems Ireland Ltd., Dublin	-	EUR	300'000	100	1
IN			*	Kardex India Storage Solutions Private Ltd., Bangalore	23	INR	26'143'500	99.0 1.0	1 5
IT			*	Kardex Italia S.p.A., Milano	29	EUR	310'000	100	1
MY			*	Kardex Malaysia Sdn Bhd, Kuala Lumpur	22	MYR	1'000'000	100	1
NL			*	Kardex Systemen bv, Woerden	55	EUR	90'756	100	1
		*	*	Robomotive B.V., Heerlen**	-	EUR	-	-	
NO			*	Kardex Norge AS, Kjeller	21	NOK	2'550'000	100	1
PL			*	Kardex Polska Sp.z.o.o., Warsaw	26	PLN	1'250'000	100	1
PT			*	KARDEX PORTUGAL, UNIPessoal LDA, Porto	5	EUR	18'000	100	1
RO			*	Kardex Systems Romania SRL, Timisoara	16	RON	1'200'000	100	1
SE			*	Kardex Sverige AB, Göteborg	34	SEK	100'000	100	1
		*	*	SumoBox AB, Västerås	2	SEK	16'500	33	1

Country	Finance, property, services	Development, production	Distribution, service	Company, domicile	Employees (FTE) (non-audited)	Currency	Proportional share capital in local currency	Percentage (holding and voting rights)	Held by
SG			*	Kardex Far East Private Ltd., Singapore	6	SGD	850'000	100	1
SI			*	Kardex Remstar SI d.o.o., Ljubljana	4	EUR	200'000	100	1
TR			*	Kardex Turkey Depolama Sistemleri Ltd. Sti., Istanbul	17	TRY	1'350'000	99.5 0.5	1 6
UK			*	Kardex Systems (UK) Ltd., Hertford	68	GBP	828'000	100	1
US			*	Kardex Remstar, LLC, Westbrook (Maine)	99	USD	100	100	7
	*			Kardex Production USA Inc., Westbrook (Maine)	-	USD	1'000	100	1
			*	Kardex Handling Solutions, LLC, Noblesville (Indiana)	13	USD	100'000	100	7
			*	Kardex Storage Systems, LLC, Jacksonville (Florida)	10	USD	67'000	67	7
		*		Kardex US Manufacturing, LLC, Dover (Delaware)	44	USD	34'500'000	100	7
			*	Kardex Solutions, LLC, Cincinnati (Ohio)	10	USD	1'000	100	7

¹ Kardex Holding AG, Zurich, Switzerland.

² Kardex Produktion Deutschland GmbH, Neuburg/Kammel, Germany.

³ Kardex Deutschland GmbH, Neuburg/Kammel, Germany.

⁴ Kardex Germany GmbH, Bellheim, Germany.

⁵ Kardex Systems Ltd., Limassol, Cyprus.

⁶ KRM Service AG, Zurich, Switzerland.

⁷ Kardex Production USA Inc., Westbrook, USA.

** Robomotive B.V. was disposed in November 2022 (see note 4.4).

5. Other disclosure

This section provides a general understanding of the preparation and consolidation principles as well as an overview of the use of accounting estimates. In addition, it details any event occurring between the balance sheet date and the date at which the financial statements are approved by the Board of Directors.

5.1 About this report

5.1.1 General information

The accompanying consolidated financial statements of Kardex include Kardex Holding AG and its subsidiaries (referred to collectively as 'Kardex' and individually as the 'Group companies'). Kardex Holding AG is Kardex' parent company, a limited company under Swiss law, which is registered and domiciled in Zurich, Switzerland. Kardex Holding AG is listed on SIX Swiss Exchange.

5.1.2 Basis of preparation

Kardex' consolidated financial statements were prepared in compliance with the provisions of the Swiss Code of Obligations and are in accordance with Swiss GAAP FER in their entirety.

5.1.3 Principles of consolidation

Consolidation is based on the individual Group companies' financial statements, as prepared on a consistent basis. The balance sheet date for all Group companies is 31 December. The consolidated financial statements are prepared on a historical cost basis with the exception of derivative financial instruments, which may be stated at fair value.

The consolidated financial statements include Kardex Holding AG as well as all domestic and foreign subsidiaries in which Kardex Holding AG holds a direct or indirect ownership. Acquisitions are accounted for using the purchase method. All relevant companies in which Kardex holds more than 50% of the voting rights or for which it is able to exercise a controlling influence on the company's operating or financial policies are accounted for using the full consolidation method, which incorporates assets and liabilities as well as revenues and expenses in their entirety. Intra-Group balances, transactions and profits not realized through third parties are eliminated in the consolidation process. Investments in associates, in which Kardex holds voting rights of 20% - 50%, are accounted for at equity. Kardex Holding AG currently has no investments with voting rights of less than 20%, and it is currently not engaged in any joint ventures.

5.1.4 Foreign currency translation

The main exchange rates for currency translation are:

in EUR	Average rate		Year-end rates	
	2022	2021	31.12.2022	31.12.2021
1 CHF	0.995	0.924	1.012	0.962
1 CNY	0.141	0.131	0.135	0.139
1 GBP	1.173	1.163	1.132	1.186
1 USD	0.950	0.845	0.941	0.884



Accounting principles

Functional and presentation currency

The consolidated financial statements are presented in millions of euros. The euro is Kardex Holding AG's functional currency and the presentation currency of Kardex because Kardex' cash flows and transactions are denominated mainly in euros.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from transactions in foreign currencies and adjustments of foreign currency items as at the balance sheet date are recognized in the income statement.

Financial statements of subsidiaries in foreign currencies

The assets and liabilities of subsidiaries whose financial statements are prepared in currencies other than the euro are converted for consolidation purposes as follows:

- assets and liabilities are translated on the balance sheet date at the exchange rate prevailing on that date;
- revenues and expenses as well as cash flows are translated at the average exchange rate;
- equity is translated at historical rates.

All resulting translation differences are shown separately under equity (translation differences). If a subsidiary is sold, its cumulative translation differences are included in the income statement as part of the gain or loss arising from the sale.

Foreign currency impacts on long-term intra-Group loans with equity characteristics are recognized in equity.

5.1.5 Changes in accounting policy and disclosure, and errors in prior year financial statements

There were no changes related to accounting policy in 2022 and 2021.

In the current period, the disclosure of fixed term and time deposits (impacting both the opening and closing balance of the comparison period 2021) was reassessed leading to a restatement within the consolidated balance sheet (between 'cash and cash equivalents' and 'current fixed term deposits') in order to reflect the appropriate maturity date. Consequently, the consolidated cash flow statement of the comparison period 2021 was restated accordingly.

This led to the following changes:

- 'Cash and cash equivalents' as of 31.12.2020 (respectively as of 01.01.2021) decreased from EUR 122.4 million by EUR 42.2 million to EUR 80.2 million;
- 'Cash and cash equivalents' as of 31.12.2021 decreased from EUR 88.1 million by EUR 2.2 million to EUR 85.9 million;
- 'Current fixed term deposits' as of 31.12.2021 increased from EUR 41.0 million by EUR 2.2 million to EUR 43.2 million;
- The net cash flow from operating activities of 2021 increased from EUR 38.6 million by EUR 41.0 million to EUR 79.6 million;
- The net cash flow from investing activities of 2021 decreased from EUR -48.2 million by EUR 1.0 million to EUR -49.2 million;
- The net change in cash and cash equivalents of 2021 increased from EUR -34.3 million by EUR 40.0 million to EUR 5.7 million.

This correction further affected the amounts disclosed in note 2.1 as follows:

- 'Time deposits' as of 31.12.2021 decreased from EUR 2.4 million by EUR 2.2 million to EUR 0.2 million.

The Alternative Performance Measures (APM) of 2021 disclosed in note 1 remained unchanged (even though some elements in the tables of free cash flow and of net cash changed).

The restatement had no impact neither on the consolidated income statement nor on the consolidated statement of changes in equity.

5.1.6 Use of judgments and estimates

Use of judgments and estimates in preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of Kardex' accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies, that have the most significant effects on the consolidated financial statements and information about uncertainties related to assumptions and estimates, that have the potential risk of resulting in a significant adjustment, are included in the following notes:

	Notes	Page
Percentage of completion	1.1	76
Testing assets for impairment	2.5	85
Pension plans	2.9	92
Provisions	2.10	95
Testing goodwill for impairment	3.3	100

5.2 Events after the balance sheet date

No events took place between 31 December 2022 and 1 March 2023 that would require an adjustment to the book value of Kardex Holding AG's assets, liabilities or equity or need to be disclosed here.

5.3 Release for publication and approval of the financial statements

The Board of Directors approved these financial statements on 1 March 2023 and released them for publication. They must also be approved by the General Meeting.

Report of the statutory auditor on the consolidated financial statements



Report of the statutory auditor to the General Meeting of Kardex Holding AG, Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Kardex Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the period from 1 January to 31 December 2022, consolidated balance sheet as at 31 December 2022, consolidated cash flow statement and consolidated statement of changes in 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 70 to 110) 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: EUR 2.75 million



We concluded full scope audit work at ten reporting units in eight countries. Our audit scope addressed 63% of the Group's total net revenues.

In addition, specific scope audit procedures were performed on two further reporting units in two countries representing a further 2% of the Group's total net revenues.

Moreover, early statutory audits/examinations were performed on a further six reporting units in five countries representing a further 11% of the Group's total net revenues, which enables the Group audit team to take indirect comfort from this work.

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

Revenue recognition on long-term construction contracts (percentage of completion accounting)

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	EUR 2.75 million
Benchmark applied	A percentage of the three-year average of profit before tax
Rationale for the materiality benchmark applied	We chose the three-year average of 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.

We agreed with the Audit Committee that we would report to them misstatements above EUR 0.25 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

Following our assessment of the risk of material misstatement to the Group financial statements, we selected twelve reporting units which represent the principal business units within the Group's two reportable segments. Ten of these reporting units were subject to a full scope audit, and two were subject to specific scope audit procedures. The reporting units subject to full scope audit and specific scope audit procedures accounted for 65% of the Group's total net revenues.

In addition to this work, five component teams were instructed to complete their statutory audits/examinations of six components on a timely basis and to report any significant findings to the Group team in due time. This enables the Group team to take indirect comfort from this work, especially where the reporting frameworks align. For the remaining reporting units, we performed other procedures to test or assess that there were no significant risks of material misstatement in these reporting units in relation to the Group financial statements.

To ensure sufficient and appropriate involvement of the Group team, we held conference calls with the component teams that performed full scope audits and specific scope audit procedures during the different phases of the audit. In addition, we held conference calls with selected component teams that were subject to early statutory audit/examination. We discussed the risks identified and challenged the audit approach on significant risk areas relevant to each reporting unit. Furthermore, we obtained an audit memorandum from all full scope component teams and discussed the results and impact on the consolidated financial statements and challenged their conclusions. Moreover, throughout the year, we had regular calls with the German and US component teams, which are responsible for the most important reporting units of the Group.

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.



Revenue recognition on long-term construction contracts (percentage of completion accounting)

Key audit matter	How our audit addressed the key audit matter
<p>A significant portion of Kardex Group revenues are generated from long-term contracts. This includes the construction of complex integrated materials handling systems and automated high-bay warehouses.</p> <p>Revenues and related costs from such contracts are recognized by applying the percentage of completion (PoC) method. The PoC method allows the recognition of revenues by reference to the stage of completion of the contract. As set out in footnote 1 to the consolidated income statement on page 70 of the annual report, revenues from long-term construction contracts subject to PoC accounting amount to EUR 100.1 million in the year 2022. This represents 18% of the Group's total net revenues.</p> <p>We focused on this area mainly due to the size of revenues generated from long-term construction contracts. Furthermore, the application of the PoC method is complex and involves both judgement by management, in assessing whether the criteria set out in the accounting standards have been met, and estimates, related to the stage of completion, total project costs and the costs to complete the contract.</p> <p>The principal risks include:</p> <ul style="list-style-type: none"> • the potential manipulation risk of results to achieve predefined performance targets through management's use of estimates and judgments in relation to such long-term projects; • incorrect or inappropriate accounting for the percentage of completion, change orders, expected costs to complete, estimated project margin and risk contingencies; 	<p>As part of our work, we obtained an understanding of the methodology applied, the internal processes and the controls used to determine the percentage of completion. We evaluated the processes and technical systems used to record actual costs incurred and tested the manual controls and automated controls implemented in the systems.</p> <p>As part of our audit, we focused on management's judgement in applying the methodology and the estimates made to determine the amount of revenue to be recorded in their project calculations.</p> <ul style="list-style-type: none"> • We obtained and reviewed project source documents such as contracts, budgets and project calculations. • We tested the calculation of stage of completion including testing the costs incurred and recorded against the contract for occurrence and accuracy, assessing the basis for determining the costs to complete and total contract cost and then reperforming the percentage of completion calculation. • We challenged management in respect of the reasonableness of judgements made regarding the cost to complete estimate and the timing of recognition of change orders as well as the assessments around projects behind schedule and the adequacy of contingency provisions to mitigate contract specific risks. • We also assessed whether management's policies and processes for making these estimates continue to be appropriate and are applied consistently over time and to contracts of a similar nature.
<p>Please refer to note 1.1.2 'Accounting principles' on page 78 of the annual report 2022 for the description of the accounting policy for construction contracts.</p>	<p>On the basis of the audit procedures above, we have gained sufficient evidence to address the risk of material misstatements in revenue recognition on long-term construction contracts (PoC).</p>

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.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

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 AG

A handwritten signature in blue ink, appearing to read 'N. Kühnis'.

Norbert Kühnis

Licensed audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'Ch. Vögeli'.

Christian Vögeli

Licensed audit expert

Zurich, 1 March 2023

Financial statements

Kardex Holding AG

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Based on Swiss Code of Obligations, figures reported in Swiss francs.

Income statement of Kardex Holding AG

in CHF million	Notes	2022	2021
Income from investments	4	11.0	35.1
Licensing income		10.0	7.1
Other operating income		4.3	4.8
Total operating income		25.3	47.0
Licensing expenses		-0.1	-
Personnel expenses		-5.2	-5.4
Other operating expenses		-2.4	-1.9
Depreciation and amortization		-0.1	-0.1
Impairment on loans to Group companies	3	-0.4	-0.8
Impairment on investments	4	1.8	1.9
Total operating expenses		-6.4	-6.3
Operating result (EBIT)		18.9	40.7
Financial income		1.8	2.8
Financial expenses		-2.6	-0.3
Foreign exchange losses/gains (net)	6	-11.4	-10.8
Result for the period before tax		6.7	32.4
Tax expense		-1.3	-1.8
Result for the period		5.4	30.6

Balance sheet of Kardex Holding AG

in CHF million	Notes	31.12.2022	31.12.2021
Cash and cash equivalents		19.8	20.6
Other current receivables from Group companies		44.6	16.6
Other current receivables third		31.6	43.0
Prepaid expenses		0.8	0.5
Current assets		96.8	80.7
Property, plant and equipment		0.1	0.1
Intangible assets		0.2	0.1
Loans to Group companies		68.2	72.7
Loans to associated companies		11.6	3.8
Investments	4	139.5	145.0
Other financial assets	5	13.9	37.4
Non-current assets		233.5	259.1
Assets		330.3	339.8
Other current payables to Group companies		105.0	85.7
Other current payables third		1.0	0.9
Accruals		3.0	4.5
Current liabilities		109.0	91.1
Non-current provisions		0.6	-
Non-current liabilities		0.6	-
Liabilities		109.6	91.1
Share capital		3.5	3.5
Treasury shares	7	-2.2	-1.8
Statutory retained earnings		17.0	17.0
Unrestricted reserve		20.2	20.2
Retained earnings		176.8	179.2
Result for the period		5.4	30.6
Equity		220.7	248.7
Equity and liabilities		330.3	339.8

Notes to the financial statements of Kardex Holding AG

1. Significant accounting policies

Basis of preparation

The financial statements of Kardex Holding AG comply with the requirements of the Swiss Code of Obligations and follow the recognized accounting principles.

Foreign currencies

The euro is Kardex Holding AG's functional currency because Kardex' cash flows and transactions are denominated mainly in euros. The accounts of Kardex Holding AG are presented in millions of Swiss francs.

Foreign currency translation

As of 31 December, the annual financial statements presented in Swiss francs are translated by applying the following principles, whereas translation differences are recognized in accordance with the imparity principle (provisioning of unrealized gains):

- assets and liabilities (including shareholdings and loans to Group companies) are translated at closing rates;
- the income statement and movements in equity capital are translated at average rates;
- equity capital is translated at historical rates.

Cash and cash equivalents

Cash and cash equivalents comprise bank account balances and other liquid investments with a maximum total maturity of three months from the balance sheet date.

Other current receivables third

Other current receivables comprise mainly current fixed term deposits which are carried at cost less any impairment.

Investments

Investments comprise shareholdings in subsidiaries and in associates which are carried at cost. The purchase price includes the acquisition price of the shares but also additional cost of acquisition. An impairment is recognized for each individual investment whenever the fair value of a shareholding, based on the earnings value (weighted two times) and the net asset value (weighted one time), falls below the investment value. In certain cases, the fair value is assessed by applying the discounted cash flow method (using a projection of three years and a terminal value).

Other financial assets

Other financial assets comprise:

- non-current fixed term deposits which are carried at cost less any impairment;
- a portfolio of assets and securities which is measured at actual values.

Other current payables to Group companies

This position contains euro cash-pool balances in favor of the counterparty of Kardex Holding AG. Participants of the euro cash-pool are all Group companies with a transaction volume in euro. Interest rates applied are at market level.

2. Employees

The average number of full-time equivalents at Kardex Holding AG amounted to 18.2 in 2022 (17.0).

3. Loans to Group companies

Provision for impairment of loans to subsidiaries was increased by CHF -0.4 million (CHF -0.8 million).

4. Investments

Investments are made up entirely of shareholdings of Kardex Holding AG in subsidiaries and associates which are listed on pages 104 to 106 of this report.

In the period under review, Kardex Holding AG disposed of all shares (50% +1) of Robomotive B.V., Heerlen, the Netherlands.

In the prior period Kardex AS Solutions AG, Zurich, Switzerland, a fully owned subsidiary, was founded.

The decrease in income from investments is due to lower payment of dividends from subsidiaries. In 2022, provisions for impairment of investments in subsidiaries were released in the amount of CHF 1.8 million (CHF 1.9 million), while CHF 1.4 million impairment provision was built up and CHF 3.2 million existing impairment was released.

5. Other financial assets

In order to address the effects of low interest rates, Kardex Holding AG holds investments in a portfolio of assets and securities amounting to CHF 13.9 million (CHF 16.6 million). Last year, Kardex Holding AG also invested into non-current fixed term deposits (CHF 20.8 million).

6. Foreign exchange gains/losses (net)

Foreign exchange losses (net) of CHF 11.4 million were recognized (loss of CHF 10.8 million) as a result of the appreciation of the Swiss franc against Kardex Holding AG's functional currency (as explained in note 1 – Foreign currency translation).

7. Treasury shares

Kardex Holding AG held 16'832 (17'984) treasury shares with a value of CHF 2.2 million (CHF 1.7 million) as of 31 December 2022.

Treasury shares underwent the following movements for 2022:

	Number	Price per share in CHF	Total CHF '000
Opening balance 1 January	17'984	96.41	1'733.8
Purchases	10'000	195.35	1'953.5
Disposals	-11'152	131.77	-1'469.5
Valuation adjustments			-0.1
Closing balance 31 December	16'832	131.77	2'218.0

Treasury shares underwent the following movements for 2021:

	Number	Price per share in CHF	Total CHF '000
Opening balance 1 January	19'560	96.41	1'885.8
Disposals	-1'576	96.41	-151.9
Closing balance 31 December	17'984	96.41	1'733.8

8. Liabilities towards pension funds

Kardex Holding AG had liabilities towards pension funds amounting to CHF 0.2 million as of 31 December 2022 (0).

9. Release of hidden reserves

In the period under review, no hidden reserves related to provisions for impairment of loans were released (CHF 1.4 million).

10. Significant shareholders

As defined by Art. 663c of the Swiss Code of Obligations and according to the requirements of SIX Swiss Exchange, the following shareholders owned more than 3% of the share capital of CHF 3'478'500 as of 31 December 2022 respectively as of 31 December 2021.

	31.12.2022	31.12.2021
BURU Holding AG and Philipp Buhofer	22.1%	22.1%
Kempen Capital Management N.V.	6.4%	4.9%
Alantra Partners S.A.	5.4%	3.9%
Invesco Ltd.	3.1%	4.0%

11. Operating leases

Operating leases apply mainly to vehicles and rents on buildings. Leasing contracts are agreed at current market conditions.

in CHF million	31.12.2022	31.12.2021
Expense for operating leases for the year	0.1	0.1
Future minimum payments for non-cancellable lease agreements		
Up to 1 year	0.4	0.4
1 to 5 years	0.8	1.1
Total future minimum payments for operating leases	1.2	1.5

12. Securing of liabilities

In view of the group taxation principle, all Swiss companies bear unlimited joint and several liability for value-added tax (in accordance with Art. 15, § 1c of Swiss VAT legislation).

Kardex Holding AG has joint responsibility for all liabilities arising from the cash-pooling agreement.

13. Contingent liabilities

in CHF million	31.12.2022	31.12.2021
Contingent liabilities in favor of subsidiaries and third parties	2.6	0.9

14. Events after the balance sheet date

No events took place between 31 December 2022 and 1 March 2023 that would require an adjustment to the book value of Kardex Holding AG's assets, liabilities or equity or are subject to disclosure here.

15. Shareholdings and grants

Shareholdings of members of the Board of Directors, Group Management and related parties are disclosed under this note.

Related parties and companies comprise family members and individuals or companies that can exert a significant influence.

Other than compensation payments and ordinary contributions to the various pension plans for members of the Board of Directors and Group Management, no significant transactions with related parties and companies took place.

Board of Directors and Group Management 2022

Board of Directors (BoD)

Name	Function	Number of shares ²	Voting interest in %	Thereof with retention period of 3 years until			Total
				2023	2024	2025	
Felix Thöni	Chairperson	34'384	0.44%	166	249	387	802
Ulrich Jakob Looser	Vice Chairperson	3'939	0.05%	136	245	497	878
Jakob Bleiker	Member	5'469	0.07%	132	97	129	358
Philipp Buhofer ¹	Member	1'709'618	22.12%	253	111	116	480
Eugen Elmiger	Member	2'382	0.03%	364	437	581	1'382
Andreas Häberli	Member	1'109	0.01%	91	437	581	1'109
Jennifer Maag	Member	287	0.00%	-	-	77	77
Total BoD		1'757'188	22.73%	1'142	1'576	2'368	5'086

Group Management (GM)

Name	Function	Number of shares ²	Voting interest in %	Thereof with retention period of 3 years until			Total
				2023	2024	2025	
Jens Fankhänel	CEO	933	0.01%	-	-	-	-
Thomas Reist	CFO	558	0.01%	-	-	-	-
Urs Siegenthaler	HoD	-	-	-	-	-	-
Hans-Jürgen Heitzer	HoD	-	-	-	-	-	-
Total GM		1'491	0.02%	-	-	-	-

¹ Including shares held by BURU Holding AG.

² Share price (closing rate): CHF 152.0.

Name	Function	Current LTI period				Total
		2021	2022	2023	2024	
Jens Fankhänel	CEO	-	-	2'070	-	2'070
Thomas Reist	CFO	-	-	640	-	640
Urs Siegenthaler	HoD	-	-	735	-	735
Hans-Jürgen Heitzer	HoD	-	-	614	-	614
Total GM		-	-	4'059	-	4'059

The number of LTI shares (performance shares) as shown above, was calculated at grant date (01.01.2021) and represents the expected number of LTI shares over the entire LTI period of three years as per the grant date. The actual number of LTI shares will be finally calculated at the end of the LTI period. For Jens Fankhänel, who has decided to leave Kardex, the LTI period ends per 31.12.2022 and the effective number of LTI shares is 731. For the other participants, the LTI period ends per 31.12.2023.

Board of Directors and Group Management 2021

Board of Directors

Name	Function	Number of shares ²	Voting interest in %	Thereof with retention period of 3 years until			
				2022	2023	2024	Total
Felix Thöni	Chairperson	33'997	0.44%	201	166	249	616
Ulrich Jakob Looser	Vice Chairperson	3'442	0.04%	343	136	245	724
Jakob Bleiker	Member	5'340	0.07%	160	132	97	389
Philipp Buhofer ¹	Member	1'709'502	22.12%	312	253	111	676
Eugen Elmiger	Member	801	0.01%	-	364	437	801
Andreas Häberli	Member	528	0.01%	-	91	437	528
Total BoD		1'753'610	22.69%	1'016	1'142	1'576	3'734

Group Management

Name	Function	Number of shares ²	Voting interest in %	Thereof with retention period of 3 years until			
				2022	2023	2024	Total
Jens Fankhänel	CEO	933	0.01%	-	-	-	-
Thomas Reist	CFO	558	0.01%	308	-	-	308
Urs Siegenthaler	HoD	-	-	-	-	-	-
Hans-Jürgen Heitzer	HoD	-	-	-	-	-	-
Total GM		1'491	0.02%	308	-	-	308

¹ Including shares held by BURU Holding AG.

² Share price (closing rate): CHF 300.0.

Name	Function	Current LTI period				Total
		2021	2022	2023	2024	
Jens Fankhänel	CEO	-	-	2'070	-	2'070
Thomas Reist	CFO	-	-	640	-	640
Urs Siegenthaler	HoD	-	-	735	-	735
Hans-Jürgen Heitzer	HoD	-	-	614	-	614
Total GM		-	-	4'059	-	4'059

In the period under review, the Board of Directors, as part of their compensation for the 2022/2023 term, were granted 2'368 (1'576) shares equivalent to the value of CHF 436.4 thousand (CHF 385.7 thousand) instead of remuneration in cash. In 2021, 4'059 shares were provisionally allocated to the Group Management under the long-term-incentive program. The effective number of shares will be calculated in the beginning of 2024, and this number of shares will then be available to the members of the Group Management.

Proposal of the Board of Directors to the Annual General Meeting

1. Appropriation of retained earnings

The Board of Directors will propose to the General Meeting a dividend of CHF 3.50 per share totaling to CHF 27.1 million be paid out and CHF 155.1 million be carried forward.

in CHF million	31.12.2022
Retained earnings brought forward	176.8
Result for the period	5.4
Available earnings	182.2
Proposed dividend	27.1
Retained earnings to be carried forward	155.1

Report of the statutory auditor on the financial statements of Kardex Holding AG



Report of the statutory auditor to the General Meeting of Kardex Holding AG, Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kardex Holding AG (the Company), which comprise the income statement for the period from 1 January to 31 December 2022, balance sheet as at 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 116 to 123) 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

Overview

Overall materiality: CHF 3.3 million



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.

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

Valuation of investments in subsidiaries



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 3.3 million
Benchmark applied	A percentage of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because Kardex Holding AG is a holding company which holds mainly investments in subsidiaries. The profit of a holding company fluctuates depending on the decision of paying up dividends. Furthermore, total assets is a generally accepted benchmark to determine the materiality according to auditing standards. We chose a percentage which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements above CHF 0.33 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
Investments in subsidiaries amount to CHF 139.5m as of 31 December 2022. In the reporting period, impairments of investments in subsidiaries in the amount of CHF 1.4m were recognized and CHF 3.2m were reversed.	Management calculates the value of each investment based on the earnings value (weighted two times) and the net asset value (weighted one time) or based on a discounted cash flow model. The chosen model depends on the size and the complexity of each entity. The earnings



Investments in subsidiaries are carried at historical cost less required impairments and are valued on an individual basis.

We focused on this area due to the size and significance of the position (42.2% of total assets) and the judgement inherent in the valuation of investments when performing an impairment test.

Please refer to notes 1 and 4 on pages 118 and 119 of the annual report 2022 for the description of the accounting policy for investments.

value takes future results into consideration including an appropriate uncertainty factor whereas the discounted cashflow model considers the latest business plan of the entity.

We have compared the book values with the corresponding valuations. The profits used for calculation were compared with the previous years' figures. Furthermore, we challenged the discount rate used to calculate the earnings value as well as for the discounted cash flow model by assessing the cost of capital. On a sample basis, more detailed procedures were performed for specific investments.

Based on the audit procedures above, we have gained sufficient evidence to address the risk of material misstatements in valuation of investments in subsidiaries.

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.



A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

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 AG

A handwritten signature in blue ink, appearing to read 'N. Kühnis'.

Norbert Kühnis

Licensed audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'Ch. Vögeli'.

Christian Vögeli

Licensed audit expert

Zurich, 1 March 2023

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