

# 2020

Annual Report

**kardex**

More detailed information:



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The Annual Report is published in German and English. The financial section is published in English only. 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 two entrepreneurially managed divisions, Kardex Remstar and Kardex Mlog.



Around 1 900 employees in over 30 countries worldwide work for the companies of Kardex.



Kardex Holding AG is listed on the SIX Swiss Exchange and applies the accounting standards of Swiss GAAP FER.

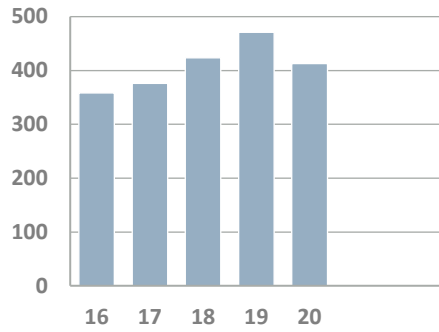


The two divisions are partners for their customers over the entire lifecycle of a product or solution. This begins with an assessment of customer requirements and continues via the planning, realization, and implementation of customer-specific systems through to ensuring a high level of availability and low life cycle costs by means of customer-oriented lifecycle management.

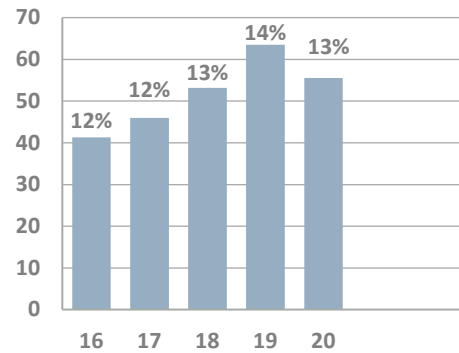


Kardex Remstar develops, produces, and maintains dynamic storage and retrieval systems, and Kardex Mlog offers integrated materials handling systems and automated high bay warehouses.

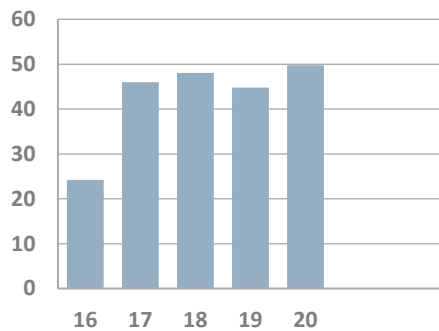
**Net revenues**  
in EUR million



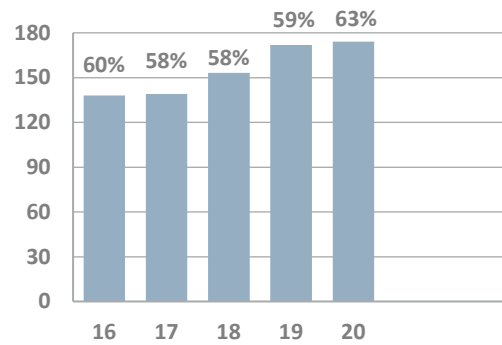
**Operating result (EBIT) and EBIT margin**  
in EUR million and in %



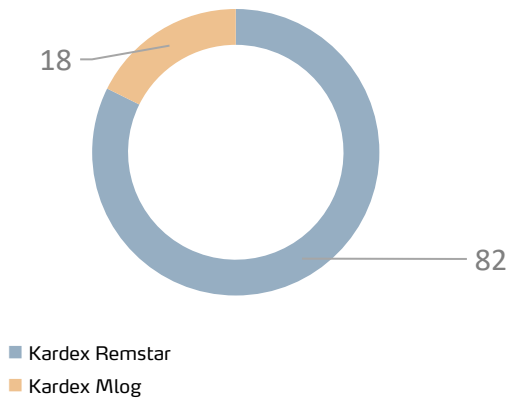
**Net cash flow from operating activities**  
in EUR million



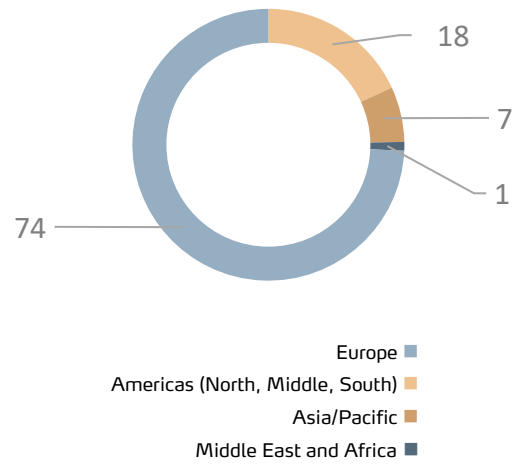
**Equity and equity ratio**  
in EUR million and in %



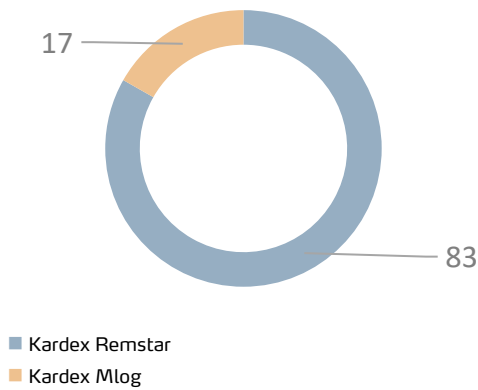
### Net revenues by segment 2020 financial year in %



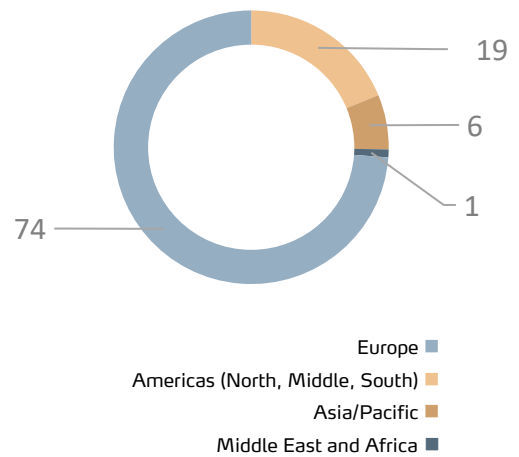
### Net revenues by region 2020 financial year in %



### Net revenues by segment 2019 financial year in %



### Net revenues by region 2019 financial year in %



# Highlights and key figures in 2020




## Robust **business model**

The Life Cycle Service business lives up to its stabilizing role in the pandemic



## High **adaptability**

The Kardex team demonstrates a high degree of flexibility and its strong cohesion in the extraordinary situation



## Positive **windfall effects**

Immediately implemented cost-saving programs, as well as lower travel expenses and variable compensation, have a positive impact on earnings



## Continued **investments**

Kardex believes in the growth potential of intralogistics and is therefore continuing to make strategic investments with undiminished consistency

**Key figures**

in EUR million

1.1.-31.12.	2020		2019	+/-%	
Bookings	416.8	100.9%	452.4	96.0%	-7.9%
Order backlog (31.12.)	220.2	53.3%	217.8	46.2%	1.1%
Net revenues	412.9	100.0%	471.2	100.0%	-12.4%
Gross profit	153.0	37.1%	171.3	36.4%	-10.7%
OPEX	97.5	23.6%	107.8	22.9%	-9.6%
EBITDA	62.6	15.2%	70.2	14.9%	-10.8%
Operating result (EBIT)	55.5	13.4%	63.5	13.5%	-12.6%
Result for the period (net profit)	40.7	9.9%	44.9	9.5%	-9.4%
Net cash flow from operating activities	49.8		44.8		11.2%
Free cash flow	25.2		30.8		-18.2%
ROCE	43.7%		51.2%		

	31.12.2020		31.12.2019	+/-%	
Net working capital	67.9		77.3		-12.2%
Net cash	122.3		133.6		-8.5%
Equity/Equity ratio	174.3	62.9%	172.0	59.4%	1.3%
Employees (FTE)	1 860		1 913		-2.8%

	2020		2019	+/-%	
Distribution per share (CHF) <sup>1</sup>	4.00		4.50		-11.1%

<sup>1</sup> 2020: Distribution of a dividend as proposed to the Annual General Meeting to be held on 15 April 2021.



# Report to shareholders

## Kardex proves robust in an environment dominated by the pandemic

**Kardex' financial year 2020 was strongly influenced by the global pandemic. Despite significant business losses and operational constraints, the Group's business model proved to be robust. Thanks to the cautious planning of recent years, a short response time, and the above-average commitment of its employees, Kardex weathered the year, which was negatively impacted by the Corona pandemic, well. Looking into the future, strategic investments were deliberately continued, which will further consolidate Kardex' market position. In addition, Kardex has in a first step summarized its internal efforts in the area of sustainability, which have long been part of its corporate philosophy, and documented them in this annual report.**

In 2020, Kardex recorded bookings of EUR 416.8 million, 7.9% below the previous year. Revenues declined more sharply to EUR 412.9 million and were 12.4% lower than in the previous year. However, the picture was not uniform for the two divisions. While new business at Kardex Remstar weakened considerably in most regions in the first half of the year, with Kardex Mlog it recovered significantly after the weak previous year. By contrast, the stabilizing Life Cycle Service business held up very well throughout the Group. Since the second half of the year, demand for new business from Kardex Remstar has also been recovering slightly.

### **Profitability at previous year's level**

Despite the decline in revenues, Kardex was able to maintain its profitability in percentage terms. At EUR 153.0 million, gross profit was only 10.7% below the previous year's record, but the gross margin rose from 36.4% in the previous year to 37.1%. Operating costs were reduced by almost 10% thanks to the rapidly implemented measures, resulting in an operating profit (EBIT) of EUR 55.5 million. This represents a decrease of 12.6% compared to the previous year. Because of the Covid pandemic and the one-off effect of the inventory correction at Kardex Mlog, this corresponded to a gratifyingly high EBIT margin of 13.4%, on a par with the previous year level.

Net profit amounted to EUR 40.7 million, a decline of 9.4% compared to the previous year. The net profit margin was 9.9%, ROCE 43.7%, and earnings per share CHF 5.65. After many years of growth, Kardex' headcount declined slightly by 2.8% to 1 860 full-time positions.

The pleasing business result was positively influenced by windfall effects which, however, will not be repeated to this extent and thus cannot be projected linearly into the future. Low travel and distribution costs, sharply reduced variable compensation, deferred expenses, but also the positive effects of partial short-time work contributed their share.

### **Strategic investments continued**

No changes were made to the Group's strategic orientation. Supported by Kardex' strong balance sheet and confidence in the high medium- to long-term growth potential of intralogistics, strategic investments were pursued with undiminished consistency. However, due to the restrictions imposed by the pandemic, their implementation was slowed down. For example, the new Kardex Remstar plant in the USA, which is now almost complete, is not expected to start operations until the third quarter of 2021, but will then become a pillar of the supply chain close to the market.

The strategic investments in new technologies were continued, including the investments in the technology companies Robomotive B.V. and Rocket Solution GmbH, which are deliberately not integrated into the divisions. They are maturing as entrepreneur-led, innovative companies with leading product platforms. New strategic initiatives were also developed and implemented in Marketing and Human Resources as part of Corporate Services, which are available to the divisions for the implementation of their strategic plans. A global partnership agreement was also signed with AutoStore AS in February 2021. The successful storage and picking solution with autonomous robots ideally complements Kardex' range of products and services.

#### **Kardex Remstar maintains profitability**

Kardex Remstar achieved a good result in a difficult financial year despite a sharp drop in volumes. Many customers were reluctant to invest in new machinery, especially in the first half of the year. As a result, bookings suffered severely and revenues fell in step.

Kardex Remstar responded quickly to the downturn with immediate measures and rigorous cost management. In combination with the gratifyingly stable Life Cycle Service business, a slightly higher gross profit margin was achieved. The operating result declined at a disproportionately low rate.

Thanks to its good market position and the continued growth of the intralogistics market, Kardex Remstar expects an increasing recovery in bookings and revenues in 2021. From today's perspective, margins can still be expected to remain within the communicated financial targets.

#### **Kardex Mlog with positive business development**

In financial year 2020, Kardex Mlog confirmed the resilience of its business model in a difficult market environment and achieved pleasing results. Bookings recovered strongly compared to the previous year. Revenues were below the previous year due to the low order backlog at the beginning of the year. Gross profit margin remained at a solid level. Reported operating result suffered from a one-time inventory revaluation in the first half, but recovered strongly in the second half. Overall, EBIT was satisfactory in operational terms and only slightly below the communicated target corridor due to the one-time effect. Kardex Mlog starts fiscal year 2021 with a solid order backlog and is thus equipped to generate good results in 2021 as well.



f. l. t. r.: Philipp Buhofer, Jens Fankhänel

«The difficult circumstances of the past year have proven that our organization is resilient and flexible.»

**Philipp Buhofer**, Chairman of the Board of Directors

### **Strong balance sheet and further improvement in equity ratio**

Despite the acquisitions made and the strategic investments, Kardex' balance sheet remains very stable. At the end of the year, with total assets of EUR 277.3 million, the equity ratio had risen further to 62.9%. Capex increased year-on-year to around EUR 20 million (approx. EUR 17 million) and the free cash flow generated was EUR 25.2 million. Kardex had a net cash position of EUR 122.3 million at year-end.

### **Dividend of CHF 4.00 per share proposed**

The solid annual result enables the Board of Directors to propose a distribution of CHF 4.00 per share (previous year CHF 4.50) to the Annual General Meeting on April 15, 2021. This corresponds to around 70% of the net operating profit generated and a dividend yield of 2.1%.

### **Handover at the top of the Board of Directors**

All current members of the Board of Directors will stand for re-election at the Annual General Meeting. There will be a handover in the chairmanship. Philipp Buhofer, who has led the Board for 10 years, is stepping down from his position and will hand over the responsibility to Felix Thöni.

Felix Thöni has been a member of the Board of Directors since 2011, led Kardex as Delegate from 2012-2016 and has since acted as Vice Chairman. Philipp Buhofer will remain a member of the Board of Directors and in this capacity will also represent the interests of the long-term oriented anchor shareholder BURU Holding. The Board of Directors thanks Philipp Buhofer for his great services and wishes Felix Thöni every success in his new function.

### **Outlook**

The Board of Directors and the Group Management remain convinced of the medium to long-term growth opportunities and the dynamics of automation in intralogistics. The difficult circumstances of the past year have proven that the organization is resilient and flexibly positioned. Market conditions and the short-term impact on business are difficult to assess due to the continuing pandemic, especially at Kardex Remstar. However, Kardex' medium-term growth and financial targets remain unchanged.

**Philipp Buhofer**  
Chairman of the Board of Directors

**Jens Fankhänel**  
Chief Executive Officer

# Information on the Kardex share

## Share capital and capital structure

	2020	2019	2018	2017	2016
Par value per share (CHF)	0.45	0.45	0.45	4.05	7.35
Total registered shares	7 730 000	7 730 000	7 730 000	7 730 000	7 730 000
Number of treasury shares	19 560	11 640	13 195	15 149	16 700
Number of dividend-bearing shares	7 710 440	7 718 360	7 716 805	7 714 851	7 713 300
Registered capital (CHF 1 000)	3 479	3 479	3 479	31 307	56 816
Total voting rights	7 710 440	7 718 360	7 716 805	7 714 851	7 713 300

## Key stock exchange figures per share

CHF	2020	2019	2018	2017	2016
Share price high	197.60	178.40	180.00	120.00	99.90
Share price low	92.30	112.20	106.40	94.20	57.80
Closing rate	193.60	163.00	113.40	119.60	95.25
Average volume per trading day (no. of shares)	23 664	17 167	17 110	14 415	12 596
Market capitalization - CHF million (31.12.)	1 496.53	1 259.99	876.58	924.51	736.28

## Key figures per share

CHF	2020	2019	2018	2017	2016
Earnings per share (EPS) <sup>1</sup> – basic	5.65	6.39	5.74	4.59	4.34
Earnings per share (EPS) <sup>1</sup> – diluted	5.65	6.39	5.74	4.59	4.34
Price earning ratio (closing rate)	34.35	25.54	19.80	26.12	21.95
Dividend <sup>2</sup>	4.00	4.50	4.00	-	-
Reduction of nominal value	-	-	-	3.60	3.30
Equity	24.47	24.23	22.36	21.17	19.18

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

<sup>2</sup> 2020: Distribution of a dividend as proposed to the Annual General Meeting to be held on 15 April 2021

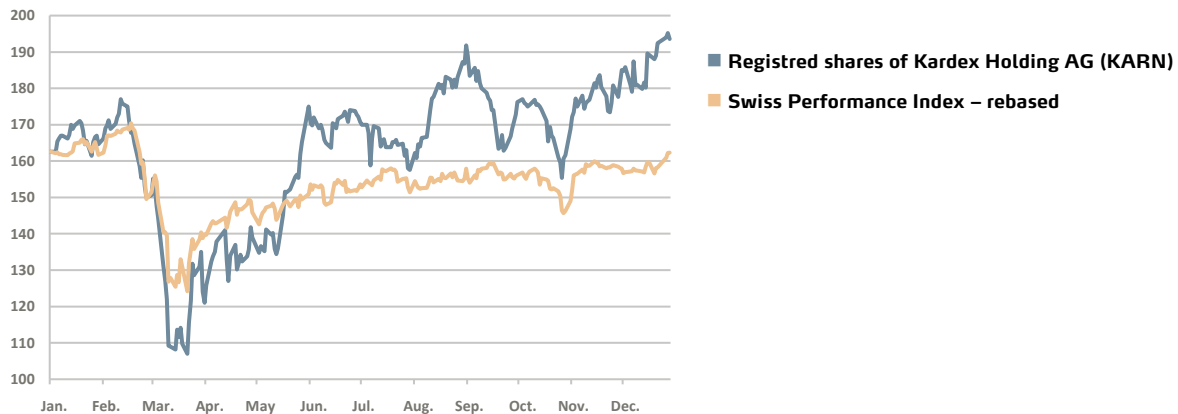
The registered shares of Kardex Holding AG are traded by the Swiss Reporting Standard of SIX Swiss Exchange in Zurich, Switzerland. They are contained in the SPI (Swiss Performance Index).

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](http://www.kardex.com).

## Share price performance

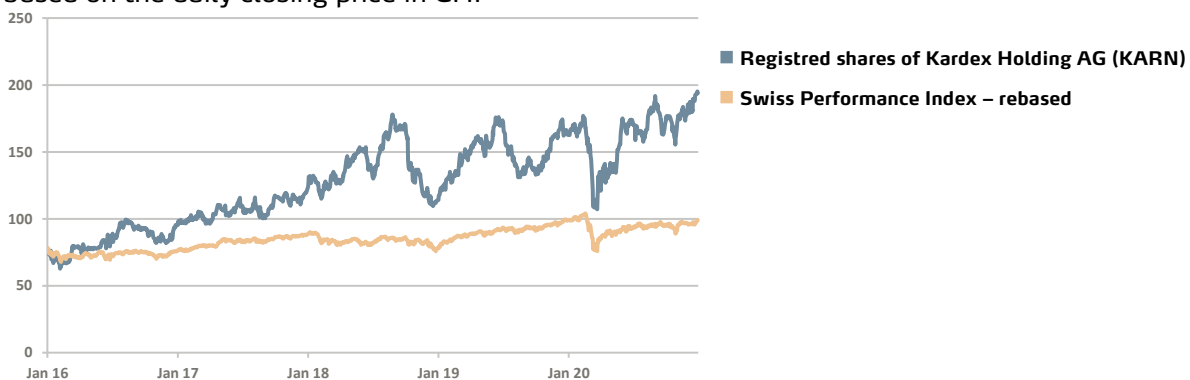
Kardex Holding AG share

On SIX Swiss Exchange 1 January to 31 December 2020, based on the daily closing price in CHF



The value of the Kardex share increased by 18.8% from CHF 163.00 to CHF 193.60 in 2020. Kardex paid a dividend of CHF 4.50 per share in April 2020. The Total Shareholder Return (TSR) for the year was 21.5% (47.3%).

On SIX Swiss Exchange 1 January 2016 to 31 December 2020, based on the daily closing price in CHF



## Corporate calendar

2021 Annual General Meeting	15 April 2021
2021 Interim Report	29 July 2021
2021 Annual Report	3 March 2022
2022 Annual General Meeting	21 April 2022
2022 Interim Report	28 July 2022

**Shareholder structure**

As at 31 December 2020, there were 2 192 shareholders (2 095) entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Kardex Holding AG at year end.

	31.12.2020	31.12.2019
BURU Holding AG and Philipp Buhofer	23.0%	23.3%
Alantra Partners S.A.	6.3%	8.1%
Invesco Ltd.	5.0%	5.1%
Kabouter Management, LLC	4.8%	
Kempen Capital Management N.V.	3.5%	

**Contact share register**

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investor-relations@kardex.com

# Division Kardex Remstar

## Profitability increases despite a sharp decline in bookings and revenues

**Kardex Remstar achieved a good result in the financial year 2020, despite a difficult year marked by the Corona pandemic, which was partly boosted by corona-related windfall effects. Many customers were reluctant to make investment decisions, particularly in the first half of the year. This had a strong impact on bookings, which decreased by 15.9% to EUR 326.9 million. Revenues decreased by 13.3% to EUR 340.2 million. Kardex Remstar responded swiftly to the downturn with immediate measures, including rigorous cost management. In combination with the smoothing effect of the pleasingly stable Life Cycle Service business, the operating result fell by 8.5% to EUR 56.2 million, corresponding to an EBIT margin of 16.5%.**

Kardex Remstar's financial year was characterized by two different semesters. In the first half of 2020, bookings, which had already been flagging since the fall of 2019, suffered from the global economic slowdown, which gained additional momentum due to the Corona pandemic. This trend reversed in the second half of the year and new business bookings recovered noticeably. As expected, the Life Cycle business was much less volatile and contributed significantly to the stabilization of the operating results.

### **Decline in demand partially compensated for in the second half of the year**

Overall, bookings declined by 15.9% to EUR 326.9 million, after being around 26% below the previous year in the first half of the year. In new business, the decline at the end of the year was around 21% and resulted in orders of EUR 216.1 million. Life Cycle Services orders, on the other hand, were only 3.8% below the previous year's figure at EUR 110.8 million. The decline manifested itself both in Asia and Europe and, with some delay, in North America. In Europe, demand declined sharply in almost all countries, and the important US market experienced a slowdown of similar magnitude, particularly in the second half of the year. Developments in the Austrian, Swiss and Czech markets were somewhat more encouraging and even showed a slight increase compared to the previous year. In Asia, China achieved positive growth rates in the second half of the year, while Australia even recorded significant growth thanks to its good positioning in the e-commerce market.

Restraint was more pronounced among customers in production and assembly than in areas with higher growth figures such as e-commerce, warehousing, wholesale or healthcare. At EUR 144.9 million, the order backlog at the end of the year corresponds to around 5 months' work in progress.

Due to the still very good order backlog at the beginning of the year, revenues decreased slightly less than bookings to EUR 340.2 million. New business contributed 67.6% or EUR 230.0 million, which represents a decrease of around 18%. The share of the stable Life Cycle Service business increased to 32.4% or EUR 110.2 million due to the changed mix, and revenues decreased by only 1.3% compared to the previous year.

### **Structures adapted to business development**

Kardex Remstar countered the significant decline in bookings in the first months of 2020 with targeted immediate measures. The challenging situation was reflected in the rapid reversal from full capacity utilization of production to underutilization within a few months. In addition to rigid cost management, the adjustment measures included the reduction of overtime, the withdrawal of accrued vacation days and the introduction of partial short-time work. Thanks in particular to the rapid implementation of short-time work, there was no need to make any further structural adjustments for the time being.



## Consolidated key figures for the Kardex Remstar Division

in EUR million	2020		2019	+/-%	
Bookings	326.9	96.1%	388.6	99.0%	-15.9%
Order backlog (31.12.)	144.9	42.6%	159.8	40.7%	-9.3%
Segment net revenues	340.2	100.0%	392.4	100.0%	-13.3%
EBITDA	61.9	18.2%	66.8	17.0%	-7.3%
Operating result (EBIT)	56.2	16.5%	61.4	15.6%	-8.5%
ROCE	41.2%		45.9%		
Employees (FTE on 31.12.)	1 550		1 610		-3.7%

The number of full-time equivalents, therefore, decreased only slightly to 1 550, particularly because a gradual recovery in bookings became apparent in the second half of the year.

Besides, Kardex Remstar is continuing its strategic investments with the construction of the new plant in the USA. This is now expected to start operations in the third quarter of 2021 due to further delays caused by the pandemic.

### EBIT margin boosted by windfall effects

Flexibility in manufacturing and in particular the sales mix with more high-margin services led to a slightly improved gross profit margin of 40.8%. In combination with lower distribution costs, significantly reduced travel expenses, and lower variable compensation, this resulted in a very good operating result (EBIT). Although EBIT decreased by 8.5% in absolute terms to EUR 56.2 million, the margin increased to 16.5%. This level cannot be repeated so quickly due to the aforementioned corona-related windfall effects in the year under review and expected higher fixed costs as a result of the strategic investments.

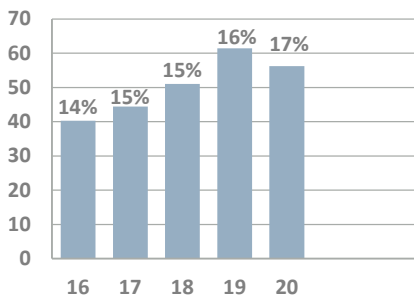
### Flexibility pays off

Kardex Remstar was always ready for delivery and use despite the challenges of the pandemic. In some cases, however, access restrictions at customer sites meant that deliveries, maintenance, and installations were not possible on site. Where possible, consulting and services were provided via virtual interactions and online. Internally, new work models were developed, remote work was implemented in many departments, and marketing was digitized. The flexibility and commitment of Kardex Remstar employees towards customers was great, and customer satisfaction correspondingly high.

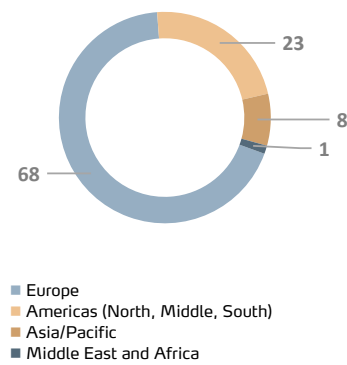
### Outlook

The current financial year 2021 will be extremely challenging for Kardex Remstar. The order backlog is lower than in previous years, the acquisition of new customers and projects more difficult due to Covid restrictions, and investment activity more subdued than in previous years. The importance of intralogistics and Kardex Remstar solutions will continue to increase in medium term. Thanks to its good market position, Kardex Remstar, therefore, expects an increasing recovery in bookings and revenues with margins in line with the communicated financial targets.

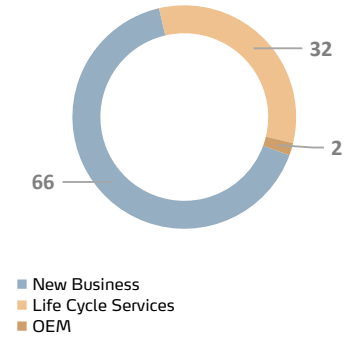
**Operating result (EBIT)**  
in EUR million



**Net revenues by region**  
2020 financial year in %



**Net revenues by business unit**  
2020 financial year in %



«The commitment of our employees and our forward-thinking leadership makes all the difference, especially in these special times.»

**Urs Siegenthaler**, Head of Division Kardex Remstar



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# Division Kardex Mlog

## Strong second half-year consolidates market position

**In the financial year 2020, Kardex Mlog confirmed the resilience of its business model in a difficult market environment and achieved pleasing results. Bookings recovered strongly compared to the previous year, rising by 40.9% to EUR 90.2 million. Due to the low order backlog at the beginning of the year, revenues were 7.7% below the previous year at EUR 73.0 million. The gross profit margin remained at a solid level. The reported operating result suffered from a one-time inventory revaluation in the first half of the year, but recovered strongly in the second half, resulting in a satisfactory overall operating EBIT of EUR 2.8 million with an EBIT margin of 3.8%. With a solid order backlog of EUR 75.2 million, Kardex Mlog is well equipped to continue generating good results in 2021.**

The development of bookings at Kardex Mlog in the first months was significantly influenced by the delayed order placements in the previous year. Investment decisions for projects originally expected in the second and third quarters of 2019 did not arrive until the first quarter of 2020, leading to a significant improvement in bookings in the year under review compared to the same period of the previous year. Following a temporary dip in connection with the outbreak of the Corona pandemic in Europe and the associated restrictions, bookings quickly returned to normal in the first half of the reporting year.

### **Automation is advancing in many industries**

In the second half of the year, bookings were once again higher than in the strong first half, driven in particular by good demand in Germany as well as in Austria, Serbia, Poland, and the Czech Republic. The renewed Covid 19 restrictions from November onward had little impact on business because customers had meanwhile adjusted to the new conditions. Kardex Mlog, with its agile and flexible organization, was able to move forward quickly with inquiries and new projects.

The high level of commitment shown by Kardex Mlog employees made a significant contribution to ensuring a high level of customer satisfaction. Kardex Mlog benefited also from a general increase in demand, especially from customers in the 3-PL industry (third party logistics providers), kitchen manufacturers, food producers, and tire manufacturers. In these industries, it is becoming apparent that Covid-19 is even an accelerator in their digitization and automation projects.

### **Good order backlog at the end of the period**

Overall, bookings increased by 40.9% year-on-year to EUR 90.2 million, the second-highest figure in the company's history. All areas contributed to this pleasing development. New business resulted in bookings of EUR 48.3 million, 61.9% more than in the previous year. In the modernization and service business, the increase was 22.8%, resulting in bookings of EUR 41.9 million. With an order backlog of EUR 75.2 million, 29.7% more than in the previous year, the foundation has been set for a good start into the financial year 2021. Due to the low order backlog at the beginning of the year, Kardex Mlog's revenues of EUR 73.0 million were 7.7% below the previous year. At EUR 33.8 million, new business (integrated subsystems and products) contributed around 46% of Kardex Mlog's revenues. The modernization and service business rose slightly to EUR 39.2 million, representing around 54% of total revenues.

## Consolidated key figures for the Kardex Mlog Division

in EUR million	2020		2019	+/-%	
Bookings	90.2	123.6%	64.0	80.9%	40.9%
Order backlog (31.12.)	75.2	103.0%	58.0	73.3%	29.7%
Segment net revenues	73.0	100.0%	79.1	100.0%	-7.7%
EBITDA	4.4	6.0%	6.6	8.3%	-33.3%
Operating result (EBIT)	2.8	3.8%	5.6	7.1%	-50.0%
ROCE	18.1%		33.5%		
Employees (FTE on 31.12.)	286		291		-1.7%

### Solid operating margins

In line with the slightly lower revenues, gross profit decreased to EUR 14.6 million compared to the previous year, corresponding to a gross profit margin of 20.0% (22.8%). Cost discipline, efficient processes in new business, and stable margin development in the service business contributed to this result. Part of the savings in trade shows and travel costs were invested in increased development activities. A one-time revaluation of inventories in the low single-digit millions, unfortunately, had a significant negative impact on the operating result and ROCE in the first half of the year. Overall, however, an operating result of EUR 2.8 million was achieved in the year under review, corresponding to an EBIT margin of 3.8%. In terms of ROCE, a return to previous profitability levels is expected in the current financial year.

The headcount decreased slightly, although staff turnover remains very low and is a sign of the high level of job satisfaction among employees at Kardex Mlog.

### Progressing digitalization

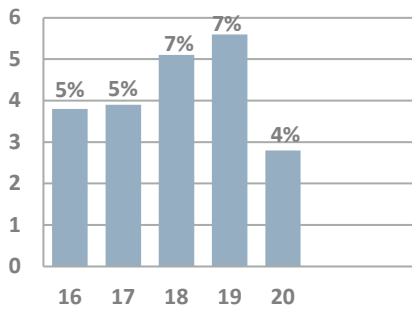
While Kardex Mlog focused on the digitalization of internal processes in 2020, the focus in 2021 will be on the digitalization of products. This will be accompanied by the development of initial applications in the areas of augmented reality, virtual reality and digital twin. The company is also investing in the expansion of condition monitoring, predictive maintenance and cloud computing. In addition, Kardex Mlog is increasingly standardizing successful industry-specific solutions that can be replicated, further optimizing the risk profile of orders.

### Outlook

The market environment in Kardex Mlog's sales markets remains challenging. At the same time, however, the high order backlog and the very well-filled sales funnel are signs of an encouraging start to the current financial year 2021. From today's perspective, Kardex Mlog will therefore be able to grow again in 2021 and continue to achieve the targeted margins.

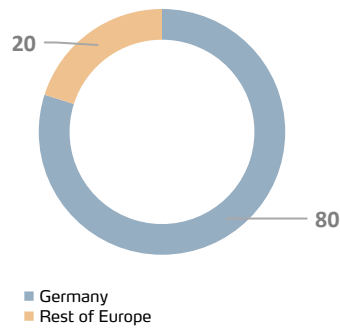
### Operating result (EBIT)

in EUR million



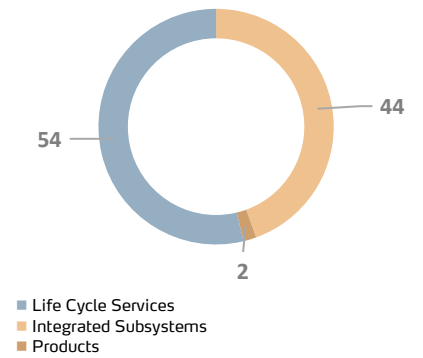
### Net revenues by region

2020 financial year in %



### Net revenues by business unit

2020 financial year in %



«Our resilient business model provided stability during the pandemic.»

Hans-Jürgen Heitzer, Head of Division Kardex Mlog



kardexmlog

4





# Corporate Governance

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Kardex is committed to the recognized 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 strengthen and increase confidence on a lasting basis in management and corporate 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 and has set itself the goal of ensuring comprehensive, transparent communication with all stakeholder groups. The principles of corporate governance at the Kardex are defined in the Articles of Incorporation and the Kardex Holding AG Organizational By-Laws, as well as in the Code of Conduct and other guidelines of Kardex. The Group publishes further information on its website at [www.kardex.com](http://www.kardex.com).

In the following section, as required by the guidelines of SIX Swiss Exchange, Kardex provides information about its corporate governance. The information is organized as in the guidelines. To avoid redundancy and in the interests of readability, there are several cases where the reader is referred to other places in the Annual Report or other Kardex publications. Any significant changes occurring between the balance sheet date and the publication of this report have been noted.

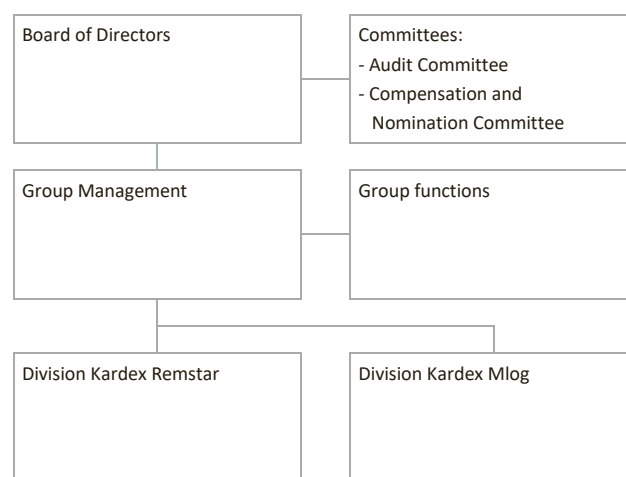
## 1. Group structure and shareholders

### 1.1 Group structure

#### 1.1.1 Structure of Group operations

Kardex is divided into the two divisions or segments Kardex Remstar and Kardex Mlog. Kardex is led by the Board of Directors and the Group Management, which consists of CEO Jens Fankhänel, CFO Thomas Reist, Urs Siegenthaler,

Head of the Kardex Remstar division and Hans-Jürgen Heitzer, Head of the Kardex Mlog division.



The division of responsibilities between the Board of Directors and the Group Management is explained in section 3.6, page 35.

#### 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 2020	CHF 1 497 million

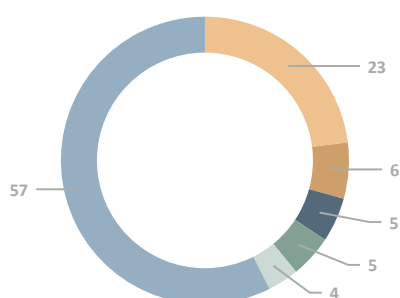
Kardex Holding AG is the parent company of Kardex, a public limited company under Swiss law and is headquartered in Zurich, Switzerland (hereinafter "the company"). The registered shares of Kardex Holding AG are traded according to the Swiss Reporting Standard of the SIX Swiss Exchange in Zurich, Switzerland. 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 100 and 102 of the Annual Report.

## 1.2 Significant shareholders

As of 31 December 2020, there were 2 192 shareholders (2 095) entered in the company's share register. The registered shares are held largely by private shareholders who are in most cases resident in Switzerland. As of the balance sheet date (31 December 2020), the following shareholders had stakes equaling or exceeding 3% (in terms of capital held in %):



BURU Holding AG and Philipp Buhofer	23.0%
Alantra Partners S.A.	6.3%
Invesco Ltd.	5.0%
Kabouter Management, LLC	4.8%
Kempen Capital Management N.V.	3.5%
Other shareholders	57.4%

The company held 19 560 shares in Kardex Holding AG at the balance sheet date (11 640). Other companies in the scope of consolidation did not hold any shares.

Shares pending registration of transfer amounted to 40.9% of the total as of 31 December 2020 (33.9%).

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](http://www.six-exchange-regulation.com).

No Shareholders' Agreement exists.

## 1.3 Cross-shareholdings

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

## 2. Capital structure

### Share capital and capital structure

	2020	2019	2018	2017	2016
Par value per share (CHF)	0.45	0.45	0.45	4.05	7.35
Total registered shares	7 730 000	7 730 000	7 730 000	7 730 000	7 730 000
Number of treasury shares	19 560	11 640	13 195	15 149	16 700
Number of dividend-bearing shares	7 710 440	7 718 360	7 716 805	7 714 851	7 713 300
Registered capital (CHF 1 000)	3 479	3 479	3 479	31 307	56 816
Total voting rights	7 710 440	7 718 360	7 716 805	7 714 851	7 713 300

### Key share figures

The key share figures of the company are shown on page 11 of this Annual Report.

#### 2.1 Ordinary capital

Kardex Holding AG had ordinary capital of CHF 3 478 500 (number of shares: 7 730 000) as of 31 December 2020.

#### 2.2 Authorized and conditional capital

The company had no authorized or conditional capital as of 31 December 2020.

#### 2.3 Changes in capital

For an overview of the capital changes during the financial years 2016 to 2020, please see the table above "Share capital and capital structure" in section 2 or on page 11.

#### 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 had no profit participation capital as at 31 December 2020.

As a rule, up to 75% of the operating result (operating net profit 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 to the General Meeting.

#### 2.5 Profit participation certificates

The company had issued no profit participation certificates as at 31 December 2020.

## 2.6 Restrictions 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 own name and for their own 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. It 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 § 3 paras. 10 and 11 of the Articles of Incorporation. The Articles of Incorporation are available at [www.kardex.com](http://www.kardex.com). These provisions of the Articles of Incorporation may be rescinded by a simple decision of the General Meeting. The foregoing applies subject to any restrictions on transferability imposed by the law.

## 2.7 Convertible bonds and options

As at 31 December 2020, the company had no convertible bonds or options outstanding.

### 3. Board of Directors



f.l.t.r.: Ulrich Jakob Looser, Jakob Bleiker, Andreas Häberli, Philipp Buhofer, Eugen Elmiger, Felix Thöni

#### 3.1 Members of the Board of Directors

The Board of Directors of Kardex Holding AG consists of six nonexecutive members. The Articles of Incorporation stipulate between three and seven members. All nonexecutive members are independent in the sense of the Swiss Code of Best Practice for Corporate Governance and have not served on either the management board of Kardex Holding AG or the management board of any subsidiary during the past three years. They have no business interests with Kardex.

Philipp Buhofer holds significant shares in Kardex, which, however, does 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 art. 14 of [economiesuisse](http://www.economiesuisse.ch) (see [www.economiesuisse.ch](http://www.economiesuisse.ch)).

**Philipp Buhofer**

1959, Swiss citizen,  
HWV Horw/Lucerne

Chairman since 2011  
Member since 2004

**Since 1997**

- Independent entrepreneur

**2002–2003**

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

**1997–2002**

- Member of the Board of Directors, EPA AG, Zurich, Switzerland

**1987–1997**

- Purchasing and Sales and Member of Executive Management, EPA AG, Zurich, Switzerland

**1984–1987**

- Procurement and Marketing, Metro International (Baar, Düsseldorf and Hong Kong)

**Other directorship of listed company**

- Schaffner Holding AG, Luterbach, Switzerland \*\*

**Other directorships of non-listed companies**

- BURU Holding AG, Hagendorn, Switzerland \*\*
- Cham Group AG, Cham, Switzerland\*
- DAX Holding AG, Hagendorn, Switzerland \*
- Rapid Holding AG, Dietikon, Switzerland \*\*

\* In the function as Chairman of the Board of Directors

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

**Felix Thöni**

1959, Swiss citizen,  
Dr. oec. HSG

Vice Chairman since 2016  
Executive Director from 2012 to 2016  
Member since 2011

**Since 2010**

- Board Member, management consultant

**2003–2009**

- CFO, Charles Vögele Holding AG, Pfäffikon, Switzerland

**1992–2002**

- CFO, Carlo Gavazzi Holding AG, Steinhausen, Switzerland

**1988–1991**

- Area Controller, Schindler Management AG, Ebikon, Switzerland

**Other directorships of non-listed companies**

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

**Jakob Bleiker**

1957, Swiss citizen,  
grad. phys. ETH, lic. oec. HSG

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 Division, Bosch Packaging Technology, Robert Bosch GmbH, Beringen, Switzerland

**2002–2003**

- Manager Business Unit Sigpack Service and Specialty Market, SIG Holding AG, Neuhausen, Switzerland

**1998–2002**

- Manager Customer Support Service and member of the Executive Board, Sulzer Textil AG, Rüti, Switzerland

**1988–1998**

- Various management functions, Sulzer Group, Winterthur, Switzerland

**1986–1987**

- Project Manager, Kannegiesser Maschinen AG, Ziefen, Switzerland

**Other directorships of non-listed companies**

- IQ-Plus Holding AG, Winterthur, Switzerland \*
- Fagus Suisse AG, Les Breuleux, Switzerland \*\*
- Fehr Group AG, Winterthur, Switzerland \*\*

\* In the function as Chairman of the Board of Directors

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

**Eugen Elmiger**

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

Member since 2020

**Since 2011**

- CEO, maxon international ag, Sachseln, Switzerland

**1991-2011**

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

**1990–1991**

- Project Manager process control systems, Rittmeyer AG, Baar, Switzerland

**1987–1990**

- Project Manager Engineering, RUAG, Emmen, 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"



**Andreas Häberli**

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

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

**1997–1999**

- Chip Design Engineer, Invox, Silicon Valley, USA

**Other directorship of listed company**

- Komax Holding AG, Dierikon, Switzerland \*\*

**Other directorships of non-listed companies**

- 3dB Access AG, 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

**Ulrich Jakob Looser**

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

Member since 2012

**Since 2009**

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

**2001–2009**

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

**1987–2001**

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

**1983–1984**

- Software development, Spectrospin AG, Fällanden, Switzerland

**Other directorships of listed companies**

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

**Other directorships of non-listed companies**

- Bachofen Holding AG, Uster, Switzerland \*
- BLR & Partners AG, Zurich, Switzerland \*
- BLR Capital AG, Zurich, Switzerland \*\*
- Baitella AG, Zürich, Switzerland \*\*
- BlessArt Raumsysteme AG, Rueti, Switzerland \*\*
- Mestex AG, Basel, Switzerland \*\*

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

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

### 3.2 Other activities and 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 § 13 para. 4 or listed in section 3.3 of this report.

### 3.3 Number of permissible activities

In accordance with § 13 para. 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 its management board, 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 Incorporation was complied with 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	Chairman	Member
Philipp Buhofer	1	1
Felix Thöni	-	1
Jakob Bleiker	-	1
Eugen Elmiger	-	2
Andreas Häberli	-	2
Ulrich Jakob Looser	-	3

### 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 elected by the General Meeting annually, 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 they reach the age of 70, members of the Board of Directors retire from the Board of Directors automatically with effect from the next Ordinary General Meeting.

With regard to the appointment of the Chairman of the Board of Directors, the members of the Compensation and Nomination Committee, and the independent proxy advisor, 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
Philipp Buhofer	2004	2021
Felix Thöni	2011	2021
Jakob Bleiker	2012	2021
Eugen Elmiger	2020	2021
Andreas Häberli	2020	2021
Ulrich Jakob Looser	2012	2021

### 3.5 Internal organization

The non-transferable and irrevocable statutory duties of the Board of Directors are described in the Swiss law on obligations art. 716a and are laid down in the Articles of Incorporation and the Organizational Regulations of the Company. The Organizational Regulations can be viewed at [www.kardex.com](http://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 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 of Shareholders

#### 3.5.1 Allocation of tasks within the Board of Directors

Philipp Buhofer has served as Chairman of the Board of Directors since the 2011 General Meeting and Felix Thöni as Vice Chairman since 2016. The two permanent committees of the Board of Directors are headed by Jakob Bleiker (Audit Committee) and Ulrich Jakob Looser (Compensation and Nomination Committee). There are no other committees.

#### 3.5.2 Composition, duties, and authority of the Board committees

Two permanent committees, the Audit Committee (AC) and the Compensation and Nomination Committee (CNC), exist to assist the Board of Directors in or prepare it for important decisions.

The committees are constituted as follows:

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

According to the Organizational By-Laws Art. 3.9, the Board of Directors may set up other committees to help it carry out its duties more efficiently. It appoints the chairmen 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 Chairman, shall be experienced in financial and accounting matters. The Board of Directors appoints the Chairman of the Audit Committee, who may not at the same time be Chairman 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;
  - 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.
- 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.

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

### 3.5.3 Procedures of the Board of Directors and its committees

#### Board of Directors

The Board of Directors convenes by invitation of the Chairman 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 Chairman and the Secretary. The Secretary is appointed by the Board of Directors and need not be a member. The Chairman 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 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 met for five meetings. The meetings lasted between one hour (constituent meeting in the context of the General Meeting) and ten hours. All 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 may invite other management personnel or external advisors to attend as

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 by the Annual General Meeting. The Board of Directors appoints the Chairman of the Compensation and Nomination Committee. At the invitation of the Chairman, other persons attend the meetings.

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

- fundamental personnel issues within the Kardex Group;
- 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);
- defining fundamental parameters with regard to performance-related payments within Kardex;

needed when dealing with specific issues. Written documentation on the agenda items specified by the Chairman or at the request of the Group Management is submitted to the Board of Directors well in advance of meetings.

### **Audit Committee**

The Audit Committee meets as often as required but as a rule three times a year. At the invitation of the Chairman of the Audit Committee, the CEO, CFO of Kardex, and, if necessary, other employees from the finance department attend. The external auditors attend all meetings. In the year under review, the Audit Committee met on three occasions. These meetings generally lasted half a day.

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 by the business, but generally three times a year. In the year under review, the Compensation and Nomination Committee held three meetings, generally lasting half a day.

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 Kardex Holding AG Board of Directors is the supreme managerial and supervisory body of the company and Kardex. It bears ultimate responsibility for managing, supervising, and monitoring the Group Management, which is responsible for Kardex' management. In essence, it is responsible for decisions concerning corporate strategy and organizational structure as well as determining the corporate policy. The Board of Directors is responsible for appointing and dismissing members of the Group Management, defining finance and accounting, as well as approving long-term plans and annual 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 By-Laws. The Board has also appointed a CFO and a Head of Division for each division. 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 laid down in the Organizational ByLaws art. 4.

The Group Management bears primary responsibility for developing Group strategy for the attention of the Board of Directors, for the operational management of the company, its overall financial results, and the implementation of the strategy and resulting action plan adopted by the Board of Directors. The CFO is also responsible for financial, tax, and capital management and is accountable for the development and implementation of the principles, regulations, and limits of risk control. He 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 division and the management, results, and risks thereof.

### 3.7 Information and control instruments to monitor 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 Vice Chairman 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 to monitor and control the Group Management are:

- monthly financial reporting from the heads of division and the CFO on current business performance;
- periodic information concerning the revenue and results figures expected by the divisions in the current financial year;
- 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. The risk matrix describes and evaluates the risks to the Kardex in the following categories and defines risk control measures: environment, corporate strategy, corporate management, production, market, information technology, finance, and compliance;
- 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

The Audit Committee reports, as a rule, 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 holding 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 CFO 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 meetings and handled in succession.

## 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 currently comprises four members and manages the operational business of Kardex. The Group Management currently comprises three members and manages the operational business of Kardex. Jens Fankhänel is Chairman of the Group Management in his capacity as CEO. In addition, the CFO, the Head of the Kardex Remstar Division, and the Head of the Kardex Mlog Division are also members of the Group Management. The management structure can be seen in section 1.1.1 of this report on page 24.

**Jens Fankhänel**  
Chief Executive Officer



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

**Since 2016**

- CEO of Kardex

**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 activities**

- None

**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

**2011–2016**

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

**2001–2011**

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

**1998–2001**

- Head of Finance & Controlling / Controller, 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, Postgraduate Studies in Business Management, 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

**1996–1999**

- Project Director, Swisslog Group, Switzerland

**1993–1996**

- Head of Sales & Projects, 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**

- Managing Director, Locanis AG, Unterföhring, Germany

**2000–2001**

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

**1996–2000**

- Division Manager Systems, Mannesmann Dematic, South Africa

**1989–1996**

- Project Manager “overall projects”, Mannesmann Dematic, Offenbach, Germany

**Other activities**

- None

## 4.2 Other activities and interests

The members of the Group Management do not engage in any other activities relevant to Kardex. In particular, they do not engage in any activities in management or supervisory bodies, they do not perform any long-term executive or advisory functions and they do not perform any official functions or hold any political office. No relevant interests exist.

The regulations of the Articles of Incorporation as they are expressly stated in § 13 para. 5 or listed in section 4.3 of this report have been observed.

## 4.3 Number of permissible 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 management board pursuant to § 13 para. 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 have no management contracts with third parties.

## 5. Compensations, shareholdings, and loans

### 5.1 Content and method of determining compensation and shareholding programs

Information on compensation, shareholdings, and loans is provided in the remuneration report on page 35 et seqq.

## 6. Shareholders' participation rights

### 6.1 Voting right restrictions and representation

On 31 December 2020, 2 192 shareholders were entered into the share register. The majority of these had their registered office or domicile in Switzerland. Each Kardex Holding AG registered share entitles the holder to one vote at the General Meeting. There are no voting right restrictions. Furthermore, any shareholder has the right to have his 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 Statutory quorums

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 Chairman of the General Meeting has the casting vote.

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

### 6.3 Convocation of General Meetings

The General Meeting is 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 auditor. Shareholders representing at least one-tenth 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 shares issued 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 Entry 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 meeting.

## 7. Changes of control and defense mechanisms

### 7.1 Duty to make an offer

In accordance with § 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 holding exceeds 49% of the company's voting stock.

### 7.2 Change-of-control clauses

There are no change-of-control clauses.

## 8. Statutory auditors

### 8.1 Duration of the mandate and term of office of the auditor in charge

#### 8.1.1 Time of assumption of existing audit mandate

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

#### 8.1.2 Time of assumption of office by the auditor in charge of the existing audit mandate

The auditor in charge, Thomas Wallmer, has been responsible for the mandate since the General Meeting on 23 April 2015. The auditor in charge may exercise his mandate for a maximum of seven years and resume the same mandate after a break of three years.

## 8.2 Audit fees

In the 2020 financial year, PricewaterhouseCoopers provided audit services to the value of CHF 457.0 thousand (CHF 445.1 thousand). These amounts include expenses.

## 8.3 Additional fees

PricewaterhouseCoopers was also paid fees totaling CHF 131.7 thousand (CHF 179.1 thousand) for non-audit-related services. The entire amount relates to the design and management of the transfer price concept, and tax advice.

## 8.4 Information tools of the external auditors

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 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 (three times in the year under review) to determine the audit scope. It ensures compliance with the mandatory rotation of the 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 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 article 53 of the Listing Rules (ad hoc publicity).

The Group publishes a report on its activities every six months in February/March and July/August. 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 Group website at [www.kardex.com](http://www.kardex.com). In addition, interested parties can register at [www.kardex.com](http://www.kardex.com) and will receive the requested information by e-mail.

The prime responsibility for corporate communications bears the President of the Group Management. 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.six-exchange-regulation.com](http://www.six-exchange-regulation.com). The website [www.kardex.com](http://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 13 of this report.

#### Calendar

<u>2021 Annual General Meeting</u>	<u>15 April 2021</u>
<u>2021 Interim Report</u>	<u>29 July 2021</u>
<u>2021 Annual Report</u>	<u>3 March 2022</u>
<u>2022 Annual General Meeting</u>	<u>21 April 2022</u>
<u>2022 Interim Report</u>	<u>28 July 2022</u>



# Remuneration report

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## 1. Content and method of determining compensation and shareholding programs

### 1.1 Guiding principles

The success of Kardex depends very much on the quality and commitment of the members of the Board of Directors and of the Group Management. The aim of the compensation policy is to attract and retain qualified staff in both bodies. Performance-related compensation 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.

### 1.2 Responsibilities

At the beginning of each term of office, the Compensation and Nomination Committee (section 3.5.2 of this report on page 34 et seqq.) submits proposals to the full Board of Directors concerning the nature and amount of the annual emoluments of the members of the Board of Directors (section 3.2.1, page 52) and a proposal concerning the compensation for the members of the Group Management (section 3.2.2, page 53). 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 for the Board of Directors for the period until the next Ordinary General Meeting;

- Total remuneration for the management board for the Ordinary General Meeting in the following financial year.

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. Proposals may also be submitted relating to additional amounts for special remuneration elements as well as additional conditional proposals.

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 attainment 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.



## 1.3 System of compensation

### 1.3.1 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 attending 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 and additional fees have been set at a level to compensate for the management and supervisory function of the Company's business performance. For cost considerations, the Board of Directors has deliberately refrained from increasing the fee by means of reserve items in order to also compensate for work on special projects that may arise or for special tasks on a preventive and lump-sum basis. Therefore, in addition to the fixed fee, individual members of the Board of Directors may be compensated for the time spent on special projects or tasks at agreed daily rates in line with the market, provided that the full Board of Directors approves this in advance.

The fixed basic and 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 September). These shares cannot be traded for three years and were therefore priced at a markdown of 16%. For the purposes of reporting the compensation in the remuneration report on page 51, 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.

### 1.3.2 Members of the Group Management

The members of the Group Management receive remuneration consisting of fixed cash emoluments and individual variable performance and result related payments. The fixed cash emoluments consist of a basic salary, a flat-rate expense allowance, and a company car. In addition, a salary-related contribution is paid into the pension scheme.

The basic salary is determined 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 coopted for compensation issues during the year under review.

The individual variable performance and result-related remuneration are determined on the basis of the fulfillment of the individual performance targets and the business success of the company or division, based on the target adopted 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 Short-Term Incentive Program (STI) 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.

Until the end of the year under review, the members of the Group Management were able to draw up to 100% of their variable compensation in shares of Kardex Holding AG. The share price is based on the weighted average price in December of the year under review. These shares cannot be traded for three years and were therefore priced at a markdown of 16%. For the purposes of reporting the compensation in the remuneration report on page 51, the value of the shares without the markdown is shown.

In performing their duties, members of the Group Management are in part also members of the Board of Directors of subsidiaries of the company within the Group. No emoluments or compensation are paid for these activities.

New members of the Group Management normally receive compensation from the month in which they assumed the relevant function. Departing members of the Group Management receive remuneration until the end of the month of their departure.

### 1.3.3 Introduction of a Long Term Incentive Program (LTI) as of the fiscal year 2021

In the reporting year, the Compensation and Nomination Committee, together with the Management, developed a Long Term Incentive program (LTI), for which the members of Group Management are obliged to participate as of its introduction. The LTI program defines delimited, consecutive LTI periods with a current fixed term of 3 years. The first LTI period starts on January 1, 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. At the beginning of each LTI period, a portion of the participants' previous 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 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 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% shares in the SPI index with the lowest performance, no LTI shares are owed. The variable LTI compensation is paid out in the form of Kardex shares. During their participation in the LTI program, the members of Group Management may not receive the

short-term variable compensation (STI) in the form of Kardex Holding AG shares.

#### 1.4 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.

## 2. Regulations of the Articles of Incorporation

### 2.1 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 (§ 18c paras. 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 (§ 18b para. 2 and § 18c paras. 4 and 5 of the Articles of Incorporation).

As regards responsibility for setting and approving remuneration, please refer to the statements made in section 1.2 on page 46 of this report. If members of the Group Management join the Group Management or 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 management board 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 (§ 18e para. 3 of the Articles of Incorporation).

### 2.2 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 § 18b para. 1 and § 18c para. 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 (§ 18d of the Articles of Incorporation).

### 2.3 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 1.2 on page 46 of this report.

## 3. Remunerations 2020

### 3.1 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 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 Group Management.

## Compensation 2020

in CHF 1 000		Payments in cash	Payments in shares		Social security	Additional tasks	Total compensation
Name	Function		Number	Value			
<b>Board of Directors</b>							
Philipp Buhofer	Chairman	151.9	253	44.6	21.0	-	217.5
Felix Thöni	Vice Chairman	98.2	166	29.3	56.4	105.1	289.0
Jakob Bleiker	Member	78.5	132	23.3	11.5	-	113.3
Eugen Elmiger *	Member	13.6	364	64.2	8.0	-	85.8
Andreas Häberli *	Member	54.0	91	16.0	8.0	-	78.0
Ulrich Jakob Looser	Member	80.4	136	24.0	10.9	-	115.3
Walter T. Vogel **	Member	0.1	138	24.3	2.4	-	26.8
<b>Total Board of Directors</b>		<b>476.7</b>	<b>1 280</b>	<b>225.7</b>	<b>118.2</b>	<b>105.1</b>	<b>925.7</b>

\* from 14.04.2020

\*\* to 14.04.2020

in CHF 1 000		Base salary in cash	Variable salary		Social security	Total compensation	
Name	Function		in cash	in shares Number Value			
<b>Group Management</b>							
Jens Fankhänel <sup>1</sup>	CEO	577.4	236.5	-	-	168.0	981.9
<b>Total Group Management</b>		<b>1 578.5</b>	<b>529.9</b>	<b>-</b>	<b>-</b>	<b>371.5</b>	<b>2 479.9</b>

<sup>1</sup> Highest compensation.

## Compensation 2019

in CHF 1 000		Payments in cash	Payments in shares		Social security	Additional tasks	Total compensation
Name	Function		Number	Value			
<b>Board of Directors</b>							
Philipp Buhofer	Chairman	144.0	312	42.8	20.2	8.3	215.3
Felix Thöni	Vice Chairman	92.8	201	27.6	67.6	223.2	411.2
Jakob Bleiker	Member	73.6	160	22.0	10.6	-	106.2
Ulrich Jakob Looser	Member	59.1	343	47.1	11.4	-	117.6
Walter T. Vogel	Member	58.7	231	31.7	9.8	-	100.2
<b>Total Board of Directors</b>		<b>428.2</b>	<b>1 247</b>	<b>171.2</b>	<b>119.6</b>	<b>231.5</b>	<b>950.5</b>

in CHF 1 000		Base salary in cash	Variable salary		Social security	Total compensation	
Name	Function		in cash	in shares Number Value			
<b>Group Management</b>							
Jens Fankhänel <sup>1</sup>	CEO	577.4	800.0	-	-	197.2	1 574.6
<b>Total Group Management</b>		<b>1 555.9</b>	<b>1 577.8</b>	<b>-</b>	<b>-</b>	<b>405.8</b>	<b>3 539.5</b>

<sup>1</sup> Highest compensation.

### 3.2 Explanatory notes on the remuneration report and the compensation

The remuneration disclosed in section 3.1, page 50 includes the relevant remuneration for the year under review as a whole. The reported variable elements of remuneration relate to the reporting year which has ended (accrual principle). The variable emoluments are allocated and paid out according to the target attainment for the year under review described in sections 1.3.2, on page 47 et seqq.

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
Basic salary	80 000
+	
Chairman Board of Directors	110 000
Vice Chairman Board of Directors	25 000
Chairman AC	20 000
Chairman CNC	20 000
Member AC	10 000
Member CNC	10 000

The fixed fees of the Board of Directors were deliberately set without preventive and lump-sum reserve positions. They also receive compensation for the actual time spent on specific additional tasks, which the Board of Directors delegates to individual members of the Board rather than to Group Management members or external consultants. In the year under review, Felix Thöni received compensation for supporting selected M&A projects, for helping to develop a long-term incentive program for Group Management, and for his participation in the monthly business review meetings and budget and planning meetings with the management. The actual time spent on these activities significantly exceeds the

time spent on the mandate by the other members of the Board of Directors.

The members of the Board of Directors, the Executive Director, and the members of the Executive Committee or Group Management are granted allotted shares at a markdown of 16% to compensate for the blocking period of three years (section 1.3.1, page 47 and section 1.3.2, page 47 et seqq.) This reduction, accepted in Switzerland for tax purposes, reflects the economic value reduction of a share blocked for three years. In Switzerland, however, the inclusion of the value of the allocated shares, excluding the markdown, in the remuneration report has evolved as a proven method, which is why the value of the allocated shares in the remuneration report is taken into consideration in the weighted average price of the preceding month.

#### 3.2.1 Members of the Board of Directors

In the year under review, Walter T. Vogel left the Board and Eugen Elmiger and Andreas Häberli joined as independent members. There were no entries or withdrawals in the previous year.

The shares allotted during the year under review are valued in the remuneration report at the weighted average price for the month of August of CHF 176.37 per share (CHF 137.24). Although the Board of Directors was expanded by an additional member, the compensation of the Board of Directors remained at the same level in the reporting year as compared to the previous year, as the expenses for additional tasks were lower. The Annual General Meeting 2020 approved the maximum total compensation to the Board of Directors for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021 in the total amount of CHF 1 200.0 thousand (CHF 1 050.0 thousand). The maximum compensation relevant for the reporting period thus amounted to CHF 1 162.5 thousand. The current compensation amounted to CHF 925.7 thousand (CHF 950.5 thousand) and was thus CHF 236.8 thousand or 20.4% (CHF 99.5

thousand or 9.5%) below the approved maximum total compensation.

### 3.2.2 Members of the Group Management

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

The maximum individual variable remuneration to which the CEO is entitled is fixed at CHF 800.0 Tsd. For the other three members of Group Management, the maximum individual variable compensation is 100% of the base salary. The quantitative and qualitative annual targets are derived from the strategic targets. In order to achieve the maximum variable compensation for the EBIT target, 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 1.3.2, on page 47 et seqq.) and for the Head of the Kardex Remstar division and the Head of the Kardex Mlog division also on personal goals. In 2020, the targets set for Group

Management for the defined key financial figures (EBIT of the Kardex Group and the respective division) were only partially achieved. In addition, both heads of the divisions were also only partially able to achieve their personal goals. The entire Group Management thus worked out around 31% of the maximum variable compensation.

In the year under review, the Group Management received the variable components of the compensation in full in cash.

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 2019 approved a maximum total compensation of CHF 4 250 thousand (CHF 4 550 thousand) for the financial year 2020. The effective total compensation amounted to CHF 2 479.9 thousand (CHF 3 539.5 thousand) and was thus CHF 1 770.1 thousand or 41.7% (CHF 1 010.5 thousand or 22.2%) below the maximum total compensation available.

### 3.3 Share proportions 2020

Name	Function	Number of shares	Voting interest in %	Thereof with retention period of 3 years until			Total
				2021	2022	2023	
<b>Board of Directors</b>							
Philipp Buhofer <sup>1</sup>	Chairman	1 778 357	23.01%	259	312	253	824
Felix Thöni	Vice Chairman	33 748	0.44%	166	201	166	533
Jakob Bleiker	Member	5 243	0.07%	132	160	132	424
Eugen Elmiger	Member	364	0.00%	-	-	364	364
Andreas Häberli	Member	91	0.00%	-	-	91	91
Ulrich Jakob Looser	Member	3 197	0.04%	283	343	136	762
<b>Total Board of Directors</b>		<b>1 821 000</b>	<b>23.56%</b>	<b>840</b>	<b>1 016</b>	<b>1 142</b>	<b>2 998</b>
<b>Group Management</b>							
Jens Fankhänel	CEO	933	0.01%	933	-	-	933
Thomas Reist	CFO	558	0.01%	-	308	-	308
Urs Siegenthaler	HoD Kardex Remstar	-	0.00%	-	-	-	-
Hans-Jürgen Heitzer	HoD Kardex Mlog	-	0.00%	-	-	-	-
<b>Total Group Management</b>		<b>1 491</b>	<b>0.02%</b>	<b>933</b>	<b>308</b>	<b>-</b>	<b>1 241</b>

<sup>1</sup> Including shares held by BURU Holding AG.



# Auditors' report to the General Meeting



## Report of the statutory auditor

### to the General Meeting of Kardex Holding AG Zurich

We have audited the accompanying remuneration report of Kardex Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) in chapter 3.1 of the remuneration report.

#### Board of Directors' responsibility

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

#### Auditor's responsibility

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

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

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

#### Opinion

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

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to be 'TW'.

Thomas Wallmer

Audit expert  
Auditor in charge

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

Christian Vögeli

Audit expert

Zurich, 3 March 2021





## 1. Sustainability as a cornerstone of the business model of Kardex

Sustainability stands for the careful use of resources. At Kardex, the efficient use of resources has always been at the heart of the business model and is thus part of the company DNA. In the field of intralogistics, Kardex solutions significantly shorten long walking distances, reduce space requirements by up to 84% and make optimal use of space volumes. This conserves the scarce resource of land and, in addition, Kardex helps its customers to save energy. That is why we also see sustainability as a great opportunity for the company.

Sustainable action is a matter of course at Kardex and is part of everyday life. In its development work, the company constantly relies on the most modern components with a high degree of efficiency. For its part, its supply chain is working to reduce energy consumption in Kardex production or transport routes. A major step in this regard is the planned opening of the production facility in West Columbia (USA) in 2021 by moving production for the US market closer to customers. Short transport routes within the country instead of long sea transports reduce emissions and help protect the climate. The production facility itself also stands for sustainability. The roof system regulates temperatures on the surface and in the building to save energy. LED lighting controlled by motion sensors also supports the responsible use of energy. These examples show that sustainable action is firmly anchored in business operations.

The aim of this report is to present Kardex' understanding of values and its commitment to sustainability transparency. The topic of governance is dealt with in detail in the Corporate Governance section.

## 2. Focus on internal and external sustainability

As the world's leading provider of intralogistics solutions, Kardex proves that long-term business success is closely linked to fundamental sustainability considerations. Kardex solutions support customers in making better use of their own sustainability potential. That is why one focus of the sustainability report is set on the topic of resource-saving and ergonomic solutions. Here, Kardex also demonstrates the internal implementation of the sustainability concept with an energy-efficient supply chain.

### 2.1 Resource-saving and ergonomic solutions

Classic static racks based on the man-to-goods concept require a lot of space, as storage in width and height is inefficient and thus very quickly limited. Likewise, static solutions very often lead to long walking distances or travel distances with energy-consuming vehicles. Kardex solutions are sustainable compared to a static racking solution in the following areas:

- a) Kardex solutions make optimal use of existing space and room volumes, saving an average of 80-84% of space requirements. This reduces the need for air-conditioned room volume, which directly saves heating, cooling, and lighting costs and reduces CO2 emissions. Also, the need for built-up space is reduced. Our solutions help to balance the economy and the environment, and our customers can make better use of existing buildings and conserve resources.

- b) Kardex solutions are developed according to the goods-to-man concept based on ergonomic principles and protect the health of order pickers by providing goods at an ergonomically ideal height. This reduces physical strain, prevents poor posture, and has a positive impact on the health costs of our customers' employees.
- c) Kardex solutions are of high quality and designed in such a way that they can be kept up to date throughout their entire service life using updates and upgrades. This prevents the solutions from having to be taken out of service prematurely because, for example, new safety standards can no longer be met. The long service life of Kardex solutions conserves resources that would be consumed if they were replaced. Remote diagnostics and, in the future, preventive maintenance will minimize ad hoc service calls and thus travel mileage.

## 2.2 Energy-efficient supply chain

Kardex currently has three production plants in Germany where the company's products are manufactured. All plants are subject to the ISO 9001:2000 standard for quality management and also operate an energy management system in accordance with DIN EN ISO 50001:2018, which requires the careful use of resources and includes a concept for waste prevention, reduction, and recycling. The introduction of the energy management system at Kardex' plants has led, among other things, to a significant reduction in energy consumption per ton of steel processed over the past few years. In addition, environmental management has been certified in accordance with DIN EN ISO 14001:2015. Kardex thus complies with globally recognized standards.

Regular audits ensure that the standards, norms, and guidelines for manufacturing companies are adhered to.

## 3. The principles applied

### 3.1 Ethical business management

The Kardex Code of Conduct ([www.kardex.com](http://www.kardex.com)) sets out binding general principles of ethical behavior for the Board of Directors, management, and all employees of Kardex, is implemented by a mandatory training for new employees and regularly recalled through training sessions. The Kardex Code of Conduct applies to all divisions, subsidiaries, and fields of activity, and 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 want 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 it sets out the fundamental principles and rules for ethical business behavior. Specific regulations, guidelines, and manuals complement the principles set out in the Kardex Code of Conduct.

Kardex does not compromise on compliance with the Kardex Code of Conduct and does not tolerate any violations of the Code of Conduct. Possible misconduct can be reported anonymously to a central office and whistleblowers are granted protection against retaliation or disciplinary consequences.

Kardex respects the personal rights of its employees, customers, and other stakeholders. Data protection and information security have a high priority in the company. Kardex is committed to fair competition and does not tolerate any form of bribery or corruption. The company expects that business partner also obey 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.

Kardex sees itself as a company contributing to positive social, environmental, and cultural developments. Kardex strives to ensure that activities within its sphere of influence do not harm the fundamental human rights listed in the United Nations Universal Declaration of Human Rights and the Core Convention of the International World Labor Organization, either directly or through business relationships with third parties.

### 3.2 Dealing with employees

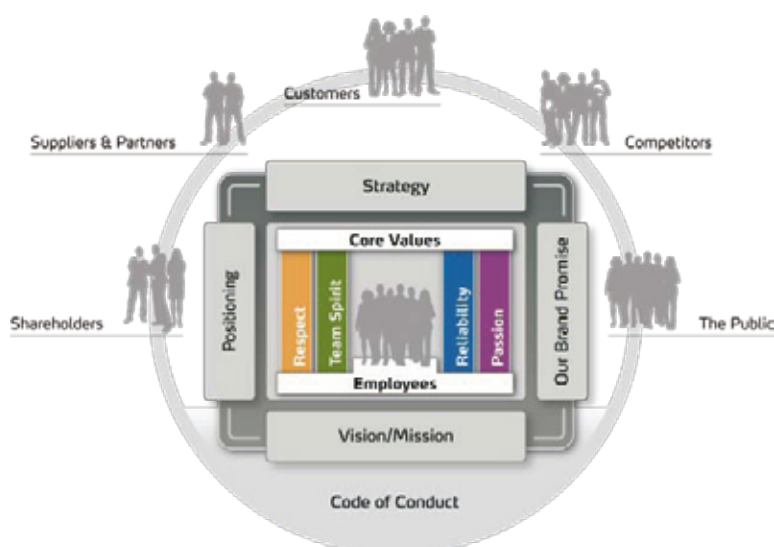
Kardex treats its employees fairly and with respect and is committed to protecting them from unfair, unethical, or unhealthy working conditions. Harassment or discrimination will not be tolerated. Kardex creates an inclusive work environment in which all employees can contribute. Diversity plays a crucial role in Kardex' success, which is why talented employees with different backgrounds and open minds are recruited and supported in their further training.

More detailed information regarding the focus areas in dealing with its employees can be found in the Kardex Code of Conduct ([www.kardex.com](http://www.kardex.com)).

### 3.3 Corporate culture

#### Guiding Principles

Kardex strives to create an environment where positive spirit, enthusiasm, and identification can flourish. With the Guiding Principles and the core values "Respect", "Team Spirit", "Reliability" and "Passion", Kardex has defined the cornerstones of its corporate culture and provides a clear code of conduct for all activities. The core values serve as guidelines for all employees in their daily dealings with colleagues. The Guiding Principles provide orientation on "who we are, how we want to be seen, and what we do to achieve this". Living the Guiding Principles is our key to sustainable success.



#### Brand Promise

Kardex has also defined how the company should be perceived from the outside and developed the outward-looking Brand Promise "Straightforward", "Innovative" and "Fair". The Brand Promise serves as a guide in dealing with customers and in setting priorities in daily working life. Customer benefits are at the center of our daily activities.

### 3.4 Human Resources Development

Demographic change is leading to a shrinking and aging population mainly in European countries and is drying up the labor market. Kardex, as a medium-sized company, is also often in competition with larger international companies, and therefore, ensuring low staff turnover and the battle for talent are a permanent challenge for Kardex.

For many years, Kardex has been working hard to become an attractive and preferred employer for existing and future employees, thus strengthening its competitive position in the labor market. In addition to remuneration in line with the market, a wide range of personnel development tools has been implemented and fringe benefits continuously expanded. At the heart of personnel development is a continuous feedback dialog process with the resulting development plans in line with the employees'

personal goals and the company's objectives. In parallel, possible development steps within Kardex are identified as part of talent development and succession planning. The feedback dialog process and the identified development steps serve as basis for the training and development programs jointly defined between employees and their superiors. Kardex' own Academy has a wide range of internal and external training courses to provide optimum support for these training and development programs.

Kardex offers a dual career model for managers and for experts, which is also open to a change of career path. The Kardex Leadership Framework defines the leadership principles as applied at Kardex and is mainly based on the intent-based leadership concept. These leadership principles are highlighted, discussed, and trained in regular leadership meetings.

All Kardex employees are surveyed anonymously every two years about their satisfaction and 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 that represents Kardex' geographical regions and functions in a balanced manner. The task of the employee representatives is to feel the pulse of the employees as an independent body and to share impressions and suggestions for improvement with Group Management at least twice a year.

### 3.5 Occupational safety and health protection

Kardex attaches great importance to the preventive avoidance of risks to protect its employees. Through regular audits, Kardex ensures that the applicable standards and guidelines on workplace safety are complied with.

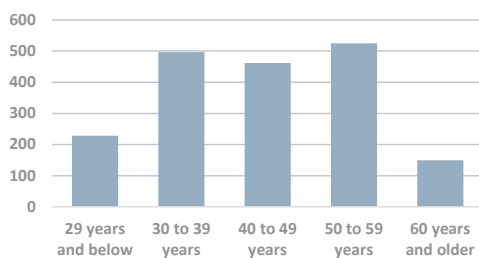
Risks to the safety and health of employees are regularly identified, assessed and appropriate countermeasures developed. They are communicated transparently within the company. Through regular training courses, Kardex ensures that effective occupational health and safety is practiced within the company and that employees have the necessary technical skills and a high level of safety awareness. The management system for occupational health and safety is continuously reviewed, expanded, and improved.



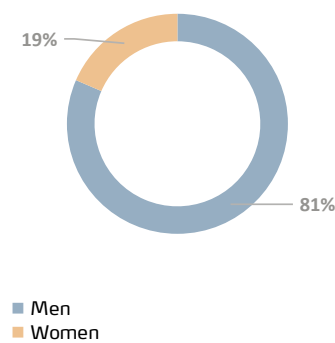
### 3.6 Diversity

Kardex is committed to diversity and consciously creates equal opportunities in the recruitment process, in which candidate lists must be heterogeneously represented in terms of age, origin, and gender. The selection process is based exclusively on professional and personal qualifications. Equality of opportunity is also deliberately created in the internal promotion of talent and preference is not given to individual groups of people.

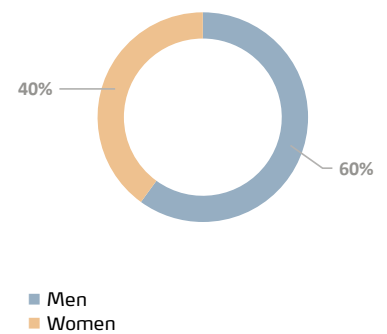
Employees of Kardex



Employees of Kardex



Administration of Kardex





# Consolidated financial statements

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Based on Swiss GAAP FER, figures reported in euros.

# Consolidated income statement

in EUR million	Notes	2020	(%)	2019	(%)
<b>Net revenues<sup>1</sup></b>	1.1	<b>412.9</b>	<b>100.0%</b>	<b>471.2</b>	<b>100.0%</b>
Cost of goods sold and services provided		-259.9	-62.9%	-299.9	-63.6%
<b>Gross profit</b>		<b>153.0</b>	<b>37.1%</b>	<b>171.3</b>	<b>36.4%</b>
Sales and marketing expenses		-49.0	-11.9%	-58.3	-12.4%
Administrative expenses		-35.4	-8.6%	-37.9	-8.0%
R&D expenses		-11.0	-2.7%	-11.3	-2.4%
Other operating income	1.3	0.6	0.1%	1.3	0.3%
Other operating expenses	1.3	-2.7	-0.7%	-1.6	-0.3%
<b>Operating result (EBIT)</b>		<b>55.5</b>	<b>13.4%</b>	<b>63.5</b>	<b>13.5%</b>
Financial result, net	1.4	-1.9	-0.5%	-3.3	-0.7%
<b>Result for the period before tax (EBT)</b>		<b>53.6</b>	<b>13.0%</b>	<b>60.2</b>	<b>12.8%</b>
Income tax expense	1.5	-12.9	-3.1%	-15.3	-3.2%
<i>Income tax rate (based on EBT)</i>			<i>24.1%</i>		<i>25.4%</i>
<b>Result for the period</b>		<b>40.7</b>	<b>9.9%</b>	<b>44.9</b>	<b>9.5%</b>
Attributable to:					
Shareholders of Kardex Holding AG		40.7	9.9%	44.4	9.4%
Minority interests		-	0.0%	0.5	0.1%
<b>Result for the period</b>		<b>40.7</b>	<b>9.9%</b>	<b>44.9</b>	<b>9.5%</b>
Earnings per share attributable to shareholders of Kardex Holding AG (EUR) <sup>2</sup>	3.2	5.28		5.75	

<sup>1</sup> Thereof from construction contracts (percentage of completion (POC)) of EUR 45.1 million (EUR 52.9 million).

<sup>2</sup> No dilutive effect occurred in 2020 and 2019.

The notes to the consolidated financial statements from page 70 to page 105 represent an integral part of Kardex' financial statements.

# Consolidated balance sheet

in EUR million	Notes	31.12.2020		31.12.2019	
			(%)		(%)
Cash and cash equivalents	2.1	122.4	44.1%	133.6	46.1%
Trade accounts receivable	2.2	49.0	17.7%	65.4	22.6%
Other receivables	2.3	22.9	8.3%	15.4	5.3%
Inventories and work in progress	2.4	14.8	5.3%	19.2	6.6%
Prepaid expenses		3.4	1.2%	4.3	1.5%
<b>Current assets</b>		<b>212.5</b>	<b>76.6%</b>	<b>237.9</b>	<b>82.1%</b>
Property, plant and equipment	2.5	50.7	18.3%	41.2	14.2%
Intangible assets	2.5	6.0	2.2%	4.1	1.4%
Financial assets	2.6	8.1	2.9%	6.6	2.3%
<b>Non-current assets</b>		<b>64.8</b>	<b>23.4%</b>	<b>51.9</b>	<b>17.9%</b>
<b>Assets</b>		<b>277.3</b>	<b>100.0%</b>	<b>289.8</b>	<b>100.0%</b>
Trade accounts payable		12.1	4.4%	17.3	6.0%
Current financial liabilities	2.7	0.1	0.0%	-	0.0%
Other current liabilities	2.8	15.6	5.6%	19.2	6.6%
Current provisions	2.10	9.4	3.4%	6.0	2.1%
Accruals	2.11	44.3	16.0%	54.7	18.9%
<b>Current liabilities</b>		<b>81.5</b>	<b>29.4%</b>	<b>97.2</b>	<b>33.5%</b>
Non-current provisions	2.10	21.5	7.8%	20.6	7.1%
<b>Non-current liabilities</b>		<b>21.5</b>	<b>7.8%</b>	<b>20.6</b>	<b>7.1%</b>
<b>Liabilities</b>		<b>103.0</b>	<b>37.1%</b>	<b>117.8</b>	<b>40.6%</b>
Share capital	3.1	2.5	0.9%	2.5	0.9%
Capital reserves <sup>1</sup>		31.4	11.3%	31.3	10.8%
Retained earnings and translation differences <sup>1</sup>		141.9	51.2%	138.7	47.9%
Treasury shares	3.1	-1.9	-0.7%	-1.0	-0.3%
<b>Equity before minorities</b>		<b>173.9</b>	<b>62.7%</b>	<b>171.5</b>	<b>59.2%</b>
Minority interests		0.4	0.1%	0.5	0.2%
<b>Equity</b>		<b>174.3</b>	<b>62.9%</b>	<b>172.0</b>	<b>59.4%</b>
<b>Equity and liabilities</b>		<b>277.3</b>	<b>100.0%</b>	<b>289.8</b>	<b>100.0%</b>

<sup>1</sup> The equity comprises EUR 24.5 million (EUR 19.8 million) in non-distributable reserves.

The notes to the consolidated financial statements from page 70 to page 105 represent an integral part of Kardex' financial statements.

# Consolidated cash flow statement

in EUR million	Notes	2020	(%)	2019	(%)
Result for the period		40.7	161.5%	44.9	145.8%
Depreciation and amortization	1.1, 2.5	7.1	28.2%	6.7	21.8%
Additions or reversal (net) of provisions	2.10	6.7	26.6%	6.2	20.1%
Other non-cash items		4.0	15.9%	-0.7	-2.3%
Change in accounts receivable		14.7	58.3%	-0.2	-0.6%
Change in other receivables		-6.9	-27.4%	-4.2	-13.6%
Change in inventories and work in progress		1.4	5.6%	-3.7	-12.0%
Change in prepaid expenses		0.6	2.4%	0.4	1.3%
Change in accounts payable		-2.9	-11.5%	-0.2	-0.6%
Change in other current liabilities		-3.9	-15.5%	-5.9	-19.2%
Change in provisions	2.10	-2.3	-9.1%	-3.9	-12.7%
Change in accruals		-9.4	-37.3%	5.4	17.5%
<b>Net cash flow from operating activities</b>		<b>49.8</b>	<b>197.6%</b>	<b>44.8</b>	<b>145.5%</b>
Purchase of property, plant and equipment		-18.8	-74.6%	-11.7	-38.0%
Sale of property, plant and equipment		0.1	0.4%	-	0.0%
Purchase of intangible assets		-3.2	-12.7%	-2.3	-7.5%
Purchase of financial assets		-0.8	-3.2%	-	0.0%
Acquisition of organizations and investment in associated companies		-1.9	-7.5%	-	0.0%
<b>Net cash flow from investing activities</b>		<b>-24.6</b>	<b>-97.6%</b>	<b>-14.0</b>	<b>-45.5%</b>
<b>Free cash flow</b>		<b>25.2</b>	<b>100.0%</b>	<b>30.8</b>	<b>100.0%</b>
Acquisition of treasury shares	3.1	-1.0	-4.0%	-	0.0%
Disposal of treasury shares		-	0.0%	0.2	0.6%
Dividend paid		-32.9	-130.6%	-27.6	-89.6%
<b>Net cash flow from financing activities</b>		<b>-33.9</b>	<b>-134.5%</b>	<b>-27.4</b>	<b>-89.0%</b>
Effect of currency translation differences on cash and cash equivalents		-2.5	-9.9%	1.0	3.2%
<b>Net change in cash and cash equivalents</b>		<b>-11.2</b>	<b>-44.4%</b>	<b>4.4</b>	<b>14.3%</b>
Cash and cash equivalents at 1 January	2.1	133.6		129.2	
Cash and cash equivalents at 31 December	2.1	122.4		133.6	
<b>Net change in cash and cash equivalents</b>		<b>-11.2</b>	<b>-44.4%</b>	<b>4.4</b>	<b>14.3%</b>

The notes to the consolidated financial statements from page 70 to page 105 represent an integral part of Kardex' financial statements.

# Consolidated statement of changes in equity

in EUR million	Notes	Share capital	Capital reserves	Retained earnings	Translation differences	Treasury shares <sup>1</sup>	Equity before minorities	Minorities interests	Equity
<b>Opening balance</b>									
<b>1 January 2019</b>		<b>2.5</b>	<b>31.2</b>	<b>120.8</b>	<b>-0.1</b>	<b>-1.1</b>	<b>153.3</b>	<b>-</b>	<b>153.3</b>
Result for the period		-	-	44.4	-	-	44.4	0.5	44.9
Acquisition of organizations <sup>2</sup>		-	-	-	-	-	-	0.1	0.1
Currency translation differences		-	-	-	0.6	-	0.6	-	0.6
Disposal of treasury shares <sup>3</sup>	3.1	-	0.1	-	-	0.1	0.2	-	0.2
Dividend paid		-	-	-27.5	-	-	-27.5	-0.1	-27.6
Valuation of hedging reserves	3.5	-	-	0.5	-	-	0.5	-	0.5
<b>Closing balance</b>									
<b>31 December 2019</b>		<b>2.5</b>	<b>31.3</b>	<b>138.2</b>	<b>0.5</b>	<b>-1.0</b>	<b>171.5</b>	<b>0.5</b>	<b>172.0</b>
<b>Opening balance</b>									
<b>1 January 2020</b>		<b>2.5</b>	<b>31.3</b>	<b>138.2</b>	<b>0.5</b>	<b>-1.0</b>	<b>171.5</b>	<b>0.5</b>	<b>172.0</b>
Result for the period		-	-	40.7	-	-	40.7	-	40.7
Acquisition of goodwill	3.3, 4.4	-	-	-1.6	-	-	-1.6	-	-1.6
Acquisition of organizations and minority interests		-	-	-	-	-	-	0.1	0.1
Currency translation differences		-	-	-	-3.4	-	-3.4	-	-3.4
Acquisition of treasury shares	3.1	-	-	-	-	-1.0	-1.0	-	-1.0
Disposal of treasury shares <sup>3</sup>	3.1	-	0.1	-	-	0.1	0.2	-	0.2
Dividend paid		-	-	-32.7	-	-	-32.7	-0.2	-32.9
Valuation of hedging instruments		-	-	0.2	-	-	0.2	-	0.2
<b>Closing balance</b>									
<b>31 December 2020</b>		<b>2.5</b>	<b>31.4</b>	<b>144.8</b>	<b>-2.9</b>	<b>-1.9</b>	<b>173.9</b>	<b>0.4</b>	<b>174.3</b>

<sup>1</sup> Number of treasury shares held as of 31 December 2020: 19 560 (11 640).

<sup>2</sup> Represents capital paid in by minority shareholders.

<sup>3</sup> As part of share-based remuneration, treasury shares were allocated in the amount of EUR 0.1 million (EUR 0.1 million). This results in a gain of EUR 0.1 million (EUR 0.1 million) reported in 'Capital reserves'.

The notes to the consolidated financial statements from page 70 to page 105 represent an integral part of Kardex' financial statements.

# Notes to the consolidated financial statements

The consolidated financial statements have been optimized in order to provide users better organized and more understandable financial information to explain the financial performance and financial position of Kardex. The notes have been 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 now 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	2020	2019
Net revenue	412.9	471.2
Operating result (EBIT)	55.5	63.5
EBIT (margin)	13.4%	13.5%
Result for the period	40.7	44.9

### 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 Ltd. 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.

### Capital employed (CE)

in EUR million	31.12.2020	31.12.2019
Property, plant, equipment	50.7	41.2
Intangible assets	6.0	4.1
Other financial assets	2.5	1.5
NWC	67.9	77.3
<b>CE</b>	<b>127.1</b>	<b>124.1</b>

### EBITDA

in EUR million	2020	2019
Operating result (EBIT)	55.5	63.5
Depreciation and amortization	7.1	6.7
<b>EBITDA</b>	<b>62.6</b>	<b>70.2</b>

### Equity ratio

in EUR million	31.12.2020	31.12.2019
Assets	277.3	289.8
Equity	174.3	172.0
<b>Equity ratio<sup>1</sup></b>	<b>62.9%</b>	<b>59.4%</b>

<sup>1</sup> 'Equity' divided by 'Assets'.



**Net cash**

in EUR million	31.12.2020	31.12.2019
Cash and cash equivalents	122.4	133.6
Interest bearing debt	-0.1	-
<b>Net cash</b>	<b>122.3</b>	<b>133.6</b>

**Return on capital employed (ROCE)**

in EUR million	31.12.2020	31.12.2019
EBIT (last 12 months)	55.5	63.5
CE	127.1	124.1
<b>ROCE<sup>2</sup></b>	<b>43.7%</b>	<b>51.2%</b>

<sup>2</sup> 'EBIT (last 12 months)' divided by 'CE'.

**Net working capital (NWC)**

in EUR million	31.12.2020	31.12.2019
Trade accounts receivable (excl. allowances)	50.2	66.9
Construction contracts with amounts due from customers (underfinanced - POC) <sup>1</sup>	11.3	7.6
Advance payments	2.9	2.3
Raw materials, supplies and other consumables	9.2	10.1
Finished goods	3.9	4.0
Spare parts	7.8	8.9
Work in progress	20.8	28.4
Advance payments from customers	-22.8	-30.0
Advance payments to suppliers	1.9	3.8
Trade accounts payable	-12.1	-17.3
Construction contracts with amounts due to customers (overfinanced - POC) <sup>1</sup>	-2.4	-4.7
Other payables	-2.8	-2.7
<b>NWC</b>	<b>67.9</b>	<b>77.3</b>

<sup>1</sup> POC = Percentage of completion.

## 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. 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.

### 1.1.1 Income Statement at 31 December 2020

in EUR million	Kardex Remstar	Kardex Mlog	Holding / Other	Elimina- tions	<b>Kardex</b>
<b>Bookings</b>	<b>326.9</b>	<b>90.2</b>	<b>0.1</b>	<b>-0.4</b>	<b>416.8</b>
Net revenues, third party					
- Europe	232.5	72.6	0.1	-	305.2
- Americas	76.4	-	-	-	76.4
- Asia/Pacific	27.0	-	-	-	27.0
- Middle East and Africa	4.3	-	-	-	4.3
<b>Total net revenues, third party</b>	<b>340.2</b>	<b>72.6</b>	<b>0.1</b>	<b>-</b>	<b>412.9</b>
Net revenues, with other operating segments	-	0.4	-	-0.4	-
<b>Net revenues<sup>1</sup></b>	<b>340.2</b>	<b>73.0</b>	<b>0.1</b>	<b>-0.4</b>	<b>412.9</b>
Cost of goods sold and services provided	-201.4	-58.4	-0.5	0.4	-259.9
<b>Gross profit</b>	<b>138.8</b>	<b>14.6</b>	<b>-0.4</b>	<b>-</b>	<b>153.0</b>
Gross profit margin	40.8%	20.0%			37.1%
Sales and marketing expenses	-42.6	-6.4	-	-	-49.0
Administrative expenses	-28.4	-4.1	-5.9	3.0	-35.4
R&D expenses	-9.7	-1.3	-	-	-11.0
Other operating income	0.6	-	3.0	-3.0	0.6
Other operating expenses	-2.5	-	-0.2	-	-2.7
<b>Operating result (EBIT)</b>	<b>56.2</b>	<b>2.8</b>	<b>-3.5</b>	<b>-</b>	<b>55.5</b>
EBIT margin	16.5%	3.8%			13.4%
Depreciation and amortization	5.7	1.6	-0.2	-	7.1
<b>EBITDA</b>	<b>61.9</b>	<b>4.4</b>	<b>-3.7</b>	<b>-</b>	<b>62.6</b>
EBITDA margin	18.2%	6.0%			15.2%

<sup>1</sup> The revenues comprise EUR 263.5 million from New Business and EUR 149.4 million from Life Cycle Services.

## 1.1.2 Income Statement at 31 December 2019

in EUR million	Kardex Remstar	Kardex Mlog	Holding / Other	Elimina- tions	<b>Kardex</b>
<b>Bookings</b>	<b>388.6</b>	<b>64.0</b>	-	<b>-0.2</b>	<b>452.4</b>
Net revenues, third party					
- Europe	268.7	79.1	-	-	<b>347.8</b>
- Americas	88.5	-	-	-	<b>88.5</b>
- Asia/Pacific	30.5	-	-	-	<b>30.5</b>
- Middle East and Africa	4.4	-	-	-	<b>4.4</b>
<b>Total net revenues, third party</b>	<b>392.1</b>	<b>79.1</b>	-	-	<b>471.2</b>
Net revenues, with other operating segments	0.3	-	-	-0.3	-
<b>Net revenues<sup>1</sup></b>	<b>392.4</b>	<b>79.1</b>	-	<b>-0.3</b>	<b>471.2</b>
Cost of goods sold and services provided	-239.1	-61.1	-	0.3	<b>-299.9</b>
<b>Gross profit</b>	<b>153.3</b>	<b>18.0</b>	-	-	<b>171.3</b>
Gross profit margin	39.1%	22.8%			36.4%
Sales and marketing expenses	-51.6	-6.7	-	-	<b>-58.3</b>
Administrative expenses	-30.2	-4.6	-6.9	3.8	<b>-37.9</b>
R&D expenses	-10.2	-1.1	-	-	<b>-11.3</b>
Other operating income	1.2	0.1	3.8	-3.8	<b>1.3</b>
Other operating expenses	-1.1	-0.1	-0.4	-	<b>-1.6</b>
<b>Operating result (EBIT)</b>	<b>61.4</b>	<b>5.6</b>	<b>-3.5</b>	-	<b>63.5</b>
EBIT margin	15.6%	7.1%			13.5%
Depreciation and amortization	5.4	1.0	0.3	-	<b>6.7</b>
<b>EBITDA</b>	<b>66.8</b>	<b>6.6</b>	<b>-3.2</b>	-	<b>70.2</b>
EBITDA margin	17.0%	8.3%			14.9%

<sup>1</sup> The revenues comprise EUR 321.0 million from New Business and EUR 150.2 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:

- the sale of goods is 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 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 percentage-of-completion method requires multiple estimates in regard to the forecasted overall costs to be incurred until the end of the projects.

## 1.2 Personnel expenses

in EUR million	2020	2019
Fixed and variable salaries	-123.5	-129.2
Social security contributions	-24.2	-25.3
Retirement and pension plan costs	-3.3	-3.0
Other personnel expenses	-5.6	-9.4
<b>Total personnel expenses</b>	<b>-156.6</b>	<b>-166.9</b>

In the period under review, personnel expenses include institutional aids and subventions related to the effect of the COVID-19 pandemic amounting to EUR 2.1 million (EUR 0.0 million).



### 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. Since these remunerations are settled with equity capital instruments, the counter-entry is recognized in equity.

## 1.3 Other operating income and expenses

in EUR million	2020	2019
Gains from retained earnings <sup>1</sup>	-	1.0
Subsidies	0.1	-
Other income	0.5	0.3
<b>Total other operating income</b>	<b>0.6</b>	<b>1.3</b>
Taxes other than income taxes	-0.8	-0.9
Contribution to pension schemes	-	-0.1
Losses from non-current assets sold	-	-0.1
Legal and other expenses	-	-0.6
Restructuring expenses	-1.9	0.1
<b>Total other operating expenses</b>	<b>-2.7</b>	<b>-1.6</b>

<sup>1</sup> Release to change in scope of consolidation in prior periods, see note 4.4.2.

During the year 2020, several cost saving and restructuring programs carrying a cost of EUR -1.9 million and impacting exclusively Kardex Remstar were implemented. These programs comprise mainly personnel-related restructuring charges, impact all functions within the division and were reported as 'Other operating expenses'. The income in the prior year (EUR 0.1 million) refers to a release of unused provisions from previous restructuring programs.

## 1.4 Financial result, net

in EUR million	2020	2019
Interest income	0.2	0.3
Other financial income	0.2	0.2
<b>Total financial income</b>	<b>0.4</b>	<b>0.5</b>
Interest expense	-1.4	-2.8
Foreign exchange losses (net)	-0.2	-0.4
Other financial expenses	-0.7	-0.6
<b>Total financial expenses</b>	<b>-2.3</b>	<b>-3.8</b>
<b>Total financial result, net</b>	<b>-1.9</b>	<b>-3.3</b>

Interest expenses is mainly related to Mlog Logistics GmbH, Neuenstadt am Kocher, Germany, for pension schemes without own assets as well as for accrued interest.



### 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 accrue.

## 1.5 Income tax expense and tax losses carryforward

### 1.5.1 Income tax expense

in EUR million	2020	2019
Current income tax	-13.6	-16.2
Deferred income tax	0.7	0.9
<b>Total income tax expense</b>	<b>-12.9</b>	<b>-15.3</b>

The effective tax rate of 24.1% has decreased since previous year (25.4%).

## 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 subsidiary at the respective fiscal year.

in EUR million	2020	2019
<b>Result for the period before tax</b>	<b>53.6</b>	<b>60.2</b>
Expected income tax rate	23.9%	24.6%
Expected income tax expense	-12.8	-14.8
Use of unrecognized tax losses carryforward	0.3	0.9
Effect of change in tax rates	0.1	-0.2
Effect of non-recognition of tax losses in current year	-0.5	-0.3
Income tax of prior periods, net	0.1	-0.2
Withholding taxes on dividends not recoverable	-	-0.3
Other	-0.1	-0.4
<b>Effective income tax expense</b>	<b>-12.9</b>	<b>-15.3</b>
Effective income tax rate	24.1%	25.4%

## 1.5.3 Tax losses carryforward

Deferred tax assets from tax losses carryforward are not capitalized.

in EUR million	31.12.2020	31.12.2019
<b>Tax losses carryforward by expiration</b>		
Following year	0.3	0.3
In 2 to 5 years	2.5	1.6
After 5 years	2.6	0.3
Not expiring	5.0	5.1
<b>Total tax losses carryforward</b>	<b>10.4</b>	<b>7.3</b>

On 31 December 2020, the non-capitalized tax effects on losses carryforward amounted to EUR 2.5 million (EUR 1.8 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 tested 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 created. 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**

Lease payments 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	31.12.2020	31.12.2019
Cash, postal and bank current accounts	121.1	124.3
Time deposits	1.3	9.3
<b>Total cash and cash equivalents</b>	<b>122.4</b>	<b>133.6</b>

Of 'Cash and cash equivalents', EUR 3.7 million (EUR 3.1 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	31.12.2020	31.12.2019
Trade accounts receivable	50.2	66.9
Allowances for doubtful accounts	-1.2	-1.5
<b>Total trade accounts receivable</b>	<b>49.0</b>	<b>65.4</b>

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 allowances for specifically identified positions for which there are objective indications that the outstanding amount will not be received in full and of a collective allowance for positions that have been overdue for 180 days or longer.

## 2.3 Other receivables

in EUR million	31.12.2020	31.12.2019
Construction contracts with amounts due from customers (underfinanced – POC) <sup>1</sup>	11.3	7.6
Income tax receivables	4.1	1.5
VAT, withholding and other refundable tax	2.7	2.3
Guarantees paid in cash	0.1	-
Advance payments	2.9	2.3
Other receivables	1.8	1.7
<b>Total other receivables</b>	<b>22.9</b>	<b>15.4</b>

<sup>1</sup> Thereof EUR 20.3 million (EUR 11.1 million) prepayments from customers.

## 2.4 Inventories and work in process

in EUR million	31.12.2020	31.12.2019
Raw materials, supplies and other consumables	9.2	10.1
Finished goods	3.9	4.0
Spare parts	7.8	8.9
Work in progress	20.8	28.4
Allowances	-6.0	-6.0
Advance payments from customers	-22.8	-30.0
Advance payments to suppliers	1.9	3.8
<b>Total inventories and work in progress</b>	<b>14.8</b>	<b>19.2</b>



### 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 cost also includes the cost 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 2020

in EUR million	Undeveloped properties	Land and buildings	Machinery and production tools	Equipment and vehicles	Information technology	Under construction	Property, plant and equipment
<b>Acquisition cost, 1 January</b>	5.1	26.1	57.8	5.5	8.5	6.4	109.4
Change in scope of consolidation	-	-	0.1	-	-	-	0.1
Additions	-	1.8	0.8	0.1	1.0	13.2	16.9
Disposals	-	-	-0.6	-0.2	-0.4	-	-1.2
Reclassifications	-	9.7	0.2	0.2	-	-10.1	-
Exchange rate differences	-	-1.0	-0.2	-0.1	-0.1	-0.7	-2.1
<b>31 December</b>	5.1	36.6	58.1	5.5	9.0	8.8	123.1
<b>Accumulated depreciation, 1 January</b>	-	-17.6	-40.4	-3.5	-6.7	-	-68.2
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	-	-0.9	-3.4	-0.3	-1.1	-	-5.7
Disposals	-	-	0.6	0.1	0.4	-	1.1
Exchange rate differences	-	0.2	0.2	-	-	-	0.4
<b>31 December</b>	-	-18.3	-43.0	-3.7	-7.4	-	-72.4
Net carrying amount, 1 January	5.1	8.5	17.4	2.0	1.8	6.4	41.2
Net carrying amount, 31 December	5.1	18.3	15.1	1.8	1.6	8.8	50.7

Depreciation of property, plant and equipment is included in the following items: EUR 3.9 million 'Cost of goods sold and services provided', EUR 0.2 million in 'Sales and marketing expenses', EUR 1.2 million in 'Administrative expenses' and EUR 0.4 million in 'R&D expenses'.

## 2.5.2 Property, plant and equipment 2019

in EUR million	Undeveloped properties	Land and buildings	Machinery and production tools	Equipment and vehicles	Information technology	Under construction	Property, plant and equipment
<b>Acquisition cost, 1 January</b>	<b>4.4</b>	<b>24.8</b>	<b>51.0</b>	<b>5.3</b>	<b>7.9</b>	<b>3.9</b>	<b>97.3</b>
Change in scope of consolidation	-	-	0.2	-	-	-	<b>0.2</b>
Additions	0.7	0.5	5.5	0.3	1.0	5.8	<b>13.8</b>
Disposals	-	-0.2	-1.3	-0.2	-0.4	-	<b>-2.1</b>
Reclassifications	-	0.8	2.5	-	-	-3.3	-
Exchange rate differences	-	0.2	-0.1	0.1	-	-	<b>0.2</b>
<b>31 December</b>	<b>5.1</b>	<b>26.1</b>	<b>57.8</b>	<b>5.5</b>	<b>8.5</b>	<b>6.4</b>	<b>109.4</b>
<b>Accumulated depreciation, 1 January</b>	-	<b>-16.9</b>	<b>-38.0</b>	<b>-3.3</b>	<b>-6.1</b>	-	<b>-64.3</b>
Change in scope of consolidation	-	-	-0.1	-	-	-	<b>-0.1</b>
Additions	-	-0.8	-3.6	-0.3	-1.1	-	<b>-5.8</b>
Disposals	-	0.2	1.3	0.2	0.4	-	<b>2.1</b>
Exchange rate differences	-	-0.1	-	-0.1	0.1	-	<b>-0.1</b>
<b>31 December</b>	-	<b>-17.6</b>	<b>-40.4</b>	<b>-3.5</b>	<b>-6.7</b>	-	<b>-68.2</b>
Net carrying amount, 1 January	4.4	7.9	13.0	2.0	1.8	3.9	<b>33.0</b>
Net carrying amount, 31 December	5.1	8.5	17.4	2.0	1.8	6.4	<b>41.2</b>

Depreciation of property, plant and equipment is included in the following items: EUR 3.6 million in 'Cost of goods sold and services provided', EUR 0.2 million in 'Sales and marketing expenses', EUR 1.7 million in 'Administrative expenses' and EUR 0.3 million in 'R&D expenses'.



## 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 and production tools	4 to 12 years
Equipment and vehicles	5 to 8 years
Information technology (hardware)	3 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.

Depreciation expenses are included in 'Cost of goods sold and services provided', 'Sales and marketing expenses', 'Administrative expenses' and 'R&D expenses'.

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 2020

in EUR million	Capitalized development costs	Capitalized software	Patents, licenses and other intangible assets	Intangible assets
<b>Acquisition cost, 1 January</b>	1.3	15.3	1.5	18.1
Additions	-	3.2	-	3.2
Disposals	-1.2	-0.1	-	-1.3
Exchange rate differences	-	-	0.1	0.1
<b>31 December</b>	0.1	18.4	1.6	20.1
<b>Accumulated amortization, 1 January</b>	-1.3	-11.2	-1.5	-14.0
Additions	-	-1.4	-	-1.4
Disposals	1.2	0.1	-	1.3
<b>31 December</b>	-0.1	-12.5	-1.5	-14.1
Net carrying amount, 1 January	-	4.1	-	4.1
Net carrying amount, 31 December	-	5.9	0.1	6.0

Amortization of intangible assets is included in the following item: EUR 0.4 million in 'Cost of goods sold and services provided', EUR 0.2 million in 'Sales and marketing expenses' and EUR 0.8 million in 'Administrative expenses'.

## 2.5.4 Intangible assets in 2019

in EUR million	Capitalized development costs	Capitalized software	Patents, licenses and other intangible assets	Intangible assets
<b>Acquisition cost, 1 January</b>	1.3	13.0	1.5	15.8
Additions	-	2.4	-	2.4
Disposals	-	-0.1	-	-0.1
<b>31 December</b>	1.3	15.3	1.5	18.1
<b>Accumulated amortization, 1 January</b>	-1.3	-10.5	-1.4	-13.2
Additions	-	-0.8	-0.1	-0.9
Disposals	-	0.1	-	0.1
<b>31 December</b>	-1.3	-11.2	-1.5	-14.0
Net carrying amount, 1 January	-	2.5	0.1	2.6
Net carrying amount, 31 December	-	4.1	-	4.1

Amortization of intangible assets is included in the following item: EUR 0.1 million in 'Cost of goods sold and services provided', EUR 0.1 million in 'Sales and marketing expenses' and EUR 0.7 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 where 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 expenditure 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 expenditure 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

Amortization is included in 'Cost of goods sold and services provided', 'Sales and marketing expenses', 'Administrative expenses' and 'R&D expenses'.

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

Measurement of intangible assets: key assumptions and estimates underlying valuation and recoverability of intangible assets from acquisitions and capitalized internally generated intangible assets, including related forecasted cash flows.

## 2.6 Financial assets

in EUR million	31.12.2020	31.12.2019
Other financial assets	2.5	1.5
Deferred tax assets	5.6	5.1
<b>Total financial assets</b>	<b>8.1</b>	<b>6.6</b>



### Accounting principles

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

## 2.7 Financial liabilities

in EUR million	31.12.2020	31.12.2019
Bank debts due current year	0.1	-
<b>Total current financial liabilities</b>	<b>0.1</b>	<b>-</b>

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 0.9 million (EUR 0.7 million) of these bilateral credit lines have been utilized in the form of guarantees as of 31 December 2020.

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	31.12.2020	31.12.2019
VAT, withholding tax and other tax liabilities	7.3	8.6
Construction contracts with amounts due to customers (overfinanced – POC) <sup>1</sup>	2.4	4.7
Social security and pension plan liabilities	1.5	1.2
Employee claims	1.6	1.7
Other financial liabilities	-	0.3
Other payables	2.8	2.7
<b>Total other current liabilities</b>	<b>15.6</b>	<b>19.2</b>

<sup>1</sup> Thereof EUR 8.1 million (EUR 16.3 million) prepayments from customers.

## 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 subsidiaries 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 per 31 December 2020 the coverage of the collective plan as a whole amounts to 116.8% (114.2%).

Some of the pension plans are made into independent schemes, especially in Germany, Italy and the UK. In addition to the independent schemes in Germany there are also schemes where the companies are direct risk-takers. In Italy, in addition to the independent scheme, also a firm percentage of the salary is provided for at the nominal value to cover the risk of age. The range of the discount rate applied for certain foreign pension plans varies between 0.4% and 2.3% (1.0% and 2.7%). Measurement and recognition of all the above mentioned plans comply with Swiss GAAP FER 16.

in EUR million	Pension plans with- out sur- plus/deficit	Pension in- stitutions without own assets	Total
<b>Economic part of the Group 1 January 2019</b>	-	14.6	14.6
Change to prior period or recognized in the result for the period, respectively	-	1.0	1.0
<b>Economic part of the Group 31 December 2019</b>	-	15.6	15.6
<b>Economic part of the Group 1 January 2020</b>	-	15.6	15.6
Change to prior period or recognized in the result for the period, respectively	-	0.7	0.7
<b>Economic part of the Group 31 December 2020</b>	-	16.3	16.3
Pension benefit expenses within personnel expenses 2019	-2.6	-0.4	-3.0
Change to prior period or recognized in the result for the period, respectively	-	1.0	1.0
<b>Contributions concerning the period 2019</b>	-2.6	0.6	-2.0
Pension benefit expenses within personnel expenses 2020	-2.9	-0.4	-3.3
Change to prior period or recognized in the result for the period, respectively	-	0.7	0.7
<b>Contributions concerning the period 2020</b>	-2.9	0.3	-2.6



### 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, whether through a defined benefit or defined contribution plan. 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

in EUR million	Deferred tax liabilities	Legal disputes and contractual penalties	Warranties	Retirement and other employee benefit obligations	Restructuring	Others	Provisions
<b>Opening balance 1 January 2019</b>	<b>0.2</b>	<b>0.1</b>	<b>3.9</b>	<b>18.8</b>	<b>0.4</b>	<b>0.9</b>	<b>24.3</b>
Additions	0.2	0.2	3.0	3.8	-	0.5	7.7
Utilization	-0.1	-0.1	-1.1	-2.3	-0.2	-0.1	-3.9
Reversal	-	-	-0.8	-0.4	-0.2	-0.1	-1.5
<b>Closing balance 31 December 2019</b>	<b>0.3</b>	<b>0.2</b>	<b>5.0</b>	<b>19.9</b>	<b>-</b>	<b>1.2</b>	<b>26.6</b>
Non-current provisions	0.3	0.2	1.9	17.7	-	0.5	20.6
Current provisions	-	-	3.1	2.2	-	0.7	6.0
<b>Opening balance 1 January 2020</b>	<b>0.3</b>	<b>0.2</b>	<b>5.0</b>	<b>19.9</b>	<b>-</b>	<b>1.2</b>	<b>26.6</b>
Additions	0.1	0.4	2.7	2.4	1.9	0.5	8.0
Utilization	-	-0.1	-0.7	-0.6	-0.4	-0.5	-2.3
Reversal	-0.2	-	-0.6	-0.5	-	-	-1.3
Exchange rate differences	-	-	-0.1	-	-	-	-0.1
<b>Closing balance 31 December 2020</b>	<b>0.2</b>	<b>0.5</b>	<b>6.3</b>	<b>21.2</b>	<b>1.5</b>	<b>1.2</b>	<b>30.9</b>
Non-current provisions	0.2	0.5	1.6	18.7	-	0.5	21.5
Current provisions	-	-	4.7	2.5	1.5	0.7	9.4

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 guarantee claims. The actual amount is based on current sales 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;
- insofar as it is probable that settlement of this obligation will lead to an outflow of resources;
- insofar as 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	31.12.2020	31.12.2019
Accrued expenses	7.5	10.2
Accrued vacation and overtime pay	5.4	6.1
Accruals for salaries, variable compensations etc.	8.0	13.1
Accrual for income tax < 1 year	3.5	6.4
Deferred income	19.9	18.9
<b>Total accruals</b>	<b>44.3</b>	<b>54.7</b>

The position '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 the goodwill in equity.

### 3.1 Share capital

	Nominal value per share (CHF)	Number of shares	Share capital in EUR millions	Number of treasury shares	Treasury shares in EUR millions
<b>Opening balance 1 January 2019</b>	<b>0.45</b>	<b>7 730 000</b>	<b>2.5</b>	<b>13 195</b>	<b>1.1</b>
Disposals	-	-	-	-1 555	-0.1
<b>Closing balance 31 December 2019</b>	<b>0.45</b>	<b>7 730 000</b>	<b>2.5</b>	<b>11 640</b>	<b>1.0</b>
<b>Opening balance 1 January 2020</b>	<b>0.45</b>	<b>7 730 000</b>	<b>2.5</b>	<b>11 640</b>	<b>1.0</b>
Additions	-	-	-	9 200	1.0
Disposals	-	-	-	-1 280	-0.1
<b>Closing balance 31 December 2020</b>	<b>0.45</b>	<b>7 730 000</b>	<b>2.5</b>	<b>19 560</b>	<b>1.9</b>

As at 31 December 2020 and 2019, 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 Group Management drew no (308) shares from the Kardex Holding AG's treasury shares. In the period under review, the Board of Directors, as part of their compensation for 2020/2021, drew 1 280 (1 247) shares from the Kardex Holding AG's treasury shares. As at 31 December 2020, Kardex Holding AG held 19 560 (11 640) treasury shares, which were purchased at an average share price of CHF 96.41 (CHF 84.31) 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 (capital reserves).

##### Dividends

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

### 3.2 Earnings per share

	2020	2019
<b>Number of outstanding shares, 1 January</b>	<b>7 718 360</b>	<b>7 716 805</b>
Acquisition of treasury shares	-9 200	-
Disposal of treasury shares	1 280	1 555
<b>Number of outstanding shares, 31 December</b>	<b>7 710 440</b>	<b>7 718 360</b>
<b>Weighted average number of outstanding shares</b>	<b>7 711 368</b>	<b>7 717 392</b>
<b>Result for the period attributable to shareholders of Kardex Holding AG (EUR 1 000)</b>	<b>40 708</b>	<b>44 338</b>
<b>Basic earnings per share (EUR)</b>	<b>5.28</b>	<b>5.75</b>
<b>Diluted earnings per share (EUR)<sup>1</sup></b>	<b>5.28</b>	<b>5.75</b>

<sup>1</sup> No dilutive effect occurred in 2020 and 2019, 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 attributable for the period 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	2020	2019
<b>Acquisition value of goodwill, 1 January</b>	<b>42.5</b>	<b>42.4</b>
Additions from acquisitions of subsidiaries	1.6	-
Exchange rate differences	-0.5	0.1
<b>Acquisition value of goodwill, 31 December</b>	<b>43.6</b>	<b>42.5</b>
<b>Accumulated amortization, 1 January</b>	<b>-40.4</b>	<b>-39.3</b>
Amortization expense	-0.9	-1.0
Exchange rate differences	0.3	-0.1
<b>Accumulated amortization, 31 December</b>	<b>-41.0</b>	<b>-40.4</b>
Net book value goodwill, 1 January	2.1	3.1
Net book value goodwill, 31 December	2.6	2.1

Impact of theoretical capitalization on income statement:

in EUR million	2020	2019
Result for the period according to income statement	40.7	44.9
Amortization of goodwill	-0.9	-1.0
<b>Theoretical result for the period incl. amortization of goodwill</b>	<b>39.8</b>	<b>43.9</b>

Impact of theoretical capitalization on balance sheet:

in EUR million	2020	2019
<b>Equity according to balance sheet, 31 December</b>	<b>174.3</b>	<b>172.0</b>
Capitalization of goodwill from prior periods	2.1	3.1
Change of goodwill in reporting period	0.5	-1.0
<b>Theoretical equity incl. net book value of goodwill, 31 December</b>	<b>176.9</b>	<b>174.1</b>



#### 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 (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 on the balance sheet and income statement over a useful life of five years are disclosed according 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. Risks were recorded 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: external environment, strategy, management and leadership, production, market and sales, information technology and finance and compliance. 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 17 December 2020 and approved the measures contained therein.

### 3.5 Derivative financial instruments

in EUR million

	31.12.2020	31.12.2019
<b>Currency derivatives (hedging)</b>		
Contract or nominal value	18.1	22.3
Positive fair value <sup>1</sup>	0.3	-
Negative fair value <sup>1</sup>	-	0.3

<sup>1</sup> EUR 0.1 million (EUR -0.2 million) from equity and EUR 0.2 million (EUR -0.1 million) from income statement.

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

#### 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 the associated companies, the acquisitions and divestments, and the 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 33.9 million as at 31 December 2020 (EUR 30.1 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 50 to 54 and in the notes to the financial statements of Kardex Holding AG.

### 4.3 Operating leases

in EUR million	31.12.2020	31.12.2019
Expense for operating leases for the year	10.8	10.4
<b>Future minimum payments for non-cancellable lease agreements</b>		
Up to 1 year	6.6	6.2
1 to 5 years	12.3	11.8
Over 5 years	8.1	7.1
<b>Total future minimum payments for operating leases</b>	<b>27.0</b>	<b>25.1</b>

Operating leases apply mainly 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 2020

In January 2020, Kardex Holding AG, Zurich, acquired 26.47% of the shares of Rocket Solution GmbH, Erlangen, Germany, which develops innovative, standardized automatic storage and retrieval systems of the latest generation. These systems consist of dynamic storage vehicles (Rocket Shuttles) that operate within the rack and provide bins and trays to be stored at the system interfaces. The innovative technology features open IoT and web interfaces and can therefore be easily integrated into complete systems. The purchase price represented the acquired equity.

In March 2020, the minority interests (33.0%) of Kardex Handling Solutions, LLC, Noblesville (Indiana), USA, were acquired by Kardex Production USA Inc., Westbrook (Maine), USA, which now owns 100%.

In May 2020, Kardex Holding AG, Zurich, Switzerland, acquired the majority of the shares (50.0% + 1 share) of Robomotive B.V., Heerlen, the Netherlands, which is specialized in the development and implementation of smart robot technologies. Founded in 2011, Robomotive's unique selling point is mimicking the adaptive eye-hand coordination of humans with the help of robots, 3D cameras, grippers, and smart software algorithms. The purchase price represents mainly a goodwill of EUR 1.6 million and is allocated to equity.

In October 2020, AHT Service Group, LLC, Cornelius (North Carolina), USA, was merged with Kardex Remstar, LLC, Westbrook (Maine), USA.

In December 2020, Kardex Remstar SI d.o.o., Ljubljana, Slovenia, was founded to reinforce the presence in the Slovenian market and is a 100% subsidiary of Kardex Holding AG, Zurich, Switzerland.

#### 4.4.2 Change in consolidation scope 2019

As of 1 January 2019 two subsidiaries held with a majority stake which are not material for Kardex were included into the scope of consolidation. Due to their expected growth in future years Group Management decided to include them into the scope of consolidation.

In June 2019, Kardex US Manufacturing LLC, Dover (Delaware), USA, was founded to further strengthen the US market for the Kardex Remstar Division and is a 100% subsidiary of Kardex Production USA Inc., Westbrook (Maine), USA.

In September 2019, L.T.G. GmbH, Isenhagen, Germany, was merged with Kardex Deutschland GmbH, Neuburg/Kammel, Germany.

## 4.5 Subsidiaries and associates

Country	Finance, property, services	Development, production	Distribution, service	Company, domicile	Division	Employees (FTE)	Currency	Proportional share capital in local currency	Percentage (holding and voting rights)	Held by
AT			*	Kardex Austria GmbH, Vienna	Kardex Remstar	31	EUR	300 000	100	1
AU			*	Kardex VCA Pty Ltd, Wodonga	Kardex Remstar	13	AUD	700 000	100	1
BE			*	S.A. Kardex nv, Dilbeek	Kardex Remstar	20	EUR	507 895	100	1
CH			*	Kardex Systems AG, Volketswil	Kardex Remstar	42	CHF	1 000 000	100	1
	*			KRM Service AG, Zurich	Kardex Remstar	18	CHF	500 000	100	1
CN			*	Kardex Logistic System (Beijing) Co. Ltd., Beijing	Kardex Remstar	48	CNY	1 675 040	100	1
CO			*	Kardex South-America SAS, Bogotá	Kardex Remstar	3	COP	72 000 000	100	1
CY	*		*	Kardex Systems Ltd., Limassol	Kardex Remstar	11	EUR	418 950	100	1
CZ			*	Kardex s.r.o., Prague	Kardex Remstar	41	CZK	500 000	100	1
DE	*	*	*	Kardex Produktion Deutschland GmbH, Neuburg/Kammel	Kardex Remstar	495	EUR	8 567 760	87.47 12.53	4 3
		*	*	Kardex Software GmbH, Wörth am Rhein	Kardex Remstar	50	EUR	26 000	100	4
	*			Kardex Germany GmbH, Bellheim/Pfalz	Kardex Remstar	49	EUR	511 292	100	1
	*		*	Kardex Deutschland GmbH, Neuburg/Kammel	Kardex Remstar	187	EUR	1 386 310	26.2 73.8	2 4
			*	Kardex Business Partner GmbH, Neuburg/Kammel	Kardex Remstar	5	EUR	25 000	100	4
		*	*	Mlog Logistics GmbH, Neuenstadt am Kocher	Kardex Mlog	286	EUR	50 000	100	4
		*	*	Rocket Solution GmbH, Erlangen	Holding / Other	8	EUR	8 320	26.47	1
DK			*	Kardex Danmark A/S, Odense	Kardex Remstar	10	DKK	500 000	100	1

Country	Finance, property, services	Development, production	Distribution, service	Company, domicile	Division	Employees (FTE)	Currency	Proportional share capital in local currency	Percentage (holding and voting rights)	Held by
ES			*	Kardex Sistemas S.A., San Fernando de Henares, Madrid	Kardex Remstar	37	EUR	142 900	100	1
FI			*	Kardex Finland OY, Jyväskylä	Kardex Remstar	13	EUR	134 550	100	1
FR			*	Kardex France SASU, Neuilly-Plaisance Cedex	Kardex Remstar	67	EUR	1 835 000	100	1
HU			*	Kardex Hungaria Kft., Budaörs	Kardex Remstar	15	HUF	3 000 000	100	1
IE			*	Kardex Systems Ireland Ltd., Dublin	Kardex Remstar	0	EUR	300 000	100	1
IN			*	Kardex India Storage Solutions Private Ltd., Bangalore	Kardex Remstar	23	INR	26 143 500	99.0 1.0	1 5
IT			*	Kardex Italia S.p.A., Milano	Kardex Remstar	30	EUR	310 000	100	1
MY			*	Kardex Malaysia Sdn Bhd, Kuala Lumpur	Kardex Remstar	22	MYR	1 000 000	100	1
NL			*	Kardex Systemen bv, Woerden	Kardex Remstar	45	EUR	90 756	100	1
		*	*	Robomotive B.V., Heerlen	Holding / Other	8	EUR	24 000	50	1
NO			*	Kardex Norge AS, Kjeller	Kardex Remstar	22	NOK	2 550 000	100	1
PL			*	Kardex Polska Sp.z.o.o., Warsaw	Kardex Remstar	10	PLN	1 250 000	100	1
PT			*	KARDEX PORTUGAL, UNIPESSOAL LDA, Porto	Kardex Remstar	4	EUR	18 000	100	1
RO			*	Kardex Systems Romania SRL, Timisoara	Kardex Remstar	5	RON	1 200 000	100	1
SE			*	Kardex Sverige AB, Göteborg	Kardex Remstar	29	SEK	100 000	100	1
		*	*	SumoBox AB, Västerås	Kardex Remstar	2	SEK	16 500	33	1
SG			*	Kardex Far East Private Ltd., Singapore	Kardex Remstar	1	SGD	1 550 000	100	1
SI			*	Kardex Remstar SI d.o.o., Ljubljana	Kardex Remstar	0	EUR	200 000	100	1

Country	Finance, property, services	Development, production	Distribution, service	Company, domicile	Division	Employees (FTE)	Currency	Proportional share capital in local currency	Percentage (holding and voting rights)	Held by
TR			*	Kardex Turkey Depolama Sistemleri Ltd. Sti., Istanbul	Kardex Remstar	14	TRY	1 350 000	99.5 0.5	1 6
UK			*	Kardex Systems (UK) Ltd., Hertford	Kardex Remstar	67	GBP	828 000	100	1
US			*	Kardex Remstar, LLC, Westbrook (Maine)	Kardex Remstar	89	USD	100	100	7
	*		*	Kardex Production USA, Inc., Westbrook (Maine)	Kardex Remstar	8	USD	1 000	100	1
			*	Kardex Handling Solutions, LLC, No- blesville (Indiana)	Kardex Remstar	14	USD	100 000	100	7
			*	Kardex Storage Systems, LLC, Jackson- ville (Florida)	Kardex Remstar	9	USD	100 000	67	7
		*		Kardex US Manufacturing, LLC, Dover (Delaware)	Kardex Remstar	3	USD	21 000 000	100	7

<sup>1</sup> Kardex Holding AG, Zurich, Switzerland.

<sup>2</sup> Kardex Produktion Deutschland GmbH, Neuburg/Kammel, Germany.

<sup>3</sup> Kardex Deutschland GmbH, Neuburg/Kammel, Germany.

<sup>4</sup> Kardex Germany GmbH, Bellheim, Germany.

<sup>5</sup> Kardex Systems Ltd., Limassol, Cyprus.

<sup>6</sup> KRM Service AG, Zurich, Switzerland.

<sup>7</sup> Kardex Production USA Inc., Westbrook, USA.



## 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 estimate. 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 Swiss company law 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 subsidiaries in which the Group holds more than 50% of the voting rights or for which it is able to exercise a controlling influence on the subsidiary'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	
	2020	2019	31.12.2020	31.12.2019
1 CHF	0.934	0.899	0.921	0.918
1 CNY	0.127	0.129	0.125	0.128
1 GBP	1.124	1.139	1.106	1.175
1 USD	0.876	0.893	0.818	0.897



#### 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 Kadex 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

There were no changes in 2020.

### 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
Segment reporting	1.1	72
Testing assets for impairment	2.5	81
Pension plans	2.9	88
Provisions	2.10	90
Testing goodwill for impairment	3.3	95

### 5.2 Events after the balance sheet date

No events took place between 31 December 2020 and 3 March 2021 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 3 March 2021 and released them for publication. They must also be approved by the Shareholders 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 2020, consolidated balance sheet as at 31 December 2020, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including summaries of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 66 to 105) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law..

#### Basis for opinion

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

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

#### Our audit approach

##### Overview

Overall Group materiality: EUR 2'750'000



We concluded full scope audit work at 7 reporting units in 5 countries. Our audit scope addressed 57% of the Group's total net revenues and 69% of the Group's total assets.

In addition, specific scope audit procedures were performed on two further reporting units in two countries representing a further 3% of the Group's total net revenues and 8% of the Group's total assets.

Moreover, early statutory audits/examinations were performed on a further 9 reporting units in 8 countries representing a further 20% of the Group's total net revenues and 10% of the Group's total assets, 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

<b>Overall Group materiality</b>	EUR 2'750'000
<b>How we determined it</b>	5% of the three-year average of profit before tax
<b>Rationale for the materiality benchmark applied</b>	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 250'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

## Audit scope

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

Following our assessment of the risk of material misstatement to the Group financial statements, we selected 8 reporting units which represent the principal business units within the Group's two reportable segments. 7 of these reporting units were subject to a full scope audit, and one was subject to specific scope audit procedures. Furthermore, we performed specific scope audit procedures on one additional reporting unit. The reporting units subject to full scope audit and specific scope audit procedures accounted for 60% of the Group's total net revenues and 77% of the Group's total assets.

In addition to this work, 8 component teams were instructed to complete their statutory audits/examinations of 9 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 in 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 a memorandum of examination 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 component team, which is responsible for the most important reporting unit of the Group.



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

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

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

#### Key audit matter

A significant portion of Kardex revenues are generated from long-term contracts. This includes the construction of complex integrated materials handling systems and automated high-bay warehouses.

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 a footnote to the consolidated income statement on page 66 of the annual report, revenues from long-term construction contracts subject to PoC accounting amount to EUR 45.1m in the year 2020. This represents 11% of the Group's total net revenues.

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..

The principal risks include:

- 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;

Please refer to note 1.1.2 on page 74 of the annual report 2020 for the description of the accounting policy for construction contracts.

#### How our audit addressed the key audit matter

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.

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.

- 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.

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).



### Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

### Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of 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 be 'TW'.

Thomas Wallmer  
Audit expert  
Auditor in charge

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

Christian Vögeli  
Audit expert

Zurich, 3 March 2021





# 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	2020	2019
Income from investments	4	7.5	57.4
Licensing income		6.4	7.5
Other operating income		3.2	4.3
<b>Total operating income</b>		<b>17.1</b>	<b>69.2</b>
Licensing expenses		-0.1	-0.1
Personnel expenses		-4.7	-5.3
Other operating expenses		-1.3	-2.3
Depreciation and amortization		-0.2	-0.3
Impairment on loans to Group companies	3	0.5	0.1
Impairment on investments	4	-1.0	-0.7
<b>Total operating expenses</b>		<b>-6.8</b>	<b>-8.6</b>
<b>Operating result (EBIT)</b>		<b>10.3</b>	<b>60.6</b>
Financial income		1.7	1.3
Financial expenses		-0.5	-0.2
Foreign exchange losses/gains (net)	5	-1.7	-9.3
<b>Result for the period before tax</b>		<b>9.8</b>	<b>52.4</b>
Tax expense		-0.4	-1.7
<b>Result for the period</b>		<b>9.4</b>	<b>50.7</b>

# Balance sheet of Kardex Holding AG

in CHF million	Notes	31.12.2020	31.12.2019
Cash and cash equivalents		89.2	96.0
Other current receivables from Group companies		14.0	13.6
Other current receivables third		0.6	0.1
Prepaid expenses		0.4	0.4
<b>Current assets</b>		<b>104.2</b>	<b>110.1</b>
Loans to Group companies	3	77.3	79.7
Investments	4	149.0	142.6
Intangible assets		-	0.1
Property, plant and equipment		0.2	0.4
<b>Non-current assets</b>		<b>226.5</b>	<b>222.8</b>
<b>Assets</b>		<b>330.7</b>	<b>332.9</b>
Other current payables to Group companies		78.0	51.6
Other current payables third		0.3	0.5
Accruals		3.5	5.8
<b>Current liabilities</b>		<b>81.8</b>	<b>57.9</b>
<b>Liabilities</b>		<b>81.8</b>	<b>57.9</b>
Share capital		3.5	3.5
Treasury shares	6	-1.9	-1.0
Statutory retained earnings		17.0	17.0
Unrestricted reserve		20.2	20.2
Retained earnings		200.7	184.6
Result for the period		9.4	50.7
<b>Equity</b>		<b>248.9</b>	<b>275.0</b>
<b>Equity and liabilities</b>		<b>330.7</b>	<b>332.9</b>

# 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 and the presentation currency of Kardex 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 at 31 December, the annual financial statements are translated into Swiss francs 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 year-end 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.

### 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 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 14.7 in 2020 (12.1).

## 3. Loans to Group companies

The impairment of loans to subsidiaries was reduced by CHF 0.5 million (reduction CHF 0.1 million) which is mainly due to repayments of previously impaired loans.

## 4. Investments

Investments are made up entirely of shareholdings of Kardex Holding AG in subsidiaries and associates which are listed on pages 100 to 102 of this report.

During the period under review a stake of 26.47% in Rocket Solution GmbH, Erlangen, Germany, was acquired and held as investments in associates. Furthermore, Kardex Holding AG acquired all shares of Kardex Italia S.p.A., Opera, Italy, as well as the majority of the shares (50.0% + 1 share) of Robomotive B.V., Heerlen, the Netherlands and founded Kardex Remstar SI d.o.o., Ljubljana, Slovenia, a fully owned subsidiary. In the prior period no investments were made.

The decrease in income from investments is due to the deliberate decision to reduce dividends from subsidiaries as a precautionary measure. In 2020 the impairment of investments in subsidiaries increased by CHF 1.0 million (impairment of CHF 0.7 million), while CHF 5.6 million impairment was built up and CHF 4.6 million existing impairment was released.

## 5. Foreign exchange gains/losses (net)

Foreign exchange losses (net) of CHF 1.7 million were recognized (loss of CHF 9.3 million) as a result of the appreciation of the Swiss franc against many other currencies mainly in connection with investments outside Switzerland.

## 6. Treasury shares

Kardex Holding AG held 19 560 (11 640) treasury shares with a value of CHF 1.9 million (CHF 1.0 million) at 31 December 2020.

Treasury shares underwent the following movements:

	Number	Price per share in CHF	Total CHF 1 000
<b>Opening balance 1 January 2019</b>	<b>13 195</b>	<b>84.31</b>	<b>1 112.5</b>
Disposals	-1 555	84.31	-131.1
<b>Closing balance 31 December 2019</b>	<b>11 640</b>	<b>84.31</b>	<b>981.4</b>

<b>Opening balance 1 January 2020</b>	<b>11 640</b>	<b>84.31</b>	<b>981.4</b>
Purchases	9 200	111.72	1 027.8
Disposals	-1 280	96.41	-123.4
<b>Closing balance 31 December 2020</b>	<b>19 560</b>	<b>96.41</b>	<b>1 885.8</b>

## 7. Liabilities towards pension funds

Kardex Holding AG had no liabilities towards pension funds as at 31 December 2020 (0).

## 8. Release of hidden reserves

During the period under review, no hidden reserves were released.

## 9. Significant shareholders

As defined by Art. 663c of the Swiss Code of Obligations the following shareholders owned more than 3% of the share capital of CHF 3 478 500 as at 31 December 2020 respectively as at 31 December 2019.

	31.12.2020	31.12.2019
BURU Holding AG and Philipp Buhofer	23.0%	23.3%
Alantra Partners S.A.	6.3%	8.1%
Invesco Ltd.	5.0%	5.1%
Kabouter Management, LLC	4.8%	
Kempen Capital Management N.V.	3.5%	

## 10. Operating leases

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

in CHF million	31.12.2020	31.12.2019
Expense for operating leases for the year	0.1	0.1
<b>Future minimum payments for non-cancellable lease agreements</b>		
Up to 1 year	0.4	0.5
1 to 5 years	1.6	1.7
<b>Total future minimum payments for operating leases</b>	<b>2.0</b>	<b>2.2</b>

## 11. 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.

## 12. Contingent liabilities

in CHF million	31.12.2020	31.12.2019
Contingent liabilities in favor of subsidiaries and third parties	0.9	2.4
Subordinated loans to subsidiaries	-	1.0

## 13. Events after the balance sheet date

No events took place between 31 December 2020 and 3 March 2021 that would require an adjustment to the book value of Kardex Holding AG's assets, liabilities or equity or are subject to disclosure here.

## 14. 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 2020**

Name	Function	Number of shares <sup>2</sup>	Voting interest in %	Thereof with retention period of 3 years until			Total
				2021	2022	2023	
<b>Board of Directors</b>							
Philipp Buhofer <sup>1</sup>	Chairman	1 778 357	23.01%	259	312	253	824
Felix Thöni	Vice Chairman	33 748	0.44%	166	201	166	533
Jakob Bleiker	Member	5 243	0.07%	132	160	132	424
Eugen Elmiger	Member	364	0.00%	-	-	364	364
Andreas Häberli	Member	91	0.00%	-	-	91	91
Ulrich Jakob Looser	Member	3 197	0.04%	283	343	136	762
<b>Total Board of Directors</b>		<b>1 821 000</b>	<b>23.56%</b>	<b>840</b>	<b>1 016</b>	<b>1 142</b>	<b>2 998</b>
<b>Group Management</b>							
Jens Fankhänel	CEO	933	0.01%	933	-	-	933
Thomas Reist	CFO	558	0.01%	-	308	-	308
Urs Siegenthaler	HoD Kardex Remstar	-	0.00%	-	-	-	-
Hans-Jürgen Heitzer	HoD Kardex Mlog	-	0.00%	-	-	-	-
<b>Total Group Management</b>		<b>1 491</b>	<b>0.02%</b>	<b>933</b>	<b>308</b>	<b>-</b>	<b>1 241</b>

<sup>1</sup> Including shares held by BURU Holding AG.

<sup>2</sup> Share price (closing rate): CHF 193.6

**Board of Directors and Group Management 2019**

Name	Function	Number of shares <sup>2</sup>	Voting interest in %	Thereof with retention period of 3 years until			Total
				2020	2021	2022	
<b>Board of Directors</b>							
Philipp Buhofer <sup>1</sup>	Chairman	1 802 302	23.32%	415	259	312	<b>986</b>
Felix Thöni	Vice Chairman	33 582	0.43%	253	166	201	<b>620</b>
Jakob Bleiker	Member	5 111	0.07%	205	132	160	<b>497</b>
Ulrich Jakob Looser	Member	3 061	0.04%	389	283	343	<b>1 015</b>
Walter T. Vogel	Member	8 512	0.11%	289	181	231	<b>701</b>
<b>Total Board of Directors</b>		<b>1 852 568</b>	<b>23.97%</b>	<b>1 551</b>	<b>1 021</b>	<b>1 247</b>	<b>3 819</b>
<b>Group Management</b>							
Jens Fankhänel	CEO	1 933	0.03%	-	933	-	<b>933</b>
Thomas Reist	CFO	558	0.01%	-	-	308	<b>308</b>
Urs Siegenthaler	HoD Kardex Remstar	-	0.00%	-	-	-	-
Hans-Jürgen Heitzer	HoD Kardex Mlog	350	0.00%	-	-	-	-
<b>Total Group Management</b>		<b>2 841</b>	<b>0.04%</b>	<b>-</b>	<b>933</b>	<b>308</b>	<b>1 241</b>

<sup>1</sup> Including shares held by BURU Holding AG.

<sup>2</sup> Share price (closing rate): CHF 163.0

In the period under review, the Board of Directors, as part of their compensation for the 2020/2021 term, were granted 1 280 (1 247) shares equivalent to the book value of CHF 123.4 thousand (CHF 105.1 thousand) instead of remuneration in cash. In the same period the Group Management were granted no shares as part of the variable compensation of 2020 instead of remuneration in cash (308 shares equivalent to the amount of CHF 26.0 thousand).



# 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 4.00 per share totaling to CHF 30.9 million be paid out and CHF 179.2 million be carried forward.

in CHF million

	31.12.2020
Balance brought forward	200.7
Result for the period	9.4
<b>Total at the disposal of the General Meeting</b>	<b>210.1</b>
Dividend	30.9
Balance to be carried forward	179.2

# Report of the statutory auditor on the financial statements



## 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, which comprise the income statement for the period from 1 January to 31 December 2020, balance sheet as at 31 December 2020 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 112 to 118) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

#### Basis for opinion

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

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

#### Our audit approach

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##### Overview

Overall Group materiality: CHF 3'300'000



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

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

Valuation of investments in subsidiaries

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#### Materiality

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



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

<b>Overall materiality</b>	CHF 3'300'000
<b>How we determined it</b>	1% of total assets
<b>Rationale for the materiality benchmark applied</b>	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 1% 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 330'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

#### Audit scope

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

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 149.0m as of 31 December 2020. In the reporting period impairments of investments in subsidiaries in the amount of CHF 5.6m were recognized and CHF 4.6m 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 value takes future results into consideration including an appropriate uncertainty factor whereas the discounted cashflow model considers the latest business plan of the entity.
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 (45.1% of total assets).	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. Due to the headroom and the results not being sensitive to any changes in assumptions, our work was limited for certain 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.

### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Wallmer  
Audit expert  
Auditor in charge



Christian Vögeli  
Audit expert

Zurich, 3 March 2021

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# Imprint

The Group publishes its Annual Report in English and German. The financial section will be published in English only. In the event of any conflict between the English and German versions, the German version shall prevail.

This communication contains statements that constitute “forward-looking statements”. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Kardex’ ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors detailed in Kardex’ past and future filings and reports and in past and future filings, press releases, reports and other information posted on Kardex’ website. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Kardex disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**Published by**

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