2016

Annual Report

kardex group

The Kardex Group is a global industry partner for intra-logistic solutions and a leading supplier of automated storage solutions and materials handling systems. The Group consists of the two entrepreneurially managed divisions Kardex Remstar and Kardex Mlog.

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

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 lifecycle costs by means of customer-oriented lifecycle management.

Around 1 550 employees in over 30 countries worldwide work for the companies of the Kardex Group.

Kardex AG has been listed on the SIX Swiss Exchange since 1987.

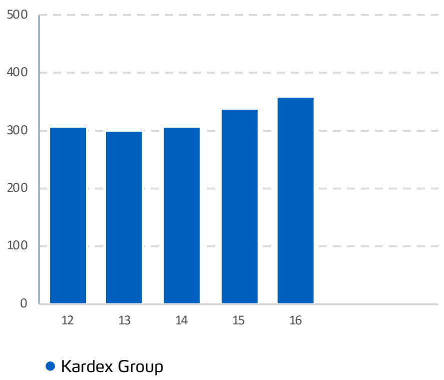
Contents

The Annual Report is published in German and English.
The financial section is published in English only.

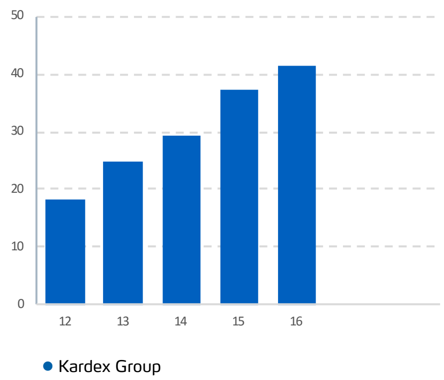
Figures indicated in brackets refer to the previous year.

Kardex Group at a glance

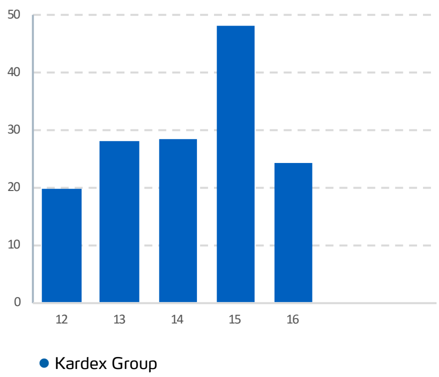
Net revenues
in EUR millions



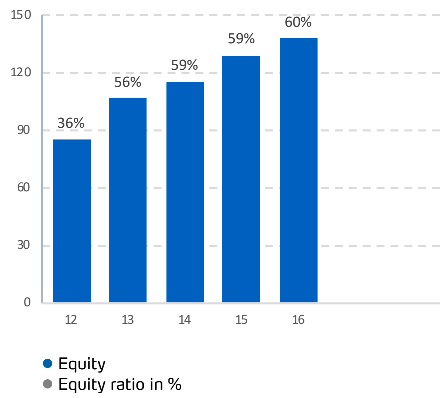
Operating result (EBIT)
in EUR millions



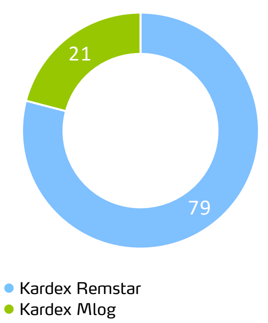
Net cash flow from operating activities
in EUR millions



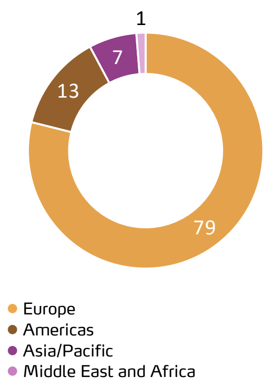
Equity and equity ratio
in EUR millions and in %



Net revenue by segment
2016 financial year in %



Net revenue by region
2016 financial year in %



Highlights and key figures in 2016

Profitable growth continues

Kardex Group improves double-digit EBIT margin

Kardex Remstar operational result increases again

Kardex Mlog back on growth path

Planned payout to shareholders increased further

Key figures
EUR millions

1.1.-31.12.	2016		2015		+/-%
Bookings	373.6	104.2%	349.6	103.5%	6.9%
Order backlog (31.12.)	137.8	38.4%	124.3	36.8%	10.9%
Net revenues	358.5	100.0%	337.9	100.0%	6.1%
Gross Profit	128.4	35.8%	122.8	36.3%	4.6%
OPEX	87.1	24.3%	85.7	25.4%	1.6%
EBITDA	46.3	12.9%	42.4	12.5%	9.2%
Operating result (EBIT)	41.3	11.5%	37.1	11.0%	11.3%
Result for the period (net profit)	30.8	8.6%	28.5	8.4%	8.1%
Net cash flow from operating activities	24.2		48.2		-49.8%
Free cash flow	16.4		42.7		-61.6%
ROCE	42.3%		46.2%		-8.5%

	31.12.2016		31.12.2015		+/– %
Net working capital	65.6		51.4		27.6%
Net cash	105.7		112.3		-5.9%
Equity/Equity ratio	138.2	59.6%	129.4	58.7%	6.8%
Employees (FTE)	1 552		1 509		2.8%

	2016	2015	+/-%
Reduction of nominal value per share (CHF)	3.3	3.0	10.0%

Report to the shareholders
Continued profitable growth for the Group

The Kardex Group performed well once again in the 2016 financial year. Both divisions reported good bookings, increased revenue and improved profitability in challenging markets. Kardex Remstar increased its profitability once again on the basis of a good revenue mix and stringent cost control. Kardex Mlog experienced a strong growth spurt, while maintaining its margins. At Group level, the EBIT margin increased to a new record level of 11.5%.

Good bookings and increasing revenue

A strong increase in bookings in the case of Kardex Mlog and a continuing rise in demand at Kardex Remstar resulted in bookings of EUR 373.6 million, an increase of 6.9% or EUR 24.0 million on the previous year (EUR 349.6 million). The order backlog at the end of the year was EUR 137.8 million, up around 11% on the previous year's value. The good bookings had a positive impact on the revenue level. Revenue increased by 6.1% to EUR 358.5 million (EUR 337.9 million) in the period under review, or by 7.2% to EUR 362.2 million when adjusted for currency effects. Currency effects had a slightly negative effect on the annual result in 2016, whereas in the previous year the rise in the value of the US dollar against the euro had a significant positive effect.

Operating result increases to EUR 41.3 million

The higher revenue was accompanied by a rise in expenditure for sales activities and an increase in the number of employees. The Group headcount increased by 43 full-time positions and totaled 1 552 at the end of the period. Expenditure on R&D activities was once again deliberately increased in absolute terms and, as in the previous year, accounted for 2.8% of revenue. Overall, operating expenditure increased moderately by 1.6% to EUR 87.1 million compared to the previous year. At EBIT level, the operating result increased by 11.3% to EUR 41.3 million, corresponding to an EBIT margin of 11.5%. The tax rate increased to 22.8% (20.8%) as there were fewer tax loss carryforwards. The Kardex Group's annual profit increased by 8.1% to EUR 30.8 million (EUR 28.5 million). This result equates to a return on capital employed (ROCE) of 42.3% (46.2%).

High EBIT margin for Kardex Remstar

Following strong growth during the previous year, Kardex Remstar consolidated its position as market leader in its segment of the intralogistics market. At EUR 289.3 million, its bookings were up 3.3% on the previous year and revenue increased by 3.9% to EUR 283.9 million. In terms of geographic regions, the European and Asian markets made a greater contribution to growth, while the upheaval in the Middle East and Africa and downward trends in the North American market had a negative effect on revenue. At EUR 40.3 million or an EBIT margin of 14.2%, the operating result reached a new record level, 11.0% above the previous year's result. The improvement in the margin was facilitated by increased volumes, a better revenue mix and good cost management. In the course of this improvement, the company is increasing the EBIT margin target range to between 7% and 15% (over the cycle). The intralogistics market is increasingly influenced by global trends such as increased digitization or the path to Industry 4.0. Kardex Remstar has therefore expanded its technology expertise, created a new Head of Technology function and appointed a proven intralogistics expert to this role.

Profitable growth path at Kardex Mlog confirmed

Demand across all elements of the product portfolio offered retained at a high level. Despite the focus on projects with a well-balanced opportunity/risk profile proved itself once again, it was still possible to accelerate growth.

Bookings rose by 21.5% to a record EUR 84.7 million (EUR 69.7 million), benefiting from widespread, solid demand across the entire range of products and services. Total revenue increased by 16.1% to EUR 75.1 million. The operating result increased to EUR 3.8 million (EUR 3.4 million), corresponding to an EBIT margin of 5.1% (5.3%). Following a successful return to a solid growth path, Kardex Mlog's focus in the coming years will be on operational excellence in order to sustainably secure profitability in the defined target range (EBIT margin 4% to 6% over the cycle).

Equity ratio increases to 60%

The Kardex Group has no debts and shows no potential depreciation risks. As of the end of 2016, the balance sheet total had risen slightly to EUR 232.0 million. The Group enjoys a solid equity ratio of 59.6% (58.7%) and net cash of EUR 105.7 million (EUR 112.3 million). The net working capital increased to EUR 65.6 million at the end of the year (EUR 51.4 million), which is due mainly to the higher accounts receivable.These were driven by strong revenue in December and amounted to EUR 59.6 million, or around 24% more than one year ago, at the end of the year. The higher accounts receivable and a significantly lower level of advance payments at the end of the year are a snapshot in time and in combination with higher investment spending led to a lower reported free cash flow of EUR 16.4 million (EUR 42.7 million).

Higher payout once again

The Board of Directors will apply for a payout of CHF 3.30 (CHF 3.00) at the Annual General Meeting in the form of a nominal value reduction. The current nominal value of the Kardex share is CHF 7.35 and thus still offers scope for the continuation of tax-free payouts to individuals who are resident in Switzerland.

Outlook

The Board of Directors and Group Management look forward confidently to the current 2017 financial year. Despite the economic and political uncertainty in some markets, both divisions are well positioned to exploit the continued positive market potential. Moreover, the good order backlog levels and the stabilizing nature of the service business in both divisions provides some protection against any possible economic fluctuations. On the whole, the Group expects to perform well within the framework of the financial goals that have been announced.

Thank you

We would like to thank our partners and customers for the very pleasing development of our cooperation, our shareholders for their confidence and all our employees for their great commitment to Kardex.

Philipp Buhofer
Chairman of the Board of Directors

Jens Fankhänel
Chief Executive Officer

Information on the Kardex share

Share capital and capital structure

	2016	2015	2014	2013	2012
Par value per share (CHF)	7.35	10.35	11.00	11.00	11.00
Total registered shares	7 730 000	7 730 000	7 730 000	7 730 000	7 730 000
Number of treasury shares	16 700	-	-	-	21 500
Number of dividend-bearing shares	7 713 300	7 730 000	7 730 000	7 730 000	7 708 500
Registered capital (CHF 1 000)	56 816	80 006	85 030	85 030	85 030
Conditional capital (CHF 1 000)	-	-	-	-	-
Authorized capital (CHF 1 000)	-	-	-	-	-
Total voting rights	7 713 300	7 730 000	7 730 000	7 730 000	7 708 500

Key stock exchange figures per share

CHF	2016	2015	2014	2013	2012
Share price high	99.90	82.00	47.55	44.35	26.70
Share price low	57.80	40.20	37.60	23.05	11.65
Closing rate	95.25	78.00	46.25	39.20	24.40
Average volume per trading day (no. of shares)	12 596	16 528	14 719	23 239	30 242
Market capitalization - CHF million (31.12.)	736.28	602.94	357.51	303.02	188.61

Key figures per share[1]

CHF	2016	2015	2014	2013	2012
Earnings per share (EPS)[2] - basic	4.34	3.94	3.74	4.95	3.34
Earnings per share (EPS)[2] - diluted	4.34	3.94	3.74	4.95	3.34
Price earning ratio (closing rate)	21.95	19.79	12.34	7.93	7.32
Dividend	-	-	1.65	1.25	1.20
Extraordinary dividend	-	-	-	1.40	4.00
Reduction of nominal value[3]	3.30	3.00	0.65	-	-
Equity	19.18	18.10	18.01	16.89	13.35

[1] From May 2010 until July 2013, the Kardex Group consisted of the divisions Kardex Remstar, Kardex Stow and Kardex Mlog. As of July 2013 the Kardex Stow Division no longer belongs to the Group. These changes affect the comparison of the key figures per share.

[2] Calculated by the generally accepted method (net result/average number of outstanding shares).

[3] 2016: Reimbursement by reduction of the nominal value as proposed to the Annual General Meeting to be held on 20 April 2017.

The registered shares of Kardex 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.

Share price performance

Kardex AG (Holding) share

On SIX Swiss Exchange 1 January 2016 to 31 January 2017 based on the daily closing price in CHF

- Registred shares of Kardex AG (KARN)
- Swiss Performance Index (SPI)

The value of the Kardex share rose by 22.1% from CHF 78.00 to CHF 95.25 in 2016. In the year under review Kardex paid a reimbursement by reduction of the nominal value of CHF 3.00 per share in July 2016. The overall performance for the year was 26.0%.

Corporate calendar

Calendar of events for Investor Relations	
2017 Annual General Meeting	20 April 2017
2017 Interim Report	10 August 2017
2018 Media and analysts' conference	1 March 2018
2018 Annual General Meeting	12 April 2018
2018 Interim Report	2 August 2018

Shareholder structure

As at 31 December 2016, there were 1 951 shareholders (1 739) entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Kardex AG at year end:

	31.12.2016	31.12.2015
BURU Holding AG and Philipp Buhofer	23.6%	23.7%
Alantra Partners S.A.	4.8%	-
Credit Suisse Funds AG	3.9%	-

Contact share register

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Edwin van der Geest, Investor Relations
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investor-relations@kardex.com

Division Kardex Remstar
Operating result increases once again

In the 2016 financial year, Kardex Remstar managed to improve its results once again in a challenging market environment. Bookings increased slightly by 3.3% to EUR 289.3 million, leading to a 3.9% increase in revenue to EUR 283.9 million. In combination with an improved revenue mix, this resulted in the division's best ever operating result of EUR 40.3 million.

New business is stable

Despite the upheaval in the Middle East and Africa and downward trends in the North American market, new business remained stable overall. Revenue increased by 1.2% to EUR 196.4 million and bookings remained at last year's level at EUR 198.9 million.

Steady growth in the service business

Revenue in the service sector increased once again. Compared to the previous year, it grew by more than 6%; services now account for 28.9% of revenue. The continually growing installed base, additional services and new service ranges offer the potential to further increase this less cyclical share of revenue from the current EUR 82.1 million.

OEM business gains momentum

The OEM sales channel, which was launched two years ago, contributed EUR 5.3 million (EUR 2.1 million) to earnings and now represents approximately 2% of the total volume. This confirmed the expected upward trend with the established partners.

Regional differences in development

With a revenue share of around 73%, Europe remains the most important sales region for Kardex. In particular, demand in southwest Europe increased significantly; in Central Europe it remained stable at a high level. Demand in the UK and in northern European countries, meanwhile, was more subdued. Revenue declined slightly in America, as a certain amount of uncertainty surrounding political and economic developments manifested itself from the second quarter onwards.

In Asia, sales increased slightly compared to the previous year. Development was mixed in the various countries in the region. Revenue fell by almost 50% in the crisis-ridden Middle East and in Africa.

EBIT margin above target range

Bookings in the Kardex Remstar division increased by 3.3% to EUR 289.3 million and revenue increased by 3.9% to EUR 283.9 million (adjusted for currency effects: 4.6% and 5.2% respectively). The order backlog at the end of the period under review was EUR 90.4 million, this equates to 4.5% more than a year ago.

EBIT increased by 11.0% to EUR 40.3 million, corresponding to a margin of 14.2% (13.3%), which is above the target range previously announced (7% to 13%). The improvement in the margin was facilitated by increased volumes, an improved revenue mix and good cost management.

Enhanced technology expertise

The intralogistics market is increasingly influenced by global trends such as increased digitization and the path to Industry 4.0. These trends will be a major influence on intralogistics solutions in the future. A high degree of innovation is therefore required in order for Kardex Remstar to continue to live up to its claim as technology leader in this changed market environment.

In order to achieve this goal and to embed the expertise even more securely in the company, a new function of Head of Technology was created and a proven intralogistics expert has been appointed to this role.

Consolidated key figures for the Kardex Remstar Division

EUR millions	2016		2015		+/-%
Bookings	289.3	101.9%	280.1	102.5%	3.3%
Order backlog (31.12.)	90.4	31.8%	86.5	31.7%	4.5%
Segment net revenues	283.9	100.0%	273.3	100.0%	3.9%
EBITDA	44.6	15.7%	40.9	15.0%	9.0%
Operating result (EBIT)	40.3	14.2%	36.3	13.3%	11.0%
Employees (FTE on 31.12.)	1 281		1 256		2.0%

In the area of product development, the main focus was on the market introduction of new products. These include the LR 35 and LT 35 automated storage systems of the recently launched Vertical Buffer Module product family, which has been received favorably in the market. With this product family, Kardex Remstar is filling the gap that previously existed in its products and solutions portfolio, especially for tasks in mini-load logistics. To date, around a dozen pilot systems have been installed in Europe. These help to collect additional market experiences and implement product optimizations based on customer feedback.

Creating jobs

Kardex Remstar's solid performance is also reflected in the headcount. The number of full-time positions increased by 2.0% to 1 281 jobs.

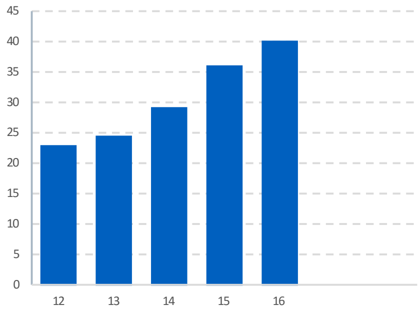
Employees will be given more autonomy following the introduction of the new management model introduced in 2015/2016. The aim is to create an environment that promotes creativity and provides space for new ideas. This framework takes on board the company's high level of maturity and helps to secure Kardex Remstar's market leadership in the long term.

Outlook for 2017

The market for intralogistics solutions remains attractive despite the political and economic challenges in some markets. A good order backlog, a high operative performance level and planned technological innovations are the cornerstones for a positive performance in the current 2017 financial year. Kardex Remstar is well positioned to remain a preferred supplier of intralogistics solutions and to achieve profitable growth.

Operating result (EBIT)

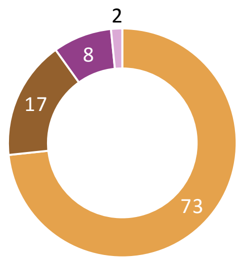
in EUR millions



● Kardex Remstar

Net revenue by market region

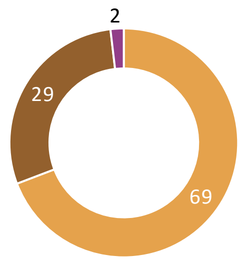
2016 financial year in %



● Europe
● Americas
● Asia/Pacific
● Middle East and Africa

Net revenue by sector

2016 financial year in %



● New Business
● Life Cycle Services
● OEM

Division Kardex Mlog
Back on track for growth

Kardex Mlog confirmed the profitable growth path achieved in the previous year. Bookings rose by 21.5% to EUR 84.7 million and led to an increase of 16.1% in revenue, bringing it to EUR 75.1 million. The operating result increased to EUR 3.8 million, which equates to an EBIT margin of 5.1%.

More bookings lead to good order backlog levels

Demand across all elements for the range of products and services offered remained at a high level. Compared to the previous year, bookings increased by 21.5% to EUR 84.7 million, the highest level in the division's history. In doing so, it succeeded in retaining its strict risk management policy. As a result, the order backlog amounts to EUR 47.5 million, 25.3% higher than the previous year.

Well-balanced revenue mix

The significant increase in bookings was reflected for the most part in the revenue, which increased by 16.1% to EUR 75.1 million. In the Integrated Subsystem sector, revenue increased by 20.7%. The revenue mix remained roughly balanced, with project business accounting for around 61% of revenue and service business (including modernizations) accounting for 39%.

Slight shift in regional distribution of revenue

The volume of business conducted outside the domestic German market increased in importance. Austria, the Benelux countries and other European countries now account for around one-fifth of sales. Market entry opportunities are also being examined outside the German-speaking countries. The aim is to further reduce the dependency on the German market to less than 70% of revenue in the medium term.

EBIT rises to EUR 3.8 million

New employees have been hired to exploit opportunities in the market and to deal with the increased order backlog. The headcount increased by around 7%, from 246 to 263 full-time positions. Most of the associated higher costs could be offset by increased volumes and efficiency gains. Overall, this resulted in an EBIT of EUR 3.8 million compared to EUR 3.4 million in the previous year. This equates to an EBIT margin at the previous year's level of 5.1%, which is within the announced target range of 4% to 6%.

Innovative new products

The first deliveries of the new dynamic sorting buffer MSequence have been recorded and the first orders for the second phase of the MMove pallet shuttle have been submitted by customers. Increasing digitization and the path to Industry 4.0 will be the key drivers for future innovations. Kardex Mlog focuses its development activities on preparing components and their related range of services. Recently developed software applications will round off the range of offers.

Strategic focus on operational excellence

Following a challenging phase of focusing that began in 2012, and the subsequent return to profitable growth in the last two years, the strategic focus in the coming years will concentrate on operational excellence. The specific measures planned will include focusing on certain customer segments in the sales process where higher margins can be achieved. Risk management activities will be subdivided into technical and contractual aspects and internal processes will be simplified. Overall, the business model will be embedded even deeper in the division and the focus will be on good risk management and a balanced revenue mix.

Consolidated key figures for the Kardex Mlog Division

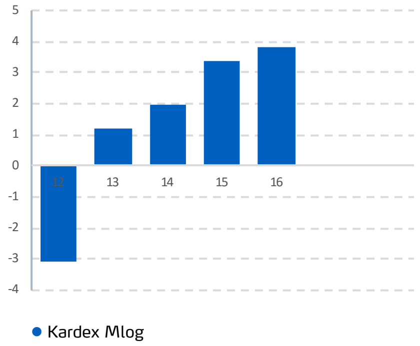
EUR millions	2016		2015		+/-%
Bookings	84.7	112.8%	69.7	107.7%	21.5%
Order backlog (31.12.)	47.5	63.2%	37.9	58.6%	25.3%
Segment net revenues	75.1	100.0%	64.7	100.0%	16.1%
EBITDA	4.4	5.9%	4.0	6.2%	10.0%
Operating result (EBIT)	3.8	5.1%	3.4	5.3%	11.8%
Employees (FTE on 31.12.)	263		246		6.9%

Outlook for 2017

The market for intralogistics solutions in Central Europe remains attractive despite economic challenges in some EU countries. The high order backlog will have a positive effect on revenue in 2017 and Kardex Mlog expects to achieve continued profitable growth and to sustainably secure the profit margin within the defined target range (EBIT margin of 4% to 6%).

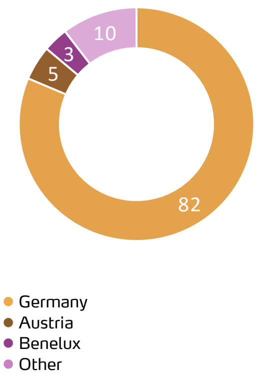
Operating result (EBIT)

in EUR millions



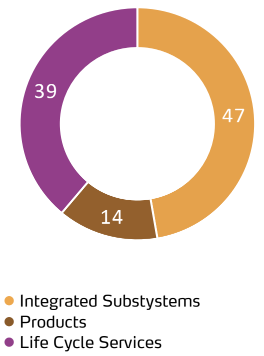
Net revenue by market region

2016 financial year in %



Net revenue by sector

2016 financial year in %



Corporate Governance

The Kardex Group 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, the Group 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 Group are defined in the Articles of Incorporation and the Kardex AG Organizational By-Laws, as well as in the Code of Conduct and other guidelines of the Kardex Group. The Group publishes further information on its website at www.kardex.com.

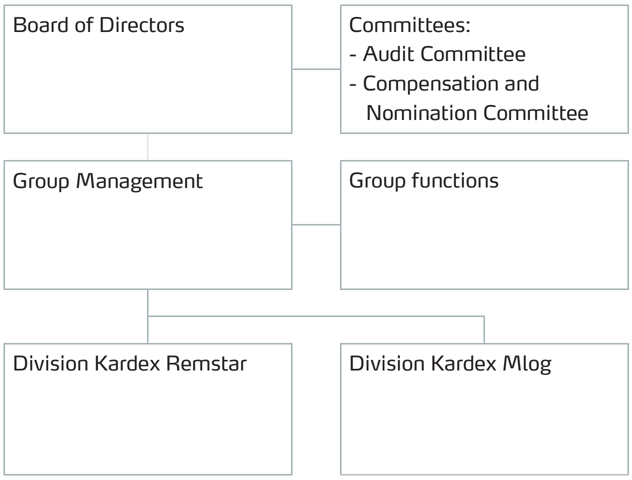
In the following section, as required by the guidelines of SIX Swiss Exchange, the Kardex Group provides information about its corporate governance. The information is organized as in the guidelines. To avoid redundancy and in the interests of readability, there are several cases where the reader is referred to other places in the Annual Report or other Kardex Group 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

The Kardex Group is divided into the two divisions or segments Kardex Remstar and Kardex Mlog. The Kardex Group is led by the Board of Directors and the Group Management, which consists of CEO Jens Fankhänel, CFO Thomas Reist 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 3.5, page 20.

1.1.2 Listed company in scope of consolidation

Company	Kardex AG
Registered office	Zurich, Switzerland
Listed at	SIX Swiss Exchange
Swiss security no.	10083728
ISIN	CH0100837282
Symbol	KARN
Market capitalization as at 31 December 2016	CHF 736.3 million

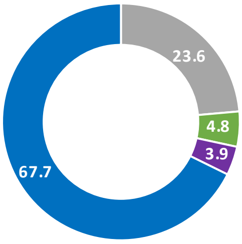
Kardex AG is a public limited company under Swiss law and is headquartered in Zurich, Switzerland (hereinafter "the company"). The registered shares of Kardex AG are traded according to the Swiss Reporting Standard of the SIX Swiss Exchange in Zurich, Switzerland. The par value per share is CHF 7.35. 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 AG within the scope of consolidation of the Kardex Group are listed in the notes to the consolidated financial statements on pages 61 and 62 of the Annual Report.

1.2 Significant shareholders

As at 31 December 2016, there were 1 951 shareholders (1 739) 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 at the balance sheet date (31 December 2016), the following shareholders had stakes equalling or exceeding 3% (in terms of capital held):



BURU Holding AG and Philipp Buhofer	23.6%
Alantra Partners S.A.	4.8 %
Credit Suisse Funds AG	3.9 %
Other Shareholders	67.7%

The company held 16 700 shares in Kardex AG at the balance sheet date (0). Other companies in the scope of consolidation did not hold any shares.

Shares pending registration of transfer amounted to 35.0% of the total as at 31 December 2016 (35.1%).

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 or 121 of the Financial Market Infrastructure Act (FMIA) can be viewed on the Disclosure Office's publication platform at https://www.sixexchangeregulation.com/en/home/publications/significant-shareholders.html.

1.3 Cross-shareholdings

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

2. Capital structure

Share capital and capital structure

	2016	2015	2014	2013	2012
Par value per share (CHF)	7.35	10.35	11.00	11.00	11.00
Total registered shares	7 730 000	7 730 000	7 730 000	7 730 000	7 730 000
Number of treasury shares	16 700	-	-	-	21 500
Number of dividend-bearing shares	7 713 300	7 730 000	7 730 000	7 730 000	7 708 500
Registered capital (CHF 1 000)	56 816	80 006	85 030	85 030	85 030
Conditional capital (CHF 1 000)	-	-	-	-	-
Authorized capital (CHF 1 000)	-	-	-	-	-
Total voting rights	7 713 300	7 730 000	7 730 000	7 730 000	7 708 500

Key share figures
The key share figures of the company are shown on page 6 of this Annual Report.

2.1 Ordinary capital

Kardex AG had ordinary capital of CHF 56 815 500 (number of shares: 7 730 000) as at 31 December 2016.

2.2 Authorized and conditional capital

The company had no authorized or conditional capital as at 31 December 2016.

2.3 Changes in capital

For an overview of the capital changes during the financial years 2012 to 2016, please see the table above "Share capital and capital structure" and page 6.

2.4 Shares and participation certificates

The company's 7 730 000 registered shares have a nominal value of CHF 7.35 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 2016.

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 2016.

2.6 Restrictions on transferability and nominee registrations

The registered shares of Kardex 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. 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. No exceptions were granted in the year under review.

2.7 Convertible bonds and options

As at 31 December 2016, the company had no convertible bonds or options outstanding.

3. Board of Directors

From left to right:
Ulrich Jakob Looser,
Felix Thöni,
Philipp Buhofer,
Walter T. Vogel,
Jakob Bleiker

3.1 Members of the Board of Directors

The Board of Directors of Kardex AG currently consists of five nonexecutive members. The Articles of Incorporation stipulate between three and seven members. Four 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 AG or the management board of any subsidiary during the past three years. They have no or comparatively minor business interests with the Kardex Group. Felix Thöni was Chairman of the Executive Committee until 21 April 2016 and thus an executive member of the Board of Directors. As such he is not independent in the sense of the Swiss Code of Best Practice for Corporate Governance. The strategic management function was separated from the operational management function as of the Ordinary General Meeting of 21 April 2016 and the Executive Committee was replaced by the Group Management. The tasks performed by the Group Management are described in section 3.5 on page 20. The Board of Directors consists of the following members:

Philipp Buhofer
1959, Swiss citizen,
HWV Horw/Lucerne

Member since 2004
Chairman since 2011

Since 1997
Independent entrepreneur
1997–2002
Delegate and Chairman 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
- Cham Paper Group Holding AG, Cham, Switzerland

Other directorships of non-listed companies
- BURU Holding AG, Hagendorn, Switzerland
- DAX Holding AG, Hagendorn, Switzerland
- Lorzengrund Immobilien AG, Hagendorn, Switzerland
- Rapid Holding AG, Dietikon, Switzerland

Felix Thöni
1959, Swiss citizen,
Dr. oec. HSG

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

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 directorship of listed company
- Cham Paper Group Holding AG, Cham, Switzerland

Other directorships of non-listed company
- Renergia Zentralschweiz AG, Perlen/ Root, Switzerland

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

Member since 2012

Since 2011
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

Ulrich Jakob Looser
1957, Swiss citizen,
grad. phys. ETH, lic. oec. HSG

Member since 2012

Since 2009
Partner, Berg Looser Rauber & Partners (BLR & Partners), Thalwil, 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 directorship of listed company
- Straumann Holding AG, Basel, Switzerland
- LEM, Fribourg, Switzerland

Other directorships of non-listed companies
- Bachofen Holding AG, Uster, Switzerland
- Econis AG, Dietikon, Switzerland
- Spross Entsorgungs Holding AG, Zurich, 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 economiesuisse, 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 Study Foundation, Switzerland: Head of the Finance Committee
- Swiss National Science Foundation (SNSF), Switzerland: Member of the Board of Trustees' Group Management

Walter T. Vogel
1957, Swiss citizen,
grad. mechanical engineer, ETH Zurich

Member since 2006

Since 2015
Member of various Boards of Directors
2007–2015
CEO, Aebi Schmidt Holding AG, Frauenfeld, Switzerland
2003–2007
CEO, Von Roll Holding AG, Gerlafingen, Switzerland
1999–2003
Head of the Infratec Division and member of Group Management, Von Roll Group, Gerlafingen, Switzerland
1995–1999
Head of Direct Fastenings Business Unit and member of extended Group Management, HILTI AG, Schaan, Liechtenstein
1992–1995
Director of Marketing and Sales and member of Executive Management, Aliva AG, Widen, Switzerland

Other directorships of non-listed companies
- Aebi Schmidt Holding AG, Frauenfeld, Switzerland
- Skyguide SA, Meyrin, Switzerland
- SAK Holding AG, St. Gallen, Switzerland
- FAI Air Sports Marketing & Events SA, Lausanne, Switzerland

Other activities at legal entities such as foundations and associations
- Aero Club der Schweiz, Lucerne, Switzerland

3.2 Number of permissible activities

The number of mandates in the highest management and governing bodies of legal entities outside the Kardex Group which are entered in the commercial register or a comparable foreign register is limited for members of the Board of Directors to:

- 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.

3.3 Elections and terms of office

3.3.1 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).

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

Name	Year elected	Term expires
Philipp Buhofer	2004	2017
Felix Thöni	2011	2017
Jakob Bleiker	2012	2017
Ulrich Jakob Looser	2012	2017
Walter T. Vogel	2006	2017

3.4 Internal organization

The tasks of the Board of Directors are governed by the Swiss Code of Obligations, as well as the Articles of Incorporation and Organizational By-Laws of the company.

3.4.1 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.

3.4.2 Composition, duties and authority of the Board committees

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

The committees are constituted as follows:

Name	Audit Committee	Compensation and Nomination
Philipp Buhofer	Member	Member
Felix Thöni	Member	Member
Jakob Bleiker	Chairman	
Ulrich Jakob Looser		Chairman
Walter T. Vogel		Member

According to the Organizational By-Laws, 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 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.

Compensation and Nomination Committee

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

- fundamental personnel issues within 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 the Kardex Group;
- 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 publication of remunerations received by the members of the Board of Directors and the Group Management.

3.4.3 Procedures of the Board of Directors and its committees

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 one-to-two-day strategy session. In the year under review the Board met for five meetings and one two-day strategy session. The meetings lasted between one hour (constituent meeting following the General Meeting) and two days. The full Board of Directors usually visits and inspects one of the Group’s production or sales companies once a year within the scope of a meeting of the Board of Directors. 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 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. The non-transferable and inalienable legal duties of the Board of Directors are described in article 716a of the Swiss Code of Obligations. The company's Board of

Directors has the following duties and authority in particular:
- strategic direction, organization and management of the Kardex Group;
- defining finance and accounting as well as financial planning and control;
- appointment and dismissal of the members of the Group Management and signatories of the company;
- regular review of business operations;
- making decisions on issues that have not been reserved or transferred by law, the Articles of Incorporation or other regulations to another body;
- formulation and preparation of proposals to be put to the General Meeting.

The Audit Committee comprises between two and five members of the Board of Directors, elected by the Board of Directors for a term of one year. The majority, including the Chairman, should be experienced in financial matters and accounting. The Board of Directors appoints the Chairman of the Audit Committee, who must not also be Chairman of the Board of Directors. The Audit Committee currently comprises Jakob Bleiker as Chairman, Philipp Buhofer and Felix Thöni as members. 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 the Kardex Group 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.

The duties and responsibilities of the Audit Committee are laid down in the Organizational By-Laws and listed in section 3.4.2 of this report.

The Compensation and Nomination Committee comprises two to five members, appointed from within the Board of Directors and selected by the General Meeting. The Board of Directors appoints the Chairman of the Compensation and Nomination Committee.

Other individuals also attend these meetings at the Chairman's invitation. The Compensation and Nomination Committee meets as often as required by business, Out generally twice a year. In the year under review, the Compensation and Nomination Committee held two meetings, generally lasting half a day.

The duties and responsibilities of the Compensation and Nomination Committee are specified in the Organizational By-Laws and listed in section 3.4.2 of this report. The Compensation and Nomination Committee reports to the full Board of Directors.

3.5 Definition of areas of responsibility

The Kardex AG Board of Directors is the supreme managerial and supervisory body of the company and the Kardex Group. It bears ultimate responsibility for managing, supervising and monitoring the Group Management, which is responsible for the Kardex Group's 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 the Kardex Group 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 the Kardex Group 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.

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 for 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.

3.6 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 the Kardex Group by the Group Management. The risk matrix describes and evaluates the risks to the Kardex Group 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, acquistions 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), 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 controlling processes of 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

The Group Management currently comprises three members and manages the operational business of the Kardex Group. The Group Management currently comprises three members and manages the operational business of the Kardex Group. Jens Fankhänel is Chairman of the Group Management in his capacity as CEO.

In addition, the CFO 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 12. Before assuming their current position Jens Fankhänel and Thomas Reist worked for the Group in the functions as outlined below.

Jens Fankhänel,
Chief Executive Officer &
Head of Kardex Remstar Division

1965, German citizen
University Degree in Electrical Engineering/ Specialisation in Automation Engineering and Technical Cybernetics, University Chemnitz, Germany

Since 2016
CEO of Kardex Group &
Head of Kardex Remstar Division
2011-2016
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

Thomas Reist
Chief Finanical Officer

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

Since 2016
CFO of Kardex Group
2011–2016
Head of Finance & Controlling on holding level, Kardex 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

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

4.2 Other activities and interests

The members of the Group Management do not engage in any other activities relevant to the Kardex Group.

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 the Kardex Group which are entered in the commercial register or a comparable foreign register is limited for members of the management board 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 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.

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

5.1.1 Guiding principles

The success of the Kardex Group 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.

5.1.2 Responsibilities

At the beginning of each term of office, the Compensation and Nomination Committee (section 3.4.2 of this report) 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 5.1.3.1) and a proposal concerning the compensation for the members of the Group Management (section 5.1.3.3).

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 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.

5.1.3 System of compensation

5.1.3.1 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 participating in meetings and for their work on the committees. In addition to the fixed fee, they may also be compensated for the time spent on special projects, at agreed daily rates in line with market conditions, provided that the Board of Directors agrees to this in advance.

The fixed 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 are therefore priced at a markdown of 16%.

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

5.1.3.2 Executive Director

As a result of the separation of the strategic and operational management at the General Meeting 2016, the function of the Executive Director was cancelled. Up to that point, in addition to the emolument received as a member of the Board of Directors, the Executive Director received a basic cash remuneration for his operational activity as a member of the Executive Committee based on actual time spent.

He was also entitled to individual variable compensation, which depended on the Group's operating result (EBIT).

5.1.3.3 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 responsibility 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 resultrelated remuneration is determined on the basis of the fulfilment 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 fulfilment of these targets and criteria and, based on this, submits to the Board of Directors a proposal for the variable compensation. For the CEO and CFO, the weighting of the variable component is 100% for attainment of the financial targets (EBIT) of the Kardex Group and for the Head of the Kardex Mlog division it is 70% for attainment of the financial targets (EBIT) of Kardex Mlog and 30% for attainment of personal quality-related targets.

The members of the Group Management may draw up to 100% of their variable compensation in Kardex AG shares. The share price is calculated based on the weighted average price for the preceding month (usually March). These shares cannot be traded for three years and are therefore priced at a markdown of 16%.

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.

5.1.4 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 below 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.

5.2 Regulations of the Articles of Incorporation

5.2.1 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. If members of the Board of Directors also belong to the Group Management, they will be subject solely to the remuneration regulations for members of the Group Management (§ 18b para. 1 and § 18c para. 1 of the Articles of Incorporation).

The following statuary 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 or (for members of the Group Management) in comparable instruments or units. 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 5.1.2 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).

5.2.2 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).

5.2.3 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 5.1.2 of this report.

5.3 Remuneration report

5.3.1 Compensation

The function of Executive Director was cancelled at the 2016 General Meeting due to the complete separation of strategic and operational management. The Executive Committee was replaced by the newly formed Group Management, which comprises the CEO, CFO and Head of the Kardex Mlog division as members.

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 the Executive Committee (up to April 2016) and Group Management (from May 2016) 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. There was no advisory council in either the year under review or the previous year.

No loans, credits or securities were provided to current or former members of the Board of Directors and the Executive Committee or Group Management or related parties in either the year under review or the previous year. Furthermore, no claims against these parties were waived and there are no loans or credits due for repayment from them. No compensation was paid to former members of the Board of Directors or the Executive Committee or Group Management.

Compensation 2016

CHF 1 000 Name	Function	Payments in cash	Payments in shares Number	 Value	Social security	Additional tasks	**Total compensation**
Board of Directors							
Philipp Buhofer	Chairman	138.2	731	70.6	22.1	34.1	**265.0**
Felix Thöni[1]	Vice Chairman	79.7	246	23.8	40.4	119.2	**263.1**
Jakob Bleiker	Member	73.6	227	21.9	10.6	-	**106.1**
Ulrich Jakob Looser	Member	69.6	215	20.8	10.0	6.0	**106.4**
Walter T. Vogel[1]	Member	61.3	324	31.3	10.1	-	**102.7**
Total Board of Directors		**422.4**	**1 743**	**168.4**	**93.2**	**159.3**	**843.3**

CHF 1 000 Name	Function	Base salary in cash	Variable salary in cash	 in shares Number	 Value	Social security	**Total compensation**
Group Management / Executive Committee							
Jens Fankhänel[2]	CEO	519.8	650.0	-	-	163.2	**1 333.0**
Total Group Management / Executive Committee		**1 123.8**	**1 397.3**	**-**	**-**	**300.2**	**2 821.3**

1 Felix Thöni replaced Walter T. Vogel as Vice Chairman at the 2016 General Meeting.

2 Highest compensation.

Compensation 2015

CHF 1 000 Name	Function	Payments in cash	Payments in shares Number	 Value	Social security	Additional tasks	**Total compensation**
Board of Directors							
Philipp Buhofer	Chairman	151.6	1 083	66.7	-	47.5	**265.8**
Walter T. Vogel	Vice Chairman	68.1	565	34.8	11.3	-	**114.2**
Jakob Bleiker	Member	44.0	851	52.4	10.2	-	**106.6**
Ulrich Jakob Looser	Member	67.9	315	19.4	6.6	-	**93.9**
Felix Thöni	Member	47.6	394	24.3	7.1	-	**79.0**
Total Board of Directors		**379.2**	**3 208**	**197.6**	**35.2**	**47.5**	**659.5**

CHF 1 000 Name	Function	Base salary in cash	Variable salary in cash	 in shares Number	 Value	Social security	**Total compensation**
Executive Committee							
Jens Fankhänel[1]	HoD Kardex Remstar	483.9	432.4	-	-	136.9	**1 053.2**
Total Executive Committee		**1 175.5**	**1 225.7**	**-**	**-**	**216.1**	**2 617.3**

1 Highest compensation.

5.3.2 Explanatory notes on the remuneration report and the compensation

The remuneration disclosed in section 5.3.1 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 5.1.3.2 and 5.1.3.3, pages 24.

The non-executive members of the Board of Directors receive a fixed fee for their work with the full Board of Directors and their work on committees. 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. Such tasks arise mainly in the context of acquisitions, the sale of strategic fixed assets, the Code of Conduct, international trade fairs and the coaching of top management.

Up until the abolition of the function, the Executive Director was also entitled to compensation for his operative activity (section 5.1.3.2 on page 24). Upon disclosure, his remuneration was divided into the relevant components as a member of the Board of Directors and a member of the Executive Committee.

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 5.1.3.1 and section 5.1.3.3). 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 is taken into consideration in the weighted average price of the preceding month.

5.3.2.1 Members of the Board of Directors

There There were no new or departing members in either the year under review or the previous year. In addition to the emolument received as members of the Board of Directors, the nonexecutive members of the Board of Directors received a cash remuneration for their operational activities based on actual time spent, shown separately in section 5.3.1.

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 96.56 per share (CHF 61.60). Compensation for the Board of Directors has increased in the year under review compared with the previous year, which is primarily due to the additional time spent on additional activities, mainly acquisition-related activities. The 2016 General Meeting approved the maximum total remuneration for the Board of Directors of CHF 1 050.0 thousand for the period between the 2016 General Meeting and the 2017 General Meeting. The current remuneration amounted to CHF 843.3 thousand, CHF 206.7 thousand below the approved maximum total remuneration.

5.3.2.2 Executive Director

This function was introduced in 2012 and cancelled again as of the 2016 General Meeting. For the year under review the total remuneration as a member of the Board of Directors and the Executive Committee amounted to CHF 902.8 thousand (CHF 1 128.0 thousand) whereof CHF 440.0 thousand (CHF 550.0 thousand) was due to variable remuneration.

5.3.2.3 Members of the Executive Committee or Group Management

The Group Management has consisted of three members (CEO, CFO and Head of the Kardex Mlog division) since the 2016 General Meeting. The previous Executive Committee also consisted of three members (Executive Director and the two heads of division in Remstar and Mlog).

The maximum individual variable remuneration to which the CEO is entitled is based on 150% of the basic salary, while the target value is 50% of the basic salary. For the other two members of the Group Management, the maximum individual variable remuneration to which they are entitled is 100% of the basic salary and a target value of 33%. The variable component of the compensation for the members of the Executive Committee or Group Management came to an average of 55.5% (46.8%) of the total remuneration. The variable component of the remuneration came to 55.6% of the total remuneration for the CEO and 55.3% for the other members. The individual variable remuneration amounts are based on published key financial figures (sections 5.1.3.2 and 5.1.3.3 on page 24). In 2016, the relevant key financial figure for the CEO and CFO (EBIT for the Kardex Group) exceeded the target value set.

All the relevant key financial figures for the Head of Kardex Mlog also exceeded the target values set (on average, 82.1% of the maximum variable remuneration was achieved).

The Articles of Incorporation of Kardex AG provide for the potential approval of remuneration by the General Meeting. The 2015 General Meeting approved maximum total remuneration of CHF 3.4 million for the members of the Executive Committee or Group Management in the 2016 financial year. The actual total remuneration amounted to CHF 2.8 million, which was CHF 0.6 million below the approved maximum remuneration.

5.3.3 Share proportions 2016

		Number of	Voting	Thereof with retention period of 3 years until:			
Name	Function	shares	interest in %	2017	2018	2019	Total
Board of Directors							
Philipp Buhofer[1]	Chairman	1 823 816	23.59%	937	1 083	731	**2 751**
Felix Thöni	Vice Chairman	32 962	0.43%	899	394	246	**1 539**
Jakob Bleiker	Member	4 614	0.06%	1 136	851	227	**2 214**
Ulrich Jakob Looser	Member	2 046	0.03%	398	315	215	**928**
Walter T. Vogel	Member	14 711	0.19%	724	565	324	**1 613**
Total Board of Directors		**1 878 149**	**24.30%**	**4 094**	**3 208**	**1 743**	**9 045**
Group Management							
Jens Fankhänel	CEO	6 000	0.08%	2 500	-	-	**2 500**
Thomas Reist	CFO	250	0.00%	250	-	-	**250**
Hans-Jürgen Heitzer	HoD Kardex Mlog	827	0.01%	-	-	-	-
Total Group Management		**7 077**	**0.09%**	**2 750**	**-**	**-**	**2 750**

[1] Including shares held by BURU Holding AG.

6. Shareholders' participation rights

6.1 Voting right restrictions and representation

On 31 December 2016, 1 951 shareholders were entered in the share register.

The majority of these had their registered office or domicile in Switzerland. Each Kardex 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 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 have 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 2016 financial year, PricewaterhouseCoopers provided audit services to the value of CHF 420.0 thousand (CHF 427.0 thousand). These amounts include expenses.

8.3 Additional fees

PricewaterhouseCoopers was also paid fees totalling CHF 154.8 thousand (CHF 144.1 thousand) for non-audit-related services. The entire amount relates to the design and management of the transfer price concept, the implementation of an annual report software system 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 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 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 March and 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 and road shows.

The annual media and analysts' meeting, as well as the General Meeting, are 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. In addition, interested parties can register at http://www.kardex.com/nc/en/investor-relations/email-service-contact/information- service-subscription.html 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. The website www.kardex.com provides detailed, up-to-date information about the Group, its products and contact information.

The contact addresses can be found on page 7 of this report.

Calendar of events for Investor Relations

2017 Annual General Meeting	20 April 2017
2017 Interim Report	10 August 2017
2018 Media and analysts' conference	1 March 2018
2018 Annual General Meeting	12 April 2018
2018 Interim Report	2 August 2018

Auditors' report to the General Meeting

Report of the statutory auditor

to the General Meeting of Kardex AG

Zurich

We have audited the accompanying remuneration report of Kardex AG (chapter 5.3.1) for the year ended 31 December 2016.

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 AG (chapter 5.3.1, pages 26 to 27) for the year ended 31 December 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Thomas Wallmer	Daniel Sutter
Audit expert Auditor in charge	Audit expert

Zurich, 7 March 2017

Financial reporting Kardex Group

Consolidated income statement

EUR millions	Notes	2016	(%)	2015[1]	(%)
Net revenues	4	**358.5**	**100.0%**	**337.9**	**100.0%**
Cost of goods sold and services provided		-230.1	-64.2%	-215.1	-63.7%
Gross profit		**128.4**	**35.8%**	**122.8**	**36.3%**
Marketing and sales expenses		-46.2	-12.9%	-45.2	-13.4%
Administrative expenses		-30.7	-8.6%	-29.0	-8.6%
R&D expenses		-9.9	-2.8%	-9.3	-2.8%
Other operating income	8	1.4	0.4%	1.2	0.4%
Other operating expenses	8	-1.7	-0.5%	-3.4	-1.0%
Operating result (EBIT)		**41.3**	**11.5%**	**37.1**	**11.0%**
Financial result, net	10	-1.4	-0.4%	-1.1	-0.3%
Result for the period before tax		**39.9**	**11.1%**	**36.0**	**10.7%**
Income tax expense	11	-9.1	-2.5%	-7.5	-2.2%
Result for the period		**30.8**	**8.6%**	**28.5**	**8.4%**
Earnings per share (EUR)[2]	20	3.98		3.69	

[1] Restated, see note 2.

[2] No dilutive effect occurred in 2016 and 2015.

The notes to the consolidated financial statements from page 40 to page 63 represent an integral part of the Group's financial statements.

Consolidated balance sheet

EUR millions	Notes	31.12.2016	31.12.2015[1]
Property, plant and equipment	12	27.6	24.8
Intangible assets	12	2.0	2.0
Financial assets	14	7.8	7.1
Non-current assets		**37.4**	**33.9**
Inventories and work in progress	15	18.8	15.2
Trade accounts receivable	16	53.6	45.5
Other receivables	17	12.3	11.2
Prepaid expenses		4.2	2.1
Cash and cash equivalents	18	105.7	112.5
Current assets		**194.6**	**186.5**
Assets		**232.0**	**220.4**
Share capital	19	40.1	56.4
Capital reserves		31.1	31.1
Retained earnings and Translation differences		68.3	41.9
Treasury shares	19	-1.3	-
Equity		**138.2**	**129.4**
Non-current provisions	23	18.4	17.7
Non-current liabilities		**18.4**	**17.7**
Trade accounts payable		14.5	11.8
Current financial liabilities	21,26	-	0.2
Current provisions	23	7.9	8.3
Accruals	24	36.1	34.4
Other current liabilities	25	16.9	18.6
Current liabilities		**75.4**	**73.3**
Liabilities		**93.8**	**91.0**
Equity and liabilities		**232.0**	**220.4**

[1] Restated, see note 2.

The notes to the consolidated financial statements from page 40 to page 63 represent an integral part of the Group's financial statements.

Consolidated cash flow statement

EUR millions	Notes	2016	2015[1]
Result for the period		30.8	28.5
Depreciation and amortization	12	5.0	5.3
Changes in provisions and pension liabilities		0.2	3.1
Other non-cash items		-0.1	-1.5
Change in accounts receivable	16,17	-8.3	3.6
Change in inventories and work in progress		-3.4	3.0
Change in other receivables and prepaid expenses	16,17	-3.2	-0.8
Change in accounts payable		2.8	0.9
Change in other current liabilities and accruals		0.4	6.1
Net cash flow from operating activities		**24.2**	**48.2**
Purchase of property, plant and equipment	12	-6.8	-4.1
Sale of property, plant and equipment		0.2	0.1
Purchase of intangible assets	12	-1.0	-0.5
Purchase of financial assets		-0.2	-1.0
Net cash flow from investing activities		**-7.8**	**-5.5**
Free cash flow		**16.4**	**42.7**
Acquisition of treasury shares	19	-1.5	-0.2
Disposal of treasury shares		0.2	0.2
Change in current financial liabilities		-0.2	0.2
Dividend paid		-	-12.1
Reduction of nominal value		-21.5	-4.8
Net cash flow from financing activities		**-23.0**	**-16.7**
Effect of currency translation differences on cash and cash equivalents		-0.2	1.4
Net change in cash and cash equivalents		**-6.8**	**27.4**
Cash and cash equivalents at 1 January	18	112.5	85.1
Cash and cash equivalents at 31 December	18	105.7	112.5
Net change in cash and cash equivalents		**-6.8**	**27.4**

[1] Restated, see note 2.

The notes to the consolidated financial statements from page 40 to page 63 represent an integral part of the Group's financial statements.

Consolidated statement of changes in equity

EUR millions	Notes	Share capital	Capital reserves	Retained earnings	Translation differences	Treasury shares[1]	**Equity**
Opening balance 1 January 2015		**59.9**	**34.4**	**21.5**	**-**	**-**	**115.8**
Result for the period		-	-	28.5	-	-	**28.5**
Currency translation differences[2]		-	-	-	2.0	-	**2.0**
Acquisition of treasury shares	19	-	-	-	-	-0.2	**-0.2**
Disposal of treasury shares[3]	19	-	-	-	-	0.2	**0.2**
Dividend paid		-	-	-12.1	-	-	**-12.1**
Reduction of nominal value[4]		-3.5	-	-1.3	-	-	**-4.8**
Reclassification[5]		-	-3.3	3.3	-	-	**-**
Closing balance 31 December 2015		**56.4**	**31.1**	**39.9**	**2.0**	**-**	**129.4**
Opening balance 1 January 2016		**56.4**	**31.1**	**39.9**	**2.0**	**-**	**129.4**
Result for the period		-	-	30.8	-	-	**30.8**
Currency translation differences[2]		-	-	-	0.8	-	**0.8**
Acquisition of treasury shares	19	-	-	-	-	-1.5	**-1.5**
Disposal of treasury shares[3]	19	-	-	-	-	0.2	**0.2**
Reduction of nominal value[4]		-16.3	-	-5.2	-	-	**-21.5**
Closing balance 31 December 2016		**40.1**	**31.1**	**65.5**	**2.8**	**-1.3**	**138.2**

1 Number of treasury shares held as of 31 December 2016: 16 700 (0).

2 This item also includes the exchange rate differences arising from net investments in foreign operations less deferred tax.

3 As part of share-based remuneration, treasury shares were allocated in the amount of EUR 0.2 million (EUR 0.2 million).

4 Effect of the difference between historical and spot rate has been recognized under "Retained earnings".

5 This item consists of the assignment of the reserve from capital contribution to unrestricted reserve as decided by the General Meeting at 23 April 2015.

The notes to the consolidated financial statements from page 40 to page 63 represent an integral part of the Group's financial statements.

Notes to the consolidated financial statements

1. General information

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

2. Change in accounting policies

In the previous financial reports cash discounts granted to customers as well as cash discounts granted by suppliers were recorded in the reporting line "Financial result, net". Since 1 January 2016 FER 3.18 explicitly requests net sales being netted by trade discounts and rebates. In order to meet this requirement the Group has applied a change in accounting policy by allocating "Cash discounts granted to customers" to the reporting line "Net revenues" and "Cash discounts granted by suppliers" to "Cost of goods sold and services provided". The income statement of the previous period January to December 2015 has been restated. This restatement reduced "Net revenues" by EUR 0.6 million (Kardex Remstar Division by EUR –0.4 million and Kardex Mlog Division by EUR –0.2 million) and reduced "Cost of goods sold and services provided" by EUR 1.4 million (Kardex Remstar Division EUR –1.1 million and Kardex Mlog Division EUR –0.3 million). As a consequence "Gross profit" and "Operating result (EBIT)" both increased by EUR 0.8 million and the "Financial result, net" is reduced by EUR 0.8 million.

Furthermore, and in order to align recognition of overfinanced and underfinanced POC contracts, the item "Construction contracts with amounts due from customers (underfinanced – POC)" has been reclassified from the reporting line "Trade accounts receivable" to "Other receivables". This reclassification reduced "Trade accounts receivable" as per 31 December 2015 by EUR 2.5 million and increased "Other receivables" accordingly. The item "Construction contracts with amounts due to customers (overfinanced – POC)" remains in the reporting line "Other current liabilities".

3. Significant accounting policies

Basis of preparation

The Group's consolidated financial statements were prepared in compliance with the provisions of Swiss company law and are in accordance with Swiss GAAP FER (FER) in their entirety.

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 with exception of Kardex India Storage Solutions Private Ltd., Bangalore, India where the balance sheet date for local GAAP closing is 31 March. 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 AG as well as all domestic and foreign subsidiaries in which Kardex 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. Kardex AG currently has no investments with voting rights of less than 20%, no investments in associated companies and it is not currently engaged in any joint ventures.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in millions of euros. The euro is Kardex AG's functional currency and the presentation currency of the Group because the Group's 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.

Derivative financial instruments and hedging transactions
The Group uses from time to time derivative financial instruments mainly to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments for the hedging of assets and liabilities are measured initially and also subsequently in accordance with the same valuation principle as the hedged item. This means that if the hedged item is measured at fair value, the derivative financial instrument is also measured at fair value. The changes in value of the derivative financial instrument are recognized in the income statement. The gain/loss on the derivative is neutralized by the loss/gain on the hedged item. Derivative financial instruments for other hedging purposes are measured initially and subsequently at their fair value and also recognized in the income statement.

Property, plant and equipment
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 the Group company 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”, “Marketing and sales 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.

Intangible assets

Goodwill

Goodwill, the difference between the cost of acquisitions and the fair value of the net assets acquired, results from the purchase of subsidiaries. Any goodwill that arises is offset against equity (retained earnings) at the time of acquisition. In case of the disposal of a subsidiary, 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 and any value adjustment impacting on the balance sheet and income statement over a useful life of five years are disclosed in the notes.

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 the Group 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”, “Marketing and sales 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.

Financial assets

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

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.

Trade accounts receivable and other current assets

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.

Inventories

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 the Group, production costs also include an appropriate share of the overheads incurred. Adjustments are made for items lacking marketability and for slow-moving items.

Construction contracts

Provided contractual performance by the customer is highly probable and income and expenses arising from long-term construction contracts can be reliably estimated, the resulting revenues are reported using the percentage-of-completion method: 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".

Cash and cash equivalents

"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.

Repurchase of treasury shares

If the Group 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.

Liabilities

Liabilities are shown at their nominal value. The Group has no financial liability as per balance sheet date.

Employee benefits

Pension plans

There are several employee pension plans within the Group, each of which complies with the legal requirements for the country in question. A majority of employees are insured against the risk of old 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 the Group 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 FER 26 "Accounting of pension plans" 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 the Group's 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.

Share-based payments

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.

Provisions

Provisions are made
- insofar as the Group has, or may have, an actual or possible obligation (legal or constructive) 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.

Restructuring

Restructuring costs are provided for the period in which an official, detailed restructuring plan is available to the Group 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.

Revenues from goods sold and services provided

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. Revenue 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. Provided that the conditions are met (see "Construction contracts"), the revenues resulting from construction contracts are reported using the percentage-of-completion method. Revenues from services are recognized according to the stage of completion. No revenue is recognized if there is significant uncertainty regarding the collectability of the consideration due, associated costs or the possible return of goods.

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.

Funding

Net financing costs comprise the 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, all of which 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.

Income tax

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 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 carryforwards on future taxable income are not recognized.

Earnings per share

Earnings per share are calculated by dividing the consolidated net result attributable to the shareholders of Kardex 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.

4. Segment reporting

The Group is a global industry partner for intra-logistic solutions and a leading supplier of automated storage solutions and material handling systems. The Group consists of two entrepreneurially managed divisions, Kardex Remstar and Kardex Mlog. Kardex Remstar develops, produces and maintains shuttles and dynamic storage and retrieval systems and Kardex Mlog offers integrated materials 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.

4.1 Segment reporting 2016 / Income statement

EUR millions	Operating segments: Kardex Remstar	Operating segments: Kardex Mlog	Kardex AG Zurich (Holding)	Eliminations	**Kardex Group**
Net revenues, third party					
- Europe	208.0	74.8	-	-	**282.8**
- Americas	47.6	-	-	-	**47.6**
- Asia/Pacific	23.6	-	-	-	**23.6**
- Middle East and Africa	4.5	-	-	-	**4.5**
Total net revenues, third party	**283.7**	**74.8**	**-**	**-**	**358.5**
Net revenues, with other operating segments	0.2	0.3	-	-0.5	-
Net revenues[1]	**283.9**	**75.1**	**-**	**-0.5**	**358.5**
Cost of goods sold and services provided	-169.0	-61.6	-	0.5	**-230.1**
Gross profit	**114.9**	**13.5**	**-**	**-**	**128.4**
Gross profit margin	40.5%	18.0%			35.8%
Marketing and sales expenses	-41.0	-5.2	-	-	**-46.2**
Administrative expenses	-24.1	-3.7	-5.1	2.2	**-30.7**
R&D expenses	-9.1	-0.8	-	-	**-9.9**
Other operating income	1.2	-	2.4	-2.2	**1.4**
Other operating expenses	-1.6	-	-0.1	-	**-1.7**
Operating result (EBIT)	**40.3**	**3.8**	**-2.8**	**-**	**41.3**
EBIT margin	14.2%	5.1%			11.5%
Depreciation and amortization	4.3	0.6	0.1	-	**5.0**
EBITDA	**44.6**	**4.4**	**-2.7**	**-**	**46.3**
EBITDA margin	15.7%	5.9%			12.9%

[1] The source of revenues are represented with EUR 247.2 million by New Business (New Business, OEM, Integrated Subsystems, Products) and with EUR 111.3 million by Life Cycle Services.

4.2 Segment reporting 2015 / Income statement[1]

EUR millions	Operating segments: Kardex Remstar	Operating segments: Kardex Mlog	Kardex AG Zurich (Holding)	Eliminations	**Kardex Group**
Net revenues, third party					
- Europe	193.6	64.6	-	-	**258.2**
- Americas	49.8	-	-	-	**49.8**
- Asia/Pacific	21.5	-	-	-	**21.5**
- Middle East and Africa	8.4	-	-	-	**8.4**
Total net revenues, third party	**273.3**	**64.6**	**-**	**-**	**337.9**
Net revenues, with other operating segments	-	0.1	-	-0.1	-
Net revenues[2]	**273.3**	**64.7**	**-**	**-0.1**	**337.9**
Cost of goods sold and services provided	-162.7	-52.5	-	0.1	**-215.1**
Gross profit	**110.6**	**12.2**	**-**	**-**	**122.8**
Gross profit margin	40.5%	18.9%			36.3%
Marketing and sales expenses	-40.5	-4.7	-	-	**-45.2**
Administrative expenses	-23.0	-3.4	-4.6	2.0	**-29.0**
R&D expenses	-8.8	-0.5	-	-	**-9.3**
Other operating income	0.9	0.3	2.0	-2.0	**1.2**
Other operating expenses	-2.9	-0.5	-	-	**-3.4**
Operating result (EBIT)	**36.3**	**3.4**	**-2.6**	**-**	**37.1**
EBIT margin	13.3%	5.3%			11.0%
Depreciation and amortization	4.6	0.6	0.1	-	**5.3**
EBITDA	**40.9**	**4.0**	**-2.5**	**-**	**42.4**
EBITDA margin	15.0%	6.2%			12.5%

1 Restated, see note 2.

2 The source of revenues are represented with EUR 234.1 million by New Business (New Business, OEM, Integrated Subsystems, Products) and with EUR 103.8 million by Life Cycle Services.

5. Foreign currency translation

The main exchange rates for currency translation are:

in EUR	Average rate 2016	Average rate 2015	Year-end rates 31.12.2016	Year-end rates 31.12.2015
1 CHF	0.917	0.937	0.932	0.925
1 CNY	0.136	0.145	0.137	0.141
1 GBP	1.222	1.377	1.176	1.361
1 USD	0.903	0.901	0.957	0.912

6. Long-term construction contracts

EUR millions	2016	2015
Revenues from construction contracts (POC)	55.6	47.4

7. Personnel expenses

EUR millions	2016	2015
Salaries and wages	-98.6	-93.7
Social security contributions	-19.9	-19.3
Retirement and pension plan costs	-2.2	-2.4
Other personnel expenses	-6.1	-7.0
Total personnel expenses	**-126.8**	**-122.4**

8. Other operating income and expenses

EUR millions	2016	2015
Gains from non-current assets sold	0.2	0.1
Scrap sales	0.4	0.5
Completion of legal cases	-	0.2
Other income	0.8	0.4
Total other operating income	**1.4**	**1.2**
Losses from non-current assets sold	-0.1	-
Taxes other than income taxes	-0.5	-0.6
Contribution to pension schemes	-0.5	-0.4
Legal and other expenses	-0.6	-0.8
Restructuring expenses	-	-1.6
Total other operating expenses	**-1.7**	**-3.4**

9. Restructuring expenses

There were no material restructuring expenses in the year under review. Previous year were EUR 1.6 million restructuring expenses recognized in the income statement and reported as “Other operating expenses”.

10. Financial result, net

EUR millions	2016	2015
Interest income	0.3	0.2
Foreign exchange gains (net)	-	1.1
Other financial income[1]	0.1	-
Total financial income	**0.4**	**1.3**
Interest expense	-0.9	-1.6
Foreign exchange losses (net)	-0.4	-
Other financial expenses[1]	-0.5	-0.8
Total financial expenses	**-1.8**	**-2.4**
Total financial result, net	**-1.4**	**-1.1**

[1] Restated, see note 2.

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

11. Income tax expense and tax losses carryforward

11.1 Income tax expense

EUR millions	2016	2015
Current income tax	-9.4	-9.0
Deferred income tax	0.3	1.5
Total income tax expense	**-9.1**	**-7.5**

The effective tax rate of 22.8% has increased since previous year (20.8%) but is still low, which is largely attributable to the usage of tax losses carryforward. The locally applicable expected average tax rate is applied for the deferred tax calculation per subsidiary.

11.2 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. The Group's 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.

EUR millions	2016	2015
Result for the period before tax	**39.9**	**36.0**
Expected income tax rate	27.1%	26.7%
Expected income tax expense	-10.8	-9.6
Use of unrecognized tax losses carryforward	3.0	2.7
Effect of non-recognition of tax losses in current year	-0.2	-0.2
Income tax of prior periods, net	0.1	-
Withholding taxes not recoverable	-0.1	-0.2
Other	-1.1	-0.2
Effective income tax expense	**-9.1**	**-7.5**
Effective income tax rate	22.8%	20.8%

11.3 Tax losses carryforward

Deferred tax assets from tax losses carryforward are not capitalized. The tax losses carryforward expire as follows:

EUR millions	31.12.2016	31.12.2015
Tax losses carryforward by expiration		
Following year	0.1	0.1
In 2 to 5 years	1.5	1.6
After 5 years	15.5	24.9
Total tax losses carryforward	**17.1**	**26.6**

Remaining tax losses carryforward mainly relate to Germany. On 31 December 2016, the non-capitalized tax effects on losses carryforward amounted to EUR 4.5 million (EUR 6.6 million).

12. Property, plant, equipment and intangible assets

12.1 Property, plant and equipment 2016

EUR millions	Undeveloped properties	Land and buildings	Machinery and production tools	Equipment and vehicles	Information technology	Under construction	**Property, plant and equipment**
Acquisition cost, 1 January	**4.2**	**24.1**	**42.2**	**3.5**	**5.8**	**1.4**	**81.2**
Additions	0.1	0.2	3.8	0.4	0.9	1.4	**6.8**
Disposals	-	-	-1.6	-0.2	-0.2	-	**-2.0**
Reclassifications	-	-	0.4	-	-	-0.4	**-**
Exchange rate differences	-	0.1	0.1	0.1	-	-	**0.3**
31 December	**4.3**	**24.4**	**44.9**	**3.8**	**6.5**	**2.4**	**86.3**
Accumulated depreciation and impairment, 1 January	**-**	**-14.8**	**-33.9**	**-3.0**	**-4.7**	**-**	**-56.4**
Additions - depreciation	-	-0.8	-2.5	-0.2	-0.6	-	**-4.1**
Disposals - depreciation	-	-	1.6	0.2	0.2	-	**2.0**
Exchange rate differences	-	-0.1	-0.1	-	-	-	**-0.2**
31 December	**-**	**-15.7**	**-34.9**	**-3.0**	**-5.1**	**-**	**-58.7**
Net carrying amount, 1 January	4.2	9.3	8.3	0.5	1.1	1.4	**24.8**
Net carrying amount, 31 December	4.3	8.7	10.0	0.8	1.4	2.4	**27.6**

In the period under review, the Group held no fixed assets under finance leasing.

Depreciation of property, plant and equipment is included in the following items: EUR 2.9 million in “Cost of goods sold and services provided”, EUR 0.2 million in “Marketing and sales expenses”, EUR 0.9 million in “Administrative expenses” and EUR 0.1 million in “R&D expenses”.

12.2 Property, plant and equipment 2015

EUR millions	Undeveloped properties	Land and buildings	Machinery and production tools	Equipment and vehicles	Information technology	Under construction	**Property, plant and equipment**
Acquisition cost, 1 January	**4.2**	**23.7**	**40.1**	**3.4**	**5.5**	**0.8**	**77.7**
Additions	-	0.1	1.9	0.1	0.6	1.4	**4.1**
Disposals	-	-	-0.7	-0.1	-0.4	-	**-1.2**
Reclassifications	-	-	0.7	-	0.1	-0.8	**-**
Exchange rate differences	-	0.3	0.2	0.1	-	-	**0.6**
31 December	**4.2**	**24.1**	**42.2**	**3.5**	**5.8**	**1.4**	**81.2**
Accumulated depreciation and impairment, 1 January	**-**	**-13.9**	**-32.0**	**-2.8**	**-4.4**	**-**	**-53.1**
Additions - depreciation	-	-0.8	-2.5	-0.2	-0.6	-	**-4.1**
Disposals - depreciation	-	-	0.7	0.1	0.4	-	**1.2**
Exchange rate differences	-	-0.1	-0.1	-0.1	-0.1	-	**-0.4**
31 December	**-**	**-14.8**	**-33.9**	**-3.0**	**-4.7**	**-**	**-56.4**
Net carrying amount, 1 January	4.2	9.8	8.1	0.6	1.1	0.8	**24.6**
Net carrying amount, 31 December	4.2	9.3	8.3	0.5	1.1	1.4	**24.8**

Depreciation of property, plant and equipment is included in the following items: EUR 3.0 million in “Cost of goods sold and services provided”, EUR 0.2 million in “Marketing and sales expenses”, EUR 0.8 million in “Administrative expenses” and EUR 0.1 million in “R&D expenses”.

12.3 Intangible assets in 2016

EUR millions	Capitalized development costs	Capitalized software	Patents, licenses and other intangible	**Intangible assets**
Acquisition cost, 1 January	**1.3**	**10.1**	**1.4**	**12.8**
Additions	-	0.9	0.1	**1.0**
31 December	**1.3**	**11.0**	**1.5**	**13.8**
Accumulated amortization and impairment, 1 January	**-1.3**	**-8.4**	**-1.1**	**-10.8**
Additions - amortization	-	-0.8	-0.1	**-0.9**
Exchange rate differences	-	-0.1	-	**-0.1**
31 December	**-1.3**	**-9.3**	**-1.2**	**-11.8**
Net carrying amount, 1 January	-	1.7	0.3	**2.0**
Net carrying amount, 31 December	-	1.7	0.3	**2.0**

Amortization of intangible assets is included in the following items: EUR 0.9 million in “Administrative expenses”.

12.4 Intangible assets in 2015

EUR millions	Capitalized development costs	Capitalized software	Patents, licenses and other intangible	**Intangible assets**
Acquisition cost, 1 January	**3.3**	**9.7**	**1.3**	**14.3**
Additions	-	0.4	0.1	**0.5**
Disposals	-2.0	-	-	**-2.0**
31 December	**1.3**	**10.1**	**1.4**	**12.8**
Accumulated amortization and impairment, 1 January	**-3.3**	**-7.4**	**-1.0**	**-11.7**
Additions - amortization	-	-1.0	-0.2	**-1.2**
Disposals - amortization	2.0	-	-	**2.0**
Exchange rate differences	-	-	0.1	**0.1**
31 December	**-1.3**	**-8.4**	**-1.1**	**-10.8**
Net carrying amount, 1 January	-	2.3	0.3	**2.6**
Net carrying amount, 31 December	-	1.7	0.3	**2.0**

Amortization of intangible assets is included in the following items: EUR 0.1 million in “Cost of goods sold and services provided” and EUR 1.1 million in “Administrative expenses”.

13. Treatment of goodwill

Goodwill is offset against retained earnings at the time of acquisition. Based on FER 30.16 the resulting impact on equity and the net result, taking into account a goodwill amortization period of five years, are documented below.

Effects of a theoretical amortization of goodwill on the balance sheet and income statement:

EUR millions	2016	2015
Declared result for the period	30.8	28.5
Theoretical annual amortization of goodwill	-	-1.8
Theoretical exchange rate differences	-	-0.2
Theoretical result for the period	**30.8**	**26.5**
Acquisition value of goodwill, 1 January	**38.5**	**38.3**
Acquisition value of goodwill, 31 December	**38.5**	**38.5**
Theoretical accumulated amortization, 1 January	**-38.4**	**-36.4**
Theoretical annual amortization of goodwill	-	-1.8
Theoretical exchange rate differences	-	-0.2
Theoretical accumulated amortization, 31 December	-38.4	-38.4
Theoretical net book value goodwill, 31 December	**0.1**	**0.1**
Declared equity, 31 December	**138.2**	**129.4**
Theoretical effect of recognition of goodwill, 1 January	0.1	1.9
Theoretical effect of recognition of goodwill in reporting period	-	-1.8
Theoretical equity, 31 December	**138.3**	**129.5**

14. Financial assets

EUR millions	31.12.2016	31.12.2015
Other financial assets	2.6	2.3
Deferred tax assets	5.2	4.8
Total financial assets	**7.8**	**7.1**

15. Inventories and work in process

EUR millions	31.12.2016	31.12.2015
Raw materials, supplies and other consumables	8.1	7.3
Finished goods	3.2	2.3
Spare parts	6.9	6.9
Work in progress	14.2	16.5
Allowances	-5.9	-5.1
Advance payments from customers	-9.6	-14.4
Advance payments to suppliers	1.9	1.7
Total inventories and work in progress	**18.8**	**15.2**

16. Trade accounts receivable

EUR millions	31.12.2016	31.12.2015
Trade accounts receivable	54.6	46.3
Allowances for doubtful accounts	-1.0	-0.8
Total trade accounts receivable	**53.6**	**45.5**

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

Allowances on trade accounts receivable are made mainly on a case-by-case basis; a collective allowance for positions that have been overdue for 180 days and longer is also made.

17. Other receivables

EUR millions	31.12.2016	31.12.2015
Construction contracts with amounts due from customers (underfinanced - POC)[1]	6.0	2.5
Income tax receivables	0.7	0.6
VAT, withholding and other refundable tax	1.3	4.6
Guarantees	0.1	-
Advance payments	1.9	1.4
Other receivables	2.3	2.1
Total other receivables	**12.3**	**11.2**

[1] Thereof EUR 20.1 million (EUR 13.0 million) prepayments from customers.

18. Cash and cash equivalents

EUR millions	31.12.2016	31.12.2015
Cash, postal and bank current accounts	95.4	103.2
Time deposits	10.3	9.3
Total cash and cash equivalents	**105.7**	**112.5**

Of cash and cash equivalents, EUR 1.5 million (EUR 1.0 million) is currently held in countries with specific formalities and request procedures for transfers abroad. By complying with these requirements, the Group has these funds at its disposal.

19. Share capital

	Nominal value per share (CHF)	Number of shares	Share capital in EUR millions	Number of treasury shares	Treasury shares in EUR millions
Opening balance 1 January 2015	**11.00**	**7 730 000**	**59.9**	**-**	**-**
Additions	-	-	-	3 208	0.2
Disposals / reduction of nominal value	-0.65	-	-3.5	-3 208	-0.2
Closing balance 31 December 2015	**10.35**	**7 730 000**	**56.4**	**-**	**-**
Opening balance 1 January 2016	**10.35**	**7 730 000**	**56.4**	**-**	**-**
Additions	-	-	-	18 443	1.5
Disposals / reduction of nominal value	-3.00	-	-16.3	-1 743	-0.2
Closing balance 31 December 2016	**7.35**	**7 730 000**	**40.1**	**16 700**	**1.3**

As at 31 December 2016, there were 7 730 000 (7 730 000) fully paid up registered shares with a nominal value of CHF 7.35 (CHF 10.35) outstanding.

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

In the period under review the Executive Committee respectively the Group Management drew no shares (0) from the Company's holdings of treasury shares.

In the period under review, the Board of Directors, as part of their compensation for 2016/2017, drew 1 743 (3 208) shares from the Company's holdings of treasury shares. As at 31 December 2016, Kardex AG held 16 700 (0) treasury shares, which were purchased at an average share price of CHF 84.31 each.

The equity comprises EUR 19.5 million (EUR 19.3 million) in non-distributable reserves.

20. Earnings per share

	2016	2015
No. of outstanding shares, 1 January	**7 730 000**	**7 730 000**
Acquisition of treasury shares	-18 443	-3 208
Disposal of treasury shares	1 743	3 208
No. of outstanding shares, 31 December	**7 713 300**	**7 730 000**
Weighted average number of outstanding shares	**7 727 492**	**7 729 974**
Result for the period (EUR 1000)	**30 770**	**28 540**
Basic earnings per share (EUR)	**3.98**	**3.69**
Diluted earnings per share (EUR)[1]	**3.98**	**3.69**

[1] No dilutive effect occurred in 2016 and 2015, the diluted result per share is the same as the basic result per share (result of the period/average number of outstanding shares).

21. Financial liabilities

EUR millions	31.12.2016	31.12.2015
Derivative financial instruments	-	0.2
Total current financial liabilities	**-**	**0.2**

Kardex AG has entered into bilateral uncommitted credit lines with its main banks in the total amount of EUR 40 million. All bilateral uncommitted credit lines are available to Kardex AG for the issuance of guarantees and in the form of overdrafts or fixed advances.

EUR 0.7 million (EUR 1.4 million) of these bilateral credit lines have been utilized in the form of guarantees as of 31 December 2016 whereas no cash advance has been drawn.

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

22. 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 companies in the Group 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 2016 the coverage of the collective plan as a whole amounts to 109.3% (110.9%).

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 but most of those schemes are backed-up with insurance contracts. 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. All other pension liabilities are discounted by rates between 1.0% to 4.0% as the time factor has a significant impact. Measurement and recognition of all the above mentioned plans comply with FER 16.

EUR millions	Pension plans without surplus/deficit	Pension plans with deficit	Pension institutions without own assets	**Total**
Economic part of the Group 1 January 2015	**-**	**-0.6**	**-11.4**	**-12.0**
Change to prior period or recognized in the result of the period, respectively	-0.5	0.6	-0.9	**-0.8**
Economic part of the Group 31 December 2015	**-0.5**	**-**	**-12.3**	**-12.8**
Economic part of the Group 1 January 2016	**-0.5**	**-**	**-12.3**	**-12.8**
Change to prior period or recognized in the result of the period, respectively	-	-	-0.2	**-0.2**
Economic part of the Group 31 December 2016	**-0.5**	**-**	**-12.5**	**-13.0**
Pension benefit expenses within personnel expenses 2015	-1.9	-0.1	-0.4	**-2.4**
Change to prior period or recognized in the result of the period, respectively	-0.5	0.6	-0.9	**-0.8**
Contributions concerning the period 2015	**-1.4**	**-0.7**	**0.5**	**-1.6**
Pension benefit expenses within personnel expenses 2016	-2.0	-0.1	-0.1	**-2.2**
Change to prior period or recognized in the result of the period, respectively	-	-	-0.2	**-0.2**
Contributions concerning the period 2016	**-2.0**	**-0.1**	**0.1**	**-2.0**

23. Provisions

EUR millions	Deferred tax liabilities	Legal disputes and contractual penalties	Warranties	Retirement and other employee benefit obligations	Restructuring	Others	**Provisions**
Opening balance 1 January 2015	**0.3**	**0.1**	**4.1**	**15.8**	**0.6**	**2.0**	**22.9**
Additions	0.1	-	2.2	3.6	2.0	0.6	**8.5**
Utilization	-	-	-0.4	-2.6	-0.3	-0.6	**-3.9**
Reversal	-0.2	-	-0.9	-0.1	-0.3	-	**-1.5**
Reclassifications	-	-	-	-	0.1	-0.1	**-**
Closing balance 31 December 2015	**0.2**	**0.1**	**5.0**	**16.7**	**2.1**	**1.9**	**26.0**
Non-current provisions	0.2	0.1	1.9	15.2	0.3	-	**17.7**
Current provisions	-	-	3.1	1.5	1.8	1.9	**8.3**
Opening balance 1 January 2016	**0.2**	**0.1**	**5.0**	**16.7**	**2.1**	**1.9**	**26.0**
Additions	0.1	0.1	1.3	3.2	0.1	0.4	**5.2**
Utilization	-	-	-0.7	-1.9	-0.6	-0.5	**-3.7**
Reversal	-	-	-0.2	-0.3	-	-0.7	**-1.2**
Reclassifications	-	-	-	-	-0.1	0.1	**-**
Closing balance 31 December 2016	**0.3**	**0.2**	**5.4**	**17.7**	**1.5**	**1.2**	**26.3**
Non-current provisions	0.2	0.1	1.7	16.2	-	0.2	**18.4**
Current provisions	0.1	0.1	3.7	1.5	1.5	1.0	**7.9**

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 the provisions will be used in the following one to two years.

For employee benefit obligations, see note 22.

Remaining provisions for restructuring relate to measures for adjusting cost structures in subsidiaries. Provisions for restructuring include severance payments and are only recognized in the balance sheet once the management must have raised a valid expectation that it will carry out the restructuring or the restructuring plan is announced. Normally the expenses fall due within one to two years.

24. Accruals

EUR millions	31.12.2016	31.12.2015
Accrued expenses	6.2	5.5
Accrued vacation and overtime pay	4.8	4.2
Accruals for salaries, variable compensations etc.	11.2	11.2
Accrual for income tax < 1 year	2.7	3.5
Deferred income	11.2	10.0
Total accruals	**36.1**	**34.4**

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.

25. Other current liabilities

EUR millions	31.12.2016	31.12.2015
VAT, withholding tax and other tax liabilities	7.6	9.1
Construction contracts with amounts due to customers (over-financed - POC)[1]	3.7	4.7
Social security and pension plan liabilities	1.2	1.0
Employee claims	1.1	1.1
Other current liabilities	3.3	2.7
Total other current liabilities	**16.9**	**18.6**

[1] Thereof EUR 10.8 million (EUR 14.3 million) prepayments from customers.

26. Derivative financial instruments

EUR millions	31.12.2016	31.12.2015
Currency derivatives (hedging)		
Contract or nominal value	0.1	20.5
Negative fair value	-	0.2

The Group uses derivative financial instruments as part of its Group-wide risk management approach. Currency risks from accounts receivable for larger orders in foreign currencies are partially hedged. As hedging instruments mostly forward exchange contracts and currency swaps are used with a maximum maturity of 12 months as a general rule. Any gains and losses accruing are recognized directly in the income statement.

The currency derivatives are used to hedge the foreign currency risk on accounts receivable in US dollar. In the previous year the same instrument was additionally used to hedge the foreign currency risk on the distribution of dividends to the shareholders in Swiss franc.

27. Operating leases

EUR millions	31.12.2016	31.12.2015
Expense for operating leases for the year	8.1	7.7
Future minimum payments for non-cancellable lease agreements		
Up to 1 year	5.4	5.1
1 to 5 years	11.2	10.1
Over 5 years	11.0	10.2
Total future minimum payments for operating leases	**27.6**	**25.4**

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

28. Contingent liabilities

The Group is currently involved in various litigations arising in the course of business. The Group 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 30.8 million as at 31 December 2016 (EUR 26.2 million).

29. Assets pledged or of restricted disposability

EUR millions	31.12.2016	31.12.2015
Cash and cash equivalents	1.3	1.3
Total assets pledged or of restricted disposability	**1.3**	**1.3**

30. 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 22), 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 Corporate Governance report on page 26 and 27 and in the notes to the financial statements of Kardex AG.

31. Subsidiaries

Country	Finance, property,	Development, production	Distribution, service	Company, domicile	Division	Employees (FTE)	Currency	Share capital in local currency	Percentage holding	Held by
AT			*	Kardex Austria GmbH, Vienna	Kardex Remstar	20	EUR	300 000	100	1
AU		*	*	Kardex VCA Pty Ltd, Wodonga	Kardex Remstar	16	AUD	700 000	100	1
BE			*	S.A. Kardex nv, Dilbeek	Kardex Remstar	17	EUR	507 895	100	1
CH			*	Kardex Systems AG, Volketswil	Kardex Remstar	41	CHF	1 000 000	100	1
	*			KRM Service AG, Zurich	Kardex Remstar	17	CHF	500 000	100	1
CN			*	Kardex Logistic System (Beijing) Co. Ltd., Beijing	Kardex Remstar	42	CNY	1 675 040	100	1
CY			*	Kardex Systems Ltd., Limassol	Kardex Remstar	12	EUR	418 950	100	1
CZ			*	Kardex s.r.o., Prague	Kardex Remstar	30	CZK	500 000	100	1
DE		*	*	Kardex Produktion Deutschland GmbH, Neuburg/Kammel	Kardex Remstar	427	EUR	8 567 730	87.47 12.53	4 3
		*	*	Kardex Software GmbH, Wörth am Rhein	Kardex Remstar	45	EUR	26 000	100	4
	*			Kardex Germany GmbH, Bellheim/Pfalz	Kardex Remstar	42	EUR	511 292	100	1
	*		*	Kardex Deutschland GmbH, Neuburg/Kammel	Kardex Remstar	154	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	263	EUR	50 000	100	4
DK			*	Kardex Danmark A/S, Odense	Kardex Remstar	11	DKK	500 000	100	1
ES			*	Kardex Sistemas S.A., San Fernando de Henares, Madrid	Kardex Remstar	30	EUR	142 900	100	1
FI			*	Kardex Finland OY, Jyväskylä	Kardex Remstar	11	EUR	134 550	100	1
FR			*	Kardex France SASU, Neuilly-Plaisance Cedex	Kardex Remstar	71	EUR	1 835 000	100	1

1 Kardex AG, Zurich, Switzerland
2 Kardex Produktion Deutschland GmbH, Neuburg/Kammel, Germany
3 Kardex Deutschland GmbH, Neuburg/Kammel, Germany
4 Kardex Germany GmbH, Bellheim, Germany

Country	Finance, property,	Development, production	Distribution, service	Company, domicile	Division	Employees (FTE)	Currency	Share capital in local currency	Percentage holding	Held by
HU			*	Kardex Hungaria Kft., Budaörs	Kardex Remstar	12	HUF	3 000 000	100	1
IE			*	Kardex Systems Ireland Ltd., Dublin	Kardex Remstar	-	EUR	300 000	100	1
IN[8]			*	Kardex India Storage Solutions Private Ltd., Bangalore	Kardex Remstar	23	INR	26 143 500	99.0 1.0	1 7
IT			*	Kardex Italia S.p.A., Opera (Mi)	Kardex Remstar	29	EUR	310 000	100	6
MY			*	Kardex Malaysia Sdn Bhd, Kuala Lumpur	Kardex Remstar	6	MYR	1 000 000	100	1
NL			*	Kardex Systemen bv, Woerden	Kardex Remstar	33	EUR	90 756	100	1
NO			*	Kardex Norge AS, Kjeller	Kardex Remstar	21	NOK	2 537 500	100	1
PL			*	Kardex Polska Sp.z.o.o., Warsaw	Kardex Remstar	6	PLN	1 250 000	100	1
SE			*	Kardex Sverige AB, Solna	Kardex Remstar	22	SEK	100 000	100	1
SG			*	Kardex Far East Private Ltd., Singapore	Kardex Remstar	1	SGD	1 550 000	100	1
TR			*	Kardex Turkey Depolama Sistemleri Ltd. Sti., Istanbul	Kardex Remstar	13	TRY	1 350 000	99.5 0.5	1 6
UK			*	Kardex Systems (UK) Ltd., Hertford	Kardex Remstar	64	GBP	828 000	100	1
US			*	Kardex Remstar LLC, Westbrook (Maine)	Kardex Remstar	55	USD	100	100	5
		*	*	Kardex Production USA Inc., Westbrook (Maine)	Kardex Remstar	7	USD	1 000	100	1

1 Kardex AG, Zurich, Switzerland

5 Kardex Production USA Inc., Westbrook, USA

6 KRM Service AG, Zurich, Switzerland

7 Kardex Systems Ltd., Limassol, Cyprus

8 Balance sheet date for local GAAP closing is 31 March.

32. Risk management

As part of its duty to supervise the Company, 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 the Group 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 15 December 2016 and approved the measures contained therein.

33. Release for publication and approval of the financial statements

The Board of Directors approved these financial statements on 7 March 2017 and released them for publication. They must also be approved by the Shareholders General Meeting.

34. Events after the balance sheet date

No events took place between 31 December 2016 and 7 March 2017 that would require an adjustment to the book value of Kardex AG's assets, liabilities or equity or need to be disclosed here.

Report of the statutory auditor on the consolidated financial statements

Report of the statutory auditor

to the General Meeting of Kardex AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Kardex AG and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated balance sheet, consolidated cash flow statement and consolidated statement of changes in equity for for the year ended 31 December 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies (presented on pages 36 to 63).

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 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 2'000'000

- We concluded full scope audit work at 6 reporting units in 4 countries
- Our full scope audit addressed over 47% of the Group's net revenues and 66% of the Group's total assets
- In addition, specified procedures were performed on a further 2 reporting units in 2 countries representing a further 15% of the Group's net revenues and 14% of the Group's total assets
- Moreover, early statutory audits were performed on further 9 reporting units in 8 counties representing a further 19% of the Group's net revenues and 9% of the Group's total assets which enables the group team to take indirect comfort from this work.

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

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

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 17 components which represent the principal business units within the Group's two reportable segments. 6 of these components were subject to a full scope audit, 2 were subject to a specific scope audit. The components subject to full scope audit and specific scope audit procedures accounted for 62% of Group's net revenues and 80% of the Group's total assets.

In addition to this work, 9 component teams were instructed to complete their statutory audits on a timely basis and to report any significant findings to the Group team. This enables the Group team to take indirect comfort on this work, especially where the reporting frameworks align. The group audit team directs the component teams at all stages of the audit. For the remaining components, we performed other procedures to test or assess that there were no significant risks of material misstatement in these components in relation to the Group financial statements.

To ensure sufficient and appropriate involvement of the Group team we held conference calls with the component teams which are subject to a full scope audit and specific scope audit during the different phases of the audit. In addition we held conference calls with selected component teams which are subject to early statutory audit. We discussed the risk identified and challenged the audit approach on significant risk areas relevant to each component. Furthermore we obtain a memorandum of examination form all full scope components and discuss the results and impact on the Consolidated Financial Statements and challenged their conclusions. In addition, we have regular calls during the entire year with the German Auditor which represents the most important component of the Group.

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

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

Overall Group materiality	EUR 2'000'000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and is a generally accepted Benchmark.

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	*How our audit addressed the key audit matter*
As set out in note 6 of the consolidated financial statements EURO 55.6m of revenues are generated from long term contracts which include the construction of complex integrated materials handling systems and automated high-bay warehouses. These contracts are accounted under the percentage of completion method (POC). We focussed on this area due to the size of revenue, and the fact that contract accounting involves judgement in assessing whether the criteria set out in the accounting standards have been met and estimates related to the final outcome of the contract and the stage of completion. As part of our work we focussed 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. Risks include: • incorrect recognition of change orders; • inappropriate end life forecast costs, estimated profit and contingencies; and • inaccurate recognition of costs	We tested the controls in place to assess the appropriate application of the percentage of completion accounting. The population constitutes a small number of large value projects. By testing the largest items, EURO 45,5m of revenues generated from construction contracts were covered. The following procedures were performed: • We obtained and reviewed project source documents like contracts, budgets and projects calculations. • We tested projects calculations and contract amendments and modifications for accuracy and completeness. 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 total contract cost and 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. • We challenged management's 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 to the contracts of a similar nature. The combination of test of controls and substantive tests carried out above gave us sufficient evidence to address the risks identified around revenue recognition on long term construction contracts.

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

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

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

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

Report on other legal and regulatory requirements

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Wallmer	Daniel Sutter
Audit expert Auditor in charge	Audit expert

Zurich, 7 March 2017

Financial reporting Kardex AG

Income statement of Kardex AG

CHF millions	Notes	2016	2015
Income from investments		19.9	17.9
Licensing income		5.7	5.4
Other operating income		2.4	2.1
Total operating income		**28.0**	**25.4**
Licensing expenses		-0.2	-0.1
Personnel expenses		-3.8	-3.1
Other operating expenses		-1.5	-1.5
Depreciation and amortization		-0.1	-0.1
Impairment on loans to Group companies	3	-0.5	-1.5
Impairment on investments	4	-0.6	2.9
Total operating expenses		**-6.7**	**-3.4**
Operating result (EBIT)		**21.3**	**22.0**
Financial income		0.7	0.5
Financial expenses		-0.3	-0.2
Foreign exchange losses (net)	5	-1.9	-21.5
Result for the period before tax		**19.8**	**0.8**
Tax expense		-0.3	-0.5
Result for the period		**19.5**	**0.3**

Balance sheet of Kardex AG

CHF millions	Notes	31.12.2016	31.12.2015
Cash and cash equivalents		81.5	89.9
Trade receivables from Group companies		6.1	3.9
Other current receivables third		0.1	0.1
Prepaid expenses		0.2	0.2
Current assets		**87.9**	**94.1**
Loans to Group companies	3	6.9	7.2
Investments	4	135.4	136.9
Property, plant and equipment		0.4	0.1
Non-current assets		**142.7**	**144.2**
Assets		**230.6**	**238.3**
Current payables to Group companies (interest-bearing)		48.3	51.9
Current payables third		0.1	0.2
Accruals		**3.7**	**1.8**
Current liabilities		**52.1**	**53.9**
Non-current provisions		-	0.8
Non-current liabilities		**-**	**0.8**
Liabilities		**52.1**	**54.7**
Share capital		56.8	80.0
Treasury shares	6	-1.4	-
Statutory retained earnings		17.0	17.0
Unrestricted reserve		20.2	20.2
Retained earnings		66.4	66.1
Result for the period		19.5	0.3
Equity		**178.5**	**183.6**
Equity and liabilities		**230.6**	**238.3**

Notes to the financial statements of Kardex AG

1. Significant accounting policies

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

Foreign currencies
The euro is Kardex AG's functional currency and the presentation currency of the Group because the Group's cash flows and transactions are denominated mainly in euros. The accounts of Kardex 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 exclusively shareholdings in intercompany and are carried at cost, while 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.

Current payables to Group companies (interest-bearing)
This position contains euro cash-pool balances in favor of the counterparty of Kardex AG. Participants of the euro cash-pool are all Group companies with a significant transaction volume in euro. Interest rate applied are at market level.

2. Employees

The averaged number of full-time-equivalents at Kardex AG amounted to 7.7 in 2016 (6.5 in 2015).

3. Loans to Group companies

Provision for impairment of loans to subsidiaries was increased by CHF 0.5 million (CHF 1.5 million) which is mainly due to further investments into the development of the market region Asia/Pacific.

4. Investments

Investments are made up entirely of shareholdings of Kardex AG in subsidiaries which are listed on pages 61 and 62 of this report. Kardex AG held no minority interest as at 31 December 2016.

During the period under review and in prior year no investments were made.

In the reporting period provisions for impairment of investments in subsidiaries of CHF 0.6 million (of which CHF 4.1 million recognized and CHF 3.5 million derecognized) were recognized. In 2015 CHF 2.9 million of the provisions for impairment of investments in subsidiaries was released.

5. Foreign exchange losses (net)

Foreign exchange losses (net) of 1.9 million decreased significantly compared to 2015 (CHF 21.5 million). In prior year the Swiss franc appreciated significantly against most other currencies what caused the considerable foreign exchange losses occurred in connection with investments outside Switzerland.

6. Treasury shares

Kardex AG held 16 700 treasury shares in the amount of CHF 1.4 million at 31 December 2016. No treasury shares were held in the prior reporting period.

Treasury shares underwent the following movements:

	Number	Price per share in CHF	**Total CHF 1 000**
Opening balance 1 January 2015	-	-	-
Purchases	3 208	63.24	**202.9**
Disposals	-3 208	63.24	**-202.9**
Closing balance 31 December 2015	-	-	-
Opening balance 1 January 2016	-	-	-
Purchases	18 443	85.33	**1 573.8**
Disposals	-1 743	95.12	**-165.8**
Closing balance 31 December 2016	**16 700**	**84.31**	**1 408.0**

7. Liabilities towards pension funds

Kardex AG had no liabilities towards pension funds as at 31 December 2016 (CHF 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 56 815 500 as at 31 December 2016 respectively CHF 80 005 500 as at 31 December 2015.

	31.12.2016	31.12.2015
BURU Holding AG and Philipp Buhofer	23.6%	23.7%
Alantra Partners S.A.	4.8%	-
Credit Suisse Funds AG	3.9%	-

10. Operating leases

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

CHF millions	31.12.2016	31.12.2015
Expense for operating leases for the year	0.3	0.3
Future minimum payments for non-cancellable lease agreements		
Up to 1 year	0.3	0.2
1 to 5 years	1.0	1.2
Total future minimum payments for operating leases	**1.3**	**1.4**

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

12. Contingent liabilities

CHF millions	31.12.2016	31.12.2015
Contingent liabilities in favor of subsidiaries and third parties	3.2	5.2
Subordinated loans to subsidiaries	1.1	1.1

13. Events after the balance sheet date

No events took place between 31 December 2016 and 7 March 2017 that would require an adjustment to the book value of Kardex AG's assets, liabilities or equity or are subject to disclosure here.

14. Shareholdings and grants

Shareholdings of members of the Board of Directors, the Executive Committee and related parties.

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 2016

Name	Function	Number of shares	Voting interest in %	Thereof with retention period of 3 years until: 2017	2018	2019	Total
Board of Directors							
Philipp Buhofer[1]	Chairman	1 823 816	23.59%	937	1 083	731	**2 751**
Felix Thöni	Vice Chairman	32 962	0.43%	899	394	246	**1 539**
Jakob Bleiker	Member	4 614	0.06%	1 136	851	227	**2 214**
Ulrich Jakob Looser	Member	2 046	0.03%	398	315	215	**928**
Walter T. Vogel	Member	14 711	0.19%	724	565	324	**1 613**
Total Board of Directors		**1 878 149**	**24.30%**	**4 094**	**3 208**	**1 743**	**9 045**
Group Management							
Jens Fankhänel	CEO	6 000	0.08%	2 500	-	-	**2 500**
Thomas Reist	CFO	250	0.00%	250	-	-	**250**
Hans-Jürgen Heitzer	HoD Kardex Mlog	827	0.01%	-	-	-	**-**
Total Group Management		**7 077**	**0.09%**	**2 750**	**-**	**-**	**2 750**

[1] Including shares held by BURU Holding AG.

Board of Directors and Executive Committee 2015

Name	Function	Number of shares	Voting interest in %	Thereof with retention period of 3 years until: 2016	2017	2018	Total
Board of Directors							
Philipp Buhofer[1]	Chairman	1 828 085	23.65%	1 500	937	1 083	**3 520**
Walter T. Vogel	Vice Chairman	14 387	0.19%	1 031	724	565	**2 320**
Jakob Bleiker	Member	4 387	0.06%	1 212	1 136	851	**3 199**
Ulrich Jakob Looser	Member	1 831	0.02%	425	398	315	**1 138**
Felix Thöni	Member	32 716	0.42%	2 121	899	394	**3 414**
Total Board of Directors		**1 881 406**	**24.34%**	**6 289**	**4 094**	**3 208**	**13 591**
Executive Committee							
Jens Fankhänel	HoD Kardex Remstar	6 000	0.08%	-	2 500	-	**2 500**
Hans-Jürgen Heitzer	HoD Kardex Mlog	827	0.01%	-	-	-	**-**
Total Executive Committee		**6 827**	**0.09%**	**-**	**2 500**	**-**	**2 500**

[1] Including shares held by BURU Holding AG.

In the period under review, the Board of Directors, as part of their compensation for the 2016 financial year, were granted 1 743 (3 208) shares over the amount of CHF 165.8 thousand (CHF 197.6 thousand) instead of remuneration in cash.

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 that accumulated gains be carried forward as follows:

CHF millions	31.12.2016
Balance brought forward	66.4
Result for the period	19.5
Net result	**85.9**
Net result at the disposal of the General Meeting	**85.9**
Balance to be carried forward	85.9

2. Reduction of nominal value

Instead of payment of a dividend, the Board of Directors will propose to the General Meeting a reduction of nominal value by CHF 3.30 from CHF 7.35 to CHF 4.05 per share. This corresponds to a reduction of the share capital of CHF 25 509 000 from CHF 56 815 500 to CHF 31 306 500.

Report of the statutory auditor on the financial statements

pwc

Report of the statutory auditor

to the General Meeting of Kardex AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Kardex AG, which comprise the income statement, balance sheet and notes (presented on pages 70 to 75), for the year ended 31 December 2016, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2016 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

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.

Materiality

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

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

Overall materiality	CHF 1'350'000
How we determined it	Group audit materiality allocation
Rationale for the materiality ben mark applied	We chose total assets as benchmark because Kardex 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 for determine the materiality according to audit standards. We choose 1% which is within the range of acceptable quantitative materiality thresholds in auditing Standards. This results in an overall materiality 0f CHF 2'300'000. We used therefore the materiality allocated by the group auditor (CHF 1'350'000) because it is lower than calculated based on total assets.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
We have determined that there are no key audit matters to communicate in our report.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located at the website of 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
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Audit expert

Zurich, 7 March 2017

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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 English 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's 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's past and future filings and reports and in past and future filings, press releases, reports and other information posted on Kardex Group companies' websites. 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.

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