

20 24 Annual Report

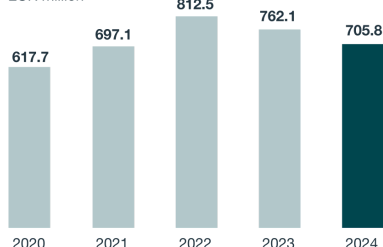
Table of Contents

3	Key Figures
5	Company Profile and Locations
6	Management Report
13	Corporate Governance
50	Compensation Report
78	Financial Report
131	Further Information for Investors

Key figures

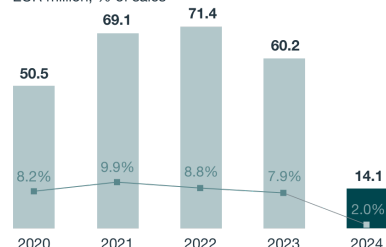
Sales

EUR million



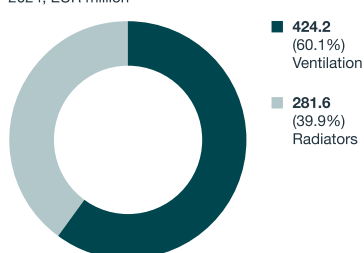
EBIT

EUR million, % of sales



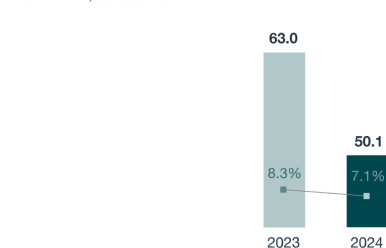
Sales by segment

2024, EUR million



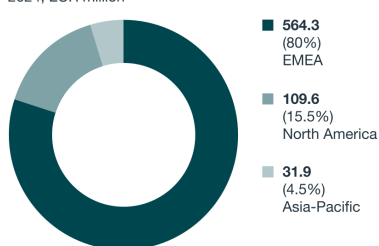
EBIT adjusted¹

EUR million, % of sales



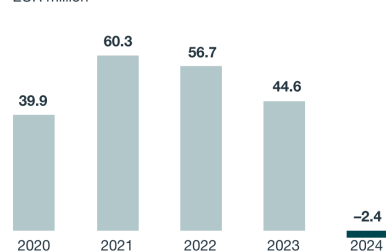
Sales by region

2024, EUR million



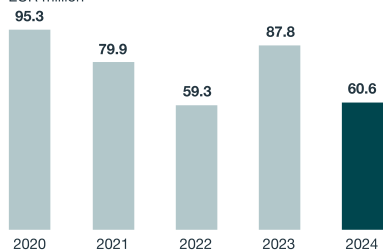
Net profit/(loss)

EUR million



Cash flow from operating activities

EUR million



Share price development

1 January to 31 December 2024, %



¹ See [Alternative performance measures](#) in the consolidated financial statements in the Financial Report.

		2024	2023	Change from prior year %
Sales	EUR million	705.8	762.1	-7.4
EBITDA adjusted¹	EUR million	77.0	87.6	-12.1
	% of sales	10.9	11.5	
EBITDA¹	EUR million	55.3	84.8	-34.8
	% of sales	7.8	11.1	
EBIT adjusted¹	EUR million	50.1	63.0	-20.5
	% of sales	7.1	8.3	
EBIT	EUR million	14.1	60.2	-76.5
	% of sales	2.0	7.9	
Net profit/(loss)²	EUR million	-2.4	44.6	n/a
	% of sales	-0.3	5.9	
Cash flow from operating activities	EUR million	60.6	87.8	-30.9
	% of sales	8.6	11.5	
Research & development expenses	EUR million	-25.3	-25.5	-0.8
	% of sales	-3.6	-3.3	
Investments in property, plant and equipment & intangible assets	EUR million	17.0	23.1	-26.4
Depreciation, amortisation & impairment	EUR million	-41.1	-24.6	67.2
Total assets	EUR million	476.7	516.8	-7.8
Non-current assets	EUR million	211.5	226.4	-6.6
ROCE¹	%	15.4	17.9	
Net liquidity/(net debt)¹	EUR million	-11.8	70.8	n/a
Shareholders' equity²	EUR million	241.5	347.3	-30.5
	% of total assets	50.7	67.2	
Number of employees	Ø full-time equivalents	3,559	3,772	-5.6
Dividends³	CHF million	11.2	15.3	-26.3
Net profit per registered share A⁴	EUR	0.15	3.84	-96.0
Dividend per registered share A³	CHF	1.00	1.30	-23.1
Payout ratio	%	-	35	
Market closing price registered share A	CHF	45.20	53.50	-15.5
Market capitalisation⁵	CHF million	418.9	521.9	-19.7
Total market capitalisation⁶	CHF million	508.4	627.9	-19.0

1 For further information please refer to: [Alternative performance measures](#) in the consolidated financial statements in the Financial Report

2 Including minority interests

3 For 2024 as proposed by the Board of Directors

4 Excluding minority interests

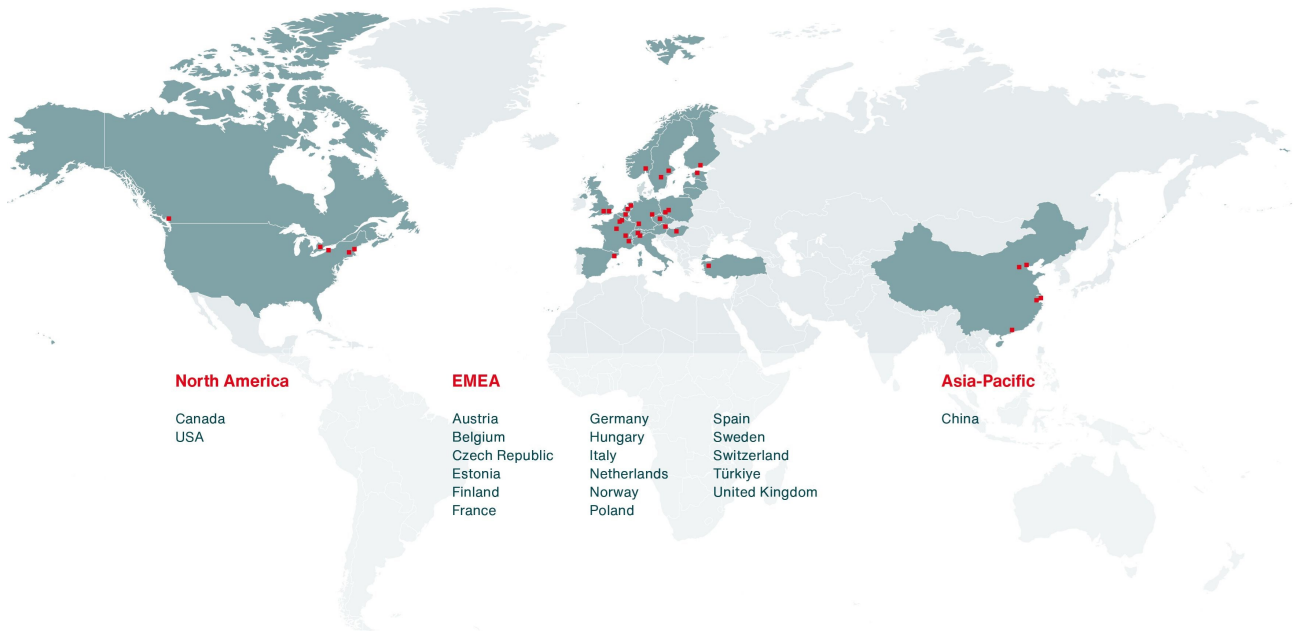
5 Market value of all listed registered shares A at year end, excluding value of unlisted registered shares B

6 Registered shares A and B; registered shares B recognised at one fifth of the price of the registered share A at year end

Company profile

Zehnder Group provides world-leading solutions for a comfortable, energy-efficient and healthy indoor climate. The products and services of the Group include heating, cooling, indoor ventilation, and air cleaning. The Group develops and manufactures its products at its own factories in Europe, China, and North America. In the 2024 financial year, Zehnder Group had about 3500 employees and achieved sales of EUR 706 million. The company is listed on the SIX Swiss Exchange (symbol: ZEHN, number: 27 653 461). The unlisted registered shares B are held by Graneco AG, which is controlled by the Zehnder families.

Locations



Zehnder Group on its way to becoming a leading international provider of indoor climate solutions



Dear shareholders,

In the 2024 reporting year, Zehnder Group made significant progress towards becoming a leading international supplier of indoor climate solutions. In line with our strategic objectives, we sold the non-core Climate Ceiling Solutions division and made the necessary capacity adjustments in radiator production. With the acquisition of the Spanish ventilation specialist Siber, we have reached an important milestone and consolidated our market position in Southern Europe.

At the same time, new residential construction activities in Europe reached a historic low in 2024. Renovation work also declined. Encouragingly, however, we were able to slightly increase sales in the ventilation segment again in the second half of the year. Thanks to stringent cost reductions, we also managed to safeguard the operating margin before one-off effects in a challenging environment.

The importance of a high-quality indoor climate will continue to grow, as it has a significant positive impact on health, comfort, and sustainability. Driven by global megatrends such as demographic change, urbanisation, climate change, and technological progress, innovative and integrated indoor climate solutions are becoming one of the key topics in new buildings and renovations.

This trend is resulting in an increased emphasis on system solutions for indoor climate. At Zehnder Group, we are taking this aspect into account by transforming ourselves into an innovative, future-orientated system and service provider for a healthy and comfortable indoor climate. Zehnder Group continues to develop and build on its proven strengths.

Resilient operating result in a weak market environment

Zehnder Group sales in the 2024 financial year fell by 7% (organically –9%¹) to EUR 705.8 million (previous year: EUR 762.1 million). The Siber acquisition in Spain contributed positively with a 2% increase in sales, while the sale of the Climate Ceiling Solutions division resulted in a 1% sales decline. The past financial year was characterised by a combination of geopolitical and economic uncertainties. As a result, there was significantly less construction and renovation activity in some of our key markets. This led to lower sales in the ventilation and radiator segment in the 2024 financial year.

In the 2024 financial year, Zehnder Group achieved an operating result after one-off costs (EBIT) of EUR 14.1 million (–76%), which corresponds to an EBIT margin of 2.0%. In 2024, strategic measures were implemented to sustainably reduce costs and increase efficiency. Overall, the one-off effects amounted to EUR 35.9 million for the disposal of the Climate Ceiling Solutions business, the relocation of radiator production from Gränichen (CH) to Vaux-Andigny (FR), the impairment of the production plant in Dachang (CN), value adjustments on trade receivables due to the ongoing real estate crisis in China, and further organisational and restructuring measures. At EUR 50.1 million, adjusted EBIT¹ was down –21% on the previous year, corresponding to an adjusted EBIT margin of 7.1% (previous year: 8.3%). In the second half of the year, the adjusted EBIT margin improved to 7.6% (previous year: 6.7%).

At a total of EUR 25.3 million, expenditure on research and development remained stable (previous year: EUR 25.5 million). Around 72% of this was attributable to the ventilation segment. In the 2024 financial year, the tax rate was 119.5% due to non-tax-deductible one-off costs (previous year: 21.8%). Net loss totaled EUR –2.4 million due to high one-off costs (previous year: net profit of EUR 44.6 million).

¹ See [Alternative performance measures](#) in the consolidated financial statements in the Financial Report.

Ventilation sales with organic growth in the second half of the year

Total sales in the ventilation segment fell by 4% (organically –8%) to EUR 424.2 million in 2024. The acquisition of Siber in Spain made a positive contribution of 4% to ventilation sales. In the second half of the year, ventilation sales rose organically by 3%. In both the indoor ventilation and heat exchanger divisions, sales fell significantly due to the decline in new residential construction. By contrast, sales of industrial air cleaning solutions increased once again. During the reporting year, the ventilation segment accounted for 60% of the Group's total sales for the first time, a relative increase of two percentage points compared to the previous year.

In the EMEA region (Europe, Middle East and Africa), ventilation sales declined by 2% (organically –8%) to EUR 328.4 million (previous year: EUR 336.2 million). This development was largely due to the decrease in new residential construction activity in the 2024 financial year, which in turn was attributable to a lower inclination to invest. The markets in Germany and Belgium recorded the most significant decline in sales due to the sharp fall in new construction activity there. Further growth was seen in the UK following the introduction of favourable building regulations.

At EUR 71.1 million (previous year: EUR 69.1 million), sales in North America were slightly above the previous year's level (+3%). In Canada particularly, the key interest rate cuts led to a revival in the construction market. The ventilation segment's relative share of total sales in North America rose by five percentage points to 65%.

In the Asia-Pacific region, sales fell by 31% to EUR 24.7 million (previous year: EUR 35.8 million). In the wake of the ongoing property crisis, the Chinese market in particular suffered a decline in demand in the ventilation segment.

Robust operating result in the ventilation segment

In the ventilation segment, adjusted EBIT¹ fell by 17% to EUR 44.4 million in the 2024 financial year (previous year: EUR 53.5 million). The adjusted EBIT margin was 10.5%. Despite lower sales, investments were maintained to further strengthen ventilation as a growth segment. Value adjustments on receivables in China and restructuring of the heat exchanger business in Europe led to one-off costs of EUR 7.0 million. EBIT after one-off costs in the ventilation segment totalled EUR 37.4 million, corresponding to an EBIT margin of 8.8%.

¹ See [Alternative performance measures](#) in the consolidated financial statements in the Financial Report.

Radiator sales significantly influenced by slowdown in renovations

The radiator segment generated sales of EUR 281.6 million in the 2024 financial year, down 12% (organically -10%) on the previous year's sales of EUR 321.0 million. Renovation activities involving radiator replacement fell significantly in most markets in the 2024 financial year. This was due to a general decline in customer demand in light of political and economic uncertainties.

In line with this development, we adjusted our production capacities in response to actual demand. The decision was made to discontinue radiator production in Switzerland and relocate it to the existing plant in France. We also outsourced radiator production at our Chinese plant in Dachang. This activity will continue to operate as a trading business in the future. Radiator sales accounted for 40% of Zehnder Group's total sales during the reporting year, corresponding to a decrease of two percentage points compared to the previous year.

In the EMEA region, sales in the radiator segment fell by 12% to EUR 235.9 million (previous year: EUR 268.2 million). The two most important markets, France and Germany, recorded the largest declines in sales. In a challenging economic environment, demand shifted in part towards lower-priced products. In France, political uncertainty has increased purchasing restraint. Contrary to this trend, the Netherlands and Spain recorded slight increases in sales along a positive economic development.

In the North America region, radiator sales fell by 15% to EUR 38.5 million (previous year: EUR 45.5 million). High inventory levels in the distribution chain led to lower demand in the USA in the first half of 2024. The situation began to recover in the second half of the year.

The Asia-Pacific region reported a 1% decline in radiator revenue, totalling EUR 7.2 million (previous year: EUR 7.2 million). This slight decline in sales is largely due to the continuing weakness of the construction sector in China.

Lower capacity utilisation reduces EBIT significantly in the radiator segment

In the radiator segment, adjusted EBIT¹ fell by 40% to EUR 5.7 million during the reporting period (previous year: EUR 9.4 million). Lower volumes resulted in lower capacity utilisation. The adjusted EBIT margin was 2.0% (previous year: 2.9%). EBIT after one-off costs fell to EUR -23.2 million in the 2024 financial year (previous year: EUR 7.2 million).

Accelerated transformation into a leading international supplier of indoor climate solutions

Throughout the 2024 financial year, Zehnder Group implemented several strategically important measures to further strengthen the Group's profile as a provider for indoor climate solutions. The measures enacted consistently aim at future growth and improved profitability.

On 11 July 2024, Zehnder Group completed the acquisition of the Spanish company Siber to strengthen its market position in Southern Europe. Siber commands broad market access in Spain and Portugal, focusing on complete ventilation systems for new-build apartment blocks. The integration of Siber ideally complements our product portfolio with mid-priced products and offers further synergy potential. Specifically, this acquisition enables us to sustainably expand our activities in the important growth markets in Southern and Eastern Europe.

The production network is being further optimised through the outsourcing of radiator production in China and the planned consolidation of flat tube radiator production in France. Following the closure of the radiator production division, the Gränichen site will be expanded as a centre of excellence for indoor climate solutions. Key focus areas will include the growing service and maintenance business.

“The Gränichen site will be expanded as a centre of excellence for indoor climate solutions.”

In this context, even greater emphasis will be placed on education and information than before. Based on our experience, decision-makers such as builders and architects are often still insufficiently informed about the value-enhancing benefits of automated indoor ventilation and its associated advantages for health, well-being, and energy efficiency. This presents significant opportunities for Zehnder Group in terms of further market development. Accordingly, our plan is to expand the range of information, training and further education we offer at our new competence centre in Gränichen.

Key initiatives for strategic growth in the EMEA region were accelerated in the 2024 reporting year. Our priorities included driving forward digitalisation along the entire customer journey, expanding our service offering, and investing in solutions for renovations and multi-family homes.

With the appointment of Valentina Videva Dufresne as President of the North America region and member of the Group Executive Committee from 1 January 2025, a separate management function has been created at Group level to tap into the vast potential of the North American market. This step places a strong focus on expanding our presence in a key growth market for residential ventilation.

A clear roadmap for the future

As part of our accelerated focus on the indoor climate business we intend to continue investing in innovative products and solutions in order to consolidate and further expand our market position as a leading international provider. Based on these strategic steps, Zehnder Group is implementing its transformation into the leading provider of indoor climate solutions.

As a system provider, Zehnder Group is increasingly focusing on complete solutions. We offer integrated, multifunctional and energy-efficient solutions for a comfortable, automatically controlled indoor climate with a filtered fresh air supply that cools, dehumidifies and heats as required.

A key pillar in this regard is the expansion of the ventilation business through strategic investments and the enhancement of our product and service portfolio. The continuous growth in the ventilation segment is gradually leading to a less capital-intensive activity and a higher return on invested capital.

In the radiator segment, we plan to strengthen our potential in the renovation field. Our market position, our comprehensive product range, the high quality of our service in conjunction with short delivery times will help us to achieve this important objective. Our goal is to leverage our market position and strengthen it where possible.

At the same time, we aim to exploit growth opportunities in the areas of service, maintenance, and modernisation. We are supported in this effort by increasing market penetration in new buildings, a growing installed base, and the excellent reputation of our brand.

We are also increasingly supporting our customers in the upstream planning phase with our technical expertise. Our solutions are tailored to comply with specific legislation and are adapted to local customer preferences. Training sessions and integrated service offerings round off our maintenance-related service portfolio.

“As a solutions provider, we get involved right from the planning stage, actively supporting our customers with our expertise and knowledge.”

Solid equity ratio despite milestone acquisition

Cash flow from operating activities decreased by 31% to EUR 60.6 million in the 2024 financial year (previous year: EUR 87.8 million) due to a lower profitability. Investment activity increased significantly in the reporting year. Investments in subsidiaries were EUR 94.9 million (previous year: EUR 0.1 million), due to the acquisition of the Spanish company Siber and the remaining 25% stake in Zehnder Caladair International SAS.

Net debt¹ amounted to EUR -11.8 million at the end of 2024 (previous year: net liquidity¹ of EUR 70.8 million). Equity totalled EUR 241.5 million (previous year: EUR 347.3 million), corresponding to an equity ratio of 51% (previous year: 67%). Goodwill from acquired companies Siber and Caladair totalling EUR 83.9 million was offset against equity.

¹ See [Alternative performance measures](#) in the consolidated financial statements in the Financial Report.

Dividend for the 2024 reporting year

At the Annual General Meeting on 3 April 2025, the Board of Directors will propose the distribution of a dividend of CHF 1.00 (previous year: CHF 1.30) per registered share A, taking into account the results of the 2024 financial year.

Outlook for the 2025 financial year

Key interest rates in North America and Europe have fallen over the course of 2024. We therefore expect construction industry activity in some target markets to stabilise further, albeit at a moderate level. Some uncertainties in markets such as Germany and France will remain in the ongoing year. At the same time, we can see that the low point has been overcome in various markets. Zehnder Group plans to communicate its outlook for the year when it publishes its half-year figures for 2025.

With the measures implemented and the investments made in the 2024 financial year, we have taken important steps to accelerate our transformation into a leading international provider of indoor climate solutions. Not least because of this, Zehnder Group is well positioned to benefit from the growth opportunities that present themselves. With our focused strategy, targeted investments in innovation and sustainability, tailwinds from beneficial megatrends, and consistent cost control, we aim to further strengthen our market position and achieve our medium-term targets of average annual sales growth of 5% and an EBIT margin of 9–11%.

Thanks and acknowledgements

The Board of Directors and Group Executive Committee would like to express their sincere thanks and appreciation to our employees for their outstanding performance and continued commitment to Zehnder Group.

We would like to thank our customers, suppliers, and partners for continuing to choose our products and services, and for their successful cooperation.

We also extend our gratitude to you, our valued shareholders, for your trust.

With kind regards,



Dr Hans-Peter Zehnder
Chairman of the Board of Directors



Matthias Huenerwadel
Chairman of the Group Executive
Committee, CEO

The expectations presented in the management report are based on assumptions. If these prove to be incorrect, the associated results will also change.

Corporate Governance

14	Introduction
15	1. Group structure and shareholders
17	2. Capital structure
20	3. Board of Directors
36	4. Group Executive Committee
42	5. Compensation, shareholdings and loans
43	6. Shareholders' participation rights
46	7. Changes of control and defence measures
47	8. Auditors
48	9. Information policy
49	10. Blackout periods

Introduction

Corporate Governance refers to the universe of principles and rules that are geared to shareholder interests and which strive towards transparency and a balanced relationship between management and control, while also maintaining decision-making capacity and efficiency at the highest corporate level.

The Corporate Governance Report contains the disclosures required by the Corporate Governance Directive issued by SIX Exchange Regulation AG effective as at 31 December 2023 and is structured in line with the directive. The **Compensation Report** is set out in a separate section of the Annual Report.

Zehnder Group publishes on its website the Articles of Association and Organisational Regulations to which this report refers, as well as the Code of Conduct. These may be viewed at www.zehndergroup.com/en/investor-relations/corporate-governance.

1. Group structure and shareholders

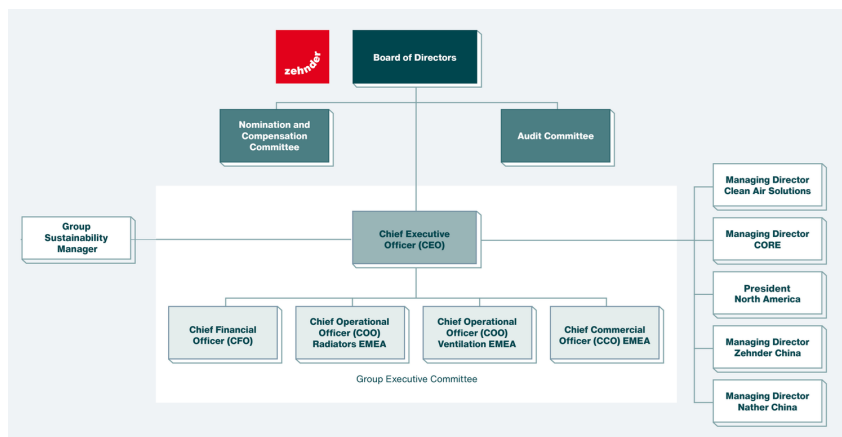
1.1 Group structure

Zehnder Group follows a differentiated structure. From an EMEA perspective, it is organised into the two segments, ventilation and radiators, whereas the divisions Clean Air Solutions and CORE are organised separately. Eventually, the two divisions of North America and China are organised by country region. While the Managing Directors and Chief Officers report directly to the CEO, the Group functions report either to the CEO or the CFO.

Zehnder Group AG, the holding company of Zehnder Group, is the only listed company included in the consolidation scope. It is headquartered in Gränichen (CH). The registered shares A are listed on the SIX Swiss Exchange (number: 27 653 461, ISIN: CH0276534614). The unlisted registered shares B (nominal value CHF 0.01) are held by Graneco AG, which is controlled by the Zehnder families. As of 31 December 2024, the market capitalisation (registered shares A) was CHF 418.9 million and the total capitalisation was CHF 508.4 million.

All companies included in the consolidation scope of Zehnder Group AG are shown in the [Overview of Companies](#) in the consolidated financial statements within the Financial Report.

Zehnder Group organisational chart



1.2 Significant shareholders

According to the information available to the Board of Directors, the following shareholder held more than 3% of the share capital of Zehnder Group AG as at the balance sheet date, i.e. 31 December 2024:

- Graneco AG, Gränichen (CH): 6,840 registered shares A and 9,900,000 registered shares B, corresponding to 51.7% of the votes (previous year: 50.4%); together with the other registered shares of the company held by the shareholders of Graneco AG, this group holds 53.4% of the voting rights.

There is a shareholders' agreement between the shareholders of Graneco AG (the Zehnder family and persons closely associated with the Zehnder family). It

is the intention of this group of persons to ensure significant influence over Zehnder Group AG over the long term. For important decisions they vote together, putting the successful development of Zehnder Group before their own interests. The agreement was renewed on 23 November 2022 and runs until at least 31 December 2032.

As of 31 December 2024, Zehnder Group AG held 110,989 of its own registered shares A. These were acquired as part of the employee shareholding plan and the variable long-term compensation (LTI) for the Group Executive Committee members.

For notification of the disclosure of significant shareholdings, please refer to the SIX Swiss Exchange website: [Significant Shareholders](#) (ser-ag.com)

The Articles of Association of Zehnder Group AG provide an opting-out clause, which is explained in item [7.1 Duty to make an offer](#) of this Corporate Governance Report.

1.3 Cross-shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Capital

	Registered shares A units 2024	Registered shares B units 2024	Nominal value CHF 2024	Registered shares A units 2023	Registered shares B units 2023	Nominal value CHF 2023
Total registered shares A as of 1.1.	9,756,000		487,800	9,756,000		487,800
Total registered shares B as of 1.1.		9,900,000	99,000		9,900,000	99,000
Cancellation due to capital reduction	-487,800	-	-24,390	-	-	-
Total at 31.12.	9,268,200	9,900,000	562,410	9,756,000	9,900,000	586,800

The Annual General Meeting of 11 April 2024 approved the capital reduction by cancellation of 487,800 listed registered shares A of Zehnder Group AG and, consequently, the shares were cancelled at the end of April 2024.

At the end of 2024, the total share capital amounted to CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate of 1 January 2003. It comprises 9,268,200 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each. In the previous year, the total share capital amounted to CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate of 1 January 2003. It was made up of 9,756,000 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each.

The unlisted registered shares B (nominal value CHF 0.01) are held by Graneco AG, which is controlled by the Zehnder families. On the balance sheet date, Graneco AG and its shareholders held 53.4% of the company's registered shares and voting rights.

2.2 Authorised and conditional capital in particular

There is no authorised or conditional capital in particular.

2.3 Changes in capital

There was a change in capital in the last three reporting years, i.e. in the period between 1 January 2022 and 31 December 2024. On 18 September 2023, Zehnder Group completed the share buyback programme announced on 24 February 2021. Within the framework of this programme, a total of 487,800 of the listed registered shares A of Zehnder Group AG (5% of all registered shares A) were bought back on the SIX Swiss Exchange via a second trading line for an average purchase price per registered share A of CHF 70.26 and a total value of CHF 34,270,603.

The reduction in share capital from CHF 586,800 (divided into 9,756,000 listed registered shares A at CHF 0.05 each) to CHF 562,410 (divided into 9,268,200 registered shares A at CHF 0.05 each) by cancelling 487,800 of the company's own registered shares A (CHF 0.05 each with a total nominal value of

CHF 24,390) proposed by the Board of Directors at the Annual General Meeting on 11 April 2024 was approved and implemented as proposed.

All changes in capital since going public in 1986 are set out on our website: www.zehndergroup.com/en/investor-relations/shares.

2.4 Shares and participation certificates

The share capital of Zehnder Group AG consists of 9,268,200 registered shares A listed on SIX Swiss Exchange with a nominal value of CHF 0.05 each (a total of CHF 463,410) and 9,900,000 registered shares B with a nominal value of CHF 0.01 each (a total of CHF 99,000). Total share capital amounts to CHF 562,410 and the total number of shares outstanding is 19,168,200. Each share carries one vote, irrespective of its nominal value. The registered shares A have a 48.4% share of the votes and account for 82.4% of the share capital; the registered shares B have a 51.6% share of the votes and 17.6% of the share capital. The dividend per registered share B is one fifth of the dividend per registered share A.

For additional information on shares, please refer to our website www.zehndergroup.com/en/investor-relations/shares.

No participation certificates of Zehnder Group are outstanding.

2.5 Dividend-right certificates

No dividend-right certificates of Zehnder Group are outstanding.

2.6 Limitations on transferability and nominee registrations

Limitations on registration of registered shares A

Under Article 5 (Restrictions on registration of registered shares A) of the Articles of Association, purchasers of registered shares A of Zehnder Group AG are entered in the share register as shareholders with voting rights upon request, provided they expressly declare that they have acquired these registered shares in their own name and for their own account, that there is no agreement on the redemption or return of corresponding shares, that they bear the economic risk associated with the shares, and that they fulfil the statutory reporting obligations.

Persons who do not explicitly declare in their application for registration or at the request of the company that they are holding the shares for their own account (nominees) will automatically be registered in the share register with voting rights up to a maximum of 3% of the outstanding share capital.

Beyond this limit, registered shares A of nominees are registered with voting rights only if the relevant nominee, when requesting registration or, subsequently, at the request of the company, discloses the names, addresses, and shareholdings of the persons on whose account they hold 0.3% or more of the outstanding share capital, and if the statutory reporting obligations are complied with.

The Board of Directors is authorised to conclude agreements with nominees with respect to their reporting obligations.

Transferability of registered shares B

Under Article 6 (Transferability of registered shares B) of the Articles of Association, registered shares B can be transferred into ownership or into a restricted right in rem only with the agreement of the Board of Directors.

The Board of Directors may refuse a request to approve a share transfer, but must give an important reason for doing so. Important reasons are:

- If the purchaser is in competition with the company or one of its affiliated companies;
- If and insofar as the approval of the purchase of registered shares B by the applicant might prevent the company from producing evidence of the composition of the circle of shareholders required by law, in particular in conjunction with the Swiss Federal Law on the Acquisition of Real Estate by Persons Abroad and the associated ordinance.

Furthermore, the Board of Directors may refuse applications for approval if it makes an offer to the seller of the registered shares B to purchase these on behalf of the company, on behalf of other shareholders, or on behalf of third parties at their real value at the time of the application.

Further limitations on registration of registered shares A and B

Under Article 7 (Further limitations on registration of registered shares A and B) of the Articles of Association, legal persons and partnerships with legal personality that are interrelated or affiliated through equity or voting interests, common cooperation or similar means, or natural or legal persons or partnerships who act in concert for the purpose of circumventing the restriction on registration, are treated as one purchaser in transfer regulation contexts.

The limitations placed on registration also apply to shares acquired by exercising pre-emptive, option or conversion rights.

The Board of Directors may, after consultation with the party concerned, delete entries from the share register that have been made due to incorrect information from the purchaser. The purchaser must be immediately informed of the deletion of the entry.

Cancellation or easing of the restrictions on the transferability of registered shares B and the registration restrictions on registered shares A require a resolution of the Annual General Meeting, passed by at least two-thirds of the voting shares represented, and an absolute majority of the nominal share value represented.

In the reporting year, the Board of Directors did not grant any exceptions in relation to the limitations on transferability and registration.

2.7 Convertible bonds and options

No convertible bonds or options are outstanding.

3. Board of Directors

We refer to the Articles of Association and Organisational Regulations of Zehnder Group AG set out on our website: www.zehndergroup.com/en/investor-relations/corporate-governance.

Skills and expertise of the Board of Directors

In accordance with the Swiss Code of Best Practice for Corporate Governance for a balanced composition of the Board of Directors, the members of the Board of Directors have a broad range of educational backgrounds, professional experience, and technical expertise from various sectors.

In addition to diversity in age, gender, and geographic origin, the Board of Directors evaluates its own level of diversity using a competence matrix drawn up by the Nomination and Compensation Committee. This matrix contains the following professional skills and expertise:

- International business management (including China and North America);
- Corporate governance/compliance/law;
- Finance/audit/risk management;
- Heating, ventilation, air conditioning (HVAC)/related industries;
- Strategy/transformation/M&A;
- Information technology/digitalisation, including new business models (driven by digitalisation);
- Personnel management and compensation;
- Sustainability – environmental, social and governance (ESG).

Evaluation of the Board of Directors' competence is based on the three most important skills of each member of the Board of Directors. The Nomination and Compensation Committee verifies the composition and balance of the Board of Directors periodically on the basis of the features listed above and the strategy of Zehnder Group in order to obtain confirmation of whether the Board of Directors is in possession of the necessary skills and expertise to exercise its duties. The results and any resulting recommendations are discussed by the Board of Directors.

All the skills required currently are represented by the Board of Directors. Details of the professional backgrounds and education of the individual members of the Board of Directors as of 31 December 2024 are set out as biographical data under the following item: [3.1 Members of the Board of Directors](#).

3.1 Members of the Board of Directors



Dr Hans-Peter Zehnder
Chairman of the Board of Directors

Swiss citizen, born 1954

First elected 1988

Non-executive member since 2019

Professional background and education

- 1993–31.10.2014 and 5.2.–31.12.2018: Chairman of the Group Executive Committee, Chief Executive Officer (CEO) of Zehnder Group, Gränichen (CH)
- 1988–1992: Vice Chairman of the Group Executive Committee, head of the radiator division of Zehnder Group, Gränichen (CH)
- 1985–1988: Member of the Group Executive Committee, head of the instrument division (1986–1988) of Zehnder Group, Gränichen (CH)
- 1981–1984: Head of Finance, Gebr. Bühler AG, Uzwil (CH)
- 1974–1980: Dr. oec. HSG, University of St. Gallen (CH)
- Until the end of 2018 he was part of Zehnder Group AG's management.
- He has no significant business relations with Zehnder Group AG or its subsidiaries.

Other significant activities and vested interests

- Chairman of the Board of Directors of Granarium AG (CH), which holds the majority of the capital and voting rights in Graneco AG (CH)
- Chairman of the Board of Directors of Graneco AG (CH) which, together with its shareholders, holds 53.4% of Zehnder Group AG voting rights
- Member of the Board of Directors of Lagerhäuser der Centralschweiz AG (CH)
- Member of the Board of Directors of Rouge + Blanc Concept AG



Jörg Walther
Vice Chairman of the Board of Directors

Swiss citizen, born 1961

First elected 2016

Non-executive member

Chairman of the Audit Committee

Professional background and education

- Since 2010: Business lawyer and partner, Schärer Attorneys at Law, Aarau (CH)
- 2010–2012: General Counsel and Head Corporate Services, member of the Executive Committee, Resun AG, Aarau (CH)
- 2001–2009: Senior Corporate Counsel, Global Head Legal M&A and Antitrust, member of the Group Legal Executive Committee, Novartis International AG, Basel (CH)
- 1999–2001: Group Vice President M&A, ABB Asea Brown Boveri AG, Zurich (CH)
- 1995–1998: Senior Corporate Counsel, ABB Schweiz AG, Baden (CH)
- 1991–1995: Legal Counsel/General Counsel and Head Legal Services, Danzas Management AG, Basel (CH)
- 1999: MBA University of Chicago (US), Booth School of Business
- 1997: Advanced Management Programme, University of Oxford (UK)
- 1993: Post-graduate certificate in European Economic Law, University of St. Gallen (CH)
- 1990: Admitted to the bar
- 1989: lic. iur., University of Zurich (CH)
- At no time has he been a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Other significant activities and vested interests

- Member of the Board of Directors and Chairman of the Audit Committee of SFS Group AG (CH)
- Member of the Board of Directors and Chairman of the Audit Committee of HUBER+SUHNER AG (CH)
- Vice Chairman of the Board of Directors and member of the Audit and Finance Committee of AEW Energie AG (CH); Vice Chairman of the Board of Directors of Immobilien AEW AG; Member of the Board of Directors of Kraftwerk Augst AG
- Member of the Board of Directors of Apotheke im Stadtspital Zürich AG (CH) and of Aare-Apotheke Rombach AG (CH)
- Member of the Board of the swissVR association (CH)



Dr Urs Buchmann
Member of the Board of Directors
Swiss citizen, born 1957
First elected 2010
Non-executive member
Member of the Audit Committee

Professional background and education

- Since 2024: Managing Director, member and Vice-Chairman of the Asia Advisory Board of EFG Bank AG
- 1985–2023: Career at Credit Suisse in corporate and investment banking in Asia and in servicing institutional customers in the Asia-Pacific region, Vice Chairman of Credit Suisse (Hong Kong) Ltd.
- 1977–1984: Studied law (doctorate) at the University of Bern (CH)
- At no time has he been a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Other significant activities and vested interests

- Member of the Board of Directors and member of the Audit Committee of Swiss Re Asia Pte. Ltd. (SG)
- Member of the Supervisory Board of ICBC Credit Suisse Asset Management (CN) (until March 2024)



Riet Cadonau
Member of the Board of Directors
Swiss citizen, born 1961
First elected 2013
Non-executive member
Chairman of the Nomination and
Compensation Committee

Professional background and education

- 2015–2021: CEO, dormakaba Group, Rümlang (CH)
- 2011–2015: CEO, Kaba Group, Rümlang (CH)
- 2007–2011: CEO, Ascom Group, Dübendorf (CH)
- 2005–2007: Managing Director, ACS Europe + Transport Revenue (later a Xerox company), Glattbrugg (CH)
- 2001–2005: Member of the Executive Board, Ascom Group, Bern (CH), from 2002: Deputy CEO and General Manager of the Transport Revenue Division, which was acquired by ACS in 2005
- 1990–2001: Various management positions at IBM Switzerland, Zurich (CH), most recently as a member of the Management Board and Director IBM Global Services
- 2007: Advanced Management Programme at INSEAD (FR)
- 1985–1988: Master of Arts in economics and business administration (lic. oec. publ.), University of Zurich (CH)
- At no time has he been a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Other significant activities and vested interests

- Managing Director of Cadonau Services GmbH
- Chairman of the Board of Directors of the Swiss-American Chamber of Commerce (CH)
- Chairman of the Board of Directors of PEKTOPROP AG (CH)



Sandra Emme
Member of the Board of Directors
 German-Swiss dual citizen, born 1972
 First elected 2022
 Non-executive member
 Member of the Nomination and Compensation Committee

Professional background and education

- Since 2011: Google Online Marketing, Global Business Development, Digital Transformation Consulting, currently Industry Leader Cloud at Google Switzerland GmbH, Zurich (CH)
- 2008–2009: CEO, Swixpert GmbH, Zurich (CH)
- 2000–2008: Co-founder and CEO, SoftThinks SA, Lille (FR) and SoftThinks USA Inc, San Jose (US)
- 1997–2000: Co-founder and Business Development Director, AS Media, Marseille (FR) and London (UK)
- 2023: Various certifications in the field of artificial intelligence, Google, and Section School (US)
- 2022: ESG Designation Program for Board Members, Competent Boards (CA)
- 2020: Cybersecurity Program, Massachusetts Institute of Technology (US)
- 2017–2019: Corporate Governance Programme, University of St. Gallen (CH)
- 2015: Leading Digital Business Transformation, IMD Business School, Lausanne (CH) and Singapore (SG)
- 1993–1995: Ecole Supérieure de Commerce, Marseille (FR)
- 1991–1995: MA in Business and International Management, City University of Applied Sciences, Bremen (DE)
- At no time has she been a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- She has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Other significant activities and vested interests

- Member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee of Belimo Holding AG (CH)
- Member of the Steering Committee of digitalswitzerland (CH)



Milva Inderbitzin-Zehnder
Member of the Board of Directors

Swiss citizen, born 1985
First elected 2016
Non-executive member
Member of the Nomination and
Compensation Committee

Professional background and education

- Since 2013: Attorney-at-law and notary, Schweiger Attorneys at Law and Notaries, Zug (CH)
- 2010–2011: Legal intern, Schweiger Attorneys at Law and Notaries, Zug (CH)
- 2008–2009: Legal assistant at a law firm in Baden (CH)
- 2012: Admitted to the bar, attorney-at-law and notary in the canton of Zug (CH)
- 2005–2010: Law studies at University of Lucerne (CH) with a Master of Law degree
- 2009: Exchange semester at Fordham University, School of Law, New York (US)
- At no time has she been a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- She has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Other significant activities and vested interests

- Representative of the Zehnder family shareholders
- Member of the Board of Directors of Granarium AG (CH), which holds the majority of the capital and voting rights in Graneco AG (CH)
- Member of the Board of Directors of Martin Lenz AG (CH)



Ivo Wechsler
Member of the Board of Directors
Swiss citizen, born 1969
First elected 2019
Non-executive member
Member of the Audit Committee

Professional background and education

- Since 2010: Chief Financial Officer and member of the Executive Group Management, HUBER+SUHNER Group, Herisau (CH)
- 2008–2010: Head Corporate Controlling, HUBER+SUHNER Group, Herisau (CH)
- 2001–2007: Head Corporate Controlling and, from 2005, in addition, Head Corporate Treasury, Ascom Group, Bern (CH)
- 1998–2000: Controller, from 1999, Head of Controlling & Treasury at Sunrise Communications, Rümlang (CH)
- 1995–1997: In Corporate Finance at Schweizerische Bankgesellschaft (UBS), Zurich (CH)/London (UK)
- 1989–1994: lic. oec. HSG, University of St. Gallen (CH)
- At no time has he been a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Other significant activities and vested interests

- Member of the Board of Trustees of the pension fund of Huber+Suhner AG
- Member of the Board of Trustees of the General Welfare Fund of Huber+Suhner AG
- Member of the Board of Directors and member of the Organisation and Compensation committee and the Finance and Strategy Committee of St.Galler Kantonalbank (since May 2024)

3.2 Other activities and vested interests

Other activities and vested interests are outlined in the short profiles of the members of the Board of Directors under the previous item: **3.1 Members of the Board of Directors**. Beyond these activities, the members of the Board of Directors do not have any dealings with important institutions, hold ongoing executive or advisory roles for interest groups, or hold any official function or political office.

3.3 Rules in the Articles of Association on the number of permitted activities

Under Article 29 (Permitted additional mandates outside the Group) of the Articles of Association: www.zehndergroup.com/en/investor-relations/corporate-governance, the members of the Board of Directors are permitted to exercise the following additional activities in comparable functions in other companies with a commercial purpose that are not controlled by the company, do not control the company, or are not occupational pension schemes that insure employees of Zehnder Group:

- A member of the Board of Directors may hold a maximum of five mandates in comparable functions at other listed legal entities, and additionally;
- A member of the Board of Directors may also hold a maximum of ten mandates in comparable functions at non-listed companies with a commercial purpose.

Mandates with companies controlled by the same entity, or which are subject to the same commercial authorisation, are counted as a single mandate. The above restrictions for members of the Board of Directors do not apply to mandates in associations, charitable foundations, family foundations, employee welfare foundations, or similar organisations.

3.4 Elections and terms of office

Article 19 (Employees and term of office) of the Articles of Association stipulates that the Board of Directors is made up of at least three members elected by the Annual General Meeting for a period of one year. Re-election is permissible.

At the Annual General Meeting, a separate vote is held on the election or re-election of each candidate.

For details of the initial election of the individual members of the Board of Directors, refer to the short profiles of the Directors under **3.1 Members of the Board of Directors**.

3.5 Internal organisational structure

The Chairman (Dr Hans-Peter Zehnder) or his deputy (Jörg Walther) convenes and chairs the meetings and phone and video conferences. The Board's duties are carried out by the entire Board. Managerial and monitoring tasks are delegated to ad-hoc Board committees at regular intervals. For each meeting, all Board members receive the relevant documentation one week in advance. The members of the Group Executive Committee attend the Board meetings and participate in the phone and video conferences as required. Representatives of the auditors or external consultants are called in to advise on individual items on the agenda. Board meetings are held at regular intervals at national and

international subsidiaries in order to deal in depth with local strategy, market, and customer issues.

In 2024, the Board held twelve meetings or phone and video conferences. These lasted an average of five hours. The attendance rate averaged 97%. Milva Inderbitzin-Zehnder was absent from one meeting due to maternity leave.

	16.1.	23.2.	11.4.	17.5.	14.6.	26.6.	1.- 3.7.	24.7.	25.- 27.9.	10.10.	28.10.	19.12.
Dr Hans-Peter Zehnder	●	●	●	●	●	●	●	●	●	●	●	●
Jörg Walther	●	●	●	●	●	●	●	●	●	●	●	●
Dr Urs Buchmann	●	●	●	●	●	●	●	●	●	x	●	●
Riet Cadonau	●	●	●	●	●	●	●	●	●	●	●	●
Sandra Emme	●	●	●	●	●	●	●	●	●	●	●	●
Ivo Wechsler	●	●	●	●	●	●	●	●	●	●	●	●
Milva Inderbitzin-Zehnder	x	●	●	●	●	●	●	●	●	●	●	●

The Board of Directors is supported by a Nomination and Compensation Committee and an Audit Committee.

Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of at least two and not more than four members of the Board of Directors who are each elected annually by the Annual General Meeting. Members are eligible for re-election.

The Nomination and Compensation Committee comprised the following members as of 31 December 2024:

- Riet Cadonau, Chairman;
- Sandra Emme, member;
- Milva Inderbitzin-Zehnder, member.

The Nomination and Compensation Committee meets as often as business requires, generally before the meetings of the full Board of Directors. The Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, the Chief Executive Officer, and the Director Group HR attend the meetings of the Nomination and Compensation Committee as guests. However, the Chairman of the Board of Directors and the Chief Executive Officer do not attend the meetings or parts of the meetings in which their own remuneration and/or benefits are discussed. In 2024, the Committee held five meetings. These lasted one and a half hours each on average. The attendance rate was 100%.

	23.2.	11.4.	6.6.	27.9.	19.12.
Riet Cadonau	●	●	●	●	●
Sandra Emme	●	●	●	●	●
Milva Inderbitzin-Zehnder	●	●	●	●	●

The Nomination and Compensation Committee has its own regulations, which are approved by the Board.

The Nomination and Compensation Committee has the following specific duties pursuant to 4.3 (The Nomination and Compensation Committee) of the Organisational Regulations:

- Submission of motions to the full Board of Directors relating to the Group's remuneration system;
- Submission of motions to the full Board of Directors relating to targets set for the Group Executive Committee, the achievement of which has an impact on remuneration;
- Provision of information to the Board of Directors on all events relating to the Nomination and Compensation Committee that are not the direct responsibility of the Board of Directors;
- Submission of motions to the full Board of Directors relating to the specific remuneration paid to the Chairman of the Board of Directors and each of the other members of the Board of Directors;
- Submission of motions to the full Board of Directors relating to the specific remuneration paid to the CEO as well as the specific remuneration paid to each of the other members of the Group Executive Committee;
- Submission of proposals to the full Board of Directors relating to amendments to the Articles of Association affecting the remuneration system for compensating the members of the Group Executive Committee;
- Submission of proposals to the Board of Directors relating to the appropriate size and balanced composition of the Board of Directors, the majority of whose members should be independent, and determination of the criteria for independence;
- Development and presentation of criteria for election or re-election to the Board of Directors or appointment as a member of the Group Executive Committee;
- Assessment of potential members of the Board of Directors on the basis of the defined criteria and a statement to the Board of Directors regarding their nomination, for the attention of the Annual General Meeting;
- Assessment of proposals from the CEO to the Board of Directors regarding the appointment or dismissal of members of the Group Executive Committee and, if necessary, submission of a statement to the Board of Directors;
- Approval of employment contracts with the CEO and the other members of the Group Executive Committee;
- Review of succession and contingency planning at the Group Executive Committee level;
- Authorisation of the acceptance of external mandates by members of the Board of Directors and members of the Group Executive Committee in accordance with the articles of association.

Further details as well as a graph (Responsibility levels) can be found under item **1.2 Nomination and Compensation Committee** of the Compensation Report.

Audit Committee

The Audit Committee consists of at least two members of the Board of Directors. The Board of Directors appoints the members of the Committee each year and designates the Chairperson.

The Audit Committee comprised the following members as of 31 December 2024:

- Jörg Walther, Chairman;
- Dr Urs Buchmann, member;
- Ivo Wechsler, member.

The Audit Committee convenes at the invitation of the Chairman as often as is required by business activities. The Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the Director of Group Controlling, the Head of Group Internal Audit, and representatives of the external auditor attend Audit Committee meetings as guests. Where necessary, the Audit Committee addresses certain items on the agenda solely with representatives of the external auditor and/or internal auditing staff. In 2024, the Audit Committee convened four times. The meetings lasted an average of two hours. The attendance rate was 100%.

	20.2.	22.7.	25.9.	18.12.
Jörg Walther	●	●	●	●
Dr Urs Buchmann	●	●	●	●
Ivo Wechsler	●	●	●	●

Pursuant to 4.2 (The Audit Committee) of the Organisational Regulations, the Audit Committee has the following specific tasks and responsibilities:

- Evaluation of external auditors, taking into account the fulfilment of the necessary qualifications in accordance with the applicable legal requirements, and recommendations for the attention of the Board of Directors regarding selection of an auditor by the Annual General Meeting;
- Performance assessment of the incumbent auditor and approval of the remuneration budget upon request of the CFO for auditing submitted by the external auditor;
- Organisation of internal auditing and appointment of the internal auditor; commissioning of work to the internal auditor (if necessary upon request of the Board of Directors) and assessment of performance;
- Review, discussion with those affected, and approval of auditing plans from internal auditing and the external auditor;
- Approving and monitoring the issuing and execution of mandates for non-audit-related services provided by the external auditors;
- Consultation with the Group Executive Committee and the external and internal auditors regarding significant risks, contingencies, and other obligations of the Group, as well as evaluation of the measures taken by the Group to deal with them;
- Review and discussion of the annual and interim financial statements of the company and of the Group – including significant items not recognised in the balance sheet – with the relevant members of the Group Executive Committee;

- Discussion of the results of the annual review with the external auditor and discussion of internal audit reports, and issuance of recommendations or proposals to the Board of Directors;
- Evaluation of and ensuring cooperation between the external and internal auditors.

Chairman

The Chairman of the Board of Directors chairs the meetings of the Board of Directors and the Annual General Meeting.

Alongside membership of the Board of Directors, the Chairman's specific remit includes, in particular:

- Monitoring the planning and organisation of the Annual General Meeting;
- Monitoring the enactment of the resolutions made at the Annual General Meeting and meetings of the Board of Directors;
- Monitoring the running of the business and sustainability issues together with the Chairman of the Group Executive Committee;
- Representing the Company vis-à-vis shareholders and third parties;
- Preparing the meetings of the Board of Directors.

In extraordinary situations where it is not possible to inform the Board of Directors in advance, further to consultation with the Vice Chairman or, in his absence, with another member of the Board of Directors, the Chairman has the authority to make all necessary decisions provided that such decisions are within the framework of existing business policy. The full Board of Directors must be informed of such decisions without delay.

Dr Hans-Peter Zehnder, as the Chairman of the Board of Directors, undertakes additional tasks and functions. He embodies Zehnder's values internally and externally and advocates for Zehnder Group's long-term, sustainable direction and value creation. In close coordination and cooperation with the Group Executive Committee, he performs various representative functions, e.g. in the context of strategy and background discussions with managers, visits and speeches at official events of Group companies, discussions with important customers and suppliers as well as with potential target companies for acquisitions or strategic cooperations. Overall, his time commitment is likely to be significantly higher both in terms of duration and content compared to the usual workload of mandated chairmen of the board of directors in similar companies.

Vice Chairman

The Board of Directors appoints the Vice Chairman. The Vice Chairman supports and advises the Chairman of the Board of Directors in relation to his responsibilities and powers. Together with the Chairman, he promotes balanced management and monitoring within the Group, Board of Directors, and Committees. The duties of the Vice Chairman include chairing meetings of the Board of Directors during the temporary absence or incapacity of the Chairman. He has the role of Lead Independent Director. Together with the Nomination and Compensation Committee, he is responsible for regular monitoring and an annual assessment of the Chairman of the Board of Directors.

Alongside membership of the Board of Directors, the Chairman's specific remit includes, in particular:

- Ensuring readiness at all times to act as deputy to the Chairman of the Board of Directors;
- Overseeing the management and development of key strategic projects;
- Acting as contact person (alternatively to the Chairman of the Board of Directors) for important shareholders, investors, and proxy advisers;
- Conducting the annual performance evaluation of the Chairman of the Board of Directors and the self-assessment of the entire Board of Directors;
- Chairing ad-hoc committees of the Board of Directors in matters that do not fall within the remit of the Chairman of the Board of Directors;
- Supporting the Chairman of the Board of Directors in the management of the company, in particular during special situations and in crisis situations;
- Approving the appointment of contact persons for external consultants who report directly to the Board of Directors;
- Conducting a preliminary review, together with or as an alternative to the Chairman of the Board of Directors, of the documents made available to the full Board of Directors;
- Attending meetings of Board committees as chair, member, or guest.

As an alternative to the Chairman of the Board of Directors, particularly in case of his absence or incapacity, the Vice Chairman is the point of contact for corporate governance and risk management, and also represents the company in respect of shareholders and other external groups of stakeholders.

3.6 Definition of areas of responsibility

The allocation of the areas of responsibility between the Board of Directors and the Group Executive Committee is based on the law (Swiss Code of Obligations), the company's Articles of Association and its Organisational Regulations.

Insofar as no provisions to the contrary have been made by law, the Articles of Association or the Organisational Regulations, the Board of Directors delegates management of the business completely to the Group Executive Committee.

The Board of Directors is responsible for the overall management of the company, and supervision and control of the Group Executive Committee. It issues guidelines for business policy and is kept regularly informed of the course of business.

The Board of Directors is the supreme authority in the context of the management structure of the Group. Insofar as is permitted by law, the Board of Directors has the right of initiative, power of oversight, and ultimate decision-making authority over the Group companies.

3.7 Information and control instruments vis-à-vis the Group Executive Committee

The Board of Directors is regularly informed of the activities of the Group Executive Committee and business units via various channels.

Management information system (MIS)

As part of regular reporting practice, the Board of Directors receives monthly reports (income statement, key figures, commentary) and quarterly reports (expanded to include balance sheet, cash flow statement, investments, etc.). In addition, the Board members receive a quantified medium-term plan and a detailed budget analysis. The Group Executive Committee members attend the meetings of the Board of Directors and also the phone and video conferences depending on requirements, reporting to the Board of Directors.

Risk management process

Operating under the guidance of the CFO, Zehnder Group has a structured risk management process that has been approved by the Board of Directors and which systematically monitors risks to the business, including sustainability and climate risks. As part of this process, key risks are defined. Strategic and operational risks are identified every year, including all the sites and functional areas, and analysed in terms of both probability of occurrence and severity. Appropriate measures for minimising and monitoring these risks are then set out. In addition, the CFO holds quarterly risk reviews with the Group General Counsel in order to assess and monitor evolving risks and define appropriate mitigation measures. The Board of Directors reviews and approves the risk report once a year. Each member of the Group Executive Committee is responsible for implementing the measures in their area of responsibility. The Audit Committee supports the Board of Directors in the monitoring of business risks and the assessment of measures introduced by the Group Executive Committee. The Board of Directors is informed periodically of significant changes to the risk assessment and kept abreast of risk management activities.

The financial risks are monitored by the Treasury department of Zehnder Group under the guidance of the CFO. Risk management focuses on identifying, analysing, and mitigating currency, interest, liquidity and counterparty risks, in order to limit the extent to which they can impair cash flow and net profit. Information security risks are monitored by the Group's central IT department under the leadership of the CFO. The focus of risk management is on prevention through effective cyber security: implementing robust security policies and procedures, conducting regular risk assessments and audits, training employees on cyber security, introducing advanced security technologies, response/emergency planning as well as planning and promoting a security culture throughout the organisation. External specialists are called in at regular intervals for organisational issues and technical audits.

Internal Audit

Internal Audit is an independent and objective auditing and advisory activity that aims to evaluate and improve the efficiency of corporate management, risk management, and internal control. The Group Head of Internal Audit reports directly to the Audit Committee and is in charge of internal audit.

Based on the audit plan approved by the Audit Committee, the Group companies are audited at regular intervals for general and specific issues on the basis of ongoing risk assessment. During the year under review, eleven internal audits were carried out. The audit reports agreed on with the management of the audited companies or the responsible functions are distributed to the Chairman of the Board of Directors, the Audit Committee, the Group Executive Committee,

and the external auditor. The Head of Group Internal Audit ensures that the points brought up are dealt with and that the necessary adjustments are being implemented under the responsibility of the line organisation. He attends the meetings of the Audit Committee. Any material findings resulting from internal audits are presented and discussed.

Integrity Line

Zehnder Group pursues an integrated system approach to combat violations of its Code of Conduct, including the protection of whistleblowers. The whistleblower system can be used to report information about misconduct affecting Zehnder Group or the welfare of employees and third parties. The Integrity Line is accessible via the Group website (www.zehndergroup.com) and local company websites. Employees also have access via the Group intranet and local intranets, both internally and externally. The reports, which can also be submitted anonymously, are processed primarily by the Group's legal department. The Audit Committee is informed about the reports received. Further information on the use of the Integrity Line and reported incidents can be found in the [Sustainability Report](#).

4. Group Executive Committee

4.1 Members of the Group Executive Committee



Matthias Huenerwadel
Chairman of the Group Executive Committee,
Chief Executive Officer (CEO)
Swiss, born 1968
Appointed in 2018

Professional background and education

- Since January 2019: Chairman of the Group Executive Committee, Chief Executive Officer (CEO) of Zehnder Group, Gränichen (CH)
- 12.11.–31.12.2018: Member of the Group Executive Committee, designated Chief Executive Officer (CEO) of Zehnder Group, Gränichen (CH)
- 2005–2017: Member of the Executive Board and Head of Movement Systems (2005–2012) and Flooring Systems (2013–2017), Forbo International SA, Baar (CH)
- 1995–2005: Various management positions in the areas of logistics, IT, customer services, sales and marketing at the Franke Group, Aarburg (CH), Ruston (US) and Bad Säckingen (DE)
- 1991–1994: Master of Science in Industrial Engineering, Swiss Federal Institute of Technology (ETH) Zurich (CH)
- 1987–1990: Bachelor of Science in Mechanical Engineering, Swiss Federal Institute of Technology (ETH) Zurich (CH)

Other significant activities and vested interests

- Member of the Board of Directors of Daedalus Holding AG (CH) and Spaeter AG (CH)
- Member of the Board of Aargauische Industrie- und Handelskammer (CH)



René Grieder
Chief Financial Officer (CFO)

Swiss, born 1979
Appointed in 2015

Professional background and education

- Since August 2015: Member of the Group Executive Committee, Chief Financial Officer (CFO) of Zehnder Group, Gränichen (CH)
- 2011–2015: Head of Group Controlling of Zehnder Group, Gränichen (CH)
- 2009–2010: Head of/Manager Group Reporting of Zehnder Group, Gränichen (CH)
- 2007–2009: Group Controller, Emhart Glass SA, Steinhausen (CH)
- 2003–2007: Controller, Pilatus Aircraft Ltd, Stans (CH)
- 1998–2000: Product Manager, Intercycle SA, Sursee (CH)
- 2010–2011: Master of Advanced Studies in Corporate Finance, Institute of Financial Services Zug (CH)
- 2001–2003: Bachelor of Science in Business Economics, University of Applied Sciences and Arts Lucerne (CH)

Other significant activities and vested interests

- Member of the Board of Directors of imiam AG (CH)

**Johannes Bollmann**

Chief Operating Officer (COO)
Ventilation EMEA

Swiss-Italian dual citizen, born 1982
Appointed in 2019

Professional background and education

- Since April 2019: Member of the Group Executive Committee, Chief Operating Officer (COO) Ventilation EMEA of Zehnder Group, Gränichen (CH)
- 2013–2019: Various roles and management tasks at Zehnder Group in Switzerland in the areas of business development, sales, product and project management, most recently as Managing Director of Zehnder Group Schweiz AG
- 2007–2013: Various roles at ABB in Zurich and Baden (CH) in the areas of marketing, sales and internal audit
- 2006–2008: Master of Science in Management, Technology and - Economics, Swiss Federal Institute of Technology (ETH) Zurich (CH)
- 2003–2006: Bachelor of Science in Mechanical Engineering, Swiss Federal Institute of Technology (ETH) Zurich (CH)

Other significant activities and vested interests

- Member of the Steering Committee of the European Ventilation Industry Association (BE)
- Member of the Board of GebäudeKlima Schweiz (CH)
- Member of the Board of Directors of NSNW AG (CH)



Jörg Metzger
Chief Operating Officer (COO)
Radiators EMEA
German, born 1967
Appointed in 2020

Professional background and education

- Since May 2020: Member of the Group Executive Committee, Chief Operating Officer (COO) Radiators EMEA of Zehnder Group, Gränichen (CH)
- 2009–2020: Various leading positions in the areas of business management and transformation with Elster Group and Honeywell Inc., Lorsch (DE) and Atlanta (US)
- 1995–2009: Management roles in various international companies
- 1990–1995: Studies with a degree in civil engineering (Dipl.-Ing.), University of Applied Sciences Kaiserslautern (DE)

Other significant activities and vested interests

- Member of the Advisory Board of Engelmann Sensor GmbH (DE)
- Member of the Executive Council of the Association of the European Heating Industry (BE)



Dorien Terpstra
Chief Commercial Officer (CCO)
EMEA

Dutch, born 1979
Appointed in 2023

Professional background and education

- Since January 2024: Member of the Group Executive Committee, Chief Commercial Officer (CCO) EMEA of Zehnder Group, Gränichen (CH)
- 2021-2023: Managing Director Zehnder Group Netherlands & Belgium (NL and BE)
- 2018-2020: Strategic Transformation and Business Development role at Nordic Engineering Firm AFRY (formerly Poyry) (FI and SE)
- 2001-2017: Various strategic and operational leadership positions at Siemens Building Technologies with scope EMEA and Asia (CH and NL)
- 2003-2007: Master of Science in Strategy & Organisation (Open University)
- 1996- 2000: Bachelor in International Business & Marketing, Hanzehogeschool Groningen (NL)

Other significant activities and vested interests

- Board Member and President of the Ventilation Association Netherlands (NL)
- Top Team Energy, Ministry of Economic Affairs Netherlands (NL)

Changes from 1 January 2025

The Board of Directors of Zehnder Group AG appointed Valentina Videva Dufresne as President of Zehnder Group's North America Division and member of the Group Executive Committee as of 1 January 2025.

4.2 Other activities and vested interests

Other activities and vested interests are outlined in the short profiles of the members of the Group Executive Committee under the previous item [4.1 Members of the Group Executive Committee](#). Beyond these activities, the members of the Group Executive Committee do not have any dealings with important institutions, hold ongoing executive or advisory roles for interest groups, or hold any official function or political office.

4.3 Rules in the Articles of Association on the number of permitted activities

Under Article 29 (Permitted additional mandates outside the Group) of the Articles of Association (www.zehndergroup.com/en/investor-relations/corporate-governance), the members of the Group Executive Committee may each exercise the following additional activities in comparable functions in other companies with a commercial purpose that are not controlled by the company, do not control the company, or are not occupational pension schemes that insure employees of Zehnder Group:

- A member of the Group Executive Committee may hold a maximum of two mandates in comparable functions at other listed legal entities, and additionally;
- A member of the Group Executive Committee may also hold a maximum of four mandates in comparable functions at non-listed companies with a commercial purpose.

Mandates with companies controlled by the same entity, or which are subject to the same commercial authorisation, are counted as a single mandate. The above restrictions for members of the Group Executive Committee do not apply to mandates in associations, charitable foundations, family foundations, employee welfare foundations, or similar organisations.

4.4 Management contracts

No management contracts exist that transfer management responsibility to companies or individuals outside Zehnder Group.

5. Compensation, shareholdings and loans

For information about compensation, shareholdings, and loans, please refer to the [Compensation Report](#), and to the Articles of Association of Zehnder Group AG on our website www.zehndergroup.com/en/investor-relations/corporate-governance.

6. Shareholders' participation rights

Please refer to Swiss company law and also to Zehnder Group AG's Articles of Association on our website www.zehndergroup.com/en/investor-relations/corporate-governance.

6.1 Voting right restrictions and representation

Rules on shareholder voting rights are provided by Article 13 of the Articles of Association. Regardless of its nominal value, every share entered in the share register with a voting right carries a voting right. The statements made under item **2.6 Limitations on transferability and nominee registration** in this Corporate Governance Report apply.

In its invitation to the Annual General Meeting, the Board of Directors will announce the deadline for entry into the share register, which is required for the right to vote and participate.

A shareholder can be represented by an independent proxy or a third person. Regulations governing proxies and instructions are set by the Board of Directors. Written proxy is not required for legal representatives.

The independent proxy is elected each year at the Annual General Meeting. Re-election is permissible. The duties of the independent proxy are governed by the applicable legal provisions.

The Board of Directors did not grant any exceptions or exclude any nominees in the reporting year.

6.2 Quorums required by the Articles of Association

Insofar as provision to the contrary has not been made in law or the Articles of Association, the Annual General Meeting passes its resolutions and holds its elections based on a majority of the valid share votes cast. Abstentions, blank votes, and invalid votes are not included when the majority is counted. If a vote is tied, the Chairman has the casting vote on resolutions and in elections. Resolutions and elections are open unless provision to the contrary is made by the Chairman.

Under Article 16 (Important resolutions) of the Articles of Association www.zehndergroup.com/en/investor-relations/corporate-governance, a resolution of the Annual General Meeting passed by at least 2/3 of the voting shares represented and a majority of the par value of the shares represented is required in particular for:

- Changing the purpose of the company;
- Consolidation of shares, unless the approval of all shareholders concerned is required;
- Capital increase from equity, against contributions in kind or by offsetting against a claim, and the granting of special benefits;
- Restriction or revocation of subscription rights;

- Introduction of conditional capital or the introduction of a capital band;
- Conversion of participation certificates into shares;
- Restriction of the transferability of registered shares;
- Introduction of voting shares;
- Change of the currency of the share capital;
- Introduction of the casting vote of the Chairman at the Annual General Meeting;
- Provision in the Articles of Association on holding the Annual General Meeting abroad;
- Delisting of the company's equity securities;
- Relocation of the company's registered office;
- Introduction of an arbitration clause in the Articles of Association;
- Amendment of Article 5, Article 6 and Article 16 of the Articles of Association; or
- Dissolution of the company.

6.3 Convocation of the Annual General Meeting

As required by law, the Annual General Meeting of Shareholders is convened by the Board of Directors or, if necessary, by the auditors in accordance with Article 12 (Convening and right to add items to the agenda) of the Articles of Association: www.zehndergroup.com/en/investor-relations/corporate-governance. An Annual General Meeting of Shareholders is convened at least 20 days before the date of the meeting by publication in the Swiss Official Gazette of Commerce. If the postal or electronic delivery details of the shareholders are known, the invitation may be sent by post or electronic means at the same time.

The convening notice must state:

- The date, start, type, and location of the Annual General Meeting;
- The items on the agenda;
- The proposals of the Board of Directors together with a brief statement of reasons;
- If applicable, the motions of the shareholders together with a brief justification; and
- The name and address of the independent proxy.

The Board of Directors may summarise the items on the agenda in the notice convening the meeting, provided it makes further information available to shareholders by other means. Shareholders who together represent at least 5% of the share capital or votes may request the convening of a General Meeting at any time, stating the items on the agenda and the proposals. The Board of Directors may make provision for shareholders who are not present at the meeting venue to exercise their rights electronically or, alternatively, for a purely electronic General Meeting to be held.

6.4 Inclusion of items on the agenda

The Board of Directors places items on the agenda. Shareholders registered with voting rights who individually or collectively represent at least 0.5% of the share capital or votes of the company may petition the Board of Directors to add an item to the agenda or to include a motion on an item in the notice convening the Annual General Meeting. Shareholders may submit a brief justification with the agenda item or motion. This must be included in the notice convening the Annual General Meeting. The request to add an item to the agenda must be submitted in writing to the Chairman of the Board of Directors at least 45 days before the Annual General Meeting, stating the item to be discussed and the proposals.

6.5 Entries in the share register

In its invitation to the Annual General Meeting, the Board of Directors will announce the deadline for entry into the share register, which is required for the right to vote and participate.

7. Changes of control and defence measures

7.1 Duty to make an offer

An opting-out clause is laid down in Article 9 of the Articles of Association: (www.zehndergroup.com/en/investor-relations/corporate-governance). Under Article 125 (3) and (4) of the Swiss Financial Market Infrastructure Act (FinMIA), anyone who purchases shares in the company is not obligated to make a public offer to buy pursuant to Articles 135 and 163 of this same law.

7.2 Clauses on changes of control

There are no change-of-control clauses for members of the Board of Directors or for members of the Group Executive Committee.

8. Auditors

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

PricewaterhouseCoopers Ltd (PwC), Lucerne (CH), has been the external auditor for Zehnder Group AG since 2019. It also audits the consolidated financial statements of Zehnder Group. The auditor is elected at the Annual General Meeting for a term of one year. Thomas Ebinger took over as lead auditor on 1 October 2020. The lead auditor's rotation regime corresponds to a maximum term of seven years in accordance with the legal requirement.

8.2 Auditing fees

The financial statements of Zehnder subsidiaries are audited by various auditing firms, including PwC. In the 2024 reporting year, various auditing firms invoiced a total of EUR 1,059,000 (incl. expenses) for the auditing of individual accounts and the consolidated financial statements. Of this, EUR 590,000 was paid to PwC. This also includes the audit of the sustainability report.

8.3 Additional fees

Additional fees for services provided by PwC throughout the Group during the 2024 fiscal year amounted to EUR 170,000, EUR 70,000 of which were for tax consulting and EUR 100,000 of which were for other services. Additional services rendered by PwC outside the audit mandate are compatible with the audit assignment.

8.4 Information instruments pertaining to the external audit

The auditor attends the meetings of the Audit Committee. At these meetings, it presents significant information on the financial statements of the companies audited. The auditor is evaluated and monitored by the Audit Committee, which makes recommendations to the Board of Directors. In particular, the Audit Committee evaluates the auditor's plans and its remuneration and performance. In 2024, PwC attended all four meetings of the Audit Committee.

9. Information policy

Zehnder Group communicates regularly and transparently with its shareholders, the capital market, and the public. It reports every half year on business, the financial results, strategy, and prospects for the future. It also provides timely price-relevant and additional information of interest. At least once a year, Zehnder Group organises a media and analyst conference.

Reports and notices are published in digital form in both German and English. The English version is binding. The annual and six-month reports and presentations are available from the website:

www.zehndergroup.com/en/investor-relations/reports-and-presentations. Notifications can be requested and subscribed to at www.zehndergroup.com/en/news.

Notices to shareholders shall be made by publication in the Swiss Official Gazette of Commerce or, unless otherwise required by law, by letter or by electronic means to their last address given to the company. Announcements are made by publication in the Swiss Official Gazette of Commerce. The Board of Directors may designate other publication media.

Contact persons for communication with Zehnder Group are the Senior Manager Investor Relations & Communications, the CEO, and the CFO:

Zehnder Group AG
Investor Relations
Moortalstrasse 1
5722 Gränichen (CH)

Phone + 41 62 855 1521
investor-relations@zehndergroup.com
www.zehndergroup.com

The company calendar, including the date of the Annual General Meeting and the Media/Analyst Conference can be found in this Annual Report under **Further Information for Investors** and on our website:

www.zehndergroup.com/en/investor-relations/events.

10. Blackout periods

To prevent insider trading or the suspicion of insider trading and to ensure equal opportunities for investors, the following persons are prohibited from trading in Zehnder Group securities from 1 December until 24 hours after the publication of the annual financial statements and from 1 June until 24 hours after publication of the semi-annual financial statements:

- Members and, if specified, the secretary of the Board of Directors of Zehnder Group AG and Zehnder Group International Ltd;
- Members of the Executive Boards of Zehnder Group AG and Zehnder Group International Ltd;
- Internal and external employees of Zehnder Group AG and Zehnder Group International Ltd who assist in the production of the six-month and annual financial statements.

These general blackout periods also apply to Zehnder Group itself. The sale and purchase of proprietary shares (e.g. as part of the employee shareholding plan) must take place outside blackout periods.

Pre-trading plans (i.e. sales and purchase programmes for which transactions, fixed dates, or periods have been agreed in advance with the bank or a securities trader before the start of the blackout periods) that are initialised before the blackout periods are permitted to run on without change.

Compensation Report

51	Introduction
52	Introductory note from the Chairman of the Nomination and Compensation Committee
54	1. Governance and method to determine compensation
58	2. Compensation policy and principles
59	3. Architecture of compensation of the Board of Directors
61	4. Architecture of compensation of the Group Executive Committee
68	5. Additional information on compensation
74	6. Activities at other companies
76	Report of the statutory auditor

Introduction

The Compensation Report describes the compensation policy and programme of Zehnder Group AG and the methods to determine compensation. Furthermore, it provides details about the compensation awarded to the members of the Board of Directors and the Group Executive Committee in the 2024 fiscal year.

The Compensation Report was prepared in accordance with the Swiss Code of Obligations (CO), the “Directive on Information Relating to Corporate Governance” issued by SIX Exchange Regulation AG, and the “Swiss Code of Best Practice for Corporate Governance” issued by *economiesuisse*.

Introductory note from the Chairman of the Nomination and Compensation Committee



Dear shareholders,

On behalf of the Nomination and Compensation Committee of Zehnder Group, I am pleased to present the 2024 Compensation Report.

In a year characterised by weak construction activity and declining sales, we implemented targeted cost reduction measures in response to the challenging market environment and lower sales volume.

At the same time, investments in strategic initiatives remained a priority. In light of the weak construction market environment in 2024, no adjustments were made to the compensation for the Board of Directors nor for the members of the Group Executive Committee. This decision was underlined by a compensation benchmark for the Group Executive Committee, where the peer group was aligned with the previous year's benchmark for the Board of Directors and the analysis showed the current compensation to be within market range.

A milestone in Zehnder's history is the appointment of the first Group Executive Committee member in North America, which emphasises the strategic importance of this market for Zehnder Group. After a thorough selection process, Valentina Videva Dufresne was appointed as President North America by the Board of Directors and will become a member of the Group Executive Committee on 1 January 2025. This brings the percentage of women in the Group Executive Committee to 33%.

Another responsibility of the Nomination and Compensation Committee is the annual performance management of the CEO and the other members of the Group Executive Committee. Respective performance targets and development measures were derived for each executive. In addition to annual compensation and performance reviews, the Nomination and Compensation Committee analysed feedback from shareholders on compensation programmes and their disclosure in the compensation report, preparation of the compensation report, and the compensation proposals for the Annual General Meeting in order to align with your interests. We noticed a demand for additional transparency on compensation matters and have taken corresponding actions.

Looking ahead, we will continue with the ESG-based performance indicators in the long-term incentive plan with a weighting of 30% and focus on CO₂e emission reduction and an increase in gender diversity at management level. A compensation benchmark for the Board of Directors is planned as part of the continuous review of our compensation programmes.

We would like to take this opportunity to thank you for your support over the past year and look forward to continuing our partnership on the basis of an open dialogue, transparency, and trust.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Riet Cadonau', written in a cursive style.

Riet Cadonau
Chairman of the Nomination and
Compensation Committee

1. Governance and methods to determine compensation

1.1 Shareholders' involvement

The Annual General Meeting approves the maximum compensation amounts paid to the Board of Directors and to the Group Executive Committee, each in a binding vote. The provisions of the Articles of Association of Zehnder Group (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 15) envisage that the Annual General Meeting votes annually and prospectively on each of the aggregate compensation amounts as follows:

- The maximum total compensation of the Board of Directors for the period up to the next Annual General Meeting;
- The maximum total compensation of the Group Executive Committee for the current fiscal year.

The Articles of Association of Zehnder Group (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 31 et seq.) include the following provisions on compensation:

- Principles of compensation and the allocation of listed shares to the Board of Directors (Articles 31 and 33);
- Principles of compensation and the allocation of listed shares to members of the Group Executive Committee (Articles 32, 33 and 35);
- Additional amount for payments to members of the Group Executive Committee appointed after the vote on compensation at the Annual General Meeting (Article 36);
- Loans, credit facilities, and post-employment benefits for members of the Board of Directors and of the Group Executive Committee (Article 34).

In addition, in accordance with the requirements of the Code of Obligations, shareholders can express their views on the compensation system by means of an annual consultative vote on the compensation report.

1.2 Nomination and Compensation Committee

According to the Articles of Association, on an annual and individual basis, the Annual General Meeting elects at least two and no more than four members of the Board of Directors to the Nomination and Compensation Committee for a term of office of one year until the conclusion of the next Annual General Meeting. Members are eligible for re-election. At the 2024 Annual General Meeting, the shareholders elected the following members of the Nomination and Compensation Committee:

	Executive/Independent/Non-independent member of the BoD	Chairman/Member
Riet Cadonau	Independent member of the BoD	Chairman
Sandra Emme	Independent member of the BoD	Member
Milva Inderbitzin-Zehnder	Non-independent member of the BoD ¹	Member

BoD: Board of Directors

¹ Related to the representative of the controlling majority shareholder; holds – directly and indirectly – a 0.3% share of total Zehnder Group AG votes.

The responsibilities of the Nomination and Compensation Committee are set out in the Articles of Association (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 26) and Organisational Regulations (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 4.3.) and include the following duties with reference to compensation:

- Submission of motions to the Board of Directors relating to the Group's remuneration system;
- Submission of motions to the Board of Directors relating to targets set for the Group Executive Committee, the achievement of which has an impact on remuneration;
- Provision of information to the Board of Directors on all events relating to the Nomination and Compensation Committee that are not the direct responsibility of the Board of Directors;
- Submission of motions to the Board of Directors relating to the specific remuneration paid to the Chairman of the Board of Directors and each of the other members of the Board of Directors;
- Submission of motions to the Board of Directors relating to the specific remuneration paid to the CEO as well as the specific remuneration paid to each of the other members of the Group Executive Committee;
- Submission of proposals to the Board of Directors relating to amendments to the Articles of Association affecting the remuneration system for compensating the members of the Group Executive Committee;

The levels of authority, held by the Nomination and Compensation Committee, the Board of Directors and the Annual General Meeting are summarised by the following table.

Responsibility levels

	CEO	NCC	BoD	AGM
Compensation policy and principles		Proposes	Approves	
Total compensation amounts of BoD and GEC		Proposes	Reviews	Approves (binding vote)
Individual compensation of members of the BoD		Proposes	Approves	
Compensation of CEO		Proposes	Approves	
Individual compensation of other members of the GEC	Proposes	Reviews	Approves	
Compensation Report		Proposes	Approves	Advisory vote

BoD: Board of Directors; CEO: Chief Executive Officer; GEC: Group Executive Committee; NCC: Nomination and Compensation Committee; AGM: Annual General Meeting

The Nomination and Compensation Committee meets as often as business matters require, generally before meetings of the entire Board of Directors, which take place at least four times a year. In 2024, the Nomination and Compensation Committee met five times, for an average of one and a half hours, generally with the participation of all members and with the support of Group HR.

In general, the Chairman and Vice Chairman of the Board of Directors as well as the CEO attend the meetings in an advisory capacity. The Chairman of the Nomination and Compensation Committee may invite other executives as appropriate. However, the Chairman of the Board of Directors and the executives do not participate in the meetings or parts thereof if their own compensation and/or performance is under discussion. After each meeting, the Chairman of the Nomination and Compensation Committee reports on the activities of the Committee to the Board of Directors. The minutes of the Committee meetings are available to the Board of Directors.

The Nomination and Compensation Committee is entitled to involve external consultants regarding specific compensation-related matters. In 2024, the Nomination and Compensation Committee commissioned PricewaterhouseCoopers (PwC) to conduct a benchmark for the compensation of the members of the Group Executive Committee and Willis Towers Watson to provide benchmark data for a new Group Executive Committee member in North America.

1.3 Method to determine compensation

The compensation of the Board of Directors is reviewed every two to three years, most recently in 2023. The benchmark analysis carried out by Willis Towers Watson was used to define the benchmark companies in a more precise manner. Parameters such as threshold and cap in terms of market capitalisation, turnover, and number of employees have been defined, alongside the criteria of operating in the same or similar industry, stock exchange listing, having headquarters in Switzerland, and business activities in the same or a similar geographical scope. The following companies were therefore selected for comparison: Arbonia, Belimo, Bossard, Burckhardt Compression, Burkhalter, Bystronic, Daetwyler, Feintool, Forbo, Gurit, Huber+Suhner, Interroll, Kardex, Komax, Landis+Gyr, Meier Tobler, Phoenix Mecano, Rieter, Schweiter Technologies, Tecan, VAT Group, Vetropack, and V-Zug.

The benchmark has also been used to review the compensation model in market comparison since its introduction in the 2021/2022 term of office. The result of the analysis has confirmed the level of compensation with no adjustment to the fixed annual retainer nor to the fixed cash compensation for membership of committees of the Board of Directors. The review took into consideration **the additional duties of the Chairman of the Board of Directors** and the additional responsibility of the Vice Chairman of the Board of Directors as Lead Independent Director.

The compensation of Group Executive Committee members is also regularly benchmarked against that of executives from comparable international industrial companies in order to ensure competitive compensation levels that enable key talent to be attracted and motivated on a long-term basis. Executives who attain the defined performance objectives are generally awarded target compensation at market median level of the relevant benchmark data.

The benchmark data constitute just one of the factors taken into consideration by the Nomination and Compensation Committee when determining the compensation of members of the Group Executive Committee. Additional factors are also considered, such as the internal compensation structure (equity), the profile of the Group Executive Committee member (skill set, experience), and the responsibilities borne by that member. The performance of the company in any given year has a direct impact on the short- and long-term incentives paid to the members of the Group Executive Committee.

In 2024, the consulting firm PwC performed a benchmarking analysis for the compensation of the Group Executive Committee members in Switzerland. For this purpose, PwC used benchmark data from industrial companies from its existing database. The selection criteria for the peer group were reviewed and aligned with the group of companies used for the previous year's benchmark for the Board of Directors. These companies fulfil the selection criteria, and the following companies were therefore selected for comparison: Arbonia, Belimo, Bossard, Burckhardt Compression, Burkhalter, Bystronic, Daetwyler, Feintool, Forbo, Gurit, Huber+Suhner, Interroll, Kardex, Komax, Landis+Gyr, Meier Tobler, Phoenix Mecano, Rieter, Schweiter Technologies, Starrag, Tecan, VAT Group, Vetropack, and V-Zug. The benchmark helps the Nomination and Compensation Committee to analyse the compensation of members of the Group Executive Committee in Switzerland and decide on any adjustments for the 2025 business year.

2. Compensation policy and principles

Zehnder Group's executives and employees constitute the company's most valuable assets. There would be no entrepreneurial success without their commitment and professionalism. Consequently, the objectives of the compensation policy are to attract and retain qualified employees, to drive best-in-class performance, to ensure market-based and equal pay, and to encourage behaviour that is in line with the company's values and high standards of integrity. The compensation programmes are designed to fulfil these fundamental objectives based on the defined compensation principles.

Compensation policy and principles

Alignment with business strategy	Compensation programmes are designed to support the business strategy.
Reward for sustainable performance	Variable compensation is based on the profitability of the company and its businesses, hence the performance management process is a central management tool to drive sustainable performance.
Participation in the company's long-term success	Executives enjoy the opportunity to participate in the company's long-term success through the variable long-term compensation plan and the Zehnder Group Management Share Plan.
Market competitiveness	Compensation is regularly benchmarked against market practice. The objective is to target median compensation of the relevant benchmark considering the experience in the role.
Transparency and fairness	Compensation decisions are transparent and fair. The global grading system ensures comparability across the organisation.

3. Architecture of compensation of the Board of Directors

In order to guarantee independence in their supervisory position for the Group Executive Committee, members of the Board of Directors receive fixed compensation only, consisting of a fixed annual retainer, fixed cash compensation for their membership of committees of the Board of Directors, and an expense allowance.

To strengthen alignment with long-term shareholder interests, payment of the fixed annual retainer for the Board of Directors is made half in cash and half in the form of Zehnder Group registered shares A. The number of shares awarded is determined based on the volume-weighted average share price in the period between 1 and 31 December of the preceding year. The shares are subject to a restriction period of three years during which they cannot be sold, transferred, or pledged. The restriction period also applies in the case of termination of the mandate, except in case of death or change of control, where the restriction immediately lapses.

The cash compensation is paid out monthly and the registered shares A are allocated in January for the current compensation period corresponding to the term of office from the Annual General Meeting of the previous year to the Annual General Meeting of the reporting year.

Additional compensation is permitted for members of the Board of Directors for advisory services to the company or for activities in companies that are controlled directly or indirectly by the company. This compensation is reflected in the total amount of compensation paid to the Board of Directors, which must be approved at the Annual General Meeting.

The compensation structure of the Board of Directors is summarised in the following table.

Architecture of compensation of the Board of Directors

CHF	In cash	In shares ¹
Retainer (gross p.a.)		
Chairman of the Board of Directors ²	210,000	210,000
Vice Chairman of the Board of Directors ³	90,000	90,000
Members of the Board of Directors	50,000	50,000
Expense allowance (gross p.a.) ⁴	2,000	
Committee fees (gross p.a.)		
Chairman of the Nomination and Compensation Committee or Audit Committee	50,000	
Member of the Nomination and Compensation Committee or Audit Committee	25,000	

1 Converted into shares on the basis of volume-weighted average share price in the period between 1 and 31 December.

2 Further duties of the Chairman of the Board of Directors are listed in the Corporate Governance Report.

3 The Vice Chairman of the Board of Directors also fulfils the role of Lead Independent Director.

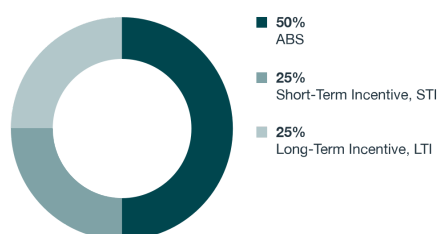
4 The Chairman and Vice Chairman of the Board of Directors are paid an expense allowance in line with the company's rules on executives' expenses depending on the work commitment (currently 50% for the Chairman of the Board of Directors and 25% for the Vice Chairman). No expense allowance is paid to members of the Board of Directors based outside Switzerland. If the actual business expenses exceed CHF 2,000 p.a., they are reimbursed on an actual cost basis.

4. Architecture of compensation of the Group Executive Committee

The compensation of the Group Executive Committee includes a fixed annual base salary, a variable short-term element, a variable long-term element, participation in the Zehnder Group Management Share Plan (ZGMSP), and occupational pension benefits and perquisites.

The compensation mix targets a ratio of 50% fixed (annual base salary, ABS), 25% variable short-term (short-term incentive, STI) and 25% variable long-term (long-term incentive, LTI) compensation in case of expected performance.

Compensation mix fixed and variable



Architecture of compensation of the Group Executive Committee

	Purpose	Drivers	Performance measures	Vehicle
Annual base salary (ABS)	Attract and retain	Position, experience, and qualifications		Monthly cash payments
Variable short-term compensation (short-term incentive, STI)	Pay for performance	Annual business performance	Group net profit	Annual cash payment
Variable long-term compensation (long-term incentive, LTI)	Reward long-term, sustainable performance; align with shareholders' interests; retain	Role and area of responsibility	relative Total Shareholder Return (rTSR); increase in Earnings Per Share (EPS); Gender ratio in management level; CO ₂ e emission reduction Scope 1&2	Conditional rights to restricted shares A (Performance Share Units)
Zehnder Group Management Share Plan (ZGMSP)	Promote shareholder ownership; retain	Level of position	Share price evolution	Discounted registered shares A
Benefits	Protect against risks, attract, and retain	Market practice and position		Retirement plan, insurances, perquisites

4.1 Annual base salary (ABS)

The annual base salary is determined individually based on the scope and responsibilities associated with the position, and the experience and qualifications of the individual. The annual base salary is reviewed annually, and adjustments reflect individual performance, current salary level compared to relevant benchmark data, and the affordability of the company.

4.2 Variable short-term compensation (short-term incentive, STI)

The STI enables the Group Executive Committee to participate in the Group's current success. It is disbursed in the form of a cash payment as a profit-sharing plan. For each position, a profit-sharing amount (as a factor) is determined, considering the impact on the operating result, implementation of company strategy, and responsibilities. The STI amount paid for the fiscal year corresponds to the profit-sharing amount (factor) multiplied by the Group net profit (in EUR million). The STI is paid only if a Group net profit of at least 80% of the budget value is achieved. This aligns with the STI principles of the other executives of Zehnder Group. There is no formal target based on the profit-sharing model, but there is a contractually agreed maximum limit for the STI amount of 100% of the annual base salary for all members of Group Executive Committee.

Calculation of the STI amount:

	Individual profit-sharing amount (EUR) / factor	x	Group net profit (EUR million)	=	STI amount (EUR)
Example	2,000		50		100,000

The STI amount for any given fiscal year is paid in the spring of the following year. In the event of significant inorganic effects (investments, divestments) with an impact of $\geq 2\%$ of the Group sales and/or other special one-off effects such as restructuring costs not budgeted in the plan year but Board-approved and/or extraordinary significant valuation adjustments or impairments, the Board of Directors reserves the right to adjust the STI payout calculation, and to report transparently in such a case.

The decision to exclusively and directly link the STI to the company's financial result (Group net profit) is based on the conviction that individual performance management should not be directly linked to compensation. The main focus for the STI is on the collective performance as a whole. For the CEO and the other members of the Group Executive Committee, within the framework of the global performance management process, the performance objectives are derived directly from the business strategy by the Board of Directors at the start of each year and reviewed at regular intervals. Such reviews take place at the request of the Nomination and Compensation Committee.

In case of termination of employment during the first half of the fiscal year, the STI is calculated pro rata temporis, based on the payout level of the previous year. In case of termination of employment during the second half of the year, the published half-year figures for the pro rata temporis calculation are used. In case of termination of employment at the end of the fiscal year, the published annual results apply.

The STI is subject to clawback and malus provisions in case the company is required to prepare a relevant accounting/financial restatement or in the event of a violation of legal provisions or relevant internal regulations.

4.3 Variable long-term compensation (long-term incentive, LTI)

As part of a long-term plan, the LTI is granted in the form of Performance Share Units (PSUs). The LTI rewards the long-term performance and the sustainable success of Zehnder Group and is aligned with the interests of the shareholders.

A PSU represents a conditional right to receive shares of the company. The prerequisite for this is the fulfilment of certain conditions during the three-year performance period (vesting period). The vesting conditions include the attainment of the predefined performance objectives (performance conditions) and the continuous and ongoing employment at the end of the vesting period (service condition).

The features of the LTI can be summarised as follows: at grant date, the LTI target amount is determined for each member of the Group Executive Committee, taking the relevant benchmark for the individual total compensation into account.

In 2024, the allocation of the LTI target amount was 50% of the base salary for the CEO and no more than 50% of the base salary for the other members of the Group Executive Committee.

On the grant date, the individual LTI target amount is converted into the relevant number of PSUs based on the volume-weighted average share price of Zehnder Group on the SIX Swiss Exchange in the period between 1 October and 31 December of the year before the grant date.

Performance conditions

The performance conditions for the LTI granted in 2024 include new ESG key performance indicators such as gender ratio (male vs. female/diverse) at management level – weighted at 15% – and CO₂e emission reduction (Scope 1&2) to achieve our reduction goal by 2033 – weighted at 15% – alongside the financial performance conditions of relative Total Shareholder Return (rTSR), now weighted at 35%, and the remaining 35% weighting based on the increase in Earnings Per Share (EPS growth).

The performance condition of gender ratio at senior and middle management level emphasises the ambition to achieve a more balanced gender ratio in management. The result will be evaluated as an absolute gender ratio in per cent at the end of the three-year vesting period.

In order to strengthen the Zehnder Group's commitment to a net-zero strategy by 2050, starting with the base year 2023 with the respective reduction target for CO₂e emissions in Scope 1&2 of achieving a 55% reduction by 2033, the LTI plan now features a CO₂e emissions reduction performance condition. The applicable reduction of CO₂e emissions is the cumulative reduction over the three-year period. Baseline recalculations, restatements, and any significant other effects that have an impact on the target achievement and payout calculation follow the terms and conditions according to the Science Based Targets initiative (SBTi).

The rTSR is the achieved increase in value for the investor (i.e. the share price performance plus dividend) in comparison to a peer group. The achievement of the relative performance measure is calculated by an external independent consultancy company.

The peer group for the relative TSR (rTSR) measure comprises comparable companies that have already been considered for compensation benchmarking purposes. The Board of Directors confirmed that the following companies were comparable:

Arbonia	Belimo	Bossard	Burckhardt Compression
Burkhalter	Bystronic	Daetwyler	Feintool
Forbo	Gurit	Huber+Suhner	Interroll
Komax	Landis+Gyr	Meier Tobler	Phoenix Mecano
Rieter	Schweiter Technologies	Starrag	V-Zug

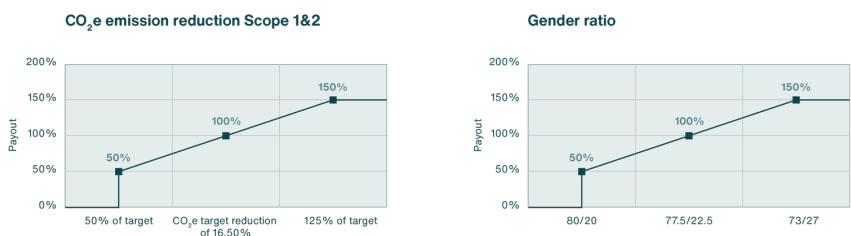
The performance condition Earnings Per Share growth (EPS growth) is designed to reward an increase in EPS of Zehnder Group. The EPS growth target for the period from the fiscal year of the grant date and the two immediately following fiscal years compared to the net profit per registered share A excluding minority interest (in EUR) in the fiscal year preceding the grant date will be calculated based on the compound annual growth rate (CAGR). EPS growth is applicable, before minority interests and subject to any adjustment for extraordinary items. The Board of Directors reserves the right to adjust the payout calculation in case of significant inorganic effects (investments, divestments) with an impact of $\geq 7.5\%$ of the Group sales and/or other special one-off effects such as restructuring costs which are Board-approved and/or extraordinary significant valuation adjustments or impairments with a cumulative annual impact in the year of vesting of ≥ 4 million EUR loss on net profit.

Rewarding long-term performance

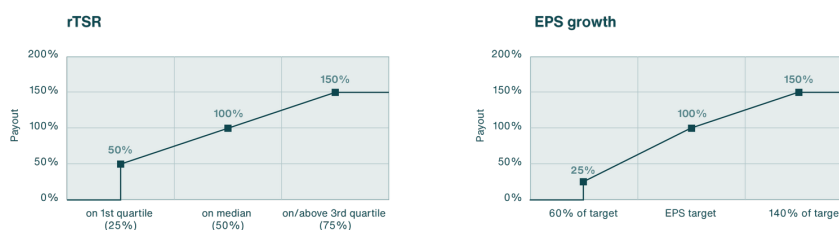
The total number of shares that are transferred to the participants after the vesting period is calculated as shown below. The performance factor can range between 0% and 150%, with no conversion into shares carried out below the threshold. The conversion into shares is limited to a maximum of 1.5 shares per PSU.

The performance level for each performance condition has been approved by the Board of Directors for the long-term incentive plan (LTI) with a grant date in 2024.

Each weighted at 15%, the sustainability performance conditions scope 1&2 CO₂e emissions reduction and gender ratio exhibited the following performance:



Each weighted at 35%, the financial performance conditions rTSR and EPS growth exhibited the following performance:



If Zehnder Group reports a negative profit after tax from continuous operations (a loss) in the vesting year, the PSUs will be forfeit, irrespective of the performance factor achieved. However, in any exceptional circumstances not explicitly covered by the LTI plan rules, the Board of Directors has the discretion to determine appropriate other measures regarding the vesting of PSUs and/or determining the performance factor, and to report transparently in such a case.

In the case of termination of employment, the blocked PSUs are usually forfeit, except in the event of retirement, disability, death, or a change of control at the company. These provisions are outlined individually in the table below.

Reason for release	Plan rules for blocked PSUs
Termination by employee	Forfeiture
Termination of employment by employer for good cause	Forfeiture
Termination of employment by employer (other causes)	Forfeiture or pro-rata vesting based on discretion of the Board of Directors
Retirement	Discretion of the Board of Directors
Disability	Pro-rata vesting, based on effective performance at regular vesting point in time
Death	Accelerated pro-rata vesting based on target performance (100% payment factor)
Change of control	Accelerated, full vesting based on effective performance at the point of change of control (except if the plan is continued or replaced with an equivalent)

PSUs or shares granted as part of the long-term plan are subject to the same clawback and malus provisions as the STI.

In the event of a participant failing to adhere to reporting regulations and/or committing fraud and/or breaching legal provisions or relevant internal regulations, the applicable clauses enable the Board of Directors to declare that any variable cash compensation elements that have not been paid out or long-term incentives that have not yet been transferred are forfeited, either in part or in full (penalty clause), and/or to reclaim in part or in full any variable cash compensation elements that have been paid out or long-term incentives that have been transferred.

Shareholding guidelines

To align the interests of the Group Executive Committee with those of the shareholders, shareholding guidelines are applicable. Within five years after their appointment to the Group Executive Committee, the members of the Group Executive Committee must hold at least a multiple of their annual base salary in Zehnder Group shares, as shown in the table below.

	% of annual base salary
CEO	200%
Other members of the Group Executive Committee	150%

CEO: Chief Executive Officer

At the end of 2024, all members of Group Executive Committee have fulfilled the requirements of the shareholding provision, except for those who were appointed within the last four years and still have time to build up and fulfil the required shareholding.

4.4 Long-term benefits: Zehnder Group Management Share Plan (ZGMSP)

The Zehnder Group Management Share Plan (ZGMSP) is a long-term benefit programme with the objective to encourage members of the Group Executive Committee and employees at management level to directly participate in the long-term success of the company. The Group Executive Committee members may elect to draw up to 30% of their annual base salary in the form of Zehnder Group registered shares A. These shares are offered at a discount of 30% on the relevant share price determined as the volume-weighted average share price of the share in the period between 1 October and 31 December of the preceding year. The shares are subject to a blocking period of three years during which they cannot be sold, transferred, or pledged. The blocking period also applies in case of termination of employment, except in the case of death or a change of control, where the restriction immediately lapses.

The ZGMSP strengthens the link between compensation and the company's long-term performance, as the compensation invested in the programme is exposed to the change in the share value over the restriction period of three years.

4.5 Benefits

As the Group Executive Committee is international by nature, the members participate in the benefit plans available in the country of main residence (social insurance payment obligation). Benefits consist mainly of retirement, insurance and healthcare plans. These benefits are designed to provide a reasonable level of protection for the employees and their dependents in respect of retirement, the risks of disability, death, or illness/accident.

For members of the Group Executive Committee subject to social security contributions in Switzerland, the defined insured salary is insured up to 450% of the maximum AHV retirement pension in the pension fund (currently the mandatory part is set at CHF 132,300). This solution is offered to all employees in Switzerland. The supplementary part of the defined insured salary is insured up to a maximum of 3,000% of the AHV retirement pension (currently CHF 882,000) for members of the Group Executive Committee by a 1e pension solution. Zehnder Group covers 50% of the savings contributions. The 1e solution gives the members of the Group Executive Committee more flexibility in

investing their retirement savings and at the same time allows the risk of the investment to be fully borne by them. Zehnder Group's pension benefits exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and are comparable with the conditions offered by other international industrial companies.

Members of the Group Executive Committee subject to social security contributions outside of Switzerland are insured in line with the local legal requirements and based on local market practice in their position. Each plan may vary depending on the respective legal requirements.

In addition, the members of the Group Executive Committee are also eligible for standard perquisites such as a company car, child allowances, access to subsidised staff restaurants, and other benefits in kind, according to local market practice. The monetary value of these other compensation elements is evaluated at market value and is included in the compensation tables.

Expenses that are not covered by the expense allowance in accordance with the company's expenses regulations are compensated on presentation of documentary evidence. The reimbursement of business expenses is not considered compensation and does not need to be approved by the Annual General Meeting.

4.6 Contracts of members of the Group Executive Committee

The employment contracts of the members of the Group Executive Committee are unlimited. They incorporate a notice period of a minimum of six and a maximum of twelve months and feature a non-competition clause, which is limited to two years after termination of the employment relationship while providing an entitlement to a maximum of the annual base salary. There are no agreements regarding withdrawal payments or severance compensation in connection with leaving the company or in the case of a change of control, except for the accelerated vesting of the PSUs or early unblocking of shares (ZGMSP), as described above.

5. Additional information on compensation, guarantees, loans, and credits for the 2024 business year

5.1 Compensation paid to the Board of Directors in the 2024 business year

In 2024, the members of the Board of Directors received a total compensation of CHF 1.4 million (previous year: CHF 1.4 million) in the form of fixed compensation of CHF 0.8 million (previous year: CHF 0.8 million), share-based compensation of CHF 0.6 million (previous year: CHF 0.6 million), and national insurance contributions of CHF 0.1 million (previous year: CHF 0.1 million).

The compensation of the Board of Directors remained unchanged in the reporting year compared to the previous year.

In 2024, the total compensation paid to the Board of Directors was 0.1% lower than during the previous year as a result of the following factors:

- Minimal changes in social security contributions and minimal changes in share compensation of the Board of Directors.

Compensation for the members of the Board of Directors

✓ PwC Switzerland

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Dr Hans-Peter Zehnder				
Chairman of the Board of Directors				
Fixed cash compensation for Board activity			210,000	210,000
Expense allowance			12,000	12,000
Allocated shares for Board activity ²	4,526	4,033	214,978	215,149
Employer national insurance contributions			27,552	27,398
Other payments			13,848	14,279
Total compensation			478,379	478,826

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Jörg Walther				
Vice Chairman of the Board of Directors and Chairman of the Audit Committee				
Fixed cash compensation for Board activity			90,000	90,000
Fixed cash compensation for Audit Committee activity			50,000	50,000
Expense allowance			6,000	6,000
Allocated shares for Board activity ²	1,940	1,728	92,119	92,194
Employer national insurance contributions			16,959	17,172
Total compensation			255,077	255,366

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Dr Urs Buchmann				
Member of the Board of Directors and member of the Audit Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Audit Committee activity			25,000	25,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			5,511	5,490
Total compensation			131,688	131,709

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Riet Cadonau				
Member of the Board of Directors and Chairman of the Nomination and Compensation Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Nomination and Compensation Committee activity			50,000	50,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			10,886	10,849
Total compensation			164,063	164,068

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Sandra Emme				
Member of the Board of Directors and member of the Nomination and Compensation Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Nomination and Compensation Committee activity			25,000	25,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			9,414	9,136
Total compensation			137,591	137,355

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Milva Inderbitzin-Zehnder				
Member of the Board of Directors and member of the Nomination and Compensation Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Nomination and Compensation Committee activity			25,000	25,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			9,414	9,377
Total compensation			137,591	137,596

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Ivo Wechsler				
Member of the Board of Directors and member of the Audit Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Audit Committee activity			25,000	25,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			9,414	9,377
Total compensation			137,591	137,596

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Total compensation paid to the members of the Board of Directors in the year of review				
Fixed cash compensation for Board activity			550,000	550,000
Fixed cash compensation for Nomination and Compensation Committee activity			100,000	100,000
Fixed cash compensation for Audit Committee activity			100,000	100,000
Expense allowance			26,000	26,000
Allocated shares for Board activity ²	11,853	10,561	562,982	563,438
Employer national insurance contributions			89,151	88,799
Other payments			13,848	14,279
Total compensation			1,441,981	1,442,516

1 These are gross amounts including national insurance contributions of the members of the Board of Directors.

2 The shares are disclosed at the closing share price on the respective grant dates.

The 2024 Annual General Meeting approved a maximum budget of CHF 1.7 million for the Board of Directors for the period of office from the 2024 Annual General Meeting to the 2025 Annual General Meeting. The compensation effectively paid during the period under consideration in this Compensation Report (1 January to 31 December 2024) is within this budget approved by the shareholders. The final reporting for the entire period from the 2024 Annual General Meeting to the 2025 Annual General Meeting is included in the 2025 Compensation Report.

At the Annual General Meeting of 23 March 2023, the shareholders approved a maximum total compensation of CHF 1.7 million for the Board of Directors during the period of office from the 2023 Annual General Meeting to the 2024 Annual General Meeting. The compensation effectively paid to the members of the Board of Directors over this period was CHF 1.4 million and therefore within this approved budget.

5.2 Compensation of the Group Executive Committee in the 2024 business year

For 2024, the members of the Group Executive Committee received a total compensation of CHF 4.0 million (previous year: CHF 3.9 million) in the form of fixed compensation of CHF 1.8 million (previous year: CHF 2.0 million), variable compensation of CHF 1.3 million (previous year: CHF 0.8 million), other benefits and the value of the discount on the shares of CHF 0.3 million (previous year: CHF 0.6 million), and employer social security and pension fund contributions of CHF 0.6 million (previous year: CHF 0.6 million).

The compensation of the Group Executive Committee increased slightly in the reporting year compared to the previous year.

In 2024, the total compensation of the Group Executive Committee increased by 3.5% compared to the previous year as a result of the following factor:

- Higher variable compensation due to an STI payout for the 2024 financial year compared to zero STI payout in the previous year.

The fixed compensation of the Group Executive Committee decreased by 8.0% compared to the previous year due to the membership change in the Group Executive Committee.

In 2024, Zehnder Group achieved an adjusted Group net profit before one-off effects and impairments of EUR 35.3 million. With this adjusted result the threshold for an STI payout was reached and led to a variable cash compensation (STI) of 1.7% of the adjusted Group net profit for the members of the Group Executive Committee in 2024 (previous year: 0.0%)

The long-term incentive (LTI) decreased by 5.2% compared to the previous year, reflecting the change of members in the Group Executive Committee.

The variable compensation for the CEO amounted to 90.5% of the annual base salary and 72.3% on average for the other Group Executive Committee members.

The PSU allocations made in 2022 as part of the LTI plan (LTI 2022-2024) can be transferred during the first quarter of 2025. Of the performance conditions, 50% is based on the relative Total Shareholder Return (rTSR) and the other 50% is based on the increase in Earnings Per Share (EPS growth). For the payout of the two performance conditions, rTSR is achieved at a final average percentile ranking of 44.0% which leads to a performance of 88.0% and for EPS growth the threshold for a vesting is not achieved and leads to a performance of 0.0%, corresponding to a combined performance factor of 44.0%. Accordingly, 2,916 PSUs were converted into 2,916 Zehnder shares.

The highest compensation for a member of the Group Executive Committee was paid to the CEO, Matthias Huenerwadel, in the reporting year – as in the previous year.

The 2024 Annual General Meeting authorised a maximum budget for the compensation of the Group Executive Committee of CHF 6.65 million for 2024. The total compensation amount of CHF 4.0 million paid to the Group Executive Committee for the 2024 fiscal year as disclosed in the following table is below this upper limit.

Compensation for the members of the Group Executive Committee



	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Highest-paid member of the Group Executive Committee: Matthias Huenerwadel				
Fixed cash compensation			540,600	538,450
Variable cash compensation (STI)			218,852	-
Long-term variable compensation (LTI)	5,432	4,965	270,300	270,300
Expense allowance			24,000	24,000
Employer social security and pension contributions			184,613	164,479
Shares acquired ²	4,630	4,153	71,811	75,377
Other payments ³			31,288	103,713
Total compensation			1,341,464	1,176,319

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Total compensation paid to the Group Executive Committee including Matthias Huenerwadel				
Fixed cash compensation			1,704,943	1,861,370
Variable cash compensation (STI)			614,468	-
Long-term variable compensation (LTI)	14,716	14,186	732,225	772,225
Expense allowance			96,000	96,000
Employer social security and pension contributions			579,240	593,597
Shares acquired ²	13,553	13,753	210,207	249,617
Other payments ³			101,400	327,693
Total compensation			4,038,484	3,900,502

1 These are gross amounts including employee national insurance contributions.

2 The members of the Group Executive Committee are eligible to purchase shares under the Zehnder Group Management Share Plan. The value disclosed includes the value of the discount on the shares purchased, based on the closing share price at the grant dates, 9 January 2023 and 8 January 2024, less the purchase price. This value is included in the amount approved by the Annual General Meeting.

3 Includes the value of benefits such as a car allowance, child allowance, employer contributions to accident and daily sickness benefits insurance, and a discount in the staff restaurant.

5.3 Guarantees, loans, credits, etc.

No Zehnder Group company has provided any guarantees, waivers of claims outstanding, credits, or loans to present or former members of the Board of Directors, to present or former members of the Group Executive Committee, or to persons closely associated with these individuals. No loans to current or former members of the Board of Directors or Group Executive Committee or related parties existed at the end of the reporting year.

5.4 Compensation to former members of the Board of Directors and of the Group Executive Committee, and to persons closely associated with them, in the 2024 business year

No compensation was paid to former members of the Board of Directors in the reporting year.

Group Executive Committee member Cyril Peysson stepped down from his duties as Chief Commercial Officer EMEA on 31 December 2023. During the reporting year he received the contractually agreed compensation during his notice period (until 30 November 2024) of CHF 640,600 as well as a non-competition payment of CHF 28,700 during the month of December 2024. His non-competition obligation will continue until November 2025 and the related compensation will be disclosed in the 2025 Compensation Report.

No compensation was paid to people closely associated with members of the Board of Directors or the Group Executive Committee.

5.5 Shareholdings in the company

As at the balance sheet date, the members of the Board of Directors owned the following shares:

✓ PwC Switzerland

Board of Directors	Registered shares A	Share of voting rights ¹	Registered shares A	Share of voting rights ¹
	2024	2024	2023	2023
Dr Hans-Peter Zehnder ²	228,781	1.2%	224,665	1.1%
Jörg Walther	14,516	0.1%	12,752	0.1%
Dr. Urs Buchmann	23,055	0.1%	22,075	0.1%
Riet Cadonau	14,021	0.1%	13,041	0.1%
Sandra Emme	1,880	-	900	-
Milva Inderbitzin-Zehnder ³	10,317	0.1%	9,337	-
Ivo Wechsler	5,458	-	4,478	-

1 Share of total votes in % (only if $\geq 0.1\%$)

2 Excluding Graneco AG, in which Dr Hans-Peter Zehnder holds a 57.9% stake.

3 Excluding Graneco AG, in which Milva Inderbitzin-Zehnder indirectly holds 0.5%.

As at the balance sheet date, the members of the Group Executive Committee owned the following shares:

✓ PwC Switzerland

Group Executive Committee	Registered shares A	Share of voting rights ¹	Registered shares A	Share of voting rights ¹
	2024	2024	2023	2023
Matthias Huenerwadel	48,504	0.3%	40,457	0.2%
René Grieder	39,923	0.2%	34,797	0.2%
Johannes Bollmann	10,782	0.1%	8,576	-
Jörg Metzger	9,041	-	5,280	-
Cyril Peysson (former GEC member)	-	-	52,802	0.3%
Dorien Terpstra	2,756	-	-	-

1 Share of total votes in % (only if $\geq 0.1\%$)

6. Activities at other companies

The activities of the members of the Board of Directors and Group Executive Committee in other companies with a commercial purpose in comparable functions as at the end of 2024 are listed below.

The Articles of Association of Zehnder Group (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 29 et seq.) contain the provisions on other authorised mandates outside Zehnder Group.

✓ PwC Switzerland

Board of Directors	Activities at other companies
Dr Hans-Peter Zehnder	<ul style="list-style-type: none"> - Chairman of the Board of Directors of Granarium AG - Chairman of the Board of Directors of Graneco AG - Member of the Board of Directors of Lagerhäuser der Centralschweiz AG - Member of the Board of Directors of Rouge + Blanc Concept AG
Jörg Walther	<ul style="list-style-type: none"> - Business lawyer and partner, Schärer Attorneys at Law - Member of the Board of Directors and Chairman of the Audit Committee of SFS Group AG¹ - Member of the Board of Directors and Chairman of the Audit Committee of Huber+Suhner AG¹ - Vice Chairman of the Board of Directors and member of the Audit and Finance Committee of AEW Energie AG (and therefore also Vice Chairman of the Board of Directors of Immobilien AEW AG) - Member of the Board of Directors of Kraftwerk Augst AG - Member of the Board of Directors of Apotheke im Stadtspital Zürich AG - Member of the Board of Directors of Aare-Apotheke Rombach AG
Dr Urs Buchmann	<ul style="list-style-type: none"> - Member of the Board of Directors and member of the Audit Committee of Swiss Re Asia Ltd. (SG) - Managing Director, member and Vice Chairman of the Asia Advisory Board of EFG Bank AG (since October 2024) - Member of the Supervisory Board of ICBC Credit Suisse Asset Management (CN) (until March 2024)
Riet Cadonau	<ul style="list-style-type: none"> - Managing Director of Cadonau Services GmbH - Chairman of the Board of Directors of the Swiss-American Chamber of Commerce - Chairman of the Board of Directors of PEKTOPROP AG
Sandra Emme	<ul style="list-style-type: none"> - Industry Leader Cloud at Google Switzerland GmbH - Member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee of Belimo Holding AG¹ - Member of the Steering Committee of digitalswitzerland
Milva Inderbitzin-Zehnder	<ul style="list-style-type: none"> - Attorney-at-law and notary, Schweiger Attorneys at Law and Notaries - Member of the Board of Directors of Granarium AG - Member of the Board of Directors of Martin Lenz AG

Ivo Wechsler	<ul style="list-style-type: none"> - Chief Financial Officer and member of the Executive Group Management, Huber+Suhner AG¹ (and therefore member of the Board of Trustees of Huber+Suhner AG¹ pension fund and member of the Board of Trustees of the General Welfare Fund of Huber+Suhner AG¹) - Member of the Board of Directors and member of the Organisation and Compensation committee and the Finance and Strategy committee of St.Galler Kantonalbank¹ (since May 2024)
--------------	--

¹ Listed company at SIX Swiss Exchange

PwC Switzerland

Group Executive Committee	Activities at other companies
Matthias Huenerwadel	<ul style="list-style-type: none"> - Member of the Board of Directors of Daedalus Holding AG - Member of the Board of Directors of Spaeter AG - Member of the Board of Aargauische Industrie- und Handelskammer
René Grieder	<ul style="list-style-type: none"> - Member of the Board of Directors of imiam AG
Johannes Bollmann	<ul style="list-style-type: none"> - Member of the Steering Committee of European Ventilation Industry Association (BE) - Member of the Board of GebäudeKlima Schweiz - Member of the Board of Directors of NSNW AG
Jörg Metzger	<ul style="list-style-type: none"> - Member of the Advisory Board of Engelmann Sensor GmbH (DE) - Member of the Executive Council of the Association of the European Heating Industry (BE)
Dorien Terpstra	<ul style="list-style-type: none"> - Board Member and President Ventilation Association Netherlands (NL) - Top Team Energy, Ministry of Economic Affairs Netherlands (NL)

The requirement to disclose other mandates held by members of the Board of Directors and Group Executive Committee in the compensation report is based on Art. 734e in conjunction with Art. 626 para. 2 no. 1 of the Swiss Code of Obligations.

Report of the statutory auditor



Report of the statutory auditor to the General Meeting of Zehnder Group AG, Gränichen

Opinion

We have audited the remuneration report of Zehnder Group AG (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to article 734a-734f of the Swiss Code of Obligations (CO) in the tables labelled with tickmark «✓PwC Switzerland» on pages 68 to 70 and pages 72 to 75 of the remuneration report.

In our opinion, the information pursuant to article 734a-734f CO in the accompanying remuneration report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

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

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

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

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

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

PricewaterhouseCoopers AG, Robert-Zünd-Strasse 2, 6005 Luzern
Telefon: +41 58 792 62 00, www.pwc.ch

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



- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

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

PricewaterhouseCoopers AG

Thomas Ebinger
Licensed audit expert
Auditor in charge

Fabian Stalder
Licensed audit expert

Luzern, 21 February 2025

Financial Report

79	Consolidated financial statements
79	Five-year overview
80	Data per share
81	Consolidated balance sheet
82	Consolidated income statement
83	Consolidated cash flow statement
84	Consolidated statement of changes in equity
85	Consolidation scope and principles
87	Accounting and valuation principles
92	Notes to the consolidated financial statements
110	Overview of companies
113	Report of the statutory auditor
118	Alternative performance measures
120	Financial statements of Zehnder Group AG
120	Balance sheet of Zehnder Group AG
121	Income statement of Zehnder Group AG
122	Accounting and valuation principles
123	Notes to the financial statements of Zehnder Group AG
126	Proposal on the appropriation of earnings
127	Report of the statutory auditor

Five-year overview

		2024	2023	2022	2021	2020
Sales	EUR million	705.8	762.1	812.5	697.1	617.7
Change from prior year	%	-7.4	-6.2	16.6	12.9	-4.1
EBITDA adjusted¹	EUR million	77.0	87.6	n/a	n/a	n/a
	% of sales	10.9	11.5	-	-	-
EBITDA¹	EUR million	55.3	84.8	95.3	92.1	74.8
	% of sales	7.8	11.1	11.7	13.2	12.1
EBIT adjusted¹	EUR million	50.1	63.0	n/a	n/a	n/a
	% of sales	7.1	8.3	-	-	-
EBIT	EUR million	14.1	60.2	71.4	69.1	50.5
Change from prior year	%	-76.5	-15.7	3.2	36.8	20.1
	% of sales	2.0	7.9	8.8	9.9	8.2
Net profit/(loss)²	EUR million	-2.4	44.6	56.7	60.3	39.9
Change from prior year	%	n/a	-21.3	-5.9	51.2	24.9
	% of sales	-0.3	5.9	7.0	8.6	6.5
Cash flow from operating activities	EUR million	60.6	87.8	59.3	79.9	95.3
	% of sales	8.6	11.5	7.3	11.5	15.4
Research & development expenses	EUR million	-25.3	-25.5	-24.7	-21.4	-18.2
	% of sales	-3.6	-3.3	-3.0	-3.1	-2.9
Investments in property, plant and equipment & intangible assets	EUR million	17.0	23.1	27.1	21.9	16.7
Depreciation, amortisation & impairment	EUR million	-41.1	-24.6	-23.9	-22.9	-24.3
Total assets	EUR million	476.7	516.8	532.8	553.3	498.6
Non-current assets	EUR million	211.5	226.4	228.6	208.5	198.9
ROCE¹	%	15.4	17.9	18.9	22.6	17.0
Net liquidity/(net debt)¹	EUR million	-11.8	70.8	45.4	123.2	96.4
Shareholders' equity²	EUR million	241.5	347.3	340.8	364.4	326.9
	% of total assets	50.7	67.2	64.0	65.9	65.6
Number of employees	Ø full-time equivalents	3,559	3,772	3,827	3,554	3,340
Dividends³	CHF million	11.2	15.3	21.1	21.1	14.7
Net profit per registered share A⁴	EUR	0.15	3.84	4.84	5.13	3.34
Dividend per registered share A³	CHF	1.00	1.30	1.80	1.80	1.25
Payout ratio	%	-	35	37	33	35
Market closing price registered share A	CHF	45.20	53.50	55.80	93.10	59.10
Market capitalisation⁵	CHF million	418.9	521.9	544.4	908.3	576.6
Total market capitalisation⁶	CHF million	508.4	627.9	654.9	1,092.6	693.6

1 For further information please refer to: [Alternative performance measures](#) in the consolidated financial statements in the Financial Report

2 Including minority interests

3 For 2024 as proposed by the Board of Directors

4 Excluding minority interests

5 Market value of all listed registered shares A at year end, excluding value of unlisted registered shares B

6 Registered shares A and B; registered shares B recognised at one fifth of the price of the registered share A at year end

Data per share

		2024	2023	2022	2021	2020
Number of shares						
Registered shares A	in thousands units	9,268	9,756	9,756	9,756	9,756
	each with a par value of CHF	0.05	0.05	0.05	0.05	0.05
Registered shares B (not listed)	in thousands units	9,900	9,900	9,900	9,900	9,900
	each with a par value of CHF	0.01	0.01	0.01	0.01	0.01
Number of voting rights or shares	in thousands units	19,168	19,656	19,656	19,656	19,656
Notional number of shares	in thousands units	11,248	11,736	11,736	11,736	11,736
	each with a par value of CHF	0.05	0.05	0.05	0.05	0.05
Market prices (January–December)						
Registered share A	high CHF	61.60	77.40	92.20	106.40	59.20
Registered share A	low CHF	41.40	45.60	49.40	60.90	30.85
Registered share A	at year end CHF	45.20	53.50	55.80	93.10	59.10
Consolidated net profit¹						
Per registered share A	EUR	0.15	3.84	4.84	5.13	3.34
Consolidated equity^{1,2}						
Per registered share A	EUR	20.80	29.55	28.20	29.76	26.77
Dividend (gross)						
Dividend per registered share A ³	CHF	1.00	1.30	1.80	1.80	1.25
Payout ratio	% of net profit per share	-	35	37	33	35

1 All data excluding minority interests; all data on the basis of total shares outstanding at year end less the average of the shares held by Zehnder Group AG as own shares

2 Before appropriation of earnings

3 For 2024 as proposed by the Board of Directors

Consolidated balance sheet



EUR million	Notes	31 December 2024	31 December 2023	Change from prior year %
Assets				
Liquid assets	1	56.7	77.2	
Trade accounts receivable	2	100.3	97.9	
Other receivables	2	17.8	18.5	
Inventories	3	83.0	90.2	
Prepayments		2.3	1.5	
Accrued income		5.1	5.1	
Current assets		265.2	290.4	-8.7
Property, plant and equipment	4	182.1	203.1	
Financial assets	4	13.0	16.8	
Intangible assets	4	16.4	6.5	
Non-current assets		211.5	226.4	-6.6
Total assets		476.7	516.8	-7.8
Liabilities & shareholders' equity				
Short-term financial liabilities	5	4.3	1.7	
Trade accounts payable		39.9	41.8	
Other short-term liabilities		28.1	28.5	
Short-term provisions	6	15.3	9.2	
Accruals and deferred income		59.9	62.9	
Current liabilities		147.7	144.2	2.4
Long-term financial liabilities	5	64.2	4.7	
Other long-term liabilities		0.5	0.6	
Long-term provisions	6	22.8	20.0	
Non-current liabilities		87.6	25.3	245.5
Total liabilities		235.2	169.5	38.8
Share capital		0.4	0.4	
Capital reserves		-0.2	33.6	
Own shares		-6.1	-39.9	
Retained earnings		238.2	338.6	
Equity attributable to shareholders of Zehnder Group AG		232.3	332.6	
Minority interests		9.2	14.7	
Total equity	7	241.5	347.3	-30.5
Total liabilities & equity		476.7	516.8	-7.8

Consolidated income statement



EUR million	Notes	2024	2023	Change from prior year %
Sales	16	705.8	762.1	-7.4
Changes in inventories		-4.7	-2.8	
Own work capitalised		2.3	2.4	
Other operating income	17	5.7	4.0	
Cost of materials		-244.0	-284.2	
Personnel costs		-253.7	-248.5	
Depreciation and impairment of property, plant and equipment	4	-38.6	-23.6	
Amortisation and impairment of intangible assets	4	-2.5	-1.0	
Other operating expenses	18	-156.2	-148.2	
Operating result (EBIT)		14.1	60.2	-76.5
Financial result	19	-1.7	-3.1	
Earnings before taxes		12.4	57.1	-78.2
Income taxes	20	-14.9	-12.4	
Net profit/(loss)		-2.4	44.6	-105.5
Attributable to:				
– shareholders of Zehnder Group AG		1.7	43.2	
– minority interests		-4.1	1.4	
Non-diluted net profit excluding minority interests per registered share A (EUR)	21	0.15	3.84	-96.0
Diluted net profit excluding minority interests per registered share A (EUR)	21	0.15	3.83	-96.0
Non-diluted net profit excluding minority interests per registered share B (EUR)	21	0.03	0.77	-96.0
Diluted net profit excluding minority interests per registered share B (EUR)	21	0.03	0.77	-96.0

Consolidated cash flow statement



EUR million	Notes	2024	2023
Net profit/(loss)		-2.4	44.6
Depreciation of property, plant and equipment	4	23.8	23.3
Amortisation of intangible assets	4	1.5	1.0
(Gain)/loss from impairment	4	15.7	0.3
(Gain)/loss from sale of subsidiaries	24	3.1	-
Other non-cash changes		4.5	2.2
(Gain)/loss on disposals of non-current assets		2.4	0.1
(Increase)/decrease in trade accounts receivable		-1.9	21.5
(Increase)/decrease in other receivables, prepayments and accrued income		-0.8	3.8
(Increase)/decrease in inventories		9.8	8.1
Increase/(decrease) in trade accounts payable		-2.9	-8.7
Increase/(decrease) in other short-term liabilities, accruals and deferred income		-2.2	-9.6
Increase/(decrease) in provisions	6	5.6	0.1
(Increase)/decrease in deferred tax assets	4	4.4	1.0
Cash flow from operating activities		60.6	87.8
Investments in property, plant and equipment	4	-17.1	-22.8
Investments in intangible assets	4	-0.1	-0.5
Government grants received related to assets		0.2	0.2
Investments in consolidated entities (less cash taken over)	23	-94.9	-0.1
Investments in minority interests	23	-4.7	-
Divestment of property, plant and equipment		1.9	0.4
Divestment of consolidated entities (net of cash given)	24	-3.0	-
Cash flow from investing activities		-117.7	-22.8
Dividends paid to shareholders		-15.4	-20.6
Dividends paid to minority shareholders (of subsidiaries)		-1.1	-3.5
Purchase of own shares		-4.3	-17.3
Sale of own shares		2.1	2.7
Increase/(decrease) in short-term financial liabilities	5	-2.7	-3.2
Increase/(decrease) in long-term financial liabilities	5	59.7	-
Increase/(decrease) in other liabilities		-0.1	-
Cash flow from financing activities		38.3	-41.9
Currency effects		-1.7	-1.0
Increase/(decrease) in liquid assets		-20.5	22.1
Liquid assets at 1.1.		77.2	55.1
Liquid assets at 31.12.		56.7	77.2
Increase/(decrease)		-20.5	22.1

Consolidated statement of changes in equity



EUR million	Share capital	Capital reserves	Own shares	Retained earnings			Equity attributable to shareholders of Zehnder Group AG	Minority interests	Total equity
				Goodwill offset	Other retained earnings	Translation differences			
Equity at 1.1.2024	0.4	33.6	-39.9	-187.0	530.4	-4.8	332.6	14.7	347.3
Capital reduction	-	-33.8	33.8	-	-	-	-	-	-
Purchase of own shares	-	-	-4.3	-	-	-	-4.3	-	-4.3
Sale of own shares	-	-	4.3	-	-1.0	-	3.3	-	3.3
Share-based compensation									
– Transfers	-	-	-	-	-0.6	-	-0.6	-	-0.6
– Granted	-	-	-	-	0.4	-	0.4	-	0.4
Net profit/(loss)	-	-	-	-	1.7	-	1.7	-4.1	-2.4
Netted goodwill	-	-	-	-83.9	-	-	-83.9	-	-83.9
Change in minority interests	-	-	-	-	-	-	-	-0.6	-0.6
Dividends	-	-	-	-	-15.4	-	-15.4	-1.1	-16.4
Currency effects	-	-	-	-	-	-1.6	-1.6	0.3	-1.3
Equity at 31.12.2024	0.4	-0.2	-6.1	-270.9	515.6	-6.4	232.3	9.2	241.5
Equity at 1.1.2023	0.4	33.6	-27.8	-187.0	509.7	-5.7	323.1	17.7	340.8
Purchase of own shares	-	-	-17.1	-	-	-	-17.1	-	-17.1
Sale of own shares	-	-	5.0	-	-1.1	-	3.9	-	3.9
Share-based compensation									
– Transfers	-	-	-	-	-0.8	-	-0.8	-	-0.8
– Granted	-	-	-	-	-	-	-	-	-
Net profit/(loss)	-	-	-	-	43.2	-	43.2	1.4	44.6
Netted goodwill	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-20.6	-	-20.6	-3.5	-24.1
Currency effects	-	-	-	-	-	0.9	0.9	-0.9	-
Equity at 31.12.2023	0.4	33.6	-39.9	-187.0	530.4	-4.8	332.6	14.7	347.3

Consolidation scope and principles



Consolidation scope

The consolidated financial statements are presented in Euros and include all domestic and foreign companies which Zehnder Group AG controls directly or indirectly either by holding more than 50% of the voting rights or by otherwise having the power to control their operating and financial policies. Assets and liabilities as well as revenues and expenses are included at 100% in accordance with the full consolidation method. Minority interests in equity and in net profit of fully consolidated companies are recognised separately.

Holdings with a voting interest of between 20 and 49% (associated companies) are included in accordance with the equity method. Consolidated equity and the financial result for the period are accounted for proportionately.

The following changes were made in the consolidation scope compared to the previous year:

- Merger of Metis B.V. into Core Production Waalwijk B.V. as of 1 January 2024 in the Netherlands;
- Acquisition of the remaining 25% share in Zehnder Caladair International SAS as per 19 March 2024 in France;
- Divestment of Zehnder Climate Ceiling Solutions GmbH (Germany) and Zehnder Climate Ceiling Solutions SAS (France) to Private Assets SE & Co. KGaA in Germany as per 30 June 2024;
- Acquisition of Siber Group as per 11 July 2024 in Spain, consisting of Zehnder Spain Holding, S.L.U., Zerfas Europe, S.L.U., Siber Zone, S.L.U., Metair 2010, S.L.U., and Industrias Gonal Hispania, S.L.U.;
- Merger of Core Trading B.V. in the Netherlands into Core Energy Recovery Solutions GmbH in Germany as of 13 August 2024;
- Merger of Filtech clean-air filters International Holding B.V. into Filtech Nederland B.V. as of 12 December 2024 in the Netherlands.

Consolidation principles

General

Zehnder Group prepares its financial statements in accordance with the existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations).

The consolidated balance sheet and income statement are based on the financial statements of the companies as defined in the consolidation scope for the year ended 31 December.

The data presented in the consolidated financial statements are based on uniform accounting and valuation principles which apply to all Group companies.

Intergroup receivables and payables as well as revenues and expenses are eliminated in the consolidated statements. Intermediate profits in inventories are eliminated as well.

Foreign currency translation

For the year under review, the financial statements of subsidiaries which report in currencies other than the euro were translated into euros (EUR) as follows:

- Balance sheet figures at year-end exchange rates;
- Income statement figures at average exchange rates for the year;
- Cash flow statement figures at average exchange rates for the year.

Differences arising from applying these disparate exchange rates as well as foreign exchange differences on long-term loans of an equity nature to Group companies were booked to the cumulative translation differences of the consolidated equity capital. Foreign currency differences arising from repayments of long-term loans of an equity nature are also booked to consolidated equity capital and are not transferred to the income statement until such time as a disposal takes place.

The principal rates of exchange used for consolidation are shown in the table below.

	CAD	CHF	CNY	GBP	PLN	SEK	USD
	1	1	100	1	100	100	1
Year-end exchange rates							
2024	0.6699	1.0638	13.19	1.2070	23.39	8.73	0.9628
2023	0.6840	1.0768	12.82	1.1537	23.04	8.99	0.9061
Average exchange rates for the year							
2024	0.6755	1.0484	12.84	1.1791	23.22	8.75	0.9218
2023	0.6857	1.0268	13.11	1.1491	21.94	8.70	0.9258

Capital consolidation

Capital is consolidated to show equity capital as if the Group were one single company. To do this, it is necessary to offset the net worth of consolidated companies against the capital allotted to them.

Assets acquired and liabilities assumed are recognised as of the date when control is obtained and measured at their acquisition-date fair values. Intangible assets not previously recognised by the acquirer, but significant to the acquisition decision, are identified and recognised. Any residual goodwill is subsequently offset against equity of the Group.

In the case of a gradual acquisition, each step of the acquisition is accounted for separately. The assets and liabilities acquired at each stage are recognised at their fair values as of the respective acquisition dates. When control is ultimately obtained, the previously held equity interests are remeasured at fair value, and any resulting gain or loss is recognised in the income statement. The cumulative fair value of the identifiable net assets acquired and the consideration paid are used to determine the goodwill, which is subsequently offset against the equity of the Group.

Accounting and valuation principles



The balance sheets of all subsidiaries of Zehnder Group AG have been valued according to uniform valuation principles in accordance with the Swiss accounting and reporting recommendations (Swiss GAAP FER). The financial reporting gives a true and fair view of the financial position, the results of operations, and the cash flows. The consolidated financial statements have been prepared in accordance with the historical cost method with the exception of marketable securities and participations under 20%, which are measured at fair value. In the year under review, the Swiss GAAP FER accounting principles remained unchanged, with the exception of the accounting treatment and disclosure of Swiss GAAP FER 28, government grants, and the amendments to Swiss GAAP FER 30, which govern in particular the accounting of step acquisitions, goodwill and translation differences related to equity-like loans. The previous year's figures are not affected, except for the cash flow statement, and provide a comparable basis.

1. Liquid assets

Liquid assets include cash and cash equivalents, postal checking account and bank balances as well as fixed-term deposits with an original maturity of 90 days or less. Liquid assets are shown at nominal values.

2. Trade accounts receivable

Accounts receivable are stated at nominal value. Value adjustments for doubtful accounts are established based on maturity structure and identifiable solvency risks. Besides individual value adjustments with respect to specific known risks, other value adjustments are recognised based on experience.

3. Inventories

Inventories are valued on the lower of cost or market principle. Purchased products are valued at acquisition cost and manufactured goods at production cost. Production costs comprise variable manufacturing costs and overheads. Valuation adjustments are undertaken for risks arising from time in storage or reduced marketability. Unrealised profits in inventories from intergroup deliveries are eliminated. Any supplier discounts are netted with the cost of materials.

4. Property, plant and equipment

Property, plant and equipment is shown in the consolidated balance sheet at acquisition or manufacturing cost (for self-constructed assets) less depreciation and valuation adjustments.

The following useful lives are applicable for the main items contained in property, plant and equipment:

Buildings	20 to 40 years
Installations	5 to 15 years
Machinery and equipment	5 to 15 years
Furniture	3 to 5 years
Computer hardware	3 to 5 years
Vehicles	3 to 5 years

The straight-line method of depreciation is applied to all property, plant and equipment. In general, depreciation commences from the time the asset is put into operation. Plant under construction is not depreciated.

Assets valued at less than EUR 3,000 are considered to be minor and are charged directly as an expense to the income statement. Investments financed through long-term leases are included in the balance sheet. Expenses for operating leasing are charged directly to the income statement in the period that they were incurred.

Investment properties that have been assessed as finance leases and financed via long-term leasing contracts are reported in the balance sheet at the lower of the present value of the minimum lease payments or the market value. The corresponding finance lease obligations are shown on the liabilities side. With regard to finance leases, please refer to item **5. Financial liabilities**.

Costs for maintenance, repairs and minor renovations are charged as expenses to the income statement when they occur. Major renovations and investments are capitalised if they result in appreciation of value and depreciated over the remaining useful life of the corresponding asset.

5. Financial assets

Holdings with a voting interest of less than 20% and loans are valued at nominal or acquisition cost less the necessary valuation adjustments. For the accounting principles of the employer contribution reserves and the active deferred taxes, please refer to the following items “10. Pension funds” and “14. Income taxes” of these accounting and valuation principles.

6. Intangible assets

Acquired intangible assets are initially recognised at acquisition cost. They are amortised on a straight-line basis over their estimated useful lives from the time at which they become available for use. The estimated useful lives applied by the Group are as follows:

Software	3 to 5 years
Patents, trademarks, technology and other rights	3 to 10 years
Land use rights	25 to 50 years

Internally generated intangible assets are fully charged to the income statement in the year in which they are incurred.

7. Impairment of assets

The book values of assets are reviewed for impairment at each balance sheet date or if there are indications that an asset may be impaired. If an indication of potential impairment exists, the recoverable amount of the respective asset is determined. If the book values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. Impairment losses are recognised in the income statement. The recoverable amount is the higher of the estimated asset's net selling price and its value in use. The net selling price is the amount recoverable from the sale of an asset in an arm's-length transaction between independent parties less the cost of disposal. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

8. Trade accounts payable and other liabilities

Trade accounts payable and other liabilities are shown at nominal value. They include short-term tax liabilities, shown in the balance sheet on the basis of the results for the reporting year. This item also includes taxes on the proposed distribution of profits by subsidiaries.

9. Provisions

Provisions are recognised for actual and legal obligations arising from past events and for potential risks and losses from existing agreements when an outflow of funds is likely and can be measured in a reliable way.

The provisions are for the purpose of personnel pensions and to cover identifiable risks, including guarantee, procedural and country risks, as well as restructuring measures implemented. Provisions for deferred tax liabilities and for set-off risks in respect of tax audits are also included.

Provisions are broken down according to their maturity, i.e. a distinction is made between short-term provisions with an expected cash outflow within the next twelve months and long-term provisions with an expected cash outflow of funds after a period greater than one year.

The provisions are recalculated annually and adjusted accordingly. It is assumed that there is a high probability of use of these provisions.

10. Pension funds

Employees of the Swiss Group companies are registered with a legally independent collective foundation that provides benefits in addition to state pensions. The collective foundation is funded through investment income and premiums paid by both employers and employees. The contributions payable are set out in the regulations.

The economic effects of pension plans on the company are presented as follows: although the capitalisation of economic benefit would be admissible, it is not undertaken because the company does not intend to use this to lower employer contributions. Any benefit resulting from freely disposable employer contribution reserves is recognised as an asset. An economic liability is recognised if the conditions for forming a provision are met. The employer contributions to the pension fund for the reporting period are recognised in the income statement.

In most countries abroad, pension and retirement plans are state-organised. They are generally financed through employer and employee contributions. Two of our German companies have a pension plan in addition to the state scheme. The corresponding obligations are specified in part under provisions. In addition, one obligation amounting to EUR 5.0 million was transferred to a pension trust (Contractual Trust Arrangement) and is no longer specified on the balance sheet. Any financial income from the outsourced obligation is posted in personnel expenses.

11. Derivative financial instruments

Derivative financial instruments are sometimes used to hedge against currency, interest rate and commodity risks. Valuation is undertaken at current value or according to the same valuation principles as for the hedged underlying transaction (current values or according to lower of cost or market principle). The changes in value since the previous valuation are reported in the financial result for the period.

Instruments used to hedge future cash flows are not recognised in the balance sheet, but are reported in the notes until the future cash flow is realised.

12. Sales

Sales comprises the sale of products and services after deducting value-added taxes, rebates, and other price discounts. Sales are posted if the relevant risks and opportunities associated with the services rendered or the ownership of the sold products have been transferred to the customer, the income and costs can be reliably determined, and the recoverability of the resulting receivables is adequately assured.

13. Long-term contracts

If the applicable criteria are met, the revenue from sales of long-term projects is recognised according to the percentage of completion on the balance sheet date. Long-term contracts are defined as individual projects with a contract volume of more than EUR 1 million and a term of more than nine months.

The percentage of completion is determined for each individual contract on the basis of the units of delivery method. It is calculated using the number of installed units as a percentage of the total delivery quantity that is contractually agreed. There are justified cases in which acceptance by the customer is delayed purely due to administrative or organisational issues, and all significant performance obligations have otherwise been fulfilled. In these cases, the company management evaluates the financial situation and recognises the revenue before customer acceptance if necessary. A unit is normally invoiced in full when it is accepted (to be offset against any advance payments that have been received or as trade accounts receivable for the amount exceeding the advance payments).

Contract costs are made up of the costs of materials and external services, material overheads (procurement and logistics), and production costs. For loss-free valuation purposes, a single valuation of contracts in progress is made. As soon as a loss becomes apparent, an adjustment is made to account for the full loss amount that is expected. If the adjustment exceeds the value of the asset for the contract, a provision for the excess amount is recognised.

Contracts in progress are projects in which the cumulative performance exceeds the advance payments already received. If the advance payments received are

higher than the cumulative performance, this is recognised under liabilities from contracts in progress.

Advance payments received are recognised directly in equity. They are offset against the contracts or compensation claims for which the advance payments have been made.

14. Income taxes

Income taxes comprise current and deferred income taxes.

Current income taxes are calculated by applying the current tax rates to the profit calculated in accordance with commercial law/anticipated profit for tax purposes, in accordance with the respective taxable profit calculation regulations. The current income tax liabilities are recognised under accruals and deferred income.

Deferred taxes comprise deviations between the group-wide and tax valuation in the company financial statements. These deviations can lead to timing differences in the taxation of the profits. Deferred taxes are based on the income tax rates per country. Whether an actual tax expense or an actual tax reduction will also arise in the foreseeable future has not been taken into account. Deferred tax assets are recognised in the balance sheet within financial assets, and deferred tax liabilities within provisions. Deferred tax assets and deferred tax liabilities are offset provided that they apply to the same taxable entity and are levied by the same tax authority. Deferred tax assets with respect to timing differences will then be capitalised only if it becomes likely that they can be offset by future taxable profits.

Several companies have tax loss carry-forwards. Deferred tax assets have not been capitalised from tax loss carry-forwards.

15. Transactions with related parties

Associated companies, boards of directors, executive board members, employee benefits plans, and companies controlled by major shareholders are considered to be related parties.

16. Government grants

Government grants are compensations provided by public institutions for services provided or expenses incurred in the operating activity and may relate to assets or to income. Government grants are recognised if there is a reasonably assured entitlement, and the amount can be reliably estimated.

Government grants relating to assets are offset against the respective asset and are presented as gross amounts in the cash flow from investing activities.

Government grants relating to income are offset against the corresponding expenses and are disclosed in the respective note.

Notes to the consolidated financial statements



1. Liquid assets

Liquid assets amounted to EUR 56.7 million (previous year: EUR 77.2 million), whereas interest-bearing financial liabilities reached EUR 68.6 million (previous year: EUR 6.4 million). At year end, net debt¹ amounted to EUR -11.8 million (previous year: net liquidity¹ of EUR 70.8 million).

¹ See [Alternative performance measures](#) in the consolidated financial statements in this Financial Report.

2. Trade accounts receivable and other receivables

EUR million	31.12.2024	31.12.2023
Trade accounts receivable, gross*	123.4	116.5
Value adjustments on trade accounts receivable	-23.1	-18.6
Trade accounts receivable, net	100.3	97.9
Other receivables, gross	19.8	18.6
Value adjustments on other receivables	-2.0	-0.2
Other receivables, net	17.8	18.5
Total trade accounts receivable and other receivables	118.1	116.3
* Of which more than 12 months overdue gross	19.2	19.0

Due to the ongoing real estate crisis in China and the associated outstanding receivables, related value adjustments on trade receivables amounted to EUR 21.1 million (previous year: EUR 16.7 million).

In addition to individual allowances based on a risk assessment, general allowances are made for the following overdue periods:

1-30 days	0%
31-60 days	10%
61-90 days	10%
91-180 days	25%
181-360 days	50%
More than 360 days	100%

3. Inventories

EUR million	31.12.2024	31.12.2023
Raw materials	54.4	57.7
Semi-finished products and goods in process	5.7	10.4
Finished products	43.7	42.8
Valuation adjustments	-20.7	-20.7
Total inventories	83.0	90.2

Despite the reduction in the gross inventory value, the valuation adjustment on inventories remained at EUR 20.7 million (previous year: EUR 20.7 million) due to the ongoing low inventory turnover.

4. Development of non-current assets

Property, plant and equipment

EUR million	Land/ buildings/ installations in buildings	Machinery/ plant	Other fixed assets	Plant under con- struction	Total
Net book value at 1.1.2024	140.4	49.9	8.7	4.1	203.1
Acquisition cost					
Status 1.1.2024	259.5	268.6	33.4	4.1	565.6
Investments	2.6	8.2	3.7	3.4	17.9
Disposals	-1.2	-7.8	-3.7	-	-12.7
Changes in consolidation scope	1.4	-1.1	-0.5	-	-0.2
Reclassifications	0.1	2.8	-0.5	-2.4	-
Currency effects	0.5	1.0	0.1	-	1.7
Status 31.12.2024	262.9	271.7	32.5	5.1	572.2
Accumulated valuation adjustments					
Status 1.1.2024	-119.0	-218.8	-24.7	-	-362.5
Depreciation	-7.5	-13.0	-3.3	-	-23.8
Impairment	-11.1	-3.2	-	-0.4	-14.8
Disposals	0.7	7.1	3.5	-	11.3
Changes in consolidation scope	-	1.1	0.3	-	1.4
Reclassifications	-0.1	-0.4	0.4	-	-
Currency effects	-0.7	-0.9	-0.1	-	-1.7
Status 31.12.2024	-137.7	-228.0	-24.0	-0.4	-390.1
Net book value at 31.12.2024	125.2	43.7	8.5	4.7	182.1
Net book value at 1.1.2023					
Net book value at 1.1.2023	125.7	49.0	7.8	21.5	203.9
Acquisition cost					
Status 1.1.2023	236.4	271.1	32.7	21.5	561.7
Investments	6.5	10.1	3.7	3.5	23.8
Disposals	-1.5	-19.1	-3.9	-	-24.5
Changes in consolidation scope	-	-	-	-	-
Reclassifications	15.9	4.5	0.7	-21.1	-
Currency effects	2.1	2.1	0.3	0.1	4.6
Status 31.12.2023	259.5	268.6	33.4	4.1	565.6
Accumulated valuation adjustments					
Status 1.1.2023	-110.8	-222.1	-25.0	-	-357.8
Depreciation	-7.2	-12.8	-3.3	-	-23.3
Impairment	-0.3	-	-	-	-0.3
Disposals	1.5	18.3	3.8	-	23.6
Changes in consolidation scope	-	-	-	-	-
Reclassifications	-	-	-	-	-
Currency effects	-2.2	-2.2	-0.3	-	-4.6
Status 31.12.2023	-119.0	-218.8	-24.7	-	-362.5
Net book value at 31.12.2023	140.4	49.9	8.7	4.1	203.1

Net book values from finance leases of EUR 0.8 million (previous year: EUR 1.2 million) are capitalised in land/buildings/installations in buildings and EUR 2.4 million (previous year: EUR 2.8 million) in machinery/plant.

In 2024, EUR 11.5 million of the impairment relate to properties in China and EUR 3.2 million to production equipment in Europe. The adjustments were necessary because of reorganisations resulting in the carrying amount of these assets exceeding the recoverable amount.

Financial assets

EUR million	Financial assets	Loans	Reserves for employer contributions	Deferred tax assets	Total
Net book value at 1.1.2024	0.1	0.3	3.2	13.2	16.8
Acquisition or current book value					
Status 1.1.2024	0.1	0.3	3.2	13.2	16.8
Increases	-	-	-	0.8	0.8
Decreases	-	-	-	-0.8	-0.8
Changes in consolidation scope	-	-	-	0.6	0.6
Currency effects	-	-	-	-	-
Status 31.12.2024	0.1	0.3	3.1	14.0	17.5
Accumulated valuation adjustments					
Status 1.1.2024	-	-	-	-	-
Impairment	-	-	-	-4.5	-4.5
Status 31.12.2024	-	-	-	-4.5	-4.5
Net book value at 31.12.2024	0.1	0.3	3.1	9.5	13.0
Net book value at 1.1.2023	0.1	0.3	3.0	14.5	17.9
Acquisition or current book value					
Status 1.1.2023	0.1	0.3	3.0	14.5	17.9
Increases	-	-	-	0.3	0.3
Decreases	-	-	-	-1.3	-1.3
Changes in consolidation scope	-	-	-	-	-
Currency effects	-	-	0.2	-0.3	-0.1
Status 31.12.2023	0.1	0.3	3.2	13.2	16.8
Accumulated valuation adjustments					
Status 1.1.2023	-	-	-	-	-
Impairment	-	-	-	-	-
Status 31.12.2023	-	-	-	-	-
Net book value at 31.12.2023	0.1	0.3	3.2	13.2	16.8

Impairment on deferred tax assets resulted from temporary timing differences in relation to the business development in China and the diminished probability of generating sufficient taxable profits to realise these assets, refer to item **20. Income taxes**.

For further details on reserves for employer contributions, please refer to item **14. Employer contribution reserves and pension fund liabilities** in these notes to the consolidated financial statements.

Intangible assets

EUR million	2024	2023
Net book value at 1.1.	6.5	6.8
Acquisition cost		
Status 1.1.	19.6	19.9
Investments	0.1	0.5
Disposals	-0.6	-1.5
Changes in consolidation scope	12.1	-
Currency effects	-0.1	0.7
Status 31.12.	31.2	19.6
Accumulated valuation adjustments		
Status 1.1.	-13.1	-13.0
Amortisation	-1.5	-1.0
Impairment	-1.0	-
Disposals	0.6	1.5
Changes in consolidation scope	0.1	-
Currency effects	0.1	-0.5
Status 31.12.	-14.8	-13.1
Net book value at 31.12.	16.4	6.5

Intangible assets include EUR 11.8 million (previous year: EUR 0.0 million) intangible assets through acquisition, namely trademarks and technology, as well as software licences amounting to EUR 0.8 million (previous year: EUR 1.2 million), patents amounting to EUR 3.2 million (previous year: EUR 3.7 million), and land use rights amounting to EUR 0.5 million (previous year: EUR 1.5 million).

The impairment relates to land use rights in China.

5. Financial liabilities

Financial liabilities consists of:

EUR million	2024	2023
Bank loans	62.6	2.1
Other loans	0.4	0.3
Financial lease liabilities	3.2	4.0
Total	68.6	6.4

Financial lease liabilities have the following maturity structure:

EUR million	2024	2023
Less than 12 months	0.6	0.8
12 months to 60 months	1.9	2.0
More than 60 months	0.7	1.3
Total	3.2	4.0

Total financial liabilities have the following maturities and currencies:

EUR million	2024	2023
Split by maturity		
Less than 12 months	4.3	1.7
12 months to 60 months	63.5	3.5
More than 60 months	0.7	1.3
Total	68.6	6.4
Split by currency		
CAD	0.3	0.2
CHF	42.6	0.1
EUR	25.7	6.1
Total	68.6	6.4

Short-term loans are at average interest rates of 2.5% (previous year: 1.8%).
Long-term loans are at average interest rates of 1.7% (previous year: 1.9%).

6. Provisions

EUR million	Tax provisions	Pension commitments	Restructuring provisions	Warranty provisions	Other provisions	Total
Book value at 1.1.2024	6.4	2.7	2.6	7.1	10.4	29.2
New provisions	0.3	1.0	8.9	1.4	1.7	13.3
Use	-	-0.6	-1.8	-1.3	-0.8	-4.5
Reversals	-1.4	-0.4	-0.1	-0.4	-1.0	-3.2
Changes in consolidation scope	3.3	-0.1	-	0.2	-0.1	3.3
Currency effects	-	-	0.1	-	-	-
Book value at 31.12.2024	8.6	2.7	9.7	7.1	10.1	38.2
Of which short-term	-	0.4	9.2	4.1	1.6	15.3
Book value at 1.1.2023	6.8	2.9	1.1	6.4	12.0	29.2
New provisions	0.2	0.6	2.5	2.1	1.7	7.1
Use	-	-0.5	-0.8	-1.0	-1.2	-3.5
Reversals	-0.7	-0.3	-0.3	-0.4	-2.0	-3.6
Changes in consolidation scope	-	-	-	-	-	-
Currency effects	0.1	-	-	-	-0.1	0.1
Book value at 31.12.2023	6.4	2.7	2.6	7.1	10.4	29.2
Of which short-term	-	0.5	2.6	4.1	2.0	9.2

Tax provisions include deferred as well as other tax provisions in accordance with item “9. Provisions” of the **Accounting and valuation principles** in the consolidated financial statements in this Financial Report.

The discount rate for German pension obligations was 3.5% (previous year: 3.5%).

In 2024, new restructuring provisions were mainly related to the ongoing restructuring of the radiator production footprint.

Other provisions mainly include provisions for pending legal cases and personnel-related provisions.

7. Equity capital

At the balance sheet date, the equity ratio was 51% (previous year: 67%). The factors that contributed to changes in consolidated equity are presented in the consolidated statement of changes in equity.

The Annual General Meeting of 11 April 2024 approved the capital reduction by cancellation of 487,800 listed registered shares A of Zehnder Group AG and, consequently, the shares were cancelled at the end of April 2024.

At the end of 2024, the total share capital amounted to CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate of 1 January 2003. It is made up of 9,268,200 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each. In the previous year, the total share capital amounted to CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate of 1 January 2003. It was made up of 9,756,000 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each.

Statutory and legal reserves and those not available for distribution amounted to EUR 6.3 million (previous year: EUR 43.5 million).

	Registered shares A units 2024	Value per unit EUR 2024	Value thousand EUR 2024	Registered shares A units 2023	Value per unit EUR 2023	Value thousand EUR 2023
Own shares at 1.1.	583,148	68.50	39,949	401,948	69.15	27,794
Transfer at market price	-60,859	53.93	-3,282	-71,168	54.30	-3,865
Cancellation due to capital reduction	-487,800	69.25	-33,781			-
Gain/(loss) from sale			-1,049			-1,111
Purchase at acquisition price	76,500	56.04	4,287	252,368	67.88	17,130
Own shares at 31.12.	110,989	55.17	6,123	583,148	68.50	39,949

The transferred shares were sold at a discount of 30% to management staff participating in a stock ownership plan, transferred to the Executive Committee as part of the share-based compensation plan (LTI), and issued to members of the Board of Directors as part of their annual retainer (see item **22. Shares granted** in these notes to the consolidated financial statements).

8. Contingent liabilities

At year end, guarantee obligations and contingent liabilities vis-à-vis third parties amounted to EUR 12.2 million (previous year: EUR 15.5 million).

The following contingent liability exists in connection with the acquisition of Zhongshan Fortuneway Environmental Technology Co., Ltd.:

- Zehnder Group owns 51% of Zhongshan Fortuneway Environmental Technology Co., Ltd. Zehnder Group has agreed on the conditions of the potential transfer of the additional 25% stake in Zhongshan Fortuneway Environmental Technology Co., Ltd. with the current owner. On the one hand, Zehnder Group has received call options on the remaining 49% stake in Zhongshan Fortuneway Environmental Technology Co., Ltd. On the other hand, Zehnder Group has issued put options on a 25% stake in Zhongshan Fortuneway Environmental Technology Co., Ltd.

The option right is exercisable from 2024. As the option does not meet the recognition criteria for an asset or a liability, it is not recognised in the balance sheet.

The following contingent liabilities exist in connection with the divestment of the Closed Ceiling Solution business:

- In case the working capital of the divested business does not meet the liquidity requirement, an additional EUR 1.9 million loan must be granted. As per 31 December 2024, the criteria are not met for the exercise of this cash injection call. The contingent liability expires 24 months after closing of the transaction.
- Zehnder Group will continue to be subject to certain liability claims from ongoing construction projects. This contingent liability cannot be quantified and currently does not meet the recognition criteria for provisions.

9. Pledged assets

None of the Group's assets were pledged either in the reporting year or in the previous year.

10. Liabilities to pension funds

At year end, there were liabilities to pension funds of EUR 1.1 million (previous year: EUR 1.0 million). These are included in other short-term liabilities.

11. Transactions with related parties

In the reporting year, as was the case in the previous year, no products were sold to associated companies and there were no receivables due from associated companies.

In the year under review, as per the previous year, Zehnder Group did not complete any major transactions with shareholders and there were no receivables or obligations.

12. Derivative financial instruments

EUR million	Contract	Positive	Negative	Contract	Positive	Negative	Purpose
	value	fair value	fair value	value	fair value	fair value	
	31.12.2024	31.12.2024	31.12.2024	31.12.2023	31.12.2023	31.12.2023	
Foreign exchange	4.2	-	0.1	5.8	0.1	-	Hedging
Total	4.2	-	0.1	5.8	0.1	-	

13. Operating leasing not recognised in the balance sheet

Current operating leasing contracts expire as follows:

EUR million	31.12.2024	31.12.2023
Within 12 months	5.9	5.9
In 13–60 months	10.1	8.2
In more than 60 months	4.0	2.4
Total	20.0	16.4

14. Employer contribution reserves and pension fund liabilities

Employer contribution reserve (ECR)

EUR thousands	Nominal value 31.12.2024	Balance sheet 31.12.2024	Currency gain (+)/ loss (-) on ECR 2024	Balance sheet 31.12.2023	Expense (-)/ income (+) in	Expense (-)/ income (+) in
					personnel expenses 2024	personnel expenses 2023
Pension trust fund	3,143	3,143	-38	3,181	-	-
Total	3,143	3,143	-38	3,181	-	-

No interest was paid on the employer contribution reserve in either year.

Economic benefits/economic liabilities and pension expenses

EUR thousands	Excess/ (inadequate) cover 31.12.2024 ¹	Economic share of organisation 31.12.2024	Economic share of organisation 31.12.2023	Capitalised in business year 2024	Contributions accrued 2024	Pension expenses in	Pension expenses in
						personnel expenses 2024	personnel expenses 2023
Pension trust fund	2,669	-	-	-	-	-	-
Personnel pension fund collective fund	12,667	-	-	-	3,045	3,045	2,805
Pension plans abroad	-	-	-	-	11,231	11,231	11,274
Total	15,336	-	-	-	14,276	14,276	14,079

¹ The details regarding the excess coverage in 2024 are based on provisional financial statements as at 31 December 2024.

Please refer to item “10. Pension funds” of the [Accounting and valuation principles](#) in the consolidated financial statements and to the pension commitments in item [6. Provisions](#) in these notes to the consolidated financial statements.

15. Segment reporting

In accordance with Swiss GAAP FER 31/8, segment reporting used by the top management level for corporate management is disclosed. Zehnder Group is an indoor climate system supplier. With the two segments, ventilation and radiators, the Group is classified according to business areas. These are managed independently from one another and their business performance is assessed separately.

The ventilation segment covers the three product lines for ventilation, heat exchangers, and clean air solutions. The radiator segment contains two product lines: radiators and ceiling panels.

The [Sales by region and segment](#) table also provides information on the regions in which the sales were generated. Sales are allocated to the region to which the products and systems were sold. In order to reflect the global activities of Zehnder Group, the regions have been expanded accordingly to EMEA (Europe, Middle East and Africa), Asia-Pacific, and North America.

		Ventilation	Radiators	Total
2024				
Sales	EUR million	424.2	281.6	705.8
EBIT adjusted ¹	EUR million	44.4	5.7	50.1
	% of sales	10.5	2.0	7.1
EBIT	EUR million	37.4	-23.2	14.1
	% of sales	8.8	-8.2	2.0
Number of employees	Ø full-time equivalents	1,947	1,612	3,559
2023				
Sales	EUR million	441.1	321.0	762.1
EBIT adjusted ¹	EUR million	53.5	9.4	63.0
	% of sales	12.1	2.9	8.3
EBIT	EUR million	53.0	7.2	60.2
	% of sales	12.0	2.2	7.9
Number of employees	Ø full-time equivalents	1,930	1,843	3,772

¹ See [Alternative performance measures](#) in the consolidated financial statements in this Financial Report.

16. Sales

Consolidated sales amounted to EUR 705.8 million (previous year: EUR 762.1 million), a decrease of 7.4%. Organic¹ sales decreased by 8.7%.

Sales include EUR 0.8 million (previous year: EUR 5.7 million) recognised on long-term contracts.

Sales by region and segments are classified as follows:

		2024	%	2023	%
Sales by region and segments					
Ventilation EMEA	EUR million	328.4	46.5	336.2	44.1
	Change from prior year in %	-2.3		-3.8	
Ventilation North America	EUR million	71.1	10.1	69.1	9.1
	Change from prior year in %	2.9		16.4	
Ventilation Asia-Pacific	EUR million	24.7	3.5	35.8	4.7
	Change from prior year in %	-30.9		-14.0	
Total ventilation segment	EUR million	424.2	60.1	441.1	57.9
	Change from prior year in %	-3.8		-2.1	
Radiators EMEA	EUR million	235.9	33.4	268.2	35.2
	Change from prior year in %	-12.1		-13.5	
Radiators North America	EUR million	38.5	5.5	45.5	6.0
	Change from prior year in %	-15.5		2.9	
Radiators Asia-Pacific	EUR million	7.2	1.0	7.2	1.0
	Change from prior year in %	-0.9		-6.7	
Total radiator segment	EUR million	281.6	39.9	321.0	42.1
	Change from prior year in %	-12.3		-11.4	
Total region EMEA	EUR million	564.3	80.0	604.5	79.3
	Change from prior year in %	-6.6		-8.3	
Total region North America	EUR million	109.6	15.5	114.6	15.0
	Change from prior year in %	-4.4		10.6	
Total region Asia-Pacific	EUR million	31.9	4.5	43.0	5.6
	Change from prior year in %	-25.9		-12.8	
Total	EUR million	705.8	100.0	762.1	100.0
	Change from prior year in %	-7.4		-6.2	

¹ See [Alternative performance measures](#) in the consolidated financial statements in this Financial Report.

17. Other operating income

Other operating income is classified as follows:

EUR million	2024	2023
Licence income	0.1	0.1
Gain/(loss) on disposal of fixed assets	1.0	-0.1
Miscellaneous operating income	4.5	4.0
Total	5.7	4.0

The main sources of miscellaneous operating income are income generated by the sale of scrap materials, rental income from third parties, and payments from insurance claims.

18. Other operating expenses

Other operating expenses are classified as follows:

EUR million	2024	2023
Operating expenses	-54.2	-52.5
Marketing and distribution expenses	-63.2	-62.9
Administration and IT expenses	-30.9	-32.8
Loss from sale of subsidiaries (Climate Ceiling Solutions business)	-7.9	-
Total	-156.2	-148.2

19. Financial result

EUR million	2024	2023
Financial expenses	-2.3	-1.1
Financial earnings	0.5	0.4
Exchange gains/(losses)	0.1	-2.4
Total financial result	-1.7	-3.1

20. Income taxes

The tax ratio (=taxes as a percentage of earnings before taxes) was 119.5% (previous year: 21.8%).

EUR million	2024	2023
Current taxes	-10.4	-11.7
Deferred taxes	-4.5	-0.7
Total taxes	-14.9	-12.4

In accordance with the OECD BEPS 2.0 Pillar Two rules, the Group has applied the global minimum tax framework in the countries in which it operates from the 2024 financial reporting year. All relevant countries can benefit from the Transitional Country-by-Country Reporting Safe Harbor and are therefore exempt from a top-up tax calculation. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Zehnder Group anticipates that losses of EUR 0.2 million (previous year: EUR 0.5 million) can be utilised against future taxable profits. The deferred tax assets on these losses amount to EUR 0.0 million (previous year: EUR 0.1 million).

Total deferred tax assets not capitalised amount to EUR 1.2 million (previous year: EUR 6.5 million) and originate predominantly from Finland.

The differences between the expected income tax expense, based on the expected income tax rate and the effective income tax expense shown in the income statement, is explained by the following factors. The expected income tax rate of the Group is based on the profit/loss before taxes and the applicable tax rate in the tax year for the Group companies.

EUR million	2024	2023
Earnings before taxes	12.4	57.1
Expected tax rate in %	22.5	21.5
Expected tax expenses	-2.8	-12.3
Effect from non-refundable tax credits/incentives	0.2	0.5
Effect of non-deductible expenses	-6.8	-0.7
Effect of non-recognition of tax loss carry-forwards	-0.8	-0.3
Effect of use of unrecognised tax loss carry-forwards	0.2	0.3
Effect from deferred tax asset valuation allowances	-4.5	-
Effective tax expenses	-14.9	-12.4
Effective tax rate in %	119.5	21.8

In the year under review, EUR 5.3 million of the total EUR 6.8 million effect of non-deductible expenses were derived from the impairment in China and the divestment of the Zehnder Climate Ceiling Solutions business.

Furthermore, EUR 4.5 million (previous year: EUR 0.0 million) capitalised deferred taxes were impaired in relation to the business development in China and the diminished probability of generating sufficient taxable profits to realise these assets.

21. Net profit per registered share

The undiluted net profit per registered share A is calculated by dividing the net profit excluding minority shares by the total nominal value adjusted shares, less the average number of own shares held by Zehnder Group AG, based on a weighted average due to the capital reduction.

The shares eligible for the share-based compensation plan (LTI) are also held as own shares. The shares allocated will be included proportionately, resulting in a dilution of the net profit per registered share A.

		2024	2023
Net profit excluding minority interests	EUR million	1.7	43.2
Notional number of shares	units	11,248,200	11,736,000
Notional number of shares excl. own shares	units	11,169,576	11,254,116
Non-diluted net profit excluding minority interests per registered share A	EUR	0.15	3.84
Notional number of shares excl. own shares	units	11,169,576	11,254,116
Eligible shares for share-based compensation plan (LTI)	units	21,731	24,606
Number of shares for calculating diluted net profit per share	units	11,191,307	11,278,722
Diluted net profit excluding minority interests per registered share A	EUR	0.15	3.83

The undiluted/diluted net profit excluding minority interests per registered share B amounts to one fifth of the undiluted/diluted net profit excluding minority interests per registered share A.

22. Shares granted

As part of the Zehnder Group Management Share Plan (ZGMSP), the managers of operating units and members of the Group management of Zehnder Group are given the opportunity to acquire registered shares A. The shares are issued at a discount to the persons entitled to receive them. The registered shares A issued also include the Board of Directors' shares. Half of the annual retainer that the members of the Board of Directors receive is made up of registered shares A.

In the case of the ZGMSP, the difference between the current value at the time of allocation and the issue price is recognised in personnel expenses.

Furthermore, Zehnder Group offers a long-term, variable compensation element (long-term incentive or LTI). This is granted as part of a long-term investment plan in which rights to shares are awarded under certain conditions. The general contractual basis and exercise conditions are explained under item **4.3 Variable long-term compensation element (long-term incentive, LTI)** in the Compensation Report.

The value of shares issued at the time of allocation is equal to the current value. The current value is determined as the closing rate on the day of allocation.

		2024	2023
Shares for the Zehnder Group Management Share Plan			
Shares granted for the Zehnder Group Management Share Plan	units	40,666	44,916
Current value on the day of allocation	CHF	51.70	60.50
Personnel expenses for the Zehnder Group Management Share Plan	CHF	685,000	1,006,000
Shares for the compensation of the Board of Directors			
Shares granted for the compensation of the Board of Directors	units	10,780	9,902
Current value on the day of allocation	CHF	51.90	58.10
Personnel expenses for the compensation of the Board of Directors	CHF	559,000	575,000
Shares for the variable long-term compensation element for the Group Executive Committee			
Shares granted for the variable long-term compensation element for the Group Executive Committee (with 100% achievement of objectives)	units	14,716	14,186
Shares allocated for the variable long-term compensation element for the Group Executive Committee	units	9,413	16,350
Current value on the day of allocation	CHF	55.10	74.70
Personnel expenses for the variable long-term compensation element for the Group Executive Committee ¹	CHF	407,000	-43,000
Total personnel expenses for shares granted	CHF	1,651,000	1,538,000

¹ Personnel expenses for the variable long-term compensation include the cost of the shares granted for the compensation plans launched in the reporting year and the result of the reassessment of the current plans. The net result of the two factors led to negative personnel expenses for the variable long-term compensation of the Group Executive Committee in 2023.

23. Acquisitions

In the year under review, the following acquisitions were made:

- As per 19 March 2024, Zehnder Group acquired the remaining 25% share in Zehnder Caladair International SAS in France. The purchase price was EUR 4.7 million. EUR 0.6 million equity from minority interests was transferred to equity attributable to shareholders of the Zehnder Group AG. The resulting goodwill amounted to EUR 4.1 million and was offset against equity.
- As of 11 July 2024, Zehnder Group acquired the ventilation Group Siber in Spain, consisting of Zehnder Spain Holding, S.L.U., Zerfas Europe, S.L.U., Siber Zone, S.L.U., Metair 2010, S.L.U., and Industrias Gonal Hispania, S.L.U. The purchase price was EUR 86.3 million. Additionally, EUR 10.4 million debt was taken over and EUR 0.9 million transaction costs were capitalised. The Group acquired net assets amounting to EUR 17.8 million (excluding EUR 10.4 million debt taken over). These net assets included liquid assets of EUR 2.6 million, other current assets of EUR 15.2 million, non-current assets of EUR 15.7 million, and liabilities of EUR 15.7 million. The resulting goodwill amounted to EUR 79.7 million and was offset against equity. Siber contributed EUR 17.7 million sales to the Group in the period under review and generated EUR 20.1 million sales in 2024 in the period before the acquisition.

In the previous year, no acquisitions were made.

24. Disposals

In the year under review, the following disposal was made:

- As per 30 June 2024, the divestment of Zehnder Climate Ceiling Solutions GmbH (Germany) and Zehnder Climate Ceiling Solutions SAS (France) to Private Assets SE & Co. KGaA (Germany) was completed. EUR 13.2 million of assets, of which EUR 3.0 million were liquid assets, and EUR 8.5 million of liabilities were divested. The divested Climate Ceiling Solutions business contributed EUR 9.5 million to the Group's sales in 2024 (previous year: EUR 23.3 million). Total one-off costs related to the transaction amounted to EUR 7.9 million and are reported in other operating expenses.

In the previous year, the following disposal was made:

- As per 27 April 2023, sale of OOO "Zehnder GmbH" in Russia.

25. Goodwill

In accordance with the consolidation principles, Zehnder Group directly nets acquired goodwill against equity at the time of first consolidation.

The theoretical amortisation of goodwill is based on the straight-line method and an amortisation period of five years. The impact of the theoretical capitalisation and amortisation of goodwill is disclosed in the tables below:

Impact of theoretical capitalisation of goodwill on balance sheet

		31.12.2024	31.12.2023
Disclosed equity including minority interests	EUR million	241.5	347.3
Equity ratio	%	50.7	67.2
Acquisition value of goodwill			
Status at beginning of business year	EUR million	187.1	187.1
Additions	EUR million	83.9	-
Disposals	EUR million	-	-
Status at end of business year	EUR million	270.9	187.1
Accumulated amortisation			
Status at beginning of business year	EUR million	-151.9	-138.4
Amortisation in current year	EUR million	-20.3	-13.6
Status at end of business year	EUR million	-172.2	-151.9
Theoretical net book value of goodwill	EUR million	98.7	35.1
Theoretical equity including minority interests and net book value of goodwill	EUR million	340.3	382.5
Theoretical equity ratio	%	59.1	69.3

Additions to goodwill include EUR 79.7 million from the acquisition of Siber in Spain and EUR 4.1 million from the acquisition of the remaining 25% share in Zehnder Caladair International SAS in France.

Impact of theoretical capitalisation of goodwill on results

		31.12.2024	31.12.2023
Disclosed net profit/(loss)	EUR million	-2.4	44.6
Theoretical amortisation of goodwill	EUR million	-20.3	-13.6
Net profit/(loss) after amortisation of goodwill	EUR million	-22.7	31.1

26. Government grants

The following government grants related to income were recognised:

EUR million	2024	2023
Technology/research and development grants	0.8	0.8
Others	0.8	1.2
Total government grants	1.5	2.0

Other government grants mainly consist of energy subsidies.

27. Events after the balance sheet date

Zehnder Group is not aware of any events that occurred after the balance sheet date that could have a material impact on the consolidated financial statements for the financial year ended December 31, 2024.

The 2024 financial statements were approved by the Board of Directors on 20 February 2025.

Overview of companies



As at 31 December 2024, the consolidation scope of Zehnder Group comprised the following companies.

Unless otherwise stated, the capital stock is shown in the relevant local currency.

		Activity	Capital stock	Capital share in %	Consolidated
Austria					
Vienna	Zehnder Österreich GmbH	S	5,000	100	Fully
Belgium					
Mechelen	Zehnder Group Belgium nv/sa	S	800,010	100	Fully
Canada					
London	Airia Brands Inc.	S/P	27,162,000	100	Fully
Vancouver	Core Energy Recovery Solutions Inc.	S/P	18,766,213	100	Fully
China					
Dachang	Dachang Zehnder Indoor Climate Co., Ltd.	P	200,000,000	73	Fully
Beijing	Zehnder (China) Indoor Climate Co., Ltd.	S	228,250,000	73	Fully
Pinghu	Nather Ventilation System Co., Ltd.	S/P	60,000,000	76	Fully
Pinghu	Zhejiang Nather Water Treatment Technology Co., Ltd.	S	5,000,000	39	Fully
Shanghai	Shanghai Nather Air Technology Co., Ltd.	O	3,200,000	76	Fully
Shanghai	Zehnder Group Enterprise Management (Shanghai) Co., Ltd.	O	2,516,000	100	Fully
Xi'an City	Xi'an Nather HVAC Equipment Co., Ltd.	S	1,000,000	15	At equity
Zhongshan	Zhongshan Fortuneway Environmental Technology Co., Ltd.	S/P	11,111,000	51	Fully
Czech Republic					
Prague	Zehnder Group Czech Republic s.r.o.	S	200,000	100	Fully
Estonia					
Tallinn	Zehnder Baltics OÜ	S	2,556	100	Fully
Finland					
Porvoo	Enervent Zehnder OY	S/P	250,000	100	Fully
France					
Évry	Zehnder Group France	S	6,261,866	100	Fully
Évry	Zehnder Group Participations SAS	O	22,744,000	100	Fully
Mâcon	Zehnder Caladair International SAS	S/P	1,000,000	100	Fully
Mâcon	Calihce SCI	O	2,000	100	Fully
Modane	Filtech France SARL	S/P	128,000	100	Fully
Modane	ELP SCI	S/P	2,000	100	Fully
Saint-Quentin	HET Transport & Logistique SAS	O	687,000	100	Fully
Vaux-Andigny	Zehnder Group Vaux Andigny SAS	P	4,200,000	100	Fully

Germany

Lahr	Zehnder Group Deutschland GmbH	S	2,000,000	100	Fully
Lahr	Zehnder GmbH	P	25,000,000	100	Fully
Lahr	Zehnder Group Deutschland Holding GmbH	O	2,100,000	100	Fully
Lahr	Zehnder Group Grundstücksverwaltungs-GmbH	O	1,100,000	100	Fully
Lahr	Zehnder Logistik GmbH	O	250,000	100	Fully
Reinsdorf	Core Energy Recovery Solutions GmbH	S	25,000	100	Fully
Reinsdorf	Core Production Germany GmbH	P	2,100,000	100	Fully

Hungary

Budapest	Zehnder Hungary Kft.	S	3,000,000	100	Fully
----------	----------------------	---	-----------	-----	-------

Italy

Campogalliano	Zehnder Group Italia S.r.l.	S	80,000	100	Fully
---------------	-----------------------------	---	--------	-----	-------

Netherlands

Zwolle	Zehnder Group Zwolle B.V.	P	908,000	100	Fully
Zwolle	Zehnder Group Nederland B.V.	S	18,000	100	Fully
Udenhout	Filtech Nederland B.V.	S/P	5,000	100	Fully
Waalwijk	Core Production Waalwijk B.V.	S/P	114,000	100	Fully

Norway

Bekkestua	Exvent AS	S	300,000	100	Fully
-----------	-----------	---	---------	-----	-------

Poland

Bolesławiec	Zehnder Group Bolesławiec Sp. z o.o.	P	51,280,000	100	Fully
Wrocław	Zehnder Polska Sp. z o.o.	S	4,000,000	100	Fully

Spain

Barcelona	Industrias Gonal Hispania, S.L.U.	S/P	540,900	100	Fully
Barcelona	Metair 2010, S.L.U.	S/P	114,771	100	Fully
Barcelona	Siber Zone, S.L.U.	S/P	103,005	100	Fully
Sabadell	Zehnder Group Iberica Indoor Climate, S.A.U.	S	300,500	100	Fully
Barcelona	Zehnder Spain Holding, S.L.U.	O	3,453,000	100	Fully
Madrid	Zerfas Europe, S.L.U.	O	2,969,800	100	Fully

Sweden

Motala	Zehnder Group Nordic AB	S	6,400,000	100	Fully
Motala	Zehnder Group Motala AB	P	120,000	100	Fully

Switzerland

Gränichen	Zehnder Group AG	O	562,410		Fully
Gränichen	Zehnder Group Produktion Gränichen AG	P	2,900,000	100	Fully
Gränichen	Zehnder Group International Ltd	O	1,000,000	100	Fully
Gränichen	Zehnder Group Schweiz AG	S	500,000	100	Fully
Gränichen	Zehnder Group Swiss Property AG	O	2,000,000	100	Fully
Rancate	Filtech Swiss SA	S	100,000	100	Fully

Türkiye

Manisa	Hotpan Isitma Sistemleri Pazarlama ve Ticaret Aş	S	50,004	100	Fully
Manisa	Sanpan Isitma Sistemleri Sanayi ve Ticaret Aş	S/P	104,481,674	100	Fully

UK

Camberley	Zehnder Group UK Ltd	S/P	3,500,002	100	Fully
Camberley	Zehnder Group UK Holdings Ltd	O	20,000,000	100	Fully

USA

Buffalo NY	Hydro-Air Components, Inc. (Zehnder Rittling)	S/P	55,950	100	Fully
Buffalo NY	Zehnder Clean Air Solutions NA, LLC	S	n/a	100	Fully
Hampton NH	Zehnder America, Inc.	S	10	100	Fully
Ward Hill MA	Runtal North America, Inc.	S/P	193,522	100	Fully
Ward Hill MA	Zehnder Corporate Americas, Inc.	O	1,000	100	Fully
Ward Hill MA	Zehnder Group US Holdings, Inc.	O	30	100	Fully

P: production; S: sales; O: other functions

Report of the statutory auditor



Report of the statutory auditor to the General Meeting of Zehnder Group AG, Gränichen

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Zehnder Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, the consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes ('consolidation scope and principles' and 'notes to the consolidated financial statements' and 'overview of companies') to the consolidated financial statements, including a summary of significant accounting policies ('accounting and valuation principles').

In our opinion, the consolidated financial statements (pages 81 to 112) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach



Overview

Overall group materiality: EUR 7.0 million

We concluded full scope audit work at 14 group companies in 7 countries. These group companies contributed 39% of the group's sales. Specified scope audits were performed for five additional group companies, which addressed a further 34% of the group's sales.

As key audit matters the following areas of focus have been identified:

- Acquisitions in the reporting year
- Valuation of inventories

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.

PricewaterhouseCoopers AG, Robert-Zünd-Strasse 2, 6005 Luzern
Telefon: +41 58 792 62 00, www.pwc.ch

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



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 7.0 million
Benchmark applied	Sales
Rationale for the materiality benchmark applied	We chose sales as the benchmark because, in our view, it is one of the benchmarks against which the performance of a group is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above EUR 0.35 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

The Group comprises two business divisions and it is active in three regions – in 'EMEA', 'North America' and 'Asia-Pacific'. The group financial statements are a consolidation of 63 reporting units, comprising the Group's operating businesses and centralised service and corporate functions.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the group auditor as well as by the component auditors in the PwC network and third parties. Where audits were performed by component auditors, we ensured that, as group auditor, we were sufficiently involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the group auditor was based on audit instructions and structured reporting. It also included telephone conferences with the component auditors, an examination of the risk assessment and working paper reviews of selected component auditors.

Key audit matters

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



Acquisitions in the reporting year

Key audit matter	How our audit addressed the key audit matter
<p>Zehnder Group acquired the ventilation manufacturer Siber headquartered in Barcelona, Spain as of 11 July 2024.</p> <p>The net assets taken over in an acquisition are valued at their current values as of the acquisition date, and the surplus of acquisition costs over the revalued net assets is recognised as goodwill, which is offset against the consolidated equity. To achieve this, the Group Management and the Board of Directors make assumptions about the current values of the assets and liabilities taken over and determine the acquisition costs. Because of their significance in terms of amount for Zehnder Group, we consider the valuation of the net assets acquired and the determination of the resulting goodwill of the acquisitions in the year under review, as well as the underlying estimates necessary to determine the current values of the assets and liabilities acquired, to be a key audit matter.</p> <p>Please refer to page 87 of the annual report for information on the accounting principles and to page 107 for the notes on the acquisitions.</p>	<p>We examined the appropriateness of the Group's financial reporting in relation to the valuation of the net assets acquired, including the accounting policies for determining the acquisition costs and the resulting goodwill offset against the consolidated equity.</p> <p>To do so, we performed the following audit procedures to test how the Group Management and the Board of Directors made the estimates relating to the valuation of the assets and liabilities acquired, and how the acquisition costs and the resulting goodwill were determined:</p> <ul style="list-style-type: none"> • Analysis of the underlying contracts, schedules and evidence of payment with regard to the correct determination of acquisition costs and date. • Critical assessment and reconciliation of the underlying data, schedules and information, as well as of the methods used and the assumptions and assessments made by the Group Management in relation to the revaluation of the assets and liabilities acquired as of the acquisition date. • Test of the methodological and mathematical accuracy of the determination of the surplus of acquisition costs over the revalued net assets in relation to the resulting goodwill offset against the consolidated equity. <p>We consider the methods used to be an appropriate procedure for revaluing the net assets acquired and determining the goodwill arising from the acquisitions. The results of our audit support the data, information, schedules and assumptions used and the assessments made by the Group Management and the Board of Directors.</p>



Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
<p>As of 31 December 2024, Zehnder Group inventories in the net amount of EUR 83.0 million (previous year: EUR 90.2 million).</p> <p>Inventories are valued on the lower of cost or market principle. Purchased products are valued at acquisition cost and manufactured goods at production cost. Valuation adjustments are undertaken for risks arising from time in storage or reduced marketability. Group Management and the Board of Directors make assumptions to calculate the necessary valuation adjustments on the inventories. We consider the valuation of inventories to be a key audit matter because it is complex and subject to estimation uncertainties. Furthermore, at 17.4% (previous year: 17.5%) of the balance sheet total, inventories represent a significant amount of the group's assets.</p> <p>Please refer to page 87 of the annual report for information on the accounting and valuation principles and to page 93 for the notes on inventories.</p>	<p>We tested the appropriateness of the Group's financial reporting in relation to the valuation of inventories, including the accounting policies for the valuation adjustments.</p> <p>Based on the following audit procedures we tested how Group Management and the Board of Directors made the accounting estimates regarding the valuation of inventory:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process of inventory valuation and the relevant controls for identifying inventory value adjustments. • Recalculation of the value adjustments on the inventories based on the inventory turnover and reach analysis. • Sample-based testing of the standard price calculation and analysis of the standard cost variance. • Sample-based testing of whether individual items in the inventory can be reconciled with the standard price calculation. • Sample-based testing of adherence to the lower of cost or market principle. <p>We consider the methods used to be an appropriate basis for the valuation of inventories. The results of our audit support the assumptions and data used and the assessments made by the Group Management and the Board of Directors.</p>

Other information

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

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

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

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

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

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

PricewaterhouseCoopers AG

Thomas Ebinger
Licensed audit expert
Auditor in charge

Fabian Stalder
Licensed audit expert

Luzern, 21 February 2025

Alternative performance measures

In this Annual Report, Zehnder Group reports financial key figures that are not defined according to Swiss GAAP FER. These alternative performance measures are intended to aid the management team as well as analysts and investors in forming a clearer understanding of the Group's performance.

Two additional alternative performance measures have been disclosed to improve the comparability of the previous year's financial performance: EBITDA adjusted and EBIT adjusted. These alternative performance measures were introduced this year, because, unlike in the previous years, the result in 2024 is heavily impacted by one-off effects like the divestment of the Climate Ceiling Solution business, measures related to China, and to the adaptations to the European radiator production footprint. These alternative performance measures were deemed more helpful as they remove exceptional and substantial business operations, and their exclusion is relevant to the assessment of the overall year-to-year business performance.

The following definitions and calculation bases of Zehnder Group may differ from those employed by other companies.

Alternative performance measure	Definition	Calculation basis/reconciliation EUR million	2024	2023
Organic sales growth	Organic sales growth measures the growth that the Group is able to achieve on its own. Organic sales equate to sales that have been adjusted for acquisition effects and which took place at constant exchange rates.	Sales	705.8	762.1
		Currency effects	-0.5	10.1
		Acquisition effects	-8.4	-12.7
		Organic sales	696.9	759.6
		Organic sales growth/(decline) in %	-8.7	-6.5
EBITDA	Earnings before interest, taxes, depreciation and amortisation (EBITDA) is a key figure used to measure the performance of the Group.	Operating result (EBIT)	14.1	60.2
		Depreciation of property, plant and equipment	38.6	23.6
		Amortisation of intangible assets	2.5	1.0
		EBITDA	55.3	84.8
EBITDA adjusted	Earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted for significant exceptional one-off effects.	Operating result (EBIT)	14.1	60.2
		Depreciation of property, plant and equipment	38.6	23.6
		Amortisation of intangible assets	2.5	1.0
		One-off effects (excluding impairments)	21.7	2.8
		EBITDA adjusted	77.0	87.6
EBIT adjusted	Earnings before interest and taxes (EBIT) adjusted for significant exceptional one-off effects.	Operating result (EBIT)	14.1	60.2
		One-off effects	35.9	2.8
		EBIT adjusted	50.1	63.0

ROCE	The return on capital employed (ROCE) measures the profitability and efficiency of the Group's capital utilisation. The net operating profit after tax (NOPAT) is based on the adjusted EBIT and compared with the capital employed (CE).	Total assets	476.7	516.8
		less liquid assets and market securities	-56.7	-77.2
		Total liabilities	-235.2	-169.5
		less total financial liabilities	68.6	6.4
		Capital employed (CE)	253.3	276.6
		EBIT adjusted	50.1	63.0
		Expected tax rate	22.5%	21.8%
		Expected income taxes on EBIT adjusted	-11.3	-13.7
		Net operating profit after tax (NOPAT)	39.0	49.5
			ROCE in %	15.4
Net liquidity/(net debt)	Net liquidity or net debt is a key figure used to measure the Group's financial liquidity or debt.	Liquid assets	56.7	77.2
		Short-term financial liabilities	-4.3	-1.7
		Long-term financial liabilities	-64.2	-4.7
		Net liquidity/(net debt)	-11.8	70.8

Balance sheet of Zehnder Group AG



CHF million	Notes	31 December 2024	31 December 2023
Assets			
Liquid assets		0.4	4.1
Other short-term receivables	1	3.5	1.5
Current assets		4.0	5.6
Financial assets	2	73.5	57.4
Participations	3	402.1	347.6
Non-current assets		475.7	405.0
Total assets		479.6	410.6
Liabilities & shareholders' equity			
Short-term interest-bearing liabilities	4	16.0	8.2
Other short-term liabilities		-	0.1
Accruals and deferred income		0.7	0.6
Short-term provisions		-	0.1
Current liabilities		16.7	9.0
Long-term interest-bearing liabilities	5	56.9	-
Non-current liabilities		56.9	-
Total liabilities		73.7	9.0
Share capital	6	0.6	0.6
Legal retained earnings		12.2	46.5
Voluntary retained earnings			
• Voluntary retained earnings		4.2	4.2
• Available earnings			
– Profit carried forward		376.0	365.3
– Net profit for the year		18.8	25.2
Own shares	7	-5.8	-40.2
Shareholders' equity		406.0	401.6
Total liabilities and shareholders' equity		479.6	410.6

Income statement of Zehnder Group AG



CHF million	Notes	2024	2023
Income from participations		22.1	29.1
Other operating income		1.2	1.5
Operating income		23.3	30.6
Personnel expenses		-1.0	-1.0
Other operating expenses		-4.1	-4.1
Operating profit		18.2	25.6
Financial income		5.7	2.4
Financial expenses		-5.1	-2.8
Direct taxes		0.1	-
Net profit for the year		18.8	25.2

Accounting and valuation principles



These annual accounts have been prepared in accordance with the provisions of the Swiss Accounting Law (title 32 OR [Swiss Code of Obligations]). The main valuation principles applied that are not prescribed by law are described below. It should be noted that the option of forming and releasing hidden reserves was exercised in order to safeguard the company's long-term best interests.

1. Income from participations

The income from participations corresponds to the dividend earnings of the company. These are generally stated before the deduction of withholding tax.

2. Own shares

Own shares are recognised under shareholders' equity in the balance sheet as a deduction at cost at the time of acquisition. If they are later resold, the profit or loss is recognised as financial income or expenses on the income statement.

3. Share-based compensation

If own shares are used for share-based compensation for Board of Director members, the difference between the current value at the time of allocation and the allocated share payment to the Board members is assigned as personnel expenses.

4. Participations

Participations are valued at acquisition cost less impairments.

5. Receivables and liabilities

Receivables and liabilities to third parties and Group companies are recognised at nominal values, less any operating individual allowance.

Notes to the financial statements of Zehnder Group AG



General comments

As Zehnder Group AG has a pure holding company function, the point must be made that the income development of this company in no way reflects the present or future profitability of Zehnder Group. Hence the development of the Group as set out in the consolidated financial statements – and not the individual financial statements of Zehnder Group AG – is decisive for the Board of Directors for their dividend proposal.

1. Other short-term receivables

CHF million	31.12.2024	31.12.2023
Other short-term receivables from Group companies	3.5	1.5
Total	3.5	1.5

2. Financial assets

CHF million	31.12.2024	31.12.2023
Loans to third parties	0.3	-
Loans to Group companies	73.2	57.4
Total	73.5	57.4

3. Participations

The directly or indirectly held majority interests which are material are included in the [Overview of companies](#) table set out in the consolidated financial statements in this Financial Report.

4. Short-term interest-bearing liabilities

CHF million	31.12.2024	31.12.2023
Loans from Group companies	16.0	8.2
Total	16.0	8.2

5. Long-term interest-bearing liabilities

CHF million	31.12.2024	31.12.2023
Bank loans	56.9	-
Total	56.9	-

6. Share capital

	Registered shares A units 2024	Registered shares B units 2024	Nominal value CHF 2024	Registered shares A units 2023	Registered shares B units 2023	Nominal value CHF 2023
Total registered shares A as of 1.1.	9,756,000		487,800	9,756,000		487,800
Total registered shares B as of 1.1.		9,900,000	99,000		9,900,000	99,000
Cancellation due to capital reduction	-487,800	-	-24,390	-	-	-
Total at 31.12.	9,268,200	9,900,000	562,410	9,756,000	9,900,000	586,800

The Annual General Meeting of 11 April 2024 approved the capital reduction by cancellation of 487,800 listed registered shares A of Zehnder Group AG and, consequently, the shares were cancelled at the end of April 2024.

At the end of 2024, the total share capital amounted to CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate of 1 January 2003. It is made up of 9,268,200 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each. In the previous year, the total share capital amounted to CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate of 1 January 2003. It was made up of 9,756,000 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each.

The unlisted registered shares B (nominal value CHF 0.01) are held by Graneco AG, which is controlled by the Zehnder families. On the balance sheet date, Graneco AG and its shareholders held 53.4% of the company's registered shares and voting rights.

7. Own shares

The development of own shares can be seen in the table below.

	Registered shares A units 2024	Value per share CHF 2024	Value CHF 2024	Registered shares A units 2023	Value per share CHF 2023	Value CHF 2023
Own shares at 1.1., trading portfolio	583,148	69.01	40,242,880	401,948	71.28	28,651,233
Shares sold	-60,859	52.90	-3,219,164	-71,168	56.55	-4,024,809
Gain/(loss) from sale			-1,001,204			-1,081,616
Cancellation due to capital reduction	-487,800	70.26	-34,270,603			
Shares bought	76,500	53.53	4,094,667	252,368	66.17	16,698,071
Own shares at 31.12., trading portfolio	110,989	52.68	5,846,576	583,148	69.01	40,242,880

The own shares allocated to members of the Board of Directors are shown in item **5.1 Compensation to the Board of Directors in the 2024 business year** in the Compensation Report.

8. Number of full-time positions

The company has no employees.

9. Contingent liabilities

The company has guarantee obligations in favour of subsidiaries in the amount of CHF 58.0 million (previous year: CHF 52.8 million).

In connection with the acquisition of the 51% stake in Zhongshan Fortuneway Environmental Technology Co., Ltd., there is a contingent liability due to the granting of a put option on a further 25% stake in Zhongshan Fortuneway Environmental Technology Co., Ltd.

The company belongs to a VAT group which comprises all the Swiss companies in Zehnder Group and is thus jointly and severally liable vis-à-vis the Swiss Federal Tax Administration for any VAT debts of this VAT group.

10. Net release of hidden reserves

The total net release of hidden reserves amounts to CHF 14.0 million (previous year: CHF 5.5 million).

11. Events after the balance sheet date

Zehnder Group AG is not aware of any events that occurred after the balance sheet date that could have a material impact on the consolidated financial statements for the financial year ended December 31, 2024.

Proposal on the appropriation of earnings

	CHF
<hr/>	
The balance sheet profit available for distribution comprises	
Retained earnings from previous year	375,982,085
Net profit for 2024 according to the income statement	18,848,128
Balance sheet profit	394,830,213
<hr/>	
The Board of Directors proposes the following appropriation of earnings:	
Payment of a dividend ¹	11,736,000
To be carried forward to new account	383,094,213
Total appropriation of earnings	394,830,213
<hr/>	

¹ Corresponds to a dividend of CHF 1.00 per registered share A.

As retained earnings have reached the statutory requirement of 20% of share capital, any corresponding allocation can be waived.

Report of the statutory auditor



Report of the statutory auditor to the General Meeting of Zehnder Group AG, Gränichen

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Zehnder Group AG (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 120 to 125) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach



Overview

Overall materiality: CHF 4.7 million

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

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

- Valuation of participations

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.

PricewaterhouseCoopers AG, Robert-Zünd-Strasse 2, 6005 Luzern
Telefon: +41 58 792 62 00, www.pwc.ch

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



Overall materiality	CHF 4.7 million
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant benchmark against which a holding company can be assessed, and it is a generally accepted benchmark for materiality considerations.

Audit scope

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

Key audit matters

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

Valuation of participations

Key audit matter	How our audit addressed the key audit matter
<p>The Company, as at 31 December 2024, holds direct and indirect participations in the amount of CHF 402.1 million (prior year: CHF 347.6 million).</p> <p>The recoverable amount of these participations is assessed using a capitalised earnings model. In this process, wide-ranging qualitative and quantitative factors are taken into account. The model applies various assumptions that have a significant influence on the calculated recoverable amount of the participation.</p> <p>We consider the impairment testing of participations as a key audit matter owing to their significance on the balance sheet and the corresponding estimation uncertainty.</p> <p>Please refer to page 122 of the annual report for information on the accounting and valuation principles and to page 123 for the notes on the participations.</p>	<p>In order to test the appropriateness of the valuation procedures undertaken by Management and the Board of Directors, we performed the following audit procedures:</p> <ul style="list-style-type: none"> Assessment whether a methodologically correct valuation process had been chosen and whether the calculations were mathematically correct. Reconciliation of the budget figures with the current business plans of Management that had been approved by the Board of Directors. Critical assessment of the key assumptions, including the expected future earnings, the growth rate and the capitalisation rates used, by comparison with other available internal and external information and by performing sensitivity analyses. <p>We further conducted, on the basis of the available documentation, a critical assessment of the wider-ranging qualitative and quantitative factors considered in the valuation by Management.</p> <p>Additionally, we compared the net assets of the Company with the market capitalisation of the Group.</p> <p>We consider the valuation procedures to be an appropriate and adequate basis for the impairment testing of the participations. The results of our audit support the assumptions of Management and the Board of Directors.</p>



Other information

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

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

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

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

Board of Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

Based on our audit according to article 728a para. 1 item 2 CO, we confirm that the Board of Directors' proposal 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 Ebinger
Licensed audit expert
Auditor in charge

Fabian Stalder
Licensed audit expert

Luzern, 21 February 2025

Further information for investors

Contact

Zehnder Group AG
Investor Relations
Moortalstrasse 1
5722 Gränichen (CH)

Phone +41 62 855 1521
investor-relations@zehndergroup.com
www.zehndergroup.com

Registered shares A

Valor number	27 653 461
SIX	ZEHN
Bloomberg	ZEHN SW
Reuters	ZEHN S

Registered shares B (unlisted)

Valor number	13 312 654
--------------	------------

Registered shares A

Annual General Meeting 2025	3.4.2025
Ex-dividend date	7.4.2025
Dividend payout	9.4.2025
Six-month Report 2025	25.7.2025
End of business year	31.12.2025
Sales for 2025	16.1.2026
Integrated Annual Report 2025 and Media/Analyst Conference 2026	26.2.2026
Annual General Meeting 2026	19.3.2026

This Annual Report is only available in English. The Management Report is also available in German. The English version is binding.

News is published under www.zehndergroup.com/en/news.

Reports and presentations are published under www.zehndergroup.com/en/investor-relations/reports-and-presentations.