Financial Report

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 adjusted [1]	EUR million	**77.0**	87.6	n/a	n/a	n/a
	% of sales	10.9	11.5	-	-	-
EBITDA [1]	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 adjusted [1]	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
ROCE [1]	%	**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' equity [2]	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
Dividends [3]	CHF million	**11.2**	15.3	21.1	21.1	14.7
Net profit per registered share A [4]	EUR	**0.15**	3.84	4.84	5.13	3.34
Dividend per registered share A [3]	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 capitalisation [5]	CHF million	**418.9**	521.9	544.4	908.3	576.6
Total market capitalisation [6]	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 profit[1]							
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

PwC Switzerland

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

PwC Switzerland

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

PwC Switzerland

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

PwC Switzerland

EUR million	Share capital	Capital reserves	Own shares	Retained earnings: Goodwill offset	Retained earnings: Other retained earnings	Retained earnings: Translation differences	**Equity attributable to shareholders of Zehnder Group AG**	Minority interests	**Total equity**
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

PwC Switzerland

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 1	CHF 1	CNY 100	GBP 1	PLN 100	SEK 100	USD 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 acquiree, 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

✓ PwC Switzerland

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

✓ PwC Switzerland

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 debt[1] amounted to EUR –11.8 million (previous year: net liquidity[1] 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**

EUR million	Land/ buildings/ installations in buildings	Machinery/ plant	Other fixed assets	Plant under con-struction	Total
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 contri-butions	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 commit-ments	Restruc-turing 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 value 31.12.2024	Positive fair value 31.12.2024	Negative fair value 31.12.2024	Contract value 31.12.2023	Positive fair value 31.12.2023	Negative fair value 31.12.2023	Purpose
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 personnel expenses 2024	Expense (–)/ income (+) in 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/ (inad-equate) cover 31.12.2024[1]	Economic share of organi-sation 31.12.2024	Economic share of organi-sation 31.12.2023	Capitalised in business year 2024	Contri-butions accrued 2024	Pension expenses in personnel expenses 2024	Pension expenses in 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%. Organic[1] 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

✓ PwC Switzerland

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.

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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
Zehnder Group acquired the ventilation manufacturer Siber headquartered in Barcelona, Spain as of 11 July 2024. 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. 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.	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. 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: • 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. 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.

Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
As of 31 December 2024, Zehnder Group inventories in the net amount of EUR 83.0 million (previous year: EUR 90.2 million). 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. 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.	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. 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: • 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. 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.

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 adaptions 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**	**17.9**
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

✓ PwC Switzerland

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

PwC Switzerland

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

✓ PwC Switzerland

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

✓ PwC Switzerland

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
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**
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**

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

pwc

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
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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
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). 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. 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. 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.	In order to test the appropriateness of the valuation procedures undertaken by Management and the Board of Directors, we performed the following audit procedures: • 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. 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. Additionally, we compared the net assets of the Company with the market capitalisation of the Group. 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.

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

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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.

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